

Appropriation Bill 2003-2004

Report No 1

Select Committee on Estimates

June 2003

Legislative Assembly for the Australian Capital Territory



Committee membership

Mr Brendan Smyth MLA, Chair

Mrs Helen Cross MLA, Deputy Chair

Mrs Vicki Dunne MLA

Mr John Hargreaves MLA

Ms Karin MacDonald MLA

Secretary: Derek Abbott

Administration: Judy Moutia

Resolution of appointment

That:

(1) a Select Committee on Estimates 2003-2004 be appointed to examine the expenditure proposals contained in the Appropriation Bill 2003-2004 and any revenue estimates proposed by the Government in the 2003-2004 Budget;

(2) the Committee be composed of:

(a) two Members to be nominated by the Government;

(b) two Members to be nominated by the Opposition; and

(c) one Member to be nominated by the Crossbench

to be notified in writing to the Speaker by 4.00 pm today;

(3) the Committee report by 17 June 2003;

(4) if the Assembly is not sitting when the Committee has completed its inquiry the Committee may send its report to the Speaker or, in the absence of the Speaker, to the Deputy Speaker who is authorised to give directions for its printing, publishing and circulation; and

(5) the foregoing provisions of this resolution so far as they are inconsistent with the standing orders, have effect notwithstanding anything contained in the standing orders

Terms of reference

To examine the expenditure proposals contained in the Appropriation Bill 2003-2004 and any revenue estimates proposed by the Government in the 2003-2004 Budget.
Report by 17 June 2003

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Summary of recommendations

1.11. The Committee therefore recommends that the Treasurer provide the Assembly with the most recent budget outcomes for both 2002-03 and 2003-04 and reasons for the changes as a matter of urgency, before the budget is debated. 3

1.12. The Committee also recommends that the Treasurer: 3

Provide an explanation as to why he was not forthcoming with any information about the data on economic trends presented on 6 May in the budget when it was already out of date by early June; and..... 3

Table any documents on these matters that he received from Treasury after the budget was sent to the printer and prior to his appearance before the Estimates Committee..... 3

1.15. The Committee recommends that, when an error in Budget papers is discovered, advice of the error should be provided to the Estimates Committee at the earliest opportunity and, subsequently, advised formally to the Committee at the next available hearing of the Committee. 3

1.49. The Committee recommends that all corrections to information included in the annual Budget be provided to the Committee at least one clear day before the relevant department or agency is scheduled to appear before the Committee. 9

2.9. The Committee recommends that a possible new structure for the Estimates Committee which would give it a continuing existence be referred to the Standing Committee for Administration and Procedure for investigation and report..... 11

2.10. The Committee recommends that hearing dates for the budget Estimates Committee should be included in the schedule of sitting days adopted by the Assembly for each year. 11

2.20. The Committee therefore recommends that the Chief Minister report regularly to the Assembly on any projections for further increases in the SES and identifies any policy or approach that he is taking to control “Empire Building” within the Senior Executive Service. 13

2.27. The Committee recommends that the Government undertake a review of performance measures across the budget so that measures: 14

• are meaningful; 14

- allow for comparison over time; 14
- are consistent with measures in ownership agreements and annual reports; and 14
- take into account the need for triple bottom line reporting..... 14

2.35. The Committee recommends that Ministers ensure that measures on performance evaluation be set to extend the service in their own areas of responsibility leaving no room for complacency and ensuring a focus on increasingly positive outcomes..... 15

2.36. The Committee recommends that the Assembly should require each Minister to provide detailed information in respect of departments and agencies for which they have responsibility on whether: 15

- any issues affecting performance have been identified from the survey results and, if so, how have they been addressed? 15
- management behaviour was changed in any way as a result of the information from the surveys being applied? If so, how and what has been the impact? and 15
- there has been any change in performance of the department as a result of information from the surveys being applied? If so, what has the change been and how has it been reflected in departmental performance? 15

2.41. The Committee recommends that, in future budgets, new initiatives and significant expenditure increases be identified separately. 16

2.63. The Committee recommends that the Assembly consider whether Mr Wood’s response to the Committee should be referred to a Privileges Committee to determine whether it constitutes a contempt of the Assembly.... 19

2.67. The Committee recommends that the Assembly consider whether Mr Corbell’s response to the Committee should be referred to a Privileges Committee to determine whether it constitutes a contempt of the Assembly.... 19

2.75. The Committee recommends that the Chief Minister and the Minister for Health provide an explanation to the Assembly of the following: . 20

- The processes that they will put in place to ensure that the Departments for which they have responsibility will abide by the Public Service Code of Ethics, and 20

- The processes that they will put in place to ensure that the Departments for which they have responsibility understand the democratic and governance issues requiring accountability of the executive to the parliament. 20
- 2.76. The Committee recommends that the Assembly consider whether Mr Corbell’s response to the Committee should be referred to a Privileges Committee to determine whether it constitutes a contempt of the Assembly 21
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- 3.15. The Committee recommends that the functions and funding of the Office of Sustainability be strengthened to ensure that it has a central role in government decision making and that it has sufficient independence and appropriate resourcing to discharge that role. 23
- 3.18. The Committee recommends that the ACT Government, in negotiation with the Commonwealth, seek to broaden the basis of ABS data collection to provide the gender specific information required for sound policy making. 25
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- 3.40. The Committee recommends that this initiative be subject to a reordering of priorities and the funding allocated to it be diverted to areas of genuine need. 28
- 3.42. The Committee recommends that the Government investigate ways of incorporating low-income self-funded retirees in the rate concessions granted to pensioners. 28
- 3.44. The Committee recommends that low-income self-funded retirees be exempt from the bush fire levy. 29
- 3.46. The Committee believes that in both the above cases exemption from the levy should be based on income and therefore recommends that the application of the levy be reviewed to ensure that its application does not discriminate unjustly against private housing tenants or other low income earners, whatever the source of that income..... 29
- 3.47. The Committee recommends that ACT Housing properties that have tenants paying full market rent make a contribution to the bushfire levy.29

3.51.	The Committee recommends that, for public contracts of more than \$250 000, no funds should be paid out until a written contract has been signed by the relevant parties.	30
4.25.	The Committee recommends therefore that the Minister explain to the Assembly what action he intends to take to:	35
	Ensure that the Department of Health lives within the budget that has been allocated in the Appropriation Bill 2003-2004, and.....	35
	Ensure a reversal of the trend towards reduced health outcomes in the community.	35
4.26.	The Committee recommends that the Assembly take further steps to investigate the causes of the large budget failure in the health portfolio, and instigate ongoing action to scrutinise the portfolio’s financial and service performance.	35
4.45.	The Committee recommends that the Assembly require the Government to produce each month all the information on the performance of the public surgical system which was included in the previous reporting regime... ..	39
4.54.	The Committee recommends that in future new initiatives are funded on the basis of meeting an identified need and the necessary funding to do so is appropriated.....	40
4.57.	The Committee recommends that all pilot programs, trials and like activities, which are being used to test a particular policy approach or approach to service delivery, include funding for evaluation.....	41
4.61.	The Committee recommends that speculative figures which bear no relationship to actual or proposed expenditure are not included in out year estimates.	41
4.64.	The Committee understands that agreement has been reached on siting arrangements, and therefore recommends that the Government takes all possible steps to ensure this aged care facility is operational in the 2003-04 financial year.	42
4.66.	The Committee recommends given the delays with the 65 bed aged care facility at Calvary, every endeavour be made to adhere to, or improve upon, the December 2004 completion date.....	42

4.85.	The Committee recommends that the Government provide a full reconciliation of all extraordinary transactions related to the bushfires against the figures used in the budget papers.....	45
4.93.	The Committee recommends that the Government provide an acquittal of the use of all Growth In Needs Initiative funds to date.	46
5.5.	The Committee recommends that, a final decision on the construction of GDE having been taken , that it is presented as a single project in future budgets and that necessary off-site works, for example relating to access to the Australian Institute of Sport, are included in the total funding figure.....	47
5.12.	The committee therefore recommends that the transactions in relation to the development of the Horse Park Estate be referred to the Auditor General for investigation and report.	48
5.18.	The Committee recommends that the Planning and Land Authority and the Land Agency be required to report according to the requirements of the Financial Management Act.	49
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6.10.	The Committee recommends that Environment ACT renews its efforts to ensure that only appropriately licensed merchant are able to sell firewood in the ACT.	52
6.11.	The Committee further recommends that Environment ACT, in consultation with firewood merchants and conservation groups look at further strategies to reduce community demand for timber species, such as red and yellow box, which are under ecological pressure.	52
6.13.	The Committee therefore recommends that the study into non-urban land uses following the bushfire consider the appropriateness of firewood plantations.	52
6.15.	The Committee recommends that the Government explore ways to make it more financially attractive to install solar hot water systems.....	52
6.16.	The Committee further recommends that the unexpended funds in the solar hot water rebate scheme be diverted to the provision of solar hot water systems in public housing so as to give life to the Assembly resolution of 15 May 2002.	52

6.21.	The Committee recommends that payments from the Treasurer’s Advance unused by 30 June 2003, and any interest that may have been earned by their investment, be returned to general revenue. It also recommends that any funds needed to complete the project be appropriated in the normal way.....	53
6.23.	The Committee recommends that the Minister for Housing, make a decision within the next 3 months as to the future of the Currong Apartments in the best interests and well-being of the current tenants.....	53
6.32.	The Committee therefore recommends that the government not proceed with the reintroduction of continuous registration.	55
6.35.	The Committee recommends sufficient free parking be provided to students at Lake Tuggeranong College.....	55
7.10.	The Committee recommends that the government initiate a well-funded research project into the factors influencing parental choice of school at the transition from primary to high school.	58
7.13.	The Committee therefore recommends that the Government provide a clear statement on the distribution of the \$42 million allocated for the EBAs.	58
8.5.	The Committee recommends that, in future, the costs and workload details for each of the courts within the ACT system are provided separately.	59
8.11.	The Committee recommends that the Auditor General investigate and report on:.....	60
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	• whether the funds were expended only for the purpose for which they were appropriated; and.....	60
	• the legality of the appropriated funds being spent for any other purpose... ..	60
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9.5. The Committee recommends that the ACT government establish a working party with peak community bodies to reach an agreed basis for government support for wage and salary costs..... 62

9.9. The Committee recommends that the ACT Government immediately undertake a survey to identify the inadequacies in community sector accommodation and set up a rolling program of funding for works to address the occupational health and safety needs of the sector. 63

9.11. The Committee recommends that the ACT Government seek the views of the community sector with regard to budget priorities early in the annual budget cycle to ensure that those view can be properly addressed in the budget process. 63

9.16. The Committee recommends that the ACT Government immediately outline what initiatives it will take to address housing affordability in the ACT. 64

9.18. The Committee recommends that the corrections supported accommodation facility receive continued funding. 64

9.22. The Committee recommends that the government, as a matter of urgency meet with Volunteering ACT and clarify the situation with regard to its funding. The Committee calls on the Government to restore funding to Volunteering ACT..... 64

9.24. The Committee recommends that the Chief Minister appoint a senior official to coordinate the provision of services to the elderly and to liaise with government and community organisations in developing a strategic plan for managing the implications of an aging population. 65

9.27. The Committee therefore recommends that the ACT government initiate discussions with the Commonwealth with the object of developing streamlined pre-approval systems for the provision of aged care accommodation. 65

9.29. The Committee recommends that the ACT government initiate a study to ascertain the extent of the problem of patients being housed in inappropriate facilities and report on the matter publicly. 65

9.33. The Committee recommends that the government undertake a study of support services available to men and women with mental health issues to ensure that the resources provided, the availability of, and access to, services fairly reflects the needs of both men and women..... 66

9.41. The Committee recommends that the budget funding for youth workers in high schools be directed to the existing community based youth workers who, in this new role, must be based in the high schools..... 67

1. The Budget in context

Introduction¹

1.1. The Committee has noted a number of aspects about the 2003-04 Budget on which it proposes to make comments. This discussion has been included in this report for two main reasons:

- there are various features of this Budget where the Committee believes the quality of future Budgets could be enhanced; and
- appropriate attention to these matters will ensure that the Committee will be better prepared to raise issues with departments and agencies in future Estimates processes.

1.2. The Committee was concerned with matters such as poor estimations of financial aggregates, inaccuracies in published information, the procedures for providing corrected material, and lack of clarity arising from recourse to economic ‘jargon’.

The role of the Budget

1.3. The release of the annual Budget of jurisdictions in Australia is seen as a key activity undertaken by all governments. Typically, a Budget serves a number of purposes:

- it provides the economic setting for that jurisdiction for the year ahead, in terms of the major economic parameters, such as employment, the rate of inflation, the rate of growth and so on;
- within this economic setting, it sets out the economic priorities and policies for a jurisdiction for the coming year;
- it sets out spending priorities for a jurisdiction for the coming year and provides an explanation for any changes in priorities;
- it provides the financial budgets for departments and agencies within a jurisdiction, generally at a highly aggregated level;
- it identifies non-financial resources to be applied by a jurisdiction to the activities of governing through the provision of goods and services; and

¹ The two main source documents for this report are the Committee’s transcript of evidence and the Budget Papers presented to the Assembly on 6 May 2003 by the Treasurer in support of his budget speech. For ease of referencing in footnotes the Committee’s transcript will simply be referred to as ‘Hansard’ and accompanied by date and page number and Budget papers will be abbreviated to BP.

- it also may provide commentary and analysis of the broader context in which a Budget is framed, such as the 2002 Federal Budget and the inclusion of the Intergenerational Report.

1.4. Thus an annual Budget serves a number of purposes. A paramount purpose of any Budget, however, is to show the financial outcome of the previous year and the estimated outcome for the next financial year. Because government budgets typically account for some 30 per cent of economic activity in a jurisdiction² they have considerable influence on the broader community.

1.5. In particular, (i) the amount and disposition of expenditure reveals much about the government's view of how it should best serve the community and (ii) the identification of actual and prospective surpluses and deficits have a significant impact on community expectations of future service delivery and taxation and on financial markets (particularly with expectations of possible movements in interest rates).

1.6. The reliability and credibility of budget data is therefore very important. For this reason the Committee is highly critical of the Treasurer for not providing updated information on the principal budget aggregates, and failed to update the position in response to the Committee's questions. when clearly he was in possession of such information.

1.7. When the budget was presented on 6 May 2003 the expected outcome for the 2002-03 financial year was an operating result of \$61 million.³ It was suggested at the time that this estimated result seemed excessively pessimistic in light of continuing strength in economic activity and hence greater than forecast revenue from rates, stamp duties, payroll tax and so on. This was combined with a cessation of the fall in equity markets which resulted in the loss on superannuation investments being less than forecast. It followed, they argued, that the net effect would be a budget outcome significantly greater than the Government's official estimate of \$61 million.

1.8. Subsequent events may have proven this assessment to be correct. Indeed, revenue from recent land sales alone has yielded the government some \$16 million more than forecast and the loss on superannuation investments is now about \$30 million less than forecast at the time of the budget. So, *ceteris paribus*, the impact of those two items alone would raise the surplus for 2002-03 to something of the order of \$107 million.

1.9. During the period of the Estimates Committee hearings the Treasurer should have been aware of these trends. It is inconceivable that he would not have been briefed on the basis of Treasury analysis that data presented in the budget on 6 May were already out of date by early June. He therefore should have provided the most current information on trends in the economy and their impact on the budget to the Committee instead of knowingly leaving it with data which were rapidly becoming irrelevant.

² This figure is derived from the ratio of Gross State Product in the ACT to the total budget for the Act -\$14 billion:\$2.37 billion. See BP 3, p.49 and BP2, p.1

³ BP 2, facing page 1

1.10. This unfortunate episode raises questions about the reliability of budget data not only for 2002-03 but also for 2003-04 and the willingness of the Treasurer to keep the Assembly informed. For example, is the starting point for the 2003-04 budget now different from the one postulated on 6 May and, if so, by how much? What is the revised outcome for 2003-04 in light of a higher level of economic activity in the ACT, lower interest rates and more buoyant equity markets? The Committee cannot reasonably be expected to assess the budget and make judgements for the guidance of the Assembly if it is either not provided with information or is left with out of date information.

1.11. The Committee therefore recommends that the Treasurer provide the Assembly with the most recent budget outcomes for both 2002-03 and 2003-04 and reasons for the changes as a matter of urgency, before the budget is debated.

1.12. The Committee also recommends that the Treasurer:

Provide an explanation as to why he was not forthcoming with any information about the data on economic trends presented on 6 May in the budget when it was already out of date by early June; and

Table any documents on these matters that he received from Treasury after the budget was sent to the printer and prior to his appearance before the Estimates Committee.

1.13. In evidence from the Minister for Health and his officials, advice was provided to the Committee that there was an error in one of the most significant performance indicators in the health sector – that relating to in patient cost weighted separations.⁴ Although the Committee acknowledges that proper advice was provided of the error, the Committee is concerned about the fact that the error in such an important parameter occurred in the first place.

1.14. Further, the Committee also is concerned that advice of the error was provided to the Committee at such short notice. The Committee was advised that the error was discovered on Wednesday, 21 May 2003. The Committee observes that, once the error was validated, advice should have been provided to the Committee to facilitate preparations for the Estimates Hearings. The Committee does not accept the Minister's comment that: "It's a busy week for everyone."⁵ Of course it is a busy time. Every effort should be made, however, to ensure that appropriate information is available to those who need it in the most timely manner.

1.15. The Committee recommends that, when an error in Budget papers is discovered, advice of the error should be provided to the Estimates Committee at

⁴ Hansard, 22 May 2003, pp 411-415.

⁵ Hansard, 22 May 2003, p 412.

the earliest opportunity and, subsequently, advised formally to the Committee at the next available hearing of the Committee.

