

ESTIMATES 2008-2009

Question on Notice

Treasurer

Table of Contents

<u>QoN</u>	<u>Description</u>	<u>Page</u>
	Table of Contents	0
1.	Treasurer Seselja	2
	Capital Improvements Program	2
2.	Treasurer Seselja	8
	Capital Improvements Program	8
3.	Treasurer Seselja	10
	Territory Revenue System Upgrade.....	10
4.	Treasurer Seselja	11
	Land Rent Scheme IT upgrade	11
5.	Treasurer Seselja	12
	Government Office Building - Project advice	12
6.	Treasurer Seselja	14
	Land Rent.....	14
10.	Treasurer Mulcahy	17
	ACT property Council advice	17
11.	Treasurer Mulcahy	18
	Review of Government Program	18
12.	Treasurer Smyth.....	19
	Payroll tax	19
13.	Treasurer Smyth.....	20
	Goods and Services Revenue.....	20
14.	Treasurer Smyth.....	23
	Stamp duty	23
15.	Treasurer Smyth.....	24
	Interest income.....	24
16.	Treasurer Smyth.....	25
	Land tax	25
17.	Treasurer Smyth.....	27
	New tax	27
18.	Treasurer Smyth.....	29
	Collection of other revenue.....	29
	Schools generated revenue.....	29
19.	Treasurer Seselja.....	31
	Asset Management and Capital Delivery Planning	31
20.	Treasurer Seselja.....	32
	Gaming Machine Database System	32
21.	Treasurer Seselja.....	33
	Record Services Mitchell Accommodation	33
22.	Treasurer Seselja.....	35
	Staff Numbers at Treasury	35
23	Treasurer Seselja.....	36

	Staff Numbers at the Shared Services Centre	36
24	Treasurer Seselja	37
	Staff Numbers at ACTEW Corp	37
25	Treasurer Seselja	38
	Staff Numbers at ACT Gambling & Racing Commission.....	38
26	Treasurer Seselja	39
	Staff Numbers at the ACT Insurance Authority	39
27	Treasurer Seselja	40
	Staff Numbers under Exhibition Park Corp.....	40
28	Treasurer Seselja	41
	Staff Numbers at ACTTAB Ltd.....	41
29	Treasurer Seselja	42
	Staff Numbers at Rhodium Assets Solutions Ltd	42
30	Treasurer Seselja	43
	Staff Numbers in the Home Loan Portfolio	43
35	Treasurer Pratt.....	44
	Prices of residential conveyances	44
37	Treasurer Stefaniak	45
	ACT Gambling & Racing Commission	45
38	Treasurer Stefaniak	49
	ACTTAB Ltd	49
54	Treasurer Mulcahy	51
	Superannuation liabilities.....	51
57	Treasurer Foskey.....	52
	Water Security Projects.....	52
136	Treasurer Seselja	58
	QTON - Economic modelling on the land rents	58
137	Treasurer Smyth.....	64
	QTON - WPI measures	64
138	Treasurer Seselja	65
	QTON - Costs of land and house in the ACT	65
139	Treasurer Foskey.....	67
	QTON - Sustainability Shared services in procurement - sustainability measures/guidelines	67
140	Treasurer Smyth.....	68
	QTON - Shared services - reconciliation of savings.....	68
141	Treasurer Dunne.....	69
	QTON - Shared services - govt agencies list	69
142	Treasurer Smyth.....	70
	QTON - Shared services - benchmarking report	70
173	Treasurer Smyth.....	71
	Domestic Airfares	71
321	Treasurer Smyth.....	73
	QTON - Insurance policy for Balloon event.....	73
371	Treasurer Dunne.....	74
	QTON - Proposed gas fired power plant	74

1. Treasurer Seselja

Capital Improvements Program

Zed Seselja MLA : To ask the Treasurer

In relation to \$3 million which has been allocated under the **Capital Improvements Program** to the central fund that addresses urgent, unforeseen capital works that may arise (page49, BP5)

- 1) What is the balance of the central fund for 08-09 and the forward years after the increase provided by this budget measure?
- 2) What are the disbursement rules for the fund to which this was allocated and are they published? Do these rules permit use of funds for cost overruns on existing projects that were neither unforeseen nor urgent?
- 3) Why has \$3 million additional funding been committed in 2008-09, but to none of the forward years?
- 4) How was \$3 million calculated as the identified level of need?

Acting Treasurer: I am advised the answer to the Member's question is as follows:-

- 1) The Capital Improvement Program is allocated new funding of \$3 million for the 2008-09. There is also an additional \$0.450 million, unallocated from 2007-08, that has been rolled over to 2008-09, taking the available balance to \$3.450 million.

There is no future year budget for the Capital Improvement Fund, as the fund is calculated on an annual basis as part of the Budget Development process.

- 2) The object of the fund is to ensure that urgent, unforeseen or other necessary works that arise throughout the year, which will provide direct and immediate benefits to the Community, without the need to reallocate resources from within the capital upgrades program.

This fund enhances the government's ability to respond to the needs of the community in a timely manner, while the urgency of work may be an important consideration in agreeing to the project, it is not a necessary pre-condition of application.

The disbursement rules for the fund are outlined in Fund Guidelines, which are provided at Attachment A. These guidelines will be updated (as necessary) and reissued in July 2008.

The Capital Improvement Fund is not used for cost overruns on existing capital works or upgrades projects.

Changes to the scope of work may be considered.

- 3) There are no additional funds allocated to Capital Improvement Fund beyond 2008-09 as the fund is re-considered on an annual basis as part of the Budget process.
- 4) The \$3 million was allocated as per the previous year's budgeted amount, on the basis of historic allocations and use of the fund throughout 2007-08.



**Whole of Government Capital
Improvements Program
(Central Fund)**

Process and Guidelines

**ACT Department of Treasury
July 2007**

Contents

Section 1 - Background	3
1.1 Introduction.....	3
1.2 Aim of the Whole of Government Capital Improvements Fund.....	3
Section 2 - The Process.....	3
Section 3 - Approval to Access the Fund.....	3
Section 4 - Types of Works that will be Considered.....	4
Section 5 - Reimbursement of Funds	4

Section 1 - Background

1.1 Introduction

A Whole of Government Capital Improvements Program (Central Fund) was established as part of the 2007-08 Budget.

1.2 Aim of the Whole of Government Capital Improvements Fund

The Whole of Government Capital Improvements Program (Central Fund) contains \$3 million for the purpose of addressing urgent, unforeseen or other identified works (which are capital in nature) as they arise throughout the year.

This will enhance government's ability to respond to the needs of the community in a timely manner and provide the flexibility to deal with issues as they emerge/crystallise during the year.

The fund is administered by Treasury, and may be accessed to provide for capital improvements to Government owned assets, or the construction of new minor capital infrastructure.

Section 2 - The Process

Ministers, prior to commencing works, will in the first instance need to seek approval from the Treasurer to access the fund. Following the Treasurer's support, in-principle agreement will be given to access the fund.

Agencies will then be able to enter into a contract (following appropriate procurement processes) and arrange for the approved works to be carried out. Agencies will need to cash manage projects and then seek a reimbursement from Treasury. It is envisaged that this will operate in a similar manner to the Restructure Fund.

Section 3 - Approval to Access the Fund

Requests should be made at ministerial level to the Treasurer and contain the following:

- a clear project outline including what the deliverables of the project are and why the project requires immediate supplementation;
- a fully costed project plan, including realistic delivery milestones;
- a request for funding of capital costs only;
- identification of any ongoing recurrent costs e.g. maintenance, and confirmation of the agencies ability to absorb these within current appropriations; and
- justification as to why the works cannot be funded from within an agencies usual allocation of capital upgrade funding, or from re-prioritising existing capital works.

Section 4 - Types of Works that will be Considered

The following are examples of works that will be considered:

- improvements to playgrounds, parks and public spaces where potential OH&S issues arise;
- works to restore government owned community assets where a continuation of the drought (or other factors) may lead to an unacceptable level of degradation;
- works that respond to urgent needs identified by the Community; and
- projects, which will significantly benefit the Community.

While the emphasis will be on improvement of existing assets, consideration will also be given to the construction of new assets.

The total value for any one project authorisation is not expected to exceed \$250 000. Authorisation above this will be considered only if a compelling business need is demonstrated.

Section 5 - Reimbursement of Funds

To claim a reimbursement from the fund:

- agencies will need to write to the Executive Director, Finance and Budget Division, in order to receive a reimbursement from the fund;
- reimbursement of capital expenditure will only be made where appropriate documentation is provided. This includes verification of the Treasurer's approval and copies of all (vendor) invoices for which the agency is seeking reimbursement (invoices from Procurement Solutions are not acceptable); and
- Treasury will acquit all expenditure against the fund through quarterly capital works reporting processes.

2. Treasurer Seselja

Capital Improvements Program

Zed Seselja MLA : To ask the Treasurer

In relation to : the **Capital Contingency Fund (page 49, BP5)**

1. Is this is an entirely new fund, as suggested by the measure description? Or is it a replacement to an existing fund, or a new allocation within an existing fund?
2. How does the fund differ in its administration and function from the Treasurer's Advance?
3. Why is \$4 million committed in 2008-09, but to none of the forward years?
4. How was \$4 million calculated as the identified level of need?

