

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 1998-99

APPROPRIATION BILL 1998-99

August 1998

RESOLUTION OF APPOINTMENT

On 26 May 1998 the ACT Legislative Assembly resolved that:

- (1) a Select Committee on Estimates 1998-99 be appointed to examine the expenditure proposals contained in the Appropriation Bill 1998-99 and any revenue estimates proposed by the Government in the 1998 Budget and the Annual and Financial Reports for the financial year 1997- 98;
- (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 or the ACT Greens; to be notified in writing to the Speaker by 10.00-am on Thursday, 28 May 1998;
- (3) the Committee report by 25 August 1998 in respect of the Appropriation Bill 1998-99 and by 24 November 1998 in respect of the Annual and Financial Reports for the 1997-98 financial year;
- (4) if the Assembly is not sitting when the Committee has completed either of its inquiries, 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.

COMMITTEE MEMBERSHIP

Mr Wayne Berry MLA (Chair)

Mr Paul Osborne MLA (Deputy Chair)

Mr Simon Corbell MLA

Mr Harold Hird MLA

Mr Dave Rugendyke MLA

Secretary

Bill Symington

Assistant Secretaries

Fiona Clapin

Judith Henderson

Beth Irvin

Rod Power

Administrative Assistant

Kim Blackburn

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Summary of Recommendations

Recommendation 1

2.11. The committee recommends that the government explore means of providing in the budget papers comparative financial information between the current and the preceding budget for each output class, and that the budget papers indicate where programs and funding have been changed significantly.

Recommendation 2

2.13. The committee recommends that the Assembly provide for the committee to continue to take evidence relevant to the budget after the committee has reported on the Appropriation Bill.

Recommendation 3

2.15. The committee recommends that accounting treatment changes should be released publicly prior to the Budget being brought down to allow for adequate scrutiny and a more effective estimates process.

Recommendation 4

2.18. The committee recommends that future budgets include both outlays measures and revenue measures, similar to those provided in the Federal budget.

Recommendation 5

2.23. The committee recommends that the budget papers be formatted to provide extensive financial detail that is fully transparent, fully comparable and consistent between ownership agreements/purchasing agreements and the Budget Papers.

Recommendation 6

2.30. The committee recommends that the Chief Minister bring to the attention of the Prime Minister the Assembly's concerns with National Competition Policy with a view to having a review of the Policy.

Recommendation 7

2.33. The committee recommends that future estimates committees consider involving community groups, organisations and individuals in the public hearing process when examining the Appropriation Bill.

Recommendation 8

2.37. The committee recommends that the Government ensure that the agency human resource strategic plans be developed and presented to the Assembly as a matter of urgency.

Recommendation 9

2.49. The committee recommends that the Government:

- (i) detail accurately in future budgets the actual amount paid into the superannuation liability fund and any amount of “leakage”; and**
- (ii) take all reasonable steps to address the unfunded superannuation liability”**

Recommendation 10

2.58. The committee recommends that the Government:

- (i) ensure there is no impact on services or staff as a result of the implementation of the SACS award; and**
- (ii) inform the Assembly of measures taken to achieve this result.**

Recommendation 11

2.60. The committee recommends that, in the future, Governments of all persuasions, when drafting media releases about the budget, take care to ensure that media releases accurately and unambiguously state the true situation.

Recommendation 12

3.18. The committee recommends that the Government restore the Institute of the Arts funding for the current year to the same level as last year and that it retain funding at an appropriately indexed level in future years.

Recommendation 13

3.23. The committee recommends that the Government revert to a “gold coin” donation for entry to Floriade this year and that in any consideration of an entry fee for the next Floriade the Government consult with the community and relevant commercial interests.

Recommendation 14

3.27. The committee recommends that the Government:

- (i) advise when each of the 18 approved assistance projects referred for 1997-98 began;**
- (ii) indicate the duration of the assistance element for each project (ie, whether for a three, four or five year period); and**
- (iii) provide audited figures on the numbers of jobs, full and part-time, created from these projects on a six monthly basis over the assistance period in each case.**

Recommendation 15

3.31. The committee recommends that all future agreements advise participants that details of the arrangements may be open to public scrutiny.

Recommendation 16

3.40. The committee recommends that appropriate measures of accountability be applied to all commercial negotiations of the type exemplified by the ex-Polish air

force aircraft arrangement and that officials involved with such arrangements be made fully aware of their prudential obligations to the ACT community.

Recommendation 17

3.57. The committee recommends that the Government establish protocols for purchasing and funding arrangements for public events.

Recommendation 18

3.70. The committee recommends that the Department of Education and Community Services:

(i) ensure that all computers in schools are equipped with ergonomic furniture as a matter of urgency; and

(ii) make an early assessment of the- ancillary needs associated with the installation of information technology in schools within six months and report to the Assembly on the findings of this assessment.

Recommendation 19

3.74. The committee recommends that no cuts be made to support for student behaviour management in schools.

Recommendation 20

3.83. The committee recommends that the Standing Committee for the Chief Minister's Portfolio review the implementation of the recommendations of the service purchasing review and how it is being applied to the delivery of community services.

Recommendation 21

3.88. The committee recommends that the Government proceed with the construction of the Belconnen pool.

Recommendation 22

3.93. The committee recommends that the Minister advise the Assembly which path of financial evaluation, either comparative pricing or casemix, the Department of Health and Community Care will follow, and advise the reasons for the chosen path.

Recommendation 23

3.96. The Committee recommends that the Minister advise the Assembly on a quarterly basis on progress with the achievement of the projected savings arising from the new VMO contract arrangements.

Recommendation 24

3.102. The committee recommends that the Minister keep the Assembly informed on a regular basis on the situation with waiting lists for elective and other surgery at The Canberra and Calvary hospitals.

Recommendation 25

3.108. The committee recommends that the Minister inform the Assembly, as a matter of urgency, on what arrangements have been made to bring, the surgical instrument inventory up to an appropriate standard and quality, and progress in achieving those standards.

Recommendation 26

3.112. The committee recommends that the Minister provide to the Assembly details of the protocols and safeguards 'which will be put in place to ensure that acceptable standards and priorities are maintained in the public health system.

Recommendation 27

3.116. The committee recommends that the Commonwealth be advised that the Territory will be continuing to operate the Hospice on the Acton Peninsula and that relocation will only be considered where the Commonwealth is prepared to accept liability for full compensation for the move to a new site including land and building costs.

Recommendation 28

3.120. The committee recommends that the Minister reconsider the decision to integrate the small team of on-call palliative care nurses who work overnight and on weekends into a shift arrangement with community care nurses and in the event that the decision is not reversed provide the Assembly with the reasons why.

Recommendation 29

3.129. The committee recommends that the Minister advise the Assembly at the earliest opportunity on progress in adopting the recommendations of the Community and Health Service Complaints Commissioner arising from the investigation of the Karralika centre.

Recommendation 30

3.131. The committee recommends that the Government investigate avenues to enable the Auditor-General to conduct efficiency and other audits of non government organisations receiving public funds.

Recommendation 31

3.134. The committee recommends that the Minister advise the outcome of discussions with the Federal Minister for Health concerning the funding for an

Aboriginal mental health counsellor as recommended in the Bringing Them Home report.

Recommendation 32

3.138. The committee recommends that the Government justify the approach to enterprise bargaining for a select group of salaried medical officers at The Canberra Hospital.

Recommendation 33

3.144. The committee recommends that the Government allow all prison remandees with heroin addictions to join the Methadone Program upon request following appropriate medical assessment and approval and that funds be allocated for this purpose.

Recommendation 34

3.148. The committee recommends that the Minister report to the Assembly at an early date on strategies to substantially improve the rate of recompense from persons responsible for activities which lead to criminal injuries compensation, that the Minister advise when those strategies will be implemented and advise in reasonable time the outcome of those improved strategies.

Recommendation 35

3.153. The committee recommends that Workcover:

(i) be requested to inspect workplaces which have been the subject of criminal injuries compensation cases with a view to securing the maximum workplace and public safety from criminal activities before any action is taken to reduce access to criminal injuries compensation; and

(ii) without limiting the scope of inspections give priority to financial institutions and other known armed hold-up sites and to police.

Recommendation 36

3.157. The committee recommends that the Government consult with the appropriate counselling services about the likely effects on victims (including sexual assault victims) of changes to the Criminal Injuries Compensation Scheme and take their views into account before reforming the scheme.

Recommendation 37

3.162. The committee recommends that the Government consult with the Standing Committee on Justice and Community Safety about the proposed trial of changes to Woden Police Station and report on who will conduct the evaluation of the trial.

Recommendation 38

3.164. The committee recommends that the Tenants Advice Service and the Welfare Rights and Legal Service be funded so as to ensure a smooth transition phase with the establishment of the Residential Tenancies Tribunal.

Recommendation 39

3.167. The committee recommends that the Government make further representations to the Commonwealth Government about obtaining a copy of the Ayers Report.

Recommendation 40

3:169. The committee recommends that:

(i) the Department of Justice and Community Safety provide a quarterly report to the Standing Committee on Justice and Community Safety on progress towards improved accountability of the AFP; and

(ii) future budgets provide more detailed and appropriate performance indicators for the AFP.

Recommendation 41

3.172. The committee recommends that the Government:

(i) bring to the notice of the Commonwealth the situation in the ACT where children are missing out on representation in family court matters due to funding restrictions; and

(ii) seek additional funding to cover these matters.

Recommendation 42

3.176. The committee recommends that the Government monitor, and report to the Assembly on its findings on, the effects of the insurance levy over the next year to ascertain the additional costs for ACT residents, the extent to which persons disinsure and the extent to which lower income and older residents of the ACT change their insurance patterns.

Recommendation 43

3.184. The committee recommends that the government assure the Assembly that the current departmental arrangements in no way reduce the capacity of PALM to contribute to effective ACT planning.

Recommendation 44

3.195. The committee recommends that the intended new fare structure be reassessed as a matter of priority to ensure equity for all users of ACTION bus services.

Recommendation 45

3.198. The committee recommends that the proposed new fare arrangements be deferred until the concerns of parents have been addressed and consideration is given to more appropriate alternatives for student bus fare charges, including consideration of a flat fare system.

Recommendation 46

3.201. The committee recommends that ACTION review the Palmerston bus fare schedule with a view to removing anomalies which may contribute to a decrease in the use of public transport in that suburb.

Recommendation 47

3.206. The committee recommends that the Government provide assurances that the conservation values of Tidbinbilla are not compromised by the financial arrangements associated with the commercialisation of the visitor's centre.

Recommendation 48

3.209. The committee recommends that the Minister provide to the Standing Committee on Urban Services an update on the ACT, NSW and Federal Government discussions on the proposals to pipe ACT water.

Recommendation 49

3.212. The committee recommends that the Minister re-examine capital works priorities within the Department of Urban Services with a view to having the Gungahlin public library project brought forward for early completion.

Recommendation 50

3.215. The committee recommends that existing Causeway public housing residents be allowed to purchase their housing and, that those who choose not to be given the option to do so when and if the Kingston Foreshore development proceeds.

1. INTRODUCTION

Committee's function

1.1. The Appropriation Bill 1998-99 was presented on 23 June 1998 and this report is, therefore, the first stage of a process which, by late this year, will have scrutinised both the 1998-99 budget proposals and the outcome of the 1997-98 budget.

1.2. Public hearings were held on 10 days beginning on 21 July during which the Chief Minister and all other Ministers, accompanied by officials of departments and agencies, gave evidence. Details of departments and agencies examined by the committee are given in attachment 1.

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. This year, in a new initiative for the estimates process, the committee invited members of the public and community bodies and organisations to put views to the committee about the budget and its implications for them. As a consequence, the committee invited the representatives of various organisations as well as individuals to meet with the committee in public session. Thirteen groups and organisations and one individual person accepted the invitation and addressed the committee about their concerns. Details of submissions and the groups, organisations and the individual person are given in attachment 2.

1.5. This community consultation proved to be a valuable means of reaching into the community to assess the effects of the budget at the community and individual level and the committee expresses its appreciation to those who were able to participate in this way. Given more time, for the estimates process, the committee might well have involved and consulted a much larger number of community organisations and individuals.

2. GENERAL ISSUES

Committee's approach

2.1. Previous committees have encountered difficulty either in comparing budget forecasts with the outcomes for the previous year because of substantial administrative changes or because of the transition from input based budgeting to output based accrual budgeting.

2.2. Further administrative re-arrangements following the 1998 election have added to the difficulty in tracking the Government's intentions with specific outcome classes during the estimates process.

Comparability of budget material and transparency

2.3. The estimates committee in the previous Assembly, and in the past two years, had a problem in assessing the extent to which new initiatives in the previous budget were achieved, the extent to which the efficiencies expected in the previous budget were met and comparisons between the expected result for the end of the previous financial year and the current budget.

2.4. To some extent these matters can be addressed by reference to agency annual reports as the primary vehicles for performance measurement. This is a less than a satisfactory basis for the committee to discharge its responsibility to the Assembly in relation to the estimates of expenditure although it recognises that it will at least have the opportunity later this year to examine agency annual and financial statements.

2.5. This year there are problems similar to those in the past with comparability between budget cycles. The introduction of a new section to show budget neutral changes resulting from Administrative orders is welcomed, however the general lack of transparency is not acceptable.

2.6. The transition from cash to accrual budget accounting continues to present a problem for the committee. In essence, at this stage of the budget cycle, that is, at the appropriation end, the committee is required to take on trust that the budget estimates are well based in terms of the outcomes for the preceding year when those outcomes are not yet known. In the absence of such information the committee finds it extremely difficult to assess the variations between the two budgets. This problem has occurred throughout the budget, but is exemplified by one agency (Health).¹ Valuable committee time was spent with the Minister and officials briefing the committee which prevented the committee from scrutinising agency performances.

2.7. The problem is also of considerable concern to the committee in terms of transparency. The committee notes that it is virtually impossible for knowledgeable community groups to identify input and output trends between this year and the previous year. This was exemplified in evidence to the committee by the ACT Council of Parents and Citizens Associations which noted the lack of transparency in the budget papers and the difficulty it faced in identifying what will happen with matters such as curriculum support and so on,² matters which are vital to the needs of all families in the ACT.

¹ transcript (trans) pp 519 to 533

² *ibid*, p1255 et seq

Technical adjustments

2.8. The committee found that many questions about changes to Government Payments for Outputs (GPO) and targets between the 1997-98 and 1998-99 budgets were explained in terms of ‘technical adjustments’. Examples included a 51 per cent increase in GPOs for Youth Justice³ and a large increase in targets for the number of court reports and assessments in Youth Justice (88 per cent increase).⁴

2.9. The committee considers that such big changes need to be accompanied by a note of explanation in the budget papers.

2.10. The committee is firmly of the view that every effort must be made to provide a basic reference point from which it can compare year on year budgets, and that the budget be framed in a way which is demonstrably more transparent and user friendly for the ACT community.

Recommendation 1

2.11. The committee recommends that the government explore means of providing in the budget papers comparative financial information between the current and the preceding budget for each output class, and that the budget papers indicate where programs and funding have been changed significantly.

2.12. A side effect of this situation is that the committee is obliged to ask more questions on notice than would normally be the case. That is, in the absence of comparative data, the committee, in order to discharge its responsibilities to the Assembly, must search for information which should be readily available to assist the committee in scrutinising the budget. Unless substantial comparative data is provided in future budgets, the estimates committee will require more time for budget scrutiny or, alternatively, the resolution of the Assembly appointing the committee will need to provide for the committee to continue to seek relevant budget related material after the committee has reported.

Recommendation 2

2.13. The committee recommends that the Assembly provide for the committee to continue to take evidence relevant to the budget after the committee has reported on the Appropriation Bill.

2.14. The committee notes the series of accounting treatment changes in areas such as capital injection, injections for operating requirements and the capital charge. While there are definitions of these changes, for accountability purposes these should

³ Budget Paper (BP) No4 p232 (1998-99) and p622 (1997-98)

⁴ BP No4 p232 (1998-99) and p621 (1997-98)

be emphasised in a clear and concise manner with adequate description of the financial effects. The availability of such information would considerably assist the committee and the public.

Recommendation 3

2.15. The committee recommends that accounting treatment changes should be released publicly prior to the Budget being brought down to allow for adequate scrutiny and a more effective estimates process.

Budget outlays and revenue measures

2.16. The committee notes that the 1998-99 Federal budget⁵ provides summary tables of all measures introduced since the 1997-98 budget with those measures described in detail for each department. Revenue measures introduced up to the 1998-99 budget and revenue measures introduced in the 1998-99 budget are also provided in detail.