1.16. During discussions with the Treasurer about the proposed parking space levy, it became evident that a range of issues remained to be determined with this new policy. The Government was unable to provide the Committee with the number of parking spaces to which the proposed policy would apply: estimates ranged between 15,000 and 24,000 with a suggestion that the final number might be around 16,800.⁶

1.17. This cavalier approach in the development of public policy is worrying. The Committee is concerned that this measure has been included in the budget although key aspects of this policy are still undecided; for example, evidence provided to the Committee revealed that categories of activity to which the levy would apply are still unclear:

the government may decide to exclude a number of categories, for example shopping centres...⁷

1.18. It is self evident that identifying the number of parking spaces to which the levy will apply is fundamental to determining the quantum of revenue that will be expected to be raised. The Committee expects and requires the Treasurer and officials to explain the assumptions used in calculating the impact of its policies and to show the effect of changing those assumptions.

1.19. As another example, during discussion about the proposed library at Kippax, the following comments were made:

Based on knowledge of how or what goes into the construction of a library, there's been an estimate put forward to \$2.5 million. That is an estimate and it's based on our best assumptions about what it would take to build such a building.⁸

1.20. This response is unacceptable to the Committee. Given the Government's experience of building a number of other libraries and like buildings, a more accurate estimate could have been presented in this Budget. The "best assumptions" used should be spelt out and be testable.

1.21. The Committee is aware that some economic and financial information can be subject to considerable difficulties when being estimated. Typically, however, a combination of experience within the bureaucracy about the ways in which programs are managed and funded and experience based on the performance of particular parameters in previous years should enable reasonable estimates to be provided in a Budget.

⁶ Hansard, 20 May 2003, pp197-198

⁷ Hansard, 20 May 2003, p.198

⁸ Hansard, 21 May 2003, p.305

1.22. In all situations where there are doubts about the quality of the estimates, additional information – such as the key assumptions that have been used - will assist in the analysis of the information.

Sustainability of the 2003-04 Budget

1.23. The Committee is interested in assessing the sustainability of the overall outcome for the 2003-04 Budget, particularly given a number of influences on various Budget parameters during 2001-02 and 2002-03. There have been two major events that have occurred over this period: one has been the January 2003 bushfires and the other has been the sustained very high level of activity in the building industry – particularly the residential sector. The key consequence of these events for the 2003-04 Budget is that there has been an unusual peak in revenue flowing into the ACT Government: a combination of insurance and other bushfire-related payments and conveyancing and other taxes related to building activity.

1.24. The Committee questions whether the Budget outcomes, as set out by the Government, are sustainable given these unusual events. The Treasurer, in evidence to this Committee, commented:

the reason why we're going into deficit is that we are spending abnormal amounts of money. And to set a budget to still have a surplus when you are spending abnormal amounts of money would be really to send the budget out of sync with reality. The best way to absorb the extra amounts of money that we're spending is to allow a small deficit and then go back in surplus as opposed to saying, well, we'll set the revenue - or we'll chop services.⁹

1.25. The intended meaning of the Treasurer's words is not readily apparent. The logical approach to the financial position in which the ACT currently finds itself is to deal with the bushfire related activities separately (as far as possible) from other budgetary activities and to consider the unexpected growth in revenue to be a short term **phenomenon**.

1.26. The Committee notes that the Treasurer's explanation for the deficit differs from that given earlier: that the Government was determined to take over direct responsibility for land servicing.

1.27. This would mean that, rather than spending the extra revenue on goods and services now resulting in a deficit in 2003-04, the prudent approach would be to restrain spending during 2003-04 to a level that is sustainable over the long term.

1.28. The Committee does not accept the need to "chop services" - to use the Treasurer's words - because those services are only now being funded. It is inconsistent of the Treasurer to speak in this way and then to use that postulated outcome to support his projected budget outcomes.

⁹ Hansard, 20 May 2003, p.123.

1.29. The Committee simply observes that a more appropriate response to the current circumstances of the ACT would have been to budget for a surplus in 2003-04 based on the continuing flow of revenue from the building industry amongst other sources and leave some capacity for funding increased spending in the out years from that surplus.

1.30. Further, when eventually the ACT and national economies experience some slowdown from the recent high levels of activity, it would be prudent to have made provision now to fund some deficits in the out years in order to maintain the quality and volume of goods and services provided by the public sector in the ACT.

1.31. The Committee also notes with interest the Treasurer's desire "to absorb the extra amounts of money that we're spending...". Why is it necessary to take this course? Is it not reasonable for governments to accumulate these resources when they are generated and to use them when the economy is not so buoyant? As with many other matters, the Committee believes that the Assembly should monitor closely the broader Budget outcomes.¹⁰

Financial information

1.32. The Committee is concerned at the way in which some financial information has been presented in the 2003-04 Budget papers.

1.33. In the information on ACTTAB, for example, the Committee observed that many of the main financial aggregates – Total Equity (and Funds Employed), Total Assets, Total Current Liabilities and Total Non-Current Liabilities – each are unchanged over 2003-04 and the three out years.¹¹ The Committee does not find these published outcomes credible and was not satisfied by the explanation given during the hearings.

1.34. The Committee still does not accept that all the components of Current Liabilities, for example, will sum to the same number for each of four consecutive years.¹² This is a matter to which the Treasurer should attend as a matter of urgency.

1.35. The financial information for The Canberra Hospital also concerned the Committee and caused it to doubt the reliability of data provided. Given the projections for population growth and other economic parameters, the Committee expected to see much larger estimates for increases in both revenue and expenses than those shown in the Budget papers.¹³

1.36. The Committee is not convinced that estimated increases in these financial aggregates of around (or less than) two per cent for each out year is sustainable. The Assembly should remain particularly alert to developments in the financial

¹⁰ If the Committee's proposal in Chapter 2 to give the Estimates Committee a permanent existence were adopted monitoring budget outcomes would be come a continuing responsibility of the Committee.

¹¹ B P 4, pp.364-365

¹² BP 4, p. 365. The ACTTAB's Current Liabilities total \$4.051 million for this year and the out years to 2007, despite the component parts varying from year to year.

¹³ B P 4, p.147

performance of The Canberra Hospital during 2003-04 and the out years, especially as this agency is such a major component of the Territory's annual health budget and has a poor record in predicting its financial performance.

1.37. The Committee noted the analysis of changes in financial aggregates that are contained in the Budget papers. On a number of occasions, an incorrect analysis is provided in changes expected in the Operating Result for particular organisations, where the outcome is expected to be a larger deficit. The following table shows five relevant situations:

Organisation	Outcome:	Budget:	Variation	Actual
	2002-03	2003-04	in BP4	change
	\$'000	\$'000	%	%
The Canberra Hospital	-8,443	-12,441	-47	47
Exhibition Park in Canberra (EPIC)	-96	-392	-308	308
ACTION Authority	-1,930	-5,934	-207	207
Legal Aid Commission	-282	-585	-107	107
Canberra Institute of Technology	-3,543	-4,225	-19	19

Note: All information extracted from 2003-04 Budget Paper No. 4

1.38. In each situation there is an **increase** in a deficit. The consequence of this for the overall analysis is that, rather than show this change as a negative percentage movement, it should be a positive percentage movement: the deficit has increased by as much as three times in the in the instance of EPIC.

Terminology

1.39. There has been some discussion about various economic terms and phrases that have been used in the Budget papers and otherwise. Although the Committee does not want to start an extensive debate on the definitions of economic terms and associated matters it has some concern that where words and phrases are used, they are used correctly and for the purpose of clarifying rather than obscuring; the community has enough difficulty with the use of jargon without having such jargon used incorrectly.

1.40. One phrase in particular that has occasioned comment is "economic cycle". This phrase appears a number of times in the Budget papers – notably in Budget Paper No. 3. The Treasurer acknowledged before the Estimates Committee that he had "used the term 'economic cycle' loosely".¹⁴ He also noted that he did not consider it to be appropriate to be "pedantic" about such matters.

¹⁴ Hansard, 20 May 2003, p.123

1.41. The majority of the Committee disagrees with the Treasurer. There is a clear and unambiguous meaning that attaches to the phrase “economic cycle” – and, in none of the situations in which the Treasurer has used this phrase is that use correct.

1.42. The Treasurer explained to the Committee that his use of the phrase “economic cycle” could more properly represent the ‘cycle of this Government’¹⁵. This elaboration does little to explain what the Treasurer means; is he referring to the period between elections for the Legislative Assembly? Is he perhaps referring to a period encompassed by a number of financial years, being the year of the relevant Budget and the three or four years after that year?

1.43. The Committee suggests that the Treasurer ensures that his use of economic terms such as ‘economic cycle’ is accurate and also that he considers carefully how he chooses to convey information to the ACT community, to ensure that this results in clarity, not ambiguity.

Correction of errors

1.44. The Committee notes the number of corrections that have been made to the published Budget this year.

1.45. The first correction was provided by the Treasurer when Budget Paper No. 3 was released. While the financial data on this Erratum were correct, unfortunately there was an error in the page reference to which the corrections applied.

1.46. During the Estimates hearings, various Departments and agencies supplied corrections to published information. The Committee appreciates the provision of this information but does not appreciate the timing of its provision. In some instances, the Committee was provided with corrected information when the relevant organisation appeared before the Committee. Clearly this does not permit a satisfactory evaluation of the new information to be made and issues about the information raised with the organisation.

1.47. The Minister for Disability, Housing and Community Services tabled a number of replacement pages for Budget Paper No. 4, relating to information in Output Classes, at the commencement of the evidence from that Department.¹⁶ Clearly, the Committee had no opportunity to examine that information properly prior to questioning the Minister and officials.

1.48. One important instance where such a correction occurred was with the Department of Health, where the Committee was presented with new numbers of in-patient cost weighted separations. This is a most significant performance indicator for this Department and the need to correct it causes the Committee considerable concern, both about the reliability of information provided and the capacity of management to carry out its responsibilities efficiently.

¹⁵ Hansard, 20 May 2003, p.123

¹⁶ Hansard, 21 May 2003, p 242.

1.49. The Committee recommends that all corrections to information included in the annual Budget be provided to the Committee at least one clear day before the relevant department or agency is scheduled to appear before the Committee.

2. General Issues

The Committee process

- 2.1. The Select Committee on Estimates is established each year to deal with the budget, flourishes briefly and then disappears. Given that the estimates process is an annual event, should the Committee be given a permanent existence? The Committee considered various options for giving the Estimates Committee a permanent existence including the creation of a new standing committee and joining the estimates function to an existing standing committee.
- 2.2. In considering this proposal the Committee was conscious of the fact that the resources of Assembly Members are already stretched and a new committee would increase the demands on members time.
- 2.3. A permanent Committee would be administratively more simple. It would be available to consider all Appropriation Bills, and perhaps annual reports, as they come out during the year and manage pre-budget consultation. The secretariat would be able to start organising the Budget Estimates earlier e.g. advertising and liaising with community groups in March or early April of each year.
- 2.4. Answers to questions on notice and other correspondence that are received after the Committee has reported could be properly dealt with. At present, once the Select Committee reports and is dissolved there is no convenient mechanism for dealing with answers to questions on notice that arrive after the Committee has reported.
- 2.5. A permanent Estimates Committee might also take responsibility for the scrutiny of annual reports. At present that task falls to the individual standing committees. Were it be undertaken by the Estimates Committee it would facilitate a more consistent and more timely approach to the consideration of the reports. It would also make it possible for the full budgetary cycle to be examined by one committee.
- 2.6. Giving the Committee a continuing existence would also facilitate consideration of the practices and procedures of the estimates process. There is a need to consider the longer term future of the estimates process. Issues such as the structure of the budget papers, the number of hearing days, the conduct of hearings, the range of questions that can be asked and the volume of questions on notice need to be examined.
- 2.7. At present Committee members tend to focus on the estimates process only when the Committee is actually meeting and, because of the demands of the workload, that focus tends to be on the immediate program of the Committee.
- 2.8. In making this proposal the Committee wishes to emphasise that, should it be adopted, the terms of reference of the Estimates Committee would make it absolutely clear that the Committee would have no power to self-refer matters, would only consider appropriation bills and, perhaps annual reports, and would do so within a clearly limited time frame. It is not the intention of this proposal that a permanent

estimates committee would take on a role parallel to that of the Public Accounts Committee in scrutinizing public expenditure on its own initiative.

2.9. The Committee recommends that a possible new structure for the Estimates Committee which would give it a continuing existence be referred to the Standing Committee for Administration and Procedure for investigation and report.

2.10. The Committee recommends that hearing dates for the budget Estimates Committee should be included in the schedule of sitting days adopted by the Assembly for each year.

2.11. This would ensure that ministers and members set aside those days in their diaries. It would also assist officials in planning their commitments for the year.

2.12. The Committee also believes that community groups should be invited to give their views before the Committee hears from ministers. This would enable the Committee to pursue issues raised by the community with ministers.

General comments

Staffing Profiles

2.13. The staffing profiles provided by departments and agencies are not always helpful. The Chief Executive of the Chief Minister's Department (CMD) conceded that there was a degree of "spurious precision" in his department's projected staffing number for next financial year.¹⁷ Given that the figure was exactly the same as for the current year and was correct to two decimal places, the use of the term spurious would appear to be appropriate.

2.14. The Department of Education's approach should be taken as a model where precise figures are to be provided.¹⁸ If the information is to be included merely for form's sake but does not provide useful information it should be left out and a proper explanation of an agency's staffing profile for the forthcoming year should take its place.

2.15. The Chief Executive of the CMD explained that:

...we don't anticipate that overall our staffing levels will change ... we're not intending to vary our staff very much at all ... there'll be ups and downs across the place ... but the aim is [that] it will come out roughly the same.¹⁹

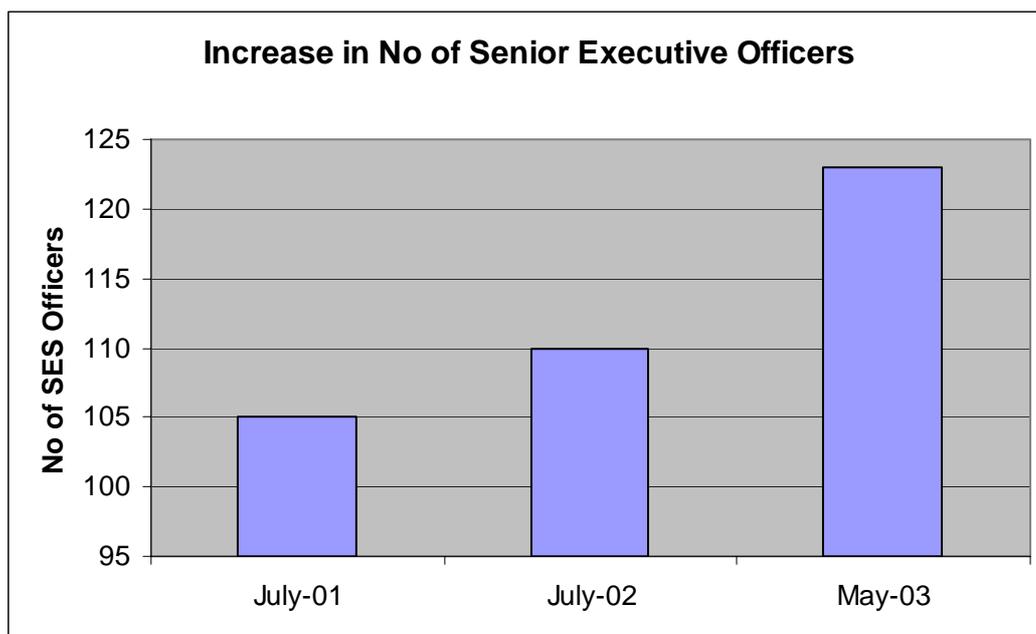
While less precise this is a much more realistic picture of the actual staffing situation than the "spurious precision" of the budget papers.

¹⁷ Hansard, p 2, 19 May 2003, CEO of CMD

¹⁸ Ownership Agreement between the Treasurer and the Chief Executive of the Department of Education, Youth and Family Services, 2003-2004, p. 52

¹⁹ Hansard, 19 May 2003, p. 3

2.16. In response to a series of questions regarding “Empire Building” in the Senior Executive Service (SES), the Chief Minister provided the Committee (A-QON 132) with overall figures showing an increase of 17% of Senior Officers in the public service. The bulk of this increase has occurred in the last year. The numbers of public servants in the SES increased from 105 in 2001, 110 in 2002 and to 123 in May 2003.



Figures derived from answer to question on notice no. 132

2.17. Specific areas of increase include Treasury where four new positions have been created and in Health where three new positions have been created even though Health has now lost the responsibility for Disability Services. In Health there was an increase of four and a reduction of one position from The Canberra Hospital. Later sections of this report on outcomes for Health provide significant doubts for the Committee that the restructure in Health has added in any concrete way to health outcomes for the Territory. Similar doubts exist with regard to the positions that have been created in the Treasury.

2.18. The Committee views with scepticism the series of explanations provided by Mr Stanhope: ‘Executive positions are created where justified by workload and assessed by an externally conducted job evaluation’; ‘the number of executives that will be budgeted for from 1 July 2004 will depend on the structures in place at that time’ and ‘the cost of Executive positions is covered within agencies’ budgets along with other staffing’.²⁰

2.19. The Committee was informed that additional to the cost of an SES package there would be indirect costs of over \$70,000 (A-QON 26/5, \$72163). The creation

²⁰ Answer to question on notice, 26May 2003

of a new SES position, by its nature, also results in the employment of a significant support staff beyond their personal staff. The Committee views with concern the lack of controls by this government over the expenditure of millions of dollars on “Empire Building” by the Government.

2.20. The Committee therefore recommends that the Chief Minister report regularly to the Assembly on any projections for further increases in the SES and identifies any policy or approach that he is taking to control “Empire Building” within the Senior Executive Service.

Performance Evaluation

2.21. Recommendation 2 of last year’s Estimates Committee was that:

... the Government undertake a review of performance measures across the budget so that measures:

- are meaningful;
- allow for comparison over time;
- are consistent with measures in ownership agreements and annual reports;
- and
- take into account the need for triple bottom line reporting.

2.22. Governments have been asked regularly since 1991 by estimates committees to improve on this area and make reporting real. Unfortunately little progress seems to have been made in implementing this recommendation. Many measures of effectiveness of programs seek to put a precise numerical measure on matters which by their very nature are subjective and/or difficult to measure.

