

**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

REPORT

SELECT COMMITTEE ON ESTIMATES 2000 - 2001

APPROPRIATION BILL 2000 - 2001

June 2000

RESOLUTION OF APPOINTMENT

On 11 May 2000 the ACT Legislative Assembly resolved that:

- (1) a Select Committee on Estimates 2000/01 be appointed to examine the expenditure proposals contained in the Appropriation Bill 2000/01 and any revenue estimates proposed by the Government in the 2000/01 Budget;
- (2) the Committee be composed of:
 - (a) one Member to be nominated by the Government;
 - (b) two Members to be nominated by the Opposition; and
 - (c) two Members to be nominated by either the Independent Members, the ACT Greens or the United Canberra Party;to be notified in writing to the Speaker by 5.00pm., Thursday, 11 May 2000;
- (3) the Committee report by 22 June 1999 in respect of the Appropriation Bill 2000/01;
- (4) if the Assembly is not sitting when the Committee has completed its inquiry, the Committee may send the relevant report to the Speaker or, in the absence of the Speaker, to the Deputy Speaker who is authorised to give directions for its printing, publication and circulation;
- (5) the Committee is authorised to release copies of its reports, prior to the Speaker or Deputy Speaker authorising its printing, publication and circulation and pursuant to embargo conditions and to persons to be determined by the Committee,
- (6) the foregoing provisions of this resolution have effect notwithstanding anything contained in the standing orders.

On 25 May 2000 the Assembly resolved that the committee report by 27 June 2000.

COMMITTEE MEMBERSHIP

Mr Simon Corbell MLA (Chair)
Mr Trevor Kaine MLA (Deputy Chair)
Mr Harold Hird MLA
Mr Ted Quinlan MLA
Dave Rugendyke MLA

Secretary

Bill Symington

Assistant Secretaries

Fiona Clapin
Judith Henderson
David Skinner
Rod Power

Administrative Assistant

Judy Moutia

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SUMMARY OF RECOMMENDATIONS

Recommendation 1

2.10. The committee recommends that the Government:

- (i) revert to the practice of developing and retaining responsibility for the budget;**
- (ii) provide sufficient time for a full estimates committee consideration of the budget; and**
- (iii) in developing the Assembly sitting pattern allocate at least one week following the presentation of the budget, and after a reasonable time is provided for Members to absorb the budget provisions, during which Ministers are free of engagements and are available to attend estimates hearings.**

Recommendation 2

2.15. The committee recommends that the Government ensure:

- (i) adequate and inclusive consultation with all relevant community interests in the development of budget proposals; and**
- (ii) if specific programs are being developed as budget themes that those programs are properly identified and assessed in the budget,**

Recommendation 3

2.17. The committee recommends that the Budget format be restructured to provide improved information on Capital Works and that the revised structure incorporate:

- (i) a reconciliation of the immediate past year as the commencing point for the budget year;**
- (ii) a table of adjustments;**
- (iii) a complete comparative list of all projects from one year to the next; and**
- (iv) the financing requirements and payments provided or required by each project.**

Recommendation 4

2.27. The committee recommends that in future the lock up facility be maintained in the spirit of cooperation, but that the time parameter be adjusted so that when MLAs receive budget papers at 1:30pm the staff who attend the lock-up be allowed to leave at that time.

Recommendation 5

2.36. The committee recommends that the Government:

- (i) provide a reconciliation for the data discrepancies identified by the actuary or alternatively advise when will there be a reconciliation;**

- (ii) provide the annual total liability figure for superannuation used to forecast the emerging cost schedule;**
- (iii) advise how the expected annual expense reduction and amortisation benefit has changed between the annual report, the draft budget and the proposed budget; and**
- (iv) provide in a factual/numerical format the prospective superannuation schedule including the expected emerging cost, total liability, asset level and annual expense profiles on a year by year basis according to the schedules provided by the actuary.**

Recommendation 6

2.39. The committee recommends that the Treasurer conduct an analysis of the Australian Bureau of Statistics' "Australian National Accounts – State Details" and report to the Assembly on movements in the measure within State Final Demand to show the relativity of Public and Private Sector contributions through time.

Recommendation 7

3.7. The committee recommends that a benchmarking review unit be established in the CMD Policy Group and, on completion of the review, a report be presented to the Assembly.

Recommendation 8

3.10. The committee recommends that:

- (i) as part of the review into the AIHS Treasury consider the practices used by management to forecast expected end of year results; or**
- (ii) the AIHS issue a statement to the Assembly either correcting the end of year result or reconciling how it is that the forecast for the end of year shows no variation from budget.**

Recommendation 9

4.5. The committee recommends that the Government provide to the Assembly during the September 2000 sittings:

- (i) an operating statement and cash flow statement for the 1999-2000 GMC 400 V8 car race; and**
- (ii) the total financial return to government deriving from the 1999-2000 GMC 400 V8 car race.**

Recommendation 10

4.9. The committee recommends that the Government include in the ACTBIS criteria provision for applicants to declare their OH&S safety record.

Recommendation 11

5.24. The committee recommends that the Government table in the Assembly the amended Ownership Agreement for the Department of Education and Community Services.

Recommendation 12

5.28. The committee recommends that the Government confirm that it is not considering the sale of public swimming pools.

Recommendation 13

5.35. The committee recommends that the Government assure the Assembly that Family Services will not be underfunded or provide supplementation.

Recommendation 14

5.40. The committee recommends that, in future, the Government give non-government schools an indication of the funds available for new projects under the interest subsidy scheme.

Recommendation 15

5.46. The committee recommends that the Department of Education and Community Services review the need for air conditioners in transportable units, where a high proportion of students in a school must use these units as their main classroom.

Recommendation 16

6.7. The committee recommends that the Government make a formal statement in the Assembly committing itself to expending the growth needs funding in the areas outlined by the Minister in the document tabled to the estimates committee.

Recommendation 17

6.22. The committee recommends that:

- (i)** the Government conduct a formal and transparent review to determine whether current benchmarks against which The Canberra Hospital's financial performance is measured are suitable and subsequently inform the assembly on the results of the review.
- (iii)** The Government informs the Assembly of the methodology employed to undertake this review ahead of time.

Recommendation 18

6.23. The committee recommends that the Government provide supplementation for any expected wage increases for nursing staff to ensure that services are not affected.

Recommendation 19

6.28. The committee recommends that the Government ensure that sufficient space is factored into the redevelopment of the Griffin Centre site to allow for the collocation of the Civic Youth Centre and the Junction Youth Health Centre.

Recommendation 20

6.29. The committee recommends that accessibility issues are thoroughly considered in any decision to relocate the Junction Youth Health Service.

Recommendation 21

6.34. The committee recommends that a needs analysis be undertaken in relation to detoxification for young people and that the Government undertake to make provisions for a youth-specific detoxification service if the analysis demonstrates a significant need.

Recommendation 22

6.40. The committee recommends that the Government allocate additional funds to the Dental Program in an effort to drastically reduce the waiting times experienced by people requiring dental treatment.

Recommendation 23

6.43. The committee recommends that the Government consider the allocation of an additional \$10,000 per year to the Canberra Blind Society.

Recommendation 24

6.46. The committee recommends that the Government consider allocating funds for the ACT Down Syndrome Association to allow the organisation to continue and extend its activities.

Recommendation 25

6.51. The committee recommends that the Government review the basis upon which funds are provided to the community sector for accommodation services for people with disabilities taking into account an interjurisdictional perspective and the level of funding currently provided for Government places.

Recommendation 26

7.13. The committee recommends that before committing expenditure of the crime prevention funds to particular areas the Government should:

- (i) develop a research-based strategy (including an evaluation strategy) which sets out priorities for the expenditure of crime prevention funds and provides for a transparent public consultation process; and**
- (ii) table a report in the Assembly recommending how this money should be spent for the Assembly’s consideration.**

Recommendation 27

7.18. The committee recommends that the Government:

- (i) undertake a cross-portfolio needs assessment which includes an estimation of the number of children and young people with unacceptable sexual behaviour in the ACT (both those who have and haven’t entered the criminal justice system):**
- (ii) plan the programs and funding needed to meet the needs of these children;**
- (iii) allocate appropriate funding in future budgets; and**
- (iv) ensure there is proper coordination of this program across all relevant departments and agencies.**

Recommendation 28

7.21. The committee recommends that the Government provide additional funding in future budgets to address the unmet accommodation/support needs of young indigenous offenders in the ACT.

Recommendation 29

7.24. The committee recommends that the Government evaluate the intensive youth support program within twelve months and if it is successful, allocate additional funds in future budgets to address unmet need in this area.

Recommendation 30

7.27. The committee recommends that a recidivism measure be added under Youth Justice to measure the recidivism of young people in Quamby and other youth justice programs.

Recommendation 31

7.44. The committee recommends that the Attorney General:

- (i) review the policy guiding Law Society Statutory Trust Account funding decisions to ensure it encompasses a broader view of the community interest and recognises the ‘social capital’ value of community based legal services;**
- (ii) devise a list of criteria for assessing Law Society Statutory Trust Account recommendations which reflects the broad community interest and recognises the benefits of having a diversity of legal aid service providers; and**

- (iii) improve the transparency of the decision-making process by tabling the list, mentioned in (ii), and tabling future Government responses to Law Society legal aid funding recommendations, including the reasons for any rejection of recommendations, in the ACT Legislative Assembly.**

Recommendation 32

7.51. The committee recommends that the Government:

- (i) commission an independent needs assessment of the need for legal advice service for low income earners;**
- (ii) provide interim funding for Care's legal service pending the outcome of a needs assessment; and**
- (iii) if there is a demonstrated need, allocate funding for such a service on a competitive tendering basis.**

Recommendation 33

7.55. The committee recommends that the Government conduct or commission an evidence - based evaluation of how well the ACT's drug treatment services meet the needs of the criminal justice system to include an assessment of any unmet need and how co-ordination between the two systems could be improved.

Recommendation 34

7.60. The committee recommends that the Government:

- (i) write to all Australian state and territory governments requesting information on the costs of financing, owning and operating 'public' prisons in their jurisdictions; and**
- (ii) where these governments have chosen public financing and/or ownership of prisons, seek an explanation for this decision.**

Recommendation 35

7.62. The committee recommends that the Treasurer presents to the Assembly the financial case that supports his apparent opinion that it would be more economic for an ACT prison to be financed, owned and operated by the private sector.

Recommendation 36

7.64. The committee recommends that the Government (with input from the prison probity auditor):

- (i) write a report canvassing any probity issues associated with any Government decision to 'publicly' finance, own and/or operate the proposed ACT prison facility after the competitive tendering process;and**
- (ii) table the report in the Assembly by the last sitting day in November 2000.**

Recommendation 37

7.71. The committee recommends that the Government provide the Assembly with a detailed rigorous justification for its beat police proposal before implementing it.

Recommendation 38

8.11. The committee recommends that the further staff reductions proposed for PALM not proceed, and that the government provide increased resources – rather than less – for PALM in order to ensure that it is able to meet its statutory obligations with respect to development approvals and Territory planning.

Recommendation 39

8.21. The committee recommends that, in future, the Minister for Urban Services advise the relevant Assembly committee of the nature and outcome of discussions with that committee’s counterpart in the federal parliament and that a record of the discussions be maintained by the ACT’s representatives.

Recommendation 40

8.33. The committee recommends that the government provide detailed information on the efficacy of greater funding for roads as compared to the provision of improved public transport, and further, that the government establish a strategy for the provision of public transport priority measures.

Recommendation 41

8.39. The committee recommends that the Standing Committee on Planning and Urban Services undertake a detailed inquiry into the adequacy of funding for the provision of environment and nature conservation services in the ACT, in order that the Assembly can fully understand the Budget approach adopted by the government in this area.

1. INTRODUCTION

Committee's function

- 1.1. The Appropriation Bill 2000 - 2001 was presented on 23 May 2000.
- 1.2. Public hearings were held on 7 days between 29 May and 16 June during which Ministers, accompanied by officials of departments and agencies, gave evidence. Details of departments and agencies examined by the committee are given in attachment 3.
- 1.3. In accordance with the standing orders of the Assembly, Members of the Assembly who were not members of the committee attended the hearings and, by leave of the committee, questioned witnesses.
- 1.4. Members of the public and community bodies and organisations were invited to put views to the committee about the budget and its implications for them. Attachment 4 lists the organisations and individuals who addressed the committee.
- 1.5. Community consultation has greatly assisted the committee and proven to be a valuable means of assessing the effects of the budget at the community and individual level. The committee expresses its appreciation to those who were able to participate in this way.

2. GENERAL ISSUES

Draft budget

- 2.1. The Government this year trialed a new process for the preparation of the 2000-01 budget with the provision of a draft budget. By resolution of the Assembly the draft budget for each appropriation unit was referred to the relevant Assembly general purpose standing committees for inquiry and report while the draft total Territory financial position was referred to the Standing Committee on Finance and Public Administration.¹
- 2.2. Committees were to consider expenditure proposals, revenue estimates and the capital works program for each portfolio and make recommendations that maintained or improved the operating result.
- 2.3. The draft budget process brought to prominence significant and important philosophical and practical issues inherent in the Westminster system of parliamentary government and the respective roles of the Executive and the Assembly

¹ Minutes of Proceedings 9 December 1999.

in relation to accountability and scrutiny of government. In short, the Government by seeking to draw the broader Assembly into the preparation of the budget substantially blurred the Government's prime responsibility of accountability for budget outcomes. Most committees expressed a measure of concern about this development and the issues were debated in the Assembly.

2.4. In the event, committees had very limited time to consult with community interests and examine and analyse the draft budget between the time they accessed the draft on 17 January 2000 and the reporting date of 28 March 2000. Further, committees were constrained in proposing any overall increase in portfolio appropriations.

2.5. The trial was rather less than successful, which the Treasurer tacitly accepted.² Nevertheless, the Treasurer informed the committee the Government hoped that some method could be devised to engage the Assembly and its committees in pre-budget formulation in the future. The committee was invited to assist the Government in determining what such a process could be, with the Treasurer suggesting that a single committee rather than separate general purpose standing committees might overview the (draft) budget.³

2.6. Essentially for reasons outlined in paragraph 2.3 the committee cannot support a process whereby the Assembly effectively becomes responsible to the Executive in developing the budget.

2.7. There are other, but no less important, considerations. For example, committees are a less than optimal channel for accessing community needs on matters where the detailed knowledge and understanding of complex issues inherent in those matters resides within government departments and agencies. In developing the budget the committee considers it wholly desirable that the Government should not seek to delegate its responsibility for obtaining public input to others.

2.8. The committee also observes that the draft budget process was fundamentally flawed in that consultation with committees was virtually irrelevant as the final budget was substantially different from the draft budget in terms of forecast expenditures and revenues, including dramatic changes to the capital works program.

2.9. There were strong views within the committee about the draft budget process but the majority consider the process was not effective and it recommends accordingly.

² Uncorrected Proof Transcript, 29 May 2000, p 2.

³ *ibid*, p 2, 3.

