

# SELECT COMMITTEE ON ESTIMATES 2010-2011

## Questions on Notice

### Minister for Gaming and Racing

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*Budget costs*

ZED SESELJA : To ask the Minister for Gaming and Racing  
BP 4

In relation to : Budgeted Costs and the ACT Gambling and Racing Commission

1. What are the annual depreciation costs for the Commission?
  - a. How much depreciation is allocated to small capital items which are used in the day-to-day activities of the Commission, and how much is related to major capital works or items?
  - b. What are those major capital works or items specifically and how much is the depreciation for each annually?
2. What capital initiatives will be completed by the Commission in 2010-11, 2011-12, 2012-13 and 2013-14?
  - a. What was the original cost of those initiatives when they were first considered by Government?
  - b. What is the current budgeted cost of each initiative?
  - c. What are the ongoing costs to the Budget of the initiative, including running costs and depreciation costs?
3. What capital initiatives (or expenditure on capital equipment) were completed/will be completed by the Commission in 2009-10?
  - a. What was the original cost of those initiatives when they were first considered by Government?
  - b. What is the current budgeted cost of the initiative?
  - c. What are the ongoing costs to the Budget of the initiative, including running costs and depreciation costs?
  - d. What was the estimated completion date when the initiative was first considered by Government?

**MINISTER FOR GAMING AND RACING: The answer to the Member's question is as follows:-**

1. The annual depreciation cost for the Commission for 2010-11 is \$47,000.
  - a) A total of \$12,000 has been allocated to depreciation of small capital items used in the day to day activities of the Commission. Small capital items are considered to cost from \$0.002m to \$0.250m.  
  
A total of \$35,000 has been allocated to depreciation of major capital items. Major capital items are considered to cost above \$0.250m.
  - b) The annual depreciation cost for the Commission's new gaming machine database as the only major capital item is \$35,000.
2. The development of the new gaming machine database is expected to be completed in 2010-11. The Commission does not anticipate any further capital initiatives in the out-years.

- a) the original cost was \$0.357m;
  - b) the current budgeted cost is \$0.357m; and
  - c) the on-going costs are expected to be \$53,000 p.a. (service cost of \$18,000 and depreciation of \$35,000).
3. There were no capital initiatives completed in 2009-10.

*IT and advertising*

ZED SESELJA : To ask the Minister for Gaming and Racing

In relation to : IT and Advertising for the ACT Gambling and Racing Commission;

1. What is the budgeted cost of the provision of IT services for the Commission for 2010-11?
2. What is the budgeted or forecast increase in costs for the provision of IT services in 2011-12, 2012-13 and 2013-14?
3. What will be the marginal cost and the average cost of the provision of IT services at the forecast staffing levels in 2010-11?
4. How much will be spent on advertising in 2010-11, and what is forecast to be spent in 2011-12, 2012-13 and 2013-14, and how is this spending broken down between i) outputs and ii) design, printing, distribution etc.
5. What form of advertising will be undertaken in 2010-11?
6. What is the purpose of each form of advertising to be undertaken in 2010-11?
7. How much has been spent on graphic design purposes in 2009-10, and how much will be spent on graphic design in 2010-11, 2011-12, 2012-13 and 2013-14?
8. How much has been spent on advertising in 2009-10 to date, and what forms of advertising does this include?

**MINISTER FOR GAMING AND RACING: The answer to the Member's question is as follows:-**

- 1) The budgeted cost for the provision of IT services for the Commission in 2010-11 is \$0.218m.
- 2) The budget for IT services is forecast to increase as follows:

	<b>2011-12 (\$m)</b>	<b>2012-13 (\$m)</b>	<b>2013-14 (\$m)</b>
IT Services	0.005	0.005	0.007

- 3) The 2010-11 average cost of the provision of IT services at forecast staffing levels is:

$$\$0.218\text{m}/32.4 = \$6,728$$

The approximate estimated marginal cost of IT (ie the cost should one new Commission staff member be employed) is in the order of \$4,700 per annum.