2.23. This Committee fully supports the adoption of precise targets for programs but only where these targets are based on sound measurement or fully testable assumptions. It is of no help to anybody to know, for example, that a minister is 95% (as opposed to 93% or 97%) satisfied with timeliness or quality of analysis, monitoring and reporting on financial performance. This is particularly true where the same satisfaction rate is last year’s outcome, this year’s estimate and next year’s target.

2.24. When questioned by the Committee it was clear that some ministers had no real idea of what 5% ‘dissatisfaction’ meant. A general statement that ministers’ demands or expectations are being met would be quite adequate.

2.25. In contrast it is a real measure of performance to know, for example, what percentage of applications for public housing are processed within a given number of days, the response times of emergency service vehicles or the percentage of patients in emergency departments treated within independently established, clinically acceptable timeframes.

2.26. The Committee fully supports the recommendation of its predecessor and will monitor the progress made in its implementation.

2.27. The Committee recommends that the Government undertake a review of performance measures across the budget so that measures:

- **are meaningful;**
- **allow for comparison over time;**
- **are consistent with measures in ownership agreements and annual reports; and**
- **take into account the need for triple bottom line reporting.**

2.28. The Committee sought from departments and agencies information on how performance evaluation was conducted, how the results were used and whether there was a net benefit in terms of greater effectiveness in the delivery of services to the users of the departments' outputs.

2.29. The responses from departments showed extensive activity in conducting surveys and indicated that considerable resources were deployed to the tasks of planning, conducting and collating survey material, but that that's where it stopped.

2.30. Virtually no information was provided on how the results were used and whether the departments were able to show any benefit from monitoring and evaluating performance.

2.31. When the Committee seeks information on how performance evaluation has changed management behaviour or improved the effectiveness of a department in delivering services to the community, it is not helpful to be told – as the Committee was told by the Chief Minister's Department – that the survey results are circulated to the Chief Executive and Directors [and] the results provide an opportunity for Directors to address any identified issues.²¹

2.32. Indeed, it is fair to assume that of course the Chief Executives and Directors would be informed of the results and it is equally obvious that such results provide Directors with an opportunity to address identified issues, but that was not the question!

2.33. The answers provided were generally evasive and – in the case of CMD – dismissive to the point of discourtesy. Their effect was to raise the further question of why CMD would wish to avoid answering this question.

²¹ Answer to question on notice provided to the Committee

2.34. The answer provided by the Minister for Education, Youth and Family Services provided an example of a Minister who was genuinely seeking to provide improved outcomes. The Chief Executive Officer of the Department, reinforced the view she expressed. The responses indicated that each measure of performance should be extended following success in any given year, with the goal of ensuring that pressure remained for constantly improving outcomes. Such an approach leaves little room for complacency, but was unfortunately not shared by other Ministers who were asked questions on performance.²²

2.35. The Committee recommends that Ministers ensure that measures on performance evaluation be set to extend the service in their own areas of responsibility leaving no room for complacency and ensuring a focus on increasingly positive outcomes.

2.36. The Committee recommends that the Assembly should require each Minister to provide detailed information in respect of departments and agencies for which they have responsibility on whether:

- **any issues affecting performance have been identified from the survey results and, if so, how have they been addressed?**
- **management behaviour was changed in any way as a result of the information from the surveys being applied? If so, how and what has been the impact? and**
- **there has been any change in performance of the department as a result of information from the surveys being applied? If so, what has the change been and how has it been reflected in departmental performance?**

Initiatives

2.37. Much of Part 6 – Budget Initiatives - of Budget Paper 3 is an exercise in self-promotion by presenting as initiatives what are merely the continuation of existing spending programs or matters forced on the government by circumstances beyond its control. An initiative is something new arising from one's own thoughts or efforts.

2.38. The Committee does not wish to denigrate in any way the response by the ACT Government to the bushfires. However it does appear to be a misuse of the term 'initiative' to describe the elements of that response. It could not be argued that the government had any option but to respond. With a small number of exceptions, the bushfire 'initiatives' are for only the coming financial year and lapse thereafter. To describe funding for the Coronial Inquest into the fires as an 'initiative' is a particularly glaring misuse of the term.

²² Hansard, 30 May 2003, pp.P1212-1220

2.39. Other examples of the government's disingenuous practice of making a virtue out of necessity include funding for the increase in the Social and Community Service Award (SACS) and the Ambulance Work Value Case both of which are the result of decisions of the Australian Industrial Relations Commission; provision of funds to cover expected increases in insurance and workers' compensation premiums and the provision of growth funds in the Health and Community Care Department to cover price increases in the acute care sector, surgical implants and in pharmaceuticals.

2.40. The continuation and expansion of work on electronic voting, additional funding for pre-schools to cover cleaning and consumables and an increase of 4.7% in the electricity concession to compensate for predicted price increases flowing from full retail contestability are examples of what is essentially the continuation or augmentation of existing activities being claimed as initiatives.

2.41. The Committee recommends that, in future budgets, new initiatives and significant expenditure increases be identified separately.

Questions on Notice

2.42. The Committee is aware of the very considerable burden the estimates process imposes on departments and agencies particularly in answering questions on notice. It would like to thank officials for the efforts that have gone into answering most questions quickly and comprehensively, given that nearly four hundred questions have been answered.

2.43. The Committee also notes, however, that the performance of departments is not consistently good. The Departments of Urban Services and Education, Youth and Family Services are to be congratulated in this regard. The Department of Health, the Chief Minister's Department and the Treasury are the worst performers.

Presentation of Information

2.44. The Committee is conscious of the increasing demands the estimates process is making on the ACT Public Service particularly with regard to answering questions on notice put by members. While there is no easy way to reduce that demand it may be possible to improve the presentation of the budget papers to assist members to find information. For example, on a number of occasions when the Committee sought information it was advised that the particular information was collected for the annual report but not for the budget papers.

2.45. Simple cross referencing of output classes in the budget papers to the relevant annual reports would often enable members to find the most recent information they are seeking. Consistency of presentation of information between annual reports and budget papers would also facilitate more continuous scrutiny of the finances and performance of the ACT Public Service.

2.46. On a minor point with regard to budget paper 2; where colour is used in graphs or diagrams can the contrast be such as to make the diagram clear? In a

number of charts adjacent colours are barely distinguishable which defeats the point of using a graphic presentation.

Ministers' Refusal to Answer Questions

Mr Wood MLA

2.47. The Minister for Police and Emergency Services made a statement at the beginning of the hearing of Emergency Services and ACT Policing in which he indicated that he would not answer questions in relation to specific actions on the days of the fire crisis in January 2003.

... the Committee needs to remember that matters of personal responsibility and what happened and when are matters for elsewhere ... for that reason I with officers from ACT Policing and Emergency Services Bureau won't be answering any questions relating to the details of the bushfires of January ...²³

2.48. The Minister somewhat weakened his position by acknowledging that "historically, Assembly Estimates Committees have ranged widely..." and then seeking to prevent this Committee from doing just that. He also directed the Committee to "...examine the bill and any supporting document ...".²⁴

2.49. The financial impact of the bushfires is a recurring theme in this year's budget documentation, providing both a reason for additional expenditure and for delay or deferral of non-bushfire related activities. The bushfires also raised specific issues with regard to the operations of various ACT authorities, for example the long running question of the adequacy of communications systems within the fire and emergency services.

2.50. The supporting documents with the Appropriation Bill include Budget Paper 4 which, within the Department of Justice and Community Safety, contains Output class 4, Emergency Management which deals with the prevention, mitigation and response to emergencies. Among the performance measures are matters such as the timeliness of responses to emergencies and the percentage of bushfires contained within given areas.

2.51. Thus, in the Committee's view both general and quite specific questions on the management and impact of the January emergency are appropriate both in terms of the achievement of outputs and the impact of the bushfires on the ACT's overall financial situation.

2.52. The Minister's grounds for declining to answer questions were twofold. Firstly he believed that, despite established practice, these matters were not appropriate to an Estimates Committee. As outlined above, the Committee does not accept this.

²³ Hansard, 21 May 2003, p. 335

²⁴ *ibid.*, p. 335

2.53. Secondly, the minister put forward the view that the concurrent McLeod inquiry and the Coroner's inquiry into the bushfires made it inappropriate to answer questions in the Committee.

2.54. The Committee is concerned that this approach wholly misunderstands the relationship between witnesses, including ministers, and a committee of the Assembly and the grounds on which a witness may decline to answer questions.

2.55. Blanket and pre-emptive refusal to answer whole classes of questions before the terms of any question is known is simply not acceptable. There are well-established grounds upon which a witness may seek the Committee's permission not to answer a question.

2.56. Public interest immunity offers a general ground on which a witness may seek to avoid answering a question. Information that is cabinet-in-confidence or commercial-in-confidence may form the basis for such a claim. The *sub judice* principle – that a matter is before the courts and discussion of it in another forum may prejudice the outcome of court proceedings – might also be relied on.

2.57. Officials have the added protection that they are not required to answer questions on government policy or advice they may have tendered to ministers in the formulation of policy.

2.58. However each of these is only a ground on which a claim can be made. It is a matter for the Committee whether it chooses to accept such a claim. If, for example, it is considered that the public interest in knowing a piece of information is greater than the public interest in withholding that information then a Committee or the Assembly may allow debate to continue, insist that a question be answered or require that a document be provided notwithstanding a claim of to the contrary.

2.59. It should be noted that, with regard to the specifics of Mr Wood's statement, the McLeod inquiry is not a court, royal commission or other judicial inquiry. It has no status that would prevent matters being considered by it from being considered elsewhere at the same time or allow a claim of *sub judice* with regard to matters before it.

2.60. Authorities also debate the circumstances in which the *sub judice* convention may be invoked and whether it can be invoked with regard to coronial inquests. The convention has regard to the outcome of court proceedings not the process and where proceedings do not involve a jury the probability of prejudice is much reduced.

2.61. *Australian Senate Practice* comments that:

An inquest by a coroner, although an administrative inquiry and not a judicial proceeding, ... may be prejudiced by parliamentary debate, particularly where a jury is involved. Although the *sub judice* principle as such does not apply, the chair therefore discourages the canvassing ... of issues before a coroner.²⁵

²⁵ Australian Senate Practice, 10th edn. (2001), p 228-229

2.62. The Committee believes that the appropriate course for the minister would have been to consider each question put to him on its merits and, if he believed that there were grounds for not answering particular questions, put his reasons to the Committee.

2.63. The Committee recommends that the Assembly consider whether Mr Wood's response to the Committee should be referred to a Privileges Committee to determine whether it constitutes a contempt of the Assembly.

Mr Corbell MLA

2.64. During consideration of the Health estimates the Minister, Mr Corbell was asked to provide details of hospital waiting lists for the month of March 2003. The Minister acknowledged that officers did have the details being sought by the Committee²⁶ but declined to answer the question.

2.65. In doing so the minister stated that "... the government will make decisions on when it announces and releases things, and as I have indicated ... I'll be releasing these figures later this week".²⁷ In fact the figures were released to the media in the early hours of the following morning.

2.66. The Committee did not pursue the information by formally requiring the Minister to table the documents. Notwithstanding this, a majority of this committee believes that the Minister's refusal to provide the information may constitute a contempt of the Committee.

2.67. The Committee recommends that the Assembly consider whether Mr Corbell's response to the Committee should be referred to a Privileges Committee to determine whether it constitutes a contempt of the Assembly.

2.68. Ministers and other witnesses before Assembly Committees need to be aware that they may not decline to answer questions merely because it does not suit them to do so. A witness seeking a Committee's permission not to answer a question must make that request on the basis of an established principle.

Budget estimates document

2.69. The Committee was most concerned at the existence of the document know as "Budget Estimates 2003" which was written on ACT Health letterhead and offered advice to Health Executives on how to deal with, and if necessary, avoid questions at estimates Committee hearings. The document showed not only contempt for the Committee but also represents a clear breach of the Public Service code of ethics.

2.70. The Department and Minister's response to the document's disclosure was one of contrition. Whilst the Committee accepts the apology of the acting Chief

²⁶ Hansard, 22 May 2003, p.458

²⁷ Hansard, 22 May 2003, p. 458-459

Executive of ACT Health and his assurance that the document did not have official status, the Minister's lack of cooperation with Committee's inquiry into this matter has not helped clarify how, and why, this attempt to undermine the estimates process occurred.

2.71. The Committee requested all documents relating to the affair but instead received only a select few. Even so, the documents are disturbing. The document was originally distributed with a glowing endorsement to the entire ACT Health Executive by a senior member of staff (described as a Director in his signature block)²⁸ with the words:

Dear All

Please find attached an excellent one pager [x] has put together regarding estimates

2.72. There appears to have been no response from the Executive and the Committee wonders what action would have been taken if the document had not been leaked. On the evidence provided no member of the Executive objected to the document when it was distributed, a disturbing inference as it indicates a culture within the ACT Health Executive that at the very least tolerated an attempt to undermine the Estimates process.

2.73. The failure of the Chief Executive of Health and a range of other executive officers within the Health portfolio to correct such an undemocratic document points to an alarming culture within that part of the public service. The Committee is of the opinion that the culture cannot be entirely attributed to the current Minister who has had the portfolio responsibility for little more than six months, but must also be attributable to his predecessor, who is also the Chief Minister. These Ministers are responsible for a culture that not only flies in the face of the Public Service Code of Ethics but is also a culture that is a snub to democratic processes.

2.74. Following the exposure of the document, the Minister was quick to publicly state that an officer had been counselled.

2.75. The Committee recommends that the Chief Minister and the Minister for Health provide an explanation to the Assembly of the following:

- **The processes that they will put in place to ensure that the Departments for which they have responsibility will abide by the Public Service Code of Ethics, and**
- **The processes that they will put in place to ensure that the Departments for which they have responsibility understand the democratic and governance issues requiring accountability of the executive to the parliament.**

²⁸ Answer to question on notice provided to the Committee.

2.76. The Committee recommends that the Assembly consider whether Mr Corbell's response to the Committee should be referred to a Privileges Committee to determine whether it constitutes a contempt of the Assembly

3. Chief Minister's Department & Treasury

Acquisition of a new human resources system

3.1. The Committee notes that the Chief Minister's Department rolled over \$6.453m because of the failure to meet the deadlines for the acquisition of a new human resources (HR) system.²⁹ In commenting on this officers noted that the funding had been sought in the 2002-2003 Budget with a completion date for the project of July 2003. In fact it is estimated that the project will be completed by the end of 2004-2005.

3.2. The Committee is concerned that the original deadline was adopted even though it "was quite unrealistic".³⁰ While getting the program underway was obviously necessary, appropriating the full funding against a wholly unrealistic deadline, which, implicitly, there was no intention of meeting does not appear to be good practice and does not give the Assembly or the public a clear picture of government expenditure in any one financial year.

3.3. It is also of some concern that the acquisition of a "tested product that is commercially available"³¹ should take so long. The department is under instructions not to 're-invent the wheel' and is not tailoring a product specific to its needs.

3.4. The Committee recommends that departments and agencies adopt realistic deadlines when undertaking projects running over a number of financial years and appropriate funding for the financial year in which it is genuinely expected to be spent.

Office of Sustainability

3.5. The Committee is concerned that this Office is not being given the opportunity to make a serious contribution to promoting sustainability. This question has arisen with regard to the Public Accounts Committee's consideration of the Rates Bill

3.6. It would appear that draft cabinet submissions containing revenue measures and presumably all budget cabinet submissions are not necessarily circulated to the Office of Sustainability or, indeed to other offices such as the Office of Women. In evidence it was explained that the reason proposed revenue measures were not circulated widely was "... the heightened risk that they might be the subject of public speculation",³² presumably unmediated by the Enhanced Whole of Government Communications Strategy.(see below)

3.7. Revenue from rates and land taxation are at the core of the ACT's budget. The future of that revenue would appear to be vital to the sustainability of the ACT's

²⁹ Budget Paper 4, p. 32.

³⁰ Hansard, 19 May 2003, p. 27

³¹ *ibid.*, p. 28

³² *ibid.*, p. 32

revenue over time. In the broader sense, rates will clearly have an impact on the nature of future development in the ACT, thus the aspects of the proposal that bear on the pattern of long term development in the ACT and the sustainability of that development would appear to important considerations.

3.8. It was put to the Committee that, given the limited resources available to the Office, it had to "... pick the ones you can make the best impact on... [S]o their focus is on those measures which have ...a higher value ... against [its] objectives."³³

3.9. The Committee fully understands the limits resource constraints place on the capacity of any part of the public sector. In view of that it seems odd that the Office is denied the opportunity to scrutinise and comment on financial measures because it is those measures which are the hard edge of government policy.

3.10. It may be important to maintain the confidentiality of an actual decision taken in some circumstances, particularly to prevent people taking pre-emptive action to avoid the impact of a change in a tax rate for example. However discussion of the revenue options facing government, the implications of increasing, decreasing or maintaining a tax rate for example, are legitimate areas for informed discussion both within government and in the community generally.

3.11. Excluding advisory offices such as the Office of Sustainability or the Office of Women from such discussion seems to condemn these offices to a marginal or irrelevant role. They will be permitted to comment on the general issues or the 'soft' subjects but when real decision making is involved they will be marginalised.

3.12. A further example of the limited role of the Office of Sustainability was provided by discussion of the Gungahlin Drive Extension (GDE). In a response to a question about the Office's involvement in the decision on the route for GDE the Minister commented that the Office had not been involved because the decision is a "...fundamental matter of government policy which is absolute."³⁴

3.13. A second consideration put forward by the Minister was that the policy imperative was clearly established over a long period of time and that there are no grounds for reopening debate on the absolute need for the road.

3.14. The Committee might dispute that the need for, or route of, GDE is of such absolute importance. However the significance of the Minister's comment here is that it adds two other categories of issue or decision to those from which the Office of Sustainability will be excluded.

3.15. The Committee recommends that the functions and funding of the Office of Sustainability be strengthened to ensure that it has a central role in government decision making and that it has sufficient independence and appropriate resourcing to discharge that role.

³³ Hansard, 19 May 2003, p. 33

³⁴ Hansard, 29 May 2003, p. 1065

Office of Women

3.16 The Committee is aware of apparent progress on women's policy. One of the first acts of the new Government and a key election commitment was the establishment of the Select Committee inquiring into the Status of Women which reported late in 2002. The Committee made 83 recommendations of which the Government has accepted 82³⁵. The Government also made much of the appointment of its first female Minister for Women half way through the financial year. The Committee was concerned that despite these developments there was a complete failure by the government to introduce any specific policy initiatives in relation to women in this budget.

