Legislative Assembly for the ACT

SELECT COMMITTEE ON ESTIMATES 2006 - 2007

Appropriation Bill 2006-2007

AUGUST 2006

Committee Membership

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Resolution of Appointment

On 4 May 2006, the Legislative Assembly resolved that:

1. A Select Committee on Estimates 2006-2007 be appointed to examine the expenditure proposals contained in the Appropriation Bill 2006-2007 and any revenue estimates proposed by the Government in the 2006-2007 Budget;
2. The Committee be composed of:
    a) Three Members to be nominated by the Government;
    b) Two Members to be nominated by the Opposition; and
    c) One Member to be nominated by the Crossbench;
3. The Committee report by 15 August 2006;
4. If the Assembly is not sitting when the Committee has completed its inquiry the Committee may 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, publishing and circulation;
5. The Committee Chair shall be held by a Government Member; 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.

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SUMMARY OF RECOMMENDATIONS

RECOMMENDATION 1

1.19 That Ministers be reminded, in future budget Estimates hearings, of their responsibility to the Committee to allow full and unfettered scrutiny of budget related issues and Government accountability without Ministers resorting to inappropriate personal attacks and other avoidance tactics.

RECOMMENDATION 2

1.20 That the Committee Chair in future hearings, issue a reminder at the commencement of Estimates hearings that the use by Ministers of inappropriate language, insults and other time wasting techniques employed in an attempt to deflect scrutiny and avoid questioning is unacceptable.

RECOMMENDATION 3

1.24 The Committee recommends that all answers to questions on notice not provided before the dissolution of the Committee be provided to the Speaker for tabling in the Assembly.

RECOMMENDATION 4

1.33 The Committee recommends that all Government officers be made aware of their rights and obligations when appearing before any Committee of the Legislative Assembly and that the *Handbook for ACT Government Officials on Participation in Assembly and Other Inquiries* be widely publicised.

RECOMMENDATION 5

2.9 The Committee recommends that the Government review its decision to cut superannuation for Government employees from 15.4% to 9%, making the ACT Public service uncompetitive in light of the current skills shortage and in comparison to other jurisdictions.

RECOMMENDATION 6

2.11 The Committee recommends that changes to employment conditions should occur within an enterprise bargaining process.

RECOMMENDATION 7

4.9 The Committee recommends that the Government clarify the apparent discrepancy between the figures provide by Mr Stanhope and Mr Harris of 500 and 318 respectively and report to the Legislative Assembly on the impact of the amended figure for the Budget.

RECOMMENDATION 8

4.10 The Committee recommends that the Stanhope Government provide to the Legislative Assembly, as soon as possible, a full reconciliation of both the changes in staff numbers (FTE and head-count) across all departments and agencies in the ACT Government and the estimated final numbers of staff in each department and agency.

RECOMMENDATION 9

4.11 The Committee recommends that future Budget documents contain staffing profiles on all units of the ACT Government and that these numbers be collated into a single table within the Budget documents comparing the previous year's numbers with those appearing for the Budget year. This table should include both full-time equivalents and head count.

RECOMMENDATION 10

4.16 The Committee recommends that the Office of Sustainability remain within the Chief Minister's Department.

RECOMMENDATION 11

4.28 The Committee recommends that the Government detail:

- how the Skills Commission would work;
- its terms of reference;
- the membership of the Commission;
- the reporting timeframes; and
- the review process to determine if the Commission has been successful.

RECOMMENDATION 12

4.33 The Committee recommends that the Chief Minister explain in relation Chris 21, as these extra costs were incurred by some departments, what steps have been taken to recover the costs from the supplier for what is considered standard functionality.

RECOMMENDATION 13

4.39 The Committee recommends that the Chief Minister update the Legislative Assembly on negotiations concerning the ownership of the Googong Dam.

RECOMMENDATION 14

5.7 The Committee recommends that the ACT Government should ensure the retention of its AAA rating as assessed by the credit rating agency Standard and Poor's.

RECOMMENDATION 15

5.12 The Committee recommends that Government inform the Legislative Assembly of when triple bottom line reporting will be in operation in the ACT.

RECOMMENDATION 16

5.16 The Committee recommends that a table of data comparing Budget allocations with the previous years be provided and clearly cross-referenced throughout the Budget paper series.

RECOMMENDATION 17

5.17 The Committee recommends that information explaining the cause of significant variations in the presentation of data from one financial year to the next should be provided and clearly cross-referenced throughout the Budget paper series.

RECOMMENDATION 18

5.19 The Committee recommends that in the future Budget papers include a more detailed index to assist users to identify key output areas.

RECOMMENDATION 19

5.24 The Committee recommends that full details of the Wage Price Index that will be used to index rates each year, including a trend analysis comparing the application of the Consumer Price Index with the application of the WPI, be provided.

RECOMMENDATION 20

5.25 The Committee recommends that Wage Price Index (WPI) year average percentage change forecasts and projections be included in the equivalent of table 1.1.2 which appears in the Budget each year.

RECOMMENDATION 21

5.28 The Committee recommends that the ACT Government's financial systems should ensure its compliance with payments to small businesses within specified trading terms, and report on this compliance periodically to the Legislative Assembly.

RECOMMENDATION 22

5.29 The Committee recommends that the ACT Government should minimise the use of external contractors.

RECOMMENDATION 23

5.38 The Committee recommends that the Public Accounts Committee review the performance of the Shared Services Centre after it has been in operation for 12 months. In addition, there should be a review of the job losses in the ACT public service to determine f the promised savings have been achieved and to determine the impact on delivery of services.

RECOMMENDATION 24

5.39 The Committee recommends that InTACT's user charges be measured against private sector industry standards to justify the figures currently being set for ACT Government departments and agencies.

RECOMMENDATION 25

5.47 The Committee recommends that the government expedite negotiations with Exhibition Park Corporation to ensure block 751 Gungahlin becomes available to provide for growth and security for Exhibition Park in Canberra.

RECOMMENDATION 26

5.54 The Committee recommends that legal coverage equivalent to that enjoyed by Ministers be extended to Members of the Legislative Assembly.

RECOMMENDATION 27

5.55 The Committee recommends that all contractors, casual and temporary employees, and volunteers who work for Members of the Legislative Assembly, be covered by Legislative Assembly or ACT Government insurance policies.

RECOMMENDATION 28

6.10 The Committee recommends that out-of-office IT access be made available to all Members without additional cost to Members.

RECOMMENDATION 29

6.12 That the secretariat be asked to explore and implement options to reduce the cost to community organisations of using the Legislative Assembly rooms.

RECOMMENDATION 30

6.16 The Committee recommends that additional resources be made available to the Committee Secretariat to increase its ability to provide support to the ACT Legislative Assembly's Committees.

RECOMMENDATION 31

7.11 The Committee recommends that a more effective program be embarked on to ensure the recovery of the $21.8 million in outstanding fees and fines currently owing to the ACT Government.

RECOMMENDATION 32

7.17 The Committee recommends that the ACT court system collect, maintain and report on appropriate statistics relating to:

RECOMMENDATION 33

7.20 The Committee recommends that the Government should allocate sufficient resources so that all the commissioners in the yet to be established Human Rights Commission can adequately perform their roles.

RECOMMENDATION 34

7.27 The Committee recommends that the ICRC should remain an independent authority and not be placed under the administration of the Department of Justice and Community Safety.

RECOMMENDATION 35

7.31 The Committee recommends that the health plan for the prison must take into account the special requirements of indigenous prisoners and prisoners with mental health issues, and should include a viable program to prevent transmission of blood borne viruses.

RECOMMENDATION 36

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RECOMMENDATION 37

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RECOMMENDATION 38

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RECOMMENDATION 39

7.46 The Committee recommends that the Auditor-General undertake an audit of all ESA communications projects since the 2003 bushfires.

RECOMMENDATION 40

7.49 The Committee recommends that the ACT Government put in place a protocol that clearly establishes where the lines of responsibility fall with respect to the management of emergencies in the ACT.

RECOMMENDATION 41

7.52 The Committee recommends that the ACT Government investigate and identify strategies to recruit and retain volunteers to the Rural Fire Service and State Emergency Service willing to make a long term and high level commitment. The ACT Government should consult with Volunteering ACT and Volunteering Australia on this matter.

RECOMMENDATION 42

7.65 The Committee recommends that the Minister for Police and Emergency Services table annually in the ACT Legislative Assembly a full list of the police policy priorities for the coming year.

RECOMMENDATION 43

8.12 The Committee recommends that matters relating to the sale of the EpiCentre site be referred to the Planning and Environment Committee for consideration.

RECOMMENDATION 44

8.26 The Committee recommends that the Minister for Planning table in the ACT Legislative Assembly a breakdown of employment within the Land Development Agency, detailing which staff as listed in the ACT Government Directory are

RECOMMENDATION 45

8.41 The Committee recommends that the Department of Territory and Municipal Services investigate and support opportunities for cooperation between the RSPCA and the Domestic Animal Services.

RECOMMENDATION 46

8.46 The Committee recommends that the Government strengthen its resolve to increase recycling of waste and set in place strategies to increase the likelihood that the Territory will reach NoWaste targets by 2010.

RECOMMENDATION 47

8.52 The Committee recommends that all future Budget documents contain a breakdown of funds that will be spent in the following portfolio areas:

- environment;
- sustainability;
- heritage; and
- forestry services.

RECOMMENDATION 48

8.63 The Committee recommends that the Government provide details to the ACT community of proposals to change the operating arrangements of ACTION services, and the impact of these changes on ACTION staff, the public, and changes to bus services.

RECOMMENDATION 49

8.64 The Committee recommends that a detailed review be undertaken of the maintenance activities undertaken by ACTION to identify opportunities for changes to be made to those practices and for savings to be achieved.

RECOMMENDATION 50

8.68 The Committee recommends that the Government detail in the ACT Legislative Assembly the effects of the Budget cuts on the 'Kids at Play' program.

RECOMMENDATION 51

8.74 The Committee recommends that the Government review the water extraction charges for all sporting bodies.

RECOMMENDATION 52

8.75 The Committee recommends that the Government work with ACTEW to expand the use of recycled water in public parks and sporting grounds.

RECOMMENDATION 53

8.80 The Committee recommends that the Government announce its intentions on the dragway as soon as possible.

RECOMMENDATION 54

8.84 The Committee recommends that funding for the Rally of Canberra continue for the 2007 event.

RECOMMENDATION 55

8.85 The Committee recommends that the Department Territory and Municipal Services undertake a review of the tourism and financial benefits of the event with a view to moving the organisation of the Rally of Canberra to the Sport and Recreation portfolio in the next Budget.

RECOMMENDATION 56

8.89 The Committee recommends that the Minister ensures that the graves of ex-service personnel located in the ACT, which cannot be maintained by relatives, be appropriately maintained by the ACT Government and that an Australian flag be flown daily in the war graves section of the Woden Cemetery.

RECOMMENDATION 57

9.11 The Committee recommends that the Government table the details of all research informing the decision to introduce paid parking, particularly with respect to the evidence about commuter and other parking misuse in the hospital precinct.

RECOMMENDATION 58

9.12 The Committee recommends that pay parking at Canberra's public hospitals be reviewed by the Government following assessment of the documents.

RECOMMENDATION 59

9.16 The Committee recommends that incidents of bypass be included in the Health Statistics reports.

RECOMMENDATION 60

9.20 The Committee recommends that the Minister for Health undertake a mapping exercise of existing services and mental health need in the ACT and report to the Legislative Assembly in time to inform the next Budget.

RECOMMENDATION 61

9.21 The Committee recommends that the Minister for Health develop a plan to increase Mental Health spending to at least eleven per cent of the Health budget by 2010 - 2011 Budget.

RECOMMENDATION 62

9.24 The Committee recommends that the Minister for Health table in the Legislative Assembly all documents concerning the introduction of means tested fees in the Health portfolio.

RECOMMENDATION 63

9.29 The Committee recommends that the integration of Healthpact into the ACT Health be reversed.

RECOMMENDATION 64

9.34 The Committee recommends that the Minister for Health outline to the Legislative Assembly further initiatives to retain staff within the ACT Health system given the high demand for health staff of all kind across all jurisdictions and indeed internationally.

RECOMMENDATION 65

9.39 The Committee recommends a greater focus on early intervention and prevention strategies to assist in relieving the pressure on both the emergency department, hospital beds, and elective surgery waiting lists.

RECOMMENDATION 66

10.4 The Committee recommends that the Standing Committee on Education, Training and Young People review the adequacy of the strategies and resources provided to deal with bullying in all school systems, both public and private.

RECOMMENDATION 67

10.8 The Committee recommends that the Government undertake a comprehensive investigation into the drift from government schools to non-government schools and to report back to the Legislative Assembly by 30 November 2006.

RECOMMENDATION 68

10.16 The Committee recommends that the Government clarify its public announcement regarding its position on the sale of land from possible school closures to clear up this discrepancy.

RECOMMENDATION 69

10.33 The Committee recommends that there be no increase in Canberra Institute of Technology fees until the ACT Skills Commission has examined the impact of increasing fees on students undertaking trades where skills are in short supply in the ACT.

RECOMMENDATION 70

11.7 The Committee recommends that all future Budget documents contain a breakdown of funds that will be spent in the following portfolio areas:

- Multicultural affairs;
- Women; and
- Indigenous affairs.

RECOMMENDATION 71

11.14 The Committee recommends the Minister for Housing provide details about the services that will be provided directly to its clients to ensure that direct services will continue to be provided in a manner that in no way impacts negatively on the provision of housing services.

RECOMMENDATION 72

11.49 The Committee recommends that the Minister for Disability and Community Services produce evidence of such a shortfall in the capacity of occupation of SAAP services and shows what the government is doing to bolster capacity to meet demand.

RECOMMENDATION 73

11.62 The Committee recommends that Ministerial Advisory Committee on Multicultural Affairs (MACMA) be re established.

1 INTRODUCTION

1.1 The Select Committee on Estimates 2006 was established on 4 May 2006 to inquire into the expenditure proposals contained in the Appropriation Bill 2006-2007 and the revenue estimates proposed by the Government in the 2006-2007 Budget.

1.2 The Committee is required to report to the Assembly on or before 15 August 2006.

1.3 The tabling of the Appropriation Bill 2006-2007 was delayed this year to allow recommendations from the whole-of-government review (to be referred to in this report as the Functional and Strategic Review) process that had commenced in November 2005 to be factored into budget estimates.

1.4 The report of the Functional and Strategic Review was not made available to the Committee, although repeated requests were made. It was explained that the document was Cabinet-in-confidence

1.5 The 2006-2007 Budget papers were presented to the Legislative Assembly on 6 June 2006[1] by the Treasurer who had already publicly indicated that there was need for budget constraint and there would be significant changes to the structure and administration of ACT Government departments and agencies. Prior to the release of the Budget, the Treasurer had proposed that 'it was essential for the ACT to reform its structure and reduce its historic dependence on sources of revenue that were prone to wild fluctuations over relatively short periods.'[2]

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[1] Budget Paper 1: Speech, Budget Paper 2: Budget at a Glance, Budget Paper 3: Overview, Budget Paper 4: Budget Estimates and For the Future: Economic and Financial Outlook for the ACT are accessible at http://www.treasury.act.gov.au/budget/index.shtml

[2] Jon Stanhope, 'Heading for a fifth surplus, but focused on the future' Media Release 11 May 2006 accessible at <

1.6 Nonetheless, the public discussion that followed revealed disquiet from some sectors at some of the measures taken in the 2006-2007 Budget. A number of individuals and stakeholder groups expressed concerns about aspects of the Budget. These groups included school community groups, community service groups, environment groups, employee organisations and business development associations representing tourism and property sectors in the ACT.

1.7 The total budget expenditure for the 2006/2007 is $2.886 billion.

Conduct of the Inquiry

1.8 At the outset of the inquiry, the Committee sought the views of a broad range of community groups and associations by circulating an invitation to representative stakeholders to appear at two public hearings held on 16 and 26 June.

1.9 In total, thirty-eight community organisations gave evidence before the Committee. A list of the community representatives appearing as witnesses before the Committee is provided at Appendix A. A list of submissions, papers and exhibits received during the inquiry is provided at Appendix B.

1.10 Fourteen days of public hearings were scheduled between 16 June and 5 July 2006 to allow the Committee to review all portfolio output areas. All Ministers appeared before the Committee to provide relevant details from their respective portfolio areas. A list of agencies attending under each of these portfolio areas is attached to the report as Appendix C.

1.11 During the inquiry, the following key issues were discussed:

- proposed closure of 39 schools[3];
- reduction of the size of the ACT public service;
- shared services agency providing key administrative services;

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http://www.chiefminister.act.gov.au/media.asp?media=1322&section=24&title=Media%20Release&id=24

[3] Department of Education and Training (2006) *Towards 2020: Renewing our schools*, accessible at http://www.det.act.gov.au.

- incorporation of emergency services, complaints commissions and other agencies within existing departments;
- disbandment of the operational unit Environment ACT;
- changes in the Office of Human Rights;
- reductions in the conditions of employment for ACT public servants outside of the industrial relations process;
- cuts to funding for business and tourism;
- affordability of the prison;
- cuts to police capability;
- land sale evaluation processes;
- safe-schools policy development and implementation; and
- public transport changes.

1.12 The Committee held one in camera hearing on 5 July with the Minister for Planning and representatives from the ACT Planning and Land Authority. The transcript of this hearing was subsequently authorised for publication by the Committee and is available on the Hansard website.

1.13 Transcripts from all hearings are available from the Hansard pages of the Legislative Assembly website.[4] Answers to questions on notice are published on the Committee pages of the Legislative Assembly website.[5] Answers to questions on notice will also be tabled in an additional volume entitled *Supplementary Information*.

1.14 The Committee appreciated the prompt availability of questions on notice on the web, which greatly assisted the Committee's deliberations and enhanced public scrutiny.

1.15 The Committee is grateful for cooperation and support provided to the inquiry by community groups, most Government ministers, officials and agencies. On the whole, the hearings were conducted in a cooperative fashion with good will and candour being demonstrated by most of those in attendance.

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[4] Legislative Assembly for the ACT website - Hansard: <http://www.hansard.act.gov.au/start.htm>

[5] Legislative Assembly for the ACT website – Committee Office: http://www.parliament.act.gov.au/committees/index1.asp?committee=75

1.16 However, if Ministers do not give considered responses to the Committee, the Estimates process is impeded. The Committee found many of Mr Hargreaves' responses unhelpful to its deliberations in the areas of housing, environment, sustainability and ACTION bus services. Furthermore, in many cases, the Minister did not engage departmental officials who may have been better able to assist the Committee. The Committee notes that, in a small unicameral parliament, the Estimates process of budget scrutiny plays a vital role in ensuring transparency and accountability.

