



Legislative Assembly for the ACT

SELECT COMMITTEE ON ESTIMATES

Appropriation Bill 2003-2004 (No 3)

MAY 2004

Committee membership

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Resolution of appointment

That:

- (1) Notwithstanding the provisions of standing order 174, the Appropriation Bill 2003-2004 (No 3) be referred to a Select Committee on Estimates 2003-2004 (No 3);
- (2) a Select Committee on Estimates 2003-2004 (No 3) be appointed to examine the expenditure proposals contained in the Appropriation Bill 2003-2004 (No 3);
- (3) the Committee be composed of:
 - (a) one Member to be nominated by the Government;
 - (b) one Member to be nominated by the Opposition; and
 - (c) one Member to be nominated by the ACT Greens or the Australian Democrats or the Independent Member;to be notified in writing to the Speaker by 4.00 p.m. today;
- (4) the Committee report by 4 May 2004;
- (5) the Committee to send its report to the Speaker or, in the absence of the Speaker, to the Deputy Speaker who is authorised to give directions for its printing, circulation and publication; and
- (6) the foregoing provisions of this resolution so far as they are inconsistent with the standing orders, have effect notwithstanding anything contained in the standing orders.

Terms of reference

To examine the expenditure proposals contained in the Appropriation Bill 2003-2004 (No 3) and report to the Legislative Assembly by 4 May 2004.

Conduct of the inquiry

The Committee invited community organisations to lodge submissions to the inquiry through unsolicited letters and also advertised in the Canberra Times on Saturday, 20 March 2004. Subsequently, the Committee held four public hearings on 6, 7, 8 and 27 April 2004 and heard from Ministers, accompanying departmental officers and ACT Shelter. ACT Shelter also provided the Committee with a written submission. A list of those that appeared before the Committee can be found at Attachment A.

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Summary of recommendations

The Committee recommends that:

Recommendation 1

In future budgets, proper allowance is made for known or expected wages growth.

Recommendation 2

The Government ensure that Wizard is compensated fairly for the services it has provided to the Territory in relation to the AIMS database in as short a timeframe as possible and in agreement with the independent arbitrator.

Recommendation 3

The Minister at the first available opportunity explain to the Assembly why the Assembly was told that the Treasurer's advance was being used to fund additional services in child protection, when evidence received by the Committee indicated that the Treasurer's advance had not been used at that time.

Recommendation 4

The Department of Education, Youth and Family Services review how it collects statistics in relation to substitute care, and assess the adequacy and effectiveness of the information collected with the aim of improving its service delivery and financial planning ability in this area.

Recommendation 5

The Government improve the procurement processes of ACT Housing and be better able to explain how monies appropriated will be expended

Recommendation 6

The Government post to a website, all transcripts of the coronial inquiry of the 2003 Bushfires immediately, as they become available.

Recommendation 7

The Government carry out appropriate assessment before any further vegetation is removed.

Recommendation 8

The Minister for Planning present to the Legislative Assembly all the documents and correspondence relating to the proposed purchase of the Phillip Oval and, that the Assembly review the issue on receiving this information.

Recommendation 9

The Minister for Planning apologise to the Legislative Assembly for withholding relevant information to the Select Committee on Estimates, in relation to the Phillip Oval matter.

Recommendation 10

The Government allocate funds for the immediate purchase of a mobile humidicrib.

Recommendation 11

The Government report back to the Legislative Assembly on the first sitting day in August 2004, as to how much of the \$103.330 million contained in the Bill was actually spent by 30 June 2004.

Recommendation 12

The Legislative Assembly pass Appropriation Bill 2003-2004 (No 3) with the omission of \$800 000 intended for the purchase of the lease over Phillip Oval.

Recommendation 13

Prior to the commencement of any or all Estimates committee hearings, Ministers should remember their responsibilities and obligations in the conduct of hearings, and if necessary, refresh their knowledge of Standing Orders; and further understand the difference between the Treasurer's advance and a supplementary appropriation.

1. Introduction

1.1. On 11 March 2004, the Appropriation Bill 2003-2004 (No 3) (the Bill) and accompanying explanatory statement were presented to the Legislative Assembly and subsequently referred to this Committee for inquiry.¹

1.2. The purpose of the Appropriation Bill 2003-2004 (No 3) is to provide for additional appropriations of \$103.330 million for the 2003-2004 financial year as outlined at Appendix B.² Revised financial statements and accompanying explanatory notes can be found in the Government's Supplementary Budget papers 2003-2004: Appropriation Bill No 3.³

1.3. The Government has stated that the Bill will provide funding for: initiatives under the Canberra Plan (the Social, Spatial and Economic Plans); Enterprise bargaining agreements which have been agreed upon or close to being agreed upon; and Housing ACT for homelessness and housing affordability.⁴ A further breakdown of items included in each category is included in the Government's supplementary Budget papers. The Committee has chosen to focus on a number of selected areas, which follow.

1.4. The Committee has also made comment in relation to the use of the Treasurer's advance versus the use of a supplementary appropriation bill and the timing and urgency of expenditure of items provided for in the Bill.

1.5. The Committee notes the large sum that is to be appropriated under the Bill and the short time between the expected passing of the Bill and the presentation and passing of the 2004-2005 Budget. From evidence presented to the Committee, it is clear that a large proportion of the amount sought in the Bill would not be spent before 30 June 2004. The Committee believes that had the Government budgeted more prudently, that the Bill would not have been required.

¹ Legislative Assembly for the ACT, Minutes of Proceedings No 95, Thursday, 11 March 2004, p 1209.

² This amount does not include the additional \$4.582 million for the Department of Education, Youth and Family Services in the area of children's services as proposed by the Government's amendment to the Bill.

³ Revised financial statements and accompanying explanatory notes for the Department of Education, Youth and Family Services can be found in the 'Revised pages for the Supplementary Budget Papers accompanying the Appropriation Bill 2003-04 (No3).

⁴ Mr Ted Quinlan, MLA, Treasurer, 2003-2004 Appropriation Bill (No 3), presentation speech, p 2.

2. Expenditure proposals and issues highlighted

2.1. The Committee is interested in a number of areas provided for in the Bill. These are dealt with below.

Enterprise bargaining agreements (EBAs)

2.2. The Committee is interested in the progress of the EBAs, and is concerned that the Government did not appropriate adequate funds earlier. It was known that most agreements had an expiry date of 31 March 2004 and yet the Government chose in the 2003-2004 Budget not to make adequate allowance for the additional funding required in the last quarter for EBAs.

2.3. In relation to the wage setting process, the Government stated

Broadly across the public sector, agencies are funded 1.3 per cent in their salaries budgets to cover cost growth on wages. So the assumption is made within agencies' budgets and in the bottom line of the budget the first 1.3 per cent is covered. Secondly, at budget time the government made a provision for future wage increases, based on a very, very sketchy outline about what those floors and ceilings might be in relation to enterprise bargaining and thirdly, that provision was actually increased significantly through the mid-year review in line with the revenue increases of the territory. So obviously there is a decision-making process that goes through that about affordability, funding sources, productivity, et cetera.⁵

2.4. Of the amount provided in the current Budget for EBAs, the Government responded with

The existing framework for funding wage increases generally provides that all budget funded agencies have base capacity for price growth in salary expenditure, currently set at 1.3%. The exceptions to this are:

Department of Education, Youth and Family Services where capacity for total price growth in expenditure is set at CPI for all Education expenditure. The residual non-education expenditure includes salary growth of 1.3%; and

⁵ Transcript of evidence, Thursday, 8 April 2004, p 163.