3.17 In the course of the Committee's hearings it became clear that the reason for this was because the Office of Women did not make any budget bids following a decision of the Chief Executive of the Chief Minister's Department³⁶.

3.18 Committee members express surprise at this and commented that the now Minister was in a unique position having been the chair of the Select Committee. While the Government made much of the level of involvement of community organizations and individuals during the Inquiry, members of the committee believe that many would feel let down by the Government's lack of action.

3.19 Given the failure of the Office of Women to make any budget submissions and its inability to participate in the budget process³⁷, members questioned the relevance of the office³⁸. Members of the committee believe that there might be a more prominent role for women's policy in this government if the position of the head of the office of women were upgraded and more resources allocated.

3.20 The Committee is disappointed that it did not see budget bids for grants programs or to promote the rights and interests of women in our community.

Gender analysis in multicultural affairs

3.16. The issue of the collection and presentation of disaggregated data with regard to gender was raised before the Committee, specifically with regard to the multicultural demographic profile of Canberra. The Chief Minister noted that the Ministerial Council on Women had commented on the "paucity" of such information.³⁹ The need for better data as a basis for gender analysis was also identified in the report of the Select Committee on the Status of Women.

3.17. Officials advised the Committee that decisions on data collected was a matter for the Australian Bureau of Statistics (ABS) and that the ACT did not have a

³⁵ Hansard, 23 May 2003 p 628

³⁶ Hansard, 23 May 2003 p 629

³⁷ Hansard, 23 May 2003 p 633

³⁸ Hansard, 23 May 2003 p 623

³⁹ Hansard, 29 May 2003, p.64

capacity to undertake data collection of the type being discussed. There was no intention on the part of the ACT to restrict the range of data available.⁴⁰

3.18. The Committee recommends that the ACT Government, in negotiation with the Commonwealth, seek to broaden the basis of ABS data collection to provide the gender specific information required for sound policy making.

Review of complaints mechanisms

3.19. The ACT government has embarked on a review of complaints mechanisms within the ACT public sector. The agencies being examined include Office of the Community Advocate, the Office of the Discrimination Commissioner, the Office of the Health Complaints Commissioner and the Office of the ACT Ombudsman. The review is also looking more generally at the way “the government does business.”

3.20. The Committee welcomes this review but does have some concern about the process. The review is being directed by a Steering Committee of Chief Executives from ACT government departments and will be conducted by consultants selected by that steering Committee.

3.21. There are specific concerns about the way the community is involved in the review. It has been suggested that community input should have been made part of the process⁴¹ by including a peak body representative on the Steering Committee or otherwise involving such a representative in the tender selection process. As the process stands it appears that the community representatives will be consulted very much as outsiders – clients of the process rather than equal participants in it.

3.22. It was put to the Committee that community involvement in the management or conduct of the review was inappropriate because “...this is a report ultimately to government, about a range of offices for which the government is responsible”⁴² and that the procurement process for a consultancy to conduct the review is a highly technical one. Secondly it was suggested that a community representative on the management of the review would find themselves in a difficult position because that person would also, presumably, have strong views on the content of the review which they would wish to put to the it.

3.23. Given that the offices under review are essentially there to serve the community, have close relationships with community advocacy groups and are at arms length from government it is disappointing that the role of community groups has been restricted to the somewhat passive one of being consulted. It would have been preferable if they had been given the opportunity to influence the agenda of the review.

⁴⁰ Hansard, 19 May 2003, p. 65

⁴¹ Hansard, 2 June 2003, pp.1319-1321

⁴² Hansard, 2 June 2003, p.1322

Quarterly reporting on the effectiveness of services delivered to the indigenous community

3.24. In a ministerial statement on indigenous affairs delivered by the Chief Minister in 2001 it was announced that quarterly reporting on the effectiveness of services delivered to the indigenous community would be introduced. The Committee notes that this has not yet occurred.

3.25. In evidence to the Committee officials advised that the delay was due to the difficulties in identifying those areas where data would be collected and in establishing base line data. Officials did state that quarterly reporting will commence in the third quarter of this year.

Indigenous dual diagnosis health workers

3.26. The Committee notes that prior to the most recent ACT election the present Government undertook to provide funding for health workers in the field of dual diagnosis – where patients may have a mental health problem co-existing with a drug or alcohol problem for example. Funding for these positions has not been forthcoming.⁴³

3.27. The Committee heard the minister's explanation that the competing demand on government has led to a reordering of priorities.⁴⁴ However the Committee is concerned that this long standing commitment to the indigenous community has not been met.

3.28. The Committee therefore recommends that the Government provide funding for the appointment of health workers in the field of dual diagnosis to work with the indigenous community in the ACT.

Official visitor for indigenous people in the corrective services system

3.29. ACTCOSS pointed out to the Committee that the only initiative for indigenous people in this years budget was the provision of \$35 000 for an official visitor. In passing on community views ACTCOSS noted that this was something of an affront to the community.⁴⁵

3.30. While it is of itself a welcome initiative, given the level of funding and the work to be undertaken it is clearly only going to be a part-time position.

Workcover

3.31. The Committee is concerned at the amount of money being consumed by the destruction of fireworks seized by Workcover. The Committee recognises that the destruction of thirty seven tonnes of fireworks is not simply a matter of lighting the

⁴³ Hansard, 22 May 2003, pp.443-444

⁴⁴ Hansard, 22 May 2003, p. 524

⁴⁵ Hansard, 26 May 2003, p. 673

blue touch paper and retiring to a safe distance but, nonetheless, \$465 000 does seem a very large amount of money to destroy things which are designed to self-destruct.⁴⁶ The Committee wonders whether all avenues and methods of destruction have been properly explored.

3.32. Members of the Assembly and of this Committee expressed some concern about the apparent focus of Workcover on the fireworks issue and questioned whether it might not be a diversion from more important issues. The Committee has concerns that a questionable level of resources is being applied to enforcement of the Dangerous Goods Act.

3.33. It should be noted that, according to figures provided to the Committee by Workcover, the overall occupational health and safety situation in the ACT is very good by comparison with the rest of Australia. However, it is of concern to the Committee that in the area of retail employment, which is of major significance in the ACT, the Territory actually performs below the national average.

Enhanced Whole of Government Communications

3.34. The Committee is concerned at this item, which appears in the initiatives listed for the Chief Minister's Department. Its purpose is to "...strengthen the capacity of the Policy group within the Chief Minister's Department to manage the coordination of the whole of government media aspects of major contingencies...".⁴⁷

3.35. The initiative provides for the appointment of two more media officers, at an annual cost of \$250 000, doubling the existing number in the Department. These new positions come on top of the existing 21.5 public affairs positions plus four contract positions in the ACT Public Service. These positions are in addition to the whole of government services provided by Publishing Services.

3.36. The rationale for this is that "... the bushfire event made it very, very apparent to us that we lacked the depth of capacity of what might broadly be termed as public affairs and public information."⁴⁸ As a result it has been determined that the existing capacity will be enhanced.

3.37. The Committee notes that, although the reason for the appointment was weaknesses exposed by the bushfire emergency, the new capacity will be used in relation to "...large scale initiatives" to make sure that the government can make "... the best presentation of the information".⁴⁹ Since it is fair to assume that a major disaster such as culminated in the events of 18 January 2003 will be a rare occurrence, the Committee could conclude that this enhanced capacity is primarily required to promote government policy.

3.38. The Chief Minister defended the initiative by arguing that one of the great challenges facing democratic government is to communicate effectively with the

⁴⁶ Hansard, 23 May 2003, p.648

⁴⁷ Budget Paper 3, p.145

⁴⁸ Hansard, 19 May 2003, p. 9

⁴⁹ *ibid.*, p. 9

electorate; "... the great strength of any democracy is measured by the level of connection between the people and the government...".⁵⁰ The Committee would not dispute that.

3.39. The Committee also notes that this initiative is an example of the casual approach to estimating referred to above. In discussion between the Committee, officials and the Chief Minister it was clear that the costing for these positions was made without a clear idea of what the positions will do and what overheads will be incurred to support them. The funds being appropriated relate, not to a clearly defined function or outcome, but to a bit of juggling between a vague idea of what the government wants and an amount of money that isn't quite enough but is all that's available.⁵¹

3.40. The Committee recommends that this initiative be subject to a reordering of priorities and the funding allocated to it be diverted to areas of genuine need.

Rates - self-funded retirees

3.41. When the Treasurer was questioned on rates exemptions for self-funded retirees and superannuants, he responded that they would not necessarily apply to people in those categories. Mr Quinlan stated that:

As far as my own philosophy is concerned – one shouldn't be – it is my appreciation of the general attitude of this government is we are here to help people who need help. And we are not here – I mean, some of the most well off, most comfortable people in this town are self-funded retirees. Being a self-funded retiree in itself does not, by my standards, qualify one for social support for welfare.⁵²

3.42. The Committee recommends that the Government investigate ways of incorporating low-income self-funded retirees in the rate concessions granted to pensioners.

Bushfire levy - self-funded retirees

3.43. In relation to the bush fire levy the Treasurer confirmed in an answer to a question on notice that Government policy is to provide relief from the levy for specific categories of residents on low incomes. Exemption for ACT Housing owned properties aims to limit impact on government housing tenants. Pensioners are to be provided a 100% rebate from the levy on their portion of property ownership. However, Mr Quinlan stated that self-funded retirees are not exempt from the levy. Only eligible pensioners in receipt of a Pensioner Concession Card will be provided with a rebate from the levy.

⁵⁰ Hansard, 19 May 2003, p. 19

⁵¹ *ibid.*, pp.14-16

⁵² Hansard, 20 May 2003, p.119

3.44. The Committee recommends that low-income self-funded retirees be exempt from the bush fire levy.

Bushfire levy - Housing tenants

3.45. In answer to a question on notice regarding whether housing trust tenants who were paying full market rent (1,940 tenants) would be paying the bush fire levy, the Minister for Housing, Mr Wood, replied that ACT Housing was exempt from paying the bush fire levy. This in effect translates to mean that rental tenants in private housing would probably end up having to pay a higher rent to compensate their landlords for paying the levy, whereas public housing tenants would not. Therefore private tenants would be disadvantaged relative to public housing tenants.

3.46. The Committee believes that in both the above cases exemption from the levy should be based on income and therefore recommends that the application of the levy be reviewed to ensure that its application does not discriminate unjustly against private housing tenants or other low income earners, whatever the source of that income.

3.47. The Committee recommends that ACT Housing properties that have tenants paying full market rent make a contribution to the bushfire levy.

3.48. The Committee notes that as of 11 June 2003 the bushfire levy has been withdrawn. This renders the foregoing paragraphs redundant, However the Committee wishes to emphasise that should a new tax or charge be contemplated it should be designed to apply equitably.

The Stadiums Authority

3.49. The Committee is concerned about the process surrounding the letting of the contract and commencement of work on extensions to the Bruce Stadium and the upgrade to the media centre. It would appear from evidence provided to the Committee that work on these projects commenced and payments were made to the successful tenderer prior to the signing of a contract for the work.⁵³

3.50. In this case it appears that work commenced on 25 November 2002, payments were made to the contractor in December 2002 but a formal contract was not signed until January 2003. The Committee recognises that, in law, written notice of acceptance of a tender and approval to commence work may be taken to be a contract. It also acknowledges that in the private sector 'handshake' contracts may be acceptable, particularly for relatively small jobs. However it is a matter of concern that the practice of starting work without a signed contract should be adopted for significant public works expenditure.

⁵³ Hansard, 27 May 2003, p.863

3.51. The Committee recommends that, for public contracts of more than \$250 000, no funds should be paid out until a written contract has been signed by the relevant parties.

4. Department of Health & Community Care (DHCC)

Portfolio performance

4.1. In terms of **service provision**:

- The Portfolio has achieved 98% of its targeted acute care inpatient cost weighted separations for the current year, despite costs growing by 11-12%;⁵⁴
- There has been a significant growth in both waiting lists and waiting times for elective surgery. Of particular concern, there is a growing trend towards urgent (category 1) patients being overdue for treatment; (see para.4.39)
- The Government appears to have applied a net reduction in funding for inpatient services at Calvary Hospital, despite claims to the contrary; (see para.4.36)
- Management of resources to achieve maximum inpatient activity appears not to be effective; (see para.4.32)
- There has been a lack of reforms to nursing work practices, contributing to the difficulties in achieving targeted services to the community; (see para. 4.48) and
- There are indications of a shift away from the focus on public/primary health service provision. (see para.4.46)

The Current Financial Performance of the Department

4.2. With regard to financial performance:

- The portfolio is expected to record its worst ever operating loss – also by far its worst result against budget – in the current financial year; (see para. 4.20)
- The budgets for future years show a serious increase in unsustainable operating losses in the portfolio; (see para. 4.27)
- There are a number of grounds for serious concern that even the projected financial results may not be achieved, yet there is no evidence of risk assessment of these dangers;
- The financial problems in the health portfolio are so serious that even a modest increase in costs would keep the Territory Budget in continuing deficit in the short and medium term future; (see para. 4.29)
- There are unexplained issues regarding extraordinary transactions that the Government has presented as justified by the bushfire emergency; (see para. 4.80) and

⁵⁴ BP 4, p.146

- Special funding provided under the Growth In Needs initiative launched three years ago may not have been expended as authorised by the Assembly. (see para. 4.86)

Operating result against 2002-03 Budget

4.3. The Committee was concerned to learn that the Operating Result for the Department for the current year shows an alarming decline against its budget. The Department's Statement of Financial Performance in Budget Paper 4 shows a budgeted operating profit for 2002-03 of \$1.978 million has declined to an estimated operating loss of \$18.175 million. This is, on the face of it, a decline of \$20.153 million in the department's financial position.⁵⁵

4.4. In fact, the true picture is in fact worse if the "operating result from ordinary activities" is examined. This result, which excludes the effect of extraordinary revenues and expenses (arising from the bushfire emergency) is a loss of \$21.931 million - a deterioration against budget of \$23.909 million.

4.5. The Department's Director of Financial Management noted during evidence on 22 May that the absorption into the Department of the two large service providers – The Canberra Hospital (TCH) and ACT Community Care (ACTCC) – must be taken into account in comparing the overall portfolio's performance against budget.⁵⁶ The Committee agrees with this approach.

4.6. However, when the budgets from last year are examined the problem is far from fully explained. In fact the budgeted losses for TCH and ACTCC explain only a quarter of this year's very large operating losses. Each of the two provider agencies was allowed a budgeted operating loss for the 2002-03 year. The core Department was allocated a modest operating profit. The comparison with the budgets for the three components set in May 2002 is as follows:

HEALTH PORTFOLIO BUDGETED OPERATING RESULTS FOR 2002-03 (\$MILLIONS)⁵⁷

Department of HCC	\$1,951
The Canberra Hospital	(\$5.028)
ACT Community Care	(\$1.966)
Net Portfolio	(\$5.043)
Latest Portfolio Estimate (ordinary activities)	(\$21.931)
Latest Portfolio Estimate (including extraordinary items)	(\$18.175)

4.7. This analysis shows that the combined health portfolio has an increase against budget of \$16.888 million for ordinary activities, or \$13.132 including the extraordinary bushfire items. If this estimate is realised it would be the worst

⁵⁵ BP 4, DHCC Statement of Financial Performance, p.130

⁵⁶ Hansard, 22 May 2003, pp.417-418

⁵⁷ Budget Paper 4, 2002-2003, pages 142, 453 and 437; BP 4, p.130

operating result in the health budget since the introduction of accrual accounting allowed for proper scrutiny of operating results.⁵⁸

4.8. The Committee was told that two factors - depreciation and employee provisions – demonstrated that the worsening position was being due to technical factors. The Committee examined these explanations but was unable to accept that they explain the large operating loss.

4.9. In regard to expenses for *depreciation*, the specific amounts presented in the 2002-03 budget for each agency are as follows:

HEALTH PORTFOLIO BUDGETED DEPRECIATION FOR 2002-03 (\$MILLIONS)⁵⁹

Department of HCC	(\$0.934)
The Canberra Hospital	(\$10.411)
ACT Community Care	(\$2.196)
Net Portfolio	(\$13.541)

4.10. Unfortunately, no estimate for this year’s outcome to compare against this combined budget is provided by the Budget papers. The second column on the Statement of Financial Performance, which presents results for “the department’s estimated transactions for the 12 months plus six months of activity for the Canberra Hospital and community care from 1 January through to 30 June this year”⁶⁰, gives a figure for depreciation of \$7.349 million.

4.11. The Committee assumes will present 50% of TCH and ACTCC annual depreciation together with the full year for the smaller Departmental depreciation. Subsequent full-year estimates show depreciation of \$14.9 million, \$15.1 million etc. This indicates that a moderate growth in depreciation is occurring.

4.12. The part-year estimate presented for the current year therefore indicate that depreciation could be around \$1 million above Budget this year. Such an outcome deserves investigation, but at this level it provides only a small part of the explanation of the overall \$16.9 million operating result.

4.13. In regard to *provisions*, the Committee was told by the Director of Financial Management that:

there has been an accounting standard change in relation to the way provisions are calculated such that we now have to recognise the impact on provisions in relation to pay rises that we know are coming up rather than just those which have occurred, so there has been a multi-million dollar adjustment to the provisions figure....⁶¹

4.14. The Committee sought further details on this point, but the Minister, at the time of writing, has failed to provide answers to questions place on notice. It is

⁵⁸ See table, para 4.20

⁵⁹ Budget Paper4, 2002-2003, pages 142, 453 and 437

⁶⁰ Hansard, 22 May 2003, p.417

⁶¹ *ibid.*, p.417

apparent from the Budget papers that compared to its original budget, the health portfolio is estimated to receive an additional \$29.491 million in revenue, but incur an additional \$53.4 million in expenses.⁶² The balance of these outcomes gives the headline \$23.909 million deficit stated above.