A/g Treasurer: I am advised the answer to the Member's question is as follows:–

1. This is a new fund.
2. The fund has been established largely to assist in the efficient management of contingencies for small capital projects, particularly those in the Capital Upgrades Program.

For larger projects, contingency is usually built into the cost of each project. For smaller projects, including contingency at the individual project level is not necessarily an efficient mechanism.

Funding is targeted specifically at projects within the Capital Works Program. Funding will be applied to resolve cost pressures due to escalation or necessary scope changes.

It should be noted that Budget Papers have improved considerably in recent years in relation to the level of detail provided around small capital projects. This, however, has caused concern in relation to the ability to flexibly manage what can be a large number of very small 'overs and unders' on particular projects. In the past agencies had simply re-prioritised within their existing programs.

This Fund will therefore avoid re-prioritisation of the existing upgrades program from that published in the Annual Budget.

Like the Treasurer's Advance, the Fund is the last point of call, with agencies having to demonstrate the use as appropriate and unavoidable.

3. As a new measure, it was considered appropriate that the use of this fund be monitored and evaluated during 2008-09, before any decision is made on ongoing funding.
4. The contingency fund is set at \$4 million (representing approximately 10 per cent of the total upgrades program).

3. Treasurer Seselja

Territory Revenue System Upgrade

Zed Seselja MLA : To ask the Treasurer

In relation to : the **Territory Revenue System Upgrade (page 49 BP5)**

1. What are the shortcomings of the existing Territory Revenue Systems (TRS)?
2. Is the proposed funding to be provided to an existing technology provider, or is there a new competitive tender involved?
3. What is the nature of the ongoing expense amount of \$250,000 per year? Does this support IT staff (internal or external) or is this for software user fees?
4. Has any of the expense for previous upgrades to the Territory Revenue System been met from within Treasury's existing depreciation budget and if so, what amounts have been used? How much of this upgrade will be met from within Treasury's existing depreciation budget?

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

1. The technology on which TRS is based has become obsolete. As a consequence, support for the application, and in particular changes to the system required to implement administrative changes and revenue initiatives, is rapidly declining. This will seriously jeopardise the capacity of the Revenue Office to administer the ACT taxation system, and would pose an unacceptable risk to the collection of Territory revenues. As with all old technology it will get worse over time and become significantly more costly to maintain.
2. The proposed funding to be provided will be to an existing technology provider.
3. The cost of this project covers both, a full time onsite IT resource (external) and the licence fee associated with the software
4. In the Territory, no agency receives funding for depreciation as the Territory instead funds approved capital works directly through capital injections as required.

4. Treasurer Seselja

Land Rent Scheme IT upgrade

Zed Seselja MLA : To ask the Treasurer

In relation to : the **Land Rent Scheme IT Upgrade (page 50 BP5)**

1. How was the estimate for the new IT system arrived at? Is this utilising off-the-shelf software or will a tailored solution be required?
2. How confident are officials that this project estimate will not increase given that the policy involves a very unique arrangement?
3. Will this IT system keep track of the changing value of the Territory's interest in land covered by land rent arrangements, or will those value changes be tracked separately on other databases?
4. How much of an assessment was done on the option of utilising the existing systems for rates payments as a tool for processing land rent transactions? Was a thorough feasibility study done that compared different delivery mechanisms?

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

1. The project estimate was determined after consultation with InTACT and an outsourced IT company specialising in business analysis.

A tailored solution built in the existing property.gov (Community 2008) system will be required for this scheme.
2. As the project estimate was determined after consultation with IT experts, the estimated cost is considered robust and not likely to increase.
3. After the implementation of this IT system, the property.gov system will have the functionality to record all relevant details associated with the Land Rent Scheme, including land values, on the same database.
4. The Land Rent Scheme will utilise the same systems as for rates payments, but will require additional functionality to administer the Scheme. An outsourced IT company provided a thorough analysis of the functional requirement of the Land Rent Scheme which was considered against existing systems.

5. Treasurer Seselja

Government Office Building - Project advice

Zed Seselja MLA : To ask the Treasurer

In relation to : **Government Office Building – Project Advice** (page 68, BP3)

1. Why is a new study needed, instead of obtaining advice from another state government which has experience in PPP approaches to procuring and financing office buildings?
2. How many PPP proposals have already considered in the past by Treasury or other ACT government agencies, including the public-private partnership model developed by ACT Housing, and has Treasury assessed the utility of advice associated with previous proposals as a basis for developing future proposals?
3. Why is the government not funding legal advice on such matters as part of the budgets for specific projects?
4. How was the cost for this measure calculated?

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

1. The funding in the budget relates to funding for legal, financial and project advice which would be required for a public private partnership procurement model for a Government Office building.

While there may be some generic and common elements in PPP contracts, the specific benefits of public private partnerships vary between projects, depending upon the nature of the project and the objectives of the Government. The legal and financial arrangements, therefore, and the treatment and allocation of risks would be specific to the project.

2. PPP arrangements have high transaction costs which need to be offset by commensurate benefits. Such models are therefore usually considered for projects of a significantly large scale, which are not generally undertaken by the ACT Government, and each of these are assessed on a case by case basis.

Treasury's consideration of advice for a range of sources is encapsulated in Procurement Circular 2007/20, *Implementing Private Provision of Public Infrastructure Projects in the ACT (October 2007)*. This circular is available from the Treasury website.

3. This funding relates to the potential transaction costs of a potential Public-Private Partnership, and is contingent upon a decision to adopt a PPP model. The responsibility for this part of the transaction will rest with Treasury also it is envisaged that the advice will be used to assist with other procurement decisions in the future.

4. The cost of this measure is an estimate based on average rates for legal and financial consultancy services, the size of the project and an assessment of the legal and financial factors where the Government may require expert assistance.

6. Treasurer Seselja

Land Rent

Zed Seselja MLA : To ask the Treasurer

In relation to : **Land Rent**

1. By what mechanism will the Treasury deliver on its “guarantee” to the Estimates committee on Friday 16 May 2008 that the Land Rent Scheme will not put home buyers into negative equity positions?
2. Will a condition of the Land Rent scheme be that purchasers of homes make repayments on their the capital component of their loans at a level greater than the annual amount of depreciation?
3. Do the assumptions underpinning Treasury’s modelling of future equity held by Land Renters differ from the Australian Taxation Office assessment of the effective life for key components of a home, including carpets (10 years), curtains (6 years), cook tops (12 years), dishwashers (10 years), range hoods (12 years)?
4. What assumption does Treasury make as to the effective life of a building on a Land Rent block and what is the assumed annual amount of depreciation for the average home on Land Rent block?
5. What other statistical assumptions made by Treasury in modelling the future equity held by Land Renters?
6. How much has Treasury budgeted for the ACT government to spend per transaction on solicitor’s fees for processing resales of Land Rent blocks to purchasers who wish to buy the land?
7. How much annual turnover does Treasury assume will occur in relation to the stock of Land Rent blocks, and how much of the turnover is anticipated to be sales to successor Land Renters, versus sales to land purchasers?
8. How many mortgage repossessions by the banks has been assumed by Treasury in its modelling and what is the expected impact on growth in the stock of Land Rent blocks?

Treasurer: The answer to the Member’s question is as follows:–

1. The premise of the Member’s question is incorrect. Treasury has given no such ‘guarantee’.

Households may end up in a negative equity position due to a range of factors, that may result from the decisions they make, and/or beyond any Government’s control. Such factors include the level of mortgage relative to the value of the property, changes in market conditions, financial institutions’ lending criteria, maintenance, upkeep of the dwelling, and the interaction of these factors.

Ensuring that a household does not end up in a negative equity position is a matter that financial institutions and households consider as part of entering into a financial/mortgage arrangement. Financial institutions often require mortgage insurance to protect themselves from the risks, including the potential for negative equity, associated with housing loans.

Treasury's modelling, using a range of assumptions around depreciation, loan repayments and house prices, indicates that households should not move into a negative equity position, as a result of the land rent scheme.

The Government notes that house prices are volatile and the household should seek advice prior to entering the scheme. The Government is therefore running a compulsory information session for all households wishing to enter the scheme.

The Committee should note that households renting land will be particularly immune to the risk of a drop in land prices, to which other households are currently exposed.

2. No. The Government will advise households participating in the scheme of the relative merits of alternative housing options through the information session. It is a matter between the financial institution and households to determine the appropriate size and repayment schedule of loans.
3. Yes. The overall depreciation of the house is taken into account. Treasury modelling also takes into account maintenance costs for the property.
4. As indicated in previous modelling submitted to the *Select Committee on Estimates 2008-09*, Treasury has modelled the effective life of a building based on a 30 year effective life (3.3 per cent depreciation rate) and a 40 year effective life (2.5 per cent depreciation rate).
5. Other assumptions made by Treasury include:
 - 20 per cent deposit;
 - 9 per cent interest rate;
 - land value of \$160,000;
 - house value of \$200,000;
 - annual income growth of 5 per cent, consistent with the long term growth in average weekly earnings¹;
 - household income of \$50,000;
 - annual maintenance costs of 1 per cent of the total value property;
 - land price growth of 4-7 per cent;
 - 6 per cent discount rate; and
 - 120 blocks are land rented per annum.
6. There would be no 'resale' of the lease from the Government's point of view. There may be a transfer of the lease between households and possibly at different rates. The transfer may also involve a household paying the capital value.