- 4) Advertising covers the recruitment of staff, notification of community consultation periods and community education on problem gambling awareness. The Commission does not specifically budget for advertising and as such advertising costs are not broken down into components. Any advertising costs will be managed within the supplies and services budget in 2010-11, 2011-12, 2012-13 and 2013-14. The Commission has only one output class (Gambling Regulation and Compliance).
- 5) In 2010-11 it is possible that the Commission will undertake advertising in the form of paper, website and potentially TV community awareness ads on problem gambling awareness. However, this has not yet been determined.
- 6) Any advertising in 2010-11 may be for the following purposes:
  - the recruitment of staff;
  - notification of public consultation periods; and
  - community awareness on problem gambling.
- 7) The Commission's expenditure on graphic design in 2009-10 is associated with the covers on the Commission's Annual Report and its annual report on Community Contributions made by Gaming Machine Licensees. Costs relating to graphic design cannot be quantified as individual components of the costs are not separately identified by the supplier.

The Commission will incur graphic design costs in 2010-11 as indicated above, however the Commission does not specifically budget for this expense item.

- 8) To date, the Commission has spent \$0.020m in advertising costs in 2009-10 covering community consultation notices (newspaper advertising) and problem gambling awareness campaigns (newspaper and television advertising).

*Budget costs*

ZED SESELJA : To ask the Minister for Gaming and Racing

BP 4

In relation to : Budgeted Costs for the ACT Gambling and Racing Commission;

1. What is the budgeted cost for the Commission in 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 of
  - a. Electricity
  - b. Internet communications
  - c. Telecommunications
  - d. Travel for senior executive staff
  - e. Travel for non-executive staff
  - f. Local travel, including taxis, bus fares, and vehicles
  - g. Printing
  - h. Paper
  - i. Official entertainment
  - j. Consultant's fees
  - k. Office supplies

**MINISTER FOR GAMING AND RACING: The answer to the Member's question is as follows:-**

1. In relation to 2009-10, the following table outlines the available information.

	<b>2009-10 Estimated Outcome \$m</b>
Electricity <sup>1</sup>	-
Internet Communication <sup>2</sup>	0.003
Telecommunications	0.018
Travel <sup>3</sup>	0.024
Local travel, including taxis, bus fares, and vehicles	0.008
Printing	0.007
Paper	0.003
Official entertainment	nil
Consultant's fees <sup>4</sup>	0.029
Office supplies	0.012

## Notes:

1. Electricity costs are not separately identified on invoices.
2. Incorporated in the InTACT Service Level Agreement.
3. The Commission's internal budget allocations do not distinguish between executive and non-executive staff travel.
4. Costs associated with the audit of the Commission's financial statements and internal audit fees.

In relation to 2010-11, the Commission's internal budgets have not yet been disaggregated to line items.

In relation to the forward estimates the internal budgets will not be disaggregated to a detailed level until just before the commencement of each financial year.

*Staff management*

ZED SESELJA : To ask the Minister for Gaming and Racing

BP 4

In relation to : Staff Management within the ACT Gambling and Racing Commission;

1. How many staff are currently employed by the Commission, and what level is each (please provide a breakdown by output and work area).
2. What was the total staff turnover rate in 2008-09 and 2009-10 to date, and what is the budgeted staff turnover rate for 2010-11 (please provide a breakdown by output class and level).
3. How many positions within the Commission are currently unfilled as a result of the Government's staffing freeze?
  - a. When will these positions now be filled?
  - b. How much money has the Commission saved as a result of the freeze?
4. How many staff receive a total salary of
  - a. below \$70,000,
  - b. between \$70,000 and \$80,000,
  - c. between \$90,000 and \$100,000,
  - d. between \$100,000 and \$110,000,
  - e. over \$110,000; and.
  - f. For each salary range, how many staff are considered administrative or policy, and how many are considered frontline service delivery staff?
5. How many additional staff will be employed in 2010 (in FTE), and what level is each (please provide a breakdown by output and level).
  - a. How many are administrative or policy staff, and how many are considered frontline service delivery staff?
6. How much will be spent on training programs 2010-11?
  - a. What is the purpose of each training program, and
  - b. how many staff are expected to participate?
7. Will officers attend any training programs in 2010-11 interstate?
  - a. If so, what is the purpose of these training programs?
  - b. How many officers will attend?
  - c. What is the cost of each programs, including travel expenses?
8. What training programmes in 2010-11 will be held which will result in no marginal cost to the Commission?
9. What in-house training programs will be held in 2010-11 which will result in a cost to the Commission, and what is this cost expected to be?
10. What is the average oncost for each employee within the Commission budgeted to be in 2010-11?
  - a. What is included in this oncost?
  - b. What is the marginal oncost of an additional worker at the current staffing levels in 2010-11?
11. What specialist qualifications are required by staff for the Commission to undertake its roles and responsibilities?
  - a. What skills are currently lacking in the Commission?
  - b. How will these gaps be filled in 2010-11?
  - c. Has the staffing freeze contributed to this shortfall?