4.15. The unbudgeted new revenues are reported to consist primarily of non-ACT Government user charges (\$18.425m), together with “other revenues” (\$4.018m), and increased Commonwealth grants (\$2.513m), and ACT Government-source revenues from Government Payment for Outputs (GPO) and user charges (net \$3.883m).⁶³

4.16. On the other side of the ledger, the unbudgeted increase in Expenses of \$53.4 million has not been adequately explained. At the time of writing this report answers to questions on notice which might have provided an explanation had not been received.

4.17. It appears that the portfolio will also receive a net operating profit from extraordinary bushfire revenues (offset by expenses) of \$3.76 million.⁶⁴

4.18. The Committee notes that apart from the Territory Superannuation Unit (which reports an estimated result \$96 million worse than budget⁶⁵), the estimated outcome against budget of the health portfolio is easily the worst for any core department (the next worst being the Department of Justice and Community Safety (JACS), which is estimating a \$4.8 million decline in its estimated outcome⁶⁶).

4.19. The Committee has examined the results against budget going back over previous years. In general, the health portfolio has performed well against its budgets - until recently.

4.20. Overall performance over several years can be compared using the total Departmental, Canberra Hospital and Community Care operating results. The results (including extraordinary items) are as follows:

HEALTH PORTFOLIO OPERATING BUDGET PERFORMANCE 1997-2003 (\$'000s)

Year	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Combined portfolio Budget	(\$15,299)	(\$16,933)	(\$21,082)	(\$15,997)	(\$11,200)	(\$4,536)
Combined portfolio Outcome	(\$18,938)	(\$12,590)	(\$14,074)	(\$7,187)	(\$10,421)	(est) (\$18,175)
Difference	(\$3,639)	\$4,343	\$7,008	\$8,810	\$779	(est) (\$13,639)

4.21. This comparison shows that the 2002-03 year is on track to return the worst operating result (a loss of \$18.175 million, or \$21.931 million excluding extraordinary items) for the health portfolio since full cost attributions under accrual accounting began.

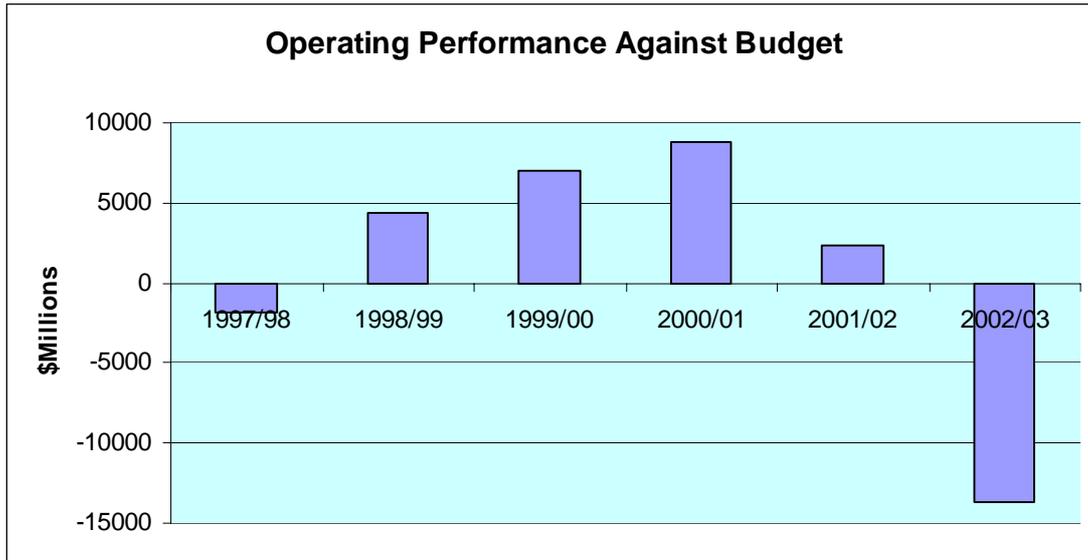
⁶² BP 4, p.130

⁶³ BP 4, p.130

⁶⁴ BP 4, p.130

⁶⁵ BP 4, p.119

⁶⁶ BP 4, p 255



4.22. Even more dramatic than the operating outcome itself is the huge difference in the performance of the portfolio *against its budget* (a divergence of \$13.639 million, or \$16.888 million excluding extraordinary items). By any standard, the portfolio has seriously failed to achieve its budgeted financial performance.

4.23. The Committee notes that the largest administrative change in several years (the merger of the two service provider agencies into the Department) took place during this financial year.

4.24. The Committee notes that the Chief Minister has publicly defended the restructure of Health while he was Minister on the grounds of expected improvements in health outcomes (Reid Report and press releases). The evidence, however, indicates that the health outcomes delivered by the service, particularly measured in terms of waiting times and waiting lists, have deteriorated significantly (this matter is dealt with in more detail later).

4.25. The Committee recommends therefore that the Minister explain to the Assembly what action he intends to take to:

Ensure that the Department of Health lives within the budget that has been allocated in the Appropriation Bill 2003-2004, and

Ensure a reversal of the trend towards reduced health outcomes in the community.

4.26. The Committee recommends that the Assembly take further steps to investigate the causes of the large budget failure in the health portfolio, and instigate ongoing action to scrutinise the portfolio's financial and service performance.

Future Financial Performance of the Health Portfolio

4.27. With the introduction of full cost attribution under accrual accounting in the mid-late 1990s it became clear that the health portfolio — largely driven by its largest component The Canberra Hospital — was operating at a significant loss. For example, the result returned for the 1997-98 year was a loss of around \$17.1 million.

4.28. From 1997 onwards this situation was slowly being rectified. The 2000-01 year was the best performance recorded, returning a loss of around \$7.2 million. However, it now appears that the situation has deteriorated sharply. According to the Budget papers the Government is estimating that 2002-03 and 2003-04 will return losses of over \$18 million, with subsequent annual losses of around \$15 million.

HEALTH PORTFOLIO OPERATING PERFORMANCE 1999-2006 (\$'000s)

	1999/00 (o'come)	2000/01 (o'come)	2001/02 (o'come)	2002/03 (e'mate)	2003/04 (budget)	2004/05 (e'mate)	2005/06 (e'mate)
Dep't	(\$1,389)	(\$1,736)	(\$215)	(\$18,175)	(\$18,094)	(\$14,723)	(\$15,047)
TCH	(\$11,411)	(\$3,370)	(\$6,639)	—	—	—	—
ACTCC	(\$1,274)	(\$2,081)	(\$3,567)	—	—	—	—
Portfolio	(\$14,074)	(\$7,187)	(\$10,421)	(\$18,175)	(\$18,094)	(\$14,723)	(\$15,047)

4.29. Operating losses of the magnitude planned by the Government are not sustainable, will directly limit the capacity of the Government to expand public health services and launch new services, and will lead to ongoing severe financial pressure on the health system.

4.30. The budgeted operating losses for the health portfolio in coming years are already very large. Further deterioration against those budgets of the same magnitude as that expected for the current year would have a significant negative affect on the overall Territory Budget.

Administration

4.31. The portfolio's administration:

- has been unable to demonstrate any financial or performance efficiencies from the recent administrative restructure;
- has seen a net growth in the number of SES officers in the portfolio; in response to a question on notice the Committee learned that while there were 18 senior executives in the portfolio on 1 July 2001, there 21 on 1 May 2003;
- has experienced sharp increase in employee costs while there is expected to be no net increase in staff number indicates a worrying focus on internal demands, rather than the provision of services to the community.

Results and projections for provision of acute inpatient services

4.32. The Committee identified a number of failings in the delivery of acute services to the community. It appears that the delivery of inpatient acute services to the community in the current year (2002-03) has only reached 98% of its target.

4.33. The Department does not have an effective system for handling the non-availability of surgeons in particular specialties. In particular, there does not appear to be a system for ensuring that theatres and funds are used to deliver surgical services in alternative specialties. As a result, overall targets are not being reached.

4.34. The total cost of providing acute care services appears to have increased to 12% above budget. Similarly, the cost of services per 1,000 head of population has increased by 11.5%, further illustrating that there is a sharp growth in expenditure but no growth in services.

4.35. The Government claims that it will deliver an additional 1,500 cost-weighted separations of acute care services in 2003-04 above the performance budgeted for 2002-03. This would be welcomed, but given the actual and financial performance seen in the current year, and the apparent reduction in net funding for the Calvary Hospital's surgical services, there must be serious doubt about whether this target can be reached.

Changing levels of funding for inpatient services at Calvary Hospital

4.36. The Committee examined the extent of funding for surgical services at Calvary Hospital. It is clear that Calvary experienced serious funding difficulties during the current year. The hospital revealed that it would actually keep its operating theatres closed for up to 14 weeks this year.⁶⁷ This is in part due to the non-availability of key staff and surgeons during peak holiday periods.

4.37. This has obviously had a serious effect on access to services. It was claimed that the Government made use of \$3 million of "growth funds" this year to try to rectify the problem. However, there are at least three difficulties with this claim:

- there are conflicting claims about where the growth funds have actually been expended. Other statements have indicated that they were all directed to The Canberra Hospital. The Committee has not received answers to Questions on Notice seeking a reconciliation regarding the allocation of these funds;
- there is a real issue that expenditure of growth funds on emerging costs, rather than new services, may be a breach of the purpose for which the Assembly approved the "Growth in needs funds" in the year 2000;
- the Government has indicated that this funding source comes to an end at the end of this financial year, resulting in a \$3 million contraction in funding.

4.38. The Government has announced a new funding initiative of \$2 million for the hospital.⁶⁸ This is welcomed, but the net effect appears to be a \$1 million reduction in funding.

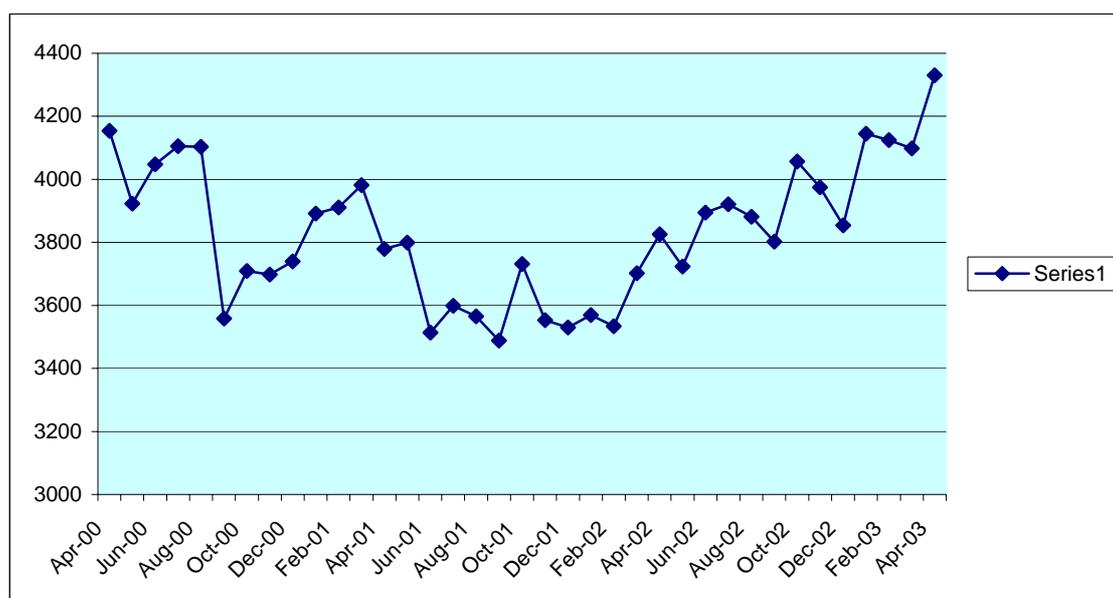
⁶⁷ Hansard, 20 May 2003, p.466

⁶⁸ BP 3, p.151

Growing waiting lists, waiting times and provision of information

4.39. The Committee was concerned to learn that waiting lists in general are now rising in the Territory, after a previous downward trend. What is more alarming, overdue Category 1 patients (those requiring treatment within 30 days for serious conditions with a potential to deteriorate, including life-threatening conditions) are becoming increasingly common.

Waiting Lists



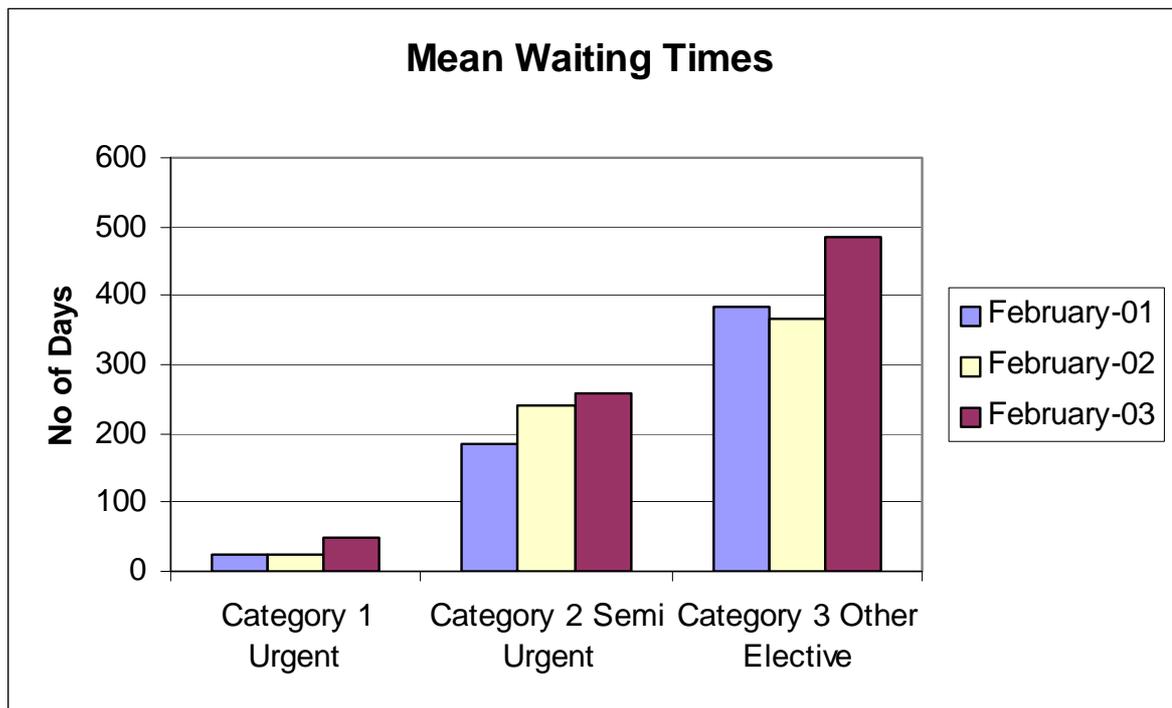
Derived from published government waiting list figures for ACT hospitals

4.40. Two years ago a single instance in a month of overdue Category 1 surgical treatment would be rare. There were as many as nine instances of late treatment of urgent patients in April 2003. It is noteworthy that eight of these instances were at Calvary Hospital, where government funding cuts, among other factors, led to the closure of theatres for 14 weeks of the year. This is an alarming trend and must be arrested immediately.

4.41. Average waiting *times* – a better measure of performance than the size of waiting lists - are also increasing. In answer to a question on notice by Mrs Cross, the Minister revealed that average waiting times for Category 1 surgery at the Canberra Hospital has risen from 12 days in February 2001, to 13 days in February 2002, most recently reaching 23 days in February 2003.

4.42. Similarly, waiting time averages for Category 1 surgery at Calvary Hospital went from 14 days in February 2001, to just 11 days in February 2002, but rose sharply to 27 days in February 2003.

4.43. There were similar increases for category 2 (90-day) surgical waiting times at both Hospitals. The average times were 123 and 136 days at the two hospitals. This suggests that well over half of all Category 2 patients were waiting well above the clinically desirable timeframe.



Derived from answer to a question on notice provided to the committee

4.44. The Committee is concerned that the Minister made the decision to replace the previous system for monthly public reporting of waiting list and time information (which has been in operation for many years) with a reduced package of public information. In the context of worsening results this decision must be treated with suspicion and ought not be accepted by the Assembly.

4.45. The Committee recommends that the Assembly require the Government to produce each month all the information on the performance of the public surgical system which was included in the previous reporting regime.

Apparent decline in public health funding

4.46. The Committee supports the long-standing policy direction of improving the focus of the public health sector on public (primary) health care measures in the Community. In this regard, the Committee was concerned to learn that funding for the public health division of the portfolio has been reduced in the budget. Funding for public health is to fall from \$19.3 million to \$17.65 million.

4.47. This indicates a sharp fall – some 8% - in the share of funding being dedicated to public health and primary health measures.

Nursing workforce

4.48. The Committee learned that there were no apparent improvements in workplace rostering flexibility in the most recent round of enterprise bargaining agreements at The Canberra Hospital.

4.49. More flexible rostering arrangements are in place at Calvary Hospital, providing a model of better practice. The implementation of reforms at The Canberra Hospital would widen the range of shift options available to staff, attract additional nursing staff who might otherwise be staying out of the workforce, and improve the speed and efficiency of the services delivered to patients.

Supported accommodation

4.50. The Committee has discussed in earlier chapters the rather cavalier approach by the government to preparing estimates. A new initiative to provide \$240 000 in 2003-2004 and indexed funding in the out years for supported accommodation is announced.⁶⁹ Its purpose is to provide "... support for clients living in their own accommodation, whether it is a private dwelling, rooming house, supported residential service, or Government housing."

4.51. The Committee welcomes this initiative but is concerned that, in discussion, comments from the minister and officials demonstrated that what the money would buy did not seem to have been thought through. In general terms the Department is looking at a "... a combination of purchasing beds with current providers and/or buying outreach workers with current providers that will support people in ... their own accommodation".⁷⁰

4.52. The Committee's concern is that the extent of the need does not seem to be clearly defined. How the funds are spent will determine the volume of services purchased. The number of people who might benefit from the services provided will vary greatly depending on the balance between purchased beds and outreach workers that is finally settled on.