1.17 The Committee was disappointed that the Government failed to implement recommendation 3 of last year's Estimates report and notes that Budget documents for 2006/2007 made it more difficult for Committee members to discern relevant figures and information[6] Important decisions remained hidden and consequences were not explored. This put the onus on Committee members to uncover intended actions and policy decisions – information which should have been made publicly available.

1.18 For this reason, the Committee found it difficult to undertake an appropriate level of scrutiny when the Functional and Strategic Review report and data were not made available.

RECOMMENDATION 1

1.19 **That Ministers be reminded, in future budget Estimates hearings, of their responsibility to the Committee to allow full and unfettered scrutiny of budget related issues and Government accountability without Ministers resorting to inappropriate personal attacks and other avoidance tactics.**

RECOMMENDATION 2

1.20 **That the Committee Chair in future hearings, issue a reminder at the commencement of Estimates hearings that the use by Ministers of inappropriate language, insults and other time wasting techniques**

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[6] Recommendation 3: The Committee recommends that in future budget where efficiency dividends are made that, where possible, the Budget papers clearly indicate the impact of such savings on staffing levels, program delivery, policy development and other outputs. .Select Committee on Estimates 2005, *Appropriation Bill 2005-2006,* June 2005, p. 34

employed in an attempt to deflect scrutiny and avoid questioning is unacceptable.

Procedural issues

Questions on Notice

1.21 This year the Committee agreed that any Member of the Legislative Assembly could submit questions on notice but only once the output class had been considered at a public hearing. In total, 436 questions on notice were processed - an increase of approximately 40 per cent on the previous year.

1.22 While the answers to questions on notice were requested within five working days, this target was not always met due to the large volume of questions presented.

1.23 The Committee and other Members of the Legislative Assembly submitted considerably more questions this year, compared with 2005, in part a reflection of the lack of detail in the Budget and at the hearings. The Committee appreciated those responses which were prompt and informative. However, some answers, particularly those concerning public schools, were lacking detail and this impeded the Committee's deliberations.

RECOMMENDATION 3

1.24 **The Committee recommends that all answers to questions on notice not provided before the dissolution of the Committee be provided to the Speaker for tabling in the Assembly.**

1.25 On 1 August, the Committee wrote to the Minister for Business and Economic Development about a block answer to a series of 46 questions on notice. The Acting Minister (responding in the Minister's absence) declined to answer any of the questions on the following grounds:

- the questions did not relate to the Appropriation Bill 2006-2007;
- considerable resources would be required to answer the questions; and
- the responses were not relevant to the consideration of the Estimates Committee.

1.26 On 4 August, the Minister for Business and Economic Development provided a second response reasserting the original answer.

1.27 The Committee is concerned that the Minister has taken this attitude as the questions put to the Minister pursued a line of questioning from the public hearing on 4 July. Further, the Committee believes it should determine what is relevant for its consideration. There is a significant body of parliamentary procedure which supports this approach.

1.28 The Committee draws Ministers' and public servants' attention to the *Handbook for ACT Government Officials on Participation in Assembly and other Inquiries* which states:

> The duty of the public servant is to assist ministers to fulfil their accountability obligations by providing full and accurate information to the legislature about the factual and technical background to policies and their administration.[7]

1.29 The Committee is concerned that some Ministers appear to be treating responses to questions emanating from the Estimates Committee differently, which is, in the Committee's view, inappropriate.

1.30 The Committee acknowledges that resource constraints may affect responses to questions on notice taken during Estimates. A response to the questions on notice is generally requested within 5 days but the Committee has been generous in any requests for extensions of time, particularly given its own time constraints.

Government officials and policy questions

1.31 There are few legitimate exemptions from providing information to parliamentary committees. On one occasion, a government official refused to answer, claiming the question was a matter of policy. The validity of the refusal was questioned. The policy exemption is very limited specifying that:

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[7] Accessible at http://www.cmd.act.gov.au/about/publications.shtml p. 4.

> A department officer shall not be asked to give opinions on matters of policy, and shall be given reasonable opportunity to refer questions asked of him or her to superior officers or to the appropriate Minister.[8]

1.32 Greater awareness of the rights and responsibilities of government officers appearing as witnesses before Legislative Assembly Committees is warranted as outlined in the *Handbook for ACT Government Officials on Participation in Assembly and Other Inquiries*.[9]

RECOMMENDATION 4

1.33 **The Committee recommends that all Government officers be made aware of their rights and obligations when appearing before any Committee of the Legislative Assembly and that the *Handbook for ACT Government Officials on Participation in Assembly and Other Inquiries* be widely publicised.**

Adverse comment

1.34 The Committee received a request from a member of the public who believed he had been subjected to an adverse comment during the hearings. The Committee allowed for a right of reply to be included in the Hansard.[10]

Privilege and the uncorrected proof transcript

1.35 The Chair of the Committee wrote to a reporter and the Editor at *The Canberra Times,* following the publication of an article that appeared to quote from the uncorrected proof transcript. This version of the transcript is not usually distributed, but during the Estimates process, when questions on notice are being taken and prepared, it is provided on a limited circulation basis. The Chair reminded the Editor and the reporter that this version of the transcript does not attract parliamentary privilege.

In camera hearing

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8 House of Representatives Practice, p. 654 and see http://www.pmc.gov.au/guidelines

9 Accessible at http://www.cmd.act.gov.au/about/publications.shtml

10 *Transcript of Evidence*, 20 June 2006, p. 186. Accessible at http://www.hansard.act.gov.au/hansard/2005/comms/estimates17.pdf

1.36 For the first time, the Estimates Committee resolved to schedule an in camera hearing to hear evidence from the Minister for Planning and the Chief Planning Executive. This accommodated some sensitivity about decisions taken in relation to the valuation and eventual auction of land (section 48) at Fyshwick. Copies of the valuations were requested from the Minister.

1.37 This land had been the subject of legal action prior to the auction and intense public debate afterwards. The Committee's decision to hold an in camera hearing was reported in the press[11]. Soon after, the Minister issued a media release noting that

> Following the receipt of legal advice confirming my ability to do so, I have today forwarded to the Estimates Committee the two valuations obtained by LDA prior to the auction.[12]

1.38 Timing of this release meant that the valuations were provided to the Committee after they had already become public documents.

1.39 The Committee later resolved to publish the transcript of evidence from the in camera hearing.

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[11] John Thistleton, "Secret hearing on land sale 'unbelievable'", *The Canberra Times*, 6 July 2006 accessed 6 July 2006 at http://canberra.yourguide.com.au/detail.asp?story_id=492565

[12] Mr Corbell, "ACT Minister for Planning releases Section 48 Fyshwick valuations" 11 July 2006.accessible at http://www.chiefminister.act.gov.au/media.asp?media=1452&section=52&title=Media%20Release&id=52

2 GENERAL ISSUES

Revised administrative structure

2.1 The 2006-2007 Budget papers proposed new structural arrangements but little detail was given about how these significant structural changes would affect individual departments and shape ACT Government administrative processes into the future.

2.2 The Budget announced significant structural changes including the amalgamation of a number of specific functions and agencies within existing or remodelled departments and the dispersion and dismantlement of others.

2.3 In particular, the Budget papers[13] outlined:

- anticipated savings from the establishment of a Shared Services Centre to provide information and communication technology, procurement, publishing and record management services to the ACT public sector as well as a range of human resource and finance services;
- the establishment of the Department of Territory and Municipal Services to maintain Territory assets and administer transport services, tourism, environmental management, sport and recreation functions as well as ensure compliance with a range of heritage, environment and transport related regulations;
- the administrative incorporation into the Department of Justice and Community Safety of statutory agencies such as the hitherto autonomous Emergency Services Authority and the Human Rights Commission;
- the establishment of a Central Regulatory Office to oversee functions undertaken by ACT Workcover, the Office of Fair Trading and the Registrar-General's Office;

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[13] Accessible at http://www.treasury.act.gov.au/budget/index.shtml

- extensive changes to the public school system including a proposal to tailor the transition processes between educational institutions to better meet demographic need within geographical areas and a proposal to close up to thirty-nine school campuses as a part of this restructure;
- the incorporation of business development functions into the Chief Minister's Department; and
- the abolition of a number of advisory boards and consultative committees either immediately or within the electoral cycle.

Public service implications

2.4 The overall number of employees in the ACT public service sector was frequently discussed in Estimates hearings, with the Government indicating that savings were expected from a reduced public service.

2.5 Continued reduction in the number of the public service personnel[14] has been anticipated through natural attrition and funded voluntary redundancies (funds for which were allocated in the previous Budget).

2.6 In addition to this, the Budget papers confirm the proposal to reduce superannuation entitlements from 15.4 percent to 9 percent.

2.7 This will be in line with superannuation contributions for other State and Territory public sector employees, and the superannuation guarantee standard. However, this will place ACT Government employees at a lesser rate of superannuation than their Australian Public Service (APS) counterparts.

2.8 This could lead to further problems with retention of employees, with the APS offering a more attractive employment package.

RECOMMENDATION 5

2.9 **The Committee recommends that the Government review its decision to cut superannuation for Government employees from 15.4% to 9%, making the ACT Public service uncompetitive in light of the current skills**

[14] Question on notice No: E06-086. Reduction over 2005-2006 and 2006-2007 period of approximately 260 proposed.

shortage and in comparison to other jurisdictions.

2.10 There was discussion about employment conditions with all Ministers.

RECOMMENDATION 6

2.11 **The Committee recommends that changes to employment conditions should occur within an enterprise bargaining process.**

Revenue changes

2.12 A number of revenue measures were adopted in the 2006-2007 Budget, including:

- general rates will be increased by six per cent and will be indexed against the Wage Price Index (WPI) instead of the Consumer Price Index (CPI);
- water fees will increase to reflect the value of this resource;
- a new fire and emergency services levy will be applied to cover the cost of service provision and the ambulance levy will increase; and
- the Utility Land Use Permit (ULUP) introduces a charge on utilities for the use of unleased Territory land with above ground and underground infrastructure.

3 COMMUNITY COMMENT

3.1 The Committee heard from thirty-eight community groups and associations during public hearings on 16 June and 26 June. Key issues raised during these hearings are discussed below in the following general groupings:

- school community groups;
- community service groups
- environmental groups;
- employee groups; and
- business development groups.

3.2 In addition to these groupings (detailed in this chapter), two special interest groups provided evidence before the Committee as outlined below.

3.3 The ANU Medical Students' Association explained the impact that paid parking at the Canberra and Calvary Hospitals would have on medical students completing their third and final years' training. The Committee was informed that upper year medical students provide about thirty-two hours of unpaid patient care per week and that they have calculated that parking costs could amount to approximately $800 per annum (or ten per cent of their annual government allowance).[15].

3.4 Friends of the ACT Library and Information Service described the library system as the 'Cinderella issue for the Budget,' noting that there appears to be no increase in the operating allocations for libraries, only allocations for capital expenditures for the building of the library in Civic Square within the theatre

[15] Mr Le Guen, *Transcript of Evidence,* 16 June 2006, pp. 20-22

precinct and some funding allocation for improving aged and disability access.[16]

School community groups

3.5 A large proportion of the community witnesses appearing before the Committee were representatives from parent groups and associations who expressed their concerns about the proposed changes to public education outlined in the *Towards 2020* plan (the plan)[17]. Representatives from six preschools, seven primary schools and two high schools appeared before the Committee. In addition to these fifteen groups, the Committee also heard evidence from the Canberra Preschool Society, the ACT Council of Parents and Citizens Associations, Unions ACT and the Australian Education Union.

3.6 Key issues raised during the two public hearings included:

- concerns about the accuracy and validity of the data used in the plan;
- lack of clarity about the evaluation criteria used to calculate the viability of individual campuses[18]
- indistinct evidence of the education research underpinning the plan.[19]
- impact on students with disabilities;
- implications for other organisations using school facilities;[20]
- scepticism about the consultation processes being employed by government and fear that the consultation process will not be able to influence the outcomes as outlined in the plan;[21]
- short-term impact of closures and restructures on next year's enrolments and long term impact on future enrolments when schools or preschools identified in the proposal for closure may in fact remain open;

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16 Mr Tully, *Transcript of Evidence,* 16 June 2006, pp. 24-25

17 Department of Education and Training (2006) *Towards 2020: Renewing our schools*, accessible at http://www.det.act.gov.au.

18 Ms Barac & Ms Gorrie, *Transcript of Evidence,* 26 June 2006, p. 620 & p. 627

19 Mr Kemmis, *Transcript of Evidence,* 26 June 2006, p. 624

20 Ms Tulloh, *Transcript of Evidence,* 16 June 2006, p. 6; Ms Barac & Mrs Harkness, *Transcript of Evidence,* 26 June 2006, p. 620 & p. 607

21 Mr Barrie & Ms Gorrie, *Transcript of Evidence* 26 June 2006, p. 612.& p. 626

- concerns about reallocation of resources purchased from school fundraising efforts;[22]
- disposal of assets held by preschools as incorporated associations managed by parent volunteers;[23]
- transport options for children attending new schools that are further away from home;
- impact of school closures on local communities and neighbourhoods;[24]
- difficulties presented by the consultation and decision-making timelines;[25]
- impact on the program of curriculum renewal currently underway;[26] and
- widely shared concern about the slow turn-around in responses or the lack of response from the Minister's office and the department.

3.7 The Council of Parents and Citizens Associations proposed that the government should extend the consultation period until March 2007 and retain the current configuration of schools until December 2007.[27]

Community service groups

3.8 A number of groups providing representation and services to specific sectors of the community highlighted some issues of concern arising from the 2006-2007 ACT Budget.

Belconnen Community Council (the Council)

3.9 The Council expressed dismay at the implications for the community of further school closures noting that 36 per cent of the closures proposed over the next three years are in the Belconnen area.[28]

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[22] Dr Lane, *Transcript of Evidence,* 26 June 2006, p. 617

[23] Mrs Harkness, *Transcript of Evidence,* 26 June 2006, p. 608

[24] Mr Barrie, *Transcript of Evidence,* 26 June 2006, p. 614

[25] Ms Stevens, *Transcript of Evidence,* 16 June 2006, p. 15 & Ms Thornton, *Transcript of Evidence,* 26 June 2006, p. 609

[26] Ms Gorrie, *Transcript of Evidence,* 26 June 2006, p. 629

[27] Ms Gorrie, *Transcript of Evidence,* 26 June 2006, p. 626

[28] Mr Evans, *Transcript of Evidence,* 16 June 2006, p. 16

3.10 The Council was particularly concerned to highlight the importance of institutions such as schools and the viability of other community resources such as shopping centres to maintaining a sense of community connection.

3.11 In this light, the Council was pleased that the Belconnen Arts Centre had received recurrent funding.

ACT Council of Social Service (ACTCOSS)

3.12 ACTCOSS expressed concern about the allocations that had been made for public housing; changes to the eligibility criteria for public housing; intentions to streamline grants allocations and rationalise boards and advisory committees; and reductions to the level of Supported Accommodation Assistance Program (SAAP) funding and the implications of these changes for the ACT Homelessness Strategy.[29]

3.13 The cut to the allocations for SAAP was of concern in terms of the level of service that could be maintained within the SAAP sector under these circumstances. ACTCOSS advised that the cuts would have a direct impact on the implementation of the ACT Homelessness Strategy, and the capacity for the SAAP sector to maintain a well-trained and informed workforce when staff turnover is consistently high.

Multiple Sclerosis Society (the Society)

3.14 Representatives from the Society attended to inform the Committee that their limited funding compared unfavourably with other jurisdictions.[30]

3.15 The Society highlighted the importance of early interventions in improving the long-term options for individuals once diagnosed, including extending working life by approximately fifteen years and quality of life in the long-term.

ACT Shelter (Shelter)

3.16 Shelter welcomed the announcements in the Budget of a cessation of the practice of charging land tax equivalents to Housing ACT and the promised

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[29] Ms Cresswell, *Transcript of Evidence*, 16 June 2006, pp. 27-30.

[30] Mr Costmeyer, *Transcript of Evidence*, 26 June 2006, p. 633

expansion of public housing stock by $10 million. However, they noted with disquiet the decision by the ACT Government to reduce the level of overmatched expenditure allocated against the housing and SAAP funding agreements with the Commonwealth.

3.17 Shelter is concerned about the make up of the allocation for public housing stock and the lack of details in the Budget about how efficiencies within Housing ACT would be achieved to contribute $6 million to the total was noted as a concern. Shelter was uncertain how these efficiencies could be achieved while ensuring appropriate management of the stock for those targeted as being most in need.[31]

3.18 Shelter also advised the Committee that their funding had been halved to $65,000 per annum and this would necessitate a re-evaluation of the level of advocacy and information dissemination activity the organisation could sustain.[32]

Tenants Union ACT (the Union)

3.19 The Committee was advised that the Union anticipates that the additional charges applied to properties in the ACT following the Budget would most likely be passed on to tenants. They expect that this would amount to approximately $200 per annum or $3.85 per week.[33]

3.20 Ms Pippen noted that there will be additional pressure on their services as tenants seek to ascertain legitimate and illegitimate rent increases. A tenant had already notified the Tenants Union that their real estate agent had advised that a rent rise of $40 per week was "Stanhope's fault".[34]

3.21 The Tenants Union also raised concerns about the lack of clarity in the Budget papers, particularly in establishing what is being taken out and what is being put back in (such as the $10 million allocated for public housing). Changes were announced to the public rental housing assistance program and

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[31] Dr Mitchell, *Transcript of Evidence,* 26 June 2006, p. 641
[32] Dr Mitchell, *Transcript of Evidence,* 26 June 2006, p. 642
[33] Ms Pippen, *Transcript of Evidence,* 26 June 2006, p. 644
[34] Ms Pippen, *Transcript of Evidence,* 26 June 2006, p. 645

eligibility criteria for public housing, but the Union has found Housing ACT unwilling or unable to provide details.[35]

Council on the Aging (COTA)

3.22 COTA noted how important it was that the efficiency gains identified in the Budget be realised without affecting the level of service delivery.[36]

3.23 COTA also noted that the tightening of eligibility criteria for public housing might have an unfair impact on some older people relying on modest life savings to last through retirement and for whom home purchase is not an option.

3.24 The issue of paid hospital parking was also raised. COTA advocated for broad-based taxes to pay for adequate parking rather than the impost of a user pays system as planned.[37]

Mental Health Groups

3.25 The Committee heard from two mental health advocacy groups, the ACT Mental Health Community Coalition (ACT MHCC) and the ACT Transcultural Mental Health Network

3.26 The Committee was advised that most of the allocation of $8 million over three years would be allocated to clinical services[38], leaving, in their view, insufficient funds to meet the need for community based service options in the ACT.