Recommendation 1

2.10. The committee recommends that the Government:

- (i) revert to the practice of developing and retaining responsibility for the budget;**
- (ii) provide sufficient time for a full estimates committee consideration of the budget; and**
- (iii) in developing the Assembly sitting pattern allocate at least one week following the presentation of the budget, and after a reasonable time is provided for Members to absorb the budget provisions, during which Ministers are free of engagements and are available to attend estimates hearings.**

The estimates process

2.11. Extremely limited time was made available to the committee to properly scrutinise the budget. In this regard the draft budget process was of minimal assistance as there were significant differences between the draft and the final budgets in terms of revenue and expenditure.

Social capital

2.12. The budget this year is typified by the Government as building social capital and avers that social capital is the basis of (the) quality of life in Canberra.⁴ Social capital is defined in the budget papers as⁵

...the sum of resources that communities use to achieve their goals. A community with social capital has well developed networks based on shared interests ... A community with high social capital supports and includes its disadvantaged members, enabling them to participate in valued social and economic roles...

2.13. The committee noted concerns expressed by the ACT Council of Social Service (ACTCOSS) that a number of fundamental issues of equity and community support have been left out of the Government's claimed social capital agenda. ACTCOSS pointed to basic needs left unaddressed in areas of public housing and public transport and the desirability for the Government to consult with the community in order to identify social outcomes as a key result area of government.⁶

⁴ Canberra: Building Social Capital, p 3.

⁵ *ibid*, p 7.

⁶ Uncorrected Proof Transcript, 29 May 2000, p 691.

2.14. The committee shares this concern. As presented in the budget the term “social capital” seems little more than a glib slogan, rather than a framework for underpinning the fundamental needs of the community.

Recommendation 2

2.15. The committee recommends that the Government ensure:

- (i) adequate and inclusive consultation with all relevant community interests in the development of budget proposals; and**
- (ii) if specific programs are being developed as budget themes that those programs are properly identified and assessed in the budget,**

Capital works program

2.16. Budget Paper 3 provides a very broad overview of the capital works program for the current year. The problem with the presentation is that it is difficult for committee members to track projects over time. The information is adequate in terms of expressing financing requirements. However, when we see that budget outcomes are continually while underexpenditure relative to budget provisions, the committee needs to be able to see precisely where the underexpenditure has occurred or where money has been reallocated. This is a presentation matter, and the committee recommends the inclusion of more specific data in future.

Recommendation 3

2.17. The committee recommends that the Budget format be restructured to provide improved information on Capital Works and that the revised structure incorporate:

- (i) a reconciliation of the immediate past year as the commencing point for the budget year;**
- (ii) a table of adjustments;**
- (iii) a complete comparative list of all projects from one year to the next; and**
- (iv) the financing requirements and payments provided or required by each project.**

GST General

2.18. The committee was pleased to see a greater degree of detail on the GST in the final budget, as compared with the draft budget, but there are still questions that are

not suitably answered. The first point that needs to be made is that the GST will cost money from the bottom line, unlike the claims made by the Treasurer to the contrary in the Draft Budget process. The committee does recognise though that there will be some costs associated with the GST. Budget Paper 3 shows that at a minimum "...there will be a net cost to the ACT of \$0.5m in 2000-01, rising to \$1.9m by 2003-04".⁷

2.19. There is also mention in Budget paper no 3 that there will be a \$13.2m administration cost payable to the Australian Tax Office. The committee believes that it would be fruitful in this budget and future budgets to have a clear reconciliation of the costs and revenues from the New Tax System (ANTS) to allow proper public scrutiny.

2.20. Of further concern to members of the committee is the fact that the forecasts of revenue from the GST aspect of the ANTS package seem to be rising. While there is a revenue guarantee for around 4 years, the GST is a consumption based tax. As markets cycle it is not always the case that consumption will increase, nor in fact stay constant. It would be of benefit to Assembly members and the community broadly to know what kinds of sensitivity analyses have been undertaken to test what happens in future if consumption contracts, rather than grows.

GST Specific

2.21. There is to be differing treatment for GST in the appropriations to agencies based on whether the appropriation is made on a net or gross basis. Budget Paper 3 explains that "Territorial appropriations, which are made on gross basis, will need to be increased to take account of GST"⁸. The statement on its own is clear, however when questioned on what it meant for revenues and expenses in total some of the clarity was lost.

2.22. Treasury officials explained the difference between the net and gross appropriation concept, and it is clear that money being spent on GST on behalf of the Territory will be reclaimable through input tax credits. While it is still not understood where the input tax credits will be returned to when they are 'returned to budget', the general principal is clear. There was, however, a lack of clarity in the answers provided for agencies paid on a net appropriation basis.

2.23. According to statements from the Department of Treasury and Infrastructure (DTI) "...on the departmental side under a government payment for output appropriation there is a mechanism to actually use a net appropriation, which means that while entities still have a need to pay the 10% GST on purchases that they make, they will actually be able to receive that 10% back from the tax office by way of an input tax credit."⁹ What this means is that there will be large cash flows from the ACT Government to the Federal Government which will be returned at some stage.

⁷ Budget Paper No 3, p 6.

⁸ *ibid*, p 5.

⁹ Uncorrected Proof Transcript, 29 May 2000, p 7.

2.24. The point that the committee wishes to make is that there is no table in the budget that says ‘this much GST will be paid and this much tax credit will be repaid’. The problem with this approach is that there seems to have been no account made of the opportunity cost of having money tied in tax holding or tax payments. Similarly there seems to be no information for committee members on cashflow management plans to deal with the GST. Coupled with the lack of transparency on how Territorial appropriations for GST payments will be paid back to budget it is clear to the committee that there is a long way to go before the ANTS package is administratively understood.

Non Government budget lock up

2.25. Members of the opposition and cross benches appreciate the effort made by the Government to provide a lock up facility for the purposes of analysing the budget. The facility originated in a recommendation from the Estimates Report for the 1999-2000 financial year. However there were a few small anomalies in the operation of the facility. The primary problem was the logic used in setting the time parameters for the Opposition facility.

2.26. It does not seem very logical to release budget papers under embargo to MLAs at 1:30pm, while keeping staff locked up until 3pm.

Recommendation 4

2.27. The committee recommends that in future the lock up facility be maintained in the spirit of cooperation, but that the time parameter be adjusted so that when MLAs receive budget papers at 1:30pm the staff who attend the lock-up be allowed to leave at that time.

Superannuation – inadequate provision

2.28. The Government has made a provision for superannuation funding of \$5m for the proposed budget, expecting to be \$120m in total over the forecast period of the budget. The committee is pleased that some operational money is finally being provided towards the superannuation problem.

2.29. Apart from the \$300m capital repatriation from Actew and the funding of the annual emerging cost stream, this will be the first payment towards the historical superannuation cost since the Carnell Government was elected.

2.30. However, in the context of the variations to the forward estimates in Table 4.1.2 in Budget Paper 3 the committee believes that the \$5m this year is tokenistic at best.¹⁰ The budget indicates that the extent of favourable revenue variations totals \$86.4m over published forward estimates.

¹⁰ Budget Paper No 3, p 41.

2.31. That ‘Dividend’ has however been dispersed in a rather scattergun approach to leave a total of \$9.2m for allocation towards longer-term liabilities such as superannuation. Ultimately the committee believes that the effort towards the superannuation should have been stronger in light of the \$86.4m windfall. Clearly the priority of the Government is not towards the funding of superannuation, based on their historical performance and the inadequate provision in the proposed budget.

Superannuation - Triennial Review

2.32. Members of the committee have been seeking from the Government a copy of the triennial review of superannuation. The review was due to be completed by June last year. The results from the review have been progressively filtered into reports from Government included the 1998-99 annual report, the Draft Budget and now the proposed 2000-2001 budget. The results of the review have been nothing less than a moveable feast, and the committee was appreciative of receiving a part of the review.

2.33. The part of the review that the committee received deals primarily with the emerging cost aspect of the superannuation liability. The “Report as at 30 June 1998 on the Projected Stream of Emerging Costs of Employer Superannuation Liabilities” (*Towers Perrin, “Australian Capital Territory Department of the Treasury and Infrastructure: Report as at 30 June 1998 on the Projected Stream of Emerging Costs of Employer Superannuation Liabilities, 12 May 2000*) has not dealt with the more difficult aspects of the outcomes of the review. In particular the committee requires factual answers to the issue of how the quantum change in superannuation liabilities was arrived at by the actuary. The relevance of this information is that the newly adopted amortisation schedule is partly based on this quantum, and without the data it is impossible to make an informed recommendation on future superannuation strategies.

2.34. On the section of the report tabled with the committee, one issue has arisen that requires some explanation relating to population data discrepancies. Table 3 of the report indicates that 783 contributing members were unable to be reconciled within the population data between the 1995 and 2998 review. The consultants report that “we have worked with ComSuper and the ACT Department of Treasury and Infrastructure to reconcile the data discrepancies observed...but the...discrepancies have not been resolved”.¹¹ The effect of the discrepancy is a potential understatement of the emerging cost schedule.

2.35. Accordingly several questions still remain on superannuation that the committee would like resolved in the Government response to this report.

Recommendation 5

2.36. The committee recommends that the Government:

- (i) provide a reconciliation for the data discrepancies identified by the actuary or alternatively advise when will there be a reconciliation;**

¹¹ Towers Perrin Report, p 6.

- (ii) provide the annual total liability figure for superannuation used to forecast the emerging cost schedule;**
- (iii) advise how the expected annual expense reduction and amortisation benefit has changed between the annual report, the draft budget and the proposed budget; and**
- (iv) provide in a factual/numerical format the prospective superannuation schedule including the expected emerging cost, total liability, asset level and annual expense profiles on a year by year basis according to the schedules provided by the actuary.**

Claims that Canberra has become a Private Sector Town

2.37. The Treasurer and Chief Minister have been claiming for some time now that the ACT is no longer a Government town. In Budget Paper 3 there are similar types of statements including “while the public sector remains a strength for the ACT economy, the diversification of the economy away from this sector is making the economy less vulnerable to changes in Commonwealth budget policies”.¹² Members of the committee are not persuaded as to the validity of the Government’s position.

2.38. Economic data provided by the ABS relating to the origin of expenditure, in terms of State Final Demand, shows that no significant ground has been made towards substituting public for private expenditure since Self-Government. While employment is one indicator, it is disingenuous to claim private sector dominance based on employment data only. The committee seeks from the Government a holistic statement on the structure of economic growth over the last ten years.

Recommendation 6

2.39. The committee recommends that the Treasurer conduct an analysis of the Australian Bureau of Statistics’ “Australian National Accounts – State Details” and report to the Assembly on movements in the measure within State Final Demand to show the relativity of Public and Private Sector contributions through time.

¹² Budget Paper No 3, p 147.

3. DEPARTMENT OF THE TREASURY AND INFRASTRUCTURE

Totalcare Industries

3.1. The committee noted that forward projections show very little change in expected revenue, costs, assets structure, investment and operations and questioned whether there should be a comprehensive review of the company's aims and objectives.

3.2. The committee was advised that Totalcare had been through a traumatic and cathartic 12 months in terms of business viability but with significantly increased revenues and a refocussing of operations is moving to working much closer with the private sector in looking at strategic alliances, partnerships and joint ventures. The committee was advised that 60% of revenue is generated through competitive government arrangements, that Totalcare has been significantly reshaped, has become more competitive and is moving from a significant loss situation to operating profits in the out years.¹³

First Home Owner Scheme

3.3. The committee was told that Treasury rather than DUS is handling the Commonwealth government's First Home Owners Scheme.¹⁴ This is a GST-compensation scheme and eligibility for the funding grant is not means-tested.

3.4. It appears to the committee that the Commonwealth government should have applied some form of means test to the First Home Owner Scheme. In this regard, the committee was interested in whether the ACT government sought to pressure the Commonwealth government to means test the scheme.

Benchmarking

3.5. The committee recommended last year that the then Chief Minister's Department (CMD) should be subject to the same benchmarking principles applied across Government. Since that recommendation the Department has been split to form the new Department of Treasury and Infrastructure (DTI). The committee strongly believes that it is still necessary to develop a benchmarking project to establish the value for money being received from both of these Departments.

3.6. To facilitate this the committee considers that a benchmarking review unit for CMD and DTI could be established in the Policy Group.

¹³ Uncorrected Proof Transcript, 29 May 2000, p 87, 88.

¹⁴ Uncorrected Proof Transcript, 16 June 2000, p 831.

Recommendation 7

3.7. The committee recommends that a benchmarking review unit be established in the CMD Policy Group and, on completion of the review, a report be presented to the Assembly.

Australian International Hotel School (AIHS)

3.8. In scrutinising the budget for the AIHS the committee found a concerning anomaly in the forecast financial result for the end of 1999-2000. The Operating Statement for the School indicates that the end of year result expected for 1999-2000 is exactly consistent with the original budget projection.¹⁵ This seems highly dubious given that the balance sheet has shown significant variations, interest rates are increasing and the Australian dollar is in a state of depression (by which the Cornell affiliations effected).

3.9. The committee considers that the statements in the budget papers do not adequately reflect the true and fair view of the expected end of year result for the AIHS.

Recommendation 8

3.10. The committee recommends that:

- (i) as part of the review into the AIHS Treasury consider the practices used by management to forecast expected end of year results; or**
- (ii) the AIHS issue a statement to the Assembly either correcting the end of year result or reconciling how it is that the forecast for the end of year shows no variation from budget.**

¹⁵ Budget Paper No 4, p 336.

4. CHIEF MINISTER'S DEPARTMENT

Canberra Tourism and Events Corporation (CTEC) – GMC 400 V8 car race

4.1. The committee notes an expenditure budget for the V8 car race of some \$7.m for the current year (recurrent expenditure \$2.5m¹⁶ and capital of \$4.5m¹⁷ and \$2.5m for each of the years 2000-01, 2001-02, 2002-03 and 2003-04.¹⁸

4.2. The committee was advised that revenue generated by the V8 organisers was (expected) to be some \$7.5m from sponsorship, ticket sales, rights and licensing. The committee notes further that ticket sales as at 1 June were some 18,500¹⁹ and that media reports variously put the attendance numbers for the three days of racing at around 100,000 in total, or, say, around 30,000 each day.

4.3. The committee was advised that the budgeted expenditure on the race included all supplies emanating from government, including signage and police services, although there appeared to be an element of doubt as to whether the latter were included.²⁰

4.4. The committee observes that there is a degree of controversy as to the direct financial benefit of the V8 car race to the ACT ratepayers. To clarify the matter the committee recommends disclosure to the Assembly of the overall costs and financial returns to government.

Recommendation 9

4.5. The committee recommends that the Government provide to the Assembly during the September 2000 sittings:

- (i) an operating statement and cash flow statement for the 1999-2000 GMC 400 V8 car race; and**
- (ii) the total financial return to government deriving from the 1999-2000 GMC 400 V8 car race.**

¹⁶ Budget paper No 4, p30 and Uncorrected Proof Transcript, 1 June 2000, p481 et seq

¹⁷ Budget paper No 4, p380 and Uncorrected Proof Transcript, 1 June 2000, p481 et seq

¹⁸ Budget paper No 4, p30

¹⁹ Uncorrected Proof Transcript, 1 June 2000, p 486.

