LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS
Zed Seselja MLA (Chair), Mary Porter AM MLA (Deputy Chair), Chris Bourke MLA, Brendan Smyth MLA

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Inquiry into 2011–12 Annual reports
Treasury portfolio (part 1)

Responses to questions taken on notice at public hearing of 21 February 2013

→ QToN # 1
2011-12 Annual Report
Treasury (part 1)
21 Feb 2013

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

QUESTION TAKEN ON NOTICE

21 FEBRUARY 2013

Mr Seselja - Asked the Treasurer upon notice on 21 February 2013:

a) I thought (the cost of) the light rail for the Gold Coast is around a billion dollars up-front and then there are ongoing costs for the government... But I think the actual cost to taxpayers, from my understanding, is in that vicinity of around a billion dollars... What is the number? (p.6, Transcript)

b) Is it realistic that the ACT could deliver a similar project for half the cost to government—certainly half the cost up-front as to what is occurring at the Gold Coast? (p.15, Transcript)

Mr Barr – The answer to the Member's question is as follows:

a) The Gold Coast Rapid Transit system is a proposed 40 kilometre long light rail system between Helensvale and Coolangatta.

The Gold Coast Rapid Transit project will be constructed in three stages. Stage 1 is a 13 kilometre long light rail between Griffith University Hospital and Broadbeach.

GoldLinQ was awarded the contract to design, build and operate Stage 1 in June 2011. It is expected to become operational by January 2014, while the construction is expected to be completed by the end of 2013.

The estimated cost of Stage 1, excluding some of the preliminary works, is $949 million which is being funded by three governments. The Queensland Government contributing $464 million; the Commonwealth Government providing $365 million; and the Gold Coast City Council committing $120 million.

Authorised for publication

b) The cost estimate has been prepared in accordance with Best Practice Cost Estimation Standard for Publicly Funded Road and Rail Construction, prepared by the Department of Infrastructure and Transport in 2011, which has been adopted for use by all States and Territories.

The Capital Metro cost estimates have been prepared to a project scoping level. The contingency and escalation allowance are in line with, and reflective of the early stage of the project. As the project moves into the preliminary design phase over 2013-14, the cost estimates will be refined and become more certain.

The first stage of the Gold Coast light rail project is of a similar length to the first stage of the Capital Metro. Consequently, the Gold Coast light rail project was used as a benchmarking project in the cost estimation for the Capital Metro project.

Notwithstanding the similarities in the light rail infrastructure required, the Gold Coast Rapid Transit project had a number of supplementary cost requirements, which will not be encountered in the first stage of the Capital Metro project. These mainly reflect:

- An additional $170 million budgeted expense by the Gold Coast Rapid Transit project for land acquisitions along the 13 kilometre route, including the relocation of major community facilities; and
- The requirement to construct two new bridges over the Nerang River (Southport), one dedicated for the light rail and the other to take pedestrians and cyclists to the adjoining Broadwater parklands.

Approved for circulation to the Committee.

Andrew Barr

Andrew Barr MLA
Treasurer

Date: 5.4.2013

Treasury Part 1 QToN #2
2011-12 Annual Reports.

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

QUESTION TAKEN ON NOTICE

21 FEBRUARY 2013

Mr Seselja - Asked the Treasurer upon notice on 21 February 2013:

What is your understanding of the level of transfer from land rent to purchase of the land? In some of the newer suburbs there have been some releases where virtually everything gets taken up on land rent initially. Presumably many of those would be looking to convert, either as builders or as owners. What is the proportion that is shifting to a purchase of that land? (p16-17, Transcript)

Mr Barr - The answer to the Member's question is as follows:

As at 1 March 2013, 210 (or around 10 per cent) of lessees have converted from a land rent Crown Lease to a standard Crown Lease. This includes 89 lessees who converted prior to settlement; and 121 lessees who converted post settlement.

Approved for circulation to the Committee.

Andrew Barr

Andrew Barr MLA
Treasurer

Date: 14.3.2013

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15 MAR 2013
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→ QToN # 3
2011-12 Annual Reports
Treasury (part 1)
21 Feb 2013

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

QUESTION TAKEN ON NOTICE

21 FEBRUARY 2013

Mr Seselja - Asked the Treasurer upon notice on 21 February 2013:

On page 107 of Volume 2: in 2011, nine per cent of the receivables were greater than 60 days old and this has increased to 15 per cent in 2012. Why is that? (p.30, Transcript)

Mr Barr - The answer to the Member's question is as follows:

The increase largely reflects a change in the methodology for determining past due receivables.

If the 2012 receivables had been calculated on the same basis as the 2011 receivables, the breakdown of receivables greater than 60 days would be around $20 million, or 8 per cent of the total receivables.