Lease transfers already occur under the Territory's land management system and the relevant agencies are funded for their activities.

¹ As released by the Australian Bureau of Statistics

7. Treasury has not modelled the level of turnover of rented land. Treasury modelling has assumed that around 20 blocks are purchased outright each year after a period of 5 years.

The extent of turnover, however, does not impact on the design of the scheme.

8. Treasury modelling assumes no mortgage repossession by financial institutions.

10. Treasurer Mulcahy

ACT property Council advice

Richard Mulcahy MLA to ask the **Treasurer** in relation to the Net Operating Balance reported in the 2008-09 Budget (2008-09 Budget, BP3, p. 239):

- Given that the actual outcome for the 2007-08 financial year was substantially in excess of the budgeted outcome in the 2007-08 Budget, do you now have a different view of the advice of the ACT Property Council in the 2007-08 Estimate's Committee hearings?
- If so, how have your views changed?

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

1. No. The advice from the ACT Property Council was mistaken and not relevant to the ACT's operating balance.

The better than expected outcome is largely due to stronger than expected activity in the residential and commercial property market, and higher than expected GST revenue.

The advice of the ACT Property Council in the 2007-08 Estimate's Committee hearings related to expected land sales by the Land Development Agency and was not relevant to the operating balance.

In particular, the President of the ACT Property Council, Mr Hedley, suggested that the Government had failed to take account of three significant commercial land sales in 2007-08 — namely, Section 63, QEII and sites on Constitution Avenue.

Mr Hedley said —

“We believe that in the city area alone there could be an underestimate of dividends from the Land Development Agency of upwards of \$100 million in revenue.”

There is no such increase in dividend from the LDA. It appears that the Council mistakenly believed that the proceeds from land sales should be treated as revenue.

The ACT Government does not treat the proceeds from asset sales as operating revenue — consistent with Australian and international government finance standards.

2. Not applicable given the response to Question 1.

11. Treasurer Mulcahy

Review of Government Program

Richard Mulcahy MLA to ask the **Treasurer** in relation to the priorities for the Department of Treasury in the 2007-08 ACT Budget (2007-08 Budget, BP4, p. 67):

- What reviews were undertaken as part of the priority to undertake specific reviews of government programs to advise if resources are efficiently and effectively allocated?
- What were the outcomes of each of these reviews?

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

- Treasury reviews and benchmarks programs and service areas to assist the Government in its resource allocation decisions through the annual Budget. Such reviews could be undertaken by Treasury alone, or in conjunction with other agencies. The Review of Concessions is one such example.
- The outcomes of the reviews form part of advice to Budget Cabinet, and may be implicitly reflected in the Budget decisions.

12. Treasurer Smyth

Payroll tax

MR SMYTH : To ask the Treasurer

In relation to payroll tax:

1. How many businesses in the ACT are subject to payroll tax in each of the following ranges of total ACT wages:

- (a) \$1,500,000 - \$1,750,000
- (b) \$1,750,000 - \$2,000,000
- (c) \$2,000,000 - \$2,250,000
- (d) \$2,250,000 - \$2,500,000
- (e) \$2,500,000 - \$2,750,000
- (f) \$2,750,000 - \$3,000,000
- (g) \$3,000,000 - \$3,250,000
- (h) \$3,250,000 - \$3,500,000
- (i) \$3,500,000 - \$3,750,000

2. What is the aggregate value of payroll tax received from each of the groups (a) to (i) in 1 (above).

Treasurer : The answer to both of the Member's question is as follows:-

	Total ACT Wages	No. of business	Payroll tax received
(a)	\$1,500,000 - \$1,750,000	90	\$ 6,168,252
(b)	\$1,750,000 - \$2,000,000	54	\$ 4,634,358
(c)	\$2,000,000 - \$2,250,000	40	\$ 3,918,683
(d)	\$2,250,000 - \$2,500,000	41	\$ 4,977,485
(e)	\$2,500,000 - \$2,750,000	23	\$ 3,083,898
(f)	\$2,750,000 - \$3,000,000	21	\$ 3,376,584
(g)	\$3,000,000 - \$3,250,000	19	\$ 3,264,560
(f)	\$3,250,000 - \$3,500,000	14	\$ 2,913,056
(i)	\$3,500,000 - \$3,750,000	15	\$ 3,333,210

13. Treasurer Smyth

Goods and Services Revenue

MR SMYTH : To ask the Treasurer

In relation to revenue from the sale of goods and services(refer Budget Paper No. 3, page 41, Table 3.1.8):

1. What are the various regulatory services for which fees are paid.
2. How much revenue is collected from each of the categories of fees identified in 1 (above).
3. What are the various categories of sales activities from which revenue is generated.
4. How much revenue is collected from each of the categories of sales activities identified in 3 (above).
5. What are the various categories of service receipts for which payments are made.
6. How much revenue is collected from each of the categories of service receipts identified in 5 (above).
7. What are the various categories of miscellaneous revenue that are collected.
8. How much revenue is collected from each of the categories of miscellaneous revenue identified in 7 (above).

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

1. Fees for regulatory services largely consist of commercial and domestic tip fees, land title fees, road rescue fees and technical and planning regulatory fees.

2. The below table provides the amount of revenue collected from various regulatory service fees:

Fees for Regulatory Services	2008-09 Budget \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
Commercial and Domestic Tip Fees	15,635	16,019	16,567	17,167
Technical and Planning Regulatory Fees	9,185	9,581	9,945	9,945
Land Title Fees	6,170	6,388	6,499	6,758
Road Rescue	2,879	2,981	3,033	3,154
Court Fees	1,748	1,810	1,841	1,915
Liquor License Fees	1,028	1,065	1,083	1,126
Motor Vehicle Inspection	720	745	758	788
Other	13,929	14,401	14,787	15,358
Total Fees for Regulatory Services	51,295	52,99	54,513	56,212

3. Revenue from sales activity is predominantly from Yarralumla Nursery and ticket sales at The Canberra Theatre Centre, exhibitions and shows and management fees on trusts.

4. The below table provides the amount of revenue collected from each of the categories of fees identified in "3" above:

Sales Revenue	2008-09 Budget \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
Ticket Sales at Canberra Theatre Centre	3,873	3,971	3,972	4,055
Yarralumla Nursery	3,748	3,836	3,941	4,040
Management Fees on Trusts	3,099	3,255	3,413	3,569
Exhibition and Shows	2,315	2,317	2,379	2,442
Burial Plots and the Interment of Ashes	2,182	2,269	2,360	2,454
Total Sales Revenue	15,217	15,648	16,065	16,560

5. Revenue from services is predominantly from facilities fees paid by health specialists, CIT student fees and education international students fees, hire of educational facilities and commercial linen services.

6. The below table provides the amount of revenue collected from each of the categories of fees identified in “5” above :

Service Receipts	2008-09 Budget \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
Facility Fees from Specialist’s private practice, Pathologists and Radiologists	41,613	42,685	43,413	44,538
CIT Student charges	14,429	14,765	15,134	15,134
International Student Fees and Hire of Educational Facilities	13,973	14,310	14,656	14,676
Commercial Linen/Laundry Services	5,750	5,927	6,090	6,303
Events at Canberra Stadium, Manuka Oval and Stromlo Forest Park	4,412	4,547	4,673	4,836
Fees from Hire of Parklands	1,264	1,303	1,339	1,386
Environmental Protection and Compliances fees	741	764	785	813
Other	15,999	16,507	17,134	17,685
Total Service Receipt	98,181	100,808	103,225	105,371

7. Miscellaneous revenue predominantly consists of pathology and other health related services.

8. The below table provides the amount of revenue collected from each of the categories of fees identified in “7” above :

Miscellaneous Revenue	2008-09 Budget \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
Pathology and other health related services	6,057	6,187	6,260	6,410
Fees related to regulatory services	1,690	1,741	1,810	1,883
Other	545	661	672	685
Total Miscellaneous Revenue	8,292	8,589	8,742	8,978

14. Treasurer Smyth

Stamp duty

Mr Smyth : To ask the Treasurer

In relation to stamp duty on conveyancing:

1. For each of the past seven financial years, how many residential and how many commercial transactions have been recorded for the payment of stamp duty on conveyancing.
2. For each of the past seven years, how much revenue has been generated from stamp duty imposed on residential conveyancing transactions and on commercial conveyancing transactions.
3. For each of the financial years 2008-09, 2009-10, 2010-11 and 2011-12, what are the estimates of revenue for stamp duty imposed on commercial and on residential conveyancing transactions.

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

1. The number of residential and commercial conveyance transactions for the past seven financial years is in the below table.
2. The value of residential and commercial conveyance revenue for the past seven financial years is in the below table.