4.53. If the need was clearly defined then officers should have been able to provide the Committee with the numbers expected to benefit and the proportion to be served by outreach workers compared with those to be provided with beds in supported accommodation. The absence of such advice suggests that decision making is driven by an estimate of the funds which might get through budget cabinet and then the services to be provided are determined having regard to that amount. This is the reverse of the correct approach.

4.54. The Committee recommends that in future new initiatives are funded on the basis of meeting an identified need and the necessary funding to do so is appropriated.

Support for carers

4.55. \$35 000 has been appropriated to allow a trial program of carer training and support to continue to June 2004 and to allow it to be evaluated. This item appears as a budget initiative in Budget Paper 3 at page 150. Again it is an admirable policy. Whether it is an initiative is a matter for debate since it is actually a continuation of a

⁶⁹ BP 3, p. 149

⁷⁰ Hansard, 22 May 2003, p.435

project funded in last year's budget. It does raise two issues with regard to the way projects are managed and the way information is presented.

4.56. In last year's budget \$100 000 was provided to fund this pilot program. That initiative was to be evaluated and, if the outcome was successful then it was to be continued. However as officials advised the Committee no provision was made for the evaluation of the program. This is not good practice. It does not provide an honest estimate of the cost of a program.

4.57. The Committee recommends that all pilot programs, trials and like activities, which are being used to test a particular policy approach or approach to service delivery, include funding for evaluation.

4.58. The second issue of concern to the Committee is the arbitrary nature of the figures included in the budget paper. The Committee was told that the pilot program was designed to discover what could be obtained for \$100 000. The amount in this years budget combined with some roll-over of the original funds will allow the project to continue to the end of 2003-2004 and to be evaluated. However \$35 000 is also included in budget paper 3 for each of the out years.

4.59. The Committee was advised that that amount would be topped up through the normal budget process if the pilot program was found to be effective and it was decided to continue with it. \$35 000 is an amount determined to provide some top up funding and an evaluation in 2003-2004. It does not represent an amount sufficient to continue the program or even a meaningful proportion of the cost of continuing the program. Lastly its expenditure is conditional upon the outcome of an evaluation.

4.60. The Minister of Health did concede that either the figure zero, indicating that a final decision to continue the program had not been taken, or an amount sufficient to continue the program would have been a clearer indication of forward expenditure.

4.61. The Committee recommends that speculative figures which bear no relationship to actual or proposed expenditure are not included in out year estimates.

Aged care places

4.62. Funding for 65 Aged Care places for Calvary Hospital was provided by the Commonwealth in January 2002. 18 months later progress has not been made towards the commencement of utilising this funding for urgently needed aged care places. Mr Corbell explained that the delays are caused by "some fairly complex design issues they're having to work through."

4.63. Clarification was obtained via a Question on Notice that the cost of keeping someone in a hospital bed is many times that of keeping someone in one of the specially allocated aged care beds. The eighteen month delay has therefore meant a higher level of expenditure on aged care patients than could have been the case if the facility had been commenced.

4.64. The Committee understands that agreement has been reached on siting arrangements, and therefore recommends that the Government takes all possible steps to ensure this aged care facility is operational in the 2003-04 financial year.

Sub and non-acute aged care facility

4.65. The Committee welcomes the announcement in the Budget that \$5.15 million has been allocated for a “Sub and Non-Acute aged care facility”. This facility subsequently was confirmed in Estimates questioning to total 60 beds: 30 for rehabilitation, 10 for transitional care and 20 for psycho-geriatric dementia type patients. Siting would be at either or both of our two major hospitals with a completion date of December 2004.

4.66. The Committee recommends given the delays with the 65 bed aged care facility at Calvary, every endeavour be made to adhere to, or improve upon, the December 2004 completion date.

Aged care liaison workers

4.67. This is a similar issue to that of dual diagnosis workers for the indigenous community mentioned above. The government committed itself to the provision of aged care liaison workers for the multi-cultural community in its pre-election policy statements. This undertaking has fallen victim to the reordering of priorities.⁷¹

4.68. The Committee notes the minister’s undertaking that the government will honour all its commitments in this term of government.

Questionable increase on non-ACT user charges

4.69. One of the significant premises on which the Department’s budget is founded is the expectation that revenue from User Charges (ie: the price of services delivered) to customers other than the ACT Government will rise dramatically. However, there is no justification given for this expectation. Significantly lower figures were projected in the previous Budget.

4.70. The Budget papers show a dramatic jump in these revenues from the budgeted \$52.0 million to \$70.4 million in the current year – an increase of 35%.⁷² No substantiation is given for this increase. In addition, the Budget for the coming year shows another increase of over 17% — again with no justification. The forward estimates then present a more natural rate of increases in the order of 2.5% per annum.

Health Portfolio Non-ACT-Govt User Charges 2001-2007 (\$’000s)⁷³

2001/02	2002/03	2002/03	2003/04	2004/05	2005/06	2006/07
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⁷¹ Hansard, 22 May 2003, pp.540-541

⁷² BP 4, p.130

⁷³ Budget Paper 4, 2002-2003, p. 142;BP 4, p.130

			(e'mated o'come)	(budget)	(e'mate)	(e'mate)	(e'mate)
Department	\$51,314	\$52,014	\$70,439	\$82,824	\$85,105	\$86,710	\$88,790

4.71. User Charges are a significant source of revenue to the health system, representing over 15% of all revenues. Increases of the scale presented in the Budget would be welcome. However, the credibility and sustainability of these increases has not been established.

4.72. For financial statements to project increases of the scale shown in the Budget without apparent justification calls into question the reliability of the portfolio's budget. If these revenue projections are not met, clearly a further major gap will emerge in both the current year and the future budgets of the health portfolio.

Forward estimates for expenditure

4.73. Over several years the health portfolio's expenditures have grown at a rate well in excess of inflation. In fact, a total rate of growth of 56.8% has occurred over the five years from 1997-98 to 2002-03. Allowing for compounding this means that the annual growth rate was around 9.41%, or almost four times the rate of inflation. These large expenditure growth rates are consistent with the experience around Australia.

4.74. Against this background, the Budget forecasts that expenditure in the coming year will grow by just 6.01%.

Health Portfolio Expenditure growth 1999-2006 (\$'000)⁷⁴

Year	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Expend	\$384,077	\$445,249	\$477,863	\$515,178	\$546,142	\$561,268	\$582,256
Increase	3.03%	15.93%	7.32%	7.81%	6.01%	2.77%	3.74%

4.75. The Budget does not provide any substantiation for the expectation that the rate of growth in health expenditure will fall significantly in the coming year. The Committee is concerned that the Government may be significantly underestimating the expenditure which the health system will incur.

4.76. For the three forward estimate years a rate of growth averaging just 3.3% is forecast. Once again, there is no justification given for these results, which would defy all recent experience. Indeed, the forward estimate growth rates would barely exceed inflation.

4.77. The difference between the rates of expenditure growth and the recent average of 9.4% could amount to a dramatic divergence from the Government's Budget.

Effect of Health Portfolio Expenditure Increases following Recent 5-year Average⁷⁵

Year	2003/04	2004/05	2005/06	2006/07
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⁷⁴ The years up to 2001-02 are data from annual reports. The later figures are from BP 4, p.130

⁷⁵ BP 4, p.130

Budgeted Expenditure	\$546,142	\$561,268	\$582,256	\$601,942
Increase	6.01%	2.77%	3.74%	3.38%
Future expenditure ⁷⁶	\$563,656	\$616,696	\$674,727	\$738,219
Difference	\$17,514	\$55,429	\$92,471	\$136,277

4.78. The table above illustrates the compounded effect of misjudging the rate of increased expenditure by a large portfolio such as health. If the rate of growth follows the ACT average over the past five years (9.41%) instead of the rate of growth budgeted for by the Government (3.3%), the gap by the fourth year is a staggering \$136 million.

4.79. In order to apply adequate risk management to a budgetary issue of this importance, some attempt should be made to insert realistic, justified rates of growth into the Budget and forward estimates.

Extraordinary revenues and expenses due to the bushfires

4.80. The Statement of Financial Performance for the Department of Health includes significant estimated amounts for extraordinary revenues and expenses for the current year:

- \$5.724 million in extraordinary revenue for “insurance revenue and appropriation provided as a result of the January 2003 bushfire”; and
- \$1.968 million in extraordinary expenses for “expenses incurred as a result of the January 2003 bushfire for additional hospital expenses, counselling services, emergency centre costs and write-down of assets lost in the fires.”⁷⁷

It is significant that the Department has had a net gain of \$3.756 million from these two items. The committee sought clarification of these figures but again, at the time of writing, has not received an answer to its question.

4.81. The Committee cannot see any indication of there being \$3.7 million in upcoming expenses. Assuming that the additional situational costs and asset write-downs have already been brought to account when the Budget was prepared, the result clearly deserves some explanation.

4.82. The Committee notes that the Budget for 2003-04 only indicates \$360,000 in anticipated extraordinary expenses.⁷⁸ Further, the separate accounts of the major service provision units shown on pages 147, 148, 150 and 152 of Budget Paper 4 do not show significant extraordinary expenses matching the figures shown for the whole Department.

⁷⁶ At 9.41% rate of growth.

⁷⁷ BP 4, p.130

⁷⁸ BP 4, p.130

4.83. To be specific, the amounts shown are \$220,000 for The Canberra Hospital, nil for Calvary Hospital, \$206,000 for mental health, and \$82,000 for ACT Community Care. Clearly these figures do not even amount to the \$1.9 million in expenses stated, let alone the \$5.7 million in revenue received.

4.84. If proper justifications for these transactions cannot be provided, the Assembly would be entitled to conclude that the Department had been provided with a benefit of \$3.7 million that was in fact not justified by the fires at all. As discussed above, the difference between these extraordinary items has allowed the Department to reduce its apparent final operating loss from \$21.9 million to \$18.1 million.

4.85. The Committee recommends that the Government provide a full reconciliation of all extraordinary transactions related to the bushfires against the figures used in the budget papers.

“Growth-in-Needs” funds

4.86. The Committee noted conflicting statements about the application of the “Growth funds” for the current year. On previous public accounts a proportion of these funds have been allocated to Calvary Hospital to maintain funding there. But during evidence the Committee was told that The Canberra Hospital had “got the lot. \$7 million.” A full reconciliation was sought but has not been received at the time of writing this report.

4.87. There is a danger that the Department is using the authority of the Growth funds to justify expenditures beyond the budgeted amount of those funds. Of even greater concern is the fact that the Government appears to have been allocating these funds to cover emerging cost pressures. This may be in breach of the original purpose for which the Assembly approved these funds.

4.88. The “growth funds” as they are known were established through the “Growth In Needs” Initiative in the previous Government’s May 2000 Budget. The Initiative was also extended into future forward estimates years by subsequent ACT Budgets, as shown by the table below.

Health ‘Growth in Needs’ Initiative Funds (\$’000)

Year	2000/01	2001/02	2002/03	2003/04	2004/05	2005-06	2006-07
Original “Growth in Needs” Initiative – May 2000	\$5,847	\$9,998	\$14,264	\$20,758	\$5,755 ⁷⁹	\$8,619 ⁸⁰	\$9,670 ⁸¹
Effective annual total	\$5,847	\$9,998	\$14,264	\$20,758	\$26,513	\$35,132	\$44,802

⁷⁹ “Growth funds for 2004-05” – May 2001

⁸⁰ “Growth Initiative for 2005-06” – May 2002

⁸¹ “Continue Growth Initiative 2006-07” – May 2003

4.89. As the new funds for each year are allocated to service programs, it is natural that they become incorporated into continuing programs in each subsequent budget. However, each year there should be a significant pool of new funding (ranging from \$4.1 million to \$9.6 million from the figures in the table above) for use on strategic new public health care needs identified by the Department/Minister.

4.90. The Committee supports the creation of this flexible, strategic fund to address the inevitable demand for new public health services. For the coming year the funding provided through the May 2000 Budget Initiative has added an effective \$20.7 million to the health budget, of which around \$6.5 million should be new funding available for meeting new health care needs.

4.91. However it should be stressed that the Growth In Needs Initiative was intended for new services to the community, not for coping with increasing cost pressures in existing services. On this basis it may be that the allocation of “growth funds” to emergent costs contradicts the purposes for which the Assembly approved appropriation for this Initiative.

4.92. While the annual appropriation bills only refer to overall funding totals, the Assembly should be mindful to ensure that the Executive expends appropriated funds on the services for which they were intended. If the Growth In Needs funds are being expended without securing new or additional services, but merely to meet cost pressures on existing services and programs, then the intention of the Assembly is being evaded.

4.93. The Committee recommends that the Government provide an acquittal of the use of all Growth In Needs Initiative funds to date.

Delay of over two weeks in answering questions on notice

4.94. The Chairman of the Committee lodged a large number of questions on notice regarding the financial performance of the portfolio and a number of service provision issues, including inpatient care and surgery, on 23 May. In normal circumstances questions on notice should be answered within three working days.

4.95. The Committee acknowledges that the volume of questions put on notice through the estimates process is significant and imposes considerable pressure on departments and agencies. Recognising this the Committee has not applied the ‘three day reply’ rule stringently. However in the case of the Department of Health at the time of writing (11 June) there are still answers outstanding more than two weeks after the department appeared before the Committee.

5. Planning

Gungahlin Drive Extension

5.1. The final route for the proposed Gungahlin Drive Extension (GDE) was announced on the evening before the Committee met to consider Planning matters. The government's position is quite simply that, although the route is not their preferred option, they have no choice. The attitude of the National Capital Authority on the one hand and the need for the road on the other have combined to force the government to accept this route.

5.2. The Committee acknowledges that the government's position is a difficult one. However a number of issues relating to the absolute need for the GDE were raised at the Committee's hearings. It was put to the Minister that, despite the pressure the government is under, that it would be more appropriate to wait for the completion of the Integrated Transport Strategy for the ACT which would allow options not involving the construction of a new freeway to be considered.

5.3. The role of public transport in meeting Gungahlin's future needs, and the improvement of existing roads were options put forward. The Minister in his evidence to the Committee noted that the National Capital Authority's analysis was flawed, particularly in its failure to consider the impact of the GDE on overall traffic.⁸²

5.4. The Committee notes that the GDE is an integrated project running from the Barton Highway to the Glenloch Interchange. In the budget papers it continues to be presented as two separate parts.

5.5. The Committee recommends that, a final decision on the construction of GDE having been taken, that it is presented as a single project in future budgets and that necessary off-site works, for example relating to access to the Australian Institute of Sport, are included in the total funding figure.

Horse Park stage 1

5.6. The Committee considered the development of Horse Park stage 1 and specifically the issue of the allocation of development rights over 28 additional blocks of land outside the original grant of the lease to the developer of stage 1. This is a very complex issue which the discussion failed to clarify fully.

5.7. The conditions on which the original lease for Horse Park stage 1 was granted were varied as a result of the need to retain more trees on the site. This need had not been identified prior to auction of the site.

5.8. As a result of the need to retain those trees the subdivision plan was changed because the original, projected development of the site would have left "... a series of

⁸² Hansard, 29 May 2003, pp.1078-1079

half-[built] roads ...and [completed parks”⁸³ To avoid this outcome the ACT sold a further 28 blocks to the developer to enable the roads and parks to be completed.⁸⁴ This was considered preferable to the alternative which was to leave the completion of the infrastructure to the second stage of the development.

5.9. The explanation for this appears to be that the reconfiguration of the original development left a number of roads and parks between stage 1 and stage 2 which were only half completed. If the developer had “achieved the development rights within the land that they had originally purchased”⁸⁵ was it necessary to sell the developer a further 28 blocks of land in a direct sale that avoided competitive bidding? If the object of the exercise was the completion of roads and parks – public infrastructure – why was this done by selling additional blocks to a private developer?

5.10. A final issue was the financial transaction involved. The Committee understands that the developer undertook to complete the roads and parks as a condition of the purchase. The total cost of that work plus the development cost of the 28 blocks exceeded the value of those blocks by a small margin and the ACT paid the developer \$40 000 to complete the transaction.

5.11. There remains concern in the community that the developer has benefited from the transaction and the change to the terms on which the land could be developed, after it had been sold, reflects very badly on the process. The apparent lack of transparency in the sale of the additional blocks, leading to accusations that the second transaction was, in some way, compensation for the problems which had emerged with the first transaction is not good for the confidence of investors that ACT land development practices are fair and above board.

5.12. The committee therefore recommends that the transactions in relation to the development of the Horse Park Estate be referred to the Auditor General for investigation and report.

Reporting by the Planning and Land Authority

5.13. The new Planning and Land Authority has been created as a Territory instrumentality which means that its reporting requirements are considerably less onerous than those applying to agencies under the Public Sector Management act and the Financial Management Act.

5.14. Members of the Committee were concerned that the new Authority would be considerably less accountable than its predecessor and the Assembly would not have access to detailed financial and performance statements through the budget process.

5.15. The Minister, Mr Corbell, shares these concerns and announced in the Committee’s hearing that steps would be taken to bring the Authority under the above

⁸³ Hansard, 29 May 2003, p. 1122

⁸⁴ *ibid.*, p. 1122

⁸⁵ *ibid.*, p.1112

legislation thus ensuring that it will meet the detailed reporting requirements of the budget process. The Committee welcomes this approach by the minister.

5.16. In a related matter the Committee asked whether any financial and performance targets would be provided for the new Authority. Because its predecessor will be discontinued and the Authority itself does not currently have to publish targets in the budget format, the Assembly is in the dark about the proposed performance of the Authority.

5.17. In response to questioning by the Committee the minister indicated that the required information had been prepared and would be provided to the Committee.

5.18. The Committee recommends that the Planning and Land Authority and the Land Agency be required to report according to the requirements of the Financial Management Act.

6. Urban Services & Disability, Housing and Community Services

Reliability of reporting

6.1. The Committee has expressed a general concern in an earlier chapter with the apparently careless attitude to figures in some portfolios. In Urban Services there is an example of the problems that are evident throughout the budget documents.

6.2. \$150 000 was appropriated in the 2002-03 budget for streetlighting. The budget papers show that money as being rolled over into the budget for 2003-2004.⁸⁶ The Committee was advised at its hearings that, in fact, most of the money would be spent in 2002-03 leaving almost no funding for streetlighting in the current budget.