ACT Health where capacity for price growth in salary expenditure is set at 2.5% for visiting medical officers and 1.3% for all other staff.⁶

2.5. The amount for EBAs that is to be appropriated by this Bill is '\$29 650 000'.^{2.5.} The Minister for Industrial Relations stated that she waited until the union claim was presented to her before proceeding to Cabinet where the Government made a decision about its position in relation to the wage offer it would make. The Government added that it has made a 3.4% offer, payable from the expiry date of the current agreement. As part of the offer, the amount contained in the Bill, across various agencies would provide for the remainder of the 2003-2004 financial year.⁷

2.6. Of the amount relating to EBAs, the Minister for Industrial Relations stated

I cannot see any problem with making wage provisions at the first opportunity through the appropriation process. That is what we have done.

The government considered those increases in light of the position in the territory. It is fair to say that wages pressure on the budget is perhaps the biggest pressure that we face. We are of the view that fair wage outcomes should be delivered to public sector workers. However, the initial costs that would be incurred in meeting the first wage offer would place the government in a difficult position in maintaining wages at the level that it would like to, which is not extravagant by any means.

Wage outcomes are sitting at around 4 per cent. The Commonwealth is paying anywhere between 4 per cent and 5 per cent and this government is offering somewhat less than that in the clerical EBA. Wages pressure—perhaps the single biggest pressure on the ACT budget at the moment—requires the government to make some very tough decisions.⁸

2.7. The Minister further stated that she hoped that an agreement could be reached by June to allow for wage rises to be paid. The point was made that an amount was not provided for in the 2003-2004 Budget in relation to wage offers so as not to pre-empt the amount the Government would offer and have the effect of weakening the Government's bargaining position.⁹

⁶Mr Ted Quinlan, MLA, Treasurer, Answer to question on notice, dated 17 April 2004.

⁷ Transcript of evidence, Tuesday, 6 April 2004, p 2.

⁸ *ibid.*, pp 5 & 6.

⁹ *ibid.*, p 6.

2.8. The Committee recommends that:

Recommendation 1

In future budgets, proper allowance is made for known or expected wages growth.

Contractual dispute

2.9. The Committee is concerned about the way the Government is handling a contractual dispute between services provided by a private sector company (Wizard) to implement and manage the AIMS database for ACT WorkCover.

2.10. In particular, the Committee is concerned about the length of time the dispute has persisted and whether the amount offered by the Government fairly represents the services provided by Wizard.

2.11. The Government has stated that the original contract which commenced early in 2000 was for a fixed price of \$800 000. The dispute arose as a result of Wizard providing services at considerable expense that WorkCover did not agree were part of the original contract. The total amount that Wizard is claiming is in the vicinity of \$3.5 million.¹⁰

2.12. The Government has stated that it has paid Wizard the original amount as agreed to in the fixed price contract and entered into negotiations in relation to the outstanding list of claims made by Wizard.

2.13. Consequently, WorkCover and Wizard have entered into independent arbitration, which is now being managed by the Department of Treasury.¹¹ The Treasurer advised the Committee that the dispute is ongoing, but that the process is in its last phase of negotiation.¹²

2.14. In relation to the dispute, the Treasurer stated

I don't think that all of the paperwork associated with the overall contract was perfect by any means, or in fact the understanding of what was actually being done. As I understand it, what was happening was that there was a software contract to create a software package which it was at some stage anticipated would

¹⁰ Transcript of evidence, Thursday, 8 April 2004, p 144.

¹¹ *ibid.*, p 145.

¹² *ibid.*, p 142.

graduate to becoming a piece of proprietary software that the vendor could sell and sell again, and that there was an expectation that the vendor might apply more resources to the WorkCover system than WorkCover was actually paying for because WorkCover was providing in fact the practical base upon which a piece of software was being built.¹³

2.15. The Government further stated in relation to the amount that they are willing to pay Wizard that

... There is a point beyond which we will not go, because I would be then sitting in front of a committee like this that would be saying, "Under what approval or agreement could you possibly have paid?" We're talking public money here. I can only expend public money to the extent that is legally defensible.¹⁴

2.16. The Committee is concerned at a limit, which suits the Government being placed on an independent process. This placing of a limit surely undermines the notion of independent arbitration.

2.17. The Committee remains concerned about how the Government is resolving the contractual dispute. After looking at the contract and accompanying documentation, the Committee believes the Government has treated Wizard in a questionable way.

2.18. The adverse publicity generated as a result of the long running dispute and the fact that the Canberra Information Technology market is relatively small, regardless of the Government's offer, Wizard would be obliged to take up the offer for fear of losing large contracts in the future.

2.19. As a result, the Committee believes that such delaying tactics are unconscionable and unnecessary. Further the Committee believes that had the Government properly managed the dispute, it would have been resolved earlier, saving the Government significant staffing, administration and arbitration costs, the Government should honour commitments it makes to timeframes and agreed processes

2.20. The Committee recommends that:

Recommendation 2

¹³ *ibid.*, p 141.

¹⁴ *ibid.*, p 142.

The Government ensure that Wizard is compensated fairly for the services it has provided to the Territory in relation to the AIMS database in as short a timeframe as possible and in agreement with the independent arbitrator.

Fairbairn hangar collapse

2.21. The Committee notes the amount appropriated (\$250 000) for the inquiry into the Fairbairn hangar collapse and what the amount would provide for. The Government stated that the amount would be for costs relating to engineering and testing services, legal advice, interstate travel, transcription and translation services and, the storage and handling of evidence, vehicle hire, printing and miscellaneous expenses.

2.22. The Government further stated that it had provided \$80 000 in the WorkCover budget for occupational health and safety investigations, and that it would review this figure given the large cost of the Fairbairn hanger collapse inquiry.¹⁵

Support services for children at risk

2.23. The Minister stated that the additional funding of \$3.265 million for supporting children at risk would be used to address increased substitute care demand and employ additional staff to enable appropriate levels of intervention and support services to be maintained.

2.24. The Minister also stated that the additional demand was from an increase in the number of substitute care days required and the increased unanticipated number of reports requiring comprehensive appraisal.¹⁶

2.25. Of the increase in demand, the Minister stated

These increases that are occurring here are being replicated in every state and territory. Some analysts have said that that might be as a result of an increased awareness of mandated reporting responsibilities and an increased awareness of the community's responsibility to care for children. Family service agencies around the country are responding to more reports than they would have because of these increases and because of the concerns that they have about these children. There is not any simple solution to this problem; a number of things exist on the periphery. This is

¹⁵ Transcript of evidence, Tuesday, 6 April 2004, p 4.

¹⁶ *ibid.*, pp 11 & 12.

something that is occurring around the country. We do not want to see these increases but we have to respond to them.¹⁷

2.26. During questioning, the Committee expressed concern that the amount provided for in the Bill could have been included in the upcoming budget. The Minister responded to this concern by stating

When the Chief Minister and I first decided that we needed an immediate injection of funds, our decision was based on the figures that we were seeing which would have an impact on this financial year. We were seeing enormous increases in the number of reports coming to family services and the number of days of substitute care that were required were increasing all the time. We needed to respond to that.