²⁰ *ibid*, p 483, 484.

Senior executive remuneration packages – access to sports cars

4.6. The committee noted that the Commonwealth Government had recently banned access by Commonwealth public servants to sports vehicles as part of senior executive remuneration packages. When asked if a similar prohibition would apply to senior executive remuneration packages in the ACT public service, the Chief Minister responded “No, I reckon it is great”.²¹

4.7. The committee considers the ACT Government should follow a similar approach to that of the Commonwealth Government in not approving the provision of sports cars as part of senior executive remuneration packages. The committee has particular concerns that the use of sports cars does not project an appropriate image for staff on the public payroll. Prescribed vehicles provide an important utilitarian function by carrying passengers during working hours, thus reducing the need for leased vehicles for office purposes, and sports cars are not appropriate for this purpose.

ACT Business Incentive Scheme (ACTBIS)

4.8. During discussion in the hearings relating to ACTBIS application criteria, the question was raised as to whether provision was made for applicants to comply with occupational health and safety (OH&S) requirements and specifically whether the application criteria should provide for an applicant to declare its OH&S safety record. The Chief Minister saw no problems with such a provision and that the Government would entertain a relevant recommendation.²²

Recommendation 10

4.9. The committee recommends that the Government include in the ACTBIS criteria provision for applicants to declare their OH&S safety record.

²¹ Uncorrected Proof Transcript, 1 June 2000, p 495.

²² *ibid*, p 509.

5. DEPARTMENT OF EDUCATION AND COMMUNITY SERVICES

Teachers' enterprise bargaining agreement

5.1. The committee is pleased to note that the budget includes additional funding for the salary increases expected as a result of certification of the teachers' enterprise agreement. While the proposed agreement represents a significant pay increase for teachers, recent negotiations in New South Wales will see ACT teachers lose salary parity with their counterparts in New South Wales for the first time.

Transfer of superannuation funds

5.2. The committee was most surprised to discover that \$1.7m had been transferred from the Department of Education and Community Services' GPO appropriation for superannuation expenses to the capital injection appropriation. The transfer document stated that the \$1.7m was to be on-passed to CIT to finance rugby league facilities at the CIT's Bruce Campus oval.²³

5.3. The committee was told that the transfer was a 'one-off'.²⁴ The \$1.7m was reinstated in the 2000-01 budget. In addition another \$0.393m was required to be included in the 2000-01 budget so that the Department of Education and Community Services could meet its superannuation expense requirements.²⁵

5.4. The committee is extremely concerned that the transfer was not disclosed in the Budget Papers and could only be found in the Department of Education and Community Services' Ownership Agreement. Such a significant variation should have been included in the 'Notes to the Budget Statement' to enable Members to clearly see that the \$1.7m had been reinstated in the 2000-01 budget.

5.5. The committee notes that according to the audited financial statements, the superannuation expenses for 1998-99 were \$37.845m and for 1997-98 were \$37.5m²⁶ In both cases this is significantly more than the expected outcome for 1999-00. The committee understands that superannuation expenses relate directly to staffing numbers and salaries. A comparison of annual reports shows that during the 1998-99 financial year the Department of Education and Community Services reduced its overall staff by 24 from 1997-98, however superannuation expenses rose. The committee questions whether the expected outcome for superannuation expenses in 1999-00 is accurate.

²³ ACT Government, *Transfer under Section 14 of the Financial Management Act 1996*, March 2000

²⁴ Uncorrected Proof Transcript, 30 May 2000, p 283.

²⁵ Uncorrected Proof Transcript, 30 May 2000, p 173.

²⁶ Department of Education and Community Services, *Annual Report 1998-99*, Vol 2, p 18.

‘Schools as communities’ initiative

5.6. The ‘Schools as communities’ initiative is a welcome addition to the budget and should result in better coordinated support for students and families in the schools where it is introduced.

5.7. The committee noted discrepancies in the amount of funding for the ‘Schools as communities’ project. The notes to the budget statement state that the funding is \$0.820m, while in other parts of the budget papers it is stated as \$0.7m. The Minister advised the committee that funding for the project is \$0.7m. The total funding for social capital initiatives in the Department of Education and Community Services is \$0.82m.²⁷

Indigenous education

5.8. The committee noted that the 2000-01 highlights include expanding indigenous education programs. The committee was advised that this expansion will be done without additional resources. It will focus on:

- working in partnership with the community to address many of the difficult issues that confront indigenous education;
- using the literacy and numeracy testing to target programs and resources to improve the outcomes of the learning process;
- developing and improving the teaching strategies that are used in assisting indigenous students, including individual education plans and professional development initiatives for teachers.²⁸

5.9. The committee strongly supports these initiatives, however, is disappointed that they have attracted no additional funds. The committee considers that improvements in the provision of educational programs for indigenous students must be a high priority. Additional funds may be required to improve educational outcomes for indigenous students.

Social and Community Services (SACS) Award

5.10. Non-government service providers continue to report difficulties in relation to the impact of the SACS award on their workloads and the level of service they can provide. Under the award, many providers are required to pay higher wages than previously, but they claim they are not funded for the higher costs. The matter of the need to assess the impact of the award on providers was raised with the Minister and officials, however a satisfactory answer was not offered.

League tables

5.11. The introduction of league tables, that is tables measuring the performance of a school against other schools, was discussed. At the time of the committee’s hearings

²⁷ Uncorrected Proof Transcript, 30 May 2000, p 149.

²⁸ *ibid*, p 143-144.

the community consultation process about their introduction was being conducted. The Minister told the committee that because the consultation was underway, he was not in a position to comment one way or the other.²⁹

5.12. The committee has serious concerns about the usefulness of league tables and in fact believes that they could have very damaging effects.

Sale of sportsgrounds

5.13. The committee was interested in the following statement relating to adaptive re-use and disposal proposals during 2000-01, in the Department of Education and Community Services' Ownership Agreement.

Sale of sportsgrounds. The Bureau has 27 low maintenance sportsgrounds across Canberra, which are not required for sport use, although 16 are located next to school grounds and in many cases part of the area is required for school use.

These grounds occupy prominent locations in suburban areas and many may be better used for residential or commercial development.

The Bureau will continue to review the opportunities for their redevelopment on a case-by-case basis.³⁰

5.14. The committee questioned the Minister and officials about the meaning of this statement. The committee was assured that the Department of Education and Community Services was not considering redevelopment of the ovals for commercial or residential use at present, but only for recreational use. Several ovals especially some near schools have been redeveloped in full or in part.³¹

5.15. The committee could not understand why such a statement was included in the Ownership Agreement if the ovals are not being reviewed for redevelopment for commercial or residential use or if there is no intention to do so. The 'Ownership Agreement reflects the objectives and plans within the context of past performance and existing Government policy, of the department's owner and management over the term of the Agreement'.³²

5.16. When questioned further at the hearing, the Minister would not rule out commercial or residential redevelopment of sports ovals in the future.³³

5.17. A report in *The Canberra Times* of 14 June 2000, quoted a spokesman for the Minister for Education as saying 'These ovals have simply been identified as surplus and we would be irresponsible if we didn't look at other possible uses'.

5.18. The committee was concerned that the Government may have plans for the wholesale redevelopment of low maintenance sportsgrounds resulting in a reduction in green space in Canberra. On 16 June 2000, the committee requested all papers

²⁹ Uncorrected Proof Transcript, 30 May 2000, p 185.

³⁰ Department of Education and Community Services, *Ownership Agreement*, Budget 2000, p 56.

³¹ Uncorrected Proof Transcript, 30 May 2000, p 268-269.

³² Department of Education and Community Services, *Ownership Agreement*, Budget 2000, p 2.

³³ Uncorrected Proof Transcript, 30 May 2000, p 269.

relating to the sale of sportsgrounds and proposals for alternative use of sportsgrounds.

5.19. The Minister provided the papers, which revealed no documentation relating to the sale of sportsgrounds for residential or commercial development.

5.20. The Minister also stated the following.

I can assure the Select Committee that this Government does not intend to sell any sportsgrounds for residential or commercial development. Indeed, the Government rules out any such sale or sales. However, I cannot speak for any future government administration. ... It is unfortunate that the asset management plan attached to the Department's Ownership Agreement refers to the possibility that some surplus grounds might have an alternative use. Since this Government does not intend to sell any sportsgrounds for development, the Ownership Agreement will be amended to reflect this position.³⁴

5.21. The committee reviewed the Department of Education and Community Services' Ownership Agreement for 1998-99 and 1999-00 and discovered that these ownership agreements also included essentially the same reference to the redevelopment of some of the 27 low maintenance sportsgrounds for commercial or residential redevelopment.³⁵ Given that the Department has had these plans in place for three years, the committee is stunned by Minister's response that 'It is unfortunate that the asset management plan attached to the Department's Ownership Agreement refers to the possibility that some surplus grounds may have an alternative use'. The response suggests that the Department has only included this statement in the agreement for the 2000-01 year. It appears that now the matter has been discovered and raised publicly the Minister has been forced to rule out any such sale or sales, when clearly it had been on the agenda for several years.

5.22. Further, papers provided to the committee by the Minister indicate that discussions have been held between the Department of Education and Community Services and Treasury concerning the transfer of 'surplus' ovals to Treasury. This raises questions as to whether these ovals are required for use as ovals and that the transfer to Treasury is a precursor to their sale.

5.23. In response to a committee request to provide all papers relating to any proposals involving the DTI for the sale or possible sale of those sportsgrounds identified by the Bureau of Sport and Recreation as surplus, the Treasurer provided a letter from the Department of Education to DTI with information about dry grass ovals. The Treasurer advised on that since February this year there have been ongoing discussions with the Department of Education about possible sites to be transferred to DTI but that on the basis of the Government's position outlined by the Minister for Sport the transfer of sportsgrounds to DTI is not being pursued.

³⁴ Minister for Education, Response to request for papers, dated 20 June 2000.

³⁵ Department of Education and Community Services, Ownership Agreement 1998-99, p 26 and Ownership Agreement 1999-00, p 26.

Recommendation 11

5.24. The committee recommends that the Government table in the Assembly the amended Ownership Agreement for the Department of Education and Community Services.

Removal of public subsidy from swimming pools

5.25. The Department of Education and Community Services' Ownership Agreement states the following in relation to swimming pools.

Sale or long term lease of swimming pools. All pool facilities are currently either leased or managed under long-term contract. All involve some level of Government subsidy, in an environment where some measure of service is provided by the private sector.

While contract management has improved the financial performance of pools markedly, the Bureau will consider future measures to remove the operations of these assets from public subsidy. This may involve long term lease or sale to private sector interests.³⁶

5.26. The current contracts expire in 2002 when consideration will be given to their future ownership.

5.27. The committee is concerned that the Government is considering selling off valuable public assets.

Recommendation 12

5.28. The committee recommends that the Government confirm that it is not considering the sale of public swimming pools.

Canberra Institute of Technology (CIT)

5.29. The committee noted that the CIT received an additional \$600,000 in the final budget to enable it to pay for teacher salary increases. This is a welcome move. The committee also notes that the CIT no longer receives an operating injection as a result of an update of benchmarks.³⁷

5.30. However the committee is concerned that the CIT is continually required to make savings. It is now in its third year of reducing costs to achieve a benchmarked cost structure. In 2000-01 the CIT is expected to make savings of \$2.7m. The CIT is a much smaller organisation than it was ten years ago.

³⁶ Department of Education and Community Services, *Ownership Agreement*, Budget 2000, p 56.

³⁷ Budget Paper No 4, p 246.

5.31. The committee was told that the CIT is making these savings through reductions in the corporate area, closure of the Watson campus and relocation of that operation to Reid, and a program of staff redundancies.³⁸ In 2000, seven voluntary redundancies will be given to classroom teachers, five to teachers involved in educational administration or support, and seven to non-teaching staff.³⁹ While the officials claimed that in making the savings, they are trying to maintain the overall delivery of teaching programs, a large proportion of the redundancies (37 per cent) will come from classroom teachers. (In 1999 classroom teachers represented 44 per cent of redundancies.)⁴⁰ In the last two years a total of 27 classroom teaching positions have been lost. The Minister advised that the decision to offer a voluntary redundancy is based solely on the grounds that there is insufficient classroom teaching work for the individual teacher in their relevant discipline and there is no expectation that the teacher can be reasonably redeployed or retrained.⁴¹ The loss of these classroom teacher positions, together with the loss of 15 teaching positions providing administration or support must have an impact on program delivery.

5.32. The Australian Education Union told the committee that the effects of the continued reduction in funding have been:

- reduced course options
- increased class sizes
- reduced time for students to contact teachers out of class time
- casualisation of the workforce
- erosion of the core professional workforce.⁴²

5.33. The committee is concerned that the effects of the continued reduction in funding to the CIT will lead to industry dissatisfaction and increasingly high unmet need.

Revenue for Family Services

5.34. The Family Services Operating Statement includes \$150,000 of other revenue. The committee sought details on the source of this other revenue, which appears for 1999-00 and is projected through the out years. The committee was told that in 1999-00, the integrated parent support package was introduced with GPO funding of \$100,000, sponsorship (NRMA) and other funding of \$50,000 projected. This 'other' funding is now considered problematic.⁴³ It therefore appears to the committee that Family Services will be underfunded by \$50,000 unless funding can be found from elsewhere in the budget or all planned projects are not implemented.

³⁸ Uncorrected Proof Transcript, 30 May 2000, p 292.

³⁹ Minister for Education, Response to Question on Notice, dated 8 June 2000.

⁴⁰ Minister for Education, Response to Question on Notice, dated 8 June 2000.

⁴⁰ Uncorrected Proof Transcript, 30 May 2000 p 230.

⁴¹ Minister for Education, Response to Question on Notice, dated 8 June 2000.

⁴² Uncorrected Proof Transcript, 15 June 2000, p 763.

⁴³ Minister for Education, Response to Question on Notice, dated 8 June 2000.

Recommendation 13

5.35. The committee recommends that the Government assure the Assembly that Family Services will not be underfunded or provide supplementation.

Earth leakage circuit breakers for preschools

5.36. The need for earth leakage circuit breakers in preschools was raised as an important safety issue needing addressing. At the time of the hearing the committee was told that to the knowledge of the official answering the question there was no specific allocation for that work and it would be a matter of juggling the works program to meet such a priority.⁴⁴ The Minister advised subsequently in answer to a question on notice that 'earth leakage circuit breakers will be progressively installed in preschools during the 2000-01 financial year.' The committee is pleased to note that funds have been able to be found for such an important safety measure.

Thermostatic mixing valves in preschools

5.37. The matter of servicing thermostatic mixing valves was another preschool safety issue, which has been of concern to some Members, that was raised at the public hearing. The Minister took the question on notice and provided the following information.