6.3. Officers offered the explanation that the assumptions were accurate when the budget figures were finalised in April but no longer apply.⁸⁷ The Committee has concerns on two grounds.

6.4. This expenditure is in capital works. Where one might envisage sudden fluctuations in operational expenditure, capital works programs should be rather more predictable. That the planned expenditure of \$150 000 by the end of June cannot be foreseen with any accuracy in April does not give much cause for confidence.

Commissioner For the Environment

6.5. The majority of the Committee supports the view of the Commissioner that triennial funding of the office would further enhance its independence and provide a sound basis for long term planning of the office's work.⁸⁸

6.6. The Committee notes that Dr Baker will retire later this year after some ten years service as Commissioner and offers its thanks for the valuable work he has done in that time. The Committee notes Dr Baker's suggestion that the new commissioner, while remaining a part time appointment, should be funded for the equivalent of twelve working days per month rather than the current eight.⁸⁹

6.7. The Committee therefore recommends that the funding for the Commissioner for the Environment be increased to enable that position to be filled on the basis of at least twelve days per month.

⁸⁶ BP 4, p178

⁸⁷ Hansard, 28 May 2003, p.924

⁸⁸ Hansard, 2 June 2003, p.1393

⁸⁹ Hansard, 2 June 2003, p.1397

Environment

6.8. In hearings with the Minister for the Environment and Chief Minister the Committee touched upon a number of issues which require a continuing watching brief.

6.9. Following a discussion on the lowland woodland strategy there was discussion of the effectiveness of the firewood strategy and the impact on vulnerable native species. A member of the committee raised the issue of advertisements for firewood vendors still appearing without environmental authorisations.

6.10. The Committee recommends that Environment ACT renews its efforts to ensure that only appropriately licensed merchant are able to sell firewood in the ACT.

6.11. The Committee further recommends that Environment ACT, in consultation with firewood merchants and conservation groups look at further strategies to reduce community demand for timber species, such as red and yellow box, which are under ecological pressure.

6.12. Members of the Committee also discussed with the Minister for the Environment the prospect of some of the land destroyed in the January bushfires being set aside as plantations for firewood, thereby continuing to provide a renewable energy source for home heating but minimising the impact on threatened ecosystems such as yellow box red gum grassy woodlands.

6.13. The Committee therefore recommends that the study into non-urban land uses following the bushfire consider the appropriateness of firewood plantations.

6.14. The Committee noted the admission by the Minister for the Environment that the uptake of the solar hot water system rebate had been considerably lower than original predictions and noted the Minister's recent announcement that the subsidy would be increased while the allocation for the scheme would not increase. The view was that the scheme simply isn't attractive enough⁹⁰. There was discussion about ways to make it more attractive to install solar hot water systems.

6.15. The Committee recommends that the Government explore ways to make it more financially attractive to install solar hot water systems.

6.16. The Committee further recommends that the unexpended funds in the solar hot water rebate scheme be diverted to the provision of solar hot water systems in public housing so as to give life to the Assembly resolution of 15 May 2002.

⁹⁰ Hansard, 2 June 2003, p.1411

Use of the Treasurer's Advance

6.17. The Committee remains concerned about the use of the Treasurer's Advance (TA) to provide \$10 million to the Department of Disability, Housing and Community Services at the end of the last financial year. The funds were, ostensibly, provided to meet urgent and unforeseen expenditure with regard to fire safety in government housing.

6.18. This matter has been extensively canvassed elsewhere, including in an investigation and report by the Auditor General and a continuing inquiry by the Public Accounts Committee. It does raise serious questions with regard to the propriety of the use of the TA for a non-urgent expenditure. The Committee notes that the Auditor General found that the transaction represented a misuse of the Treasurer's Advance and was, possibly, illegal.

6.19. It would appear that some doubt exists as to whether the need for the funding had been demonstrated at the time it was provided. In the event the funding was not spent with any great urgency.⁹¹ Only \$2.1 million of the \$16 million allocated has been spent to date.

6.20. The Committee believes that, if there is a genuine need for the expenditure, then the necessary funds should have been appropriated in the proper way through a bill presented to the Assembly. The matter is clearly not being treated as urgent.

6.21. The Committee recommends that payments from the Treasurer's Advance unused by 30 June 2003, and any interest that may have been earned by their investment, be returned to general revenue. It also recommends that any funds needed to complete the project be appropriated in the normal way.

Currong Apartments

6.22. The committee is disappointed to note that a decision has still not been made in relation to the Currong Apartments. It is further concerned to learn that the future of these apartments lies on the outcome of a survey carried out by an independent company who 'encouraged' tenant participation with a \$5.00 'scratchie'.⁹²

6.23. The Committee recommends that the Minister for Housing, make a decision within the next 3 months as to the future of the Currong Apartments in the best interests and well-being of the current tenants.

⁹¹ Hansard, 28 May 2003, p.1034

⁹² Hansard, 21 May 2003, p.248-9

Women's Accommodation services

6.24. The Committee notes its disappointment at the Government's failure to provide additional funds for specific and adequate women's accommodation services. This budget through its homelessness funding had an opportunity to enhance and increase services provided to women needing emergency accommodation but has failed to do so.

Respite Care

6.25. The committee is concerned to note that in real terms there is a reduction in home respite care.⁹³ This is a negative move and the committee calls on the government to address this situation as a matter of urgency.

Continuous registration

6.26. Continuous registration was first introduced in the ACT in late 2000. It was disallowed via an Assembly motion by the then Opposition in March 2001. The Committee examined the reasons for the re-introduction of continuous registration and found that any changes to the proposed system over the disallowed one were not significant. The officers did indicate that the major change was the availability of seasonal registration, at no additional administrative charge, to any vehicle owner for periods of three, six and nine months.

6.27. The main argument put forward by departmental officers was that the system would reduce the number of unregistered vehicles on ACT roads. There was no substantial evidence provided to prove this. Indeed the reasoning behind this argument seemed to be based on dubious premises.

6.28. No research was presented to the Committee which demonstrated that those who drive unregistered vehicles are law-abiding citizens suffering a short-term financial embarrassment. Nor was it shown that if a law-abiding citizen cannot renew his or her registration on time that person will continue to drive their vehicle. This clearly misses those people, the majority, who do not renew their registration on time and hence do not drive their vehicles for this very reason.

6.29. The concept of 'seasonal registration' was offered as a way for owners of vintage, veteran and historic vehicles to not be penalised by the new system. However this does not appear to be any different to the 'seasonal registration' provisions of the first version of continuous registration.

6.30. Some members of the Committee are not convinced that the new version is better than the old version, nor are they convinced that the issues that led to the old version being disallowed have been adequately addressed. The ACT has for two years been out of step with the Australian Road Rules (ARR) without any great

⁹³ Hansard, 26 May 2003, p.674, ACTCOSS

impact and the Committee feels that this could continue with no great detriment to the ARR.

6.31. A majority of the Committee believe that the Government has not made the case for the re-introduction of continuous registration thus the measure can only be seen as a blatant revenue raising expedient.

6.32. The Committee therefore recommends that the government not proceed with the reintroduction of continuous registration.

Paid parking - Lake Tuggeranong College

6.33. When questioned on the possibility of Tuggeranong College students being provided with free parking, Mr Wood stated that:

Substantial car parking will now be provided on site. It won't cover, I would expect, absolutely every teacher and student. There will be some overflow from that. In some measure, perhaps in considerable measure, we might encourage students and others to utilise the "three for free" process, that will be part – these students do tend to travel in company, so that will alleviate it.

6.34. The Minister forgets to take into account the fact that students often have different classes at different times to each other, and may also have to attend more than one college for their classes, so car pooling is not necessarily an option.

6.35. The Committee recommends sufficient free parking be provided to students at Lake Tuggeranong College.

Sports Funding

6.36. The Committee sought details of the breakdown of the distribution of sports funding by sex. It was pointed out to the Committee that where funding goes to an peak sporting organisation such as Hockey ACT it is not possible to get an accurate figure for the proportion of funding allocated to women's or men's hockey specifically.

6.37. The Committee recognises that requiring organisations to report on the apportionment of their funding between males and females may impose a significant administrative burden on those organisations. It also recognises that such a demand may result in 'formal compliance' – attribution of spending on a fifty/fifty basis. However the Committee would welcome an effort being made towards providing a better estimate of the division of sporting funds between the sexes.

6.38. Where funds are allocated to specific teams the current funding split was 68% male/32% female. The government's target is to bring the split down to 60/40 by the end of 2003-04. This process is being facilitated by the demise of national sporting

teams based in Canberra such as the Cannons and the Cosmos which has released funding for redistribution to other teams.

Mugga Lane trench

6.39. The increase in the capacity of the Mugga Lane landfill by the excavation of a new trench is a serious subject. Unfortunately the complexity of the timetable for the project, the extravagant hand gestures required by officers who were building trenches in the air, the concept of a project in three parts consisting of two halves and an erudite discussion on whether half a trench was a whole trench in its own somewhat diminished right tended to obscure the seriousness of the topic.

6.40. The Committee is grateful to Mr Davidson and Mr McNulty for their explanation. It would appear, or not as the case may be, that the citizens of Canberra can be reassured that they will have somewhere to dump their non-recyclable waste from now until the year 2011 – or was it 2010?

7. Department of Education

Equity in School Funding

7.1. The Minister of Education maintained, at this Committee's hearings, that she saw her responsibilities as including both government and non-government schools. She also stressed that public funding to schools should be distributed on a basis of equity and need.

7.2. The split between government and non-government schools in terms of student numbers was 62.9% to 37.1% in February 2002.⁹⁴ ACT funding, both recurrent and capital, to the sectors was divided 90.8% to 9.2% respectively in 2000. Even if hidden subsidies such as the value of land grants and rates and land tax exemptions were added to the Territory's support for non-government education the distribution of ACT funds is hard to justify in terms of equity.

7.3. Commonwealth funding is distributed disproportionately in the opposite direction, favouring non-government schools 67.8% to 32.2%. If it is added in then the split in total public funding, recurrent and capital, is 77.1% to government schools and 22.9% to non-government schools – still disproportionately in the government systems' favour.

7.4. The Minister did not convince the majority of the Committee that the current distribution of funds between the two sectors was based on need as distinct from simple equity which might justify the distribution of funds to the different sectors.

Interest Rate Subsidy Scheme

7.5. The Committee expresses deep concern at the removal of the Interest Subsidy Scheme mechanism available to schools with loans for development purposes. The withdrawal of this assistance will mean that many schools will be unable to proceed with essential works programs and refurbishment projects needed to meet strong demands. The Committee would have countenanced possible reforms to the existing scheme – for example, introducing a means testing system to prioritise applications against need rather than 'first come first served' and also a tightening up of the projects' criteria to reflect more closely core educational program needs.

7.6. The Committee points out that the termination of this scheme, which will disrupt new school programs and which, additionally, will not guarantee an equitable provision of 'new funding' to non-government schools, will have a greatly detrimental impact on the overall ACT education system.

⁹⁴ All figures in this section are taken from the Inquiry into ACT Education Funding (January 2003) – the Connors Report. Student numbers are at page 14; funding figures are at pages 52 and 73.

Lack of Vision for Education

7.7. The Committee expresses concern that while the education budget in general is, in resource terms, a 'safe' budget it is one which is singularly lacking in any vision or initiatives to improve educational outcomes.

School Reforms

7.8. The Committee believes that the Government investigate the reasons for the drift in the student population away from government schools in early high school years. The Committee notes that the population in non-government schools averages 38% of the total but in early high school years that figure is 44%.

7.9. The Committee notes that \$267,000 was spent in running the Connor's Inquiry into school funding. A proportion of that funding would have been better allocated to analysing problems with our high schools and the reasons that students are choosing to leave them. Funding should have been allocated in this budget to address those important and pressing issues.

7.10. The Committee recommends that the government initiate a well-funded research project into the factors influencing parental choice of school at the transition from primary to high school.

Initiatives – non-government schools

7.11. While the Committee welcomes the allocation of funding to non-government schools for the introduction of a smaller classes program, it notes that the amount provided is inadequate and will not make any significant impact. The Committee reiterates its concern with this Government's lack of commitment to the non-government school sector, noting the abolition of the ISS and the paltry funding provided thus far from the promised \$27 million freed up by the abandonment of the school bus scheme.

New Enterprise Bargaining Agreements (EBA)

7.12. The Committee notes that some \$42 million has been allocated for new EBA negotiations for departmental staffing. Specifically, there were no details on how much will go to teachers and those staff *in schools* providing essential 'front line' support to principals and teachers and how much will go to the department's administration.

7.13. The Committee therefore recommends that the Government provide a clear statement on the distribution of the \$42 million allocated for the EBAs.

8. Department of Justice & Community Safety

Presentation of Information

8.1. In examining the various ACT courts of law the Committee had some difficulty in obtaining accurate figures for workload and expenditure for the individual courts, particularly with regard to the Court of Appeal and the workload of Children's magistrates.

8.2. The Committee notes the explanation with regards to the Appeals Court, that in management terms that court is a subset of the Supreme Court. However the Committee believes that there would be value in disaggregating the Supreme Court figures to present separate figures for both the cost and the number of cases heard in the Appeals Court.

8.3. With regard to the Children's magistrates the Committee was interested to know to what extent the flexibility, provided by the Justice and Community Safety Act 2002, to use other magistrates to hear cases relating to children had been used. The department did not have that information to hand.

8.4. In measuring the performance of the Children's magistrate and considering further development of that jurisdiction it is important to have a clear idea of the workload of the position and the extent to which it needs support from other magistrates.

8.5. The Committee recommends that, in future, the costs and workload details for each of the courts within the ACT system are provided separately.

Computer aided despatch (CAD)

8.6. The Committee examined the background the acquisition by the Emergency Services Bureau of a computer aided despatch system. This system, located in the bureau's communications centre, will handle incoming requests for assistance, determine the appropriate response and despatch the necessary service.⁹⁵

8.7. The Committee was interested in a number of details of the system. It is understood to be an upgraded version of the system currently used by the New South Wales Fire Brigade. It will also be compatible with all existing systems by other related services in the ACT such as the police.

8.8. The process of acquiring this new system has been very drawn out, having its origins in funding provided in 1999-2001 in anticipation of the Y2K computer issue. The Committee is concerned that it has taken so long to reach the stage of actually signing a contract to proceed on 5 May of this year. The delay in reaching this stage is

⁹⁵ Hansard, 21 May 2003, p. 340

particularly worrying because it appears that the tender process for the acquisition of the system was completed in June 2002 but no funding was forthcoming until the current budget.

8.9. In view of the lessons learnt in the December 2001 bushfires, which included a need to upgrade communication and information handling systems, the delay in the provision of funds is hard to understand. This government has brought down a number of supplementary appropriation bills outside the annual budget process and has also shown a willingness to use funds from the Treasurer's Advance to fund projects outside normal appropriations.

8.10. The Committee notes with concern that the acquisition of the CAD system was unnecessarily delayed.

8.11. The Committee recommends that the Auditor General investigate and report on:

- **the reasons for the delay in acquiring the CAD system;**
- **whether the funds were expended only for the purpose for which they were appropriated; and**
- **the legality of the appropriated funds being spent for any other purpose.**

Sexual Offences Response Program

8.12. The Committee welcomes the commitment of \$180 000 to the sexual offences response program. The funding is divided equally between the Department of Justice and Community safety and the Australian Federal Police. However the Committee is concerned that there is no provision for funding in the out years.

8.13. The initial funding is to develop "... an appropriate program to improve investigation and prosecution of sexual offences" in the ACT.⁹⁶ It is probable that the outcome of the initial funding will be a decision to proceed with a program. Thus no funding provision in subsequent years is a matter of concern.

8.14. This failure is particularly significant in the light of the provision of funding for the proposed Human Rights legislation in 2003-04 and the out years. This Committee notes that the government committee set up to report on the need for human rights legislation had not reported at the time when the budget, including this financial commitment, was brought down.

⁹⁶ Budget Paper 3, p170

8.15. The Committee recommends that funding be provided for the Sexual Offences Response Program in the out years.

Human Rights Legislation

8.16. The Committee was concerned that the money for the Human Rights Bill appeared in the budget before the Consultative committee looking at a Bill of Rights had reported and made a recommendation that the Government introduce human rights legislation. The majority of the Committee is not convinced by the Chief Minister's comment that provision of funds in the budget prior too the outcome of the inquiry being published was a "coincidence".

8.17. Nor is the Committee convinced that the initiative represents an activity that would be performed outside of the departments normal operations and the allocation of money in this way is unnecessary.

8.18. The Committee recommends that the human rights education program be funded from internal resources.

9. Community Groups

9.1. The Committee received evidence from a range of community groups. This chapter summarises their main concerns.

Wages and salaries

9.2. ACTCOSS, while welcoming the government's decision to pay for the Social and Community Service (SACS) Award increases in the next financial year, noted that those increases had actually come into effect from August of 2002. As a result many community organisation will go into deficit in trying to meet those costs. The recent Industrial Relations decision on the living wage increase will also have an impact on the financial viability of community groups.⁹⁷

9.3. It was pointed out that, just as the gap between wage and salary levels between the ACT and Commonwealth public services creates difficulties for the ACT in retaining staff, the community sector in the ACT has serious problems in competing for staff with both the Commonwealth and the ACT.⁹⁸

9.4. The main concern of ACTCOSS was the uncertainty surrounding the financial position of community groups. Given the importance of the community sector in providing services on behalf of government the uncertainty surrounding basic funding is not acceptable.⁹⁹

9.5. The Committee recommends that the ACT government establish a working party with peak community bodies to reach an agreed basis for government support for wage and salary costs.

9.6. The Committee also notes that the community sector is working towards establishing a set of performance standards to govern their service provision. The implementation of these standards, which are obviously in the best interests of the community and the ACT government, will require increased staff training. This will add to the cost of employing staff.¹⁰⁰

Accommodation

9.7. ACTCOSS also pointed out that community organisations often occupy very poor standard accommodation. While welcoming the \$250 000 for improving accommodation in this years budget it was felt that this amount was woefully inadequate. Poor accommodation also has an impact on the insurance cost uncured by organisations.