These issues will have an impact on this financial year. Whilst the department can cash manage to a limit it would reach the stage when it would not be able to cash manage. We need to make sure that we provide for that. As we had not drawn down on the money in the Treasurer's advance, we received advice that it was more appropriate to place it in the appropriation bill to give Assembly members a chance to scrutinise it.¹⁸

2.27. On 12 February 2004, the Minister for Education, Youth and Family Services stated in the Assembly that she would use the Treasurer's advance for child protection.¹⁹

2.28. On 15 January 2004, the Chief Minister as Acting Treasurer approved \$1.8 million for child protection to be provided for through a Treasurer's advance. Subsequently, the same amount is provided for in the Bill.

2.29. Of the decision to use a supplementary Appropriation Bill instead of a Treasurer's advance for child protection, the Minister stated

... the 2.8 million [which includes the \$1.8 million] was to pay for increased substitute care days and staff that we wanted to see recruited. We haven't been able to recruit the staff in the time between making that announcement and this third approp[riation bill] being considered by Government.

We still are in a position where I think we have recruited a few staff but the majority we are hopeful of getting on in the next month or

¹⁷ *ibid.*, p 12.

¹⁸ *ibid.*, p 12.

¹⁹ Hansard of the Legislative Assembly for the ACT, 2004 Week 1 Hansard, 12 February 2004, p 318.

so, as we had not used that money. ...by the end of the year we will need every cent of that money, the advice that I got and the advice from Treasury was that the more appropriate place for that money was through the appropriation process.²⁰

2.30. Of not using the Treasurer's advance to fund the \$1.8 million for child protection, the Minister stated

... we are saying that we needed the money, we do need the money, and it will go to pay for all the things that we have paid for by drawing down on our cash earlier. Between the approval of the Treasurer's Advance and moving into the third approp[riation] discussions was [within] a relatively short timeframe and the view was that this money be open to the scrutiny of the Assembly through an appropriation process. It is a large amount of money. The department was able to cash manage. We would have liked that money freed up earlier, it is fair to say.²¹

2.31. The Committee is concerned that the Government made it clear that it required funds urgently to meet increased pressures for child protection expenses and then proceeded to include this amount within an appropriation bill. The Committee believes that if it was agreed to use the Treasurer's advance urgently for child protection, and the Treasurer approved it at the time, than it should have been spent as required.

2.32. The Treasurer, when appearing before the Standing Committee on Public Accounts in relation to its Inquiry into the Financial Management Amendment Bill 2003 (No 3) made the following statement about the possibility of using the Treasurer's advance for child protection, instead of a supplementary appropriation.

I've got a letter to the Government Solicitor asking for, you know, how I can free up money for child protection in anticipation of the Appropriation Bill, but in anticipation that that might take time that none of us in the Assembly want taken, but yet we do in the Assembly want the total Appropriation Bill to go through an Estimates process.²²

2.33. Similarly to the Standing Committee on Public Accounts, the Committee believes that if the amount for child protection was urgently

²⁰ Transcript of evidence, Tuesday, 6 April 2004, p 13.

²¹ *ibid.*, p 24.

²² Standing Committee on Public Accounts, Inquiry into the Financial Management Amendment Bill 2003 (No 3), Transcript of evidence, Wednesday, 17 March 2004, p 2.

needed and required immediate payment, it should not have been included in the Bill, but rather paid through a Treasurer's advance.

2.34. The Government Solicitor's advice in relation to using a Treasurer's advance for an item that is included in the Bill was that

The tabling of the Supplementary Appropriation Bill does not affect the power of the Treasurer to authorise a Treasurer's Advance. The relevant provisions are set out in s.18 of the [Financial Management Act] FMA. Provided each of the elements set out in that section is satisfied, then the Treasurer may authorise a Treasurer's Advance; and

If a Treasurer's Advance is made, it is not appropriate to seek to appeal or reverse the instrument authorising that advance. Rather, the Supplementary Appropriation Bill should be amended, to remove the amounts covered by the Treasurer's Advance.²³

2.35. The Committee is concerned why the Government sought to use a Treasurer's advance for funding of child protection, consequently sought advice from the Government Solicitor about the legality of its proposed use and then chose not to use Treasurer's advance as the method of appropriation.

2.36. The Committee acknowledges and accepts the Government Solicitor's opinion that if a Treasurer's advance had been authorised that an amendment to the Bill to remove the amount covered would have been the appropriate action.

2.37. Further the Committee believes that use of the Treasurer's advance for child protection would have highlighted the urgency of the payment. The fact that Treasurer's advance was not used for the payment leads the Committee to believe that the amount of \$1.8 million is not as urgent as the Government stated it to be.

²³Australian Capital Territory Government Solicitor, letter dated 18 March 2004, p 2.

2.38. The Government stated that the Bill would provide for between 30 and 40 new positions. Since December 2003, the Department had employed 15 additional staff and were looking to employ a further 35 to 36 in the current recruitment round to replace staff that have left the Department and also for new positions.²⁴

2.39. The Committee recommends that:

Recommendation 3

The Minister at the first available opportunity explain to the Assembly why the Assembly was told that the Treasurer's advance was being used to fund additional services in child protection, when evidence received by the Committee indicated that the Treasurer's advance had not been used at that time.

Proposed amendment to the Bill in relation to children's services

2.40. On 27 April 2004, the Minister for Education, Youth and Family Services provided the Committee with a proposed amendment to the Bill, which would increase the appropriation for child protection by \$4.582 million to a total of \$7.382 million.²⁵

2.41. The Committee noted that the increase was substantial. The Minister explained that the increase was unforeseen and came about in relation to substitute care statistics collected for the third quarter of 2003-2004, which were unavailable to the Department and Minister when the Minister initially appeared before the Committee.

2.42. The Minister further explained that given that the statistics collected did not conform to a trend analysis and so could not be estimated accurately, that she believed the third quarter figure to be as the result of a peak, and did not expect a similar figure in the next quarter. The Minister added that the upcoming budget would provide for \$2.8 million indexed in the out-years for child protection.

²⁴ Transcript of evidence, Tuesday, 6 April 2004, p 32.

²⁵ Ms Katy Gallagher, MLA, Amendment to the Supplementary Appropriation for the Department of Education, Youth and Family Services, circulated 27 April 2004, p 1.

2.43. The Committee is supportive of the need for the increased appropriation for children's services; however, the Committee is concerned that there appears to be no statistical basis for determining need in substitute care as the Committee was told by the Government

Estimating costs and estimating the number of days that may be required for substitute care is more of an art than a science. There is no specific formula that you can apply.²⁶

2.44. As the Minister claims that the peak in demand was unforeseen, there is no indication about the level of demand that may develop in the out-years.

2.45. The Committee believes the approach that appears to be taken in relation to statistical analysis of data collected in relation to substitute care is inadequate. Longer-term analysis needs to be undertaken to ensure that appropriate care is available, and to allow for more effective financial planning.

2.46. Near the end of the hearing the Minister stated that

I just wanted to assure the committee that provision is being made for this to be maintained in the budget. It was a matter of the simplicity of the amendment. We wanted to amend one year. I am trying to say that we are making provision in the budget for the next four years along similar lines to what we are basing our decision for the third and fourth quarters.²⁷

2.47. The Committee finds it disturbing that within minutes of the conclusion of the Minister appearing before the Committee, it was reported through the media that an amount of \$37.2 million, in addition to the total \$7.847 (as proposed by the draft amendment), would be allocated to maintain the funding for substitute care in the 2004-05 Budget.²⁸ The Minister did not present the Committee with an exact amount when she appeared before it.