The department has in place an annual service agreement for thermostatic mixing valves in preschools. All but ten preschools have been serviced so far this year and the remaining preschools will be completed in June 2000.

Replacement of non-conforming thermostatic mixing valves commences in June 2000. Prior to 2000 thermostatic mixing valves were serviced on an as required basis but they are now required to be serviced annually.⁴⁵

Interest subsidy scheme

5.38. The Catholic Education Commission reported that the Interest Subsidy Scheme does not have sufficient funds available to meet all requests for the 2000-01 financial year. There is a shortfall of \$202,000.⁴⁶ Since the establishment of the interest subsidy scheme in 1977, according to the Catholic Education Commission, the cap has not been exceeded.⁴⁷ The Commission lodged an advance notice application in October 1999 and was informed on 24 March 2000, that there is only \$82,000 left in the scheme for new applicants.⁴⁸ Consequently a committee has been established to make recommendations to the Minister on how available funds are to be distributed. The Catholic Education Commission has in the past always received approval for all its applications under the Interest Subsidy Scheme. It is most concerned that current applicants were given no notice of the shortfall of funds prior

⁴⁴Uncorrected Proof Transcript, 30 May 2000 p 230.

⁴⁵ Minister for Education, Response to Question on Notice, dated 8 June 2000.

⁴⁶ Uncorrected Proof Transcript, 15 June 2000, p 703.

⁴⁷ Uncorrected Proof Transcript, 15 June 2000, p 702.

⁴⁸ Uncorrected Proof Transcript, 15 June 2000, p 703.

to lodging applications. In many cases significant capital projects have been planned on the basis of receiving an interest subsidy. The Catholic Education Commission claims that the Government should have been in a position to advise agencies of the shortage of funds late in 1999, based on the advance notice requirements of the scheme.

5.39. The committee is sympathetic to the dilemma some non-government schools find themselves in as a result of the applications for the scheme exceeding the funds available.

Recommendation 14

5.40. The committee recommends that, in future, the Government give non-government schools an indication of the funds available for new projects under the interest subsidy scheme.

Funding for Lanyon Youth Centre

5.41. In its submission to the committee, ACTCOSS raised concerns about the level of funding proposed in the budget for Lanyon Youth Centre. ACTCOSS claims that funding of \$80,000 per year over four years will be insufficient. This matter was also raised during the inquiry into the Draft Budget of the Department of Education and Community Services and Related Agencies. At that time the Government advised that the \$80,000 per year is for base level operation. When in operation the Youth Centre will be able to seek funding from other sources to provide additional funding.⁴⁹ The committee believes that this is a matter that needs close monitoring in the future

Cooling systems in schools

5.42. The Charles Conder Primary School Board reported occupational health and safety concerns emanating from excessively high temperatures (up to 40 degrees Centigrade) particularly in transportable units. The Charles Conder Primary School is the largest public primary school in the ACT. Almost one third of its students are accommodated in transportable classrooms. The enrolments are expected to peak at 750 in 2006-7 as a result of new housing developments in the area. This will mean that 40 per cent of the enrolments would need to be accommodated in transportable units.⁵⁰

5.43. The Board reported that the effect of these conditions manifests itself in a variety of ways, from children getting nose-bleeds and headaches from heat to teachers and children finding it difficult to concentrate in the heat. They claim that teachers and students at the school are subject to sub standard conditions and this is

⁴⁹ Minister for Education, Response to issues raised in submissions to the inquiry into the draft budget of the Department of Education and Community Services and related agencies, dated 17 March 2000.

⁵⁰ Submission 7.

inequitable. Children are being deprived of the same chance of educational opportunity compared with their peers in other schools.⁵¹

5.44. The committee asked the Minister in a question on notice for details of how the department intends to deal with the issue of ongoing learning, teaching and occupational health and safety problems associated with sub standard heating and cooling systems in transportable classrooms. In his response the Minister advised that it estimated that about 5 per cent of the total school population use a transportable unit as their main classroom. The Minister asserted that heating and cooling systems in transportable classrooms are not substandard. He acknowledged that temperatures in transportable classrooms can become uncomfortable but stressed that it is not the department's practice to provide air conditioning for transportable units.

5.45. The committee considers that this matter needs further and thorough investigation by the department. Charles Condor Primary School enrolments are predicted to grow even further in the next few years. It will need more transportable units and could have up to 40 per cent of its enrolments using a transportable unit as their main classroom. It is impossible to make alternative accommodation arrangements for such a large proportion of students during very hot weather. No doubt, there are, or will be, other schools in a similar position.

Recommendation 15

5.46. The committee recommends that the Department of Education and Community Services review the need for air conditioners in transportable units, where a high proportion of students in a school must use these units as their main classroom.

⁵¹ *ibid.*

6. DEPARTMENT OF HEALTH AND COMMUNITY CARE

Growth needs funding

6.1. The committee has great concerns about the manner in which the Government proposed to provide an unallocated \$62m over 4 years for projected growth needs. While the committee supports the additional funds being allocated to the health and community care portfolio, it considers that by failing to identify the specific areas where the funding would be directed, the Government, and the Minister in particular, have bestowed upon themselves excessive discretion in the expenditure of large sums of public money.

6.2. The committee notes that directly after the release of the budget, the Minister made much of the fact that these funds were discretionary and could be spent as he saw fit. The Minister told the *Canberra Times* that, 'This money gives me the wherewithal to implement the changes I have as my goals'⁵².

6.3. The committee considers that the budget is the most important of documents produced by a government during its term in office. The key role of the budget process is that the Government outlines its goals and allocates the monies that it considers are needed to fulfil them. A budget should clearly set out the expenditure priorities and indicate where funds will be spent in the year 2000-01. This is stark contrast to the approach taken in which a Minister is able to exert discretionary control over funding on-the-go and without reference to any stated priorities.

6.4. The committee acknowledges that needs change over time and certainly the needs of the community for health and community services increase overtime. However, it is not beyond the Government to anticipate changes as part of its strategic planning and allot the requisite funding.

6.5. The committee notes that after pressure was brought to bear on the Minister, he tabled a document in the committee's public hearing which outlined the areas where the money would likely be spent in 2000/2001. However, the committee remains concerned that the budget papers do not reflect this. The committee has included this document as Attachment A⁵³.

6.6. It is the view of the committee that the Government must formally undertake to expend these growth needs funds in the manner indicated by the Minister in the document tabled to the committee.

⁵² Uncorrected Proof Transcript, 31 May 2000, p 310.

⁵³ Tabled paper no. 4, Department of and Health and Community Care 'Growth Needs' Funding Initiative'.

Recommendation 16

6.7. The committee recommends that the Government make a formal statement in the Assembly committing itself to expending the growth needs funding in the areas outlined by the Minister in the document tabled to the estimates committee.

Hospital waiting lists

6.8. Although the waiting list at The Canberra Hospital decreased from 3413 at July 1999 to 3003 in April 2000 (12 percent decrease) this is not an accurate indicator of the hospital's effectiveness, waiting times are⁵⁴. The committee received evidence that the waiting times for surgery in public hospitals are still an ongoing problem with many patients having to wait beyond clinically indicated timeframes for surgery. This was seen as a particular problem in category 2 patients, where the clinically recommended time for surgery is 90 days⁵⁵.

6.9. The committee was also greatly concerned by reports that a surgeon at the hospital had resigned due the death of a cancer patient, which the doctor alleged was the result of a delay in surgery. While the committee does not want to comment on the incident itself, it believes that the resignation of a senior specialist for the reason given raises serious questions.

Bed numbers

6.10. One Member raised the issue that bed numbers were decreasing and that this could have an impact on patient throughput⁵⁶. In response to this The Canberra Hospital argued that although bed numbers and staff numbers are decreasing, efficiencies have allowed the hospital to maintain its throughput. The hospital noted that, 'As far as people going through the hospital, there are more patients going through the hospital with a lesser number of beds than when we had more beds. And in common with practices around Australia, if we are able to achieve efficiencies in consolidation of beds and still maintain the patient throughput we will do it'⁵⁷.

6.11. While the committee understands that there is an increasing trend for patients to stay for shorter periods in hospital, creating efficiencies, the committee still has reservations about the reduction in bed numbers. Notwithstanding arguments about the limited availability of specialists being the impediment to reducing patient waiting times, it would seem apparent to the committee that decreasing bed numbers may present the danger of creating an additional bottleneck for throughput.

⁵⁴ Uncorrected Proof Transcript, 31 May 2000, p 362.

⁵⁵ *ibid*, p 369.

⁵⁶ *ibid*, p 362.

⁵⁷ *ibid*, p 362.

Funding for increased surgical throughput

6.12. The committee was also concerned that \$8m of a \$16m Commonwealth allocation for increased surgical throughput was unable to be spent at The Canberra Hospital because, ‘we [the hospital] do not have the sufficient number of specialist staff available to achieve that throughput and... the price that we may get paid for it in terms of the usual marginal price would not be sufficient for us to redress the problem we have in terms of our budget deficit’⁵⁸.

6.13. The argument was also put that because the funding was a one-off allocation there was no capacity to apply additional staff and infrastructure resources on an ongoing basis.

6.14. The committee heard that the Government was engaged in a tendering process to allocate the funds and the committee gained the impression that The Canberra Hospital had tendered for the work⁵⁹. When pressed about why the hospital was tendering for the work when it had not previously been able to come to an arrangement with the purchaser, the Hospital responded by arguing that through the process it would be able to submit a price that reflected the likely costs that would be incurred⁶⁰.

6.15. The committee asks why a fair price for the work was unable to be struck between the department and the hospital prior to the commencement of a tender process.

6.16. It is the view of the committee that these funds should be applied as a matter of urgency to assist in increasing patient throughput and alleviating the waiting times experienced by patients.

The Canberra Hospital

6.17. The issue of The Canberra Hospital’s operating deficit has been an ongoing feature of the hospital’s finances. The Government has consistently argued that the hospital is well above national benchmarks in terms of its operational costs. The Minister noted in evidence that, ‘...at the moment the information we have is that the hospital is over funded and hence we have a 10 year program to readjust that. If information comes in that tells us, no that is not correct, then the government, of course, would readjust it’s attitude’⁶¹. However, the committee questions whether the appropriate benchmarks are being employed to justify the claim that the hospital is over-funded.

6.18. In evidence the Healthcare Consumers’ Association noted that, ‘... we are not convinced that our tertiary hospitals are the most expensive in the country... The AMA and others have suggested that the dearth of less complex cases within our hospital system in the ACT biases the costing profile and we are yet to see an

⁵⁸ *ibid.*

⁵⁹ *ibid*, p 331.

⁶⁰ *ibid*, p 363.

⁶¹ *ibid*, p 407.

effective argument to deny this assertion'⁶². It has been acknowledged previously that the ACT's hospital system does cater for a large portion of NSW patients, predominantly requiring complex procedures. This, it has been argued, has a significant bearing on the extent to which The Canberra Hospital can meet the benchmarks that have been used by the Government.

6.19. The committee believes that it would be wise for the Government to formally and transparently review the benchmarks that have been used to establish the relativity of The Canberra Hospital's financial performance and to see whether more suitable benchmarks should be applied. The Government should inform the Assembly as to the methodology employed to undertake this analysis and report on the outcomes of the review.

6.20. Another point that was raised in relation to the hospital budget was that because there was no supplementation in the budget for pay increases to nurses, any increases will necessarily come from the operational budget. The Australian Nursing Federation (ANF) argued that this would result in a diminution of services. The ANF noted that, '...by default, if you give a pay rise, you are actually cutting services because you are going to have to cut somewhere if there is no supplementation'⁶³.

6.21. The committee is of the view that pay increases should not come from the existing operational budgets but from supplementary funding.

Recommendation 17

6.22. The committee recommends that:

- (i) the Government conduct a formal and transparent review to determine whether current benchmarks against which The Canberra Hospital's financial performance is measured are suitable and subsequently inform the assembly on the results of the review.**
- (iii) The Government informs the Assembly of the methodology employed to undertake this review ahead of time.**

Recommendation 18

6.23. The committee recommends that the Government provide supplementation for any expected wage increases for nursing staff to ensure that services are not affected.

⁶² Uncorrected Proof Transcript, 15 June 2000, p 727.

⁶³ *ibid*, p 748.

The Canberra Hospital - staffing levels

6.24. The committee was advised that nurse numbers at The Canberra Hospital are at low levels, with some nurses required to work double shifts, forgo meal breaks and work unpaid overtime⁶⁴. The committee is also aware of media reports that some nurses have been required to work 18 hours straight. The ANF argued that the number of nurses available has a big impact on the extent to which patient throughput could be increased. The ANF also argued that the three separate enterprise bargaining agreements that were developed for nursing staff have meant that there is limited flexibility for additional nurses to be transferred to The Canberra Hospital from Community Care or Calvary Hospital when peaks are experienced⁶⁵.

Junction Youth Health Centre

6.25. The committee was advised that the Junction Youth Health Centre may end up being collocated and integrated with the Civic Youth Centre following the commencement of the supervised injecting room trial and the redevelopment of section 56⁶⁶. The Minister noted in the public hearing that, 'Often integrated services... give you the best outcomes'⁶⁷. The committee heard that these services or the new integrated service might be located at the Griffin Centre site.

6.26. The committee is concerned that there must be sufficient space provided for the services if they are to be collocated. The Chair of the committee noted in evidence that there could be a danger that a situation could arise whereby, 'you [the Government] combine the service but all of a sudden you realise you do not have the room because of the redevelopment proposal'⁶⁸.

6.27. Further, the committee wishes to note that it sees great value in the work undertaken by Junction and sees that accessibility issues should feature highly in any decision to relocate its services. One important consideration, for instance, is that the service be located close to public transport.

Recommendation 19

6.28. The committee recommends that the Government ensure that sufficient space is factored into the redevelopment of the Griffin Centre site to allow for the collocation of the Civic Youth Centre and the Junction Youth Health Centre.

⁶⁴ *ibid*, p 751.

⁶⁵ *ibid*, p 754.

⁶⁶ Uncorrected Proof Transcript, 31 May 2000, p 345.

⁶⁷ *ibid*, p 354.

⁶⁸ *ibid*, p 345.

Recommendation 20

6.29. The committee recommends that accessibility issues are thoroughly considered in any decision to relocate the Junction Youth Health Service.

Drug and Alcohol Program - Youth detoxification

6.30. The committee was concerned about the apparent gap in service provision with regard to detoxification facilities for young people with drug and alcohol problems.

6.31. The committee was informed that while the Ted Noffs Foundation is establishing a residential rehabilitation centre at Watson Hostel on behalf of the Government, there are no youth-specific detoxification services available for the young people in the ACT community⁶⁹. The concern of the committee is that generally people should be completely detoxified before undertaking rehabilitation and without suitable services in this area, the value of providing rehabilitation may be somewhat diminished.

6.32. The argument was put that many young people do not exhibit dependency syndrome and therefore do not require in-patient detoxification⁷⁰.