3.27 ACT MHCC advised the Committee that the ACT does not maximise the potential offered for funding via the Commonwealth-State Disability Agreement.[39]

3.28 Both groups emphasised the diverse range of people affected and the complexity of their mental health needs that must be catered for within the

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[35] Ms Pippen, *Transcript of Evidence*, 26 June 2006, p. 645
[36] Mr Flint, *Transcript of Evidence*, 26 June 2006, p. 636
[37] Mr Flint, *Transcript of Evidence*, 26 June 2006, p. 638
[38] Mr Petrovski, *Transcript of Evidence*, 26 June 2006, p. 651
[39] Dr Craze, *Transcript of Evidence*, 26 June 2006, p. 653

funding mix developed by Government.

3.29 Both groups commented that, in their experience, police were often called out instead of appropriate officials.

3.30 Both groups suggested the need for a mapping exercise to determine the real need and distribution of mental health services in the ACT.

Environmental groups

Conservation Council and National Parks Association

3.31 The Conservation Council of the South East Region and Canberra expressed concern about the way environmental matters were dealt with within the Budget papers this year, saying that it was difficult to identify allocations to environmental strategies.

3.32 They were concerned that the incorporation of environmental funding, policy development and regulation processes into the new Department of Territory and Municipal Services, established potential conflicts of interest for senior officials within a single administering agency.

3.33 The National Parks Association echoed this concern, noting that there will be less capacity within the restructured system for checks and balances within the day to day administrative process of Government. Both groups consider the changed structure and reduced resources revealed in the Budget papers will diminish the capacity for environmental guardianship within the ACT.

3.34 The loss of senior environmental expertise, as well as on-the-ground trained rangers, was identified as a retrograde step.

3.35 Both groups also noted difficulty in determining how the total allocations within Output 1.5 for the Department of Territory and Municipal Services would be distributed.[40]

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[40] See *Budget 2006-2007 Paper No. 4 Budget Estimates*, p.297

3.36 Concern was expressed that expenditure on fire management was designated as environmental expenditure.

Employee and Industry groups

UnionsACT

3.37 Providing an overview of the views of the twenty-two unions affiliated to UnionsACT, Mr Malone raised a number of concerns about the 2006 Budget including:

- cuts to superannuation for new workers;
- inadequate provision for salary increases;
- cuts to staffing will reduce service delivery capacity;
- school closures and amalgamations proposals are causing community distress; and
- cuts to vocational education will hamper efforts to address skills shortages.[41]

Australian Education Union (AEU)

3.38 The AEU observed that the solutions outlined in the *Towards 2020* proposal do not address the complexity of issues confronting the public education system and impose an unrealistic timeframe. Mr Haggar advised the Committee of the AEU's concerns about the capacity of the education department to manage any major changes with the job cuts being proposed in the Budget.[42]

3.39 Equally, the cuts proposed for the Canberra Institute of Technology (CIT) will add to a ten year pattern of successive reductions in real funding and will impact on the educational outcomes provided by the CIT.

Tourism Industry Council (TIC)

3.40 The TIC has estimated that the Budget cut to tourism will result in a ten per cent decrease in tourist numbers and a subsequent revenue loss to

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[41] Mr Malone, *Transcript of Evidence*, 16 June 2006, p. 39

[42] Mr Haggar, *Transcript of Evidence*, 16 June 2006, p. 40

Government of $12 million. The TIC also predicts a loss of about 1200 jobs.[43]

3.41 The TIC advocates for a well-developed and resourced tourism strategy as a way of developing the capacity of the industry, ensuring government revenues, developing a well-trained workforce and maintaining position within a competitive, relatively static market.

3.42 The TIC also raised concerns over the fact that the majority of other jurisdictions are increasing their tourism funding in appreciation of the importance of tourism to their economies.

3.43 The TIC also threw doubt on accuracy of Government figures in the Budget documents claiming an unequal comparison between jurisdictions. The ACT tourism budget contains both marketing and events funding. This is not the approach taken in all jurisdictions, leading to unfair comparisons.

Canberra Business Council (the Business Council)

3.44 While acknowledging the Government's commitment to contain expenditure, the Business Council expressed concern that the government was no longer committed to the same level of support for business. The CBC noted in particular the reduced funding for business-focused programs (including support for tourism and early growth companies) and Business ACT.[44]

3.45 The Business Council also raised concerns about:

- the continuation of the ACT as a high taxing jurisdiction;
- the use of the Wage Price Index (WPI) rather than the Consumer Price Index (CPI) in calculating general rates;
- the lack of clarity about the purpose and function of the ACT Skills Commission;
- the status of reviews of regulatory schemes such as workers' compensation and occupational health and safety; and
- the long-term commitment of the Government to the Economic White Paper and The Canberra Social Plan

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[43] Ms Cheatham, *Transcript of Evidence,* 26 June, 2006, p. 656

[44] Mr Sloan, *Transcript of Evidence,* 26 June 2006, p. 661

3.46 The Business Council also commented that the severe cuts to Business ACT defied the Government's claims that it was a 'business friendly Government' and that the ACT was the most 'pro business jurisdiction' in the country.

3.47 The Business Council also called for the Government to implement a system of business impact statements on all legislation before introduction to the Legislative Assembly.

3.48 The Business Council also suggested that the ACT Government aim for a target of reducing red tape by up to twenty-five per cent.

Property Council of Australia

3.49 The Property Council expressed concern to the Committee that the Budget seeks to raise an additional $69 million from the residential and commercial property sector without any reduction in stamp duties which, the Property Council advised, impacts on the Territory's competitiveness and the cost of housing.[45]

3.50 The Committee was also informed that calculations of costs must take into account the fact that rates and other levies are based on land value which has increased significantly over the last year. This means that rates may in fact increase by up to fifty per cent in real terms.[46]

3.51 The Property Council raised the question of whether this Budget is sustainable noting that:

> rates are increasing on commercial property by up to 60 per cent, not the nine per cent we have been led to believe. Land tax is again increasing way beyond inflation; it is increasing, according to the budget papers, by 10 per cent, but we believe that the government has underestimated the increase in property values and that could be anywhere up to 15 per cent.[47]

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[45] Ms Carter, *Transcript of Evidence,* 26 June 2006, p. 667

[46] Mr Wheeler, *Transcript of Evidence,* 26 June 2006, p. 668

[47] Mr Wheeler, *Transcript of Evidence*, 26 June 2006, p 668

4 CHIEF MINISTER'S DEPARTMENT

4.1 The Chief Minister's Department (CMD) provides leadership and advice to all departments as well as strategic policy support for the Chief Minister and coordination of key Government initiatives across all portfolio areas. CMD also undertakes executive support and Cabinet support functions and incorporates the specialist portfolio areas of arts and economic development.

4.2 The Chief Minister met with the Committee on 22 June and 4 July to discuss Budget estimates in the following output areas:

- Government strategy including, strategic policy and implementation; governance; communication; arts;
- business and economic development;
- corporate management; and
- ACTEW Corporation.

4.3 The Committee also heard from the Minister for Industrial Relations on 3 July as Output 1.3, Industrial Relations, is included in Government strategy. This output is discussed at the end of this chapter.

Overview

4.4 The Committee heard from the Chief Minister about the current reform agenda being proposed for negotiation at the next scheduled meeting of the Council of Australian Governments (COAG). The agenda would focus on strategies to increase workforce participation and productivity but consider determining factors such as health and literacy.[48]

4.5 Clarification on the calculations used to determine reductions in the size of the public service were sought, particularly how a claimed reduction of around 500 public servants [49] was to be achieved. The Committee was advised that

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[48] Mr Stanhope & Mr Harris, *Transcript of Evidence,* 22 June 2006, p.371- 373

[49] 2006-2007 Budget Paper no. 1: Speech, p. 12

reductions would be made within budgeted expenditure targets set for each department. With seventy per cent of cost in most departments associated with staffing, the estimated reductions in numbers of staff reflect these targets. Reductions in full-time equivalent staff (FTEs) would need to be clarified at the departmental level once strategies to meet targets had been implemented.[50]

4.6 The Committee found it of great concern the majority of Ministers were unable to tell the Committee how many staff would be lost in this process. The two exceptions, Ministers Gallagher and Corbell, are to be congratulated for outlining concisely where the job losses would occur in ACT Health and in ACT Planning and Land Authority respectively. If these two Ministers were able to accurately inform the Committee of staff changes, then all Ministers should also be able to do so.

4.7 Also of concern is the way in which staff movements are recorded in the Budget documents. Some units of the Government did not include staff numbers in the Budget document, making it almost impossible to reconcile the number of individuals employed by the ACT Public Service.

4.8 The Committee is concerned that this discrepancy and lack of clarity throws doubt on the Budget's bottom line.

RECOMMENDATION 7

4.9 **The Committee recommends that the Government clarify the apparent discrepancy between the figures provide by Mr Stanhope and Mr Harris of 500 and 318 respectively and report to the Legislative Assembly on the impact of the amended figure for the Budget.**

RECOMMENDATION 8

4.10 **The Committee recommends that the Stanhope Government provide to the Legislative Assembly, as soon as possible, a full reconciliation of both the changes in staff numbers (FTE and head-count) across all departments and agencies in the ACT Government and the estimated final numbers of staff in each department and agency.**

[50] Mr Stanhope & Mr Harris, *Transcript of Evidence*, 22 June 2006, pp. 372 - 376

RECOMMENDATION 9

4.11 **The Committee recommends that future Budget documents contain staffing profiles on all units of the ACT Government and that these numbers be collated into a single table within the Budget documents comparing the previous year's numbers with those appearing for the Budget year. This table should include both full-time equivalents and head count.**

4.12 The Committee was advised that there are currently 148 Senior Executives occupying a total of 163 designated senior executive positions,[51] a growth of more than thirty per cent.

Government strategy

4.13 The value of the coordination undertaken by the CMD of a range of strategic policy matters was discussed. The Committee sought assurance that the reduction in allocations to this output area would not reduce capacity to progress sustainability and triple bottom line reporting objectives at the whole-of-government level.

4.14 The Chief Minister advised the Committee that work in these areas had already been prioritised with recent efforts focused on climate change strategy. There is no current time-frame for the sustainability legislation which would now fall within the Territory and Municipal Services portfolio.[52]

4.15 The Committee members were most concerned at the transfer of the Office of Sustainability out of the CMD and into the Department of Territory and Municipal Services. The Office of Sustainability was established to ensure across Government understanding and education and to assist departments achieve compliance with the principles with sustainability. This is best achieved in the central agency that is the CMD.

RECOMMENDATION 10

4.16 **The Committee recommends that the Office of Sustainability remain within the Chief Minister's Department.**

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[51] Mr Harris, *Transcript of Evidence,* 22 June 2006, p. 384

[52] Mr Stanhope, *Transcript of Evidence,* 22 June 2006, pp. 388 - 389

4.17 The Committee was advised that the reduction to the allocations provided in this output area over the next two years reflects cessation of the Community Inclusion Fund, funding for the Digital Divide and reduced corporate overheads.[53]

4.18 The Committee noted that these and other changes endanger realisation of the Government's Social Plan.

4.19 Proposed community events for the coming year were outlined for the Committee with the Government's intention being to build on past success particularly the corporate sponsorship provided to support these activities. The Committee was concerned that funding for community infrastructure had been used to stage the *Groovin' in Garema* lunchtime program.[54]

4.20 The Committee was informed that the additional $469,000 increase given to the Communications Department of the CMD consisted of a transfer of

- $227,000 from the Arts budget,
- $100,000 for additional corporate overheads due to a larger staff complement; and
- a further $200,000 in additional funding to cover a range of communications projects such as the *Live in Canberra* campaign, preparation for Canberra's Centenary, on-going participation in counterterrorism exercises, the *Focus on Business* event in September and coordination of *Australia Day* activities.[55]

4.21 The Committee is concerned that at a time when significant cuts are being applied to other more essential areas of the ACT Public Service, the Chief Minister's communications unit is increased by this amount.

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[53] Mr Stanhope and Mr Harris, *Transcript of Evidence,* 22 June 2006, pp. 390 - 394

[54] Mr Stanhope, *Transcript of Evidence,* 22 June 2006, p. 403

[55] Mr Lasek, *Transcript of Evidence,* 22 June 2006, p. 407

Major Projects

4.22 CMD has a major projects unit responsible for implementing significant ACT projects. This includes projects such as the Dragway, the Convention Centre, and the Arboretum.

4.23 The Chief Minister informed the Committee that the work to deliver the promised Dragway continues. He also informed the Committee that he hoped a high level intergovernmental Committee would be formed to progress the construction of a new convention centre that would be worthy of the nation's capital.

Business and economic development

4.24 The Minister advised that this Budget reflected a changed direction in the policy guiding business and economic development.[56]

4.25 The Committee was concerned about the significant cuts in provisions for staff and business development activities, noting an apparent reduction by two-thirds in the number of staff in Business ACT and a significant decrease in the capacity of Canberra Business Advisory Service (CanBAS) to provide assistance.

4.26 The Committee was informed that the ACT Skills Commission was a recommendation of the Canberra Partnership Board, and will be formed to meet the issues experienced by business in finding enough adequately skilled workers.[57]

4.27 The Committee noted that the Government was unable to detail the role the ACT Skills Commission although the Chief Minister said that the skills shortage was the number one issue for the business community of the ACT.

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[56] Mr Stanhope, *Transcript of Evidence*, 4 July 2006, p. 1104

[57] Mr Stanhope, *Transcript of Evidence*, 4 July 2006, p. 1109

RECOMMENDATION 11

4.28 **The Committee recommends that the Government detail:**

- how the Skills Commission would work;
- its terms of reference;
- the membership of the Commission;
- the reporting timeframes; and
- the review process to determine if the Commission has been successful.

4.29 The Committee was advised that staff working in the Office of Small Business Commissioner would be redeployed to other areas and the functions provided by this office could be provided through other agencies or programs.[58]

Corporate management

4.30 The Committee was informed that many of the corporate management functions previously undertaken within the CMD would be transferred to the Shared Services Centre and, consequently, allocations to this output area had reduced in this year's Budget.[59]

4.31 The Committee asked several questions concerning the implementation of the Government's new human resource software, the Chris 21 system. Concerns were raised at the additional cost to various departments due to a lack of functionality within the software in regard to the calculation of leave, long service leave, and roll overs from year to year.

4.32 A follow up question on notice indicated that the cost for this lack of functionality amounted to:

- $640,000 (Department of Education and Training);
- $784,000 (ACT Health);
- $303, 000 (Department of Urban Services); and
- $170,000 (Canberra Institute of Technology): [60].

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[58] Mr Harris, *Transcript of Evidence*, 4 July 2006, p. 1118
[59] Ms Davoren, *Transcript of Evidence*, 4 July 2006, p. 1120
[60] Question on Notice no. E06-115

RECOMMENDATION 12

4.33 **The Committee recommends that the Chief Minister explain in relation Chris 21, as these extra costs were incurred by some departments, what steps have been taken to recover the costs from the supplier for what is considered standard functionality.**

ACTEW Corporation

4.34 In the response to questioning, details of the remediation work undertaken at the Lower Cotter catchment area were given to the Committee.[61] The Committee was advised that ACTEW was not the land manager but that the Government had been negotiating on a number matters related to the catchment areas around Googong and the Cotter dams.[62]

4.35 ACTEW anticipates a profit, providing a dividend for Government of $6.1 million this financial year, reflecting the higher unit price for water and the loosening of consumption restrictions. In response to Committee questions, Mr Costello said that the Water Abstraction Charge is not a part of ACTEW 's revenue mix but is collected on behalf of the Government. [63]

4.36 Sponsorship of $300,000 per annum is provided by ACTEW with approximately half funding the Australian Science Festival and the Canberra Symphony Orchestra.[64]

4.37 Negotiations on the supply of water to settlements in NSW were also discussed with the Committee.[65]

4.38 The Committee observed that there was lack of clarity about Googong catchment management where it was noted that a number of Government departments and agencies had a range of responsibilities in the catchment area but there appeared to be significant issues surrounding who was ultimately responsible for certain management tasks, particularly bushfire risk management and bushfire fighting.

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[61] Mr Stanhope & Mr Knee, *Transcript of Evidence,* 22 June 2006, p. 419

[62] Mr Stanhope & Mr Costello, *Transcript of Evidence,* 22 June 2006, p. 422 - 424

[63] Mr Costello, *Transcript of Evidence,* 22 June 2006, p. 423 - 424

[64] Mr Costello, *Transcript of Evidence,* 22 June 2006, p 430

[65] Mr Stanhope & Mr Costello, *Transcript of Evidence,* 22 June 2006, pp. 431 - 432

RECOMMENDATION 13

4.39 **The Committee recommends that the Chief Minister update the Legislative Assembly on negotiations concerning the ownership of the Googong Dam.**

Industrial relations

4.40 The Minister for Industrial Relations met with the Committee on 3 July to discuss estimates in the output 1.5 Industrial Relations in Chief Minister's Department output class 1, Government Strategy.

4.41 The Minister for Industrial Relations was asked about the progress of the Community Sector Taskforce (the Taskforce) and advised the Committee that there was some disagreement within the community sector about some aspects of the Taskforce's draft report. The department was working towards resolution of the disagreement.

4.42 The Committee was advised that the issue of portability of long service leave for community sector workers would be addressed in the Taskforce's forthcoming report.

4.43 The Minister was asked about the administrative arrangements for ACT WorkCover and advised that policy matters relating to WorkCover would remain within the industrial relations portfolio, while questions of investigation and regulation would be covered by the Attorney-General. Funding was now directed through the Department of Justice and Community Safety.

5 TREASURY

5.1 The Treasury portfolio oversees the strategic financial and economic management of the Territory and ensures accountability and transparency in the expenditures of Government.

5.2 The Treasurer met with the Committee on 20 June, 22 June and 4 July to discuss Budget estimates in the following output areas:

- financial and economic management;
- revenue management;
- Central financing unit;
- home loans portfolio
- Shared Services Centre, which includes INTACT, Procurement support services, human resource services and finance services;
- Superannuation Unit; and
- a number of independent authorities including, ACT Gambling and Racing Commission, ACT Insurance Authority, ACTTAB, the Independent Competition and Regulatory Commission, and Exhibition Park Corporation and Rhodium Assets Solutions.

5.3 The Committee was told that in the 2006-07 Budget, the ACT Government has introduced the Government Finance Statistics (GFS) standard to measure its budget operating position, the standard by which all Australian governments already measure their budgets.