2.48. Also, the Committee found the timing of the Minister's announcement premature, given that the Committee had not yet presented its recommendations to the Assembly and, further the Assembly has not debated the Bill.

²⁶ Transcript of evidence, Tuesday, 27 April 2004, p 169.

²⁷ Transcript of evidence, Tuesday, 27 April 2004, p 175.

²⁸ Katy Gallagher, MLA, Media Release, \$45 million boost for child protection announced, released 27 April 2004, 5.25 pm.

2.49. The Committee acknowledges that the Minister was not obliged to inform it of her decision in relation to funding for child protection in the 2004-2005 Budget, but believes this information would have aided in its further understanding of the financial impact of child protection issues.

2.50. While the Minister was appearing before the Committee and chose not to give further detail for funding in the out-years, her office fax-streamed to the media full information that was not given to the Committee. The Committee believes this is not good practice and does not aid in the effective operation of the Committee process.

2.51. The Committee recommends that:

Recommendation 4

The Department of Education, Youth and Family Services review how it collects statistics in relation to substitute care, and assess the adequacy and effectiveness of the information collected with the aim of improving its service delivery and financial planning ability in this area.

Public and community housing

2.52. The Committee believes that the injection of \$33.2 million to ACT Housing to address homelessness and housing affordability is warranted.

2.53. In evidence to the Committee, ACT Shelter made the point that in Canberra there is a crisis in the availability of affordable housing.²⁹ ACT Shelter is supportive of the Bill, but expressed reservation about the consultation process undertaken by the Government in relation to the housing needs of Indigenous organisations.

2.54. ACT Shelter stated that

We're concerned that part of community indigenous money—I think it's \$3.4 million, I don't have the exact figure—is targeted towards an Aboriginal hostel. That is a recommendation from the homeless strategy. We've asked the department to go back to the indigenous organisations and undertake further consultations because we're not sure that that's the appropriate housing response. That's not to say a hostel is not needed in Canberra but whether

²⁹ Transcript of evidence, Tuesday, 6 April 2004, p 40.

that's a long-term housing response is debatable. We'd like the indigenous community to tell us that.

The Coalition of Community Housing Organisations in the ACT, or CCHOACT, is undertaking consultations with its member organisations, which are the community housing providers, to look at providing guidelines to the department on how funding should proceed for the community housing allocation. That leaves us with the public housing allocation. We have been told by the department that they intend to spot purchase properties from the general market. That's of considerable concern to us because we see it will drive prices up further—and I've already described a very, very tight rental market.³⁰

2.55. In relation to the consultation undertaken in relation to community housing for Indigenous groups, the Government stated

We invited a number of groups, and they included the chair of the trilateral ATSIC group that we have looking at Aboriginal housing. And we have made an arrangement whereby the community housing sector and the Aboriginal sector will be having further internal discussions amongst their members prior to us looking to finalise the actual process for allocation.³¹

2.56. Secondly, ACT Shelter is concerned about the Government's spot purchase of houses and the impact this will have on house prices.

We have been told by the department that they intend to spot purchase properties from the general market. That's of considerable concern to us because ... it will drive prices up further—and I've already described a very, very tight rental market.

The department argues that it can't construct properties because the procurement guidelines, costs and processes are lengthy—and that too much money is spent on procuring contracts et cetera rather than constructing properties. Our argument is that it's within the government's control to change those things. In fact, the Affordable Housing Taskforce makes a number of recommendations that could improve the procurement situation for Housing ACT but they have not been implemented. We're hopeful that some of those things will come forward during the budget process.³²

³⁰ *ibid.*, pp 40 & 41.

³¹ Transcript of evidence, Thursday, 8 April 2004, p 131.

³² Transcript of evidence, Tuesday, 6 April 2004, p 41.

2.57. In relation to the impact that spot purchasing would have on the housing market in the ACT and housing affordability, the Government stated

Acquiring a total of 81 houses is approximately 3 per cent of the total estimated underlying demand for the year, a figure that would be included within that estimated underlying demand since it's not based on actually a capacity to pay but rather volume of dwellings required. So it is certainly within that original estimate which both the HIA and the ACT government agrees of about 2,800.

In terms of actual purchase within the market, it's a very small percentage of the annual churn or purchases. Eighty houses over a period of two to three months is really insignificant in terms of what the total market is taking up. So I certainly do not agree with the comments made by ACT Shelter. I think in terms of the impact on the market, it is unlikely to be significant.

In regard to their suggestion that we construct rather than purchase, I note that their paper doesn't include any analysis of the efficiency of that or not. Certainly, our indication or our work indicates that we are probably 10 per cent better off spot purchasing in the market in the outlying areas of Gungahlin, Tuggeranong and Belconnen than trying to buy land and construct at the moment. There is probably some heat still left in the construction market, which isn't leading to very cheap prices for construction.

It is also certainly a significant saving in time and I think that, as indicated earlier... we do want to get more public housing and community housing stock out as quickly as we can. It is quite necessary.³³

2.58. The Committee would like to know why the Government has not acted upon the recommendations from the housing affordability taskforce in relation to the improvement of procurement processes within ACT Housing and urges the Government to undertake the improvement.

³³ Transcript of evidence, Thursday, 8 April 2004, p 132.

2.59. The Committee recommends that:

Recommendation 5

The Government improve the procurement processes of ACT Housing and be better able to explain how monies appropriated will be expended

Bushfire inquiry related costs

2.60. The Committee notes the ongoing costs associated with the coronial inquest into the 2003 bushfires. The Government has outlined that the funds appropriated through the Bill would be used for Information technology support (approximately \$300 000) to establish an electronic courtroom to deal with 20 000 documents. Almost the same amount is being expended on fees for expert witnesses, in particular from the CSIRO [Commonwealth Scientific and Industrial Research Organisation] and the reports prepared for the coroner and the use of an expert witness in the area of bushfire command and control. At the end of March 2004, more than \$900 000 has been spent on the inquiry.³⁴

2.61. The Committee notes the cost of court transcripts at \$10 per page, in relation to this inquiry.

2.62. The Government responded to the issue of transcript cost by stating

The Coroner's Act requires that a coroner dealing with a matter make a decision as to sufficient interest for access to transcripts. The coroner's decision to date has been not to publish those transcripts, for instance, on the internet. Those are matters which are properly a decision for her. As to costs, were she to say yes—a number of people do have access to the transcript; obviously it is necessary for the conduct of the litigation—the question of fees is statutorily a responsibility of the registrar of the Magistrates Court and he may waive or partially waive those fees. But generally the legislation restricts that decision to a need in terms of hardship. For this particular inquiry, I suspect as a means of saving the taxpayers' money, we have actually negotiated with the transcript supplier, who is providing a daily transcript, and that's not usual for the ACT, for electronic copies of the transcript to be available at \$50 per day, a substantial discount.³⁵

³⁴ Transcript of evidence, Wednesday, 7 April 2004, p 49.

³⁵ *ibid.*, p 51.

2.63. Given the high level of interest in this coronial inquiry, the Committee recommends that:

Recommendation 6

The Government post to a website, all transcripts of the coronial inquiry of the 2003 Bushfires immediately, as they become available.