6.33. The Minister undertook to investigate how many young people undertake detoxification in both residential and outpatient settings. However, the Government must acknowledge that existing services necessarily structure the manner in demand for services are expressed. It would be wrong to assume that just because there are not many young people utilising residential detoxification, there is no need. For this reason the committee sees value in conducting a needs analysis in relation to detoxification services for young people.

Recommendation 21

6.34. The committee recommends that a needs analysis be undertaken in relation to detoxification for young people and that the Government undertake to make provisions for a youth-specific detoxification service if the analysis demonstrates a significant need.

Drug and Alcohol program - Methadone Program

6.35. The committee was advised that there are currently waiting times of 6 – 8 weeks for people wishing to access the methadone program and that there are 47 people on a waiting list⁷¹. The Minister informed the committee that although these

⁶⁹ *ibid*, p 389 - 379.

⁷⁰ *ibid*, p 380.

⁷¹ *ibid*, p 383.

waiting times are better than almost anywhere in Australia, they are still unacceptable⁷². The committee concurs.

6.36. The committee considers that it is very important to provide access to the methadone maintenance program in the shortest timeframe possible, as often people seeking access will not return if the service is not made available promptly. The Government itself noted that 40 percent of people on the waiting list will drop off for one reason or another⁷³.

6.37. For this reason, the committee urges the Government to reduce the waiting times experienced by people seeking access to the methadone program.

Dental Program

6.38. The committee was advised that there is a wait of 120 weeks for restorative dental treatment and 62 weeks for accessing dentures⁷⁴. The committee considers that these extended waiting periods for access to dental procedures is unacceptable. While the Government indicated that it had attempted to improve the situation by introducing more surgeries and changing the way it provides the services, it also acknowledged that it had a long way to go⁷⁵. Without additional staff it seems unlikely that any significant reductions in waiting times will be achieved.

6.39. The committee is of the view that the Dental Program is in desperate need of additional funding for extra staff to decrease waiting times and open up access to this important community service.

Recommendation 22

6.40. The committee recommends that the Government allocate additional funds to the Dental Program in an effort to drastically reduce the waiting times experienced by people requiring dental treatment.

The Canberra Blind Society

6.41. The committee was informed that the Canberra Blind Society received a \$20,000 grant from the ACT Government and that this injection of funding had allowed the organisation to continue its operations⁷⁶. However, the Society indicated that it required an additional \$10,000 per year to ensure the continuation of its outreach program. The outreach program involves, ‘producing... [a] monthly audio newsletter, home visitation, counselling, referral services, and communication, social

⁷² *ibid*, p 382.

⁷³ *ibid*, p 386.

⁷⁴ *ibid*, p 389.

⁷⁵ *ibid*, p 389.

⁷⁶ Submission 3, p 1.

and recreational activities, particularly for older clients'⁷⁷. The Society also expressed a need to extend its training activities.

6.42. The committee notes the good work undertaken by the Canberra Blind Society and the valuable contribution it makes to the local community. The committee considers that the Government should consider the Society's funding proposal as a means of ensuring that its services continue into the future.

Recommendation 23

6.43. The committee recommends that the Government consider the allocation of an additional \$10,000 per year to the Canberra Blind Society.

The ACT Down Syndrome Association

6.44. The committee was advised that the ACT Down Syndrome Association receives no funding from the Government. This is despite an increasing need being expressed in the community for the services the Association offers. The Association acknowledged that it had not formally applied for funding previously but with the level of need and the limited resources that it has available, the organisation now saw a need for funding⁷⁸.

6.45. The committee sees great value in the work undertaken by the Association and considers that the Government would be wise to consider allocating some funding to allow the organisation to continue and extend its activities.

Recommendation 24

6.46. The committee recommends that the Government consider allocating funds for the ACT Down Syndrome Association to allow the organisation to continue and extend its activities.

Disability Services

6.47. The Australian Council for the Rehabilitation of the Disabled ACT Division (ACROD ACT) advised the committee that significant unmet need in the disability services sector must be addressed as a matter of urgency. The Council argued that while the cost per place for government accommodation services is \$60,000, most of the places in the community sector provided by the ACT Society of the Physically Handicapped are funded at only \$18,000⁷⁹.

⁷⁷ *ibid*, p 1.

⁷⁸ Uncorrected Proof Transcript, 15 June 2000, p 725.

⁷⁹ *ibid*, p 736.

6.48. ACROD argued that an interjurisdictional comparison also shows that the ACT is spends well below other state and territory governments in the community sector for providing accommodation services to people with disabilities⁸⁰.

6.49. The Council argued that the Government should review the, 'cost basis and the funding basis for community organisations versus government facilities, and at the same time take a sideways look at what is happening in other states'.

6.50. The committee supports a review of the basis for funding allocations to the community sector for accommodation services, taking into account an interjurisdictional perspective and the level of funding for Government places.

Recommendation 25

6.51. The committee recommends that the Government review the basis upon which funds are provided to the community sector for accommodation services for people with disabilities taking into account an interjurisdictional perspective and the level of funding currently provided for Government places.

⁸⁰ *ibid*, p 736.

7. DEPARTMENT OF JUSTICE AND COMMUNITY SAFETY

Funding increase since the draft budget

7.1. Overall the Department of Justice and Community Safety received additional funds of approximately \$8million since the draft budget.⁸¹ Major components of this increase include \$1.292million for a crime prevention program, \$1.590million for additional police, \$0.528million for a Community Beat Police Program, \$2.090million for restructuring of the AFP Communications Centre and \$0.515million for youth support.⁸²

7.2. The Standing Committee on Justice and Community Safety was not advised during the draft budget process that such a large amount of additional funds were available.⁸³ It was informed only that there may an additional \$1.5million.⁸⁴

7.3. The Government's allocation of significant additional funding in the short time between the release of the draft budget and the release of the final budget to new program proposals not foreshadowed in the draft budget, undermines the credibility of the draft budget process.

Crime prevention

7.4. An example of a major expenditure proposal revealed in the final budget but not in the draft budget is *Output 2.9: Crime Prevention Programs*. This new output was allocated \$1.292million but no information was provided on how this money will be spent.⁸⁵ The Minister for Justice and Community Safety admitted that:

I can not give you details of what the money is going to be spent on because I do not yet know. What it will be spent on will be matters that relate to enhancement of community safety in the hands of ordinary citizens and a couple of options that are currently being

⁸¹ Excluding the GST appropriation of \$6,523,000

⁸² Youth support includes \$185,000 for accommodation support for Aboriginal and Torres Strait young people, \$130,000 for Intensive Support for Juvenile Offenders and \$200,000 for Counselling for Young Offenders.

⁸³ This was despite the fact the standing committee wrote to the Minister for Justice and Community Safety asking if it could make expenditure proposals based on the expectation of additional Commonwealth Grants Commission funding (announced during the draft budget process).

⁸⁴ \$500,000 from embedded wholesale sales tax savings and possibly an additional \$1million if the Assembly passed legislation removing the subsidy on low alcohol products.

⁸⁵ Budget Paper no. 4 (p 229) stated the description of the new output as 'The development of crime prevention incentives by developing a fully coordinated approach across government and the community that leads to partnerships with industry, in particular the insurance industry'. Under quantity it stated 'Development of a crime prevention strategy to enhance existing services and to establish crime prevention initiative programs that will be selected through the course of the year.'

explored for that money include the provision of a subsidy scheme of some sort to provide for the installation of car immobilisers.⁸⁶

7.5. When asked if he would come back to the committee with detailed information on how the funds would be spent, as the Minister for Health had, the Minister for Justice and Community Safety declined. He said:

I cannot provide any more information other than the broad objectives that money is there to provide for.⁸⁷

I do not believe that there is any other appropriate way of dealing with that money. In due course I will be able to tell the Assembly how we have decided to allocate the funds.⁸⁸

7.6. The committee queried how the Government had decided on a figure of \$1.292 million for crime prevention without knowing how it planned to spend the money. The Government advised the figure was the amount left over, after a decision had been made to spend \$5.5million on community safety initiatives, of which \$4.208million was allocated to the police.

\$1,590,000	additional police
\$528,000	beat police program
\$2,090,000	restructure of policing
<u>\$1,292,000</u>	crime prevention
<u>\$5,500,000</u>	total

7.7. In response to questions about the justification for allocating additional funds to a crime prevention program in the final budget (but not in the draft) the Minister claimed the Government had identified increases in crime in this period and was able to access additional funding.⁸⁹ The committee questioned the Minister about the origins of the proposal:

Chair: Did the government decide upon establishing this initiative based on a proposal coming to you from your department?

Mr Humphries: No, it was a proposal developed in discussion between members of the government.

Chair: Was it something you were tossing around in your office trying to work how to...

⁸⁶ Uncorrected Proof Transcript, 2 June 2000, p 585.

⁸⁷ *ibid*, p 586.

⁸⁸ *ibid*.

⁸⁹ Uncorrected Proof Transcript, 2 June 2000, p 587.

Mr Humphries: Tossing it around in Cabinet meetings and places such as that.⁹⁰

7.8. While the committee recognises it is the prerogative of Government to develop policy proposals, the development of the crime prevention program appears to have been done in a haphazard manner and is an example of 'policy on the run'.

7.9. In considering whether the \$1.292million should have been spent on police instead, the committee was advised \$1.292million could have funded twelve police officers.⁹¹ The Minister argued there was a role for community based crime prevention and not all resources should be placed in the hands of the police.⁹² He stated:

You can have an entirely police-based response to rising crime. I do not believe this is appropriate. I think there needs to be a mix of things...we ought to invest in other areas other than just the police to deal with that problem.⁹³

7.10. The Minister also admitted there was a need for community consultation and thorough research before decisions could be made on where to allocate the crime prevention funding.⁹⁴

7.11. The committee supports the concept of funding a crime prevention program and notes the Standing Committee on Justice and Community Safety's draft budget report supported funding for crime prevention as a good investment. It is unfortunate that the Government did not plan the details of this program at an earlier stage of the budget cycle. However it would now be counterproductive to require the Minister to come up with hastily prepared expenditure proposals before the Budget is passed because this would mean bypassing the critical research/consultation phase.

7.12. The committee calls on the Government to conduct a full research and consultation process so funding decisions are based on high quality evidence.⁹⁵ Information should also be sought from other Australian jurisdictions about what is working and not working. The public consultation phase could involve either the ACT Crime Prevention Committee or the Standing Committee on Justice and Community Safety.

⁹⁰ Uncorrected Proof Transcript, 2 June 2000, p 589.

⁹¹ Minister for Justice and Community Safety, Response to Question on Notice, dated 8 June 2000.

⁹² Uncorrected Proof Transcript, 2 June 2000, p 588.

⁹³ *ibid.*

⁹⁴ Uncorrected Proof Transcript, 2 June 2000, p 586.

⁹⁵ Recent reports such as the Commonwealth Government's National Anti-Crime Strategy, *Pathways to Prevention: Developmental and Early Intervention Approaches to Crime in Australia* (March 1999), the NSW Parliament's Standing Committee on Law and Justice, *Crime Prevention Through Social Support-First Report* (December 1999), and the Australian Institute of Criminology's *Benefit-Cost Analysis and Crime Prevention*, Trends and Issues, no. 147(Feb 2000) are good examples of research the Government should consult before deciding where to spend the \$1.292million.

Recommendation 26

7.13. The committee recommends that before committing expenditure of the crime prevention funds to particular areas the Government should:

- (i) develop a research-based strategy (including an evaluation strategy) which sets out priorities for the expenditure of crime prevention funds and provides for a transparent public consultation process; and**
- (ii) table a report in the Assembly recommending how this money should be spent for the Assembly's consideration.**

Juvenile sex offender program

7.14. Another new program announced in the Budget, but not appearing in the draft budget, was a sex offender program for juveniles which received \$200,000. The Minister explained this program came about after pressure from the Community Advocate and other agencies.⁹⁶

7.15. The concept of this program is good. A majority of these children displaying 'unacceptable sexual behaviour'⁹⁷ have been sexually abused and early intervention can help stop the cycle of abuse, reduce the number of victims of crime and reduce demands on police, courts and prisons.

7.16. Concerns were raised in hearings about whether it would be better to spend money on younger children who have not yet come to the attention of the criminal justice system.⁹⁸

7.17. The extent of unmet need for early intervention programs for children of all ages displaying 'unacceptable sexual behaviour' should be measured. If necessary, additional funds should be allocated in future budgets to the Children's Youth and Family Services part of the Education portfolio to meet these needs.

Recommendation 27

7.18. The committee recommends that the Government:

- (i) undertake a cross-portfolio needs assessment which includes an estimation of the number of children and young people with unacceptable sexual behaviour in the ACT (both those who have and haven't entered the criminal justice system):**

⁹⁶ Uncorrected Proof Transcript, 2 June 2000, p 599.

⁹⁷ Terminology used in Gary Humphries MLA Media Release, 'Supporting our Young People in Times of Need', 23 May 2000.

⁹⁸ *ibid*, p 598, 599.

- (ii) plan the programs and funding needed to meet the needs of these children;**
- (iii) allocate appropriate funding in future budgets; and**
- (iv) ensure there is proper coordination of this program across all relevant departments and agencies.**

Aboriginal housing support program

7.19. Another initiative announced in the Budget (but not in the draft budget) was \$185,000 for an Aboriginal housing support program intended to address the chronic lack of accommodation options for indigenous youth in the ACT. It includes provision of \$25,000 for staff and \$160,000 for accommodation. This level of funding will only service about six young people, although officials from the Department of Justice and Community Safety have identified twelve to twenty in need of these services at any one time.⁹⁹

7.20. This is another welcome initiative which responds to the current deficiencies in post-release programs for young people identified by the Youth Coalition in the draft budget process. Future budgets should provide additional funding to address the unmet need for accommodation/support for indigenous youth. By funding such programs, the Government has a chance to deter young offenders away from the criminal justice system and save future Governments the substantial cost of imprisoning adults. In light of the Government's willingness to commit \$17million to a car race, a small funding commitment which contributes to keeping indigenous youth out of prison is not too much to ask.

Recommendation 28

7.21. The committee recommends that the Government provide additional funding in future budgets to address the unmet accommodation/support needs of young indigenous offenders in the ACT.

Intensive youth support

7.22. The Government should also be congratulated for allocating \$130,000 (including \$114,000 for staffing costs and \$16,000 for program costs) for an intensive youth support program. It is proposed to employ two field officers with youth support experience to deliver intensive assistance, mentoring and support for a small number of young people with complex needs. This would cater for young people when they leave Quamby as well as young people in community corrections.

⁹⁹ Uncorrected Proof Transcript, 2 June 2000, p 632.

7.23. The committee believes the program should be evaluated after twelve months and if successful allocated additional funds to address the unmet need in this area.

Recommendation 29

7.24. The committee recommends that the Government evaluate the intensive youth support program within twelve months and if it is successful, allocate additional funds in future budgets to address unmet need in this area.

Recidivism Indicators

7.25. As the Standing Committee on Justice and Community Safety highlighted in its draft budget report, the current quality/effectiveness indicators for Quamby and youth justice in general are unsatisfactory. Some have been deleted and those remaining do not convey a full picture of the quality of program outcomes.