⁹⁷ Hansard, 26 May 2003, pp. 671-672

⁹⁸ *ibid.*, p.672

⁹⁹ *ibid.*, p. 672

¹⁰⁰ *ibid.*, p.672

9.8. ACTCOSS asserted that the amount being offered to the community sector compares unfavourably with expenditure on accommodation in the public sector and also looks particularly inadequate when set against the amounts allocated to upgrading shopping centres etc.¹⁰¹

9.9. The Committee recommends that the ACT Government immediately undertake a survey to identify the inadequacies in community sector accommodation and set up a rolling program of funding for works to address the occupational health and safety needs of the sector.

Community consultation over the Budget

9.10. The Committee believes that community input into the budget process would be much improved if community groups were involved at an earlier stage. In this year's budget consultation process community groups were brought in early March. By that stage the broad parameters and much of the detail is already set in concrete. Thus community involvement can do little more than fiddle at the edges.

9.11. The Committee recommends that the ACT Government seek the views of the community sector with regard to budget priorities early in the annual budget cycle to ensure that those view can be properly addressed in the budget process.

Review of the purchaser provider model

9.12. The ACT government is undertaking a review of the purchaser/provider model of service delivery as it applies to community groups. ACTCOSS, while welcoming the review is concerned at the timing of it. The review has only just got under way. However many of the contracts under which community groups work were entered into twelve months ago on the understanding that they would be replaced by a new system about now.

9.13. One adverse affect of this process is that ACTCOSS, which used to receive its funding on a three year basis, is currently being funded annually. The Committee will monitor the outcome of the review to ensure that triennial funding for community groups is restored.¹⁰²

Affordable housing

9.14. ACTCOSS is concerned that not enough is being done to provide affordable housing and all the related services need to support people with complex needs in that housing. While welcoming the budget funding for affordable housing ACTCOSS expressed concern about the lack of detail on how it would be spent. It also drew attention to the large number of recommendations from the affordable housing task force which had not been taken up.¹⁰³

¹⁰¹ Hansard, 26 May 2003, p.672

¹⁰² Hansard, 26 May 2003, p.685

¹⁰³ Hansard, 26 May 2003, p.684

9.15. It was pointed out to the Committee that many government reviews and inquiries are completed and then their recommendations or outcomes seem to drift into limbo. ACTCOSS mentioned the Poverty Taskforce and the review of the Health Complaints Commissioner as two which had involved significant inputs from the community sector but yielded little in terms of action.

9.16. The Committee recommends that the ACT Government immediately outline what initiatives it will take to address housing affordability in the ACT.

Gunyah House – the corrections supported accommodation facility

9.17. ACTCOSS alerted the Committee to the defunding of Gunyah House.¹⁰⁴ This provided accommodation for people returning to the ACT on parole. It provided an option to prisoners on parole to live in the community rather than go to the remand centre or remain in prison interstate. In ACTCOSS's view the service should have become a permanent part of the ACT's correction's system.

9.18. The Committee recommends that the corrections supported accommodation facility receive continued funding.

Volunteering ACT

9.19. Volunteering ACT has received a 50% cut in funding it receives from the ACT in this budget. This amounts to approximately 20% of the organisations total funding from all sources.

9.20. The organisation's CEO advised the Committee that she had received no indication from her contract manager within the ACT government that there was any problem with the organisations performance. Nor has Volunteering ACT's Board had any response to a request for an explanation of the funding cut.¹⁰⁵

9.21. Discussions suggested that a partial explanation of the problem is that confusion existed between one-off funding given to the organisation for the International Year of the Volunteer and its ordinary triennial funding. This was compounded by a change in administrative responsibility for managing Volunteering ACT's contract between the Department of Health and the Chief Minister's Department.

9.22. The Committee recommends that the government, as a matter of urgency meet with Volunteering ACT and clarify the situation with regard to its funding. The Committee calls on the Government to restore funding to Volunteering ACT.

¹⁰⁴ Hansard, 26 May 2003, pp.687-688

¹⁰⁵ Hansard, 26 May 2003, p.692

Council of the Aging (COTA)

9.23. COTA's principal concern is a general one – that planning for an aging population in Canberra is being undertaken, if at all, in a haphazard and piecemeal way. COTA would like to see the development of a long term strategic plan responding to all the emerging needs flowing from the aging of the population.

9.24. The Committee recommends that the Chief Minister appoint a senior official to coordinate the provision of services to the elderly and to liaise with government and community organisations in developing a strategic plan for managing the implications of an aging population.

9.25. The provision of residential care facilities for the elderly in the ACT is a major issue. At present there are 200 additional beds approved but no progress has been made in actually building the facilities. Mr Purcell of COTA provided a concise summary of the problem:

...the process starts with the allocation of the beds, then the tendering process, and then the organisation that wins the tender has to negotiate with the ACT Government to obtain land to build the facility.¹⁰⁶

9.26. The Committee supports the view that there should be a streamlined process. Either the Commonwealth, as the authority approving the beds should pre-approve beds in anticipation of the fairly predictable demand allowing the provider to commence work in advance of the actual need or the ACT should set aside specific blocks of land so that a provider can take one up immediately approval for beds has been given.

9.27. The Committee therefore recommends that the ACT government initiate discussions with the Commonwealth with the object of developing streamlined pre-approval systems for the provision of aged care accommodation.

9.28. The Committee also discussed the use of aged care facilities to house younger patients with problems such as acquired brain injury in the absence of any other facilities. COTA estimated that about 20 to 30 people might fall into this category. It is a situation which is unfair to both the elderly and the younger people.¹⁰⁷

9.29. The Committee recommends that the ACT government initiate a study to ascertain the extent of the problem of patients being housed in inappropriate facilities and report on the matter publicly.

Toora Women's Collective

9.30. The Collective's main concern related to services for women with mental health issues. They were concerned that initiatives in the mental health area rarely

¹⁰⁶ Hansard, 26 May 2003, p.710

¹⁰⁷ *ibid.*, p.716

targeted women in need. As a result services that cater for both men and women often, in practice cater primarily to men. Ms Pearce estimated that approximately \$1 million is spent on accommodation services for men compared with approximately \$190 000 spent on women.

9.31. Some confusion has surrounded the provision of \$240 000 in the budget for supported accommodation.¹⁰⁸ Toora had been led to believe that this was to provide for outreach workers for women. Discussions between Toora and the Department of Health, Mental Health ACT and the Minister's office had yielded different answers on the purpose of the funding.

9.32. It is a matter of some concern that agencies directly involved in the provision of a service have conflicting view on the purpose of new budget funding. It seems that the likely outcome will be that one outreach worker for women will be funded but that the bulk of the resources go to services for men.

9.33. The Committee recommends that the government undertake a study of support services available to men and women with mental health issues to ensure that the resources provided, the availability of, and access to, services fairly reflects the needs of both men and women.

9.34. In view of the many comments made to the Committee about reviews and reports that are completed and then gather dust, it is imperative that the outcomes of such an investigation are acted upon. This is particularly true of this area where the need has been identified and confirmed over many years.

9.35. Toora commented on the paucity of initiatives relevant to women in the budget. The Committee has commented on this question at page 19.

Independent Education Union (IEU)

9.36. The IEU's two main concerns were that the budget had done little to assist the non-government sector to reduce class sizes and abolition of the interest rate subsidy. The IEU acknowledged that the ISS benefited a small number of schools but it would have preferred to see the system reformed rather than abolished.¹⁰⁹

9.37. The IEU also raised the issue of the costs incurred by non-government schools in providing access for students with disabilities. It was argued that if it was government policy that children with disabilities could go to the school of their choice then government should meet the cost of providing the necessary facilities.

Catholic Education Commission

9.38. The Commission identified five key areas:

- funding for students with disabilities;

¹⁰⁸ BP 3, p.149

¹⁰⁹ Hanasard, 26 May 2003, pp.730-732

- an increase in per capita grants to 25% of the cost of the cost the ACT's per student cost;
- equitable funding for early childhood issue;
- additional funding for IT; and
- retention of the interest subsidy.¹¹⁰

9.37. The commission also argued forcefully that the distribution of the \$27m from the abandoned school bus program had not been carried out on a needs basis as promised and that, as a result, the non-government sector had been disadvantaged.

Youth Coalition of the ACT

9.39. The coalition supports the government's initiative to put a qualified youth worker in each government high school. However the coalition is concerned that, if the youth workers are employees of the education department, they are likely to be viewed by the people that they are intended to assist as part of the school establishment. In that circumstance it will be difficult for the youth worker to establish a productive relationship with the students who may well be reacting against the school establishment in the first place. This is likely to militate against the success of the program.¹¹¹

9.40. The coalition also pointed out that community based youth workers already have extensive contact with high schools and their students and that this relationship should be capitalised on, not replaced by a new structure.

9.41. The Committee recommends that the budget funding for youth workers in high schools be directed to the existing community based youth workers who, in this new role, must be based in the high schools.

Brendan Smyth MLA

Chair

17 June 2003

¹¹⁰ Hansard, 26 May 2003, pp.741-742

¹¹¹ *ibid.*, pp.1304-1313

Appendix 1 -

The Committee received submissions from the following organisations:

ACT Council of Social Services Inc.,

Volunteering ACT,

Council on the Aging (COTA) ,

Toora Women,

NSW/ACT Independent Education Union,

Catholic Education Commission,

Youth Coalition of the ACT.

Appendix 2 -

Witnesses at public hearings:

19 May 2003

John Stanhope MLA, Chief Minister

Robert Tonkin	Chief Executive, Chief Minister's Department
Andrew Rice	A/g Senior Director, Policy Group
Catherine Hudson	Director, Policy Group
Peter Ottesen	Director, Office of Sustainability
Nic Manikis	Executive Director, Multicultural & Community Affairs
Pam Davoren	Executive Director, Public Sector Management & Labour Policy Group
Peter Gordon	Executive Director, Office of Business and Tourism
Allan Thompson	Chief Executive, Bushfire Recovery Taskforce
Mark Kwiatkowski	Executive Director, Project Management & Budget Bushfire Recovery
Meredith Whitten	Director, Corporate Services
Peter Brady	Director ACT Office for Aging
Simon Rosenberg	Manager, Policy Group
Katrina Fanning	Acting Director, Office of Aboriginal and Torres Strait Islander Affairs

20 May 2003

Ted Quinlan MLA, Treasurer

Mike Harris	Chief Executive, Department of Treasury
Tu Pham	Deputy Chief Executive, Department of Treasury
Megan Smithies	Exec Director, Financial & Budgetary Management

Khalid Ahmed	Director, Financial Analysis
Roger Broughton	Executive Director, Finance and Investment Group representing Central Financing Unit & Superannuation Unit.
Michael Vanderheide	General Manager, InTACT
Ron Shaw	Acting Deputy General Manager, InTACT
Richard Hart	Director, Service Delivery, InTACT
Ross Burton	Finance Manager, Budget and Financial Policy, InTACT
John Robertson	Director, ACT Procurement Solutions
Neil Bulless	Director, Government Business Enterprise

21 May 2003

Bill Wood, Minister for Disability, Housing & Community Services (DHCS) and Minister for Urban Services (DUS)

Sue Lambert, Chief Executive, Department of DHCS

Ian Hubbard, Director, Strategic & Organisational Finance

Colin Adrian, Executive Co-ordinator

Pauline Brown, Manager, Child Health & Development Services

Helen Fletcher, Director, Housing Services Group

Bob Hutchison, Executive Director, ACT Housing

Bronwyn Overton-Clarke, Director, Strategic Policy & Organisational Services

Gordon Davidson, Acting Chief Executive, DUS

Allan Eggins, Executive Director, Corporate

Alan Phillips, Director, Finance

Brian McDonald, General Manager, Road Transport Policy

John Thwaite, Executive Director CSI

Tom Elliott, Director CSI

Tony Bartlett, Director, ACT Forests

22 May 2003

Simon Corbell MLA, Minister for Health

Max Alexander (Acting Chief Executive)

Susan Killion (Executive Director, Policy and Planning)

Ian Thompson (Director Health Policy and Reform, Policy and Planning)

Helen Bedford (Manager, Aged and Community Care Program, Health Policy and Planning)

Brian Jacobs (General Manager, Mental Health ACT)

Laurann Yen (General Manager, ACT Community Care)

Jenny Brogan (Acting Executive Director of Primary and Integrated Health Care)

Allan Schmidt (Executive Director, Corporate Services Division)

Ron Foster (Chief Finance Officer, Financial and Risk Management, Corporate Services Division)

Paul Dugdale (Chief Health Officer, Population Health Division)

Wayne Ramsey (Acting General Manager, The Canberra Hospital)

Robert Cusack (Chief Executive Officer, Calvary Public Hospital)

23 May 2003

Ms Katy Gallagher MLA, Minister for Education, Minister for Women and Minister for Industrial Relations

Ms Fran Hinton, Chief Executive, Department of Education, Youth & Family Services

Trevor Wheeler, Executive Director Corporate & Training and Adult Education

Barbara Baikie, Executive Director Children's Youth and Family Services

Jim Coleborne, Executive Director School Education

Anne Thomas

Frank Duggan

Robert Tonkin	Chief Executive, Chief Minister's Department
Nic Manikis	Executive Director, Multicultural & Community Affairs
Sue Hall	Director, ACT Office for Women
Penny Shakespeare	Director, Work Safety & Labour Policy, Public Sector Management and Labour Policy
Jocelyn Plovits	Occupational Health and Safety Commissioner
Ian York	Chief Finance Officer
Wayne Creaser	OHS and Dangerous Goods

26 May 2003

ACT Council of Social Security	Daniel Stubbs, Karen Nicholson
Volunteering ACT	Mary Porter, Timothy Bourke & Ian de Landelles
Council of the Aging	Jim Purcell
Toora Women	Kim Werner, Jacqueline Pearce
NSW/ACT Independent Education Union	Ross Fotheringham & Jacqueline Groom.
Catholic Education Commission	John Barker

27 May 2003

Ted Quinlan MLA, Treasurer, Minister for Economic Development, Business and Tourism, Minister for Sport, Racing and Gaming

Mike Harris, CEO, Treasury

Roger Broughton, Executive Director

Peter Matthews, ACT Insurance Authority

Su Baker-Finch, ACT TAB

Simon Wheeler, ACT TAB

Professor M Conlin, Australian Hotel School

Greg Wood, Australian Hotel School

Stephen Palywoda, CEO, Tootalcare

Paula Edwards, Totalcare

Robert Tonkin Chief Executive, Chief Minister's Department

Geoff Keogh Director, Business ACT

Ross MacDiarmid Chief Executive Officer, Canberra Tourism and Events Corporation

Sue Marriage Director, Sport and Recreation ACT

Danny Harley Chief Executive Officer, Stadiums Authority

Tony Curtis Chief Executive, ACT Gambling & Racing Commission

Phil Collins Manager, Coordination & Revenue

28 May 2003

Bill Wood MLA, Minister for Urban Services and Minister for Disability, Housing and Community Services.

Gordon Davidson Acting CEO

Allan Eggins Executive Director, Corporate

Alan Phillips Director Finance

Alice Heather Director, City Management Group

Ian Hickson Manager, City Management Group

John Thwaite A/g Executive Director, Customer Services & Information

Tom Elliott Director, Customer Services & Information

Anna Lennon Executive Director Policy Coordination

Brian MacDonald General Manager Road Transport

Sue Ross Executive Director, Operations Group

Sandra Lambert - Chief Executive, Department of Disability, Housing and Community Services

Colin Adrian - Executive Co-ordinator

Bob Hutchison - Executive Director, Housing and Community Services

Lois Ford, Executive Director, Disability ACT

Bronwen Overton-Clarke, Director, Policy and Organisational Services

Ian Hubbard, Director, Finance and Budget

Pauline Brown, Senior Manager, Therapy ACT

29 May 2003

Simon Corbell, MLA, Minister for Planning

Lincoln Hawkins Executive Director, Planning and Land Management

Dorte Ekelund Director, Territory Planning

Ian Sakkara Manager Corporate Resources

Hamish McNulty Acting Executive Director, City Management

Julie McKinnon Executive Director, Land Group

Martin Hehir Director, Land Group

Anne McGrath Chief Executive Officer, Gungahlin Development Authority

Rick Scott-Murphy Chief Executive Officer, Kingston Foreshore Development Authority

Anna Lennon Executive Director Policy Coordination

Brian MacDonald General Manager Road Transport

Guy Thurston Chief Executive Officer, ACTION Authority

Peter Wallace Deputy Chief Executive, ACTION Authority

30 May 2003

Katy Gallagher, Minister for Education

Fran Hinton Chief Executive, Department of Education, Youth & Family Services

Trevor Wheeler Executive Director Corporate & Training and Adult Education

Barbara Baikie Executive Director Children's Youth and Family Services

Jim Coleborne Executive Director School Education

Mr Peter Veenker Chief Executive CIT

Aidan O'Leary General Manager Corporate Services CIT

Peter Kowald Acting General Manager CIT Solutions

Tim Toshack Acting manager Finance

Youth Coalition of the ACT

Meredith Hunter

Susan Pellagrino

2 June 2003

John Stanhope MLA, Attorney General and Minister for the Environment

Sandra Lambert, CEO, Department of Housing, Disability and Community Services.

Tim Keady - Chief Executive

Michael Ockwell- Executive Director Corporate Services

Brian Lenihan - Director Resource Management

Elizabeth Kelly - Executive Director

Tony Brown

Bret Phillips

John Leahy Parliamentary Counsel

Peter Garrisson - Acting Chief Solicitor

Bruce Kelly - Courts Administrator

Phil Green – Electoral Commissioner

Richard Refshauge – Director of Public Prosecutions

Heather McGregor - Community Advocate

Rosemary Follett - Discrimination Commissioner

Andrew Taylor - Registrar General

Bruce Fraser - Principal Planning Adviser

James Ryan - Director

Chris Staniforth - Chief Executive

Diane Kargas - Public Trustee

Gordon Davidson Acting CEO, DUS

Allan Eggins Executive Director, Corporate, DUS

Allan Philips Director, Finance DUS Corporate

Maxine Cooper - Environment ACT

John Heineman - Environment ACT

Liz Fowler - Environment ACT

Geoff Wells - Environment ACT