Re-vegetation works and fire fuel management

2.64. The Committee raised concern about the Government's policy in relation to the fire fuel management on Farrer Ridge in relation to the clearing of trees planted by the Land Care Group.

2.65. Concerns had been raised with a member of the Committee about the lack of coordination via the fuel management authorities, that saw trees being removed, before any assessment and marking had been carried out.

2.66. The Minister for Environment stated that he believed the work done in relation to fire abatement work was done excellently.

2.67. In relation to the work undertaken on Farrer Ridge, the Minister stated

The first phase of the work on Farrer Ridge Nature Reserve, undertaken in February to March 2003, was the removal of trees which posed a danger to the community. The next was the restoration of the temporary graded fire breaks constructed during the fire. This work was done in approximately April and May 2003.

The initial removal of fire fuel material on Farrer Ridge was undertaken during 2003. Work commenced at Athllon Drive and progressed towards Dookie Street in the area burnt in the fires.

The next phase was the completion of the urban edge work to Dookie Street in the area not burnt in the fires. The work was undertaken in two stages, with the first involving the removal of smaller material. The work commenced on 2 February 2004 and was completed as far as Dookie Street on 11 March 2004. The second stage involved the removal of a large volume of dead and dying blue gums. This work commenced about 23 March and is now almost completed. A contractor is engaged to remove stumps to make a mowable strip and has commenced this project. Some removal of rock will also be required. Some re-seeding of disturbed area is planned.

A letter box drop of residences was conducted 2-3 weeks before the start of the phase involving vegetation removal in the unburnt area of Farrer Ridge. Several phone calls were received and site meetings were held with some residents subsequent to this letter. Many residents took the opportunity to discuss this work with staff on site.³⁶

2.68. The Committee recommends that:

Recommendation 7

The Government carry out appropriate assessment before any further vegetation is removed.

Community events and community engagement

2.69. The Committee was interested in what the Government would spend \$300 000 on in this area as committed to in the Government's social plan.

2.70. The Government responded by stating the amount had been allocated to

a pilot of the renewed community facilities program. The idea of this is that there is actually an expectation of some significant funding for the next two financial years and we're running this pilot to address some urgent repairs and maintenance required to community facilities, but also working with a number of agencies with projects that have come through that haven't had access to funding. That is the main element that's happening and that pilot will take place in May-June. The experiences from that will feed into that two-year substantial funding to renew community facilities, which was a key element of the social plan.³⁷

2.71. The further amounts would be \$30 000 for the development of a comprehensive community engagement code of practice; \$30 000 towards community sector reform and \$5 000 for community events to encourage greater participation.³⁸

³⁶ Minister for Environment, Answer to question on notice, dated 15 April 2004.

³⁷ Transcript of evidence, Wednesday, 7 April 2004, p 70.

³⁸ *ibid.*

Community Inclusion Board

2.72. The Committee is of the view that, the amount expended for the Community Inclusion Board is an overlap of an ACT Public Service function.

2.73. The Chief Minister responded to this view by stating

As long as I've been in public life, we've spoken about how fundamentally vital to progress in relation to addressing disadvantage early intervention is, yet the conversation has barely moved.

We're seeking through the social plan and the initiatives within the social plan to find new ways of intervening early and of addressing disadvantage and, through the social inclusion board, we're bringing together a group of acknowledged experts—in the case of Hugh Mackay, the acknowledged expert, I think, in terms of an understanding of people and how societies work. It's a new way. It's an attempt to think outside some of the traditional ways of seeking to address these issues and time will tell how successful it is.³⁹

2.74. Members of the Committee will watch with interest to see whether this proves to be effective or whether this is simply an additional layer of bureaucracy.

Purchase of lease over Phillip Oval

2.75. The Committee is interested in why the Government is purchasing the lease over Phillip Oval.

2.76. The Minister for Planning stated that negotiations were still under way and that he was hopeful that a conclusion would soon be reached. ACTAFL originally approached the Government and informed them that they no longer required the oval and wished to sell the oval to another party.

ACTAFL initially sought my consent, which is required under their lease, to sell the oval to a third party who wished to redevelop the site. That party also approached the government seeking agreement to change the territory plan to permit certain other activities on the oval.

I indicated on behalf of the government that the government would not support a redevelopment of the oval for the purposes that were

³⁹ *ibid.*, p 74.

proposed and I also indicated that I would not support transfer of the lease, because I thought it was inappropriate to sell the lease to a party who wasn't proposing to use the oval predominantly for sporting-type activities.

That said, ACTAFL again approached the government and said, "Look, we have no use for this oval but we also have a considerable investment in this oval. If the government's not prepared to let us sell it to a third party, what other options do we have?" I went back on behalf of the government and said, "Well, the government's prepared to purchase the oval from you, compensate you for the value of your improvements."

I think it is a very generous offer. Then the government can take some decisions about the long-term use of the oval. I have said publicly—and I am happy to say it again—that the purpose of acquiring the oval is to ensure that the oval is retained consistent with the draft Woden Town Centre master plan which recognises the long-term existence of that playing area, that playing field, as an oval capable of supporting Aussie rules as much as other activities. So the opportunity for the government to purchase the site, guarantee a long-term future of the oval and then seek to have it upgraded in a way which is consistent with the Woden Town Centre master plan is the reason the government agreed to my proposal to allocate that amount of money to acquire the site.⁴⁰

2.77. The Minister for Planning further stated that it is the Government's intention to ensure that the site is used consistently with the planning work that has been done around the Woden Town Centre master plan, which identifies maintaining the oval as a sporting facility. Also, the Woden Town Centre master plan identifies opportunities for development around the perimeter of the oval, particularly on Launceston Street facing the Woden Tradesman's Union Club.⁴¹

2.78. The cost of maintenance of the oval will be the responsibility of Canberra Urban Parks and Places within the Department of Urban Services, and is being considered as part of the 2004-2005 Budget process.⁴²

⁴⁰ *ibid.*, p 81.

⁴¹ *ibid.*, p 82.

⁴² *ibid.*, p 83.

2.79. The Minister also stated that in relation to the benefit of acquiring the oval

it is an important facility socially in terms of the financial benefits.

An assessment has been undertaken as part of the assessment of what the government was prepared to pay to acquire the site, and, clearly, as I have indicated, consistent with the Woden Town Centre master plan, there are development opportunities in areas around the perimeter of the oval, especially on Launceston Street and on the other parts of the oval as it faces onto and adjacent to the Phillip pool. That has been taken into account as well.

I don't think it would be appropriate for me to disclose that development potential, given that the government may or may not seek to develop those sites ourselves or we may seek to release them to the market, but that is a longer term management issue which the government hasn't seriously worked through at this time.⁴³

2.80. When asked if the analysis of the site was available to the Committee, the Minister responded by stating

I am reluctant to, given the negotiations, and I wouldn't want the government to be prejudicing its negotiating position by disclosing what is, in essence, commercial-in-confidence information for the government's purposes. In terms of our assessment of the evaluation once the negotiation was completed, I would be happy to reconsider whether or not that information could be made available.⁴⁴

2.81. The Committee sought and received further information in relation to the party that had shown interest in purchasing the lease over Phillip Oval. In documents received by the Committee, it is clear that the party willing to purchase the lease over Phillip Oval were prepared to purchase and maintain the site as a sporting facility at no cost to Government and in line with the Woden Town Centre Master Plan.