5.4 Concern was expressed about the ACT Government's heavy reliance on land sales revenue to finance the operating budget in the short term, particularly as the GFS treatment highlights the fact that land sales cannot be used to support operating expenditures.

5.5 There are additional concerns that, despite the ACT Government's justifications for including long term capital gains on superannuation investments in its GFS net operating balance calculations, these figures are nevertheless based on estimates that may be subject to variation.

Financial and economic management

5.6 The ACT Government has maintained a triple-A rating for many years. The Committee was informed during the inquiry that despite some recent discussion about the triple-A rating, the Territory continues to enjoy this rating with the credit rating agency Standard and Poor's. At the hearing, the Treasurer noted that

> We now find Standard and Poor's acknowledging that this budget is consistent with the continuation of an AAA credit rating. I think that is the very point of the budget, and it is the very point of the position which Standard and Poor's now take on the ACT's budget.[66]

RECOMMENDATION 14

5.7 **The Committee recommends that the ACT Government should ensure the retention of its AAA rating as assessed by the credit rating agency Standard and Poor's.**

5.8 The Committee was advised that the Functional and Strategic Review, which had been commissioned by the ACT Government in November 2005, had contributed to this continued good rating. The Treasurer confirmed for the Committee that the Review would remain Cabinet-in-confidence to ensure the integrity and quality of the information provided to Cabinet. The Review had taken six months to complete, had been funded from the Treasury budget and had cost $350,000.[67]

5.9 The Committee was advised that the Budget is measured using GFS and the key indicator is "net debt" rather than unencumbered cash which had been the

[66] Mr Stanhope, *Transcript of Evidence*, 20 June 2006, p. 130
[67] Dr Grimes, *Transcript of Evidence*, 20 June 2006, p. 138

measure in the past. Using this measure and including superannuation assets, the ACT records a negative net debt.[68]

5.10 Asked about the progress towards a triple bottom line reporting model, the Committee was informed that establishing an effective evaluation framework is an important, on-going project for Treasury with indicators being developed and refined for use by agencies and to assist the decision making process within Cabinet.[69]

5.11 The Committee was concerned that, given the Government's stated commitment to triple bottom line reporting, there was no apparent social and environmental impact analysis of Budget decisions.

RECOMMENDATION 15

5.12 **The Committee recommends that Government inform the Legislative Assembly of when triple bottom line reporting will be in operation in the ACT.**

5.13 The Committee was advised that the Commonwealth Grants Commission takes into account the inability of the ACT to tax the Commonwealth or apply payroll taxes. The ACT Government has raised, with the Commonwealth Grants Commission, the upward pressure on ACT public and community sector wages flowing from Commonwealth public service salary levels and leading to higher costs in the delivery of Territory services. [70]

5.14 The Committee was advised that the restructure fund is managed by Treasury using guidelines established by Cabinet.[71] The fund has been operating for several years and includes funds for voluntary redundancies which in the previous year were approximately 50 per cent less than anticipated.[72]

5.15 A particular difficulty occurred with the format of Budget papers this year with the presentation of staffing and expenditure levels changing dramatically at departmental or agency levels. Improved referencing as to reasons for the transfers of staff and expenditures proposed would have assisted the

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[68] Dr Grimes, *Transcript of Evidence,* 20 June 2006, p. 145
[69] Dr Grimes, *Transcript of Evidence,* 20 June 2006, p. 148
[70] Dr Grimes, *Transcript of Evidence,* 20 June 2006, p. 151
[71] Dr Grimes, *Transcript of Evidence,* 20 June 2006, p. 163
[72] Mr Stanhope, *Transcript of Evidence,* 20 June 2006, p. 165

Committee.

RECOMMENDATION 16

5.16 **The Committee recommends that a table of data comparing Budget allocations with the previous years be provided and clearly cross-referenced throughout the Budget paper series.**

RECOMMENDATION 17

5.17 **The Committee recommends that information explaining the cause of significant variations in the presentation of data from one financial year to the next should be provided and clearly cross-referenced throughout the Budget paper series.**

5.18 The Committee expressed a need for greater clarity in the presentation and structure of Budget papers noting that a detailed index would assist users of Budget papers.

RECOMMENDATION 18

5.19 **The Committee recommends that in the future Budget papers include a more detailed index to assist users to identify key output areas.**

Revenue management

5.20 In the 2006-07 Budget, the Government has included ten revenue measures that will raise $62.7 million in additional revenue. These measures include increases in existing charges and the introduction of new charges. In relation to the creation of a Utility Land Use Permit, the Treasurer assured the Committee that the charge will be applied equally to all utilities.[73]

5.21 The Committee was concerned that some ACT residents will be expected to cover the cost of ambulance services because they are members of health funds while those without health insurance wil not. Dr Grimes advised that health fund members would have this charge covered by insurance and that the ambulance transport fee, while not the same, had been adjusted to better reflect the cost of services. It is anticipated that the new fee structure would

[73] Mr Stanhope, *Transcript of Evidence*, 20 June 2006, pp. 143-144

recover the full cost of the services (excluding overheads).[74]

5.22 Considering the new utility land use permits, the Committee asked whether the new charge would be passed on to the consumer of services and Treasury advised that it would in relation to water costs. [75]

5.23 The use of the Wage Price Index was discussed and the Committee was advised that the difference in expected increase is about one per cent higher than consumer price index (CPI).[76]

RECOMMENDATION 19

5.24 **The Committee recommends that full details of the Wage Price Index that will be used to index rates each year, including a trend analysis comparing the application of the Consumer Price Index with the application of the WPI, be provided.**

RECOMMENDATION 20

5.25 **The Committee recommends that Wage Price Index (WPI) year average percentage change forecasts and projections be included in the equivalent of table 1.1.2 which appears in the Budget each year.**

5.26 The Committee was advised by the Treasurer that the revenue gained from the introduction of a fire levy would be accrued as consolidated revenue and not allocated to any specific emergency management projects but that the introduction of the levy seeks to accommodate the increasing costs of providing emergency services.[77]The Committee raised concerns about the impact of universal fees and taxes and was advised by the Treasurer that while recognising socio-economic grounds as a legitimate basis for exemption, there was a difficult balance to be achieved by the ACT Government.[78]

5.27 A series of other matters, either discussed in the Estimates hearings or taken on notice, led the Committee to make the following recommendations in regard to the Treasury portfolio:

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[74] Dr Grimes, *Transcript of Evidence,* 20 June 2006, pp. 168 & 171

[75] Dr Grimes, *Transcript of Evidence,*22 June 2006, p. 321

[76] Dr Grimes, *Transcript of Evidence,* 22 June 2006, p. 322

[77] Mr Stanhope, *Transcript of Evidence*, 22 June 2006, p. 332

[78] Mr Stanhope, *Transcript of Evidence*, 22 June 2006, pp. 334-345

RECOMMENDATION 21

5.28 **The Committee recommends that the ACT Government's financial systems should ensure its compliance with payments to small businesses within specified trading terms, and report on this compliance periodically to the Legislative Assembly.**

RECOMMENDATION 22

5.29 **The Committee recommends that the ACT Government should minimise the use of external contractors.**

Central financing unit

5.30 The Central Financing Unit (CFU) has a staff of four and this will remain unchanged for the coming financial year.

5.31 The Committee was advised that the increase in the figure of unencumbered cash in this Budget reflects the accounting movement of all cash balances held by agencies to the CFU.[79]

5.32 The Committee noted that investment funds held by the CFU are invested nationally to maximise financial return while minimising risk and thus, these funds may or may not be invested locally or using ethical investment principles. The Committee expressed concern that this was a wasted opportunity to invest locally.[80]

[79] Dr Grimes, *Transcript of Evidence*, 22 June 2006, pp. 337-338
[80] Dr Grimes, *Transcript of Evidence*, 22 June 2006, pp. 338-340

Shared Services Centre

5.33 The Committee was advised that the Shared Services Centre (the Centre) is expected to be operational from 1 February 2007. Savings will be made through central provision of information technology and increased procurement capacity.[81]

5.34 The Centre would combine a staff from a number of different agencies making a staff complement of approximately 900.[82] The Committee was informed that staffing for the new Centre would primarily be drawn from current staff in the ACT public service.[83]

5.35 The Committee noted that the Government was unable to clearly answer questions about whether or not all new public service positions in the Shared Services Centre would be filled from transfers from existing departmental positions or whether new recruitments were needed.

5.36 Set up costs for the Centre are estimated to be $5 million for fit out of offices and $1.5 million for other establishment costs. There is also a technology component of $1.2 million to allow for the consolidation of the financial software used in the ACT public sector.[84]

5.37 The Committee was also advised that there would be a governance framework to oversee and evaluate the effectiveness of this centralised service which would comprise chief executives of departments and be chaired by the chief executive of the Chief Ministers' Department.[85]

RECOMMENDATION 23

5.38 **The Committee recommends that the Public Accounts Committee review the performance of the Shared Services Centre after it has been in operation for 12 months. In addition, there should be a review of the job losses in the ACT public service to determine if the promised savings**

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[81] Dr Grimes, *Transcript of Evidence,* 20 June 2006, p. 166

[82] Mr Vanderheide, *Transcript of Evidence,* 22 June 2006, pp. 342 - 343

[83] Dr Grimes, *Transcript of Evidence,* 22 June 2006, p. 351

[84] Dr Grimes & Mr Vanderheide, *Transcript of Evidence,* 22 June 2006, p. 347 & p. 349

[85] Dr Grimes, *Transcript of Evidence,* 22 June 2006, p. 347

have been achieved and to determine the impact on delivery of services.

RECOMMENDATION 24

5.39 **The Committee recommends that InTACT's user charges be measured against private sector industry standards to justify the figures currently being set for ACT Government departments and agencies.**

Home loans portfolio

5.40 The Committee was advised that the last loan in the portfolio should wind down around 2035.

5.41 The portfolio is reviewed every couple of years and a determination is made about excess cash. The last review occurred two years ago and the Government redirected $30 million into housing.[86]

ACT Gambling and Racing Commission

5.42 The Committee was informed that there are currently 5,150 poker machines licensed in the ACT. The Commission noted that it was expected that a two per cent decrease in revenue is expected following the commencement of the smoking ban in licensed clubs from 1 December 2006.[87]

5.43 There was discussion about the basis for the Estimates indicating subsequent growth in revenues and the Committee was advised that this projection was in keeping with trends in other jurisdictions.[88]

5.44 The previous Treasurer gave a commitment to review increases in gambling taxation upon ACT clubs before its introduction in 2007.

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[86] Mr Dowell, *Transcript of Evidence,* 22 June 2006, p. 341

[87] Mr Jones, *Transcript of Evidence,* 22 June2006, p. 262 & p. 264

[88] Mr Jones, *Transcript of Evidence,* 22 June2006, p. 264

Exhibition Park Corporation

5.45 The Committee heard from Exhibition Park Corporation (EPIC) that events such as Summernats, Harness Racing and the Farmers' Market were all going well even though the attendance figure for Summernats had been down a little this year.

5.46 EPIC is also negotiating with the ACT Government for the granting of block 751, Gungahlin adjacent to the current site.[89]

RECOMMENDATION 25

5.47 **The Committee recommends that the government expedite negotiations with Exhibition Park Corporation to ensure block 751 Gungahlin becomes available to provide for growth and security for Exhibition Park in Canberra.**

ACT Insurance Authority (ACTIA)

5.48 The strategic focus for ACTIA over the next two years will be to target and manage high-risk agencies with a view to reducing overall claims and thus containing insurance premiums. The principal areas of concern are medical malpractice and public liability.

5.49 ACTIA advised the Committee that the reasons the ACT was unable to insure for homebirths was that the Government had been unable to reinsure against the liability despite pursuing the feasibility of a national approach with other jurisdictions.

5.50 When asked about any potential liability for the Territory arising from the 2003 fires, the Committee was advised that there had not been, and was not likely to be, any cost to the ACT.

5.51 Currently there are thirteen staff and the Committee was told that ACTIA anticipates that this represents core staffing requirements. An increase in expenses of $10 million reflects several changed factors that ACTIA has had to

[89] Mr Sadler, *Transcript of Evidence*, 22 June 2006, pp. 267 - 268

accommodate, but most significantly, there has been an increase in premiums for medical malpractice of approximately $8 million.[90]

5.52 The Committee noted the requirements to be met by Members and potential contractors with respect to professional indemnity insurance.

5.53 Discussion followed with the ACTIA about the issues of legal coverage.

RECOMMENDATION 26

5.54 **The Committee recommends that legal coverage equivalent to that enjoyed by Ministers be extended to Members of the Legislative Assembly.**

RECOMMENDATION 27

5.55 **The Committee recommends that all contractors, casual and temporary employees, and volunteers who work for Members of the Legislative Assembly, be covered by Legislative Assembly or ACT Government insurance policies.**

Rhodium Asset Solutions

5.56 The Committee was advised that an internal audit of Rhodium Asset Solutions had been commissioned by the Board of Rhodium Asset Solutions and this audit deals with

- issues relating to the financial management of the organisation; and
- issues relating to the financial management of the organisation, including debt management and credit card use.[91]

5.57 The Board introduced policies in relation to the financial management of the organisation to ensure that appropriate guidelines were followed in future.

5.58 The Government has announced a scoping study to assess possibilities for the sale of Rhodium Asset Solutions.[92]

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90 Mr Matthews, *Transcript of Evidence*, 4 July 2006, p 1090

91 Mr Samarcq, *Transcript of Evidence*, 4 July 2006, pp. 1097 - 1098

92 Dr Grimes, *Transcript of Evidence*, 4 July 2006, p. 1095

6 ACT AUDIT OFFICE AND LEGISLATIVE ASSEMBLY SECRETARIAT

ACT Audit Office

6.1 The Auditor-General provides auditing services to the Territory with the purpose of informing the Legislative Assembly and the community about the performance of public agencies in delivering services.

6.2 The Auditor General and staff of the ACT Audit Office met with the Committee on 19 June 2006.

6.3 The Committee was advised that an additional allocation in this Budget to the Audit Office would allow recruitment of three more audit staff and enhanced training opportunities for current staff members.

6.4 The Auditor-General informed the Committee that the Audit Office is currently able to undertake approximately seven performance audits per annum and with additional staff would anticipate completion of ten.

6.5 The Auditor-General said that her preference would be to have the ability to undertake at least twelve performance audits per year.

6.6 The Committee was informed that the Audit Office also provides a level of assistance to agencies on the implementation of International Accounting Standards

Legislative Assembly

6.7 The Legislative Assembly Secretariat provides a range of services to the members of the Legislative Assembly as constituted by the ACT community. This includes procedural advice and support services.

6.8 The Committee heard from the Speaker and the Legislative Assembly secretariat on 19 June 2006. The Committee was informed about the on-going activities within the Education Office and the improvement of information technology services.

6.9 The Committee is concerned that the view was expressed that out-of-office IT access should be paid for out of Members Discretionary Office Allocation, when out-of-office IT access is a standard tool for many organisations, both public and private.

RECOMMENDATION 28

6.10 **The Committee recommends that out-of-office IT access be made available to all Members without additional cost to Members.**

6.11 Concerns were raised by the Committee about the new charges for use of the Legislative Assembly Reception Room and the Speaker explained these charges in terms of a cost recovery strategy.

RECOMMENDATION 29

6.12 **That the secretariat be asked to explore and implement options to reduce the cost to community organisations of using the Legislative Assembly rooms.**

6.13 The Committee noted the propriety of an Act of Grace payment and the Committee was advised that this payment was funded by Treasury.

6.14 Details about the operating deficit for the previous year were requested and received. The expenditure of some investment capital on projects to improve systems within the Legislative Assembly had occurred over the 2005-2006 financial year.

6.15 Improving the availability of committee resources, such as submissions and reports, via the internet was raised as a pressing issue and the Committee was advised that capacity within the Legislative Assembly secretariat to support this extension of committee office services was being discussed.

RECOMMENDATION 30

6.16 **The Committee recommends that additional resources be made available to the Committee Secretariat to increase its ability to provide support to the ACT Legislative Assembly's Committees.**

6.17 The Committee sought clarification on the progress of work to upgrade security for the Legislative Assembly.

6.18 The ACT Budget contains funding of $200,000 in capital injections over the next four years. It also included funding of $200,000 in 2006/07 for capital works with $100,000 budgeted for building improvements such as the front entrance and $100,000 for Occupational Health and Safety work.

6.19 However, the Committee was advised that there was some discrepancy in the capital upgrade allocation and this would be discussed with Treasury[93]. The Committee was concerned about this lack of clarity in the allocations.

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[93] Question on notice no. E06- 083 and no E06-159

7 JUSTICE AND COMMUNITY SAFETY

7.1 The Department of Justice and Community Safety (JACS) oversees a range of legal and community safety functions and services, including ACT courts and tribunals, corrective services, legal and legislative drafting services to government, and electoral services. Following changes to the administrative structure of Government, JACS also provides centralised administration for emergency services as well as a number of agencies established to protect individual rights and regulate the market and the Territory's workplaces.

7.2 Examination of witnesses in this administrative area occurred over two full days and crossed over two portfolio areas. The Committee met with:

- The Attorney-General and government officials and office holders on 19 June and 20 June 2006;
- The Minister for Police and Emergency Services and representatives from Emergency Services Authority and the Australian Federal Police on 27 June 2006.

7.3 The Committee was particularly concerned by the administrative changes brought about by the Government's Functional and Strategic Review and considered the impact on JACS to be significant. The Committee asked whether JACS was bearing a disproportionate burden of the changes and savings anticipated from the restructure.

7.4 The Attorney General and his officials provided details of how JACS proposed to achieve significant savings from the whole-of-Government rationalisation process in areas of information and communications technology (ICT), human resource and procurement services, the rationalisation of advisory boards and the Government-wide consolidation of office accommodation.

7.5 The Committee asked if the Attorney General could reconcile the staff changes within his portfolio. Unlike many of his colleagues, the Attorney General was able to give a comprehensive reconciliation of staff movements in, and staff movements and reductions out of his department.

7.6 JACS would seek to reduce its utilisation ratio from 24 square metres per person of office accommodation to the public sector benchmark of 15 square metres per person. This objective would be progressed in conjunction with a whole-of-Government review of accommodation usage.

7.7 The Committee examined the Attorney General and officials from the JACS on the following output areas:

- Justice Services;
- Corrective Services;
- Law Courts and Tribunals;
- Emergency Services; and
- ACT Policing.