7.26. During estimates hearings, it was suggested that the Government include a recidivism measure in future budgets for Quamby.¹⁰⁰ The Minister for Justice and Community Safety was amenable to this idea.¹⁰¹ While recidivism measures can be problematic with tracking and attribution problems, it is worth trying. The ACT has relatively small offender population. The provision of proper post-release support programs should limit the tracking problems. The addition of a recidivism measure could act as an incentive for Quamby to produce positive outcomes as well as providing information for MLAs through performance documentation.

Recommendation 30

7.27. The committee recommends that a recidivism measure be added under Youth Justice to measure the recidivism of young people in Quamby and other youth justice programs.

Cost of ACT prisoners in NSW

7.28. The committee sought an explanation for the variation in the amount paid by the ACT Government to the NSW Government and the average cost per prisoner day for NSW prisoners, as reported by the NSW Department of Corrective Services in its annual report.¹⁰² The Minister for Justice and Community Safety explained that the additional amount could be attributed to a payment for a proportion of corporate overhead costs which is added to the accrued prisoner costs.¹⁰³

¹⁰⁰ *ibid*, p 636.

¹⁰¹ *ibid*, p 637.

¹⁰² Uncorrected Proof Transcript, 2 June 2000, p 628.

¹⁰³ Minister for Justice and Community Safety, Response to Question on Notice, dated 8 June 2000.

Law Society Statutory Trust Account

7.29. The committee questioned the Attorney General and officials at length about the process and outcomes relating to funding allocations for legal aid services provided by the Law Society's Statutory Trust Account.

7.30. The Attorney General argued that this issue is unrelated to the budget and falls outside the terms of reference of the committee.¹⁰⁴ The committee disagrees as the issue is about the quality of policy advice provided by the Department which is Output Class 1:1 of Budget Paper 4.¹⁰⁵

7.31. Under the *Legal Practitioner's Act* the Law Society's funding recommendations must be approved by the Attorney General before they can be paid. The Attorney General has not approved the Law Society's recommendations. The table below shows that to date, \$69,916 of legal aid funding for the 1998/99 Round of Grants which the Law Society recommended be directed to the community based legal services remains unallocated while the Attorney General continues to argue it should go the ACT Legal Aid Commission.

¹⁰⁴ Attorney General, correspondence, dated 26 June 2000.

¹⁰⁵ Budget Paper 4, p219.

Table: Funding Recommendations for Funds from Law Society Statutory Trust Account

Service	Actual Funding from Law Society for 1997/98 Grant	Funding Recommended by Law Society for 1998/99 Grant (October 1999)	Funding Approved by Attorney General for 1998/99 Grant (27 April 2000)	Law Society Funding Revised Recommendations for 1998/99 Grant (June 2000)	Unallocated funding as at 20 June 2000
Women's Legal Service	\$8,000	\$47,812	\$8,144	Information not provided by Attorney-General	
Welfare Rights and Tenancy Legal Service	\$87,000	\$95,824	\$88,566	Information not provided by the Attorney General	
Environmental Defender's Office	No grant sought	\$23,000	Nil		
ACT Legal Aid Commission	\$425,000	\$431,210	\$431,210		
Total unallocated funds as at 20 June 2000					\$69,916

7.32. In the 2000/01 budget, the ACT Legal Aid Commission has been allocated \$2.058million from the ACT Government and \$3.039million from the Commonwealth.¹⁰⁶ Community based legal services in the ACT such as the Women's Legal Centre and the Welfare Rights and Legal Centre receive no funding from the ACT Government and must rely on funding from the Commonwealth and from the Law Society Trust Account. The annual funding available from the Law Society Trust Account for the 1998/99 Round of grants is about \$600,000 per annum.¹⁰⁷

¹⁰⁶ Budget Paper No. 4, pp236-8.

¹⁰⁷ Attorney General, correspondence, dated 20 June 2000.

Timing

7.33. The committee is concerned about the length of time taken by the Attorney General to provide comments to the Law Society. (five months)¹⁰⁸ The Government has not provided an adequate explanation of why it took so long to provide a response to the Law Society. This is a clear example of a failure to achieve appropriate standards of timeliness in the provision of legal policy advice. It has created uncertainty in the community sector and presumably had an adverse effect on strategic planning in these services.

What is in the community's best interests?

7.34. The committee also questions whether the Attorney General's decision to reject some of the Law Society's recommendations is in the best interests of the ACT community. It does not appear to be consistent with the Government's rhetoric about building social capital.

7.35. The Government justified its decision to over-rule the Law Society's original funding recommendations on the basis that this funding should be directed to the ACT Legal Aid Commission instead, as it would be more cost-effective and better targeted.¹⁰⁹ Officials also advised that it is departmental policy to concentrate legal aid funding in the ACT Legal Aid Commission, rather than fracture scarce resources to a number of community-based legal services.¹¹⁰

7.36. The Government is correct to view cost-effectiveness as a key criterion when allocating scarce legal aid funding. However community-based legal services provide other benefits to the community such as alternative expert legal views on legal matters¹¹¹ (for example to Assembly committees) which may challenge departmental and Government views. In addition, these services may achieve a level of specialisation and expertise not available in the ACT Legal Aid Commission.

7.37. The Law Society in considering each application 'assesses it against specific eligibility and assessment criteria published by the Society'¹¹² yet the Attorney General has over-ruled their recommendations apparently on the basis that as much funding as possible should be directed to the Legal Aid Commission. The Government's policy appears to be too narrow. It does not value alternative legal

¹⁰⁸ The Minister for Justice and Community Safety declined to answer a question about how long the Department and the Minister took to provide written comments to the Law Society on its funding recommendations as he claimed he had already answered it in the Assembly and it was on Hansard. (Uncorrected Proof Transcript, 2 June 2000, p 609) The committee could not find any record of this but did find a reference in papers provided to the Standing Committee on Justice and Community Safety's draft budget process where the Government admitted it received the Law Society's recommendation in October 1999 and provided the Minister's comments in February 2000. The Attorney General later admitted 'I may have unintentionally confused the committee by referring to Assembly proceedings rather than to proceedings of the Standing Committee on Justice and Community Safety'. (Letter from Attorney General 20 June 2000)

¹⁰⁹ Uncorrected Proof Transcript, 2 June 2000, pp 605-616.

¹¹⁰ *ibid.*

¹¹¹ For example criminal injuries compensation legislation and abortion legislation.

¹¹² Letter from Attorney General 20 June 2000

voices, diversity and specialisation, nor does it recognise the 'social capital' value of community-based legal services.

7.38. The committee would like to see the Attorney General review the current policy and base future decisions on Law Society legal aid funding on transparent criteria, which reflect broad community interests and are not limited to cost-effectiveness.

Perception of conflict of interest

7.39. The senior policy officer advising the Government on legal aid policy/funding and fair trade issues is also the Commissioner for Fair Trading and the department's representative on the Legal Aid Commission. When questioned, officials defended this as a good use of scarce resources which enhances coordination in a small agency.¹¹³ The committee has concerns that such an arrangement could result in a perception of a conflict of interest thus undermining the credibility of the Department's policy advice on legal funding issues.

7.40. The departmental brief which recommended over-ruling the Law Society's recommendations noted:

Since the Legal Aid Commission's funding application was made in April 1999 the Commission's budget has come under increasing strain. In particular it has suffered a cut of \$100,000 in government funding and has had increased costs in relation to a number of expensive criminal law cases. Had these factors been apparent at the time, the Commission may have sought additional funding.¹¹⁴

7.41. The department's interest in maximising non-budget sources of funding for the ACT Legal Aid Commission and possible interest in not wishing to promote alternative legal voices which may challenge its policy positions must be considered. The committee remains concerned that while the departmental interest is different to the interests of community based legal services and perhaps to that of the broader community interest, the quality of policy advice on legal funding issues is open to question..The development of a transparent list of criteria (reflecting the broad community interest) is needed to guide decision-making on legal aid funding.

Practical outcomes

7.42. The funding originally recommended for community-based services but over-ruled by the Attorney General (\$69,916) has still not been allocated, some nine months after the original Law Society recommendations. This is not a good outcome for any providers of legal services in the ACT, including the Legal Aid Commission, and not a good outcome for the ACT community.

¹¹³ Uncorrected Proof Transcript, 2 June 2000, p 614.

¹¹⁴ Attorney General, Correspondence, 20 June 2000.

7.43. The Attorney General advised the committee he would consider a further round of funding grants.¹¹⁵ The Law Society has made new recommendations to the Attorney General which are 'presently being examined'.¹¹⁶ The Attorney General did not provide a copy of the Law Society's most recent recommendations despite being asked by the committee in a Question on Notice.¹¹⁷ The committee found the Attorney General's failure to provide all the relevant Law Society responses unhelpful as was his failure to answer questions on notice about what would happen if he and the Law Society failed to agree on where the funding should be directed after the 'second round'.

Recommendation 31

7.44. The committee recommends that the Attorney General:

- (i) review the policy guiding Law Society Statutory Trust Account funding decisions to ensure it encompasses a broader view of the community interest and recognises the 'social capital' value of community based legal services;**
- (ii) devise a list of criteria for assessing Law Society Statutory Trust Account recommendations which reflects the broad community interest and recognises the benefits of having a diversity of legal aid service providers; and**
- (iii) improve the transparency of the decision-making process by tabling the list, mentioned in (ii), and tabling future Government responses to Law Society legal aid funding recommendations, including the reasons for any rejection of recommendations, in the ACT Legislative Assembly.**

Care Inc. Consumer Credit Legal Service

7.45. Since 1995 until now, Care's legal service has been funded by penalties imposed on credit providers but this funding source no longer exists due to legislative changes. Their funding has now dried up and the service will not be able to continue in the 2000/01 financial year.

7.46. Care provided a written submission and appeared before the committee to argue in favour of the Government funding a consumer credit legal service for low-income consumers. Care also expressed their dissatisfaction with their treatment in the draft budget process. They claimed the Government had misrepresented a

¹¹⁵ Attorney General, correspondence, dated 20 June 2000.

¹¹⁶ *ibid.*

¹¹⁷ Attorney General, correspondence, dated 15 June 2000, 20 June 2000 and 23 June 2000.

number of matters relating to Care's services¹¹⁸, and that there was no process for Care to correct the record.¹¹⁹

7.47. Care provided evidence of the need for a specialist consumer credit legal service for low-income consumers.¹²⁰ Care noted that the Australian Banking Ombudsman had supported the need for the service they provide.¹²¹ Care stated that the return of the ACT Government's investment in Care's legal service is between 2:1 and 5:1.¹²²

7.48. The Government claimed that services such as the Legal Aid Commission, the Welfare Rights Centre and the Salvation Army will fill the gap now that Care is no longer funded to provide legal services to low income clients. The committee is not convinced by the Government's position, particularly as the Welfare Rights and Legal Service has stated in a submission to the committee:

Care and the Welfare Rights and Legal Service work together effectively and complement each others' services but we do not possess the resources to carry out each others' functions.¹²³

The work of the Consumer Credit Legal Service is far broader than the restricted service which we have undertaken to provide.¹²⁴

7.49. The Government's argument that there is no spare money for this service is not substantiated when they can find an additional \$8.2million for police services and \$1.3 million for a crime prevention program. Care's legal service would need about \$80,000 per annum to continue. Care stated:

Regardless of the way Care has been treated, there is one critical issue which must remain paramount. Low to moderate income consumers in the ACT will not have access to consumer credit legal service beyond 30 June 2000. This not only represents a significant diminution in fundamental consumer protection, it will seriously deplete the basic network of services in the ACT which is supposed to ensure access to justice for all.¹²⁵

7.50. The committee is concerned the Government may be squandering the specialisation and expertise built through this service without having done a rigorous assessment of the costs and benefits of discontinuing the funding.

¹¹⁸ Care, Submission

¹¹⁹ Uncorrected Proof Transcript, 15 June 2000, p700.

¹²⁰ Uncorrected Proof Transcript, 15 June 2000, pp 693-701.

¹²¹ Care, Submission.

¹²² Uncorrected Proof Transcript, 15 June 2000, pp 693-701.

¹²³ Welfare Rights and Legal Service, Submission.

¹²⁴ *ibid.*

¹²⁵ Care, Submission.

Recommendation 32

7.51. The committee recommends that the Government:

- (i) commission an independent needs assessment of the need for legal advice service for low income earners;**
- (ii) provide interim funding for Care's legal service pending the outcome of a needs assessment; and**
- (iii) if there is a demonstrated need, allocate funding for such a service on a competitive tendering basis.**

Drug treatment services and the criminal justice system

7.52. The committee sought information on unmet need for services for people with substance abuse problems who were caught in the criminal justice system.¹²⁶ The Director of Public Prosecutions (DPP) drew attention to the need for youth facilities, facilities that will take people directly from custody when bail is refused, and residential rehabilitation facilities which will take people using methadone.¹²⁷ The DPP also drew the committee's attention to a recent evaluation of the NSW Drug Court.¹²⁸

7.53. The committee notes the lack of youth detoxification facilities was identified as a problem by others and is discussed in the Health and Community Care section.

7.54. The committee would like to see the ACT Government conduct a study of how the ACT's drug treatment services fits with the criminal justice system. This work will assist in the planning of the new prison facility.

Recommendation 33

7.55. The committee recommends that the Government conduct or commission an evidence - based evaluation of how well the ACT's drug treatment services meet the needs of the criminal justice system to include an assessment of any unmet need and how co-ordination between the two systems could be improved.

¹²⁶ Uncorrected Proof Transcript, 2 June 2000, p 646.

¹²⁷ *ibid.*

¹²⁸ NSW Bureau of Crime Statistics (K Freeman, R Karski and P Doak) *New South Wales Drug Court Evaluation: Program and Participant Profiles*, April 2000.

ACT Magistrates Court

7.56. The DPP informed the committee that the case management process at the ACT Magistrates Court had been 'stunningly successful' and there had been improvements in statements of facts provided by the police at an early stage. He estimated that there was now 10% more pleas of guilty achieved at an earlier stage because of statements of facts and upwards of 50% of early pleas of guilty achieved through case management hearing both of which put less pressure on hearing dates. The committee welcomes this improvement.

Planning for the ACT prison

7.57. There was some discussion about the information obtained by the ACT Government on the costs of public prisons. The Minister admitted he supported the concept of a private prison. In response to questioning he admitted he did not know if his department had requested information on the costs of running public prisons from the various state government around Australia. The Minister admitted his department had obtained information on the costs of running private prisons but not public prisons:

Because we have figures on those private prisons. We do not have individual figures on public prisons in Australia.¹²⁹

7.58. The Government appears to have settled on a preference for a private prison prematurely, without seeking comparative cost information on public prisons. The Government's position is they will only know the costs when these are revealed in the competitive tendering process. Once this stage is reached, however, it may be too late for the 'public prison' option to be implemented.

7.59. The committee suspects the Government's preference for a private prison is based on ideological reasons rather than evidence of comparative costs.