2.82. The Committee is concerned that the Minister for Planning may have misled the Committee in statements relating to the use of the oval by a third party.

⁴³ *ibid.*, p 84.

⁴⁴ *ibid.*, p 84.

2.83. In particular, when the Minister said

I also indicated that I would not support transfer of the lease, because I thought it was inappropriate to sell the lease to a party who wasn't proposing to use the oval predominantly for sporting-type activities.⁴⁵

2.84. Evidence obtained by the Committee indicates that there are at least two parties interested in the purchase of Phillip Oval. Correspondence from one of the parties contradicts the Minister's statement. The third party stated that it

...supports the position of the Government in as much as Football Park should be preserved as a Sporting and Recreation Facility and believe, as is evidenced by the record herewith attached, that [it] can support the Government and the Community by substantially covering the cost of the maintenance and enhancement of the facility in the future.⁴⁶

2.85. Given this information, the Committee cannot see the justification for the Government's purchase of the lease of Phillip Oval as there was a third party willing to purchase and maintain the oval in line with the Woden Town Centre Master Plan.

2.86. The Committee believes that the Government's desire to purchase the Phillip Oval lease is misguided and perhaps politically motivated. The purchase would be at an \$800 000 initial expense and then a continuing maintenance cost (yet to be announced) at an unnecessary impost to the taxpayer. The Committee cannot see the justification for this purchase.

2.87. The Committee recommends that:

Recommendation 8

The Minister for Planning present to the Legislative Assembly all the documents and correspondence relating to the proposed purchase of the Phillip Oval and, that the Assembly review the issue on receiving this information.

⁴⁵ *ibid.*, p 81.

⁴⁶ Letter received from Mr Michael George, President, Hellenic Club, dated 29 April 2004.

Recommendation 9

The Minister for Planning apologise to the Legislative Assembly for withholding relevant information to the Select Committee on Estimates, in relation to the Phillip Oval matter.

Recruitment and retention of nurses

2.88. The Committee raised concerns about the retention of nurses and whether pay increases provided the necessary incentive to retain and attract individuals to the profession.

2.89. The Government responded to these concerns by stating that the ACT was more than competitive where nursing recruitment was concerned. This was with the exception of some specialty areas experiencing shortages, where there were difficulties in training arrangements and attractiveness of pay.

2.90. In relation to attracting individuals to the nursing profession, the Government made the point that the University of Canberra's nursing school has the highest entry-level score requirement of any Australian nursing school and is regarded as prestigious.

2.91. Further, where such training in the ACT is undertaken that demand outstrips supply.⁴⁷ The Government has said that a proactive approach to meet shortages in the longer term is by providing funding to the University of Canberra to train allied health professionals. This would in the longer term improve workforce availability. The Government would not provide for every medical specialty available, but would put into place a raft of measures to meet a whole of health workforce strategy. This would bring together ACT Community Care, the hospitals and the Department of Health.⁴⁸

Mobile humidicrib

2.92. The Committee also expressed concern about the lack of a mobile humidicrib as raised recently through the media and the wider Canberra community. The Committee was concerned that there was a fundraising campaign underway for the purchase of vital lifesaving equipment, which should more appropriately be provided by the Government.

⁴⁷ *ibid.*, p 94.

⁴⁸ *ibid.*, p 92.

2.93. The Government responded to this concern by emphasising that it provides approximately \$3 - 4 million to the Canberra Hospital for equipment purchases and that it is the hospital that manages which equipment purchase takes priority. The hospital may then choose to fundraise where there is a shortfall.

2.94. The Government further stated

... in managing a health system which costs over \$300 million every year, clearly you have to prioritise where the money goes. I can assure you that every request is a worthy one in the health department. You make decisions based on priority and you have to apply some rationale to that. Otherwise, quite frankly, you could never spend enough money in health.⁴⁹

2.95. The Committee recommends that:

Recommendation 10

The Government allocate funds for the immediate purchase of a mobile humidicrib.

2.96. In relation to the Bill and in view of the evidence presented to the Committee, it recommends that:

Recommendation 11

The Government report back to the Legislative Assembly on the first sitting day in August 2004, as to how much of the \$103.330 million contained in the Bill was actually spent by 30 June 2004.

Recommendation 12

The Legislative Assembly pass Appropriation Bill 2003-2004 (No 3) with the omission of \$800 000 intended for the purchase of the lease over Phillip Oval.

⁴⁹ *ibid.*, p 99.

3. Other matters

3.1. During the course of the inquiry, a number of issues arose in relation to the use of the Treasurer's advance versus a supplementary appropriation bill, and the timing and necessity of the Bill. These issues are discussed further in this chapter.

Use of the Treasurer's advance

3.2. The Government has stated that the Bill

is necessary to ensure the transparency of Government decision making in relation to the allocation of financial resources. The Assembly should note that a number of items within this Bill would have been drawn from Treasurer's Advance, had there been no third appropriation.⁵⁰

3.3. The Committee has discussed this issue in some detail in the last chapter under the heading of 'Support services for children at risk' in relation to the use of the Treasurer's advance.

3.4. The Committee is not perturbed whether or not the Government chooses to use the Treasurer's advance provision for unforeseen claims or chooses to use the supplementary appropriation bill process as long as the process used is open and accountable and represents prudent financial management. The Treasurer's advance option would undoubtedly afford the Government a quicker response in meeting its financial obligations than a supplementary appropriation bill.

Timing and urgency of expenditure items within the Bill

3.5. Throughout the inquiry, the Committee questioned the need for the Bill given the pending 2004-2005 Budget.

3.6. The Chief Minister responded to the Committee's questions by stating

... for a range of reasons it was vitally important that we had a third appropriation bill. Some of the expenditures included in the third appropriation bill are needed and they're needed now for us to operate and function appropriately and for the delivery of services and the payment of officers to be continued.⁵¹

⁵⁰ Mr Ted Quinlan, MLA, Treasurer, Bill presentation speech, p 3.

⁵¹ Transcript of evidence, Wednesday, 7 April 2004, p 75.

3.7. In relation to the pending Budget, the Chief Minister made the point that the Bill would give the Government a head start in the vicinity of three to four months, before the Budget was passed.⁵²

3.8. Another matter that raised issues relating to urgency and also the use of the Treasurer's advance instead of a supplementary appropriation bill, was a letter from Mr Bill Wood, MLA to the Committee. The letter can be found at Appendix C.

3.9. In the letter, Mr Wood, MLA advised the Committee that upon examination of the proof transcript that it was evident that the Committee did not understand the difference between the Treasurer's advance and a supplementary appropriation bill.

3.10. Further Mr Wood, MLA stated

Should the Select Committee adopt the position that supplementary Appropriation Bills are only for urgent expenditure, then there would appear to be little difference between such Bills and an Treasurer's Advance. Given the differing requirements for the two allocation processes, it is likely that future Governments would choose the easier path of the Treasurer's Advance, rather than the more transparent Appropriation Bill process.⁵³

3.11. The Committee is aware of the difference in the use and limitations of the Treasurer's advance versus the use of a supplementary appropriation bill to appropriate funds. Should the Government decide that it would make appropriations through the use of the Treasurer's advance as suggested by Mr Wood, MLA, it would be limited to 1% of the total amount appropriated by all appropriation Acts throughout the year.