Justice services

7.8 The Justice Services output area incorporates a number of key functions including: policy advice and justice programs; legal services to government; legislative drafting and information; public prosecutions, protection of rights, electoral services and regulatory services.

7.9 The Committee queried the increased allocation for legal services and was advised that the increase relates to two additional programs allowing for the management of child protection cases in the Children's Court and for the enforcement of revenue collection by the ACT Revenue Office as well as superannuation supplementation costs and additional payments under insurance arrangements to meet the Government Solicitor's costs in relation to the coronial inquiry into the 2003 fires.[94]

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[94] Mr Corbell, *Transcript of Evidence,* 19 June 2006, p. 60

7.10 In an answer to a question on notice it was revealed that:

> The total amount of outstanding taxes, fees and fines owed to the ACT Government, as at 31 May 2006, that are over 120 days overdue is $21.8 million. This amount does not include outstanding amounts owing on rates and land tax, which are secured over the land ownership, minimising the risk of default.[95]

RECOMMENDATION 31

7.11 **The Committee recommends that a more effective program be embarked on to ensure the recovery of the $21.8 million in outstanding fees and fines currently owing to the ACT Government.**

7.12 An apparent reduction in production costs estimated for legislative drafting services reflects a review of averages calculated over a five year cycle.[96]

7.13 The Attorney-General advised the Committee that the Government had improved the level of resourcing provided to the Director of Public Prosecutions (DPP) with a much needed increase in this allocation to allow the office to expand its staffing level and support a high level of activity.[97]

7.14 The DPP is referred approximately 14,000 cases per year and the bulk of them proceed to court.[98]

7.15 Asked about the capacity in forensic services, the DPP informed the Committee that

> the additional supplementation will assist in providing a better assessment of the case at an earlier stage to determine whether forensics is needed, whether it will add to the case, whether it has been sought, whether it has been sought in a timely fashion and so on. That will allow us to help to manage that and then to plug that expectation into the case listing process of the courts.[99]

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[95] Question on notice E06-040

[96] Ms Clifford, *Transcript of Evidence*, 19 June 2006, p. 65

[97] Mr Regshauge, *Transcript of Evidence,* 19 June 2006, p. 67

[98] Mr Refshauge, *Transcript of Evidence,* 19 June 2006, p. 76

[99] Mr Regshauge, *Transcript of Evidence,* 19 June 2006, p. 68

7.16 The Committee noted the inadequacy of court statistics and was advised additional funding to the court is provided in this Budget to maintain performance records of this nature.[100]

RECOMMENDATION 32

7.17 **The Committee recommends that the ACT court system collect, maintain and report on appropriate statistics relating to:**

- the number of offences;
- nature of offences;
- punishments conferred; and
- non identifying demographic statistics

to enable better targeting of early intervention, police activity and rehabilitation programs.

7.18 The allocation for the protection of rights incorporates funding for the Human Rights Commission as well as funds for other areas such as the Public Trustee. This is not an increase in the allocation to the Human Rights Commission but rather, the Committee was advised that there would be a loss of two statutory positions within the Commission.

7.19 The Committee is concerned about the capacity of the Human Rights Commission to perform the functions specified for the Children's and Young People Commissioner and the Disability and Community Services Commissioner, as well as continuing services for Human Rights and Discrimination and Health Complaints as planned. This was heightened by Minister Gallagher's response that she saw a significant overlap of issues between the two. [101] The Committee suggests that the amalgamation of the two roles will not assist most young people, who do not have a disability, and many people with a disability, who are not young.

RECOMMENDATION 33

7.20 **The Committee recommends that the Government should allocate sufficient resources so that all the commissioners in the yet to be established Human Rights Commission can adequately perform their**

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[100] Ms Leon, *Transcript of Evidence*, 19 June 2006, p. 78
[101] Question on notice no. E06-130

roles.

7.21 The Electoral Commissioner appeared before the Committee to discuss issues related to the delivery of election services in the ACT. The Committee was told by the Electoral Commissioner that education services to the community would be maintained.[102]

7.22 The Committee discussed with the Electoral Commissioner the issue of irregularities on Election Day 2004 regarding the 100 metre rule. The Commissioner said he had sufficient resources to ensure such irregularities would not be repeated.

7.23 The Office of Regulatory Services would bring together a number of regulatory services and the Attorney General envisaged a number of advantages of a "one-stop shop" approach, including administrative savings and a sharing of common skills and experiences. The Attorney General emphasised that the different regulatory functions will remain the responsibility of respective Ministers.[103]

7.24 The Committee sought assurances that the independence of various commissioners would not be compromised by the changed financial management arrangements.[104]

7.25 The Committee was informed that the Independent Competition and Regulatory Commission (ICRC) would be transferred into JACS as an efficiency measure.[105]

7.26 The Committee expresses concern that a nominally independent commission be located within a department.

RECOMMENDATION 34

7.27 **The Committee recommends that the ICRC should remain an independent authority and not be placed under the administration of the Department of Justice and Community Safety.**

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[102] Mr Green, *Transcript of Evidence*, 19 June 2006, p. 87

[103] Mr Corbell, *Transcript of Evidence*, 19 June, 2006, p. 48

[104] *Transcript of Evidence*, 19 June 2006, pp 90 - 91

[105] Ms Leon, *Transcript of Evidence*, 19 June 2006, p. 96

Corrective services

7.28 Total budget for the prison project is $128.7 million with the appropriation for 2006-2007 set at $76 million. The tender process for construction is currently underway.

7.29 Funding available for the set up costs of the prison, theAlexander Maconochie Centre (AMC), amounts to $2.97 million over the next two years. Discussions with current staff and unions are progressing on the staff structure, with community organisations likely to be involved in the provision of services within the prison.[106]

7.30 Questioned about a potential needle exchange program, the Attorney-General advised that the health plan for the prison was being finalised and would not be drawn further on the details before the plan had been considered by Cabinet.

RECOMMENDATION 35

7.31 **The Committee recommends that the health plan for the prison must take into account the special requirements of indigenous prisoners and prisoners with mental health issues, and should include a viable program to prevent transmission of blood borne viruses.**

7.32 There was discussion about the geographic origin of prisoners who might be imprisoned in the ACT and the Minister for Police and Emergency Servcies advised the Committee that 85 per cent of prisoners in the ACT had been residents of the ACT. There followed some discussion about reports that had been commissioned on this subject, one of which was the basis of the adverse comment claim noted in paragraph 1.34.

7.33 The Minister advised the Committee that the cost of incarcerating ACT offenders would remain the same as the current expenditure on remand and NSW prison services. The additional costs are for the establishment of the facility.[107]

RECOMMENDATION 36

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[106] Mr Corbell & Mr Paget, *Transcript of Evidence*, 20 June 2006, pp. 173 - 174

[107] Mr Corbell, *Transcript of Evidence*, 20 June 2006, p. 191

7.34 **The Committee recommends that further clarification of the economic case for an ACT prison be presented to the Legislative Assembly as soon as practicable.**

Legal Aid Commission

7.35 The Committee was advised that the Legal Aid Commission receives funding from a number of sources including Commonwealth, Law Society, client fees and the ACT Government. ACT allocated funds are expended on ACT matters which generally involved serious crime and childcare proceedings where children's interests are protected. The Legal Aid Commission is able to meet demand for the latter, but anticipates that this demand may grow in keeping with the better systems established following the Vardon Report. The number of cases has doubled in the last two years. [108]

7.36 The significant incident of client turn away that occurs in the family law area was reported to the Committee. A successful partnership with the South East Aboriginal Legal Service has been a big success in ensuring better representation of for indigenous people on family law matters.[109]

Law courts and tribunals

7.37 The Committee was advised that some additional funding has been provided for the courts' case management system which will be progressively implemented. This is intended to improve court flows as well as provide better indicators on a range of court related issues.

7.38 Discussion about negotiations between the judiciary and the executive followed, with the Attorney General and department officials advising the Committee that they believe that the judiciary was fully involved in decision-making processes affecting the courts.

7.39 The Committee notes that this a different view than that held by the Chief Magistrate.

7.40 There has been no progress on the proposal to build a new Supreme Court

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[108] Mr Stanisforth, *Transcript of Evidence*, 20 June 2006, p. 201
[109] Mr Stanisforth, *Transcript of Evidence*, 20 June 2006, p. 199

building but there are allocations for maintenance and a security upgrade for the current building.[110]

Emergency services

7.41 The Minister for Police and Emergency Services informed the Committee that the Emergency Services Authority will cease to be a statutory authority and that its administrative and financial functions will be incorporated into JACS. The Minister gave assurances that the operational independence of the Authority would be maintained and the powers accorded the four emergency service chiefs will remain. The agency would be known as Emergency Services Agency (ESA).

7.42 The Committee was concerned that changes proposed might impact on front-line services, but the Minister explained that the Government had not set a savings target for ESA, but rather required the Agency to meet the Budget target. A budget overrun of $5 million occurred in the last financial year due to:

- significant overtime paid to firefighters because of overall shortages in personnel ($2 million);
- SES storm costs ($68,000);
- extended fire season for the Rural Fire Service ($224,000);
- ambulance and Snowy Hydro SouthCare costs ($200,000);
- additional fuel costs (($210,000)
- operational costs (($1.33 million); and
- additional ICT costs ($1.775 million).[111]

7.43 The Committee is extremely concerned that for two years running, the Emergency Services Authority has been unable to manage its affairs to budget, unable to deliver capital works projects on time and within budget, as well as being unable to support volunteers appropriately.[112]

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[110] Mr Corbell, *Transcript of Evidence,* 20 June 2006, p. 210

[111] Mr Corbell and Ms Crowhurst, *Transcript of Evidence* ,27 June 2006, pp. 677 - 678

[112] *Transcript of Evidence,* 27 June 2006, pp. 683 - 685

RECOMMENDATION 37

7.44 **The Committee recommends that the ACT Government take appropriate action, including reviewing the employment contracts of relevant executives, to ensure that the Emergency Services Agency does not have to make further requests for funding from the Treasurer's Advance.**

RECOMMENDATION 38

7.45 **The Committee recommends that the compliance of senior staff of the Emergency Services Agency, be verified for compliance with the Public Service Management Act and take appropriate action where any instances of non-compliance are identified.**

RECOMMENDATION 39

7.46 **The Committee recommends that the Auditor-General undertake an audit of all ESA communications projects since the 2003 bushfires.**

7.47 Asked whether the financial situation had promoted the relocation of emergency service functions within JACS, the Minister for Police and Emergency Services advised that:

> The overrun itself is not the reason, but clearly it is a factor. The key issue for the government, given the increased size of ESA's budget – and let us remember the budget has increased by 49 per cent in the last three years, so there has been a very significant increase in the budget – was to ensure that all of the agencies were working closely with the centre of government to ensure that they worked within the financial parameters set them by the government.113

7.48 The Minister did not consider this restructure represented a return to the arrangements criticised in the McLeod Report following the 2003 Fires, noting that the chiefs now have their powers and responsibilities clearly defined.[114]

RECOMMENDATION 40

7.49 **The Committee recommends that the ACT Government put in place a protocol that clearly establishes where the lines of responsibility fall with**

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[113] Mr Corbell, *Transcript of Evidence*, 27 June 2006, p. 678
[114] Mr Corbell, *Transcript of Evidence*, 27 June 2006, p. 679

respect to the management of emergencies in the ACT.

7.50 The Committee questioned the Minister regarding the number of Emergency Services Volunteers. The Minister identified that the ACT is currently 50 volunteers short of requirements for the Rural Fire Service (RFS) and 80 volunteers short of requirements for the State Emergency Service (SES).

7.51 The Committee was told that current research indicates a worldwide trend of volunteers seeking short-term commitments. Many organisations employing volunteers are experiencing high turnovers.

RECOMMENDATION 41

7.52 **The Committee recommends that the ACT Government investigate and identify strategies to recruit and retain volunteers to the Rural Fire Service and State Emergency Service willing to make a long term and high level commitment. The ACT Government should consult with Volunteering ACT and Volunteering Australia on this matter.**

ACT Policing

7.53 The Government has allocated funds for an additional 60 police officers in this year's Budget at the cost of $3.7 million. There are no anticipated savings from this output. [115]

7.54 The Minister and the Chief Police Officer (CPO) advised that the sixty new positions, added to the forty-seven new positions "in the pipeline" pre Budget 06/07, would meet any shortfall requirements. Responding to Committee questions, the Minister advised that this would translate into a net increase of 107 new police within three years.

7.55 The Committee discussed community concern about a lack of a visible police presence, particularly in a significant number of shopping centres subjected to crime and vandalism. The Minister was confident that this would be addressed in the near future and CPO Fagan briefed the Committee on the soon to be implemented "Police Suburban Ownership" program. This was welcomed by the Committee as a long overdue initiative, although concerns were expressed whether police force strength would meet the needs of the program.

7.56 The Committee was advised that the Australian Federal Police (AFP) were about to renegotiate the certified agreement for police officers and wage increases may follow that process.[116] There was concern that the Government might not be able to fund all sixty places if significant increases in wages follow the negotiation. The Minister advised that any provision would be considered as and when it arose.

7.57 The precise nature of the contractual arrangement between the ACT Government and the AFP for the provision of police services to the ACT has been an issue for some years. Accountability is a key issue where resources are being purchased on behalf of the Territory. A particular concern about this arrangement has been the difficulty in establishing performance indicators for policing activities and in then evaluating the performance of the police against

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[115] Mr Cresswell, *Transcript of Evidence,* 27 June 2006, pp. 719 -720

[116] Mr Corbell and Ms Fagan, *Transcript of Evidence,* 27 June 2006, pp. 720 - 722

those indicators.

7.58 The subsequent release of the 2006-07 Purchase Agreement and the Joint Study into ACT Policing has provided a base from which to assess the adequacy of resources available to police in the ACT. The combination of staff numbers and performance indicators now ensures that the ACT community has a good base from which to assess the performance of the AFP in policing the ACT. It is of serious concern that these documents were not made available to the Committee to enable scrutiny during the Estimates process.

7.59 CPO Fagan advised that the existing arrangements for the organisation of police, which allowed a flexible structure for concentrating police strength against emerging crime, was advantageous. The Committee agreed with this but expressed concern that an arrangement of shifting police strengths can significantly undermine effective police establishments and a community policing presence.

7.60 The Committee sought details on police responses to the enforcement of traffic regulations, particularly the capacity of ACT Policing to maintain a presence on the roads. ACT Policing also advised that targets for the reduction in burglary had been exceeded (11.5%) but, since the target reduction in car theft has been less successful, more effective strategies are being explored.[117]

7.61 The Committee noted that the 2005 death and serious motor vehicle crash rate had doubled from the previous year and asked what strategies the Government had put in place, with CPO Fagan listing these.

7.62 In response to questioning about drug affected driving, CPO Fagan said this was a concern, as it was across the country. CPO Fagan said that police were looking at random roadside drug testing.

7.63 Assurances were sought that the national and international obligations of the AFP did not have a detrimental impact on the policing and forensic services available for ACT matters. The Minister advised that the Government was confident that the best services mix for the ACT was provided and that a new police agreement was soon to be signed.[118]

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[117] Ms Fagan, *Transcript of Evidence*, 27 June 2006, pp. 736 - 737

[118] Mr Corbell, *Transcript of Evidence*, 27 June 2006, pp. 741 - 742

7.64 During discussion with CPO Fagan, it was revealed that consideration was being given to a number of police policy priorities.

RECOMMENDATION 42

7.65 **The Committee recommends that the Minister for Police and Emergency Services table annually in the ACT Legislative Assembly a full list of the police policy priorities for the coming year.**

8 PLANNING, TERRITORY AND MUNICIPAL SERVICES

8.1 On 21 June 2006, the Committee met with the Minister for Planning and representatives from the Land Development Agency (LDA) and the ACT Planning and Land Authority (ACTPLA). The Minister and representatives from ACTPLA also appeared before the Committee on 5 July 2006.

8.2 The Minister for Territory and Municipal Services appeared before the Committee on Friday 23 June with representatives of a number of agencies to discuss estimated expenditures in areas of information services, transport (including ACTION), waste and recycling, parks and ranger services and environment, heritage, forestry and sustainability.

8.3 The Minister for Tourism, Sport and Recreation met with the Committee on Monday 3 July 2006.

Planning

8.4 ACTPLA is a statutory agency which oversees planning and development processes within the ACT.

8.5 During the hearing, the Committee was advised of the progress being made by ACTPLA on a number of key planning matters including:

- planning system reform project;
- feasibility study into improved traffic conditions in Tuggeranong;
- development of new body corporate legislation;
- rationalisation of sustainability provisions within the Territory Plan;
- evaluation of the Garden City provisions;
- the Molonglo Valley study;
- housing affordability;
- land release for residential aged care; and
- preliminary assessment for the Belconnen to Civic Busway project.

8.6 The Committee sought clarification on the staffing profile of ACTPLA including the exact number of staff that would transfer to the Shared Services Centre. In response to Committee inquiries, the Minister said that staffing levels would be adequate to ensure that ACTPLA's statutory functions would not be compromised.[119] Efficiencies were anticipated from the reformed, electronic planning application processes being implemented.

8.7 During the hearings, department officials were able to inform the Committee where the job losses would occur within ACTPLA. Unlike many of his colleagues, the Minister was able to give a comprehensive reconciliation of staff movements in, and staff movements and reductions out, of his department.

8.8 The Minister assured the Committee that ACTPLA would be able to meet the targets as set in the Budget.

8.9 The Committee is concerned that the Government has no clear understanding of how exactly the staff cuts will affect the planning services provided by ACTPLA.[120]

8.10 The Minister was asked to provide details about the interpretation of land use in precinct B used by ACTPLA, but the Minister declined, noting that an application was currently before the agency and he would not want to prejudice a decision. At a later stage, the Committee held an in camera hearing to hear details on this matter and the transcript was later published.[121]

8.11 The Committee raised issues of great concern about the auction process for block 8 section 48 in Fyshwick also known as the EpiCentre site. In view of these concerns, the Committee referred the matter to the Standing Committee on Planning and Environment.

RECOMMENDATION 43

8.12 **The Committee recommends that matters relating to the sale of the EpiCentre site be referred to the Planning and Environment Committee for consideration.**

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[119] Mr Corbell, *Transcript of Evidence,* 21 June 2006, p. 276

[120] Mr Savery, *Transcript of Evidence,* 21 June 2006, pp. 277-278

[121] As noted at paragraph 1.39 in this report.

Land development

8.13 The LDA was established under the *Planning and Land Act 2002* with the objective of effectively developing the Territory's land holdings.