Recommendation 34

7.60. The committee recommends that the Government:

- (i) write to all Australian state and territory governments requesting information on the costs of financing, owning and operating 'public' prisons in their jurisdictions; and**
- (ii) where these governments have chosen public financing and/or ownership of prisons, seek an explanation for this decision.**

7.61. The committee is concerned that costing decisions regarding 'private' versus 'public' financing, ownership and operation of the prison project are narrowly-based.

¹²⁹ Uncorrected Proof Transcript, 2 June 2000, p 623.

The Government claims that the best way to progress is obtain information from private operators in the competitive tendering process before developing a costing of public financing or ownership. It is highly dubious to follow this path. The committee suggests that the Government is capable of providing a costing of the job using established cost forecasting personnel in the Department of Treasury and Infrastructure.

Recommendation 35

7.62. The committee recommends that the Treasurer presents to the Assembly the financial case that supports his apparent opinion that it would be more economic for an ACT prison to be financed, owned and operated by the private sector.

7.63. The committee is concerned there may be probity issues if the ACT Government decided to publicly finance, own or manage the ACT prison facility after it had received commercial-in-confidence material from private prison operators as part of the competitive tendering process.

Recommendation 36

7.64. The committee recommends that the Government (with input from the prison probity auditor):

- (i) write a report canvassing any probity issues associated with any Government decision to 'publicly' finance, own and/or operate the proposed ACT prison facility after the competitive tendering process;and**
- (ii) table the report in the Assembly by the last sitting day in November 2000.**

Victims Services Scheme

7.65. This service has been allocated \$1.143 million in 1999/00. The estimated expenditure in the 1999/00 financial year was only \$200,000 even though an interim service was established half way through the financial year.¹³⁰ Officials explained this was because the interim service does not include the infrastructure expected in a permanent service (such as the cost of establishing data bases) and because it is only a new service the numbers are slowly building up.¹³¹

¹³⁰ Budget Paper No 4, p 226.

¹³¹ Uncorrected Proof Transcript, 2 June 2000, p 623.

7.66. The Government, in its submissions to the Standing Committee on Justice and Community Safety, claimed the service would not just be a counselling service and that it would increase access and equity to victims of crime. Because the Government placed a great deal of emphasis on the significance of the service as a replacement for direct financial compensation payments the committee will monitor the efficacy and cost-effectiveness of the service closely over the coming years.

Beat police

7.67. The Budget allocates \$528,000 for beat police. This funds six officers starting in the second half of the financial year. The committee questioned officials on the apparent discrepancy between the Budget's costing (\$528,000) and the costing for beat police provided to the Standing Committee on Justice and Community Safety in the draft budget inquiry (\$1.547million in the first year and \$1.279million in future years).

7.68. The committee ascertained that the draft budget costing assumed seven constables and two sergeants, backfill costs, provision of motorcycles and costs for the establishment and maintenance of nine shopfronts whereas the Budget costing assumes the officers will be based in existing stations, use current resources in those stations and will not be backfilled.¹³²

7.69. The committee considers it is the role and function of AFP management to make decisions about how and where police resources should be deployed.

7.70. The committee notes there are diverse views about whether the implementation of a beat police program is the most appropriate use of limited police resources. The committee is concerned that this proposal has not been the subject of sufficiently rigorous, empirically-based analysis.

Recommendation 37

7.71. The committee recommends that the Government provide the Assembly with a detailed rigorous justification for its beat police proposal before implementing it.

¹³² Minister for Justice and Community Safety, Response to Question on Notice, dated 8 June 2000.

8. DEPARTMENT OF URBAN SERVICES

PALM

8.1. The committee holds some concerns about the way that PALM is being financed and managed.

8.2. The committee notes that the percentage of development applications assessed within statutory timeframes is static at 85% for single dwelling applications and 75% for other development applications.¹³³ The executive director of PALM considers that these timeframes compare well with some other large local government areas in NSW and the Minister stated that 'at this stage in the life of PALM they are acceptable'.¹³⁴

8.3. The committee is concerned that the targets are static. If PALM is improving its efficiency to the extent indicated by the Minister at the public hearings, then it is reasonable to aim for a gradual improvement in processing times. This would provide proof to the government's claim of greater efficiency and effectiveness.

8.4. Budget Paper No.4 shows a reduction of 11% in government payment for PALM's outputs in 2000-01.¹³⁵ Further, the government expects to reduce its injection for PALM's operating requirements in the coming year from \$1.95m to \$0.5m (a 74% reduction).¹³⁶

8.5. There are a number of reasons for the reductions but a key one is the effort by PALM to 'streamline' its activities in line with the recent Ernst and Young Review. Officials estimate that this accounts for about \$1.1m of the reduced expenditure.¹³⁷ In terms of staffing, PALM expects to lose three staff during 2000-01.¹³⁸

8.6. More detailed information on the 'streamlining' came after the public hearings, with the department stating that the 'funding reductions... can be achieved largely through further system and process reforms, selective restructuring of teams across PALM, allocating priorities and staging the longer term work program, discontinuing functions which are not priority or core business (or delivering them differently) and targeted efficiencies in corporate cost such as IT and accommodation'.¹³⁹

8.7. The reduction in PALM's funding and staffing appears to be completely at odds with recommendations of the Standing Committee on Planning and Urban Services over recent years. The reports of this committee have regularly drawn attention to the increased workload of PALM that follows the introduction of the

¹³³ Budget Paper No 4, p 172.

¹³⁴ Uncorrected Proof Transcript, 1 June 2000, pp 433 – 434.

¹³⁵ Budget Paper No 4, p 170.

¹³⁶ *ibid.*

¹³⁷ Uncorrected Proof Transcript, 1 June 2000, p 425.

¹³⁸ Ownership Agreement p 28.

¹³⁹ Minister for Urban Services, Response to Question on Notice, dated 13 June 2000.

section master planning process and other pressures upon PALM to consult more widely and more frequently (often at an earlier stage of the planning/development process).

8.8. In this regard, the committee notes the Minister's comment that 17 section master plans have been prepared to date, and 'another dozen are in the development stage'. In addition, PALM is developing master plans for Lake Ginninderra, Lake Tuggeranong Foreshore, and the Belconnen Town Centre.¹⁴⁰

8.9. All of this activity is placing great strain upon PALM's resources. It appears to the committee that there is a need for increased funding for PALM rather than a reduction – and for retention of existing staff numbers, if not an increase in staff.

8.10. The planned reductions threaten to further undermine the capacity of PALM to operate as an effective planning authority.

Recommendation 38

8.11. The committee recommends that the further staff reductions proposed for PALM not proceed, and that the government provide increased resources – rather than less – for PALM in order to ensure that it is able to meet its statutory obligations with respect to development approvals and Territory planning.

ACT Housing

8.12. The committee notes the proposed allocation of \$50,000 by ACT Housing to ACT Care 'to provide, at arm's length, counselling advice to tenants who have got themselves into debt, because not everybody feels comfortable in talking to ACT Housing'.¹⁴¹ The committee understands the need for such a counselling service.

8.13. However, the committee is concerned that CARE's funding has been cut and yet there is no other agency able to provide the resources or expertise which CARE has provided in the past. This means that a serious gap is appearing in the service available to Housing tenants in financial difficulties.

8.14. The committee notes that the Minister responsible for CARE's funding is the Treasurer. It appears to be imperative that the Minister for Urban Services (responsible for ACT Housing) liaise closely with the Treasurer to ensure that sufficient funds are maintained to provide financial counselling to tenants in financial trouble.

8.15. The committee draws attention to Recommendation 32 outlined earlier in this report.

¹⁴⁰ Uncorrected Proof Transcript, 1 June 2000, p 418.

¹⁴¹ Uncorrected Proof Transcript, 16 June 2000, p 822.

Tenancy issues in shopping malls

8.16. The committee asked the Minister whether efforts are being made to provide a greater balance in the relationship between commercial tenants and the landlords of large shopping complexes. This follows concern by some tenants that they lack a reasonable degree of control of the premises in which they operate, as well as of the revenues they generate. Although the Minister stated that the government is not currently considering this issue, the committee is aware that draft legislation is being circulated at the present time.¹⁴²

8.17. It appears to members of this committee that the government should investigate how to improve the relationship of tenants and landlords of large shopping centres.

Minister's informal meeting with the Joint Standing Committee on the National Capital

8.18. The Minister was asked about his recent informal meeting with members of the Joint Standing Committee on the National Capital. He stated that the meeting, which took place on 10 May 2000, was instigated by that committee for the purpose of discussing parking problems at Canberra Airport and general issues about which government 'controls what and how it is controlled'. The Minister, who was accompanied by the executive director of PALM, stated that no records (on the ACT side) were kept of the meeting.¹⁴³

8.19. The committee finds it unusual that a meeting of Commonwealth and ACT members should take place in such an informal setting and with no record kept by the ACT's representatives.

8.20. In the future, it would seem courteous and useful to advise the Assembly of such a meeting; at the very least, the relevant portfolio committee (in this case, the Standing Committee on Planning and Urban Services) should be told of the meeting and the thrust of what was discussed.

Recommendation 39

8.21. The committee recommends that, in future, the Minister for Urban Services advise the relevant Assembly committee of the nature and outcome of discussions with that committee's counterpart in the federal parliament and that a record of the discussions be maintained by the ACT's representatives.

¹⁴² Uncorrected Proof Transcript, 1 June 2000, p 438.

¹⁴³ Uncorrected Proof Transcript, 1 June 2000, p 423.

Capital works for roads

8.22. The committee notes the large capital works program on roads. The committee considers the Minister's claim that the size and nature of the roadworks flows from the Commonwealth's decision to duplicate the Barton Highway is ludicrous, given that the road works includes significant works in Tuggeranong.¹⁴⁴

8.23. The committee considers that the proposed roadworks should have appeared in the draft budget considered by the portfolio committees in February 2000. It is simply impossible to believe that circumstances have changed so greatly since that time as to enable the government to 'discover' millions of dollars for the quaintly-called 'Traffic congestion and road safety improvement program'.¹⁴⁵

8.24. In relation to the actual selection of roads, members of the relevant portfolio committee [the Standing Committee on Planning and Urban Services] would have liked the opportunity to comment at the draft budget stage.

8.25. This committee is also concerned about the government's intention to construct some of the roadworks in stages, such as is now happening in relation to the duplication of part of Gungahlin Drive. This appears to be poor planning. It certainly annoys road users who have to face delays on what is sometimes a newly completed road (such as Gungahlin Drive) while the additional roadworks are constructed.

8.26. The committee received a detailed written and oral submission in relation to the proposed expenditure on Gungahlin Drive extension. Representatives of O'Connor Ridge Park Care Group and the 'Save the Ridge' organisation expressed their concern at the government's preferred route, as well as their concern about the dominance of roads expenditure in the forward capital works program.¹⁴⁶

8.27. The committee notes that the Budget papers state that the Gungahlin Drive extension involves 'four lanes plus tunnels'.¹⁴⁷ Subsequent advice by the department was to the following effect.

There are three tunnels included in the estimated \$32m cost (at current prices) for the full development of Gungahlin Drive. The first of these was included in the \$25.8m estimated cost of the route (in 1997 prices). It is essential for traffic northbound on Barry Drive to access Gungahlin Drive extension and therefore will travel under Barry Drive near the old O'Connor works depot between Barry Drive and Belconnen Way.

Two other tunnels, which are best described as fauna overpasses, are being considered. One of these is proposed across the four-lane section of the preferred option between the O'Connor Hills and Bruce Ridge, while the other is proposed over the two-lane section of the link from east of the Australian Institute of Sport to Belconnen Way at Caswell Drive. This latter fauna overpass would link the bushland

¹⁴⁴ Uncorrected Proof Transcript, 1 June 2000, p 455, and Budget Paper No 3, p 133 (summary of 2000-2001 construction projects).

¹⁴⁵ Budget Paper No 3, p 126.

¹⁴⁶ Uncorrected Proof Transcript, 15 June 2000, pp 707 – 715.

¹⁴⁷ Budget Paper No 3, p 126.

in the area bounded by Calvary Hospital, the Canberra Institute of TAFE and Bruce Stadium.¹⁴⁸

8.28. The committee notes that work on the fauna overpasses was commissioned by PALM only in May 2000, following concerns expressed by witnesses at public hearings of the Standing Committee on Planning and Urban Services. As that committee is currently inquiring into the Gungahlin Drive extension, this committee refrains from making a comment about the desirability or otherwise of the government's proposal for the three tunnels.

The draft budget process

8.29. The committee's comment above (in relation to the lack of any indication in the draft budget papers of the significant extra expenditure on roads that appears in the final Budget papers) is a further example of the inappropriateness of the draft budget process. This matter is commented on elsewhere in this report.

Funding for maintenance of roads

8.30. The committee is pleased that, in relation to boosting expenditure on maintaining the ACT's roads asset, past recommendations of the Standing Committee on Planning and Urban Services (and its predecessors in past Assemblies) have finally been taken up. DUS officials told the committee that 'there had been some under-investment over many years and [the proposed allocation in this year's Budget] is bringing us back on track.'¹⁴⁹

Priority measures for public transport

8.31. The committee is concerned about the lack of planning of measures to make public transport a priority on existing roads. This includes transit lanes and installation of transponders on buses to enable them to 'trip' traffic lights to allow them to travel more freely along crowded roads. The government should be devoting attention to this issue.

8.32. The committee appreciates the concern expressed by ACTCOSS that increased spending on roads may 'detract from the promotion and usage of public transport... We have just seen prices rise for public transport and one of the big concerns is that discretionary users of public transport may decide it is easier to use the car... [and hence] use public transport less, then ACTION may decide to reduce the services...'¹⁵⁰

Recommendation 40

8.33. The committee recommends that the government provide detailed information on the efficacy of greater funding for roads as compared to the provision of improved public transport, and further, that the

¹⁴⁸ Minister of Urban Services, Response to Question on Notice, dated 9 June 2000.

¹⁴⁹ Uncorrected Proof Transcript, 16 June 2000, p 775.

¹⁵⁰ Uncorrected Proof Transcript, 15 June 2000, p 686.

government establish a strategy for the provision of public transport priority measures.

Environment ACT

8.34. Members of the committee were critical of the lack of detail in the performance measures for nature conservation and land management. The Minister and officials provided more detail in response to a request by the committee and this information enabled members to compare performance measures in 1999-00 and 2000-01.

8.35. Officials advised the committee that the staff of Environment ACT is not expected to fall over the next four years¹⁵¹ and that, in their view, Environment ACT can accommodate a salary increase slightly larger than that budgeted for across DUS, which is an increase of 1.3% for salaries and 2.5% for CPI increases. The executive director of Environment ACT stated that his organisation can accommodate a 2% increase without further staff reductions.¹⁵²

8.36. The committee is conscious of recent reports of the Standing Committee on Planning and Urban Services which have drawn attention to the need for increased staff resources for Environment ACT, eg. to maintain and protect the important reserves of Canberra Nature Park and of Tidbinbilla. The committee notes that one extra staff has been added to the ranger resources for Canberra Nature Park¹⁵³ but considers this is insufficient to address the concerns expressed in those reports of the Planning and Urban Services committee.