2.17. The committee considers it would be of considerable benefit in assessing the direction of the ACT budget if a measures statement, similar to that provided in the Federal budget were to be provided.

Recommendation 4

2.18. The committee recommends that future budgets include both outlays measures and revenue measures, similar to those provided in the Federal budget. ‘

Financial reporting standards

2.19. The committee was advised that accounting standards are the basis upon which agency annual reports are structured⁶ but the standards require notes to and forming a part of financial statements. These notes are also a requirement under Corporations Law and while the committee recognises that the general government sector does not come under the banner of a public company, it considers that if the Government expects to be able to quote standards then the standards should be complied with fully rather than selectively. The committee finds that the accounting standards are used selectively.

⁵ (Federal) Budget Paper No2, Budget Measures 1998-99

⁶ trans, 20 July 1998

2.20. The committee notes that while there is a budget section outlining “Budget Initiatives”, there is no section dealing with a higher degree of detail. Notes would have provided a higher degree of clarity and scope for much more effective scrutiny through the estimates process. The committee observes that comprehensive notes would have made the cut to the Institute of the Arts identifiable in the budget papers, instead of through requests for grant programs.

Selective percentage variability

2.21. The committee notes that some financial reports selectively exclude the percentage variability in changes from year to year. Most of the figures are included in the ownership agreements, however exclusion of these variables seems to be motivated by a want to conceal major items. As an example, User-charges - Non ACT Government in the budget papers shows a large jump in the value of this revenue item. The Chief Minister’s Department Ownership Agreement⁸ shows that the jump is 1382% but this figure is not included in the Budget. The committee considers it is not acceptable to have to calculate the variability or consult another document when the variability is known by the relevant Minister. The committee considers that all figures should be included in the Budget estimates.

Inconsistencies in responses to committee questions

2.22. The committee noted inconsistencies in responses to questions that are of importance. As an example, a question concerning the Office of Asset Management relating to an explanation of variability in the financial reports elicited the response that one of the explanations, relating to Liabilities Assumed by Government, stated clearly that “the variation is due to a change in accounting treatment”.⁹ When asked if switching accounting treatments from year to year was a common accounting practice (under the ambit of Liabilities Assumed by Government), the response stated “the Government has not switched accounting treatments”.¹⁰ This inconsistency leaves the committee in some doubt as to which is the correct answer, a situation which is not acceptable. It is a disappointment for the committee that such rigorous questioning is required to obtain a clear picture of the budget estimates.

⁷ BP, p19, operating statement

⁸ Chief Minister’s Department, Ownership Agreement, p8

⁹ Chief Minister, response to question on notice asked 20 July 1998.

¹⁰ Chief Minister response to question on notice, 3 August 1998. Full quotation “The Government has not ‘switched’ accounting treatments. The Government has continued its programme of progressive reform to enhance transparency and accountability in the ACTPS.”

Recommendation 5

2.23. The committee recommends that the budget papers be formatted to provide extensive financial detail that is fully transparent, fully comparable and consistent between ownership agreements/purchasing agreements and the Budget Papers.

Performance data

2.24. The committee focussed upon the Department of Justice and Community Safety in seeking to find some basis for comparability of data between budgets. It noted that the Outputs map in Budget Paper No 4¹¹ outlined changes in outputs from 1997-98 to 1998-99 and shows that most of the outputs are potentially comparable with those in the previous budget papers, notwithstanding administrative changes to the former Attorney-General's Department.

2.25. However, the 1997-98 budget papers had three columns (previous year's target and outcome and the current year's target) whereas the 1998-99 budget papers have only one column, viz, the 1998-99 target. In other words, the committee could find no basis for comparability between the two budgets.

2.26. The committee did note a significant reduction in performance indicators and correspondingly less data for the committee. While the committee acknowledges that quantity is not always reflective of quality the large reduction in performance indicators year on year is noticeable and does not assist the committee in discharging its responsibility to the Assembly.

National Competition Policy

2.27. There was discussion during the hearings about the effects of the national competition policy upon activity within the ACT and the benefits or otherwise of the policy for the ACT. It was put to the committee that there are two direct benefits from increased competition. One is that the Commonwealth gains increased taxation revenue which is (partly) repatriated to the States and Territories as so-called competition policy dividends. The other benefit is increased economic activity in the States and Territories.¹²

2.28. There was considerable scepticism within the committee as to the benefits, certainly at this stage based upon anecdotal experience. More specifically, the

¹¹ BP No 4, p xvii

¹² trans, p75

committee queried what, if any, quantitative and qualitative studies had been done on the broader socio-economic impacts including employment, changed working conditions, levels of service to the community, and social welfare with specific reference to the ACT in the light of the budget statement that the ACT Government has vigorously pursued micro-economic reforms against the background of national competition policy prescriptions.¹³

2.29. It appears that no specific studies have been made, the advice given that public benefit tests are made on individual pieces of legislation.¹⁴ The committee notes that national competition policy is worth some \$249m to the ACT over about 10 years but notes the Chief Minister's concern, which it shares, that the policy does need a total review.¹⁵

Recommendation 6

2.30. The committee recommends that the Chief Minister bring to the attention of the Prime Minister the Assembly's concerns with National Competition Policy with a view to having a review of the Policy.

2.31. The committee further notes that the Assembly on 24 June 1998 resolved inter alia that the Government support the establishment of an independent council to monitor, review and make recommendations to the Assembly on all aspects of the implementation of the National Competition Policy Agreement. The Assembly further resolved that the Chief Minister report to the Assembly by the last sitting day in August 1998 with a proposed model for such a council including a defined role, accountability arrangements and resource issues.¹⁶

Community consultation

2.32. The committee invited the ACT community and representative community groups and organisations to participate in its hearings. The purpose was to provide an opportunity for the committee to gauge community sentiment about the effects of the budget upon the community generally and specifically on the operations of organisations and bodies which provide community services. This community

¹³ *ibid*, p76

¹⁴ *ibid*

¹⁵ *ibid*

¹⁶ Legislative Assembly, Minutes of Proceedings, 24 June 1998

consultation proved to be a valuable means of reaching into the community and the committee expresses its appreciation to those who were able to participate in this way. Some 14 organisations and individuals were able to address the committee and, where appropriate, views expressed are reflected below in the committee's comments on specific issues. Given more time for the estimates process, the committee might well have involved and consulted a much larger number of community organisations and individuals.

Recommendation 7

2.33. The committee recommends that future estimates committees consider involving community groups, organisations and individuals in the public hearing process when examining the Appropriation Bill.

Job losses within the ACT Public Service

2.34. The committee sought to establish estimated full time equivalent (FTE) staffing levels from 1 July 1998 and what those levels were expected to be by the end of the 1998-99 year. The committee encountered considerable difficulty in extracting a meaningful response from Government, being advised that as budgets are now prepared on an output basis using the accrual accounting approach, agencies are not required to prepare specific input figures for FTE.¹⁷ However, the committee was advised that agency ownership agreements and statements of intent provided for them to produce staffing plans, although they have been provided in varying degrees of quality and precision. The committee was advised that these matters had been reviewed recently and human resource plans would be finished and available for the next financial year.¹⁸ Nevertheless, the committee noted that two agencies, Health and Education were able to show FTEs although it further notes that under output based budgeting agencies are required to determine from their overall budgets the impact of awards and what physical resources can or should be provided within the budget.¹⁹

2.35. The committee is concerned that devolution of responsibility to agencies under output based budgeting has overlooked a public benefit and an important public interest issue in terms of employees knowing what their future employment prospects are.

2.36. While the committee accepts that the Government will this year start to develop human resource strategic plans,²⁰ it is concerned that agencies are not able, at

¹⁷ Chief Minister, letter dated 20 July 1998

¹⁸ trans, p93

¹⁹ *ibid*, p97

²⁰ *ibid*

this time, to give an informed opinion as to what their human resource needs will be at any stage during the year, and that the Government is not prepared to make an assessment of those needs.

Recommendation 8

2.37. The committee recommends that the Government ensure that the agency human resource strategic plans be developed and presented to the Assembly as a matter of urgency.

2.38. The committee questioned the Chief Minister's election commitment to ensure that provisions for no involuntary redundancies would be inserted into the new enterprise bargaining agreements due to be completed by September, but the Chief Minister declined to give an assurance that the promised clause would be reinserted into new agreements, preferring instead to say that voluntary redundancy was the government's "preferred outcome".²¹

2.39. The committee notes that unless the clause is included as promised that any employee who does not volunteer for redundancy in accordance with the government's 'preferred outcome' could be subject to compulsory redundancy.

Economic growth

2.40. The budget planning assumption is that for the out years from 1999-00 to 2001-02 growth in the ACT Gross State Product (GSP) will average 3.6% over the period compared with the national forecast of 3.5%.²² The committee was advised that economic modelling used by the (ACT) Government forecasts strong growth in private sector spending; a positive outlook in investment (fostered by continuing low interest rates); solid growth in Commonwealth Government final consumption expenditure; and the strong and increasing trend in employment supported by company surveys and so on.²³

2.41. While the committee accepts that the budget forecast has been developed with rigour²⁴, it is conscious that it is dependent to an extent on assumptions about debt reduction strategy and population growth. Clearly, future forecasts will be captive to any significant variations in these assumptions.

2.42. The committee expresses serious concern that the Government's forecasts for growth in 1998-99, which are higher than any other forecasts of growth in Australia, may have a detrimental impact on the budget, particularly

²¹ *ibid*, p1087 et seq

²² BP3, p13

²³ *trans*, p 19

²⁴ *ibid*, p18

in terms of revenue and believes that such ambitious growth forecasts could result in unnecessary exposure of the Territory if they are not achieved.

Superannuation Liability

2.43. The committee was advised that the unfunded superannuation liability for the ACTPS continues to grow, even with the \$200m which is included in the current budget across the next four years. The committee was further advised that the unfunded liability will grow by another \$139m over the four years.²⁵

2.44. The committee notes that the Government is examining options for a scheme to replace the current public sector superannuation scheme for new entrants to the ACT Public Service and has indicated it will be bringing a proposal or proposals to the Assembly.²⁶ The options being considered will, if implemented, mean a significant diminution in the conditions of service of future ACT Public Service officers but will, according to the Chief Minister, bring that aspect of their conditions of service more into line with the position in other States and Territories.²⁷

2.45. The committee is concerned that the government was unable to advise the level of funding required, the closest estimate being something less than 100%.²⁸

2.46. With regard to the existing superannuation liability and, specifically, the emerging liability, the committee was advised that the ACT's revenue raising ability is constrained primarily by the Territory's juxtaposition with NSW which effectively means that if taxes are raised above those of NSW there will be a flight of capital from the ACT.²⁹

2.47. The committee notes that of the \$86m identified in the budget for superannuation liability only \$40m is going into the fund and \$46m is being returned. Of the \$86m there is a leakage out of the fund of \$46m.³⁰

2.48. The committee considers that this "leakage" of over 50% makes the amount identified in the budget for superannuation liability unreliable as the figure does not accurately reflect the amount of money addressed to the issue of the liability.

²⁵ *ibid*, p21

²⁶ *ibid*, p29

²⁷ *ibid*, p25

²⁸ *ibid*, p31

²⁹ *ibid*, p30

³⁰ *ibid*, p30

Recommendation 9

2.49. The committee recommends that the Government:

- (i) detail accurately in future budgets the actual amount paid into the superannuation liability fund and any amount of “leakage”; and**
- (ii) take all reasonable steps to address the unfunded superannuation liability”**

Social and Community Services (SACS) Award

2.50. The implementation of the SACS award will, without supplementation, result in an additional financial burden for community organisations employing staff under the award. The committee notes that the government has acknowledged that the implementation of the award will result in significant salary increases in some organisations and may therefore impact upon the purchase price for services. The committee further notes that the Government has acknowledged that at this point it is not possible to precisely quantify the potential funding implications.³¹

2.51. The committee is aware that at least two government departments fund nongovernment organisations which are affected by the new award.³² The Government has not given any guarantee to fully fund organisations to enable them to meet the resultant increased salary costs.³³

2.52. The committee notes that the Department of Education and Community Services funded ACTCOSS and the Youth Coalition of the ACT to deliver a training program for boards of management and service directors so they could look at a number of matters including issues associated with the SACS Award.³⁴

2.53. The committee also notes that following representations from a number of non-government organisations, the Department of Health and Community Care

³¹ Minister for Health and Community Care, answer to question on notice, 12 August 1998

³² For example, the Department of Education and Community Services and the Department of Health and Community Care.

³³ Minister for Health and Community Care, answer to question on notice, 12 August 1998

³⁴ trans, p904

contracted the ACT and Region Chamber of Commerce and Industry to advise and support organisations during the transition to the award.³⁵

2.54. The committee considers that a serious case exists for a conflict of interest in this issue as the Chamber of Commerce and Industry has also made application in the Industrial Relations Commission against the implementation of the SACS Award. The committee believes it is inappropriate for the Department of Health and Community Care to engage the same organisation to provide advice for organisations in implementing the award.”

2.55. The Minister for Education conceded to the committee, that some Government resources would be provided to support the increases,³⁶ however agencies will also be expected to contribute to the increased salary load. The Minister further advised that the issue of funding for penalty rates under the award has not been resolved.³⁷

2.56. The committee is concerned about the impact on services and staff as a result of the implementation of the award and that despite several years’ warning and discussion the issue of government supplementation is still unresolved.

2.57. The committee understands, from discussions with ACTCOSS³⁸ and other non-Government organisations, that already highly efficient agencies will need to make further efficiencies in order to meet their salary expenses in the absence of supplementation. The committee considers this will result in threats to the continuation of the same level of services and added stress on staff.

Recommendation 10

2.58. The committee recommends that the Government:

- (i) ensure there is no impact on services or staff as a result of the implementation of the SACS award; and**
- (ii) inform the Assembly of measures taken to achieve this result.**

Misleading media statements

2.59. The committee draws attention to the Government’s presentation of its budget initiatives, in particular through media releases. While a certain “hype” is expected,

³⁵ Minister for Health and Community Care, answer to question on notice, 12 August 1998

³⁶ trans, p 845

³⁷ ibid

³⁸ ibid, p 1242

the committee considers this should not be at the cost of accuracy. As an example, the Minister for Health announced an additional \$400,000 for community based mental health services in a media release. The same media release indicated that \$75,000 was allocated for the implementation of the dual diagnosis program. Following scrutiny by the committee it was revealed that the \$75,000 was in fact part of the \$400,000 though it appeared in the release that it was additional to it.³⁹

Recommendation 11

2.60. The committee recommends that, in the future, Governments of all persuasions, when drafting media releases about the budget, take care to ensure that media releases accurately and unambiguously state the true situation.

3. SPECIFIC ISSUES

CHIEF MINISTER'S DEPARTMENT

ACTEW

Sale of street lights

3.1. ACTEW's contribution to the ACT's direct revenue base was a factor in last year's budget. At that time the then estimates committee was advised that ACTEW may also buy the streetlights from the Government for about \$100m.⁴⁰ The committee noted that the Chief Minister in June this year informed the Assembly that ACTEW was delighted to purchase 67,000 streetlights⁴¹ and the committee concludes that ACTEW is satisfied it is entering into a beneficial arrangement. However, the committee observes that ACTEW will, in fact, be left with a debt of some \$100m and that the funding it receives from the ACT Government will be reduced.⁴²

3.2. The committee questions whether ACTEW ought to be delighted with the acquisition of an asset which will have a educing stream of income associated with it

³⁹ *ibid* pp 621 to 624 and 635

⁴⁰ Select Committee on Estimates 1997-98, report, June 1997, p16

⁴¹ *trans*, p56

⁴² *ibid*

while encumbering itself with something of the order of some \$5m worth of debt servicing through each financial year. It would seem clear to the committee that this debt servicing will be paid for by the ACT consumer and that the purchase is a round about means of taxing the consumer through electricity bills.