8.14 The Committee was told that the Planning and Land Council had been discontinued, realising savings of $700,000 over the next four years. The Committee was concerned about the implications of this for community engagement in the planning process.[122]

8.15 In response to a question about the availability of environmental and social impact expertise within ACTPLA, the Minister failed to satisfy the Committee of the nature and extent of any such expertise.[123]

8.16 The Committee raised concerns about the environmental impacts of the proposed Molonglo Valley development on raptors and water quality and was assured that the raptor species in the local population was not endangered and that development might improve the quality of water in that part of the Molonglo River.

8.17 Concern was also raised about the Molonglo Valley lesees and the ensuing action in the Administrative Appeals Tribunal. Concern was also raised about the action underway in the AAT between the ACT and Commonwealth and lessees.

8.18 The Committee questioned the Minister about the savings to be gained from planning reform and related staffing issues.

8.19 The Committee was advised of details about the strategies employed by the LDA to improve housing affordability in the Territory with a particular focus on extending the opportunities for people on moderate incomes to afford their own home. The strategies include:

- the land ballot for blocks of land under $150,000;
- targeted land supply; and
- joint venture projects.

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[122] Question on notice no. E06-026

[123] Question on notice no. E06-075.

8.20 The Committee was concerned that the land ballot was of assistance only to moderate income earners (those in the third quintile), as conceded by the Minister, rather than those in the low to moderate income class, as was originally intended.

8.21 The Committee was told that the Budget has included an increase in the cost of development application fees. This cost was justified as bringing the ACT into line with adjoining local councils.

8.22 The Minister provided details of a recent grant of land for aged care purposes at Nichols and explained changes to the process for managing purchases.[124]

8.23 The marketing budget for the LDA has been reduced from 2.1% of sales revenue to 1.5% in the 2006-2007 Budget.[125]

8.24 The Government structure for land release has changed with the LDA now operating as a public trading enterprise as a means of improving transparency about ownership and the actual costs involved. The Minister advised that with this arrangement,

> The LDA is required to purchase the land from the territory, whereas previously it was essentially received free of charge. So they will purchase the land from the territory at market value, they will then pay income tax equivalents on their operations to the territory and a dividend based on operating profit after those income tax equivalents.[126]

8.25 The Minister was questioned about the number of staff employed by the LDA and, during discussion Mr Smyth sought clarification of the eighty or so names listed on the LDA website.

RECOMMENDATION 44

8.26 **The Committee recommends that the Minister for Planning table in the ACT Legislative Assembly a breakdown of employment within the Land Development Agency, detailing which staff as listed in the ACT Government Directory are**

- full-time employees of the LDA;

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[124] Mr Corbell, *Transcript of Evidence,* 21 June 2006, p. 227

[125] Mr Corbell & Mr Ryan, *Transcript of Evidence,* 21 June 2006, p. 229 & p. 237

[126] Mr Corbell, *Transcript of Evidence,* 21 June 2006, p. 241

- part-time employees of the LDA; and
- contractors for the LDA.

Territory and Municipal Services

8.27 The Department of Territory and Municipal Services (TAMS) is a new departmental structure which has been created to administer and provide a range of services for the community and to manage key assets for the Territory such as roads, parks and sportsgrounds and their use. The new department will also coordinate transport services and oversee the development of tourism and the management of the environment. The activities of the department fall within the portfolio responsibilities of the Minister for Territory and Municipal Services and the Minister for Tourism, Sport and Recreation.

8.28 The Minister for Territory and Municipal Services appeared before the Committee on 23 June 2006 to discuss the following outputs:

- Municipal Services including information services, the office of transport, waste and recycling, parks and places, and environment, sustainability, heritage and forestry services;
- Enterprise services, including Canberra Connect and government services
- Office of the Commissioner for the Environment;
- ACTION; and
- ACT Public Cemeteries Authority.

8.29 The Minister for TAMS was not able to detail actual job losses within his department.[127]

8.30 On a number of occasions, the Minister for TAMS was unable to answer questions on the basis that he had not been briefed about areas coming into his portfolio responsibilities and agreed to take the questions on notice.

8.31 The Committee is concerned about Mr Hargreaves' inability to detail the proposed changes to his portfolio in the Estimates hearings, when it was clear that work was being done.

8.32 The Committee questioned the Minister and officials about the suggested level

[127] Mr Hargreaves, *Transcript of Evidence*, 23 June 2006: pp. 447 - 448

of funding for the maintenance and security of the schools planned for closure. It was not clear from that discussion if any funding had been set aside.

8.33 The Committee was concerned that the level and quality of community engagement could be compromised by the Government's disbandment of a number of boards and advisory committees, and expressed further concern that the expanded community advisory group might not represent all the interests on all the matters dealt with by TAMS.[128]

Municipal services

8.34 The Committee sought clarification on the investment in transport infrastructure being made in this year's Budget and was advised that funding of $800,000 over the next four years will be provided to expand the wheelchair accessible taxis service and $1.4 million allocated to fit CCTV cameras into ACTION's bus fleet to ensure safety and monitor vandalism.

8.35 The Committee was informed that TAMS would undertake a review of the ACT public library system, but the Minister would not rule out library closures. The Committee was assured that there would be community consultation.[129]

8.36 The Minister advised that a five-year plan for road up grades could only be developed once the Gungahlin Drive extension has been completed because the Government has had to accommodate delays to this development.[130]

8.37 A decrease of $1 million in the Budget allocation for waste management was noted by the Committee and the Minister advised that this would bring the ACT in line with other jurisdictions.[131] The Committee also discussed recycling targets with the Minister.

8.38 The Committee was concerned that the saving accruing from the transfer to the former Department of the Economic Development of Phillip Oval was being double counted.

8.39 The Committee was concerned that components of Phillip Oval might be sold

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128 Mr Hargreaves, *Transcript of Evidence,* 23 June 2006: pp 456 - 457

129 Mr Hargreaves & Mr Zissler, *Transcript of Evidence*, 23 June 2006, pp. 437 - 442

130 Mr Hargreaves, *Transcript of Evidence,* 23 June 2006, p. 471

131 Mr Hargreaves, *Transcript of Evidence,* 23 June 2006, p. 478

off to raise revenues. The Government did not indicate the extent to which leasing or sales may occur.

8.40 The Committee expressed concern that while the RSPCA continues to provide a range of services for the protection of animals and birds, it does not receive sufficient funding for these activities from the ACT Budget. The Committee notes that there may be some overlap in the activities of the RSPCA and the Domestic Animal Services indicating potential opportunities for cooperation between these services.

RECOMMENDATION 45

8.41 **The Committee recommends that the Department of Territory and Municipal Services investigate and support opportunities for cooperation between the RSPCA and the Domestic Animal Services.**

8.42 The Committee inquired of the Minister what proportion of the infrastructure maintenance budget would be allocated in bushfire season 06/07 for bushfire fuel hazard reduction on the urban edge, although a precise figure could not be provided.

8.43 The Committee was advised that the Department of TAMS would have sufficient capability for preventative planning.

8.44 When the Minister was questioned regarding the replacement or repair of Tharwa Bridge, it was clear from his response that no funding has been dedicated to this project, despite the fact that the problem has been known to the Government for some time.

8.45 The Committee raised concerns about the impact that a decrease of $1 million will have on the objectives of the "NoWaste by 2010" program. The Minister advised that the current cost of services was above the national average and that;

> no waste is not a zero thing. It is about five.[132]

[132] Mr Hargreaves, *Transcript of Evidence, 23 June 2006, p. 478*

RECOMMENDATION 46

8.46 **The Committee recommends that the Government strengthen its resolve to increase recycling of waste and set in place strategies to increase the likelihood that the Territory will reach NoWaste targets by 2010.**

Enterprise Services

8.47 The Committee was told about the savings to be gained from on-line payment systems compared to payment made at the shopfront and was informed that the savings are significant so further use of this system is being encouraged.[133]

8.48 The Minister went on to advise that there are over 75 counters and shopfronts providing services on behalf of the ACT Government and there would be efforts to consolidate these in the future. A reduction in staffing may be a consequence of this consolidation.[134]

8.49 The Committee was concerned about the impact of the removal of the ACT Housing counter on accessibility and delivery of services to the ACT community, especially customer service officers' ability to respond to the complex needs of ACT Housing tenants and prospective tenants.

Environment, Sustainability, Heritage and Forestry Services

8.50 The Committee raised concerns about the lack of clarity and delineation in expenditures between components of this output.

8.51 It is difficult for the Committee to determine the expenditure for environment, sustainability, heritage and forestry when combined in one output. Where outputs contain a diverse range of services, the details should be broken down to a further level containing the detail of the sub classes.

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[133] Mr Hargreaves, *Transcript of Evidence,* 23 June 2006, p. 498
[134] Mr Hargreaves, *Transcript of Evidence,* 23 June 2006, p. 499

RECOMMENDATION 47

8.52 **The Committee recommends that all future Budget documents contain a breakdown of funds that will be spent in the following portfolio areas:**

- environment;
- sustainability;
- heritage; and
- forestry services.

8.53 A review of the environmental functions now located within TAMS will be undertaken with a view to consolidating policy and land management activities in the new departmental arrangement.

8.54 The Committee believes that environmental services could be adversely affected by the restructure.

8.55 The Committee was dissatisfied with the Minister's response to questions about the Office of Sustainability, which, it was eventually ascertained, would be dismantled and its functions dispersed.

ACTION

8.56 The Committee noted that, despite successful growth in the service, ACTION workers had been advised that changes to workplace conditions were being suggested outside the bargaining period. The Minister would not be drawn into a discussion, however, indicating that these matters were the subject of current industrial negotiations[135].

8.57 The Committee brings to the Government's attention recommendation 6 , made earlier in this report.

8.58 The Minister provided details on how the restructure of TAMS would incorporate ACTION and informed the Committee of the new fares for travel which encourage pre-travel purchase options.[136] Details of a review of the ticketing system were also discussed.[137]

8.59 The Committee was told that there would be cuts to the ACTION budget.

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[135] Mr Hargreaves, *Transcript of Evidence,* 23 June 2006, pp. 507 - 508

[136]Mr Hargreaves, *Transcript of Evidence,* 23 June 2006, pp. 511 - 512

[137] Mr Hargreaves, *Transcript of Evidence,* 23 June 2006, p. 515

8.60 The Committee was concerned about the impact of this on timetables, service frequency and capacity at a time when the number of bus travelers is rising monthly in response to continuing petrol price increases.

8.61 The Committee also raised concern that the new bike racks on buses were not allowed to be used for bicycles with carriers and child seats, as this reduces their usefulness for many travelers.

8.62 Concerns were raised by the Committee about the impact of major changes to administrative staffing arrangements at ACTION.

RECOMMENDATION 48

8.63 **The Committee recommends that the Government provide details to the ACT community of proposals to change the operating arrangements of ACTION services, and the impact of these changes on ACTION staff, the public, and changes to bus services.**

RECOMMENDATION 49

8.64 **The Committee recommends that a detailed review be undertaken of the maintenance activities undertaken by ACTION to identify opportunities for changes to be made to those practices and for savings to be achieved.**

Sport and Recreation

8.65 The Minister for Tourism, Sport and Recreation advised the Committee that there would be efficiencies achieved by the incorporation of sport and recreation administration processes within TAMS, being the same department managing sporting grounds and facilities. This would also provide a "one stop shop" for stakeholders.

8.66 The Committee raised the issue of an apparent decrease in grants funding ($300,000) and was advised that there has not been a determination as to how this would be implemented. There would be some expected reduction in administration (around 16% of administration budget), particularly the promotion of grants (about 10%), with the introduction of the new grants portal for all grants processes.

8.67 The Committee is concerned that any cut in sports grants will have an impact on many sporting groups in the ACT at a time when the Government is attempting to combat childhood obesity. The future of 'Kids at Play' seems unclear.

RECOMMENDATION 50

8.68 **The Committee recommends that the Government detail in the ACT Legislative Assembly the effects of the Budget cuts on the 'Kids at Play' program.**

8.69 The Committee sought justifications for the AFL sponsorship proposals and was advised that there were a number of advantages to sponsoring a team, including greater community participation in AFL with development programs being offered and increased tourism.

8.70 The Minister also advised that the Government is currently reviewing the process of funding major sporting teams, such as the Brumbies and the Raiders, and advised that their current commitment is $517,000.

8.71 The Committee queried the overall effects on staffing of the restructure of this section within TAMS and was advised that while there would be some opportunity to eliminate duplication, there would be no reduction in Canberra Stadium staff or ACT Sports Academy staff. There are thirty-eight effective full-time staff members.

8.72 There would be an expected additional expenditure of approximately $400,000 to the cost of maintaining sporting facilities because of the new water abstraction charge. A pilot for using recycled water is underway.

8.73 When questioned about the additional cost to sporting bodies, a potential cost to ACT Hockey of $35,000 a year extra was used to illustrate the flow on implications of the water abstraction charge. The Minister advised that discussions would be held with individual sporting bodies to determine their needs in responding to this additional charge.[138]

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[138] Mr Barr, *Transcript of Evidence,* 3 July 2006, p. 1057

RECOMMENDATION 51

8.74 **The Committee recommends that the Government review the water extraction charges for all sporting bodies.**

RECOMMENDATION 52

8.75 **The Committee recommends that the Government work with ACTEW to expand the use of recycled water in public parks and sporting grounds.**

8.76 The Committee also questioned the Minister about the number of ovals that would be revitalised in the coming financial year. Concerns were raised about the impact of the increased water abstraction charge on the Government's ability to revive and maintain additional ovals.

8.77 The Committee asked for a copy of the feasibility study of the proposed dragway as well as the cost-benefit analysis which informed the Government's deliberations but neither was produced during the Estimates Committee process.

8.78 The Minister was asked whether, in light of evidence that patronage for motor sports was declining, plans to build a dragway would be reconsidered.

8.79 The Committee noted that the Government had promised to build a dragway within eighteen months and that the deadline has been exceeded.

RECOMMENDATION 53

8.80 **The Committee recommends that the Government announce its intentions on the dragway as soon as possible.**

ACT TOURISM

8.81 The Minister said that the reduction in the funding for tourism would not affect the competitiveness of the ACT in this industry.

8.82 While the Government did not intend to spend as much on tourism events, it would continue marketing the ACT as a tourism destination. The overheads for tourism administration are high and there are some savings anticipated from shared services. It is anticipated that 40 staff (down from 48.5) would transfer into TAMS.[139]

8.83 The Committee asked about the future of the Subaru Rally of Canberra noting that only 1,500 tourists attended the last rally. With the withdrawal of sponsorship from Subaru the viability of the event will depend upon another sponsor being found.

RECOMMENDATION 54

8.84 **The Committee recommends that funding for the Rally of Canberra continue for the 2007 event.**

RECOMMENDATION 55

8.85 **The Committee recommends that the Department Territory and Municipal Services undertake a review of the tourism and financial benefits of the event with a view to moving the organisation of the Rally of Canberra to the Sport and Recreation portfolio in the next Budget.**

8.86 The Committee was also concerned that the justification for some of the cuts to tourism funding was that administrative costs within Australian Capital Tourism Corporation (ACTC) were excessive. Evidence given by the head of ACTC indicated that they were on par with other jurisdictions.[140]

ACT Cemeteries

8.87 The Committee questioned the Minister for Territory and Municipal Services on the maintenance of service personnel graves at the Woden cemetery. Photographs were tabled showing missing, damaged, and vandalised headstones. Also, questions were asked as to why a flag pole in the war graves section of the cemetery was not used to honour our dead service personnel.

8.88 In a response to a question taken on notice, the Minister said

> The liability for this maintenance has not been determined, however given the historically low expenditure associated with this activity, it is not expected to be significant and would be undertaken as part of the

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[139] Mr Barr, *Transcript of Evidence,* 3 July 2006, p. 1072
[140] Mr MacDiarmid, *Transcript of Evidence*,3 July 2006 p.1071

regular cemetery maintenance program.[141]

RECOMMENDATION 56

8.89 **The Committee recommends that the Minister ensures that the graves of ex-service personnel located in the ACT, which cannot be maintained by relatives, be appropriately maintained by the ACT Government and that an Australian flag be flown daily in the war graves section of the Woden Cemetery.**

141 Question on notice 351

9 HEALTH

9.1 On the 30 June, the Minister for Health and officers from ACT Health met with the Committee to discuss the following output areas:

- acute services;
- mental health services;
- community health services;
- public health service;
- cancer services;
- aged care & rehabilitation services; and
- early intervention and prevention.

9.2 The Minister provided an overview of some of the expenditures for the year which include:

- an 8.9% increase in funding, or $61.2 million to make a total expenditure of $751 million;
- $20 million capital works expenditure;
- $8.6 million towards increasing capacity of public hospitals including acute and critical bed capacity;
- $1.8 million increase in funding for Health and Community Care;
- $2.4 million to provide additional specialist care for cancer patients;
- $8 million for additional support in the area of mental health and $3.1 to a range of prevention and early intervention strategies; and
- $10 million for elective surgery.

9.3 The Minister acknowledged that the ACT health system experiences a number of unique pressures with costs around 22 per cent higher than the national average, but indicated that efficiencies were being pursued. In particular, the lower superannuation rate would contribute to a reduction in costs.[142]

9.4 The Committee is concerned at the lack of detail of how the Government intends to reduce the growth of health funding in this, and subsequent Budgets. The Health budget has grown consistently at a rate of ten per cent over the last three years. This year's increase will be 8.9%. In the out years the Government intends to reduce it to 6.4%.

9.5 The Committee queried the reduction in staff numbers and was advised that these represent transfers to shared services, not a reduction in the staff for front line services. There would be an increase of ninety-one staff in the delivery of a range of health services.[143]

9.6 The Committee is concerned at the inaccuracy of the Budget papers, on page 146 BP4, which details a reduction of eighty-two staff in the Health portfolio.[144] Whilst the Minister was able to account for staff increases and decreases, taking into account the numbers given by the Minister the Committee notes that the figure of 4,779 staff seems more accurate.

9.7 There was concern expressed by the Committee that discrepancies were evident in different parts of the Budget paper series.

9.8 Other efficiencies in the delivery of services would be achieved by extending the hospital theatre times by an hour a day at a cost of $980,000 per annum.[145]

9.9 The Committee sought clarification on the parking arrangements to be introduced with a Budget allocation of $1.9 million being provided to establish additional car parks near the Canberra Hospital and improve security and lighting to existing areas.