Year	Commercial		Residential	
	\$	Volume	\$	Volume
2001-02	20,779,949	192	101,455,045	16,025
2002-03	22,145,676	295	125,492,165	15,874
2003-04	48,491,862	309	138,015,299	12,435
2004-05	27,261,828	417	112,229,785	10,842
2005-06	49,137,433	384	119,909,828	11,420
2006-07	67,453,094	566	163,745,880	12,245
2007-08*	94,136,000	417	187,413,918	12,980

*The 2007-08 data is based on estimated outcome and excludes LDA transactions

3. The estimates of revenue for stamp duty on commercial and residential properties for the financial years 2008-09, 2009-10, 2010-11 and 2011-12 are in the below table.

Year	Commercial \$	Residential \$
2008-09	\$78,899,000	\$191,272,000
2009-10	\$73,943,000	\$199,126,000
2010-11	\$70,653,000	\$207,308,000
2011-12	\$65,780,000	\$221,427,000

15. Treasurer Smyth

Interest income

MR SMYTH : To ask the Treasurer

In relation to the receipt of interest income (refer Budget Paper No. 3, page 43, Table 3.1.9):

1. What are the various sources of interest income from banks.
2. How much interest income is received from each of these sources of interest.

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

1. Interest from banks comprises interest earned from cash balances held in agency transactional banking accounts and interest earned from 'interest' generating investments as opposed to other investment asset classes such as equities.
2. For 2008-09, of the total amount of \$119.989 million, interest from cash balances in bank accounts is in the order of \$3.6 million. The balance of interest relates to interest earnings from 'interest' generating investments of the Territory Banking Account and the Superannuation Provision Account.

16. Treasurer Smyth

Land tax

MR SMYTH : To ask the Treasurer

In relation to land tax:

1. In 2007-08, how many properties paid land tax in each of the categories of (a) rateable commercial properties; (b) residential properties that are rented; (c) residential properties owned by a trustee or a corporation.
2. For each of the past seven financial years, how much land tax was paid by (a) rateable commercial properties; (b) residential properties that are rented; (c) residential properties owned by a trustee or a corporation.
3. For each of the financial years 2008-09, 2009-10, 2010-11 and 2011-12, what are the estimates of revenue for land tax imposed on each of the three categories of property set out in 1 (above).

A/g Treasurer : The answer to the Member's question is as follows:–

1. In 2007-08 the number of properties paying land tax by each category is:
(a) rateable commercial properties – **5,369**
(b) residential properties that are rented – **23,837**
(c) residential properties owned by a trustee or a corporation – **2,882**

This data has been taken as at 9 May 2008 for 2007-08 financial year.

2. The splits of actual figures for these categories are not readily available and would take significant resources to obtain. The following represents an estimate of the split based on original budget estimates at the start of each year (therefore, does not pick up new property growth or interest charges within the year) .

Year	Commercial (a) \$'000	Residential (excl comp owned) (b) \$'000	Company Owned (c) \$'000
2001-02	\$ 15,743	\$ 15,076	\$ -
2002-03	\$ 18,404	\$ 17,679	\$ 1,693
2003-04	\$ 20,595	\$ 22,664	\$ 2,751
2004-05	\$ 23,149	\$ 27,032	\$ 3,524
2005-06	\$ 23,868	\$ 27,674	\$ 3,871
2006-07	\$ 29,563	\$ 30,091	\$ 5,001
2007-08	\$ 36,301	\$ 31,012	\$ 4,589

3. For each of the financial years 2008-09, 2009-10, 2010-11 and 2011-12, the estimates of revenue for land tax on commercial and residential properties are provided below. The land tax revenue forecasts do not separate company owned transactions from other residential transactions, therefore these have been included in the residential column.

Year	Commercial \$'000	Residential \$'000	Company Owned \$'000
2008-09	\$ 43,057	\$ 40,368	incl in res
2009-10	\$ 44,603	\$ 41,817	incl in res
2010-11	\$ 46,188	\$ 43,303	incl in res
2011-12	\$ 47,812	\$ 44,826	incl in res

The amounts differ to those in Budget Paper No. 3 page 29, by the amount collected from the General Government Sector. Amounts collected from the GGS are not included in consolidated statements.

17. Treasurer Smyth

New tax

MR SMYTH : To ask the Treasurer

In relation to the imposition of new taxes in the 2008-09 ACT Budget:

1. What was the rationale for introducing fees for lease extensions.
2. What is the estimate of revenue that will be generated from the imposition of fees for lease extensions in 2008-09, 2009-10, 2009-10 and 2010-11.
3. What was the rationale for introducing fees for a temporary licence to use land adjacent to a development.
4. What is the estimate of revenue that will be generated from the imposition of fees for a temporary licence to use land adjacent to a development in 2008-09, 2009-10, 2009-10 and 2010-11.
5. What was the rationale for introducing fees for amending a development application.
6. What is the estimate of revenue that will be generated from the imposition of fees for amending a development application in 2008-09, 2009-10, 2009-10 and 2010-11.

A/g Treasurer – I am advised the answer to the Member’s question is as follows:

1. Fees for lease extensions were introduced as a mechanism to support the ACT’s Affordable Housing Strategy by promoting timely construction of residential housing and acting as a deterrent towards land banking for speculative purposes.
2. The estimated revenue generated from the fee for lease extensions is represented in the table below:

Estimated revenue	2008-09	2009-10	2010-11	2011-12
	\$'000	\$'000	\$'000	\$'000
Fee for Lease Extension	25	26	27	28

3. This is an existing fee. It covers various kinds of temporary uses of unleased Territory land. The fee simply recognises the principle that there should be some form of return to the community for the commercial use of Territory land.
4. Revenue from licence fees for use of territorial land in the current financial year is \$78,075. It is not expected that there will be any significant change to this in future years.
5. The new fee represents partial cost-recovery for additional work associated with an amended application. The fee is also intended to encourage applicants to ensure that Development Applications are in final form at the time of lodgement. Pre-application advice is available to assist applicants with this process, including the provision of pre-application advice at a meeting for which no fee is payable.

The fee (based on 25 per cent of the assessed Development Application fee) is derived from Brisbane City Council, which is the only other jurisdiction in Australia so far to have introduced a planning system based on Track-Assessment in any significant manner. It therefore represents the most appropriate benchmark. However, it is noted that other jurisdictions commonly charge fees of this kind, ranging from 25 per cent to 50 per cent of the assessed Development Application fee.

6. It is estimated that revenue generated from the fee to amend a Development Application will be in the order of:

Estimated revenue	2008-09	2009-10	2010-11	2011-12
	\$'000	\$'000	\$'000	\$'000
Fee for Amendment of a Development Application*	250	260	270	281

* It must also be noted that this revenue is expected to be offset, in whole or part, from the removal of a range of development activities that previously required applications, but are now exempt from requiring Development Application approval under the new planning system.

18. Treasurer Smyth

Collection of other revenue

MR SMYTH : To ask the Treasurer

In relation to the collection of other revenue (Budget Paper No. 3, page 46, Table 3.1.11):

1. What are the various sources of revenue from contributions.
2. How much revenue is generated from each of these types of contributions.
3. What are the various sources of other miscellaneous revenue.
4. How much revenue is generated from each of these sources of other miscellaneous revenue.

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

1. Contributions revenue are education related, and are generated mainly from collections for student participation in school excursions, camps and school formals et cetera, voluntary and subject contributions and various education related grants.
2. The details of contributions revenue for each type included in the budget papers are as follows:

	\$'000
<i>Schools generated revenue</i>	
Transitory Revenue (excursions, camps, etc ...)	9,301
Voluntary Contributions	1,157
Subject Contributions	1,246
Various Grants (from the community, and the Commonwealth)	2,634
Library and Building Trust Contributions	834
Hire of Schools	712
Other	1,375
Total	17,259

3. Other miscellaneous revenue consists largely of dividends from currency hedged international indexed superannuation investments, sport and recreation donations and sponsorships, and research and specific purpose grants.

4. Details of revenue generated from each of the sources contributing to miscellaneous revenue are included in the table below.

Other Miscellaneous Revenues	2008-09 Budget \$'000	2009-10 Estimate \$'000	2010-11 Estimate \$'000	2011-12 Estimate \$'000
Dividends from currency hedged international indexed superannuation investment	49,980	59,225	64,944	70,590
Sport and recreation donations and sponsorships	8,704	8,926	9,142	9,379
Research and specific purpose grants, conference revenue, multimedia external revenue, funding from DVA*	7,798	8,013	8,082	8,157
Commonwealth grants (migrant English, feasible learning, non-cash resources)	3,888	4,009	4,107	4,119
Transfer of completed roads in new suburbs	2,173	2,580	2,184	2,233
Revenue from Trust Accounts	3,076	3,075	3,153	3,234
Other Miscellaneous	4,629	5,702	5,741	5,663
Total	80,248	91,530	97,354	103,375

*Department of Veteran's Affairs

19. Treasurer Seselja

Asset Management and Capital Delivery Planning

Zed Seselja MLA : To ask the Treasurer

In relation to : **Whole of government – Asset Management and Capital Delivery Planning (page 69, BP3)**

1. How many officers in which agencies are responsible in 2007-08 for whole of government asset management and capital delivery planning, and what is presently budgeted to be spent on this function for the 2007-08 year?
2. How many officers in which agencies will be responsible in 2008-09 for whole of government asset management and capital delivery planning?
3. What is the total budget for this project and how much funding and how many staff positions have been reallocated from other agencies into Treasury in support of this initiative?