Redundancies

3.3. ACTEW confirmed to the committee that it is seeking to have 120 staff accept voluntary redundancy and at 21 July 90 people had shown interest. It was made clear to the committee that there were no plans for involuntary redundancies.⁴³

Caretaker period

3.4. The committee was advised that the scoping study on the Corporation's future is looking at everything from maintaining ACTEW in its current ownership through to joint ventures and other possibilities. The committee was further advised that ACTEW would not enter into significant new investments or enter significant long term contracts during the caretaker period of the scoping study without consulting the shareholders.⁴⁴

3.5. With regard to enterprise bargaining arrangements (EBA), ACTEW advised that by October, when it was expected to enter into the next round of bargaining, the scoping study will be complete. However, the committee notes with interest that the intention appears to be to negotiate an EBA for the financial year only rather than for a longer period as has been the case in the past.⁴⁵

Bruce Stadium

3.6. Total construction cost of the Bruce Stadium re-development is \$27.3m. This amount will be funded by \$12.3m provided by the ACT Government through a trust arrangement in order to meet cash flow requirements, a \$7m loan from the private sector to be repaid through operational revenue and \$8m from the sale of naming rights, corporate suites, food and beverage rights and so on.⁴⁶

3.7. However, it was later confirmed to the committee that cost pressures had increased the redevelopment budget such that the private sector will need to fund an additional amount. The committee was unable to obtain a specific figure for the

⁴³ *ibid*, pp298, 299

⁴⁴ *ibid*, pp302, 303

⁴⁵ *ibid*, pp303,304

⁴⁶ *ibid*, p68

budget blow out (amounts of up to \$4.5m were suggested within the committee) but was assured that the ACT Government contribution of \$12.3m would not increase and could, in fact, be less.⁴⁷ A final cost could not be given to the committee until the last contract, that for the fit out of the western stand (with corporate boxes), had been let.⁴⁸ The committee was assured that the private sector could fulfil its part of the development and that its participation could be debt or equity.⁴⁹

3.8. The committee was advised that the program to (professionally) market corporate sponsorship is about to begin⁵⁰ and that under the new business plan the Stadium will meet revenue targets and reverse the continuing losses of around \$150,000 a year.⁵¹ The committee is concerned that the marketing program is still not underway so far into the project and that the community will bear the up front costs while corporate sponsorship is sought. The committee was advised that the \$1m advanced to the New South Wales Rugby League was being repaid at \$100,000 a year, the last repayment having been made in 1997 and that the debt now stands at \$500,000.⁵²

3.9. With regard to the purchase of the Stadium from the Commonwealth, the committee queries whether, tactically, it would have been more appropriate for this to be determined one way or the other before embarking on the extensive redevelopment. Nevertheless, the committee was assured that the redevelopment would not influence the negotiations which have been underway or the price which has been factored into the \$12.3m ACT Government's contribution.⁵³

3.10. The committee was advised that additional expenditure for the Olympic soccer is estimated at over \$15m.⁵⁴ This sum is made up of service fees paid to the Sydney Organising Committee for the Olympic Games (SOCOG), athlete accommodation and travel, volunteer recruitment and training, marketing, security and so on, plus a guaranteed payment to SOCOG of some \$5m (representing 60% of potential ticket sales).

3.11. The committee is concerned about this potential and significant additional financial liability which is to be carried by the ACT taxpayer.

⁴⁷ *ibid*, p 1104 et seq

⁴⁸ *ibid*, p 1107

⁴⁹ *ibid*

⁵⁰ *ibid*, p68

⁵¹ *ibid*, p70 et seq

⁵² *ibid*, p72

⁵³ *ibid*, p 1108 et seq

⁵⁴ Chief Minister, response to question on notice, 7 August 1998

Institute of the Arts - Funding

3.12. The reduction in funding from the Institute of the Arts (\$1.6m was budgeted last year) and forecast elimination of funding after two years was basically justified by the Chief Minister on the grounds that, apart from the budget imperative, the ANU is a Federal institution for which the ACT is not responsible. The Chief Minister advised that the Institute would be receive \$1.2m in the next two years with the payments timed to be made over a 12 month period in two lump sums (of \$800,000 and \$400,000) rather than monthly as had been the case in the past.⁵⁵

3.13. The Chief Minister indicated that there was no consultation with the Institute about the funding cut and the committee is concerned that a cut of such significance . with severe implications for the Institute and, indeed, the wider ACT community, should have been contemplated without a full opportunity to consider those implications in consultation with the Institute. The committee is particularly concerned that a range of valuable cultural services which are provided to the ACT community through the Institute and which are beyond traditional university services may be denied the ACT community by the Government's withdrawal of funding. The Institute advised that there will be heavily reduced music in schools programs, more expensive access to its facilities and services, increased charges for open art and single studies in music, loss of key staff, closure of some workshops and departments and a reduction in music and exhibition programs.⁵⁶

3.14. As an example, the Institute noted that the music education programs at Ainslie Primary School and at Campbell High School play their part in improving general awareness, achievement, ability to communicate and general social skills and that. it would be a considerable loss after 15 years refinement to lose these programs.⁵⁷

3.15. The point was made that Canberra is not comparable with other cities which have professional music making bodies, such as a symphony orchestra or an opera company, from which teaching institutions can draw staff.⁵⁸

3.16. The committee was advised that discussions between the Department and the Institute have been held subsequent to the budget about services which the Government might wish to purchase from the Institute and that proposals are being worked through.⁵⁹

3.17. The committee was advised, however, by representatives of the Institute that it had an agreement in place with the Government which it sought to update and negotiate periodically to ensure the ACT community knew the kind of services being

⁵⁵ trans, p171, p177

⁵⁶ *ibid*, p 1209

⁵⁷ *ibid*, p 1220

⁵⁸ *ibid*, p1211

⁵⁹ *ibid*, p 176

offered, that the Government had two nominees on the Institute Board and the Institute was seeking to clarify with the Department exactly what the Government wanted from it (in justification of funding).⁶⁰

Recommendation 12

3.18. The committee recommends that the Government restore the Institute of the Arts funding for the current year to the same level as last year and that it retain funding at an appropriately indexed level in future years.

Floriade

3.19. The announcement by the Canberra Tourism and Events Corporation (CTEC) that there was to be a charge on entry to Floriade was made a week after the scheduled public hearings of the committee. The first opportunity the committee had to ask questions on the issue was when the Chief Minister was recalled for further questioning on a range of issues.

3.20. It is a concern that has already been addressed in this report that major issues such as this are not readily identifiable in the budget papers.

3.21. The committee found that the decision to charge an entry fee for Floriade was taken last year⁶¹ while negotiations were underway with the National Capital Planning Authority or access to Commonwealth Park, but the decision was not made public until 6 weeks before this year's Floriade opens. The committee is concerned that stall holders and tour operators have finalised all their contracts, publications and other preparation on the understanding that Floriade would be free.

3.22. The committee considers an entry charge runs the risk of severely damaging the ACT's major tourism event. It may damage Floriade, the ACT's tourism image and threaten the much needed \$26m income which tourists bring to the Territory through Floriade.

Recommendation 13

3.23. The committee recommends that the Government revert to a "gold coin" donation for entry to Floriade this year and that in any consideration of an entry fee for the next Floriade the Government consult with the community and relevant commercial interests.

⁶⁰ *ibid*, pp 1211 et seq

⁶¹ *ibid*, p 1090 et seq

Business Incentive Scheme (BIS)

3.24. The committee was advised that the BIS panel reviewed 98 applications for assistance in 1997-98 and 21 were assessed as meeting the eligibility criteria. Of these, three did not proceed and the total opportunity cost to the ACT in terms of lost payroll tax, stamp duty, land grants and so on for the (approved for assistance projects) was \$51m. The committee was advised that the projects are to generate 1820 direct jobs over a three to five year period.⁶²

3.25. The committee has a degree of scepticism about such employment generating claims. It notes that similar claims were examined by the Standing Committee on Public Accounts (PAC) in the previous Assembly. In its December 1997 report on the BIS the PAC found that in the period 1995-96 to December 1997 26 companies had been approved for assistance and that these companies had projected some 2000 jobs, figures very similar to those provided above. The PAC found that at December 1997 217 full-time and 28 part-time jobs had been created.⁶³

3.26. As noted by the PAC report, the real test will be the extent to which any gains are sustained over the longer term and, as importantly, whether claims can be independently verified.

Recommendation 14

3.27. The committee recommends that the Government:

- (i) advise when each of the 18 approved assistance projects referred for 1997-98 began;**
- (ii) indicate the duration of the assistance element for each project (ie, whether for a three, four or five year period); and**
- (iii) provide audited figures on the numbers of jobs, full and part-time, created from these projects on a six monthly basis over the assistance period in each case.**

3.28. The committee noted the willingness of the Chief Minister to provide certain material relating to BIS assistance to the committee on a confidential basis.⁶⁴ This issue was addressed by the PAC report which sought from the operating department information about the level of assistance provided to a particular company but was unsuccessful in doing so. On that occasion the PAC emphasised that confidential material would be respected and acknowledged that company business plans are confidential to those companies. However, it stated that where those plans are the

⁶² *ibid*, p207 et seq

⁶³ Standing Committee on Public Accounts, Report on the Industry Assistance Program and the Business Incentive Scheme, December 1997

⁶⁴ *trans*, p209

basis for receiving assistance from the public purse the committee was not only entitled, but had a duty, to assess them in order to determine the benefit to the ACT in providing assistance. The PAC considered the level of assistance provided to companies should not be subject to confidentiality agreements.⁶⁵

3.29. This committee sees two issues arising. One is that the underlying principle should be that if information can be disclosed to the Government on a confidential basis there is no reason for it to be withheld from an Assembly committee also on a confidential basis when requested. The other is that there is an increasing propensity for “commercial-in-confidence” claims to be used to impede parliamentary committees from discharging their responsibilities of holding Government accountable to the parliament and the community.

3.30. This committee would have difficulty in giving a blanket agreement to respect the confidentiality of material in a situation where, on examination, it were to find that the interests of the ACT could be disadvantaged by the non-disclosure of that material.

Recommendation 15

3.31. The committee recommends that all future agreements advise participants that details of the arrangements may be open to public scrutiny.

Business Development Fund

3.32. The committee notes that no provision has been made in the budget for the Business Development Fund (BDF). The committee was advised that \$2m had been provided for the Fund last year and \$2m was to be provided by the private sector. The committee was further advised that no investments had yet been announced by the Fund although that situation might well change in the next couple of weeks, the time lag being attributable to attracting the right sorts of professionally run businesses which could benefit from the Fund.⁶⁶

3.33. The committee expresses concern with the apparent delay in ensuring that that the funds available through this initiative are employed effectively to the benefit of ACT based businesses.

Feel the Power of Canberra campaign

3.34. The issue of the ‘Feel the Power’ campaign was dealt with in two areas by the committee - in questioning of the Chief Minister and Treasurer and in questioning of

⁶⁵ Standing Committee on Public Accounts, op cit

⁶⁶ trans, p211

the Minister for Urban Services in relation to vehicle number plates. The committee was advised that \$500,000 has been budgeted for the “Feel the Power” campaign, that tourism is a target market and that the Canberra Tourism and Events Corporation (CTEC) has framed the tourism aspects of the campaign.⁶⁷ The committee was further advised that a 5% licence fee is paid to the firm J Walter Thompson for “Feel the Power” advertisements and that around \$11,000 had been paid so far for advertisements placed in The Canberra Times.⁶⁸

3.35. The committee was advised that an agreement had been entered into with the principal of a company, Pendon Constructions, who is also a government appointed member of the CTEC board, for its ex-Polish air force aircraft to be painted in ACT colours and with the slogan “Feel the Power of Canberra”. The contracted cost to the ACT was \$15,000 and Pendon Constructions was required to fly the aircraft in at least seven air shows in 1998. Failing that, the \$15,000 was to be repaid.⁶⁹ One apparent problem is that the aircraft is not licensed to fly⁷⁰ and the opportunities for it to do so during the remainder of the 1998 year are reducing.

3.36. The committee called for all papers and records held by the Government, or any of its agencies, leading to and including the contractual arrangement for painting and preparation of the aircraft.

3.37. Documentation received in response indicates a degree of looseness in the way the “contracted” amount for payment was derived. An initial quote for painting the aircraft was \$12,979, additional work (apparently not directly connected with painting) was quoted at \$5,364 totalling \$18,343. Various drafts of the “contract” in ascending date order gave the painting cost at \$12,797 (which appears to have been an incorrect reading of the initial quote), “up to” \$13,000, “up to” \$15,000, \$18,343 and “up to” \$15,000. A copy of an “agreement”, signed on 20 February 1998 noted that the cost of painting was estimated at \$12,797 although another document from the company dated 18 February 1998 refers to and seeks amendment of an earlier “agreement” dated 5 February 1998 which was not provided to the committee.

3.38. The committee qualifies the terms “contract” and “agreement” as it has some doubts as to whether they exist. The 20 February document refers to a grant for painting the aircraft with certain obligations ascribed to the company and to the ACT Government. Contrary to what the committee was told during the hearings, that is, the company would repay the \$15,000 if it did not fly the aircraft in the seven air shows in 1998,⁷¹ the documentation provided to the committee indicates the company

⁶⁷ *ibid*, p236

⁶⁸ *ibid*, p247

⁶⁹ *ibid*, p236 et seq

⁷⁰ *ibid*, p238

⁷¹ *ibid*

is required to repay the grant, or so much of the grant as the Government may demand, if the company does not perform any of its obligations.⁷²

3.39. The committee is concerned that, while the sum is relatively small, the manner in which the matter was handled administratively raises questions of accountability in dealing with the communities financial resources and obligations.

Recommendation 16

3.40. The committee recommends that appropriate measures of accountability be applied to all commercial negotiations of the type exemplified by the ex-Polish air force aircraft arrangement and that officials involved with such arrangements be made fully aware of their prudential obligations to the ACT community.

3.41. The committee was advised that there would be an evaluation of the “Feel the Power” campaign as part of the \$500,000 allocation in the 1998-99 budget.

3.42. In relation to the “Feel the Power” licence plates, the Minister for Urban Services announced on the morning of the hearings into the Urban Services portfolio that he had decided that no more of the plates would be made.⁷³

ACT Government office in Sydney

3.43. The ACT Government has rented a Sydney CBD office since November 1996 with agreement to expire in November 1998 when its use will be evaluated. The office is leased from the company Profile Paul Ray Berndtson at \$12,000 per annum and is used as a base by ACT Government and agency and a range of local business people. The office is not staffed, although some secretarial support is provided by Profile Paul Ray Berndtson.⁷⁴

3.44. The committee was further advised that a more realistic rental would be \$18,000 per annum.⁷⁵ The committee recognises this is probably good value, but it has reservations as to the appropriateness of such an arrangement with a company whose principal is engaged by the Government to provide consultancy advice and is a member of the CTEC and Canberra International Hotel School Boards.⁷⁶

⁷² Chief Minister, letter to committee dated 29 July 1998 with attachments

⁷³ 22 July 1998 and p6 trans 21 July 1998

⁷⁴ Chief Minister, answer to question on notice, 27 July 1998

⁷⁵ *ibid*

⁷⁶ trans, p261

3.45. The committee observes that the Government's satisfaction in paying a much lower than market rent for the Sydney office of an arrangement with Profile Paul Ray Berndtson is at odds with its enunciated policy that services should be provided at market value.

3.46. The committee considers that all commercial arrangements of this nature should be handled on an arms length basis.

Hall/Kinlyside proposed development

3.47. The committee notes that the proposed Hall/Kinlyside development has been subject to questioning in the Assembly and that there may be further debate on the matter when the Assembly resumes. In this report, the committee confines its comment to the apparent failure of process within the Department, and possibly elsewhere within the Administration, to ensure that there was a substantive basis for the proposal to proceed.

3.48. Following considerable obfuscation at the public hearing, the committee was unable to clarify the roles of Planning and Land Management (PALM), the Department of Urban Services and the Chief Minister's Department in the process.⁷⁷ In the absence of clearer advice, the committee is forced to conclude that the confusion about leases and blocks, as well as the decision on the proposal, occurred in the Chief Minister's Department.

3.49. In essence, the Chief Minister indicated that the failure of the proposal was due to the fact that while the developer believed he had agreement with the holder of a lease covering the three blocks which were to comprise the development, in fact, the lease covered only one block⁷⁸ The committee had earlier been advised that the developer had provided physical evidence of the actual (3) leases, although it was noted the leases were unregistered.⁷⁹

3.50. The committee's concerns arise from being assured that the actual three original leases had been brought to the Department by the developer, being advised the leases were then returned to the developer, encountering obfuscation as to whether the numbers of the leases were known, whether records of the leases were held in the Titles Office, and whether the Government would assist the committee in accessing them.⁸⁰

⁷⁷ *ibid*, 18 August 1998

⁷⁸ Chief Minister, letter to committee dated 3 August 1998

⁷⁹ *trans*, p275

⁸⁰ *ibid*, pp275-283

3.51. In the event, the assurances were contradicted by the evidence provided in responses to questions on notice and in a written advice from the Chief Minister.⁸¹

Exhibition tennis match and clinic

3.52. An exhibition tennis match featuring Todd Woodbridge and Mark Woodforde held in Canberra in December 1997 was sponsored by the ACT Government by a circuitous route.