9.10 In addition, the Minister responded to concern about the paid parking issue by informing the Committee that the implementation will be monitored. Staff will be provided with allocated car parks and the Minister was sympathetic to the situation for medical/nursing students. On present estimates of usage, the Minister indicated that about seventy-five per cent of hospital car park users

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142 Ms Gallagher & Mr Sherbon, *Transcript of Evidence,* 30 June 2006, p. 965

143 Ms Gallagher, *Transcript of Evidence,* 30 June 2006, pp. 967 - 969

144 *Budget 2006-2007: Paper no. 4 Budget Estimates*, p. 146

145 Mr Sherbon, *Transcript of Evidence,* 30 June 2006, p. 970

would be exempt from fees.[146]

RECOMMENDATION 57

9.11 **The Committee recommends that the Government table the details of all research informing the decision to introduce paid parking, particularly with respect to the evidence about commuter and other parking misuse in the hospital precinct.**

RECOMMENDATION 58

9.12 **The Committee recommends that pay parking at Canberra's public hospitals be reviewed by the Government following assessment of the documents.**

9.13 The Minister advised the Committee that the nurses' enterprise bargaining agreement would expire early next year and that the Government was mindful of the need to ensure that wages were competitive. At present there are approximately thirty-five unfilled nursing positions. The turnover rate has declined in recent years.[147]

Acute Services

9.14 The Committee was informed that different reports emphasised different variables and when these were accounted for the Minister did not think that there was a great difference in the number of acute beds available per 1,000 of population in the ACT compared to other states and territories. The Minister advised that the Government was moving towards increased bed numbers with an additional 20 beds provided for in 2006-2007.[148]

9.15 The Committee inquired into the issue of "bypass" or "load-sharing" as a strategy for dealing with the demand on emergency services. The Minister assured the Committee that even during these periods, the hospital remained open to people who present at the emergency departments.

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[146] Ms Gallagher, *Transcript of Evidence,* 30 June 2006, pp. 973 - 974

[147] Ms Gallagher, *Transcript of Evidence,* 30 June 2006, pp. 1002 – 1003 & p. 1006

[148] Ms Gallagher, Mr Cormack & Mr Sherbon, *Transcript of Evidence,* 30 June 2006, pp. 977 - 978

RECOMMENDATION 59

9.16 **The Committee recommends that incidents of bypass be included in the Health Statistics reports.**

Mental Health Services

9.17 The Committee inquired why so much of the increased allocation of $2.3 million to mental health services was to be directed to clinical services. The Minister advised that seventy-five per cent of the total mental health budget was in fact delivered at the community level and also noted that some of this additional funding would be directed towards promotion, prevention and early intervention programs which are primarily delivered at the community level.[149]

9.18 The Committee discussed with the Minister the optimal level of mental health funding within the overall health budget. At present it is around seven per cent while best practice indicators suggest that eleven to fourteen per cent is optimal. The Minister observed that there had been growth in the overall allocations.[150]

9.19 The Committee was disappointed that the Government had fallen short by 22% of its accountability measure of seventy-five per cent for the percentage of clients with outcome measures completed and noted that the Government's target for the forthcoming year has been reduced to sixty per cent. The Committee suggested that more resources need to be allocated to this area rather than a reduction in expectations.[151]

RECOMMENDATION 60

9.20 **The Committee recommends that the Minister for Health undertake a mapping exercise of existing services and mental health need in the ACT and report to the Legislative Assembly in time to inform the next Budget.**

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[149] Ms Gallagher & Dr Brown *Transcript of Evidence,* 30 June 2006, p. 986

[150] *Transcript of Evidence,* 30 June 2006, pp. 991 - 992

[151] *2006-07 Budget Paper no. 4* ACT Health output 1.2 mental health services: indicator g, p. 164

RECOMMENDATION 61

9.21 **The Committee recommends that the Minister for Health develop a plan to increase Mental Health spending to at least eleven per cent of the Health budget by 2010 - 2011 Budget.**

Community Health Services

9.22 The Committee raised a number of issues in this output area including:

- status of the prison health plan;
- provision of privately funded medical centres;
- waiting list for indigenous dental services;
- provision of public dental services in general;
- alcohol and drug programs; and
- support services for new parents.

9.23 The Committee asked if there were any details available on the means-tested fees that were proposed by the Treasurer for community health services. The Minister advised that community consultation would be undertaken before any decisions were made.

RECOMMENDATION 62

9.24 **The Committee recommends that the Minister for Health table in the Legislative Assembly all documents concerning the introduction of means tested fees in the Health portfolio.**

9.25 The Committee was concerned that needle exchange and other services for drug users in Civic might be jeopardised by the closure of the peer based service Canberra Alliance for Harm Minimisation and Advocacy (CAHMA) and sought assurance that the Government would work towards the continuance of such a service in Civic.

9.26 Dental health was raised by ACTCOSS as a major issue for people on low incomes and, while the dental health service was commended for its efforts to service ACT clients, the Committee believed that more resources would expand the range of services it could offer and shorten waiting times.

Public Health Services

9.27 The Committee was informed that the increase in spending in this output primarily reflected the integration of Healthpact into ACT Health.

9.28 The Committee was concerned that the integration of Healthpact into the department might reduce its ability to act independently with a community focus and the Minister was not able to explain in the hearings how the new portal system for grants applications would be applied to Healthpact submissions.

RECOMMENDATION 63

9.29 **The Committee recommends that the integration of Healthpact into the ACT Health be reversed.**

Cancer services

9.30 The Minister advised the Committee of a number of initiatives in the Budget for cancer treatment services including a new linear accelerator and staff increases which would decrease treatment waiting times for patients and reduce the numbers of patients who must travel interstate for treatment.

9.31 The Committee congratulates the Minister on this Budget initiative.

9.32 In addition there have been improvements in the number of radiographers on staff and radiologist Visiting Medical Officers (VMOs). The advent of digital mammography will improve the turn-around as results can be processed more quickly.[152]

9.33 The Committee has concerns about staff retention in all areas of ACT Health but particularly in the area of oncology.

RECOMMENDATION 64

9.34 **The Committee recommends that the Minister for Health outline to the Legislative Assembly further initiatives to retain staff within the ACT**

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[152] *Transcript of Evidence,* 30 June 2006, pp. 1016 - 1021

Health system given the high demand for health staff of all kind across all jurisdictions and indeed internationally.

Aged care and rehabilitation services

9.35 The Committee was informed about funding of $10 million for the development of a new sub-acute care facility which is due to open in January 2007 with a staff of approximately 40 full time equivalent employees.

9.36 The Committee notes that the approval time for aged care accommodation development has been reduced by better cooperation between the Commonwealth and ACT Governments but suggests that approval might be sped up by increased liaison between ACT Health and ACTPLA.

Early intervention and prevention

9.37 The Minister advised that this was a new output category to accommodate a range of work previously undertaken in other areas. There is no net increase in the funding for early intervention and prevention strategies which will incorporate a range of initiatives including smoking prevention, pandemic influenza plan, food safety programs, and obesity prevention, as well as sustain a range of health promotion messages.

9.38 The Committee also raised the following issues:

- falls prevention strategies; and
- activities of health inspectors.

RECOMMENDATION 65

9.39 **The Committee recommends a greater focus on early intervention and prevention strategies to assist in relieving the pressure on both the emergency department, hospital beds, and elective surgery waiting lists.**

10 EDUCATION AND TRAINING

10.1 The Department of Education and Training (DET) undertakes the delivery of government school education and preschool and early intervention education services, the registration of non-government schools and home education, and the planning and provision of vocational education and training. The Canberra Institute of Technology (CIT) reports directly to the Minister and provides vocational education and training services to the ACT community.

10.2 The Minister and representatives from DET and CIT met with the Committee on 28 June and 5 July 2006.

10.3 During the course of the inquiry, the Committee received substantive information from a member of the community that raised concerns about the adequacy of strategies and resources available to deal with school bullying. The matter was of sufficient concern that the majority of members of the Committee resolved to refer the matter to the Standing Committee on Education, Training and Young People for further investigation.

RECOMMENDATION 66

10.4 **The Committee recommends that the Standing Committee on Education, Training and Young People review the adequacy of the strategies and resources provided to deal with bullying in all school systems, both public and private.**

Government School Education

10.5 The Committee examined the proposal outlined in the *Towards 2020* document and which underpins many of the estimates detailed in the Budget papers. Through questioning of the Minister, the Committee was given the following information:

- decisions taken in preparing the *Towards 2020* proposal include demographic, social and economic considerations;

- approximately three per cent or 1000 students would be affected by the proposal in the first year;[153]
- downsizing in teaching staff will be achieved through natural attrition;
- at present, the public systems utilisation rate is 30 per cent under capacity;[154]
- the methodology used to calculate primary schoolroom capacity assumes an average capacity of twenty-five students per class room (averaged across the Kindergarten to year 6). The number of teaching classrooms is averaged across the number of rooms in each school taking into account space required for arts, crafts and computing activities. The calculation is based on number of calculated teaching rooms multiplied by average capacity of twenty-five students;[155]
- The methodology used to calculate the cost of operating individual schools involves a calculation of the total cost of running the school divided by the number of students. Operating costs of schools include:
  - direct costs (staff salaries; school based management costs; on-costs such as superannuation; and depreciation); plus
  - overhead costs (such as, building maintenance costs and DET costs, which are calculated as a percentage cost of employee costs).

  Schools with lower student/teacher ratios or with higher employee expenses carry a higher proportion of overhead costs; [156] and
- the ACT Government is not fully compensated through the Commonwealth Grants Commission funding for the cost of educating NSW students in ACT public schools.[157]

10.6 The Committee was concerned that much of the information given by the Minister had been refuted by experts and school communities and that answers provided gave little information not already in the public domain.

10.7 The Committee was also concerned that there did not appear to be a clear strategy linking the *Towards 2020* proposal and the broader objective of

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[153] Dr Bruniges, *Transcript of Evidence,* 28 June 2006, p. 756

[154] Mr Barr, *Transcript of Evidence,* 28 June 2006, p. 751

[155] Mr Donelly, *Transcript of Evidence,* 28 June 2006, pp. 775 - 776

[156] Mr Donelly, *Transcript of Evidence,* 28 June 2006, pp. 779 - 780

[157] Mr Barr and Mr Donelly, *Transcript of Evidence,* 28 June 2006, pp. 789 - 790

stemming the flow to the non-government school system.

RECOMMENDATION 67

10.8 **The Committee recommends that the Government undertake a comprehensive investigation into the drift from government schools to non-government schools and to report back to the Legislative Assembly by 30 November 2006.**

10.9 The Minister was unable to provide the level of detail sought by the Committee either in the hearing or through answers to questions on notice.

10.10 The Committee also queried the rationale behind the significant changes to school configurations with the introduction of middle school models and the suggestion of a year 7 - 12 campus which moves away from the college model. The Minister and DET officials provided the following reasons:

- introducing more choice;
- school clusters; and
- professional support for teachers.

10.11 The Committee was not satisfied with the Minister's responses and criticised the poor quality of data and the inconsistencies in the criteria for closing schools.

10.12 The Committee expressed concern about:

- the lack of terms of reference and risk analysis work;
- the management of transition, especially for students with special needs;
- the lack of consistent criteria for closing schools;
- the lack of consideration of social and environmental impacts;
- the inability of teachers to speak openly about the impact of closures;
- the inability of the Minister to provide any data on reasons why students went from public to private schools;
- the potential for the threat of closures to drive students into the private system;
- the method of calculating schools' capacity;
- the method of calculating the cost of running schools;
- staff to student ratios especially where the school has one or more special units;

- the lack of social impact analysis;
- attitudes to NSW students;
- the pedagogical basis for the proposed new school models;
- the challenge to provide buses for students forced to travel out of suburb;
- the capacity of a restructured Education Department to manage the 2020 plan and its indirect effects;
- the ability to retain teachers in the ACT in the face of change and the proposed enterprise bargaining agreement;
- the consultation process;
- the competitive process between schools set up by the *Towards 2020* process; and
- the impact on children with a disability and special needs.

10.13 The Committee questioned the Minister about the management of school buildings once closed and was told that Department of TAMS would have responsibility for management and any subsequent sales.

10.14 The Committee was told by the Minister for Education that

> as part of this process **we are not seeking to fund our capital investments in schools by selling off land. Those buildings will remain in community use** and they will be handed to the property group within the Department of Territory and Municipal Services, which looks after surplus government property.[158].

10.15 During the inquiry, the Committee heard from both the Planning Minister and the TAMS Minister that they could not rule out the sale of school sites if schools were closed.

RECOMMENDATION 68

10.16 **The Committee recommends that the Government clarify its public announcement regarding its position on the sale of land from possible school closures to clear up this discrepancy.**

10.17 The Minister said there would be no involuntary redundancies of teachers and DET staff.

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[158] Mr Barr, *Transcript of Evidence,* 28 June 2006, p. 757 - emphasis added

Non Government Education

10.18 The Committee discussed the contributions of the Commonwealth and ACT Governments to non-government schools. The Committee sought clarification on the Australian government grant to non-government schools which was $116 million. The Minister advised that over the last ten years, the percentage increase in this grant has been much higher than the grants for the public school system.

10.19 Clarification about the student-centred appraisal of need (SCAN) process was sought and the Committee was advised that the ACT Government provides roughly twenty-five per cent of the overall Government contribution as calculated.[159]

Vocational Education and Training

10.20 The Committee discussed:

- lifelong learning;
- community sector training;
- the relationship of vocational education and the planned ACT Skills Commission;
- the provision of vocational education to indigenous people, migrants and other marginalised groups; and
- skills shortages and strategies to overcome them.

10.21 The Committee was informed that the DET had had initial discussions about the ACT Skills Commission announced in the Budget and this was being implemented through CMD.

10.22 Consideration of the advisory bodies currently being funded by the DET would be given in the next few months to determine whether there is duplication and confirm the quality of the advice being provided.[160]

10.23 With the restructure of DET and the administrative separation of CIT, DET retains vocational education and training funds for competitive purchase of

[159] Mr Donnelly, *Transcript of Evidence,* 28 June 2006, p. 861
[160] Dr Bruniges, *Transcript of Evidence,* 5 July 2006, p. 1138

training services from registered training organisations (RTO's) including CIT.[161]

Early childhood and Preschool Education

10.24 The Committee questioned the Minister about the impact of the plans to close preschools. Concern was expressed that the closure of some preschools would cause significant inconvenience to parents and raised the question of the distribution of preschool equipment provided by parents.

10.25 The Committee was informed that much of the future vision for preschool education focuses on the opportunities to improve the links across the Primary to 10 years schooling stages with a view, supported by current research, to enhancing the educational outcomes for children.

10.26 The Minister assured the Committee that a preschool place would be provided for all children within the P to 10 model outlined.[162]

Canberra Institute of Technology

10.27 The Committee questioned the Minister about the impact of cuts on CIT.

10.28 Concern was expressed about the loss of the English for Employment and Further study contract.

10.29 The Minister told the Committee of plans to open a CIT campus at Tuggeranong and set up a shared campus with the new Gungahlin College when built.

10.30 An indication of the impact of the Shared Services model was sought by the Committee on staffing and delivery of courses. The Minister advised that seventy-eight staff would be transferred to the Shared Services Centre. The Minister said that there would be no impact on the delivery of courses.[163]

10.31 The Minister indicated that savings of $600,000 were anticipated in the transfer of functions to the shared services centre in this financial year. In addition, a

[161] Mr Donelly, *Transcript of Evidence,* 5 July 2006, p. 1141
[162] Mr Barr, *Transcript of Evidence,* 28 June 2006, p. 864
[163] Mr Barr and Mr Kowald, *Transcript of Evidence,* 5 July 2006, pp. 21 - 22

reduction of ten full-time equivalents would be sought by increasing class sizes from 15.5 to 16 students

10.32 The Committee was concerned that fee increases for students are proposed from semester one 2007 and was advised by the Minister that there had been no increases since 1998 and the proposed increases would be capped at five per cent of total cost of their education.[164]

RECOMMENDATION 69

10.33 **The Committee recommends that there be no increase in Canberra Institute of Technology fees until the ACT Skills Commission has examined the impact of increasing fees on students undertaking trades where skills are in short supply in the ACT.**

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[164] Mr Barr, *Transcript of Evidence*, 5 July 2006, p. 33

11 DISABILITY, HOUSING AND COMMUNITY SERVICES

11.1 The Department of Disability, Housing and Community Services (DHCS) is responsible for a broad range of human service policies and programs.

11.2 Reflecting this breadth, DHCS' activities fall into the portfolio areas of a number of different Ministers, including the Minister for Disability and Community Services, the Minister for Housing, the Minister for Multicultural Affairs, the Minister for Women and the Minister for Indigenous Affairs.

11.3 The Committee heard from these Ministers and DHCS officials on 26 and 29 June, and 4 July.

Overview

11.4 Overall, the changes in output allocations for DHCS made it difficult for the Committee to follow changes in allocations from one year to the next. This was particularly evident in the staffing implications arising from the transfer of functions between portfolio areas.

11.5 The Committee also queried the proposed breakdown of funds between the portfolio areas of multicultural affairs, women and indigenous affairs within Output 3.2: Community Affairs and was advised that allocations would be determined at the departmental level.

11.6 Consequently, the Committee did not receive the informative answers it sought to key issues raised by Budget allocations.

RECOMMENDATION 70

11.7 **The Committee recommends that all future Budget documents contain a breakdown of funds that will be spent in the following portfolio areas:**

- Multicultural affairs;
- Women; and

- Indigenous affairs.

Staffing

11.8 At the hearing on the 29 July, the Committee raised the issue of reduced staffing levels anticipated by the Budget.

11.9 The Committee sought clarification about what changes could be expected to achieve savings over the next two years and was advised that DHCS anticipates reduction in staff through natural attrition.

11.10 However, the staff changes recorded in the Budget papers reflect a separation in the Budget papers of ACT Housing estimates and the anticipated transfer of functions from DHCS to the Shared Services Centre. The Committee was also informed that there would be a transfer of staff into DHCS, with community affairs staff moving from the Chief Minister's Department.

11.11 The Committee noted the seeming anomaly in the overall Budget for DHCS with a recorded reduction in staff numbers but a recorded $24 million increase in staff expenses.[165] The Committee was advised that this increase reflected the integration of child protection functions and community affairs functions as well as increased allocation for superannuation obligations across DHCS.

11.12 The Committee was informed that cuts in DHCS were coming from the policy and organisational areas and that other 'efficiencies' would be gained by attrition and by not filling or abolishing positions that had been held vacant.

11.13 The Committee expressed concern about how ACT Housing would maintain its level of service and administer the public housing estate with anticipated staff cuts, although the Minister for Housing could not quantify these.