3.12. In this case, the use of the Treasurer's advance would not have been possible for the entire \$103.330 million as it is limited to the amount provided for in Appropriation Act 2003-2004 which specifies the amount of \$20 800 000.

⁵² *ibid.*

⁵³ Mr Bill Wood, MLA, letter to the Select Committee on Estimates in relation to the Inquiry into the Appropriation Bill 2003-2004 (No 3), dated 16 April 2004.

3.13. The Committee recommends that:

Recommendation 13

Prior to the commencement of any or all Estimates committee hearings, Ministers should remember their responsibilities and obligations in the conduct of hearings, and if necessary, refresh their knowledge of Standing Orders; and further understand the difference between the Treasurer's advance and a supplementary appropriation.

4. Conclusion

4.1. The Committee has made 13 recommendations in relation to the evidence presented to it. The Committee would like to thank Ministers, departmental and agency officers and ACT Shelter for appearing before the Committee. The Committee would also like to thank ACT Shelter for its submission and also Ministers and departmental officers for preparing answers to questions on notice within the relevant time period.

Helen Cross, MLA
Chair

3 May 2004

Dissenting Report by Karin MacDonald, MLA to the
Select Committee on Estimates' report on the
Appropriation Bill 2003-2004 (No 3)

May 2004

**Dissenting Report from Select Committee on Estimates – Appropriation
Bill 2003-2004 (No. 3)**

KARIN MACDONALD MLA

I would like to make comment on the Select Committee on Estimates – Appropriation Bill 2003-2004 (No. 3) Report. **While the Committee has recommended (Recommendation 10) that the Assembly pass the Bill, there are a large number of sections that I dissent from.** I have endeavoured to go through the report in sequence, to explain where and why I have dissented from the report.

Introduction

Paragraph 1.5: In the last sentence of the paragraph, it is stated, “*The Committee believes that had the Government budgeted more prudently, that the Bill would not have been required.*”

This statement fails to consider that many of the items on which money will be expended could not have been anticipated, and therefore could not have been budgeted for.

If you expand the logic of this statement, there would never be a need for a supplementary appropriation because Government would have planned for all courses, and have been able to foresee all necessary expenditure. Quite clearly that is not possible.

Enterprise bargaining agreements (EBA’s)

Paragraph 2.2: While there is no issue with the Committee having an interest in the progress of the Enterprise Agreements, the majority of the Committee has taken a simplistic approach to how EBA’s are negotiated and planned for.

It is certainly true that the Government would be aware that the EBA’s expired on 31 March 2004. However, they would not have been aware of the totals of the claims that Unions would make on behalf of their members in the bargaining process, when they were planning for the 2003-2004 Budget, more than a year before the expiry date.

It would also have been imprudent for the Government to give away its negotiating position before the bargaining process had even commenced. While the Government can go about “hiding” amounts within the Budget, this is not good practice, and not something that should be encouraged.

Recommendation 1:

“In future budgets, proper allowance is made for known or expected wages growth.”

I dissent from this Recommendation for the same reasons as outlined in my opposition to Paragraph 2.2.

Support services for children at risk

Paragraph 2.26:

I reject the suggestion that this amount could have been provided in the upcoming budget. The Minister stated that the amount was needed for this financial year, and that the Department could only cash manage to a limit before more funds would be needed to provide for the increase in substitute care days.

Further, the Minister quite clearly stated that when the Chief Minister and herself saw what the figures for the substitute care days were, they made the decision “that we needed an immediate injection of funds”.

Paragraphs 2.31, 2.33, 2.35, 2.36, 2.38:

With these paragraphs the majority of the Committee is taking a very simplistic and ill-informed view in relation to the way the Treasurer’s Advance and routine budget management practices operate.

The Committee was informed by the Minister that the funds were and still are needed, but that while the Department wished to employ the required numbers to fill the much needed places in the child protection area, that this would take time.

To suggest that if the amount was urgent, then only the Treasurer’s Advance (TA) would be used (Para 2.33), is quite ridiculous.

It is a ludicrous notion to suggest that because the amount of \$1.8million was not drawn down through the TA that it was not urgent. The requirement was urgent by its nature. There is no discretion when it comes to meeting substitute care costs and the unexpected increase in reports of allegations of abuse and neglect requires an immediate response, as this is a matter of protecting children at risk.

Neither cost increase was foreseeable at the time of the last appropriation nor the requirement to supplement these costs could not await the 2004-2005 appropriation. As a result, the recourse to TA was unavoidable.

That no funds were required to be drawn against the TA approval prior to the Government’s decision to introduce a further Appropriation Bill is understandable, as the \$1.8million approved for the TA would not have been drawn down until the end of the financial year.

The Minister and Department officials spent a substantial amount of time discussing how they were cash managing the situation until the required funds could be supplied either through the TA or the supplementary appropriation. In other words, if the money is not supplied through one of these mechanisms, the Department will run out of money.

Recommendation 3:

I reject this Recommendation. The Minister has no explanation to make as she has quite clearly stated that at the time the decision was first taken to use the TA, there was no third appropriation bill. Once Treasury took the decision for a third appropriation bill, it was then deemed to be more appropriate to use that mechanism to obtain the funds.

Proposed amendment to the Bill in relation to children's services

Paragraphs 2.47 – 2.50:

While the majority of the Committee may find it irksome that the Minister did not give them the amount for the 2004-2005 budget and then announced it to the media, it is trite of them to admonish the Minister for this matter when they did not question her as to the amount.

In fact, the Minister alluded to the provision in the 2004-2005 budget by saying, *“I am trying to say that we are making provision in the budget for the next four years along similar lines to what we are basing our decision for the third and fourth quarters.”*

At this point members of the Committee could have sought further information from the Minister about this, but they did not.

Purchase of lease over Phillip Oval

Recommendation 9:

I am concerned that while the Minister did not provide the Committee with all the information it requested in relation to this matter, that this may have been inadvertent, and a misunderstanding.

The Chair sent a letter to the Minister requesting all correspondence regarding the Purchase of the lease over Phillip Oval on Monday 3 May 2004. The Minister's office received this letter at 3.25pm and was asked to provide the information back to the Committee by 5pm the same day.

As such, I am not convinced that the Minister intended to withhold the information, and requested that this be changed to an explanation rather than an apology that thereby assumed the Minister's "guilt". This request was rejected.

Mobile humidicrib

Recommendation 10:

I dissent from this recommendation. At all times Government's must make decisions on what to expend funds on, and what not to expend funds on. Choices must be made, no Government can purchase every piece of equipment it would wish to, let alone what others would wish them to purchase.

This is also a decision that The Canberra Hospital has taken, and one they have addressed through fundraising. This is a legitimate means by which to acquire this piece of equipment.

Recommendation 12:

I do not agree that the \$800 000 for this purchase should be withheld. I therefore dissent from the second part of the Recommendation. Whether the purchase of the lease of Phillip Oval would be a waste of taxpayer funds is yet to be fully argued. This seems to be the implication of the majority of the Committee.

While a third party may state that they are prepared to keep Phillip Oval as a sporting facility, it is my understanding that because of the nature of the lease that there is no guarantee for the future that this could be enforced.

Phillip Oval as a sporting and recreational facility is a very precious facility, and the only way that the community can be guaranteed that it remains for this purpose is if the Government takes over the lease.