3.53. The “Woodies Tennis Clinic” was auctioned at a Sydney Stock Exchange charity dinner in April 1997 and the principal of the company Profile Paul Ray Berndtson who, among other associations with the ACT Government, is a member of the CTEC Board, successfully bid \$2,300 for the clinic. Also present at the dinner were the Chief Minister, the then head of the Chief Minister’s Department and the Chief Executive Officer of the Department of Urban Services. Canberra Tourism, as it then was, assumed running of the event as a promotional opportunity and expanded the clinic to a full day program which included an exhibition match with the two Woodies. Canberra Tourism reimbursed the principal of Profile Paul Ray Berndtson the \$2,300 and sought sponsorship from ACT Forests and Environment ACT with both committing \$6,000. Canberra Tourism provided \$22,300 from the Events Development Fund.⁸² The committee was advised that it cost about \$30,000 to set up the Lakeside Arena for the events,⁸³ leaving an all-up cost to the ACT of \$34,300.

3.54. The committee’s query as to why ACT Forests was approached to sponsor the clinic yielded the response that there was an obvious connection between Woodies, trees and forests.⁸⁴

3.55. The committee was advised that the Bureau of Sport had no funds for the promotion whereas ACT Forests and Environment ACT apparently did. The committee was advised that a small profit of \$3,500 was retained by Tennis ACT as the event manager and that the ACT received substantial media exposure.⁸⁵

3.56. Committee members are well aware of what has become a practice at charity auctions where prospective bidders are plied with refreshments to improve their bravery in the ensuing bidding process. This is not an appropriate method of committing to purchases which become the central feature of Government funding support.

⁸¹ Chief Minister, op cit and letter dated 3 August 1998 to Mr Corbell MLA

⁸² Chief Minister, letter dated 23 July 1998 to the committee

⁸³ trans, p 1100

⁸⁴ ibid, pp198-207

⁸⁵ ibid, p1098 et seq

Recommendation 17

3.57. The committee recommends that the Government establish protocols for purchasing and funding arrangements for public events.

DEPARTMENT OF EDUCATION AND COMMUNITY SERVICES

Increase in education budget

3.58. There is a \$4.2m net increase in the education budget over 1997-98⁸⁶ This increase represents the increase in the forecast consumer price index (CPI).⁸⁷

3.59. New initiatives, such as \$0.4m to support literacy in schools and \$1.5m for the computer program are to be paid from savings to be found from within the Department.⁸⁸ In addition the Department is required to contribute \$1.9m to the Government's operating loss.⁸⁹ Of this amount \$0.5m is to be contributed by the Canberra Institute of Technology (CIT). Further contributions to the operating loss will be required in each of the forward years.⁹⁰ The new initiatives and the contribution to the operating loss alone amount to almost all of the net increase of \$4.2 m.

3.60. Given that the Department is required to contribute \$1.9m to the Government's operating loss, some members of the committee question whether the education budget is in fact being maintained in real terms. The Minister for Health and Community Care maintained that the Government had honoured its commitment to maintain funding in real terms for primary and secondary schools.⁹¹ However, the Minister for Health and Community Care was reported as stating that the \$1.9 m contribution to the operational loss 'was taken out before the budget was balanced to meet CPI increases'.⁹² If this was the case, the CPI was calculated on a reduced

⁸⁶ *ibid*, 719

⁸⁷ *ibid*, p 723

⁸⁸ *ibid*, p 738

⁸⁹ *ibid*, p 727, p 830

⁹⁰ BP No4, p203

⁹¹ *trans*, p 737

⁹² *The Canberra Times*, Saturday 25 July 1998, p 3.

budget and therefore funding in real terms has been cut. Some members of the committee are convinced that funding for primary and secondary schools has not been maintained.

3.61. Some members of the committee believe also that the election commitments for the literacy program and to provide computers were made on the specific understanding that they were to be funded as new initiatives from new money. The committee considers that the discrepancy between the Government's election commitment and what is proposed in the budget is a cause for concern.

Savings required

3.62. The committee was advised that savings are to be made by cuts to central office staff. The Department advised that approximately 75 positions would be lost in central office.⁹³ The Minister advised that savings generated by the loss of these positions are expected to be in the vicinity of \$3m.⁹⁴

3.63. Central office functions include: workplace planning and management; management of industrial and legal matters; international education; supporting schools through the schools directorate, the student support service, the development of literacy plans, provision of curriculum advice, policy development, career education and work placements and support for indigenous and disadvantaged students; year 12 certification and accreditation; literacy and numeracy assessment; training and adult education; financial services for the Department; facility provision, repairs and maintenance for schools, preschools and community facilities; information services; support to preschools; licensing and monitoring of child care centres; care and protection of children; services to young people with developmental difficulties or delays; adoption and foster care services; management of youth justice; and management of sport and recreation programs and facilities.⁹⁵

3.64. The Australian Education Union advised the committee that the loss of positions in central office will not result in any increase in the number of teachers in schools. It will in fact have a deleterious impact on schools because there will be no central curriculum support, no central monitoring of policy implementation, and no central support for counsellors or any guarantee that counselling support will be provided in a particular school as those decisions will be made at the school level.⁹⁶

⁹³ trans, p 725

⁹⁴ *ibid*, p 727

⁹⁵ Minister for Education and Community Services, response to question on notice, 28 July 1998

⁹⁶ trans, p 1208

3.65. Staff savings are also required from the CIT and the committee was told that these will be made from non-teaching areas.⁹⁷

Preschools

3.66. Concerns were raised in the committee about the comparison of preschool enrolment figures used in the budget media release when enrolments from September 1996 were compared with enrolments from February 1998. Analysis of enrolment data provided indicates that there is always a drop in enrolments between the mid-year and February preschool surveys.⁹⁸ The committee questioned why the comparison was not made between February figures. The committee believes that the comparison used exaggerates the enrolment decline.

3.67. Questions were raised about the level of professional support to be available to preschool staff. The committee was told that at present there are three executive officers providing full-time support to preschool staff.⁹⁹ The Auditor General's report on preschools noted that access to Departmental advisers by teachers and assistants could be improved and that management had recently implemented initiatives which should address the issue.¹⁰⁰ When asked what improvements had been made the committee was advised that an additional executive officer was to be appointed along with an officer at the AS05 level. However from 1999 all four executive officers would have a part-time teaching load as well as their support responsibilities, which include professional support to teachers, assistants and parent associations. The result would be two FTE executive officers and one administrative officer to provide professional support to preschools.¹⁰¹ The committee does not consider this arrangement to be an improvement.

Computers in schools

3.68. The committee noted the new initiative to provide computers to schools and to teachers. Despite some additional funds, schools have faced difficulties in funding cabling, ergonomic furniture and training. The committee was extremely concerned that the funding arrangement has resulted in ergonomic furniture not being available

⁹⁷ *ibid*, p 830

⁹⁸ *ibid*, p 745

⁹⁹ *ibid*, p 749

¹⁰⁰ *Auditor General's Report No 1/1998 Management of Preschool Education*, p 7.

¹⁰¹ *trans*, p 749

in some instances. The Minister acknowledged that the matter will be addressed over the next few years.¹⁰²

3.69. Although the possible risks of injury arising from inadequate furnishing and training are well known, the committee is also concerned at the lack of urgency given to the provision of cabling, furniture and training. Teachers keen to see the results of the implementation of technology on student performance may put their students' welfare at risk. This is the result of an improperly planned proposal.

Recommendation 18

3.70. The committee recommends that the Department of Education and Community Services:

ensure that all computers in schools are equipped with ergonomic furniture as a matter of urgency; and

(ii) make an early assessment of the ancillary needs associated with the installation of information technology in schools within six months and report to the Assembly on the findings of this assessment.

Behaviour management

3.71.1. The issue of support to schools in managing student behaviour was raised and in particular the fact that at times restraining orders and a Provisional Improvement Notice (PIN) have been required to deal with student behaviour. The committee was advised that schools have to deal with very difficult behaviour at times, however the use of PIN notices is something the Department and the union discourage as there are more effective ways to deal with the behaviour.¹⁰³

3.72. The Department advised of a new initiative namely, the establishment of pilot high school support centres to operate from two youth centres to deal with highschool students experiencing difficulties coping in mainstream settings.¹⁰⁴

3.73. The Minister acknowledged that dealing with behaviour problems is an area of concern and stated that significant effort has been put into supporting schools with behaviour management.¹⁰⁵ The committee questioned whether the support to schools in this area is adequate, given what appears to be a growing problem.

¹⁰² *ibid*, p 784

¹⁰³ *ibid*, p 788.

¹⁰⁴ *ibid*, p 786

¹⁰⁵ *ibid*, p 790

Recommendation 19

3.74. The committee recommends that no cuts be made to support for student behaviour management in schools.

Work for the dole project

3.75. Some members of the committee have serious reservations about the Department's participation in the work for the dole scheme. At the time of the estimates hearings the outcome of the Department's application was not known. Since the hearings the Department has been advised that its application was successful. As a result, under the scheme, 140 people will be placed in schools for 12 to 15 hours per week for six months.¹⁰⁶

3.76. Concerns relate to the fact that placements will not lead to real jobs for the participants and the inadequacy of the information provided on the training the Department will provide for the participants. There is a concern within the committee that insufficient thought has been given to the content and implementation of training.

3.77. Some members of the committee are concerned that the work for the dole placements are conscripts and that this has implications for the education system, it is highly experimental and was not well developed before application for Federal funding was sought.

3.78. The committee considers that the participation of work for the dole people in the school system needs careful monitoring.

Youth services

3.79. The committee notes that the Woden and Civic Youth Centres were only offered funding for one year, rather than for three years, which was the case for other youth centres. The Minister indicated that there would be nothing to stop either of the centres tendering for future contracts and it was anticipated that one of the services would be very well placed to receive continued funding.¹⁰⁷

3.80. Some members of the committee found this comment to be at odds with the Chief Minister's assurance to the Assembly on 24 June 1998 that neither of the youth

¹⁰⁶ Minister for Employment, Media Release 26 July 1998, and Trans, p799

¹⁰⁷ trans, p 875

centres would be closed and that funding had been allocated for them in the out years.¹⁰⁸

Service purchasing

3.81. The committee is concerned about problems with the implementation of the purchaser/provider model. In particular, the appropriateness of the model for some organisations, and the inadequacy of the level of support, consultation and education offered to some organisations. The Canberra Preschool Society told the committee that they had been asked to sign a blank service purchase contract,¹⁰⁹ having had no opportunity for consultation or negotiation on the matter. The Canberra Institute of the Arts told the committee that they were asked, on 21 June 1998, to provide a different form of documentation to replace a long standing memorandum of understanding.¹¹⁰

3.82. The committee considers that these two examples alone highlight serious inadequacies in the implementation of the recommendations of the service purchase review and that an evaluation is warranted.

Recommendation 20

3.83. The committee recommends that the Standing Committee for the Chief Minister's Portfolio review the implementation of the recommendations of the service purchasing review and how it is being applied to the delivery of community services.

Fee for police checks

3.84. The payment of a \$25 fee for police checks by new casual and temporary employees and new long- and short-term contract staff was the subject of a debate in the Assembly on 27 May 1998. At that time the Minister stated that because the AFP charged the Department for the police checks, the cost was being passed on to the applicants. If the Department carried this cost the money would have to come from within the budget and would not be available in other areas where it is most needed.

¹⁰⁸ Legislative Assembly Weekly Hansard 1998, p 951

¹⁰⁹ trans, p 1224

¹¹⁰ *ibid*, p1213

The Minister stated that the cost for the police checks 'is up to about \$50,000 in any one year'.¹¹¹

3.85. The committee requested information on the number of staff who were required to pay the \$25 fee in 1997-98. The Minister advised that there were 820.¹¹² At \$25 per person this amounts to \$20,500 - less than half the amount quoted by the Minister in the Assembly debate of 27 May 1998.

Belconnen pool

3.86. The committee noted the situation which has developed in relation to national competition policy with the pool project being put on hold. The Minister advised that the Department had not indicated serious problems with the pool going ahead before the promise was made to build it.¹¹³ However, the committee notes that in 1997, Planning and Land Management had stated that the conclusion drawn that the need for additional facilities should be located in the Belconnen region is unsubstantiated by comprehensive analysis.¹¹⁴

3.87. The Minister further advised that the Belconnen pool was an election commitment in 1995. A decision was made by Government to go ahead and it was factored into the 1997 capital works program.¹¹⁵

Recommendation 21

3.88. The committee recommends that the Government proceed with the construction of the Belconnen pool.

Manuka and Phillip ovals

3.89. The committee was advised that while funds are available in the budget, further substantiation of the need for the lighting at the Manuka and Phillip ovals is being sought before the funds are committed.¹¹⁶

¹¹¹ Weekly Hansard 1998, p 615.

¹¹² Minister for Education and Community Care, response to question on notice, 3 August 1998

¹¹³ trans, p 889

¹¹⁴ ibid, p899

¹¹⁵ ibid, p 900

¹¹⁶ ibid, p 883

DEPARTMENT OF HEALTH AND COMMUNITY CARE

Comparative pricing/Casemix

3.90. The committee understands that The Canberra and Calvary Hospitals are being asked to bring their costs into line with national average prices. This is to be achieved using Casemix based systems with hospitals funded on cost weights of \$2,702 at The Canberra Hospital and \$2,576 (admitted patients) and \$2,672 (non-admitted patients) at Calvary Hospital.¹¹⁷

3.91. The committee gained the impression that comparative pricing, based initially on the Grants Commission assessment of relativities, was a different system from Casemix (which is based on national average prices),¹¹⁸ and the committee is concerned that the Hospitals may be asked to develop a parallel benchmarking system for their cost factors. This could lead to a duplication of effort all aimed at the same outcome - which is to lower the ACT's above national average costs for health.

3.92. The committee further understands that the Department has invested considerable resources over the years in developing and implementing the Casemix system and the committee considers the implementation of comparative pricing could slow or inhibit the implementation of Casemix in the hospital system. The committee is concerned that this could slow down the progress towards moving the ACT's health system into line with national average prices.

Recommendation 22

3.93. The committee recommends that the Minister advise the Assembly which path of financial evaluation, either comparative pricing or casemix, the Department of Health and Community Care will follow, and advise the reasons for the chosen path.

Visiting medical officer's (VMO) dispute

3.94. The Committee was advised that four objectives had been achieved during the recent VMO dispute, namely:

¹¹⁷ The Canberra Hospital, Purchase Agreement, 1998/99, 17 July 1998, p 12 and Calvary Hospital, Purchase Agreement, 1998/99, 10 July 1998, p 11

¹¹⁸ trans, p 522

- elimination of fee for service contracts

staggering of VMO contracts so that all contracts do not come up at the same time for renegotiation

- savings of approximately \$1.4m between Calvary and The Canberra Hospitals¹¹⁹ employment of more salaried specialists rather than utilising VMOs.¹²⁰

3.95. The committee was also advised that the new contracts included performance criteria tailored to specific specialties rather than generic ones and, in some instances, to individual medical practitioners. The committee was advised this would more clearly define the relationship between the parties and allow for better measurement of performance.¹²¹

Recommendation 23

3.96. The Committee recommends that the Minister advise the Assembly on a quarterly basis on progress with the achievement of the projected savings arising from the new VMO contract arrangements.

Elective surgery - hospital waiting lists

3.9.7. The committee noted that the Government had allocated an extra \$3m in the previous budget to reduce waiting lists for elective surgery and that additional funds have been included in this year's budget.¹²²

3.98. However, notwithstanding these additional funds, the committee was told that waiting lists for elective surgery had increased because of the VMO dispute.¹²³ The committee was advised that some of the windfall (approximately \$1m) received from the Federal Government for signing the new Medicare agreement had been spent on reducing waiting times at Calvary Hospital.¹²⁴

3.99. The Minister also indicated that some of the windfall would be spent on purchasing extra elective surgery at The Canberra Hospital in an effort to reduce

¹¹⁹ *ibid*, p 537

¹²⁰ *ibid*, pp 541 and 542

¹²¹ *ibid*, p 543

¹²² *ibid*, p 546

¹²³ *ibid*, 540, 541 and 552

¹²⁴ *ibid*, p 548 to 549

waiting lists.¹²⁵ The Minister acknowledged that he did not want to spend money to simply catch-up, rather the underlying reasons as to why the waiting lists were long needed to be resolved.¹²⁶

3.100. The committee understands that the Department has nearly completed a study into hospital waiting lists/times called “ACT Elective Surgery Strategic Management Plan”. The principal aim of the Plan is to identify and implement strategies to improve waiting times.¹²⁷

3.101. The committee is concerned that a significant amount of additional funds (\$3m in 1997-98, \$3m in 1998-99, \$1m in 1998-99 for Calvary Hospital and an unknown sum for The Canberra Hospital) had been spent, or allocated, on reducing waiting list’s and yet the lists were getting longer.¹²⁸ The committee is not convinced that, as the Minister asserted, the VMO dispute is the sole reason for increased waiting lists.