RECOMMENDATION 71

11.14 **The Committee recommends the Minister for Housing provide details about the services that will be provided directly to its clients to ensure that direct services will continue to be provided in a manner that in no way impacts negatively on the provision of housing services.**

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[165] *Transcript of Evidence,* 29 June 2006, p. 872 - 873

Housing ACT

11.15 Housing ACT provides public housing to ACT residents. The Minister for Housing and officials from Housing ACT and DHCS met with the Committee on 26 June 2006.

11.16 The 2006-2007 Budget fulfilled a promise made by the Government in the lead up to the 2004 election to invest $30 million into public housing. The Committee sought details of the model that was outlined in this year's Budget and was advised that a strategy of selling current stock and repurchasing more suitable stock would be explored by Housing ACT.

11.17 The Committee learned that the bulk of this was not new money, as would be expected from the Government's election promise, but was to be attained through 'efficiencies' elsewhere in Housing ACT.[166]

11.18 During Estimates hearings the Minister stated that in order to meet the 2004 election commitment of $10 million per year over three years, it is confirmed that in each year, "$4 million will come from new capital injection. The (remaining) $6 million will come from administrative back-end savings within the department". The question is how will efficiency savings be made to deliver on this commitment and ultimately provide more funds for acquisition of stock.[167]

11.19 The Committee is concerned as to how these efficiencies will be delivered.

11.20 The Minister advised during the hearings that it was anticipated that this strategy would lead to an expansion in current stock and while the Minister could not advise how many additional units of public housing would be provided, he believed it would be in the order of ninety rental properties.[168]

11.21 The Minister was questioned at length by the Committee as to whether the 500 houses it was investigating selling would result in a net loss or net gain of properties.

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[166] See ACTCOSS comments, *Transcript of Evidence,* 16 June 2006, pp. 27 – 30; Shelter ACT comments, *Transcript of Evidence,* 26 June 2006, p. 641; Tenants Union ACT comments *Transcript of Evidence,* 26 June 2006, p. 645

[167] Mr Hargreaves, *Transcript of Evidence,* 26 June 2006, p. 550

[168] Mr Hargreaves, *Transcript of Evidence,* 26 June, 2006, pp. 549 -551

11.22 The Committee did not receive clarification as to whether the end result of the possible sale of around 500 properties would lead to a net gain of 90 public housing units or a loss of housing stock.

11.23 The Minister indicated that Housing ACT was investigating ways of encouraging tenants to purchase their homes and also considering shared equity schemes.

11.24 The Minister advised the Committee of the arrangements in place for the maintenance of 11,500 public houses and indicated that contracts for service had been consolidated with one contractor at a annual cost of $30 million and this arrangement was performing well.[169]

11.25 The Committee learned that the $47 million of non-current assets converted to current assets in this Budget are made up of the multiunit properties being sold and potentially being rebuilt as public private partnerships

11.26 The Committee was advised that approximately sixty-three per cent of the total revenue comes from rent. Of that, approximately fifteen per cent is accrued from renters paying market rates. The Minister noted the significance of that contribution to the overall revenue stream.[170]

11.27 The share from market renters is falling, it was noted, as housing properties were increasingly targeted towards accommodating people in greatest need.

11.28 The Committee was told that the ACT Government has reduced its funding under the Commonwealth-State Housing Agreement to match the Commonwealth's grant, which the Minister explained would be met by savings in administration costs and reductions in funding to support services and peak bodies.[171]

11.29 In response to questions about the impact of the Commonwealth's Welfare-to-Work legislation, the Committee was told that provisions would be in place to to safeguard people falling behind in rent as a result of breach penalties.

11.30 Concerns were raised about the Housing ACT's debt management procedures and assistance to tenants in arrears in the absence of HomeNet which is to be

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[169] Mr Hargreaves, *Transcript of Evidence*, 26 June 2006, pp. 554 - 555
[170] Mr Hargreaves and Mr Hubbard, *Transcript of Evidence*, 26 June 2006, pp. 577 - 578
[171] Mr Hargreaves, *Transcript of Evidence*, 26 June 2006, p. 558

outsourced.

11.31 The Minister indicated that he and his officers indicated that they felt they were able to discern the needs of people in housing need. He indicated that he would like to reduce the number of advocacy groups he deals with to one peak body.[172]

11.32 The Committee was told that tenants' participation is currently provided through the Joint Champions Forum.

Disability

11.33 The Minister for Disability and Community Services and officials from DHCS met with the Committee on 29 June and discussed issues arising from Output Class 1: Disability and Therapy Services.

11.34 The Committee was assured that cost savings in this area would not be achieved by any reduction in services to people with disabilities but would be met through changes in the delivery of corporate services.

11.35 Asked about staff turnover in this difficult area of work, the Committee was advised that recruitment practices have changed significantly in the disability sector with a subsequent decline in the staff turnover from twenty-eight per cent to twelve per cent.[173]

11.36 The Committee sought information about the strategies used by DHCS to ensure that younger people with disabilities are appropriately housed and was informed of a number of strategies being explored including, shared tenancies, community housing options and home ownership.

11.37 DHCS was asked whether a coordinated response to welfare-to-work policies has been adopted and was advised that strategies were being considered across DHCS and that a productive liaison with business leaders, who would support appropriate initiatives for people with disabilities enter the workforce, had commenced.[174]

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[172] Mr Hargreaves, *Transcript of Evidence*, 26 June 2006, p. 561

[173] Ms Lambert, *Transcript of Evidence*, 29 June 2006, p. 890

[174] Ms Lambert and Ms Ford, *Transcript of Evidence*, 29 June 2006, pp. 895-896

11.38 The Committee asked the Minister whether DHCS had been consulted in the development of the *Towards 2020* plan for schools and was told that she did not believe that there would be any problems.

Community services

11.39 At the hearing on 29 June, the Minister provided detail on the output areas delivered under the community services portfolio area. These include:

- Output 2: Early intervention in the areas of the Child and Family Centre Program and children, youth and family support;
- Output 3: Community development and policy in the areas of community and homelessness services and community affairs;[175] and
- Output 4: Children, youth and family services in the areas of child and young people services and care and protection services.

11.40 The Committee was told that most job losses would be in the corporate services area. Some personnel would be moving across from CMD.

11.41 It was noted that the shifts in money made it difficult to understand DHCS's financial situation in this year's Budget.

11.42 The Committee heard that the Child and Family Centre program has been a great success and consolidation of this model over the coming year was anticipated. Work was progressing for the establishment of the Tuggeranong Centre.[176]

11.43 The Committee asked whether the Government had done any work to determine demand and supply of childcare places and was told that preliminary results revealed a shortage of places for babies and young infants in many parts of Canberra.

11.44 The Committee was advised that a centralised grants portal would be developed by DHCS to streamline the grants management process across Government. There would be a number of benefits including better communication with stakeholders, standardisation of the acquittal process,

[175] Community affairs incorporates the three portfolio areas of Multicultural Affairs, Women and Indigenous Affairs and these are discussed at the end of the section.

[176] Ms Gallagher & Ms Brown, *Transcript of Evidence*, 29 June 2006, pp. 907 - 909

and trained staff to administer the process. A consultation process would be conducted to determine the best model.

11.45 The Committee was told that the Legislative Assembly would be informed as consultation determined the way the grants portal is to work.

11.46 The Minister advised that savings of approximately $1 million were being sought in the SAAP sector and these would be achieved through efficiencies rather than through a loss in bed capacity.

11.47 The Minister was asked by the Committee to outline to the Committee the reasoning behind the overmatching of SAAP funding to the order of $3.5million. The Committee questioned the Minister's statement that reduction in SAAP funding brought the contribution in line with the Commonwealth's SAAP funding.

11.48 The Committee was concerned that some SAAP services were losing funding at a time when there is demonstrably high demand, and questioned the basis for this decision about some services.

RECOMMENDATION 72

11.49 **The Committee recommends that the Minister for Disability and Community Services produce evidence of such a shortfall in the capacity of occupation of SAAP services and shows what the government is doing to bolster capacity to meet demand.**

11.50 Details of the pre-construction planning and consultation phase of the new youth detention centre were discussed and the Committee was advised that the time was spent on site selection to ensure that there was no need for a variation to the Territory plan.[177]

11.51 The Committee was informed that consultations with Quamby inmates and the development of a manual of procedures should satisfy the concerns raised by the Human Rights Commissioner.[178].

11.52 The Committee noted the high cost of youth detention, calculated at $1001 per day, and was advised that a significant reason for this cost was the focus on

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177 Mr Collett, *Transcript of Evidence*, 29 June 2006, p. 918

178 Mr Wyles, *Transcript of Evidence*, 29 June 2006, pp. 916 - 917

rehabilitation strategies and the high staff to young person ratio maintained in this setting.[179]

11.53 In the area of child protection, the Committee was informed that notification rates continue to grow (anticipated to be 9,000 this year) although the Minister anticipates that a plateau will be reached at some stage. To respond to this need, the Minister advised that the funded staff places are 130, with approximately 110 currently filled. Improved recruitment and retention strategies adopted by the Office for Children, Youth and Family Support have reduced the attrition rate in this difficult area of work to around six per cent.[180]

Multicultural affairs

11.54 The Minister for Multicultural Affairs met with the Committee on 26 June 2006.

11.55 The Minister informed the Committee that the Government would continue to consult with the sector through community forums but noted that there are a number of organisations eligible to compete for funding in the area of multicultural affairs, but that funding would be directed towards specific projects. The multicultural grants would be part of the health and community well-being grants process and accessed through the grants portal.

11.56 The Committee discussed the abolition of the Ministerial Advisory Council on Multicultural Affairs (MACMA) and the expressed concern that, in its absence, there was now insufficient community representation and community advice available to the Minister.

11.57 In response to questions about the dissolution of multicultural advisory committees, the Minister suggested that the ACT's well-integrated multi-cultural community is a result of the policy advice that he receives.[181] The Committee noted that the ACT has been a well-integrated community for many decades.

11.58 The Committee learned that funding for multicultural affairs is not separate

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[179] Ms Lambert and Mr Wyles, *Transcript of Evidence,* 26 June 2006, pp. 919 - 920

[180] Ms Gallagher, *Transcript of Evidence,* 26 June 2006, p. 938

[181] Mr Hargreaves, *Transcript of Evidence,* 26 June 2006, pp. 589 - 590

from community engagement. Members were concerned that this gave little guidance to officers working in the area.

11.59 The Committee was advised that the contribution that the ACT Government makes to funding the multicultural festival would be maintained the coming year. The Minister noted that funding from the private sector was also an important component to the success of the event.

11.60 Asked about anticipated savings in 2005-2006 from the multicultural centre, the Minister advised that building was completed in time and under budget.

11.61 The Committee noted concern over the lack of funding in the 2006/07 Budget for multicultural programs.

RECOMMENDATION 73

11.62 **The Committee recommends that Ministerial Advisory Committee on Multicultural Affairs (MACMA) be re established.**

Women

11.63 The Minister for Women met with the Committee on 29 June 2006.

11.64 The Committee heard that the current programs being offered under the portfolio area would continue including the women's grants program and regular updates of the women's action plan. Responsibility for the Women's Information and Referral Service has been transferred from information services to this portfolio area.

Indigenous Affairs

11.65 The Minister for Indigenous Affairs met with the Committee on 4 July 2006 and the Committee was informed of current progress to establish an elected representative indigenous body for the ACT. An allocation of nearly $400,000 has been provided for on-going work pending the recommendations of a report being prepared and which has yet to be considered by Cabinet.[182]

[182] Mr Stanhope, *Transcript of Evidence,* 4 July 2006, p. 1124

11.66 Mr Stanhope advised that he is committed to funding a new Indigenous Representative Elected Body in the ACT in the order of $393,000 over four years.[183]

11.67 The Committee was told that the Aboriginal Affairs Unit is moving over from Chief Minister's Department in its entirety.

11.68 The Committee sought and was provided clarification and reassurance on the changed departmental arrangements covering matters related to indigenous affairs.

Mary Porter AM MLA

Chair

14 August 2006

183 Mr Stanhope, *Transcript of Evidence,* 4 July 2006, p. 1123

APPENDIX A: Community Representatives appearing at public hearings

Friday 16 June

Tharwa Primary School P&C Association& Pre-school P &C Association
Ms Emily Haesler, President Tharwa PS P&C
Ms Trish Foxall, President Tharwa Pre-school P&C
Mr Karim Haddad, Director of School Board
Rivett School P&C Association
Ms Fiona Tulloh, President
Mount Neighbour Primary School P&C Association
Mr David Donaldson, Treasurer
Flynn Primary School P&C Association
Ms Lesley-Anne Stevens, President
Yarralumla Primary School P&C Association
Ms Sue Lindsay, President
Belconnen Community Council
Mr Graeme Evans, Member
Ms Sandra Bowe, Member
ANU Medical Students Society
Mr Maurice Leguen, AMA Representative
Friends of the ACT Library & Info Services
Mr Bill Tully
ACT Council of Social Service
Ms Ara Cresswell, Director,
Ms Karen Nicholson, Senior Policy Officer
Mr Llewellyn Reynders, Policy Office
Conservation Council of the ACT and SE Region
Ms Trish Harrup, Executive Officer
National Parks Association of the ACT
Ms Christine Goonrey, President
Australian Education Union – ACT Branch
Mr Clive Haggar, Branch Secretary
Unions ACT
Mr Peter Malone

Monday 26 June

Melba High School P&C Association
Ms Hilary Cadman, President
Ms Tania Browne, past President and member
Giralang Primary School P&C Association & School Board
Ms Toni Pateson, Giralang Primary School P&C President
Ms Liz Beardsley, Giralang Primary School Board Chair

Canberra Preschool Society
Ms Carolyn Harkness, President
Ms Dianne Thornton, Coordinator
North Ainslie Primary School P&C Association
Mr Justin Barrie, Treasurer
Cook Primary School P&C Association
Mrs Lisa Biddiscombe, President
Dr Greg Lane, Treasurer
Mr Brendan Morling, Secretary
Flynn Primary School P&C Association
Ms Josie Barac, Secretary
Campbell High School P&C Association
Ms Diane Johnson. Delegate P & C Council
Ms Liesa Baker, member
Ms Margaret Smythe, Treasurer
Mr Peter Kemmis, Secretary & delegate P&C Council
ACT Council of Parents &Citizens Associations
Ms Jane Gorrie, President
Mr Peter Kemmis, Campbell HS delegate
Council on the Aging (COTA) ACT
Mr Paul Flint, Executive Director
Mr Malcolm Parker, Housing Options Adviser
Multiple Sclerosis Society of the ACT
Ms Robbie Costmeyer, Chief Executive Officer
Ms Sue Donalson, Senior Outreach Worker
Ms Sharon Eacott, Client & MS Advocate
ACT Shelter
Dr Jessie Mitchell, Policy Research Officer
Tenants' Union ACT
Ms Deborah Pippen, Executive Officer
ACT Transcultural Mental Health Network
Ms Aine Tierney, Chair
Ms Margy Wylde-Brown, Member
Ms Chin Wong, Member
Mental Health Community Coalition
Mr Barry Petrovski, Executive Officer
Dr Leanne Craze, Consumer & Carer Caucus Facilitator
Tourism Industry Council (ACT & Region)
Ms Kym Cheatham, Executive Director
Canberra Business Council
Mr Craig Sloan, Chair
Mr John Miller, Executive Director
Property Council of Australia
Ms Catherine Carter, Executive Director
Mr Chris Wheeler, Treasurer
Ms Judy Sullivan, Member

APPENDIX B: Agencies appearing within portfolio areas

Government departments and agencies appearing before the Committee at public hearings are listed against portfolio area and in order of appearance:

Monday 19 June 2006

Attorney General – Mr Simon Corbell MLA

Department of Justice and Community Safety

Office of the Chief Solicitor

Office of Parliamentary Council

Office of the Director of Public Prosecutions

ACT Human Rights Office

Public Advocate of the ACT

Public Trustee of the ACT

ACT Electoral Commission

Registrar General's Office

Auditor General – Ms Tu Pham

Office of the Auditor General

Speaker for Legislative Assembly for the ACT – Mr Wayne Berry

Secretariat for the Legislative Assembly for the ACT

Tuesday 20 June 2006

Treasurer – Mr Jon Stanhope MLA

Department of Treasury

ACT Insurance Authority

Attorney General – Mr Simon Corbell MLA

Department of Justice and Community Safety

ACT Law Courts and Tribunals Administration

Legal Aid Commission

Wednesday 21 June 2006

Minister for Planning – Mr Simon Corbell MLA

Land Development Agency

ACT Planning and Land Authority

Thursday 22 June 2006

Treasurer – Mr Jon Stanhope MLA

Department of Treasury

Exhibition Park in Canberra

ACT Gambling and Racing Commission

Independent Competition and Regulatory Commission

Chief Minister – Mr Jon Stanhope MLA

Minister for Business and Economic Development – Mr Jon Stanhope MLA

Chief Minister's Department

ACTEW

Cultural Facilities Corporation

Friday 23 June 2006

Minister for Territory and Municipal Services – Mr John Hargreaves MLA

Department of Urban Services

ACTION

Office of Sustainability

Monday 26 June 2006

Minister for Housing – Mr John Hargreaves MLA

Minister for Multicultural Affairs – Mr John Hargreaves MLA

Department of Disability, Housing and Community Services

Tuesday 27 June 2006

Minister Police and Emergency Services – Mr Simon Corbell MLA

ACT Policing

Emergency Services Authority

Department of Justice and Community Safety

Wednesday 28 June 2006

Minister for Education – Mr Andrew Barr MLA

Department of Education and Training

Thursday 29 June 2006

Minister for Disability and Community Services – Ms Katy Gallagher MLA

Minister for Women – Ms Katy Gallagher MLA

Department of Disability, Housing and Community Services

Chief Minister's Department

Friday 30 June 2006

Minister for Health – Ms Katy Gallagher MLA

ACT Health

Monday 3 July 2006

Minister for Tourism, Sport and Recreation – Mr Andrew Barr MLA

Department of Territory and Municipal Services

Minister for Industrial Relations – Mr Andrew Barr MLA

Chief Minister's Department

Tuesday 4 July 2006

Treasurer – Mr Jon Stanhope MLA

Department of Treasury

Rhodium Asset Solutions

ACT Insurance Authority

Chief Minister – Mr Jon Stanhope MLA

Minister for Business and Economic Development – Mr Jon Stanhope MLA

Minister for Indigenous Affairs – Mr Jon Stanhope MLA

Chief Minister's Department

Department of Disability, Housing and Community Services

Wednesday 5 July 2006

Minister for Planning – Mr Simon Corbell MLA

ACT Planning and Land Authority

Minister for Education – Mr Andrew Barr MLA

Department of Education and Training

Canberra Institute of Technology