A/g Treasurer : I am advised the answer to the Member's question is as follows:

1. Agencies are responsible for their individual asset management and planning. At a whole of government level this function is undertaken by Treasury. One full time equivalent officer is currently responsible for strategic whole of government asset management. A further 39.9 FTEs are responsible for whole of government capital delivery planning within Procurement Solutions. This includes 28 staff for project management and delivery.
2. Treasury is currently reviewing work plans to determine the number of officers required to delivery on the additional requirements of strategic asset planning and delivery. The preliminary estimate is for two additional staff in the first year.

It is estimated a total of 44.9 FTEs will be responsible for whole of government capital delivery planning and project management within Procurement Solutions during 2008-09.

3. The total budget for this initiative is \$5 million over 4 years. No staff will be reallocated from other agencies.

20. Treasurer Seselja

Gaming Machine Database System

Zed Seselja MLA : To ask the Treasurer

In relation to : **Gaming Machine Database System (p85, BP5)**

1. What are the deficiencies of the existing Gaming Machine Database System?
2. Is this funding to be provided to an existing technology provider, or is there a new competitive tender involved?
3. To what extent has the cost of this measure been met from within the ACT Gaming and Racing Commission's existing depreciation budget? What is the annual depreciation budget for the ACT Gambling and Racing Commission for 2008-09?
4. Has off-the-shelf software been identified, or will a new platform be developed to meet the requirements of the ACT?
5. Are there any ongoing expenses relating to IT support staff to support the new database (internal or external staff) and are there any ongoing software user fees, and are such expenses to be met from within existing resources?
6. What is the timeframe for entering into the contract, making the new database operational and retiring the old database?

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

1. The main deficiencies of the existing database are:
 - it has almost reached its maximum limit or capacity and cannot be efficiently expanded;
 - it is not compliant with InTACT's strategic direction for information technology programs and as such it is currently unsupported by InTACT; and
 - it is operating on outdated technology, including use of non-mainstream programming language, which has limited support available.
2. The selection process for the new database will involve a competitive tender.
3. Nil for 2007-08. The depreciation budget for 2008-09 is \$15,000.
4. A new platform will be developed to meet the specific requirements of the Commission.
5. IT Support staff will be provided by InTACT. While there are not expected to be any ongoing external software user fees, InTACT support services will be met from existing Commission resources.
6. Two years including contract selection, developing and de-debugging the new database and retiring the old database when satisfactory operation of the new system has been achieved.

21. Treasurer Seselja

Record Services Mitchell Accommodation

Zed Seselja MLA : To ask the Treasurer

In relation to : **Record Services Mitchell Accommodation – Refurbishment (page 51 BP5)**

1. How much of the expenditure on Record Accommodation at Mitchell involves IT work and how much of the expenditure involves refurbishment of the interiors of the buildings 6 and 7?
2. Does this measure include funding for any new ongoing staff and how many commence in each of the four forward years?
3. What is the total cost of the project, how much depreciation has been used towards the total cost and what is the annual depreciation budget of the Shared Services Centre for 2008-09?
4. What is the current condition of the buildings, what are they presently used for?
5. Are the buildings unsuited for current occupation by staff and records?
6. What lower cost options have been looked at to the \$3.237m proposed here?
7. Where are records currently stored, which will be relocated to storage at buildings 6 & 7?

Treasurer: The answer to the Member’s question is as follows:–

1. The IT (Data and Communication) budget for “Record Services Mitchell Accommodation – Refurbishment Stage 2 (Building 6 & 7)” is \$10,000.

Refurbishment work for Building 7 is estimated at \$792,000 and Building 6 at \$60,000. These estimates do not include the cost of the new roof or other costs such as the feasibility fee, preliminaries, design fees, procurement fees and project management costs.

2. This measure includes no funding for any new ongoing staff.
3. The total budget for the “Record Services Mitchell Accommodation – Refurbishment Stage 2 (Building 6 & 7)” is \$3.237 million. The total cost of the project (excluding \$100,000 for relocation expenses) will be capitalised and depreciated over ten years.

The annual depreciation budget for the Shared Services Centre for 2008-09 is \$18.043 million.

In the Territory, no agency receives funding for depreciation as the Territory instead funds approved capital works directly through capital injections as required.

4. The buildings are part of the former Totalcare Complex in Sandford Street Mitchell and were constructed in the early 1970s.

Building 6 was constructed as an office building and is currently temporarily occupied by a small Treasury team which has been examining Totalcare personnel files to resolve outstanding superannuation issues. While the building is structurally sound it needs some limited work to bring fire, electrical and security systems up to current standards. A limited amount of work is also required on carpets, air conditioning and kitchen facilities.

Building 7 was designed as a workshop which accommodated a variety of trades previously undertaken within Government. These are known to have included carpentry, sandblasting, spray-painting, electroplating and the construction of prosthetics for Canberra's hospitals. Building 7 is in a sound physical condition and has been unused except as temporary storage for many years. The only significant concerns relate to the roof which requires replacement due to some leaks and the box gutter design which poses a risk of water overflow.

5. As indicated in the response to Question 4, Building 6 is suited for occupation by staff but needs to be brought up to current building code requirements.

In its existing form, Building 7 (which will house the both the mail room and the file store) was not suitable. The vast majority of the work required for Building 7 concerns demolition of internal walls which separated the various trade workshops, cleaning and internally painting the building and replacing the roof. Other requirements include installing security and film to windows (to prevent decay of files due to excessive light), an air circulation system, creation of a disabled toilet and removal of some asbestos cement tiles.

6. TAMS Property Management investigated the use of alternative commercial and government properties, however were not able to identify any suitable in size, cost and location.
7. In rented premises at Unit 5/23 Mildura Street (which must be vacated by 30 June 2008) and 127 Gladstone Street, Fyshwick.

22. Treasurer Seselja

Staff Numbers at Treasury

Zed Seselja MLA : To ask the Treasurer

In relation to : **Staff Numbers at Treasury**

1. What was the actual number of casual and contractor staff in 2007-08 in full-time equivalent terms?
2. What amount was spent in 2007-08 on contract staff?
3. What are the anticipated numbers of casual and contractor staff for 2008-09 in full-time equivalent terms?
4. What amount is budgeted to be spent in 2008-09 on contract staff?

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

1. As at end April 2008 Treasury employed no casual staff and three contractors. This represents a point in time and will obviously fluctuate during the year depending on operational and workforce requirements.
2. As at end April 2008 the total amount spent on contract staff was approximately \$195,000.
3. There are eight contractors expected in 2008-09.
4. The forecast budget is \$500,000.

Staff Numbers at the Shared Services Centre

Zed Seselja MLA : To ask the Treasurer

In relation to : **Staff Numbers at the Shared Services Centre**

1. What was the actual number of casual and contractor staff in 2007-08 in full-time equivalent terms?
2. What amount was spent in 2007-08 on contract staff?
3. What are the anticipated numbers of casual and contractor staff for 2008-09 in full-time equivalent terms?
4. What amount is budgeted to be spent in 2008-09 on contract staff?

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

As the 2007-08 financial year is still in progress the figures provided for questions 1 and 2 have been taken at a point in time (30 April 2008).

1. The number of casual staff was 11.33 and the number of contractors was 116.
2. The amount spent on contract staff was \$12.865 million.
3. The anticipated number of casuals is zero and contractor staff is 124.
4. The amount budgeted to be spent on contract staff is \$16.270 million.

Staff Numbers at ACTEW Corp

Zed Seselja MLA : To ask the Treasurer

In relation to : **Staff Numbers at ACTEW Corporation**

1. What was the actual number of casual and contractor staff in 2007-08 in full-time equivalent terms?
2. What amount was spent in 2007-08 on contract staff?
3. What are the anticipated numbers of casual and contractor staff for 2008-09 in full-time equivalent terms?
4. What amount is budgeted to be spent in 2008-09 on contract staff?

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

Answer:

The Managing Director of ACTEW Corporation has provided the following information in relation to ACTEW staffing arrangements.

Staff employed by ACTEW are not public sector employees, therefore Mr Seselja's questions cannot be answered in the public sector categories outlined in the questions.

ACTEW is a small organisation with very large responsibilities and assets and a small number of core staff. Staff are usually employed for 3 – 5 years on individual common law contracts with private sector employment arrangements. However a small number of staff are employed on 6 or 12 months contracts which are reviewed on expiration and renewed depending on work requirements.

From time to time it is necessary to engage additional resources for particular activities and projects. In the coming five year period, ACTEW has a \$300m capital expenditure program for the Water Security Major Projects for the Enlarged Cotter Dam, the Murrumbidgee to Googong Pipeline and the demonstration Water Purification Plant. There is also an increased general capital expenditure program approved by the independent regulator of \$300m, by far the largest annual program ever managed by ACTEW.