Recommendation 24

3.102. The committee recommends that the Minister keep the Assembly informed on a regular basis on the situation with waiting lists for elective and other surgery at The Canberra and Calvary hospitals.

Surgical instruments

3.103. The committee was advised that \$2.4m of the windfall received from the Federal government for signing the new Medicare agreement will be used to purchase surgical instruments for Calvary and The Canberra Hospitals. The committee was advised this had been identified as a high priority because surgery had been cancelled because of a lack of appropriate equipment.¹²⁹

3.104. The committee was further advised that about \$300,000 had been allocated per annum for the purchase of surgical instruments, but this was inadequate and had been so for some time. The committee was concerned to learn that the inventory level was deteriorating, both in quantity and condition of the instruments.¹³⁰

¹²⁵ *ibid*, p 549

¹²⁶ *ibid*, p 557

¹²⁷ Minister for Health and Community Care, response to question on notice, 7 August 1998

¹²⁸ *trans*, p 552

¹²⁹ *ibid*, p 549

¹³⁰ *ibid* p 550

3.105. The committee was advised that The Canberra Hospital is pursuing two options. The first, to investigate whether a greater allocation should be made for surgical instrument inventory maintenance, the second, whether Totalcare (which sterilises the instruments) should own the instruments. Under the second option Calvary and The Canberra Hospitals would hire the equipment with the hire charge including a component for capital inventory maintenance.¹³¹

3.106. The committee was extremely concerned to learn that surgery had been cancelled because of a lack of appropriate surgical instruments; that insufficient funding had been allocated for the purchase of instruments; and that the inventory level had deteriorated to such an extent.

3.107. The committee was appalled that the hospitals have mismanaged the instrument replacement program by a factor of eight. The committee notes that more than 800 people could have had their surgery and been removed from the burgeoning waiting lists if this issue had been appropriately managed and funds earmarked for waiting lists had not been diverted.

Recommendation 25

3.108. The committee recommends that the Minister inform the Assembly, as a matter of urgency, on what arrangements have been made to bring the surgical instrument inventory up to an appropriate standard and quality, and progress in achieving those standards.

The Canberra Hospital - commercial links with the National Capital Private Hospital

3.109. Some members of the committee are concerned that cross arrangements between The Canberra Hospital and the National Capital Private Hospital are closely linked to the viability of the private hospital.¹³²

3.110. The committee was advised that The Canberra Hospital will provide a range of agreed services to the National Capital Private Hospital. These services include pathology (a collecting service as well as services to the operating theatres for frozen sections etc), pharmacy; radiology (ultra-sound, plain chests and a CT scanner will be located in the private hospital), nuclear medicine (which will be done on The Canberra Hospital site), and bio-medical engineering (this department will also provide a maintenance service for the private hospitals equipment). Non-medical services will include food services, educational facilities, use of the library, facilities

¹³¹ *ibid* pp 550 to 551

¹³² *ibid* p 579

management, fire and safety, a nutrition service and waste removal (both general and contaminated).¹³³

3.111. The committee was advised the detailed arrangements are “commercial-inconfidence”, but negotiations between the hospitals covered a range of products and the end result should be judged rather than outcome for individual services.¹³⁴

Recommendation 26

3.112. The committee recommends that the Minister provide to the Assembly details of the protocols and safeguards which will be put in place to ensure that acceptable standards and priorities are maintained in the public health system.

ACT Hospice

3.113. The committee was advised that the lease arrangement, from the Commonwealth, for the site of the ACT Hospice at Action Peninsula expires in June 1999. The ACT Government had been negotiating with the Commonwealth for some time to extend the lease, and the Minister advised that the Government would prefer the Hospice remain on the Action Peninsula site indefinitely.¹³⁵

3.114. The Committee considers the Commonwealth should accept the continued operation of the Hospice at the Action Peninsula site and that the matter should be resolved as soon as possible to allow the Little Company of Mary to concentrate on managing the Hospice.

3.115. The committee considers that the Hospice, in which the ACT community has a significant financial and social investment, was a forgotten casualty of the Acton/Kingston land swap. The failure of the government to take the future of the Hospice into account in the land exchange is likely to result in another considerable financial impost on the Territory if the Hospice is forced to move.

¹³³ *ibid* pp 577 and 578

¹³⁴ *ibid*, p 578

¹³⁵ *ibid*, p 584 and 585

Recommendation 27

3.116. The committee recommends that the Commonwealth be advised that the Territory will be continuing to operate the Hospice on the Acton Peninsula and that relocation will only be considered where the Commonwealth is prepared to accept liability for full compensation for the move to a new site including land and building costs.

Palliative care nurses

3.117. The committee is concerned that until recently a small team of palliative care nurses, working in close conjunction with the Hospice, made on-call home visits but to improve the service, to better integrate it within ACT Community Care and because of increased demand, the on-call palliative care nurses were changed to a shift arrangement for community care with the service now part of The Canberra Hospital link team.¹³⁶

3.118. The committee notes that palliative care is a specialist field within the nursing profession and that palliative care nurses are highly skilled in pain management and have the skills to work with patients and their families at a stage when traditional healing strategies have been exhausted whereas community care nursing is focussed on patient health.

3.119. The committee considers that home visit overnight and weekend palliative care has been downgraded by its integration into the new shift arrangement.

Recommendation 28

3.120. The committee recommends that the Minister reconsider the decision to integrate the small team of on-call palliative care nurses who work overnight and on weekends into a shift arrangement with community care nurses and in the event that the decision is not reversed provide the Assembly with the reasons why.

Karralika drug and alcohol rehabilitation centre

3.121. The committee is concerned about the management by the Alcohol and Drug Foundation of the Karralika drug and alcohol rehabilitation centre, and is aware that

¹³⁶ *ibid*, p 588

there had been an investigation by the Community and Health Service Complaints Commissioner.¹³⁷

3.122. The committee was advised that the Department had engaged consultants to investigate world best practice abstinence based programs and advise the Government on the service it should be purchasing in order to enable clear performance and quality targets to be established. The committee was further advised the consultants were reviewing management to resolve conflicts within the organisation and make recommendations to improve the service.¹³⁸

3.123. The Committee is concerned that clear performance and quality targets have not been in place at Karralika, despite the considerable input of Government funds to the centre over some years. The committee notes that if clear performance and quality targets had been in place this situation would not have arisen or would have been “nipped in the bud”.

3.124. The Department advised that, because Karralika is an incorporated body, it has limited options in dealing with the matter and the Department is unable to intervene short of withdrawing funding. The committee was further advised that if the process outlined above is not successful the Department would be forced to withdraw funding and take over management of the centre and that in the interim Karralika is being funded on a month by month basis.¹³⁹

3.125. The committee is aware that the chair of the Drug and Alcohol Foundation Board and a consultant engaged to examine the operation of Karralika were both candidates in the 1995 Assembly election as members of the Moore Independents.

3.126. The committee is concerned that the community could reasonably form the opinion that a conflict of interest exists in the knowledge that the Minister for Health has appointed a former election running mate to conduct a consultancy concerning the performance of a Board headed by another former running mate and that this perception could leave the Minister vulnerable to allegations of cronyism.

3.127. The committee understands the consultants will recommend the Board be restructured with a new constitution and that a clinical director be employed with the new constitution to provide for some members of the board to be elected and others nominated by various professional organisations and the Government.¹⁴⁰

¹³⁷ *ibid*, pp 656 and 657

¹³⁸ *ibid*, pp 650

¹³⁹ *ibid*, pp 652 and 653

¹⁴⁰ *ibid*, pp 652 and 653

3.128. The committee is concerned that improvements in the centre's management and programs are proceeding too slowly and had not improved since the Community and Health Service Complaints Commissioner's report.¹⁴¹

Recommendation 29

3.129. The committee recommends that the Minister advise the Assembly at the earliest opportunity on progress in adopting the recommendations of the Community and Health Service Complaints Commissioner arising from the investigation of the Karralika centre.

3.130. With regard to the monitoring by Departments of non government organisations funded by the Government and public scrutiny and accountability of those funds,¹⁴² the committee notes that Karralika receives over \$600,000 per year in Government funding¹⁴³,

Recommendation 30

3.131. The committee recommends that the Government investigate avenues to enable the Auditor-General to conduct efficiency and other audits of non government organisations receiving public funds.

Bringing Them Home report

3.132. The committee was advised that the Commonwealth Government had not provided funding to the ACT Government for an aboriginal mental health counsellor as recommended in the Bringing Them Home report. The committee understands that the Commonwealth had inadvertently forgotten the ACT and assumed that the Territory would negotiate with NSW for the joint use of their counsellors.¹⁴⁴

3.133. The Minister undertook to raise the issue with The Federal Minister for Health at the Health Minister's Conference to be held on 27 July 1998.¹⁴⁵

¹⁴¹ *ibid*, p 656

¹⁴² *ibid*, pp 657 and 658

¹⁴³ *ibid*, p 657

¹⁴⁴ *ibid*, p 667

¹⁴⁵ *ibid*, p 669

Recommendation 31

3.134. The committee recommends that the Minister advise the outcome of discussions with the Federal Minister for Health concerning the funding for an Aboriginal mental health counsellor as recommended in the Bringing Them Home report.

Salaried medical officers - salary increases

3.135. The committee noted that a “proposed” enterprise bargaining agreement between salaried medical officers and The Canberra Hospital will retrospectively vary rates of pay for junior medical officers from 1 July 1997 and rates of pay for specialists from 1 July 1998, a pay increase totalling 14% for all classifications except specialists and for the increases to be staged at six monthly intervals commencing on 1 July 1997. The committee further noted that specialists will also receive pay increases at six monthly intervals with the first salary increase on 1 July 1998 and a 7% increase over the life of the agreement.¹⁴⁶

3.136. The committee is concerned with several aspects of the “proposed” agreement including when it was negotiated, when it will be signed, why it is retrospective and so on. As importantly, the committee queries the detailed justification for budget supplementation for \$436,760 in 1997/98 and \$1,176,473 in 1998/99 given that the agreement has less than 6 months operation.

3.137. The committee notes that these arrangements are a stand out example of wage negotiations which appear to be odds with Government policy on wage negotiations across the board.

Recommendation 32

3.138. The committee recommends that the Government justify the approach to enterprise bargaining for a select group of salaried medical officers at The Canberra Hospital.

¹⁴⁶ Minister for Health and Community Care, response to question on notice, 14 August 1998

DEPARTMENT OF JUSTICE AND COMMUNITY SAFETY

Departmental performance indicators

3.139. Elsewhere in this report (paragraph 2.11 et seq), the committee has commented on the reduction in Departmental performance indicators in the budget papers compared to the previous budget. In fact there has been a total reduction from 449 performance indicators in 1997-98 to 147 in 1998-99 for the Department of Justice and Community Safety. This reduction emphasises the committee's difficulties in comparing performance year on year.

Belconnen Remand Centre - methadone use

3.140. The committee was advised that Belconnen Remand Centre prisoners do not have automatic access to methadone programs and must wait in turn like everyone else although prisoners already on the methadone program may remain on it.¹⁴⁷ The committee was further advised that over 30% of detainees have a substance abuse problem when they first arrive at the remand centre.¹⁴⁸ Currently prisoners with addictions are medically managed through withdrawal by a visiting general practitioner.¹⁴⁹

3.141. Even though prisoners with substance addictions are medically managed the committee is still concerned that some prisoners in need do not have immediate access to the methadone program. Similar concerns were expressed by the Community Advocate.¹⁵⁰ The committee supports the addition of Belconnen Remand Centre prisoners to the priority list.¹⁵¹ The committee notes that allowing prisoners immediate access to methadone may lead to reduced recidivism if they do not need to support a heroin addiction when released from prison.

¹⁴⁷ trans, p911

¹⁴⁸ *ibid.*

¹⁴⁹ *ibid*

¹⁵⁰ *ibid*, p971.

¹⁵¹ Other groups given 'priority' access to the ACT methadone program include pregnant women and their partners, HIV positive people and their partners, ACT residents returning from a gaol sentence interstate who have received methadone during imprisonment and people with serious medical conditions. (Answer to question on notice from Minister for Health, 11 August 1998)

3.142. The committee also explored whether the number of indigenous Australian substance abusers may be higher than non - indigenous groups but statistics were not available. The medical officer who interviews new prisoners within 24 hours of induction estimates that around 50% of indigenous prisoners present with evidence of prior substance abuse.¹⁵² Recognising the issue may have implications for the black deaths in custody issue, the committee concluded that further action is needed to ensure the ACT Government is meeting its obligations to indigenous people with substance addictions.

3.143. The committee was informed that management of substance addictions would soon be reviewed by the Corrections Health Board.¹⁵³ The committee acknowledges this recognition of the problem by the Belconnen Remand Centre and urges serious consideration of the problem by the Corrections Health Board.

Recommendation 33

3.144. The committee recommends that the Government allow all prison remandees with heroin addictions to join the Methadone Program upon request following appropriate medical assessment and approval and that funds be allocated for this purpose.

Criminal Injuries Compensation

3.145. The committee notes that the Government recently announced plans to reduce the cost of the criminal injuries compensation scheme by changing the eligibility criteria, mainly by restricting financial compensation for psychological suffering.¹⁵⁴ While acknowledging efforts to economise in this area, the committee has certain concerns about the proposed changes. These are the lack of action in seeking recompense for criminal injuries compensation payments from those persons whose actions give rise to the compensation payments, the possible effects on bank employees, and the effects on those suffering psychological damage such as victims of violent and or sexual crimes.

3.146. The committee accepts that budget planning relies on either reducing the costs of programs or increasing revenue through levies and user-pays. However, the committee considers the foreshadowed changes to the scheme appear to be weighted towards reducing the cost rather than recovery of costs or action to reduce the activity which creates the cost in the first place.

¹⁵² Minister for Justice and Community Safety, response to question on notice, dated 12 August 1998

¹⁵³ trans, p913.

¹⁵⁴ BP No4, p 176.

3.147. The committee was advised that only a small number of those culpable are actually made to recompense the Territory for compensation paid to victims under the scheme because often there is no identified perpetrator or the identified perpetrator may not have been convicted. Despite these limitations, the committee considers there is still scope for recovering more property/funds from those who are identified as responsible for criminal injuries.

Recommendation 34

3.148. The committee recommends that the Minister report to the Assembly at an early date on strategies to substantially improve the rate of recompense from persons responsible for activities which lead to criminal injuries compensation, that the Minister advise when those strategies will be implemented and advise in reasonable time the outcome of those improved strategies.

Bank safety

3.149. The committee is concerned that the Government may restrict criminal injuries compensation without taking proper steps to ensure workplace safety. The committee considers that bank and financial institution employers need stronger encouragement to face up to their responsibilities for the safety of bank employees and the public.

3.150. The committee was advised that bank officers' workplace safety is considered to be the responsibility of Worksafe and that the Bankers Association is currently developing a code of practice adopting minimum standards and minimum safeguards against armed robberies to improve workplace safety in banks.¹⁵⁵

3.151. ACT banks have been targeted more frequently in recent times because they are seen as a softer target than banks in Sydney and other major centres. The committee considers that improved safety provisions for bank staff could reduce the number of armed hold ups and therefore reduce the number of victims or the severity of their suffering. Such strategies could lead to reductions in the number of claims made through the Victims Compensation Scheme.

3.152. The committee notes that a number of other employees who would be entitled to workers' compensation were also compensated for criminal injuries.

¹⁵⁵ trans, p921.