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22 MAR 2013
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Approved for circulation to the Committee.

Andrew Barr MLA
Treasurer

Date: 21.3.2013

Authorised for publication

QToN # 4
2011-12 Annual Rpts
Treasury (part 1)
21 Feb 2013

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

QUESTION TAKEN ON NOTICE

21 FEBRUARY 2013

Mr Smyth - Asked the Treasurer upon notice on 21 February 2013:

Turning to volume 2, page 87 of your annual report, I note the payables have gone up $217 million. Why is that and what has contributed to it? The payables have gone from $144 million to $361 million. (p29, Transcript)

Mr Barr - The answer to the Member's question is as follows:

This question references the 2012 Budget figure, comparing it to the 2012 actual.

This overall increase in payables has been mainly caused by an increase in payables to the Territory Banking Account. Payables to the Territory Banking Account are influenced by the quantity of receivables and cash. Also contributing to the increase in payables, has been the increased take up of land rent blocks, leading to an increase in the payable to the Land Development Agency at year-end.

Authorised for publication

Approved for circulation to the Committee.

Andrew Barr MLA
Treasurer

Date: 5.4.2013

→ QToN # 5
2011-12 Annual Rpts
Treasury (part 1)
21 Feb 2013

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

QUESTION TAKEN ON NOTICE

21 FEBRUARY 2013

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5 APR 2013
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Mr Smyth - Asked the Treasurer upon notice on 21 February 2013:

In volume 2 on [page 39], it says that all amounts are usually settled within 30 days after the invoice date. What percentage of payables are paid outside that time frame? (p30, Transcript)

Mr Barr - The answer to the Member's question is as follows:

The table below reflects the total number of invoices paid by the former Treasury Directorate to entities external to the ACT Government during the period July 2011 to June 2012.

Number of Invoices			% of All Invoices	
On Time	**Overdue**	**Total**	**On Time**	**Overdue**
6,276	515	6,791	92%	8%

Notes:

1. This information has been extracted by Shared Services based on 35 days from the invoice date. Due to how the 'due date' field is used in the system, this methodology provides the most accurate payment data possible. A parameter of 35 days has been used instead of 30 days to allow for the normal time lag that occurs from the time when a supplier may print an invoice to the time when a directorate receives the invoice from the supplier.

2. Invoices can remain unpaid past the due date for a variety of reasons:
   - the invoice is being disputed by the agency with the vendor or further documentation is required;
   - the invoice received is an invalid tax invoice;
   - the invoice details are incorrect resulting in the invoice not being received by the correct agency or area within the agency; or
   - the invoice is issued by the vendor well after the date specified on the invoice.

Authorised for publication

Approved for circulation to the Committee.

Andrew Barr

Andrew Barr MLA
Treasurer

Date: 5.4.2013

→ QToN #6
2011-12 Annual Reports
Treasury (part 1)
21 Feb 2013

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

QUESTION TAKEN ON NOTICE

Authorised for publication

21 FEBRUARY 2013

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5 APR 2013
ACT LA
COMMITTEE OFFICE

Mr Seselja - Asked the Treasurer upon notice on 21 February 2013:

Going back to one of your earlier answers, you talked about unfunded superannuation liability, and that has blown out considerably to around $5½ billion, which is now considerably more than the annual Territory Budget. You compared us to other jurisdictions in a range of other areas. As a proportion of the Budget, how does this now compare to other Australian jurisdictions? (p31, Transcript)

Mr Barr - The answer to the Member's question is as follows:

All other State and Territory jurisdictions have some level of defined benefit employer superannuation liabilities. In relation to comparisons, it is important to note that the defined benefit superannuation schemes for each jurisdiction are different in terms of both benefit design and membership profiles.

All jurisdictions prepare their annual financial statements in accordance with the Accounting Standards. In relation to the defined benefit employer superannuation liabilities, each jurisdiction experienced impacts on their reported liability valuation as at 30 June 2012 directly as a result of the adverse movement in the bond yield that is required to value the superannuation liability.

A summary of the results for each jurisdiction as reported in their respective 2011-12 annual financial statements is as follows:

$ billion	ACT	Victoria	NSW	SA	Tas	WA	QLD[1]	NT
Assets:	2.26	15.81	34.49	5.18	1.58	2.29	34.10	0.05
Liability:	7.49	48.56	85.41	13.52	9.34	8.64	35.78	3.85
Unfunded ($bn):	(5.23)	(32.75)	(50.92)	(8.35)	(7.77)	(6.36)	(1.67)	(3.80)
Funded (%):	30%	33%	40%	38%	17%	26%	95%	1%
Total Revenue (GGS):	4.12	47.88	59.03	16.08	4.69	25.22	45.80	4.91
Total Revenue (Total):	4.26	54.46	71.23	18.90	7.94	40.70	52.73	5.67

[1] Assets may not be fully attributable to superannuation liabilities

Approved for circulation to the Committee.