In view of the increased responsibilities and activities, additional staff have been engaged to provide water policy, financial, administrative and communications support and advice.

In 2007-08 ACTEW's staffing profile was 24 positions with a budget of \$4.022m. In 2008-09 there will be 34 staff with a budget of \$4.874m.

Staff Numbers at ACT Gambling & Racing Commission

Zed Seselja MLA : To ask the Treasurer

In relation to : **Staff Numbers at ACT Gambling and Racing Commission**

1. What was the actual number of casual and contractor staff in 2007-08 in full-time equivalent terms?
2. What amount was spent in 2007-08 on contract staff?
3. What are the anticipated numbers of casual and contractor staff for 2008-09 in full-time equivalent terms?
4. What amount is budgeted to be spent in 2008-09 on contract staff?

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

1. There were nil casual staff and six contracted staff equivalent to 2.81 FTE used in 2007-08.
2. \$162,664 estimated for the year to 30 June 2008.
3. It is anticipated that no casual staff will be used in 2008-09. Contract staff will be utilised to temporarily fill short term vacancies on a needs basis. This number is unknown at this point in time.
4. There is no separate budgeted amount to be spent on contract staff in 2008-09. Payment for contract staff is included along with permanent employees under employee expenses.

Staff Numbers at the ACT Insurance Authority

Zed Seselja MLA : To ask the Treasurer

In relation to : **Staff Numbers at the ACT Insurance Authority**

1. What was the actual number of casual and contractor staff in 2007-08 in full-time equivalent terms?
2. What amount was spent in 2007-08 on contract staff?
3. What are the anticipated numbers of casual and contractor staff for 2008-09 in full-time equivalent terms?
4. What amount is budgeted to be spent in 2008-09 on contract staff?

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

1. ACTIA has employed five contractors during 2007-08.
2. To date the total amount spent on contract staff is approximately \$34,000.
3. and 4. ACTIA plans to be fully staffed with permanent employees, and therefore does not specifically budget for the use of casual or contractor staff.

Staff Numbers under Exhibition Park Corp

Zed Seselja MLA : To ask the Treasurer

In relation to : **Staff Numbers under Exhibition Park Corporation**

1. What was the actual number of casual and contractor staff in 2007-08 in full-time equivalent terms?
2. What amount was spent in 2007-08 on contract staff?
3. What are the anticipated numbers of casual and contractor staff for 2008-09 in full-time equivalent terms?
4. What amount is budgeted to be spent in 2008-09 on contract staff?

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

1. Exhibition Park Corporation employs casual and contractor staff for its Catering Operations. The full-time equivalent for 2007-08 is expected to be 3.
2. The estimated outcome for the 2007-08 financial year for contract and casual staff is \$0.167m.
3. Exhibition Park Corporation has budgeted to employ 2.5 full-time equivalent casual and contract staff, in its Catering Operations in 2008-09.
4. \$0.131m for both its casual and contract staff.

Staff Numbers at ACTTAB Ltd

Zed Seselja MLA : To ask the Treasurer

In relation to : **Staff Numbers at ACTTAB Ltd**

1. What was the actual number of casual and contractor staff in 2007-08 in full-time equivalent terms?
2. What amount was spent in 2007-08 on contract staff?
3. What are the anticipated numbers of casual and contractor staff for 2008-09 in full-time equivalent terms?
4. What amount is budgeted to be spent in 2008-09 on contract staff?

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

In response to the specific questions asked by the Minister: - :

1. The estimated number of casual and contractor staff for the 2007-08 financial year in full time equivalent terms is; casuals 37.2 and contractors 1.2.
2. The estimated expenditure on contract staff for the 2007-08 financial year is \$130,160.
3. The anticipated number of casual staff in the 2008-09 financial year in full time equivalent terms is 38.1. The estimated number of contractor staff engaged during this period in full time equivalent terms is 1.8.
4. The total budgeted spend on contract staff for 2008-09 is \$310,200.

Staff Numbers at Rhodium Assets Solutions Ltd

Zed Seselja MLA : To ask the Treasurer

In relation to : **Staff Numbers at Rhodium Assets Solutions Limited**

1. What was the actual number of casual and contractor staff in 2007-08 in full-time equivalent terms?
2. What amount was spent in 2007-08 on contract staff?
3. What are the anticipated numbers of casual and contractor staff for 2008-09 in full-time equivalent terms?
4. What amount is budgeted to be spent in 2008-09 on contract staff?
5. Why is the estimated outcome for full-time equivalent staff in 2007-08 (shown at page 575 of Budget Paper 4) different to the budgeted outcome for 2007-08?
6. In the year prior to Rhodium's removal from schedule 1 of the Territory-owned Corporations Act 1990, how many former Rhodium staff have and will be redeployed to other agencies within the ACT General Government Sector?

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

1. Nil casual staff and 13 contractor staff.
2. \$2.157m to 30 April 2008.
3. Nil Casual. With the sale of Rhodium the preferred buyer has indicated that they would want all current staff to remain with Rhodium during a six month transition period. If the sale is concluded by 30th June 2008 then it is expected that the existing 13 contractors would stay during the transition period.
4. No amount has been budgeted for in 2008-2009 as it is expected that Rhodium will be sold by 30th June 2008.
5. At the time the 2007-08 Budget was prepared, Rhodium was expected to be sold by 30 June 2007. Therefore, no estimates of staff numbers were provided in the 2007-08 Budget Papers for the 2007-08 financial year.
6. If Rhodium is sold by 30th June 2008 and removed from Schedule 1 of the Territory-owned Corporations Act 1990 at that date, a total of four staff members would have been redeployed to an agency within the ACT Government Sector. Another six staff have left Rhodium and found jobs within the ACT Government Sector from their own endeavours.

Staff Numbers in the Home Loan Portfolio

Zed Seselja MLA : To ask the Treasurer

In relation to : **Staff Numbers in the Home Loan Portfolio**

1. What was the actual number of casual and contractor staff in 2007-08 in full-time equivalent terms?
2. What amount was spent in 2007-08 on contract staff?
3. What are the anticipated numbers of casual and contractor staff for 2008-09 in full-time equivalent terms?
4. What amount is budgeted to be spent in 2008-09 on contract staff?

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

The Home Loan Portfolio did not employ casual or contractor staff in 2007-08, nor does it intend to do so in 2008-09.

Prices of residential conveyances

Steve Pratt MLA : To ask the Treasurer

In relation to : **Prices of residential conveyances (BP 3)**

1. How does the Treasurer reconcile the statement at page 32 of Budget paper 3 that “Residential conveyances are ... expected to increase in terms of both value and volume”, with the statement at page 140 that “Residential ... real property prices are expected to be flat in 2008-09” and the statement at page 145 that “real residential property prices in the ACT are expected to be flat in 2008-09”?
2. What is the assumed rate of residential property price change in 2008-09, as used for calculating conveyancing duty income?
3. What rate of residential property price change is assumed for purposes of other estimates in the budget?

Treasurer : The answer to the Member’s question is as follows:–

1. The reference on page 32 of Budget paper 3 is in relation to the nominal amount of duty received from conveyances. The references to real residential property prices (pages 140 & 145) are in the context of the value of house prices relative to inflation.
2. The assumed rate of residential property price change in 2008-09, as used for calculating conveyance duty revenue is 3.0%.
3. The rate of residential property price change as assumed for purposes of other estimates in the budget is also 3.0%.

ACT Gambling & Racing Commission

Bill Stefaniak MLA : To ask the Treasurer

In relation to : **ACT Gambling & Racing Commission**
(BP4, P415-424 & Statement of Intent)

1. BP4, P415 – 2008-09 Priorities
 - (a) What laws does the Commission intend to review during 2008/09?
 - (b) Who are the Commission’s stakeholders and what is being done to maintain links with them?
 - (c) What typically are the participation rates for the Commission’s public education programs?
 - (d) What do the public education programs cost?
2. BP4, P418 – Output Class 1
 - (a) Why will total costs increase by more than 5% in 08/09?
3. BP4, P421 – Balance Sheet – Intangibles
 - (a) (see also BP4, P424 – Balance Sheet, 2nd dot point) What is the capability of the proposed gaming machine database system?
 - (b) What process is planned for the development of the system?
 - (c) Will the system be sourced externally to the ACT Government? If so, from where and by what process?
 - (d) For what purposes are the budget amounts in the out years?
4. Statement of Intent P3 – Corporate Objective (a)
 - (a) If the Commission is to operate along business-like lines, why does it not pay a dividend to the government (apart from forwarding taxation receipts to the government)?
5. Statement of Intent P5 – Interactive Gambling
 - (a) How many interactive gambling licences have been issued in the ACT?
 - (b) What, if anything, does the Commission do to monitor interactive gambling providers based outside the ACT, but whose gaming is accessible to ACT residents through the internet or other means?
6. Statement of Intent P6 – General Activities
 - (a) With what industry-based gambling representative or lobbying organisations does the Commission interact?
 - (b) What is the frequency of that interaction?
 - (c) What is the nature of the interaction?
7. Statement of Intent P8 – Research and Education
 - (a) When was the problem gambling website launched?
 - (b) How many “hits” has it had since launch?
 - (c) What feedback on the website has the Commission received?