Recommendation 35

3.153. The committee recommends that Workcover:

- (i) be requested to inspect workplaces which have been the subject of criminal injuries compensation cases with a view to securing the maximum workplace and public safety from criminal activities before any action is taken to reduce access to criminal injuries compensation; and**
- (ii) without limiting the scope of inspections give priority to financial institutions and other known armed hold-up sites and to police.**

Psychological suffering

3.154. During 1996-97 almost half the compensation paid out in this scheme was for psychological injury with two-thirds being for victims of sexual or other physical assaults and another 10% the victims of home invasions.¹⁵⁶

3.155. Under the revised scheme, counselling will now be emphasised instead of financial compensation but there may be cases where victims would benefit more from financial compensation. While counselling may be an effective response to many cases, in some cases such as long-term effects of sexual assault, it may be more effective in conjunction with financial compensation. The committee is not convinced that cases where there are psychological injuries (both with and without accompanying physical injuries) could be assessed objectively under the new scheme.

3.156. The committee considers there is scope to reduce the costs of the scheme but simplistic analysis and public ridicule of past cases pointing to high claim outcomes against unusual incidents is an unsophisticated and inadequate measure and past instances of exaggerated claims should not be used as a reason for denying compensation to all claimants.

Recommendation 36

3.157. The committee recommends that the Government consult with the appropriate counselling services about the likely effects on victims (including sexual assault victims) of changes to the Criminal Injuries Compensation Scheme and take their views into account before reforming the scheme.

¹⁵⁶R. Campbell, 'Compo Changes Questionable', *The Canberra Times*, 15 July 1998.

Volunteer-staffed dispute resolution scheme

3.158. While the committee supports the potential for conflict-resolution processes to resolve legal disputes effectively and at less cost to the ACT, it considers this scheme may be too ambitious because of the low funding allocation, \$25 000 for half a year and \$50 000 for a full year, and the reliance on highly skilled volunteer staff.¹⁵⁷ The committee considers that insufficient resources have been allocated for the purpose and in the circumstances is unlikely to deliver proper training and could do more damage than good.

3.159. The committee considers the Government should keep a watching brief on the implementation of the scheme and report back to the Standing Committee on Justice and Community Safety in six months time.

Emergency Services Accommodation Review

3.160. A review of emergency services accommodation in the ACT commissioned by the Department in March 1998 led to a report by Col Brown Consulting in May 1998. The committee is concerned about the cost of the review and its terms of reference.

3.161. The committee questions the review's recommendations to replace Woden Police Station with a shopfront and to expand the Tuggeranong Police Station.¹⁵⁸ The committee is concerned that the terms of reference were not available to interested parties such as the AFP Association when the review was instigated.

Recommendation 37

3.162. The committee recommends that the Government consult with the Standing Committee on Justice and Community Safety about the proposed trial of changes to Woden Police Station and report on who will conduct the evaluation of the trial.

Residential Tenancies Tribunal

3.163. With the recent establishment of the Residential Tenancies Tribunal, those threatened with eviction and services such as Tenants Advice Service and the Welfare

¹⁵⁷ trans, p942.

¹⁵⁸ *ibid*, p995.

Rights and Legal Service have had to adapt very quickly to much faster processing of eviction applications.

Recommendation 38

3.164. The committee recommends that the Tenants Advice Service and the Welfare Rights and Legal Service be funded so as to ensure a smooth transition phase with the establishment of the Residential Tenancies Tribunal.

Australian Federal Police (AFP)

Performance indicators

3.165. The committee is concerned about the lack of AFP performance information available in the budget documents with no performance indicators for expenditure of more than \$54m provided in the budget.¹⁵⁹ This contrasts with 25 performance indicators for quantity, quality, effectiveness, cost and timeliness provided for the AFP in the 1997-98 budget papers.¹⁶⁰ The committee was made aware that the matter of appropriate performance indicators for the AFP is being reviewed, but this has not assisted the committee in drawing conclusions about the performance of the AFP at this time.

Ayres report

3.166. The committee notes that the ACT Government has been unable to access the Ayres report commissioned by the Commonwealth Government to inquire into the strategic direction of the AFP over the next three years.¹⁶¹ As the report is likely to have important implications for ACT policing, the committee is concerned that it should be available to the ACT Government.

Recommendation 39

3.167. The committee recommends that the Government make further representations to the Commonwealth Government about obtaining a copy of the Ayers Report.

¹⁵⁹ BP No.4, p 193.

¹⁶⁰ BP No.4, pp528-9.

¹⁶¹ trans, p988

Staffing

3.168. AFP staffing numbers are of concern to the committee. The committee was advised that the ACT Government has a contract with the AFP for 599 officers and the Commonwealth pays for an additional 95 officers.¹⁶² The committee was further advised that when the numbers fall below 694, the first things to suffer are the Commonwealth areas of investigation.¹⁶³ This arrangement still appears to be too loose to enable the ACT Government to be certain it is receiving the full complement of police officers being paid for by ACT taxpayers.

Recommendation 40

3.169. The committee recommends that:

- (i) the Department of Justice and Community Safety provide a quarterly report to the Standing Committee on Justice and Community Safety on progress towards improved accountability of the AFP; and**
- (ii) future budgets provide more detailed and appropriate performance indicators for the AFP.**

Hospital implosion inquiry

3.1.70. While substantive issues relating to the hospital implosion cannot be explored here as they are sub judice, the committee notes the additional costs created by the coronial inquiry into the hospital implosion. These costs so far amount to over \$750,000 and include \$160,685 for the AFP, over \$200,000 to the Legal Aid Commission, an additional \$91,000 for the Coroners Court, \$267,00 up to June 1998 for the Government Solicitors Office, and \$30,000 per month for the Director of Public Prosecutions.¹⁶⁴ Totalcare has also incurred additional costs not included in these amounts. The committee was not informed what services have been sacrificed to enable this additional funding.

Legal Aid Commission

3.171. The committee was advised that because of Commonwealth funding priorities, children and families are missing out on representation in Family Court matters.¹⁶⁵

¹⁶² *ibid*, p 1022.

¹⁶³ *ibld*

¹⁶⁴ *ibid*, p1073.

¹⁶⁵ *ibid*, p1066.

The committee was also informed that Commonwealth guidelines do not now allow the Legal Aid Commission to do the work it did formerly which had the potential to recover funds.¹⁶⁶ These challenges are also shared by other States and Territories.

Recommendation 41

3.172. The committee recommends that the Government:

bring to the notice of the Commonwealth the situation in the ACT where children are missing out on representation in family court matters due to funding restrictions; and

(ii) seek additional funding to cover these matters.

Emergency services insurance levy

3.173. The committee notes that the insurance levy which is estimated to raise \$10m for the Emergency Services budget has attracted an adverse response from the Insurance Council of Australia, interest groups such as the ACT Council on the Ageing and the community generally.¹⁶⁷ The committee also notes that only those who are prudent enough to take out insurance will pay the levy.

3.174. The committee is concerned that the levy will discourage some from not insuring their property and considers the Government has a duty to ensure that undue obstacles are not put in the way of those who are probably least able to afford additional imposts of this nature.

3.175. The committee considers the insurance levy to be unfair and while it has the political advantage of requiring the insurance industry to collect the income for the government it will lead to unfair outcomes.

Recommendation 42

3.176. The committee recommends that the Government monitor, and report to the Assembly on its findings on, the effects of the insurance levy over the next year to ascertain the additional costs for ACT residents, the extent to which persons disinsure and the extent to which lower income and older residents of the ACT change their insurance patterns.

¹⁶⁶ *ibid*, p 1071.

¹⁶⁷ *ibid*, p 1184.

DEPARTMENT OF URBAN SERVICES

Changes in output classes and performance measures

3.177. The Minister advised the committee that the rationalisation of administrative arrangements (whereby the Minister for Urban Services now covers areas formerly covered by the Minister for Housing and the Minister for Land, Planning and Environment) has improved the Department's "sense of purpose... [and] enabled the Department's outputs to be restructured to better reflect the service delivery and the purchaser/provider responsibilities".¹⁶⁸

3.178. The committee observes that while the change may have assisted the Department, it in no way assists in efforts to 'meaningfully compare one year's performance to another.

3.179. As discussed earlier in this report in the section dealing with comparability and transparency, it is extremely difficult to assess the adequacy of a Department's performance if the outputs and performance measures regularly change.

3.180. The committee also noted inaccuracies in published departmental organisations, one example being the inclusion of InTACT in the Department of Urban Services whereas this agency is now part of the Chief Minister's Department.¹⁶⁹ The committee emphasises the importance of ensuring that documents provided to the committee are accurate.

Departmental objectives

3.181. The committee is concerned that the Department's objectives set out in the Ownership Agreement are not prioritised and, in some cases, may be in conflict.¹⁷⁰ For example, one Departmental objective is to make a contribution to [the Territory's] employment growth, but it appears the Department expects to shed staff in the coming year¹⁷¹ while another objective¹⁷² - to deliver to the community the benefits of market and organisational reform in the provision of essential and other services in areas such as electricity, water, milk and transport may cause job losses in these industries and cut directly across the objective of increasing jobs in the Territory.

¹⁶⁸ *ibid*, pp323-324

¹⁶⁹ Chief Minister's Department, Ownership Agreement, p28 and trans, p343

¹⁷⁰ Department of Urban Services, Ownership Agreement, p2

¹⁷¹ trans, pp351-356

¹⁷² Department of Urban Services, Ownership Agreement, p2

3.182. The committee was concerned with the Minister's view that cutting the number of government employees will demonstrate improved financial management and attract business to Canberra.¹⁷³ The Minister was unable to inform the committee what areas of the private sector are expected to offer jobs to those losing them in the public sector.

Confusion over roles

3.183. The committee was advised that the planning process for section 56 Civic was controlled by the Office of Asset Management (OAM) in the Chief Minister's Department.¹⁷⁴ This apparently reflects the fact that section 56 is a Territory asset and, hence, is managed by OAM. The committee is concerned that this appears to downgrade the expertise that an agency like Planning and Land Management can bring to the whole redevelopment and planning process. Adding to the committee's concern was the revelation that the Minister for Urban Services has commissioned a review of PALM. The committee requested the terms of reference for the review but was advised they have not yet been finalised.¹⁷⁵

Recommendation 43

3.184. The committee recommends that the government assure the Assembly that the current departmental arrangements in no way reduce the capacity of PALM to contribute to effective ACT planning.

Vehicle registration charges

3.185. The committee notes that higher registration charge's for heavier vehicles is based on the presumption that they contribute more to road damage and to greenhouse gas emissions than lighter vehicles, as well as having a poorer safety record.¹⁷⁶

3.186. The committee was advised that the Department had modelled the possible effects of the new charges.¹⁷⁷ Information subsequently provided to the committee showed that the Department had not itself modelled the effects but was relying on the findings of modelling by the [1994] British Royal Commission on Environmental Pollution, which indicated that shedding 10% of vehicle weight reduces fuel consumption by about 7%, and modelling by the Commonwealth Department of

¹⁷³ trans, pp346-351

¹⁷⁴ *ibid*, p1341, 18 August 1998

¹⁷⁵ *ibid*, p 1288

¹⁷⁶ *ibid*, p454, p462

¹⁷⁷ *ibid*, p455

Primary Industries and Energy in its Fuel Consumption Project Report (November 1996). That modelling found that a 200kg increase in mass is associated with a 6% increase in fuel consumption.¹⁷⁸

3.187. The committee was advised that the additional revenue raised by the new charges will help to fund the Government's greenhouse strategy to be announced later in 1998.¹⁷⁹

3.188. The committee was also advised that the Department has followed the NSW model with respect to these charges but has not done so for some other charges such as the road rescue fee,¹⁸⁰ nor has it done so in relation to the insurance fee for fire and emergency services.

3.189. The committee was further advised by the Motorcycle Riders Association that the proposed increased registration charge for motorcycles was not the same as the fee in NSW even after allowing for the fact that they do not pay the road rescue fee. The Association also pointed out that motorcycles are responsible for little greenhouse gas emissions and for minimal road damage.¹⁸¹

3.190. The committee notes the inconsistency in basing some ACT charges on what is happening in NSW, especially, but not doing so in relation to some other charges.

ACTION

Fare structure

3.191. The committee notes that ACTION intends to introduce a new network and fare structure on 28 September 1998, with the aim of increasing bus patronage by 6% in the first year followed by 10% in each of the two following years.¹⁸² Though the aim was revenue neutrality, the new structure will actually increase the Government's payment to ACTION by about \$200,000 - \$300,000. This increased cost is to ensure that the impacts were minimised to the greatest possible extent.¹⁸³

Student travel

¹⁷⁸ Minister for Urban Services, response to question on notice

¹⁷⁹ trans, p452

¹⁸⁰ *ibid*, pp458-463

¹⁸¹ *ibid*, pp 1232-1233

¹⁸² *ibid*, p446

¹⁸³ *ibid*, p435

3.192. The committee was advised that the effect on students travel patterns had been considered especially in relation to two factors, viz, the inequity of the present charging system, and the effect on schools which straddle zones. In the latter case, the committee was advised that adjustments have been made to the boundaries of the zone so that children do not have to cross the road to save the zonal fare.¹⁸⁴

3.193. The committee was advised that 31,500 students use the bus system every day of whom 14,500 travel on dedicated school buses and 17,500 use ordinary bus services for travel to and from school,¹⁸⁵ and the committee notes this latter group will be most affected by the new fare structure.

3.194. It is not clear to the committee that the impact of the proposals upon these students was specifically analysed by either of the Departments of Urban Services or Education and Community Services.¹⁸⁶ However, the committee was advised that the Department of Urban Services undertook modelling of the impacts in terms of costs and the committee was subsequently advised that the application of new fares will decrease revenue by 1.4% because the number of one zone travellers who currently change buses and pay two fares will now pay a single fare¹⁸⁷ However, the modelling information provided does not enable the committee to compare the dollar and patronage effects of an alternative zonal system.

Recommendation 44

3.195. The committee recommends that the intended new fare structure be reassessed as a matter of priority to ensure equity for all users of ACTION bus services.

3.196. The Association of Parents and Friends of ACT Schools advised the committee that it did not believe the users who are the parents and children themselves have been adequately consulted and there appears to be fairly limited information concerning the actual travel patterns of students. The Association also advised that the proposed fare changes will alter the behaviour of families by encouraging more parents to drive their children to school, thus increasing congestion around schools.¹⁸⁸

3.197. The Association also stated that the fare increases are exploitive, are discriminatory and that they greatly restrict choice in the non-Government school sector with fare increases of between \$180 and \$300 for between 2,500 and 3,000 students who will now be required to travel in two zones.

¹⁸⁴ *ibid*, pp430-431

¹⁸⁵ *ibid*, p429

¹⁸⁶ *ibid*, p432 and p816

¹⁸⁷ Minister for Urban Services, response to question on notice, 14 August 1998

¹⁸⁸ *trans*, p 1265

Recommendation 45

3.198. The committee recommends that the proposed new fare arrangements be deferred until the concerns of parents have been addressed and consideration is given to more appropriate alternatives for student bus fare charges, including consideration of a flat fare system.

Palmerston bus service

3.199. The committee was advised that the Palmerston area bus fares were anomalous at present, and would remain so in the new arrangements but that Palmerston would be the only anomaly in the whole system¹⁸⁹.

3.200. The committee is concerned that the bus fare from Palmerston to Belconnen would be \$2.00 but the fare from Palmerston to Civic would be \$4.00 (because two zones are crossed), and noted that Palmerston residents may find it cheaper to drive to Civic and pay for parking rather than pay \$8.00 a day to use the bus.

Recommendation 46

3.201. The committee recommends that ACTION review the Palmerston bus fare schedule with a view to removing anomalies which may contribute to a decrease in the use of public transport in that suburb.

Tidbinbilla Nature Reserve

3.202. The committee noted a fall of 39% in visitor numbers to the Tidbinbilla Nature Reserve which had led to a fall in expected revenue and a delay in some proposed capital works at Tidbinbilla.¹⁹⁰ The committee also noted that the reduced revenue had meant that staff numbers at Tidbinbilla have increased by two rangers rather than three as originally expected.¹⁹¹

3.203. The committee is concerned that a fall in visitor numbers and a resulting fall in revenue could have a detrimental effect on the capital works proposed for Tidbinbilla and other nature reserves.

3.204. The committee is concerned to learn that Environment ACT is borrowing \$800,000 from the Office of Financial Management to fund part of the cost of the proposed visitors' centre. The loan, including interest of \$267,000, is to be repaid over nine years from a variety of sources from the visitors centre including retail sales

¹⁸⁹ *ibid*, p438

¹⁹⁰ *ibid*, p505

¹⁹¹ *ibid*, p 1143

and the restaurant concession as well as from entry fees and corporate sponsorship. Repayment of the loan will be at the rate of \$120,000 - \$150,000 each year.¹⁹²

3.205. The committee was assured that other areas of Environment ACT's operations would not be called upon to make up any shortfall in revenues,¹⁹³ the point being made that the funding arrangements reflect the commercial aspect of the visitors' centre.¹⁹⁴ However, the committee notes that this commercial aspect applies to just half of the total cost of the visitors' centre, which is expected to cost \$1.6m.¹⁹⁵)

Recommendation 47

3.206. The committee recommends that the Government provide assurances that the conservation values of Tidbinbilla are not compromised by the financial arrangements associated with the commercialisation of the visitor's centre.