8.37. The committee was told that, when account is taken of all relevant factors, it is the government's view that funding for Environment ACT has increased (in real terms) over recent years.¹⁵⁴ More detailed information to this effect was provided in answer to a question on notice.

8.38. Despite this information, the committee remains of the view that it is difficult to determine the exact impact of changes in Budget allocations on the provision of environment and nature conservation services in the Territory. The committee considers it is likely that actual operational funding for these services has decreased over time. The committee considers that further and more detailed information is required in order to properly understand the impact of funding measures on Environment ACT.

Recommendation 41

8.39. The committee recommends that the Standing Committee on Planning and Urban Services undertake a detailed inquiry into the

¹⁵¹ Ownership Agreement p 28.

¹⁵² Uncorrected Proof Transcript, 1 June 2000, p 534.

¹⁵³ Uncorrected Proof Transcript, 1 June 2000, p 537.

¹⁵⁴ Uncorrected Proof Transcript, 1 June 2000, p 535.

adequacy of funding for the provision of environment and nature conservation services in the ACT, in order that the Assembly can fully understand the Budget approach adopted by the government in this area.

Number and health of Canberra's trees

8.40. The committee notes the department's estimate of approximately 590,560 trees in urban parks and on street verges. While the trees are not sorted by species, the number of trees in particular streets, parks and elsewhere is known.¹⁵⁵ This is a first step in calculating the size of Canberra's tree asset, which is fundamentally important to the character of the city.

8.41. The committee notes that the department is moving on to assess the age of the tree stock. Further, the committee welcomes the Minister's willingness to examine measures of tree health for inclusion in future budget papers.¹⁵⁶

8.42. This kind of activity is vital if the ACT is to derive accurate specifications for the maintenance work that needs to be done to ensure the tree asset is preserved into the future. The committee looks forward to the time when accurate assessment of the level of funding required to maintain our trees is possible and widely used.

Readability of the Budget Papers

8.43. The need to request more detailed information on the output class dealing with nature conservation and land management illustrates the point made by the Conservation Council when it appeared before the committee, which is that readers of the Budget Papers would find the documents far more readable if explanatory notes accompanied the operating statements and output tables. The Conservation Council considers that 'the absence of [this information] reduces the transparency of the Budget and through that the government's accountability'.¹⁵⁷

¹⁵⁵ Budget Paper No 4, p 151.

¹⁵⁶ Uncorrected Proof Transcript, 16 June 2000, p 793.

¹⁵⁷ Uncorrected Proof Transcript, 15 June 2000, p 741.

8.44. The committee has the benefit of scrutinising all the various Budget documents at the one time but, even so, members find it very difficult to obtain a clear understanding of the essential points. During the estimates process, members move with some difficulty from BP3 to BP4 to the various Ownership and Purchase Agreements. The committee understands that the information in BP4 needs to be 'auditable' and that this partly accounts for the conciseness and nature of the figures. But there remains a need to improve the readability of the Budget Papers.

Simon Corbell MLA

Chair

**ATTACHMENT A – DEPARTMENT OF HEALTH AND
COMMUNITY CARE – GROWTH IN NEEDS INITIATIVE**

ATTACHMENT B - DEPARTMENTS EXAMINED AT PUBLIC HEARINGS

MONDAY 29 MAY 2000

Department of the Treasury and Infrastructure

TUESDAY 30 MAY 2000

Department of the Treasury and Infrastructure

Department of Education

WEDNESDAY 31 MAY 2000

Department of Health and Community Care

ACT Legislative Assembly

THURSDAY 1 JUNE 2000

Department of Urban Services

ACT Auditor-General

Chief Minister's Department

FRIDAY 2 JUNE 2000

Department of Justice and Community Safety

THURSDAY 15 JUNE 2000

Community representatives

FRIDAY 16 JUNE 2000

Department of Urban Services

ATTACHMENT C - COMMUNITY ORGANISATIONS AND INDIVIDUALS APPEARING AT PUBLIC HEARINGS

Care Inc Consumer Credit Legal Service

ACTCOSS

Canberra Blind Society

Downs Syndrome Association

Aboriginal Justice Advisory Committee

Health Care Consumers Association of the ACT

Catholic Education Commission

O'Connor Ridge Parkcare Group

ACROD

ATTACHMENT D - SUBMISSIONS RECEIVED

ACTCOSS

ACT Downs Syndrome Association

Australian Education Union ACT Branch

Australian Nurses Federation ACT Branch

Canberra Blind Society

Charles Conder Primary School Board

Conservation Council of the SE Region & Canberra

Health Care Consumers Association ACT

North Canberra Community Council

O'Connor Ridge Parkcare Group/Save the Ridge Group – joint submission

DAVE RUGENDYKE MLA DISSENT AND ADDITIONAL COMMENTS

I wish to present formal dissents and additional comments to certain recommendations of this report.

My dissenting remarks are as follows:

Recommendation 1

I support the draft Budget process and believe it can be refined to enhance future Budgets. The committee report fails to mention the strong support voiced by community representatives, especially ACTCOSS, for having the opportunity to have input at the front end of the Budget process.

A case in point was my Beat Police proposal, which was presented to the Justice and Community Safety Committee, endorsed in draft Budget recommendations and subsequently incorporated in the final Budget. This demonstrated how positive ideas from outside Government could be implemented through this process.

If there was a genuine spirit of cooperation from members the draft Budget process could be a meaningful addition to local government. It would be negative to abandon the idea after one attempt and without giving the process a reasonable opportunity to work.

Recommendation 37

I fully endorse the Beat Police proposal and call on the Government to adopt it in the spirit of the original submission with police strategically placed and based in the suburbs.

The Justice and Community Safety Committee assessed the proposal and recommended that "the ACT government allocate additional funds in the 2000/01 budget and future budgets for the establishment of a beat police program".

The Government acted on this recommendation and should now be allowed to proceed with the implementation.

An assessment was completed on the Country Town Policing trial in the mid-90s. Chief police officer Bill Stoll informed the committee in the public hearings that the evaluation, by Frank Small and

Associates, provided feedback from the community that was very positive. In short, the community satisfaction levels and perceptions of the ACT police service were higher in the areas subject to the trial. Visibility of police activities was higher in the trial areas and fear of crime while walking or jogging at night (an international fear of crime indicator) was lower in the experimentation suburbs.

Another major plus in the trial was the crime intelligence gathered by Country Town constables being hugely beneficial to task force operations and other crime investigations. The Beat Police program would be able to play a similar role in helping combat the explosion of home burglaries and theft in the ACT.

The major problem with AFP operations is the lack of police on the beat and the aim of the proposal is to increase police visibility and accessibility in our neighbourhoods. The Estimates Committee recommendation does not encourage this outcome and is merely a demonstration of regressive stalling and negativity.

Additional comments

Apart from the above dissenting remarks, I also submit the following additional comments.

I would like to place on the record that I will not be supporting a Budget that contains funding for a heroin shooting gallery. I was part of the Health and Community Care Committee which recommended redirecting shooting gallery funding to drug education during the draft Budget process.

I have not altered this position and have strengthened my resolve based on evidence heard by the Estimates Committee. Recommendations 21 and 33 both relate to addressing gaps in fundamental treatment and detoxification services.

Health Minister Michael Moore has been so preoccupied with his shooting gallery obsession that the basic services have been neglected. Presently the ACT does not have adequate counselling and we do not have adequate education programs.

The explosion of drug problems in the ACT has occurred in an environment which has been under the harm minimisation banner. There are insufficient resources placed in harm prevention objectives and this requires urgent correction.

Dave Rugendyke MLA

Independent Member for Ginninderra

HAROLD HIRD MLA - DISSENT

FROM THE REPORT OF

THE SELECT COMMITTEE ON ESTIMATES ON

THE 2000 - 2001 APPROPRIATION BILL

I wish to record my dissent from the following paragraphs of the report.

Harold Hird MLA

DISSENT BY HAROLD HIRD MLA

FROM THE REPORT OF THE

SELECT COMMITTEE ON ESTIMATES 2000-2001

I wish to record my dissent from the report.

I ask members of this Assembly to note that I sought to have my views incorporated into the body of the report but my contributions were flatly rejected. No attempt was

made by the committee to take my views into account. Hence I have no option but to record my dissent.

DRAFT BUDGET (2.1-2.9)

I disagree with the committee's political slant on the reasons for the draft budget and its processes. Contrary to what the committee report says, the truth is that the Government did **not** seek "to draw the broader Assembly into the preparation of the budget". Indeed, it was the Assembly's own resolution – acting on the recommendation of the Select Committee on Governance – which **required** the government to include Assembly members in the preparation of the budget!

For this reason it was hypocritical of the other committee members to refuse to include in their report a paragraph proposed by me that at least the committee should acknowledge that several members of the Assembly wanted to have a greater role in the formulation of the budget.

What is clear is that Labor does not want to give members of the Assembly any role in the formulation of the budget. Labor wants to avoid making any useful contribution – all they want is to complain and oppose. They very effectively give the impression that doing something useful or taking responsibility is totally foreign to them.

I dissent from the committee's observation "that the draft budget process was fundamentally flawed in that consultation ... was virtually irrelevant". Labor members of the committee wanted to say that, regardless of evidence to the contrary. But the fact is that several community groups supported the process and said they appreciated the opportunity to have some input at an early stage in the formulation of the budget. ACTCOSS also voiced its support. So what is the value of Labor's empty assertion?

I therefore reject Recommendation 1 and note that another member of the committee (Mr Rugendyke) dissents from it.

SOCIAL CAPITAL (2.13-2.14)

I disagree that the committee shares concerns that some “fundamental issues of equity and community support have been left out of the ... social capital agenda”, and strongly dissent from the silly remark that “social capital is little more than a glib slogan”.

The fact is that social capital describes the government’s commitment to fostering strong relationships between people who know and trust each other, and who have shared interests and beliefs. These relationships are generated when people come together in families, at work, neighbourhoods, sporting, social religious and local organisations.

The government underpins this commitment in the budget. Social capital is all about fundamentally improving the well being of our community. But to refer to social capital as ‘glib’ is plainly wrong and just political cant. Indeed, the description is itself glib. I therefore believe the paragraph should have been deleted.

SUPERANNUATION PROVISION (2.28-2.31)

Having noted that the government is facing up to the funding of superannuation with a payment of \$300 million from ACTEW capital repatriation **and** that it has funded the annual emerging cost stream, the committee then seeks to criticise the government on the grounds that “*this [payment in the budget] will be the first payment towards the historical superannuation cost since the Carnell Government was elected*”.

The comment is churlish for failing to put into perspective the substantial progress already made. Moreover, it reflects gross economic ignorance on the part of the committee because it fails to recognise the absurdity of borrowing to pay any amounts greater than the emerging costs of superannuation whenever you are already borrowing to fund a budget deficit. It is only when you have a positive operating result that you can afford to devote funds to reducing that portion of the superannuation liability which is greater than the emerging cost.

The committee also selectively ignored the government’s eight year plan to fully fund the superannuation liabilities. The plan begins with payments of \$5 million in this budget, amounting to \$120 million across the forward years, as the first stage in this plan. When the liability reaches \$2.3 billion in 2017, the ability of the government of the day to continue to provide essential community services without being crippled by

large superannuation payouts will be due to responsible and far-sighted decisions taken in this budget. I informed the committee of this but, because that favourable scenario did not suit the committee's political agenda, the committee has chosen not to mention it. I therefore dissent from paragraphs 2.28-2.31.

Canberra a private sector town (2.37-2.39)

Labor members of the committee were clearly uncomfortable with the trend to private sector employment in Canberra.

They might well be. Since the Carnell government came to office, more than 13,000 jobs have been created. That growth contrasts with only new 7,900 jobs when Labor was in office between 1991 and 1995.

Most of the employment growth has been in the private sector. Today there are over 13,000 businesses in the ACT employing some 55% of the ACT's workforce.

Faced with the embarrassment of this compelling evidence, the Labor committee members sought to change the goal posts and commented that "it is disingenuous to claim private sector dominance based on employment data only."

So let's look at another indicator – private sector investment. In the March quarter 2000, private sector investment was 32% higher than in the same period the previous year. These data confirm the correctness of the government's business culture and make a mockery of the negative sentiments on the state of our economy expressed by the ACT Labor Party.

I did not dissent from Recommendation 6 – which invites the Treasurer to analyse the relative roles of the public and private sectors – because it provides another opportunity for the Treasurer to inform the Assembly of the government's outstanding record.

CTEC – GMC 400 V8 SUPERCAR RACE (4.1-4.5)

I informed the committee that its figures on the expenditure budget for the V8 Supercar race were wrong, but a majority of members refused to make the correction. For those members of the committee who are aware of the correct estimates to knowingly publish false data in their report reflects badly on the integrity and usefulness of committee.

Accordingly I disassociate myself from paragraph 4.1

SES packages – access to sports cars (4.7)

It is not true that all “committee members” disapprove of senior executives having sports cars as part of their salary packages. Whilst it is typical of Labor to deny its employees any goods and services which are not approved by the State, I and my colleagues believe in the principle of people being able to exercise choice. I therefore dissent from paragraph 4.7

HEALTH – GROWTH NEEDS FUNDING (6.1-6.7)

This part of the report reflects some of the committee members’ obsession with expenditure and inputs, as distinct from outputs and results. The purpose of outputs-based budgeting is that ministers and their agencies are funded to achieve specified results and should not be required in advance of the event to be tied into micro detail of expenditure to achieve those results. The appropriate time for accountability of expenditure is in detailed reports to the Assembly after the event.

Whilst not objecting to Recommendation 16 – calling for a formal statement of expenditure – I would remind members of the Assembly of the need to be flexible in order to meet the community’s changing needs most effectively. This is a basic tenet of the Financial Management Act.

Calls for increased funding (Recommendations 18, 22, 23, 24, 25, 28, 32 and 38.)

With no apparent thought to cost, the majority of the committee felt free to recommend increases in expenditure for:

- Nursing staff (18);
- The dental program (22);
- The Blind Society (23);
- The Down Syndrome Association (24);
- Disability Services (25);
- Accommodation for young indigenous offenders (28);
- Care Inc's legal service (32); and
- PALM (38).

Whilst individually each of these may be worthy causes, the committee failed to mention how they should be funded. This failure typifies the attitude endemic in the Labor Party and prevailing in the committee – that there was no sense of responsibility for implementing its recommendations. In the absence of proposals on how these recommendations should be funded, I am not prepared to support them.

Beat police (7.67-7.71)

I am concerned that Recommendation 37 – calling for a detailed, rigorous justification for the beat police proposal before implementing it – is only a ruse for delaying it. The need has been demonstrated and the initiative has been carefully considered, so the proposal should be implemented as soon as possible.

I have no objection to details of the proposal – and full accountability of its effectiveness – being provided to the Assembly, but I do not support the recommendation to delay its implementation.