8. Statement of Intent P19 – Attachment 4
 - (a) Profitability ratios – Why did the ratios decrease so significantly from 06/07 to 07/08, 08/09 and the out years?
 - (b) Debt Management – why did the interest cover ratio decrease so significantly from 07/08 to 08/09 and the out years?
9. Staffing - BP4, p416 - Staffing Budget 07/08 – 33; Est outcome 07/08 – 30; Budget for 08/09 - 33
 - (a) What is the nature of the unfilled positions?
 - (b) What was the staff turnover in 07/08?
 - (c) Does the Commission experience difficulty securing staff with the right qualifications?
 - (d) What is being done to secure staff with the right qualifications?
10. Does the Commission use the Shared Services Centre? If so:
 - (a) has the Commission's cost of providing corporate services increased or decreased as a result of using the Shared Services Centre ?
 - (b) have there been any unexpected costs imposed on the Commission arising from the use of the SSC?
 - (c) have the turnaround times for the payment of invoices been better or worse through the SSC?
 - (d) has there been any change in the number of complaints from external organisations about slow paying of accounts?
 - (e) have there been any other issues in dealing with matters through the SSC in contrast to the way in which these were dealt with by the Commission?

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

1. (a) The Commission plans on continuing with its reviews of the *Unlawful Games Act 1984* and the *Race and Sports Bookmaking Act 2001* in 2008-09.
- (b) The Commission's major stakeholders are the Government, Government Departments and agencies, gambling licensees, various gambling industry groups and the community (including community groups). The Commission maintains links with the various stakeholders through regular written, electronic and oral communication as appropriate in each case and by providing advice or comment either on request or at the Commission's initiative.
- (c) Many of the Commission's education programs are specifically targeted to gambling licensees where participation rates are very high. Public education programs are conducted through the media (television and newspaper) or by providing brochures at gaming venues. In these cases it is not practical to directly measure participation rates. Feedback from counselling groups, such as Lifeline Canberra, indicate that their inquiry rates for gambling counselling services increases during public education campaigns.

- (d) Development and printing of brochures for distribution to all gambling licensees and community groups is typically in the order of \$1,000 while television may cost up to \$35,000 to \$40,000 for a one month intensive campaign. Newspaper advertisements are typically around \$2,000 for large ads.
- 2. (a) Total costs for Output Class 1 are expected to increase by 5.2% due to an increase in expenses as outlined in the Operating Statement on page 420 of BP4.
- 3. (a) The proposed Gaming Machine Database will be used to assess monthly gaming machine tax liabilities and to record technical specifications and amendments for each licensed gaming machine. It will also be used to operate the licensing system for gaming machine Attendants and Technicians.
 - (b) & (c) Through InTACT, the proposed Gaming Machine Database will be developed based on specifications provided by the Commission for the conduct of an external public tender process.
 - (d) The budget amounts in the out years for 'intangibles' are the residual value of the proposed Gaming Machine Database following allowance for depreciation.
- 4. The Commission is a statutory authority providing a regulatory or service function and operates along business-like lines to reflect that it is conducted in a cost effective and efficient manner. It is not a commercial enterprise but aims at minimising its costs by operating efficiently like any business would be expected.
- 5. (a) A total of 2 interactive gaming licences have been issued in the ACT since 1998. Neither of these licences are current.
 - (b) The Commission has no jurisdiction on the conduct of interactive gaming activity outside of the ACT. The Commonwealth, through the Interactive Gambling Act 2001, has responsibility for controlling interactive gambling services on a national basis.
- 6. (a), (b) & (c) The Commission interacts with ClubsACT, the ACT Branch of the Australian Hotels Association, the ACT Bookmakers Association and various national bodies (eg. Clubs Australia and the Australian Casino Association) on a needs basis. Interaction is irregular, though sometimes frequent, depending on topical issues. The interaction is business in nature and involves the exchange of information or discussions of issues relevant to the industry group.
- 7. (a) The Commission's new problem gambling website was launched on 9 May 2008.
 - (b) In the 13 days since its launch it has had 37 hits.
 - (c) The Commission has had very positive feedback from a range of counselling services, other agencies and individual persons.

8. (a) The actual operating result for 2006-07 was larger than budgeted which resulted in higher profitability ratios in that year while 2007-08 and the out years are expected to be closer to the budgeted result.
- (b) The interest cover ratio decreased from 2007-08 to 2008-09 and the out years due to the Commission entering into two finance leases for vehicles part way through the 2007-08 financial year while full year payments are budgeted for the subsequent years.
9. (a) The unfilled positions are one of each SOG C, ASO 6 and ASO 4 positions.
- (b) A total of seven staff left the Commission at various stages during 2007-08 (including permanent, contract staff and those on higher duties elsewhere). Recruitment action resulted in six staff commencing with the Commission (either permanently, as contract staff or by temporary transfer) not all of whom are still present.
- (c) Experienced investigators are difficult to secure at most employment levels.
- (d) The Commission recruits personnel with general experience or skills and provides or accesses specialised training in those areas that are needed.
10. (a) The Commission uses the Shared Services Centre under agreement for corporate services (personnel and recruitment) and IT. A comparison of the Commission's costs of outsourcing these services prior to Shared Services being established is not possible to accurately measure as the various services provided are not exactly the same. However, in overall terms, the relative costs have remained approximately the same.
- (b) No unexpected costs have been imposed.
- (c) The Commission operates its own financial services.
- (d) No.
- (e) No.

ACTTAB Ltd

Bill Stefaniak MLA : To ask the Treasurer

In relation to : **ACTTAB Ltd**
(BP4, P451-457)

1. BP4, P451, 1st and 2nd dot points (ref also P453 – Operating Statement – Depreciation and Amortisation, and P457 – Balance Sheet – 2nd dot point – property, plant & equipment – new capital outlays of \$4.1m)
 - (a) What new and/or improved capabilities will be delivered by the new capital outlays for property, plant & equipment?
 - (b) What is the timeframe for supply, installation and commissioning?
 - (c) What are the planned procurement arrangements?
 - (d) Why is depreciation maintained at a relatively constant level in the out years, given the \$4.1m new capital outlays planned for 08-09?
2. BP4, P451, 4th dot point (market research)
 - (a) What is the estimated cost for the market research, and where is it accounted for in the Operating Statement (P453)?
 - (b) When will the research be undertaken?
 - (c) What are the planned procurement arrangements?
3. BP4, P451, 7th dot point (staff attraction/retention)
 - (a) What strategies are in place currently for staff attraction and retention?
 - (b) What changes to those strategies are anticipated for 08-09?
 - (c) What was the staff turnover during 07-08?
 - (d) What activities are planned to promote ACTTAB as an employer of choice?
4. BP4, P451, 8th dot point (harm minimisation strategies)
 - (a) What specific strategies does ACTTAB employ to minimise the harmful effects of gambling in our community?
 - (b) In particular, what public education/information programs are undertaken each year and at what cost?
 - (c) What is the level of public participation in those programs?
 - (d) Does ACTTAB measure the effectiveness of those programs? If so, how is that measured and what were the results for 07-08?
5. BP4, P451, 9th dot point (sponsorships)
 - (a) How many sponsorships did ACTTAB take on during 07-08 and at what total cost?
 - (b) What is the sponsorship budget for 08-09?
 - (c) What is ACTTAB's policy in relation to sponsorship opportunities with organisations whose primary constituents are aged under 18 years?
6. Does ACTTAB use the Shared Services Centre? If so:

- (a) has ACTTAB's cost of providing corporate services increased or decreased as a result of using the Shared Services Centre ?
- (b) have there been any unexpected costs imposed on ACTTAB arising from the use of the SSC?
- (c) have the turnaround times for the payment of invoices been better or worse through the SSC?
- (d) has there been any change in the number of complaints from external organisations about slow paying of accounts?
- (e) have there been any other issues in dealing with matters through the SSC in contrast to the way in which these were dealt with by ACTTAB?

Member's Signature and Date

Superannuation liabilities

Richard Mulcahy MLA to ask the **Treasurer** in relation to the funding of defined benefit superannuation liabilities in the 2008-09 ACT Budget (BP3, p. 134):

- In light of the losses incurred in the current financial year, on what basis does the Government believe that it will meet its target to fully fund all defined benefit superannuation liabilities by 2030?

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

The funding of the defined benefit employer superannuation liabilities is managed through the combination of the investment plan, with the target return objective, and the annual level of funding to the Superannuation Provision Account (SPA) in the form of capital injections.

The investment plan is designed to achieve a long term return objective of five per cent (net of inflation and fees). While the investment portfolio may achieve a negative return this financial year, it is the long term annualised return of the portfolio that is critical to the achievement of the funding objective. It is recognised that there will be negative returns from time-to-time over the funding period.

Over the past eleven years, including the current financial year, the portfolio has achieved an annualised return of over six per cent (net of inflation and fees), which is ahead of the current return objective.

The funding plan incorporates an annual amount of capital injection into the SPA, indexed for inflation. The level of annual capital required to achieve the funding objective is reviewed during the annual Budget process and takes into account past portfolio investment returns, the current level of financial assets, and the expected returns going forward.