Alternative environment funding

3.207. The Conservation Council for the South-East Region and Canberra suggested an alternative funding proposal for environmental activities, namely hypothecated charges on, for example, water rates or land rates with the revenue to be devoted to environmental activities in order to provide Environment ACT with guaranteed funding for effectively managing the 55% of the ACT that is in reserves.¹⁹⁶

Regional water resource cooperation

3.208. The committee was advised that discussions were underway between the ACT, NSW and Federal Governments on the status of proposals to pipe ACT water to Yass and Goulbourn.¹⁹⁷

¹⁹² *ibid*, pp 1147-1149

¹⁹³ *ibid*, p 1148

¹⁹⁴ *ibid*, p1153

¹⁹⁵ *ibid*, p1154

¹⁹⁶ *ibid*, p1272

¹⁹⁷ *ibid*, pp373-377

Recommendation 48

3.209. The committee recommends that the Minister provide to the Standing Committee on Urban Services an update on the ACT, NSW and Federal Government discussions on the proposals to pipe ACT water.

Gungahlin library

3.210. The committee is concerned about the delay in building the Gungahlin public, library. The committee was advised that slippage had occurred in the consultation process about the type of library service best suited to Gungahlin,¹⁹⁸ that the consultation was originally intended to be complete by the end of the last financial year but this timetable can no longer be met.

3.211. The committee considers a public library at Gungahlin will offer significant benefits to local residents and greatly assist the area's development and it is regrettable that an expectation was allowed to develop that the library would be built in the current year, when the actual situation is that residents will have to wait much longer. However, the committee notes the Minister's comment about the possible reprioritising of some other things inside the Department.¹⁹⁹

Recommendation 49

3.212. The committee recommends that the Minister re-examine capital works priorities within the Department of Urban Services with a view to having the Gungahlin public library project brought forward for early completion.

Causeway public housing

3.213. The committee was advised that the possible sale of Causeway housing to existing residents was on hold until the Kingston Foreshore development proceeded, the reason being that proceeds from the sale of Causeway housing should they eventually be sold could be re-invested in maintaining and upgrading other ACT Housing properties.²⁰⁰

3.214. The committee is concerned that this commercial consideration is placed above the local community consideration.

¹⁹⁸ *ibid*, pp415-416

¹⁹⁹ *ibid*, p420

²⁰⁰ *ibid*, p488

Recommendation 50

3.215. The committee recommends that existing Causeway public housing residents be allowed to purchase their housing and, that those who choose not to be given the option to do so when and if the Kingston Foreshore development proceeds.

Very fast train (VFT)

3.216. The Commissioner for the Environment advised the committee it would be appropriate for Commissioner's office to be involved in the assessment of environmental issues relating to the VFT.²⁰¹ The committee also noted the Minister's statement that there are environmental implications for the route that the train will take in the ACT, especially in the Majura Valley; that Planning and Land Management (PALM) is analysing these implications and that over the next eighteen months there will be a full environmental impact assessment and Territory Plan and National Capital Plan variations.²⁰²

Commissioner for the Environment

3.217. The committee was advised that the ACT's environment performance indicators is more extensive than would be needed to evaluate the state of the environment, but that a regional environment group is examining the indicators in light of core indicators being developed for the next national state of environment reports.²⁰³ The Commissioner advised that the ACT's definition of the environment extends to social, aesthetic, cultural and economic aspects.

Rural leases

3.218. The committee is concerned with difficulty it experienced in accessing details of rural lessees including names, block and section numbers.²⁰⁴ There was

²⁰¹ *ibid*, p11132

²⁰² *ibid*, p1132 and p1142

²⁰³ *ibid*, p1138

²⁰⁴ *ibid*, pp366-372

considerable delay in a response to a question on notice seeking this information which was eventually provided after some equivocation.

Wayne Berry MLA Chair

24 August 1998

DISSENTING REPORT - WAYNE BERRY MLA AND SIMON CORBELL MLA

Conflict of Interest

We were disturbed to find a significant threat to the standing of government in the ACT during the course of the inquiry as the consequence of a possible conflict of interest.

In the announcement of the political donations for the 1998 Assembly election campaign directly to the Chief Minister we note that the Pharmacy Guild of Australia donated a total of \$14,230 in two donations. The Guild, of which Mrs Carnell is a member, was a recipient of a land grant in the last term of the Carnell Government.²⁰⁵ The FAI insurance group donated \$9,500. The Government rents office space from FAI. The Government made a substantial tax and charges waiver of \$8,500 in respect of the Waldorf Apartments²⁰⁶. The FAI Rally of Canberra is sponsored by the Government.

It is our view that it would be reasonable for the community to form the view that the Chief Minister and Treasurer has a serious conflict of interest between her personal and ministerial responsibilities.

Recommendation

We recommend that the Government report to the Assembly on the action it will take to deal with this issue.

Redundancies

We are concerned that the Chief Minister has backed away from her election commitment to Community and Public Sector Union (CPSU) in relation to redundancies which said:

'The Carnell Government will always make it - has always made it clear the Liberals will allow redundancies only if the workload goes, they have never supported job loss alone. The current enterprise agreements requires union

²⁰⁵ The Canberra Times 18 August 1998

²⁰⁶ Chief Minister, response to question on notice, 21 July 1998

*agreement to anything other than voluntary redundancies and we propose to put that same clause in the new agreements.*²⁰⁷

This is of particular concern to us because another election commitment that there would be no further redundancies has already been breached. Unless the voluntary nature of redundancy packages which were previously available is retained uncertainty and insecurity in the workplace could lead to a demoralised and less effective public service.

Recommendation

We recommend that the existing arrangements in relation to redundancy be maintained in all enterprise and workplace arrangements.

Feel the Power

In the light of the extensive evidence taken, the committee's comments on the "Feel the Power" campaign and the community response to the campaign we believe that the campaign should be discontinued forthwith and replaced with a new marketing strategy.

To ensure that the new strategy doesn't follow in footsteps of the discredited "Feel the Power" campaign it should be fully tested using reputable industry standards and techniques before it is released.

Recommendation

We recommend that the "Feel the Power" campaign be immediately discontinued and that any future campaign be fully tested using reputable industry standards and techniques before it is released.

Education

We are extremely concerned at the Education budget cuts and the means of funding them by cutting staffing levels in the central office. While this has been portrayed as releasing staff to work in schools it will not achieve this and in fact withdraws important support functions for teachers in schools and preschools.

Of the 414 positions in the central office, many of the teaching and administrative positions directly service schools. We are most concerned that as a result of the cuts significant services will be lost to schools such as advice on curriculum policy

²⁰⁷ Letter written by Chief Minister to CPSU and reproduced in CPSU journal.

development, support for indigenous and disadvantaged students and financial advice.²⁰⁸

Furthermore we note that at the time the Department is planning to decrease central office staff, it is considering major changes in the assessment and reporting for years 11 and 12. Evidence from the preschool society also demonstrated that these cuts would disadvantage preschool education in the ACT.

We believe this to be a downgrading of our education system and we are joined by many in the community in our condemnation of the indifference of the Government to the effects of these cuts.

Recommendation

We recommend that the Government stand by its election commitments and that education funding be maintained in real terms.

Youth Services

No convincing evidence was offered to the committee that the Civic and Woden Youth Centres should be offered funding on a different basis than each of the other six youth centres. For this reason we do not believe that the Civic and Woden Youth Centres should have been singled out for harsh treatment.

The actions of the Chief Minister have caused disquiet and instability in the important area of services delivered to young people.

Recommendation

We recommend that three year funding be offered to the Civic and Woden Youth Centres.

Wayne Berry MLA

Simon Corbell MLA

²⁰⁸ National Curriculum Services, Review of Standards-Based Assessment and Reporting in Years 11 and 12 in the ACT, para 3.45

ADDITIONAL COMMENTS - WAYNE BERRY MLA AND SIMON CORBELL MLA

Wrong Priorities

When giving evidence to the committee the Chief Minister raised the issue of alternative funding arrangements should the committee be critical of her Government's revenue and expenditure proposals. The Chief Minister said:

"...this Estimates Committee will not have any credibility whatsoever. I am sure, in the view of the people of Canberra if it does not look at the total budgetary position..."

In response the Chair said:

"I am sure that the members around the table on this Estimates Committee would like to have their hands on the levers and be responsible for constructing the Budget but, Chief Minister, that is your job. It is our job to scrutinise it and we hope that we will do a good job of that."

Estimates Committee report and the additional comments do go to the Government's priorities on expenditure and revenue. We are convinced on the evidence that revenue measures such as increases in bus fares for many school students, registration fees and the insurance levy could have been much less harsh in their application or even ruled out had the Government not committed itself to wanton spending on such projects as the Bruce Stadium development and the discredited "Feel the Power" campaign.

In addition the Government has shown little public resistance to the unjustifiable \$10million federal budget black hole payment but has persisted with the \$2million Business Development Fund which remained unutilised for two years.

At the same time the Government has made controversial cuts to Education and the Arts which will significantly detract from these services and work to undermine them.

In our view there is adequate flexibility in the Government's budget to not only improve the bottom line, which is Mrs Carnell's obsession, but to improve out performance*the provision of services and socially just outcomes for the community.

Wayne Berry MLA

Simon Corbell MLA

DISSENTING REPORT - HAROLD HIRD MLA

“As an individual who undertakes to live by borrowing, soon finds his original means devoured by interest and next, no-one left to borrow from - so must it be with a government. “

Abraham Lincoln, 1843.

The majority report by the Select Committee on Estimates is not only irresponsible but also highly misleading.

When you read it, you could be forgiven for thinking that the Territory budget was travelling along nicely in surplus and that the government was simply hell bent upon cutting back expenditure and raising revenue without any good reasons for doing so.

The reality, as most Canberrans know, is quite different. The ACT has just emerged from a recession and our economy is now starting to recover. We have a general government sector operating loss of \$139 million to contend with in 1998-99. And despite this, there is still an expectation that the government can find the funds to meet more and more demands for new services without increasing the taxation burden upon ratepayers.

Nowhere in the majority report could I find any reference to these problems which are after all, fundamental to the reasoning behind the priorities within the 1998-99 Budget. Nowhere is there any recognition that unless the Territory brings its expenses and revenue more into line, then we will be leaving a financial mess that could well cripple our economic future.

Yet everywhere there are recommendations for the government to spend more (SACS Award, Institute of the Arts, school furniture, Belconnen Pool) while at the same time opposing any changes to revenue arrangements (insurance levy, Floriade entry, bus fares etc).

And if you were to implement all of these recommendations, then you would not have to be an accountant to know that the Territory's operating loss would deteriorate to a point where the only legacy that this Assembly would leave Canberra's future generations would be crippling, unfunded debt.

During the recent election campaign, Canberrans would recall that the Government and the majority of the Independent candidates that were elected publicly stated that one of their key priorities was to reduce the Territory's operating loss. Yet reading the majority report, you would never have known.

The re-election of the government has given it the mandate it sought from voters to continue the difficult task of improving the state of the ACT's finances while at the same time directing additional resources to those areas most in need. I believe this government is doing exactly that.

Once again, the Estimates Committee has failed to come to grips with the key issues surrounding the formulation of an ACT Budget and has instead chosen to focus its attention upon scoring a few cheap political points. It seems that some Members of the Committee believe their personal dislike of a slogan marketing Canberra as a business destination is a far more important issue than a \$2 billion budget.

Indeed, were I able to produce one recommendation, it would be to require that each Member of the Committee identify precisely how he or she would either fund new initiatives (increased taxes, spending cutbacks) or not apply new revenue charges.

Perhaps the best example I can provide of the inconsistent approach taken by some Committee Members is to highlight the absence of any recommendation relating to the troubled Harcourt Hill joint venture. The current government was able to present detailed information which raised serious questions about the nature of the arrangements entered into by the former Labor Government. Questions that warrant further investigation which I for one will continue to pursue.

For the reasons detailed above, I am therefore forced to dissent from the bulk of the majority report by the Select Committee on Estimates. Where I have objected to specific recommendations or references in the body of the report, I have provided brief comments in each case.

COMMENTS ON SPECIFIC RECOMMENDATIONS

Comment on Paragraph 2.6

This is the third budget that has been presented in an outputs based accrual format. There have been, over this time, a number of presentations available to members of the assembly on accrual accounting and output budgeting.

It would appear, however, from paragraph 2.6 that some members of the committee are still confusing the presentation of the budget before audited outcome information is available (and therefore having to compare budgets with estimated outcomes), with the transition from a cash based system to an accrual system.

Recommendation 4

Dissent. The 1998-99 Budget documents already present information relating to all major financial policy and output changes.

Budget Paper Number 3 provides detail of all these measures. For example, Chapter 5.2 outlines all the budget initiatives. It is also categorised against the Government's statement outcomes. Chapter 5.3 outlines revenue initiatives, and provides a description of the major changes to the 1997-98, the 1998-99 and forward year estimates. As well, major changes relating to the Territory's assets and liability

positions are outlined in part 6 of Budget Paper 3 - Asset and Liability Management. The Budget highlights of each agency are also provided in Budget Paper Number 2 and Budget Paper Number 4.

The Committee has again failed to recognise that the system of financial management and budget presentation is far more advanced in the ACT than in the Federal Government or in any other Australian jurisdiction. It is still disappointing to find, after three output-based accrual budgets, that some members still favour the narrow cash framework of revenue and outlays.

To present information on outlays at agency and output level would require significant re-casting of budgeted estimates. This would in no way correspond to the framework in which the Government plans and measures its business activities. It also does not meet the legislative requirements of the Financial Management Act, and would not be comparable to any financial statement outcome information that is required under the accounting standards.

Comment on Paragraph 2.19

I disagree strongly with the Committee's assertion. The accounting standards are to be adhered to by both private and public sector entities and they are not used selectively. The suggestion that, in preparation of the financial statements, guidance issued by accounting bodies is used selectively by the Government is outrageous.

This is of course comes from a committee that would appear, apart from one or two members, not to understand the concepts on which the budget is framed, what the concepts of accrual accounting are and the basis on which financial statements for either budgets or annual reports are prepared. The Office of Financial Management has repeatedly stated that the accounting standards, in conjunction with generally accepted principles and practices, form the basis for the preparation of financial statements.

Recommendation 5

Dissent. The 1998-99 Budget presentation already meets this requirement.

Information provided in the Territory's Budget Papers is the most comprehensive and transparent of all states and territories. Extensive financial detail is provided in Budget Paper Numbers 3 and 4.

There still appears to be a lack of understanding by some committee members about the accrual and output framework under which the Territory operates. This appears to be the reason why some members still call for additional information. The Committee seems to have overlooked the Ownership and Purchase Agreements. The financial information contained in both documents is comparable.

The Committee seems to have forgotten that the ACT runs an accrual budgeting, outputs-based financial management framework. The Commonwealth runs a cashbased, inputs-based system. They are completely different.

Comment on Paragraph 2.26

I disagree. The number of performance indicators, while less than previous years, has provided the committee with more than enough information to scrutinise the Budget. Many of the indicators previously included were of limited assistance in determining the quantity, or quality of outputs provided in the Budget. In fact, the Auditor-General has been highly critical of the number of inappropriate, unmeasurable and low level activity indicators that have been provided in the past, particularly under Labor governments.

This paragraph seems to indicate to me that some members of the Committee judge the usefulness of information by the amount of information provided, rather than the content of that information. I believe the change in the number of indicators reflects how the financial management framework being used is maturing over time as more experience is gained in accurately measuring the- performance of agencies in a way that is meaningful and useful.

Comment on Paragraph 2.28

I find the change of heart from some Members of the Committee about national competition policy to be quite extraordinary. After all, the policy was introduced by the Federal Labor Government with the enthusiastic support and endorsement of the then Territory Labor Government of which the Committee Chair was the Deputy Chief Minister. It is funny how this fact did not make into the majority report.

Recommendation 7

I agree with this recommendation but believe it should be expanded to require that these individuals and groups, when they appear before the Committee, identify exactly how their request for additional funding, opposition to revenue proposals, or greater service provision, could be paid for, similar to the approach taken by ACTCOSS.