12. What is the average salary for each employee who has a specialist skill that is required for the Commission to undertake its roles and responsibilities? What will be the average salary in 2010-11 (please provide a breakdown by specialisation, output and employee level).
13. What training must employees undertake on a regular basis to maintain their specialist skills, and what is the budgeted total cost of this training in 2010-11?
  - a. What is the average cost per employee?
  - b. Who will provide the training?
14. What specialist equipment is required for employees within the Commission to undertake their jobs, and how will this change in 2010-11? For each piece of equipment:
  - a. how many are required,
  - b. what is the capital cost of each,
  - c. what is the running cost of each?
  - d. Over what period is each piece of equipment depreciated?
  - e. What equipment will be purchased in 2010-11 for this purpose?
15. How many graduates will be employed in 2010-11?
  - a. What is the cost of employing each graduate, and what is the breakdown of these costs, including oncosts?
  - b. How many graduates have been employed on average each year since 2001?
16. How many staff will be recruited in 2010-11, and how much has been spent on recruitment in 2009-10 to date?
  - a. How much is budgeted to be spent on recruitment in 2010-11, and how is this broken down?
17. How much office space is currently leased by the Commission, or the ACT Government on behalf of the Commission?
  - a. Will this change in 2010-11, if so how will it change and what is the cost of the change?
  - b. What is the cost of the current lease, what is the make-good provision, and when will this lease be complete?
  - c. If a new lease is to be signed in 2010-11, what is the cost of the lease, what is the make-good provision, and when will this lease be complete?
18. How many staff, are budgeted to receive HDA in 2010-11? For each staff member,
  - a. why will they receive HDA?
  - b. How long will they be on HDA?
  - c. What is the budgeted expense for staff receiving HDA in 2010-11?
  - d. Please provide a breakdown by output class and level
19. How many staff are currently on any form of leave indefinitely?
  - a. What are the reasons for these staff being on indefinite leave?
  - b. Please provide a breakdown by output class and level

**MINISTER FOR GAMING AND RACING: The answer to the Member's question is as follows:-**

- 1) 27 FTE are currently employed within the Gambling and Racing Commission (as at end of May 2010). The breakdown is shown in the table below:

	Output Class 1.1 Gaming Regulation and Compliance		
	Administration	Compliance	Policy
ASO4	3	3	-
ASO5	5	1.6	1
ASO6	2.6	1	-
SOGC	2	1	-
SOGB	3	1	0.8
SOGA	1	-	-
SES	1	-	-

- 2) The staff turnover rate for permanent staff for 2008-09 was 6.8% (2 staff, one ASO4 and one ASO5). The staff turnover rate for permanent staff as at end May 2010 for 2009-10 is 10.7% (3 staff, one ASO5, one ASO6 and one SOGC). A level of staff turnover is always expected and it is assumed that turnover in 2010-11 would be of the same order as in 2008-09 and 2009-10.
- 3) The Commission has a budgeted FTE for 2009-10 of 32.4. As at end May 2010 5.4 positions were not filled.
- a) These positions will be filled in 2010-11 on an as-needs basis.
  - b) This information will be available at the end of the financial year.