Recommendation 13:

I dissent from this Recommendation on the basis that it is ridiculous. Suggesting that Minister's need to "*...refresh their knowledge of Standing Orders; and further understand the difference between the Treasurer's advance and supplementary appropriation,*" is ludicrous.

Karin MacDonald, MLA
Deputy Chair

3 May 2004

Appendix A – Witnesses who appeared before the Committee

Ms Katy Gallagher, MLA

Minister for Education, Youth and Family Services

Mr Tim Keady, Chief Executive, Department of Education, Youth and Family Services (DEYFS)

Ms Anne Thomas, Executive Director, Resource Management, DEYFS

Mr Robert Donnelly, Director, Budget and Facilities Branch, DEYFS

Ms Julie McKinnon, Executive Director, Children's Youth and Family Services, DEYFS

Minister for Industrial Relations

Mr Erich Janssen, Commissioner, ACT WorkCover

Mr Mark Reid, Finance Officer, Business Services, ACT WorkCover

Mr Jon Stanhope, MLA

Chief Minister

Mr Lincoln Hawkins, Acting Chief Executive Policy, Chief Minister's Department (CMD)

Ms Cathy Hudson, Director, Social Policy, CMD

Ms Kathryn Maxwell, Director, Community Engagement Unit, CMD

Ms Pam Davoren, Executive Director, Industrial Relations and Public Sector Management Group, CMD

Attorney-General

Ms Elizabeth Kelly, Acting Chief Executive, Department of Justice and Community Safety (JACS)

Mr Bruce Kelly, Courts Administrator, Executive Section, ACT Law Courts and Tribunals Administration

Mr Richard Refshauge, Director of Public Prosecutions (DPP)

Minister for Environment

Mr Alan Thompson, Chief Executive Officer, Department of Urban Services (DUS)

Dr Maxine Cooper, Executive Director, Environment ACT, DUS

Mr Simon Corbell, MLA, Minister for Health

Dr Tony Sherbon, Chief Executive, ACT Health

Mr Ron Foster, Director, Financial and Risk Management Branch, ACT Health

Mr Allan Eggins, Executive Director, Corporate, DUS

Minister for Planning

Mr Neil Savery, Chief Planning Executive, ACT Planning and Land Authority (ACTPLA)

Mr Bill Wood, MLA

Minister for Urban Services

Mr Gordon Davidson, Acting Executive Director, City Services, DUS

Mr Alan Phillips, Director Finance, Corporate, DUS

Minister for Disability, Housing and Community Services

Ms Sandra Lambert, Chief Executive, Department of Disability, Housing and Community Services (DHCS)

Dr Colin Adrian, Executive Coordinator, DHCS

Mr Martin Hehir, Executive Director, Housing and Community Services ACT, DHCS

Mr Ian Hubbard, Director, Finance and Budget, DHCS

Ms Roslyn Hayes, Director, Disability ACT, DHCS

Minister for Police and Emergency Services

Ms Elizabeth Kelly, Acting Chief Executive, JACS

Mr Greg Williams, Director, Corporate Administration, Emergency Services Bureau (ESB)

Mr Steven Bramah, Director, Projects, ESB

Mr John Davies, Chief Police Officer, Australian Federal Police – ACT Policing (AFP)

Dr Tony Murney, Director, Corporate Services, AFP

Mr Ted Quinlan, MLA

Treasurer

Mr Andrew Weeks, Acting Chief Executive, Department of Treasury (DT)

Ms Megan Smithies, Acting Deputy Chief Executive, DT

Minister for Economic Development, Business and Tourism

Mr Peter Gordon, Executive Director, Office of Business and Tourism, CMD

Ms Sue Marriage, Director, Sport and Recreation ACT, CMD

ACT Shelter

Ms Annette Wade, Executive Officer

Appendix B – Outline of appropriations provided for by the Appropriation Bill 2003-2004 (No 3)⁵⁴

Legislative Assembly Secretariat	\$20 000
Chief Minister's Department	\$27 882 000
	\$120 000
ACT WorkCover	\$848 000
Department of Treasury	\$195 000
ACT Health	\$12 146 000
Department of Urban Services	\$3 641 000
	\$55 000
ACT Planning and Land Authority	\$190 000
	\$800 000
ACT Forests	\$21 000
Department of Disability, Housing and Community Services	\$1 745 000
	\$318 000
Housing services	\$33 200 000
Department of Justice and Community Safety	\$3 411 000
	\$4 139 000
	\$550 000
Department of Education, Youth and Family Services	\$13 584 000
	\$465 000

⁵⁴ As outlined by the Appropriation Bill 2003-2004 (No 3), pp 2-5.

Appendix C – Correspondence from Mr Bill Wood, MLA



Bill Wood MLA

MINISTER FOR URBAN SERVICES MINISTER FOR THE ARTS AND HERITAGE
MINISTER FOR DISABILITY, HOUSING AND COMMUNITY SERVICES
MINISTER FOR POLICE AND EMERGENCY SERVICES

MEMBER FOR BRINDABELLA

Mrs Helen Cross MLA
Chair
Select Committee on Estimates 2003-04 (No.3)
ACT Legislative Assembly
GPO Box 1020
Canberra ACT 2601

Dear Mrs  Cross

I am writing to you with regard to the hearing of the Select Committee on 8 April 2004, at which I attended with officers of my Departments to give evidence in relation to the inquiry into Appropriation Bill No.3.

On examination of the proof transcript from the hearing, it appeared to me that members of the Select Committee may be operating under some misconceptions regarding the nature of Appropriation Bills. The proof transcript clearly indicates, in a number of places, that members of the Select Committee were of the view that expenditure through an Appropriation Bill is only allowed for urgently required services or assets.

While there has been some debate in the ACT Legislative Assembly regarding the use of Treasurer's Advance for urgent expenditure, and the manner in which they may be consistent with the definitions included in the *Financial Management Act 1996*, there is no such requirement in relation to Appropriation Bills.

The *Financial Management Act 1996* clearly requires, at section 6, that "No payment of public money shall be made otherwise than in accordance with an appropriation". There is no requirement in the Act for payments through Appropriation Bills to be urgent, as these Bills are the routine manner through which Governments allocate funding. The Act anticipates that more than one Appropriation Bill would be provided to the ACT Legislative Assembly in a financial year, as it also includes, at section 13, a requirement for Supplementary Budget Papers to be provided for Appropriation Bills, other than the first Bills relating to the financial year.

Should the Select Committee adopt the position that supplementary Appropriation Bills are only for urgent expenditure, then there would appear to be little difference between such Bills and a Treasurer's Advance. Given the differing requirements for the two allocation processes, it is likely that future Governments would choose the easier path of the Treasurer's Advance, rather than the more transparent Appropriation Bill process.

ACT LEGISLATIVE ASSEMBLY

London Circuit, Canberra ACT 2601 GPO Box 1020, Canberra ACT 2601
Phone (02) 6205 0005 Fax (02) 6205 0294

I would urge the Select Committee to reconsider its approach to expenditure through Appropriation Bills and assess the merits of the proposals put forward by the Government, rather than basing their judgements on the perceived level of urgency.

Yours sincerely

A handwritten signature in black ink that reads "Bill Wood". The signature is written in a cursive style with a large initial 'B' and 'W'.

Bill Wood MLA
Minister for Disability, Housing and Community Services
Minister for Police and Emergency Services
Minister for the Arts and Heritage
Minister for Urban Services

16 April 2004