Comment on Paragraph 2.42

I disagree with the Committee's assertion. For example, in 1997-98, the Government significantly exceeded its revenue estimates and met or exceeded most Budget-time forecasts. In other words, last year's forecasts were conservative and were actually criticised as such by the then Estimates Committee. Now the Committee is critical of the 1998-99 forecasts as being too ambitious. Clearly, the government cannot satisfy the Committee either way.

Recommendation 9

Dissent. The actual amount paid into the Superannuation and Insurance Provision Unit is accurately detailed in the 1998-99 Budget Papers, for 1998-99 and the Forward Estimates. Although the arrangements were explained in the committee hearings, some Members of the Committee are obviously still confused.

Significant increases in funding for the Superannuation and Insurance Provision have been budgeted for in 1998-99 and the forward years. These are over and above the amount required to cover the annual emerging expense. Indeed, instead of “funds leaking” from the Superannuation and Insurance Provision Unit, additional funds have been provided, although it is acknowledged that these funds still do not provide for the total annual superannuation expense.

Contrary to paragraph 2.48, the balance sheet for the Superannuation and Insurance Provision Unit shows the superannuation liability, as assessed by actuarial review. The unit’s operating statement also fully discloses the annual superannuation expense.

Recommendation 10

Dissent. The Committee seems to have ignored the major differences between the proposed new community services award in the ACT compared with that which is operating in NSW. These differences include rates of pay, career structures, sick leave, overtime, on-call allowances and penalty and shiftwork rates.

The Chamber of Commerce and Industry has made an application in the Industrial Commission not to oppose the SACS Award as claimed by the Committee, but to propose a new community services award that is more in line with NSW.

The Committee once again seems to have forgotten that it would be irresponsible for the ACT Government to simply supplement every agency without due regard for the additional costs this would impose. Nor has the Committee identified how the extra funding would be obtained (yet again).

Comment on Paragraph 3.2

I disagree with the Committee’s claim. Electricity charges are actually set by the Independent Pricing and Regulatory Commission. .

It should also be noted that prior to the recent ACT election, both major parties based their indicative budget forward estimates upon the purchase of the streetlights by ACTEW Corporation.

Comment on Paragraph 3.10

I disagree with the Committee’s comment. As the Chief Minister’s response to a question on notice indicated, the estimated cost of staging the 2000 Olympic Football tournament in Canberra is \$10 million. In addition, ticket revenue of \$5.2 million has been guaranteed to SOCOG but in no way can this be construed as expenditure at this time.

Once again, I need to remind the Assembly that the former Labor Government also indicated its intention to bid for Olympic Soccer and was critical of the current Government for not reacting quickly enough at one stage. Funny how things change.

Recommendation 12

Dissent. There are a number of issues which need to be clarified here.

First, the Institute of the Arts did not have a signed agreement in place with the ACT Government. The Committee has glossed over this point.

Second, the Government had already publicly committed to ongoing funding for the Music Education Programs at Ainslie Primary and Campbell High Schools despite the Committee's assertions in this report.

Thirdly, the Chief Minister did not just simply state the reduction was a "budget imperative" but actually advised the Committee that it was unclear to the Government how the \$1.6 million payment to CITA actually benefited Canberra students and ratepayers.

The Committee has failed in its task of scrutiny by not bothering to find out for itself exactly what the ACT Government's contribution was actually purchasing. Instead of simply accepting CITA's word, it should have done so. The Government has since indicated that CITA has advised it was actually impossible to provide any breakdown of how the \$1.6 million contribution was spent on local services and programs. That should be cause for concern in itself.

I take the view that grants of this size require the same level of accountability for how they are spent, whether it be the Institute of the Arts or any other non-government organisation. I believe the Committee should rethink its unquestioning approach which seems to be that if you have always paid someone the same grant in the past without finding out what you get for it, then you should continue to do so in future.

Recommendation 13

Dissent. This is yet another example of where the Committee has failed to adequately scrutinise the issues surrounding the introduction of an entry fee for interstate and repeat visitors to Floriade.

The Committee knew that after a decade, Floriade had become tired. The Committee knew that the Canberra Tourism and Events Corporation believed that unless it was rejuvenated and expanded, it would probably die as Australia's premier floral festival. The Committee knew that 60 per cent of visitors to Floriade are from interstate and that every household would receive a free family day pass. It also knew that this expansion in 1998-99 would cost at least \$1 million more, money that would have to be found from somewhere.

Yet all the Committee could do was to recommend that the Government charge only a "gold coin donation." No consideration of Floriade's long-term future, no thought as to where the \$1 million funding gap would be made up (a rates charge for example), and no assessment of the relative price of entry compared with other local (Canberra Show - \$12 a day for adults, Summernats - \$27 a day) and interstate events (Melbourne Flower Show - \$15 a day for adults).

Nor was there any appreciation by the Committee that unless CTEC had taken such decisive action to expand Floriade, all indications were that it would have died as a major event and with it would have gone the jobs and economic benefits identified by the Committee in its report.

Another classic example of “not my problem” from the Committee.

Recommendation 15

Dissent. The Government has provided a significant amount of information (both on a confidential and open basis) about the Business Incentive Scheme to both this Committee and to the former Public Accounts Committee.

If the Government were to advise proponents that there was absolutely no protection available for any commercially sensitive information that was ever provided, then it is my belief that there would be few, if any, private sector entities prepared to deal with the ACT Government at any level.

In my view, the Committee would instead, have been better advised to familiarise itself with a discussion paper which was circulated for comment by the Government in March 1998, entitled “Draft Principles and Guidelines for the Treatment of Commercial Information held by ACT Government Agencies.”

That document should form the basis for the development of sensible guidelines which maximise the transparency and accountability of agreements between the government and the private sector, while still providing for limited protection under appropriate circumstances.

Comment on Paragraph 3.33

I disagree with the Committee. The Government announced earlier this month that the Business Development Fund had invested in a local advanced technology firm, Deja View Pty Ltd. I applaud the caution shown by the Board managing the fund to ensure that every potential investment is carefully scrutinised.

Comment on Paragraph 3.45

I disagree with the Committee’s comment.

Comment on Paragraph 3.56

I take offence to the Committee’s assertion. It represents a cheap political shot without producing any substantiation to back up its claim whatsoever. It is the kind of tawdry assertion that this Assembly could do without and reflects poorly on the Members who agreed to its inclusion in the majority report.

Comment on Paragraph 3.61

I disagree with the Committee’s claims of a discrepancy in the education budget.

Recommendation 20

Dissent. Both examples cited by the Committee have been misrepresented, in my view.

Firstly, I understand the Canberra Preschool Society was in fact, provided with a wealth of information, including a blank 'contract, prior to a meeting with the Department of Education and Community Services. It was therefore, not actually asked to sign up without consultation. I believe that a two or three page agreement has now, in fact, been achieved.

Secondly, as I have noted earlier, the Institute of the Arts did not have a signed memorandum of understanding in place with the ACT Government. In fact, it is my advice that CITA were not even providing the level of services identified in the draft, unsigned MOU.

Recommendation 21

I agree with this recommendation, however, construction of the Belconnen Pool should be subject to the completion of the further feasibility study and public benefit test.

Recommendation 24

Dissent. The Government already provides monthly data relating to waiting lists and times for elective and emergency surgery at both Canberra and Calvary Hospitals. This compares very favourably with the quarterly, 'averaged' waiting list reports provided by the former Labor Government.

The Committee's concern that waiting lists had increased despite an injection of additional funds by the Government shows a complete lack of understanding about hospital services. A more accurate indicator is surgical throughput which measures how many procedures have been performed. In my experience in the ACT, it often seems to be the case that whenever there is a high level of surgery being performed at both hospitals, the level of demand also rises.

Regardless, there are still several hundred fewer people waiting for surgery under this government than when it was first elected in early 1995, more than three years later. Under the previous Labor government waiting lists more than doubled from just 1990 in mid-1991 to more than 4,500 in February 1995.

Recommendation 27

Dissent. It should be noted that the Chief Minister has already written to the Federal Government advising that the ACT Government believes that the Hospice should remain on Acton Peninsula.

The Committee has overlooked the fact that when the Hospice was built on Acton, the previous Territory Labor Government went ahead with construction despite the fact that the then National Capital Authority only granted five year 'tenancy' to the ACT.

This was a highly inadequate arrangement, in my view.

Recommendation 28

Dissent. In my view, the Committee has not received compelling evidence to suggest that the decision be reversed.

Comment on Paragraph 3.126

I strongly object to the conclusion drawn or implied by the Committee in relation to the appointment of a consultant investigating the operation of Karralika. I understand that the consultant was in fact, appointed by the Department of Health and Community Care, prior to the Minister becoming aware of the appointment. This contradicts the Committee's claim directly.

It should also be pointed out that the Minister also recently appointed a former Greens candidate to conduct an inquiry into protocols for preventing adverse events in the ACT public hospital system. No adverse comment was made by the Committee about this appointment.

Recommendation 33

Dissent. I believe the recommendation should have been to ask the Government to investigate this issue first and advise the Assembly so that all relevant information, including costings, could have been put forward.

Comment on Paragraphs 3.146 and 3.147

Comments by the majority of the Committee at paragraph 3.147 are blatantly political. There is no proposal to deny assistance to "all claimants", but rather to better target assistance to victims of crime. The notion that, a cash payment somehow makes a difference to a victim's well-being is simply wrong and is part of the substantial problem with the present Criminal Injuries Compensation Scheme.

The fact that a number of cases have been highlighted is symptomatic of the problem and is an appropriate way of leading to informed debate, in the same way as highlighting cases where large cash payments are entirely appropriate because of a demonstrated loss suffered by a victim.

Comment on Paragraphs 3.174 and 3.175

I do not accept comments made by the majority of the Committee here. I have seen no evidence presented to the Committee, apart from unfounded claims made by the Insurance Council of Australia, that there will be a disincentive to not insure property.

Indeed, many properties the subject of mortgages are required to be insured as a condition of the mortgage and it is simply spurious, in the case of investment properties, to suggest an individual, family or company would spend hundreds of thousands of dollars, or more, to buy property then not to insure it against significant loss.

While claims are made that the Insurance Levy is unfair (read inequitable) because it impacts only on those who have insurance, the fact is no levy is entirely equitable on the basis of its reach. For example, to do as the Insurance Council of Australia suggests and change this levy to a rates levy would not see the substantial number of tenant-occupiers pay the levy, which in itself can be equally argued as inequitable. It is impossible to levy any form of fee or tax which is entirely equitable. A better benchmark is keeping our fees, levies and taxes in line with those in our surrounding state - New South Wales.

The Insurance Levy is collected in New South Wales on much the same basis as is proposed in the ACT, but it should be remembered that the levy in NSW raises some 73.7% of the operating costs of the state's fire services. The proposed levy in the ACT will only raise 33% of the operating costs of the ACT's fire services.

Comment on Paragraph 3.180

I disagree with the Committee on this point. The example given is not accurate nor justified. While the InTACT Group chapter in Budget Paper 4 proceeds the Urban Services statements along with ACT Housing, ACT Forests and ACTION, they are all recognised as departments/appropriation units under the Appropriation Bill 199899 and in the classification of entities in Budget Paper 3. The Budget Papers provide for full disclosure and transparency by way of notes on page 141 of Budget Paper 4, where the following was provided:

“In its role as the ACT Government's IT provider, the In TACT Group will become part of the government's Territory Owned Corporation, Candeliver. The move whilst foreshadowed in this Budget, has not been reflected in Candeliver's or InTACT's financial statements as a final scoping and due diligence review is yet to be completed. “

This statement was also referenced in Budget Paper Number 4 on page 349 in the objectives for Candeliver in 1998-99. Candeliver being a Territory Owned Corporation is not part of the Chief Minister's Department.

Comment on Paragraph 3.182

The statement in the majority report that the Department's objectives are somehow in conflict demonstrates that members clearly do not understand the need for the ACT to reduce its operating loss. It suggests that the majority of committee members believe that employment trends in the ACT economy are set in stone, and will never change.

It also implies that a number of members do not believe there is any need to address the Territory's operating loss, and do not understand the links between a soundly managed public sector and the Government's ability to soundly manage the entire economy.

The comments by the Committee here once again highlight just how little regard has been paid by some Members to addressing the Territory's operating loss. It is worth pointing out that the Government has reduced that loss from \$344 million when it came to government to \$153 million (unaudited) in 1997-98. At the same time, employment in the ACT is at its highest level ever. Once again, no mention of this in the Committee's majority report.

Comment on Paragraph 3.183

I have no concerns that the separation of asset management and planning roles somehow "downgrade" the expertise of planning. Indeed, quite the contrary is true. What the committee does not understand is that separating the development role from the planning function means there is no conflict of interest in the planning body, as there was when the former ACT Labor Government entered disastrous joint venture developments. A separate OAM means that PALM does not have to compromise its planning role and values to "shore up" financial catastrophes such as Harcourt Hill.

Comment on Paragraph 3.188

In relation to motor vehicle registrations, I remain astounded at the inability of the majority of committee members to understand how the new ACT charges relate to NSW. The majority committee report states that the Government has not followed NSW with respect to the road rescue fee, while not acknowledging that the new ACT registration fee is actually \$15 less than NSW, and that the \$15 road rescue fee is added to this to make the total charges the same. The difference between the NSW and new ACT charges is that the ACT separately identifies \$15 for road rescue services.

The committee also shows a lack of understanding of the administrative arrangements, implying that somehow the Department of Urban Services is responsible for the "insurance fee for fire and emergency services" (sic).

Recommendation 44

Dissent. I was surprised that simply because some committee members did not understand the modelling that the Department carried out, the report stated "it is not clear to the committee that the impact of the proposals ... was specifically analysed".

Correspondingly, I do not believe that there is any need to reassess the proposed fare structure, which is based on an equitable approach where the fare paid reflects the distance travelled.

Recommendation 45

Dissent. I do not support deferral of the fare structure while "consideration is given to ... alternatives ... (such as) a flat fare system". To introduce a flat fare system, while maintaining revenues, will mean significant increases for the majority of patrons of ACTION. The alternative is to increase the Government's subsidy for ACTION, meaning that the 95% of people who do not use ACTION will pay even more for those who do. While some level of subsidy is necessary, I do not believe it needs to

be any higher than the current 75% of funding which ACTION derives from the Government.

Recommendation 46

Dissent. I do not believe it is necessary to review the Palmerston bus fare schedule. Palmerston residents will now be treated in the same way as other Gungahlin residents, and other Canberrans who live a similar distance out from central Canberra.

Recommendation 49

Dissent. The development of a public library at Gungahlin has been subject to a feasibility study. It seems some Members of the Estimates Committee do not understand what this means.

A feasibility study is just that. It assesses the feasibility of constructing a facility and is not an automatic precursor to construction. If it was, why would you have a feasibility study in the first place?

The completion of such a study is a requirement of the capital works process (and is endorsed by the Urban Services Committee). It was introduced by the government to ensure that every project was subjected to a more rigorous assessment.

I am concerned that the Committee is suggesting that the Library should be built regardless of these requirements.

Recommendation 50

Dissent. I do not share other member's concerns that commercial considerations are being given an overly high priority in the Kingston Foreshore area. The Government's approach demonstrates an equitable approach to providing public housing to as many people as possible.

What members clearly fail to understand is that, if there is a profit to be made from the sale of Causeway properties in future, this should be applied to those people waiting for public housing, rather than be transferred into the pockets of private individuals. It is surprising to see the committee propose that government assets be sold for private profit, rather than the benefit of public housing tenants and those waiting for public housing.

Harold Hird MLA
Government Whip
Member, Select Committee on Estimates 1998-99
24 August 1998.

APPENDIX - PUBLIC HEARINGS

MONDAY 20 JULY 1998

Chief Minister's Department

TUESDAY 21 JUL Y1998

Chief Minister's Department

WEDNESDA Y 22 JUL Y 1998

Department of Urban Services

THURSDAY 23 JULY 1998

Department of Health and Community Care

FRIDAY 24 JULY 1998

Department of Education and Community Services

MONDAY 3 AUGUST 1998

Department of Justice and Community Safety

TUESDAY 4 AUGUST 1998

Department of Justice and Community Safety

Chief Minister's Department

WEDNESDAY 5 AUGUST 1998

Department of Urban Services

Community Groups and Individuals

SUBMISSIONS WERE ALSO RECEIVED FROM

Mr C Vankleeff

The Motorcycle Riders Association

ACT Council of Parents & Citizens Associations