4)

Below \$70,000	18
Between \$70,000 and \$80,000	1
Between \$90,000 and \$100,000	
Between \$100,000 and \$110,000	2
Over \$110,000	3

The functional breakup of Commission staff is provided in the answer to question 1. Commission staff are not frontline service delivery staff based on the Government's definition of these positions.

- 5) Recruitment during 2010-11 will occur on an as-needs basis, with reference to the operational needs of the Commission.
- 6) The budget for training for 2010-11 is \$12,000.
- 7) There are currently no plans for any Commission staff to attend inter-state training courses.
- 8) Commission officers are able to attend regular 'Treasury Seminar Series' where external professionals present to Treasury staff on a topic of interest or relevance. In addition, Treasury offers regular 'information sessions' which are run by staff who present sessions on various topics relevant to their duties as Treasury officers (e.g. the Budget Process, Budget Update, Health and Safety Related topics). The Commission conducts regular in-house training sessions particularly for new staff.

- 9) The in-house training program for the Commission for 2010-11 is not expected to have a direct cost.
- 10) The Commission uses the Department of Treasury Salary and Admin On-Cost Model (August 2009) to determine salary on-cost estimates for each generic classification based on an average salary cost for each classification and a standard figure for administrative on-costs.

The salary on-costs include estimates for Superannuation, Employer Productivity Superannuation Contribution, Long Service Leave Provision, Annual Leave Loading, Workers' Compensation Premium and other costs as necessary on a case-by-case basis.

The administrative on-cost model is based on average estimates for IT and communications related costs, accommodation, insurance, training, fleet, other administrative items including OH&S expenses, office machines and equipment, stationery and postage and a corporate component covering payroll and human resources costs per FTE across Government. The total standard figure for administrative on-costs (in the August 2009 Guideline) was \$16,480.

- 11) The Commission does not have any positions that mandate qualifications.

The Commission seeks staff with qualifications in a broad range including accounting, compliance, law enforcement and social sciences.

- 12) N/A

- 13) N/A

- 14) No specialist equipment is required for Commission employees to undertake their jobs.

- 15) The Commission does not participate in the Graduate Program.

- 16) Recruitment during 2010-11 will occur on an as-needs basis, depending on operational requirements. Recruitment costs cannot be quantified as individual components of the HR services costs are not separately identified by the supplier. Recruitment costs in 2010-11 will be met from the general administration budget.

- 17) The Commission occupies 533.3m<sup>2</sup> in the Canberra Nara Centre. This figure includes the Commission's share of the common areas such as shared foyers, shared utility areas and shared conference facilities.

There is no intention currently to change this during 2010-11. The current cost of the lease in the Nara Centre is \$374.29 per square metre per annum for office space, \$2,911.10 per parking space per annum and \$133.07 per square meter per annum for basement storage. Make Good Provisions are as per Attachment 'A'. The lease for the Nara Centre is set to be complete on 30 June 2010.

It is understood that the new lease, to be signed in 2010-11, is still under negotiation.

18) HDA during 2010-11 will occur on an as-needs basis, depending on operational requirements. The costs for this will be managed within the overall output budget.

19) Nil

*Overhead costs*

ZED SESELJA : To ask the Minister for Gaming and Racing

BP 4

In relation to : Overhead costs for the ACT Gambling and Racing Commission;

1. What are the overhead fixed costs for the Commission for 2010-11 and how much is each?
2. How are these costs forecast to change between 2010-11 and 2013-14 (please provide a breakdown by output).
3. What are the variable and marginal costs for the Commission for 2010-11 and how much is each.
4. How are these costs forecast to change between 2010-11 and 2013-14, and how has this changed since 2009-10 (please provide a breakdown by output).

**MINISTER FOR GAMING AND RACING: The answer to the Member's question is as follows:-**

1. Overhead costs are considered to be those costs that are not directly attributable to the Commission's outputs i.e. what the Commission produces. However, it should be noted that the Territory's Output Budgeting framework attributes all costs to outputs.

The indicative overhead costs that relate to the Commission for 2010-11 are outlined below.