Andrew Barr

Andrew Barr MLA
Treasurer

Date: 5.4.2013

→ QToN # 7
2011-12 Annual Reports
Treasury (part 1)
21 Feb 2013

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

QUESTION TAKEN ON NOTICE

21 FEBRUARY 2013

Mr Smyth - Asked the Treasurer upon notice on 21 February 2013:

Minister, on pages 97 to 104 are all the principal contracts. The vast majority of them seem to be single select... If you could review the single select and provide a reason. (p34-35, Transcript)

Mr Barr - The response to the Member's request is as follows:

(Please see the attached table for reasons for individual single-select contracts under core Treasury.)

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Approved for circulation to the Committee.

Andrew Barr MLA
Treasurer

Date: 5.4.2013

EXTERNAL SOURCES OF LABOUR AND SERVICES (TOTAL FINANCIAL YEAR COST GREATER THAN $25,000 GST EXCLUSIVE)

[illegible]

Name	Description and Reason for Contract	Cost $ (GST excl)	Procurement Type	Date Contract Let	Reason for opting for single-select procurement
Standard and Poor's*	Credit Rating Services	$77,727	Single Select	Apr 2006	Only a limited number of suppliers were available and supplier was chosen for their specialist knowledge.

[illegible]

Name	Description and Reason for Contract	Cost $ (GST excl)	Procurement Type	Date Contract Let	Reason for opting for single-select procurement
KPMG	Provision of Financial Reporting Services during Budget	$135,000	Single Select	Mar 2012	The reason a single-select procurement process was chosen for this consultancy was due to the nature of the project, the specialized skills required and the short time frame associated with the annual Budget process.
KPMG	To provide a full costing model of CIT's operations to enable various scenarios to be analysed and understood as to their financial impact.	$89,900	Single Select	Apr 2012	The reason a single-select procurement process was chosen for this consultancy was due to the specialized skills required and the short time frame associated with the project.
Noetic Solutions	Provision of professional services to develop and conduct Investment Mapping Logic Workshops	$26,400	Single Select	Feb 2012	The reason a single-select procurement process was chosen for this consultancy was due to the nature of the project, the specialized skills required and the short time frame associated with the 2012-13 Budget process.
Fairo Holdings Pty Ltd	Expert Advice for the ACT Taxation Review	$45,009	Single Select	Feb 2012	Fairo Holdings Pty Ltd had the relevant skills and experience in resource economics, microeconomic policy reform and property development to provide advice for the ACT Taxation Review.
KPMG	Review of the ACT Taxation Review	$32,955	Single Select	Dec 2011	KMPG had extensive experience and knowledge of the ACT's taxation system.
Macroeconomics	Establishing ACT Treasury Modeling Capacity for the ACT Taxation Review	$210,981	Single Select	Sept 2011	Macroeconomics provided highly specialist skills in regards to CGE modeling.

Name	Description and Reason for Contract	Cost $ (GST excl)	Procurement Type	Date Contract Let	Reason for opting for single-select procurement
NATSEM	Modeling for the ACT Taxation Review	$56,531	Single Select	Jan 2012	NATSEM provided highly specialist skills that were required for the ACT Taxation Review.
Professor Des Nicholls	Expert Advice for the ACT Taxation Review	$38,400	Single Select	Jul 2011	Professor Nicholls had a specialist skill set and extensive experience relating to valuation and taxation of real property.
Section51 Pty Ltd	Editing Services for the ACT Taxation Review	$30,400	Single Select	Dec 2011	Section 51 Pty Ltd had extensive experience in editing government reports.
Matthew Ryan	Expert Advice for the ACT Taxation Reform Plan	$25,636	Single Select	Apr 2012	Mr Ryan had the relevant background and experience to provide advice in the development of the Taxation Reform Plan, having worked on major Federal and State policy reviews.
Epic Dot Gov Pty Ltd	Post Implementation Review of the ACT Land Rent Scheme	$32,800	Single Select	Jan 2012	Dr Milligan was consulted during the design phase of the Land Rent Scheme and has extensive experience in affordable housing policies.
Macroeconomics	Engaged to develop a computable general equilibrium model of the least cost path for carbon abatement targets	$55,000	Single Select	Apr 2012	Macroeconomics provided a highly specialist skill set that was required to undertake this project.
Macroeconomics	To develop a computable general equilibrium model of the economic impacts for the ACT from the Commonwealth Government's Climate Change Policy for Carbon Pricing and Electricity.	$60,600	Single Select	Sept 2011	Macroeconomics provided a highly specialist skill set that was required to undertake this project.