	2009-10 \$	2010-11 \$
Office Accommodation	227,000	232,000
IT Costs	206,000	218,000
Workers Compensation Premium	12,000	12,300
Audit	24,000	24,600
Shared Services HR support	70,000	72,000
Other (such as records management, copyright licences, insurance)	9,500	10,000

2. The Commission's budget for the forward estimates is outlined in the 2010-11 Budget Paper No.4. The budget for the out years has not yet been broken down into specific overhead cost line-items, however, indicative allocations are provided in the answer to question (1).

Allocation of the budget at the detailed level for the out years will be undertaken closer to the relevant financial year, taking into account operational requirements, overall budget limits and other prevailing circumstances, such as contract negotiations.

3. All of the overhead costs are largely fixed in the short-run (i.e. in 2010-11) and are considered to be variable in the long-run.
4. Refer answers above.

*Environment measures*

ZED SESELJA : To ask the Minister for Gaming and Racing

In relation to : Environmental measures for the ACT Gambling and Racing Commission;

1. What are the estimated greenhouse gas emissions for the Commission in 2010-11, 2011-12, 2012-13 and 2013-14?
2. What initiatives or measures has the Commission implemented in 2009-10 to reduce greenhouse gas emissions?
  - a. What is the cost of each initiative
  - b. how much greenhouse gas has each initiative saved?
3. What initiatives or measures will the Commission implement in 2010-11 to reduce greenhouse gas emissions?
  - a. What is the budgeted cost of these initiatives
  - b. How much greenhouse gas will each initiative save?
4. How much paper recycling will be undertaken in 2010-11, 2011-12, 2012-13 and 2013-14, what percentage of total paper used is this, and what benchmark will the Commission measure its success in recycling against?

**MINISTER FOR GAMING AND RACING: The answer to the Member's question is as follows:-**

1. The estimated gas emissions for the Commission in 2010-11, 2011-12, 2012-13 and 2013-14 is not currently available as the owners of the Canberra Nara Centre are in the process of a multiyear staged improvements program to the building operating plant, lighting and utilities, all with a sustainability focus. These improvements are expected to continue through to 2011. It is, however, anticipated that greenhouse gas emissions will trend down for the period above.
2. Initiatives implemented in 2009-2010 include:
  - the Commission has recently signed up to the Department of Climate Change, Energy and Water *OfficeSmart* program.
  - the commissioning of Energy, Water and Waste Assessment Reports to determine baseline figures for consumption, to make recommendations for efficiencies throughout the Canberra Nara Centre.
  - promotion and assistance with the installation of sustainability meters (smart meters) by the building owner that will allow a more accurate differentiation between house power and tenancy power and so allow high energy usage areas to be more specifically targeted to improve efficiency.
  - promotion and assistance with the replacement of the air handling unit dampers throughout the building by the building owner, to allow more efficient operation of the HVAC system in the Canberra Nara Centre.

- a. The Energy, Water and Waste assessment reports were produced at no cost to the Commission. This cost was covered by both ACT Department Treasury and the Chief Minister's Department. There was no cost to the Commission as a result of the other initiatives.
  - b. Information on greenhouse gas emissions will be reported in the Commission's Annual Report.
3. Initiatives being implemented in 2010-2011 include:
  - promotion and assistance with the multiyear staged improvements program to the building operating plant, lighting and utilities throughout the Canberra Nara Centre by the building owner.
  - investigate the option to replace all tenancy lighting with more efficient (T5 or T8) light bulbs.
  - implement suggested initiatives under the DECCEW *OfficeSmart* program.
  - investigate and implement proposals and initiatives made through the Energy, Water, and Waste Planning reports carried out in 2009-2010.
    - a. There is no cost to the Commission from initiatives undertaken by the building owner. There is also expected to be no cost to the Commission as a result of the other initiatives, however if costs do arise they will be absorbed as part of the Commission's normal operating budget.
    - b. Information on greenhouse gas emissions will be reported in the Commission's Annual Report.
4. The Commission has not yet set a future paper target around recycling. The Commission endeavours, where possible, to recycle all paper waste product. Success will be measured by our improvement from the baseline reports.