Date:

Water Security Projects

DR FOSKEY: To ask the Treasurer

In relation to : Water Security Projects

- Q1a One of the initiatives from the suite of Water Security Projects is “investigating the extension of Permanent Water Conservation measures” – aren’t they already permanent?
- Q1b The budget for non-ACT Government water usage is based on the end of Stage 3 water restrictions, has ACTEW taken into account the fact that the region is back in drought?

In relation to : Smart Metering

- Q2a Where will the pilot Smart Metering program be implemented?
- Q2b What is the timetable for the rollout of electricity Smart Meters?
- Q2c Will Smart Meters for both electricity and water be installed in those houses simultaneously?

In relation to : Per capita water consumption

- Q3a What is the strategy to reduce per capita mains consumption by 12% by 2013? What is the target in volume?
- Q3b What is the resulting projected increase in dam storage levels? (or is it balanced by population growth?)
- Q3c Has ACTEW done modelling which shows that our water supply capacity will need a cap on population growth, otherwise demand will exceed supply?

In relation to : Water allocations

- Q4 Has the move from water allocations to access entitlements resulted in overall reduction in groundwater use? Any other notable changes?

In relation to : the Utilities (Network Facilities) Tax

Q5 Is ACTEW considering changing the application of this tax so it is more equitably spread (ie. Exempting low income households)?

In relation to : the ACTEW Partnerships revaluation

Q6 Why was only the ACTEW Distribution Partnership revalued, not the Retail Partnership?

In relation to : the National Framework for Energy Efficiency

Q7 Could you please provide us with more information on the National Framework for Energy Efficiency Stage II Program?

In relation to : the Water Abstraction Charge

Q8a Could you please explain how the Water Abstraction Charge was calculated, and why it is much higher than the ICRC recommendation?

Q8b Is there a schedule of review for the WAC?

A/g Treasurer : I am advised the answer to the Member's question is as follows:

Q1a ACT Permanent Water Conservation Measures, originally foreshadowed in the *Think water, act water* Strategy, were introduced on 31 March 2006 following a trial with the community over the summer period of 2005/2006. These measures essentially replaced what was Stage 1 of the 2004 (Temporary) Water Restrictions Scheme.

These permanent measures apply during periods with no temporary restrictions and aim to achieve a permanent reduction in potable water consumption of 8 per cent (a target that was achieved when they were in place 2005-2006). The measures were introduced to help the community meet the long-term per capita water use reduction target of 25 per cent by 2023, as outlined in the *Think water, act water* Strategy.

In October 2007, the Government announced a suite of water security measures, including an investigation into the extension of Permanent Water Conservation Measures by:

- reviewing the 2006 permanent measures and testing modified measures when temporary restrictions were lifted;
- reviewing temporary restrictions; and
- investigating the views of the community on water restrictions, including willingness to pay in order to avoid severe water restrictions, and/or support for increased conservation measures to avoid these restrictions.

The abovementioned water security initiative stemmed from the Government-commissioned 2007 Water Security Taskforce report. This report noted that the community, after having lived with tough temporary water restrictions since November 2006, had further built water conservation into their every-day life and may well be supportive of strengthened Permanent Water Conservation Measures.

With community support, such a move could further assist in ensuring that the per capita target reduction in drinking water by 2023 is comfortably met. As such, ACTEW is carrying out investigations with relevant department/s and will ensure the community continues to be engaged on this issue.

Q1b Due to timing of the release of the 2008-09 Budget, ACTEW's water revenue estimates were based on information contained within the Independent Competition and Regulation Commission's draft water and wastewater pricing decision. ACTEW decided to reflect what the Independent Competition and Regulation Commission's draft decision allowed and not pre judge the final decision by adjusting for water restrictions. This decision was made due to the possibility of major variances between the draft and final decision in regards to recovery of lost water revenue and forecast water consumption.

It was therefore determined that ACTEW would base its Statement of Corporate Intent on the Independent Competition and Regulation Commission's final decision. On receipt of final decision from the regulator, ACTEW has adjusted water revenue in the Statement of Corporate Intent to allow for Stage 3 Water Restrictions. This adjustment was made due to an increase in forecast water consumption and as the regulator did not allow ACTEW to recover lost water revenue in the current regulatory period. The Statement of Corporate Intent will be tabled in August.

Q2a Depending on the scale of the trial, the pilot Smart Metering program is to be implemented in Narrabundah, Griffith and Red Hill.

Q2b The timetable for the rollout of Smart Meters is yet to be confirmed.

The budgeted cost for the trial is around \$7 million. However, in its final pricing decision, the Independent Competition and Regulation Commission allowed ACTEW to recover \$2.8 million in relation to water.

ActewAGL may not be able to recover its costs in relation to smart metering for gas and electricity. As a result, ACTEW and ActewAGL are reconsidering timing and scale of the trial. No decision to proceed with the trial has been made.

Q2c The intention was that the trial would be multi utility and cover at least water and electricity. However as noted above, the ability of ActewAGL to recover its costs in relation to smart metering for gas and electricity has deferred commencement of the trial.

Q3a The ACT Government is committed to achieving a 12 per cent per capita reduction in water use by 2013, and 25 per cent reduction by 2023, through implementation of the *Think water, act water* sustainable water resource management strategy through the Department of Territory and Municipal Services.

The Department of Territory and Municipal Services estimates that the ACT has already achieved more than 12 per cent reduction on its water savings in the 2006-07 financial year (excluding temporary restrictions) and it is very much in line with its long term strategic target of a 25 per cent reduction by 2023. The Government has achieved these savings through a number of programs as follows.

The ACT Government has given ACTEW responsibility for the following components:

- Permanent Water Conservation Measures, and an extensive education program through ACTEW's Water Conservation Office, which have shown to deliver savings in excess of the targeted 8 per cent;
- investigation into the possible strengthening of the ACT's Permanent Water Conservation Measures following the Government's water security announcement in 2007; and
- further development of an effluent re-use program to consider projects to increase, in a sustainable manner, the ACT's effluent re-use capabilities from its current level of 7 per cent of total effluent.

The Government, through the Department of Territory and Municipal Services, is also providing the following components:

- Water Efficient programs and rebate schemes for ACT residents to better manage their water use including:
 - GardenSmart Incentive and Rebate;
 - rainwater tank rebates ;
 - grey water hose give away; and
 - Dual Flush Toilet replacement program – ToiletSmart.
- Water Efficient programs are also embedded in ACT schools through the Sustainable School initiatives including internal and external water audits and retrofit project.
- Additional programs and rebates currently under development include:
 - Government and Commercial Building Audits;
 - Government and Commercial Building Retrofits, and
 - IrrigationSmart.

The Government, through the Department of Territory and Municipal Services, is also developing an effluent re-use and storm water harvesting program known as Canberra Integrated Urban Waterways which is aimed to save 3 gigalitres of potable water annually.

Q3b Dam storage levels result from a combination of water usage and inflows/runoff. Inflows into ACT catchments are highly variable. As such,

reduced water usage is very important in managing the water taken from our storages. The reduction in per capita water usage of 12 per cent over 10 years (2003 to 2013), is effectively balanced by an average population growth of around 1 per cent per annum over that period.

- Q3c ACTEW's modelling includes ACT Government population growth projections until 2032, as detailed in the *Water Security for the ACT and Region* report of July 2007. ACTEW's modelling shows that the proposed water security infrastructure initiatives meet the Government's population projections.
- Q4 No. The replacement of water allocations with water access entitlements has not had any impact on water use, including groundwater use.
- Q5 Currently, ACTEW is able to recover the cost of the Utilities (Network Facilities) Tax under the *Independent Competition and Regulatory Commission Act 1997*.

From 1 July 2008, ACTEW will recover the cost of the Utilities (Network Facilities) Tax as per the applicable price determination of the Independent Competition and Regulatory Commission.

- Q6 At the end of last financial year ACTEW sought to revalue the investment in ActewAGL due to changed accounting policy in valuing infrastructure assets at fair value. Following liaison with ACTEW's external auditors, PricewaterhouseCoopers, it was determined that ACTEW was able to revalue the ActewAGL Distribution Partnership since the ActewAGL Distribution Partnership holds a large value of infrastructure assets.

PricewaterhouseCoopers advised that as the ActewAGL Retail Partnership holds only a small value in assets, a revaluation of this Partnership would necessitate a revaluation of goodwill. A revaluation of goodwill is not allowed.

ACTEW will seek to revisit this decision in the current year's audit.

- Q7 The National Framework on Energy Efficiency consists of a number of committees designed around implementing policies and programs on energy efficiency and reducing greenhouse emissions. The Energy Efficiency Working Group are currently finalising the National Framework on Energy Efficiency Stage 1 and commencing implementation of the National Framework on Energy Efficiency Stage 2.

Draft implementation plans for the National Framework on Energy Efficiency Stage 2 were presented to the Energy Efficiency Working Group on 24 April 2008. These plans have been finalised and will be presented to the next meeting of the Ministerial Council on Energy on 13 June 2008.

The proposed National Framework on Energy Efficiency Stage 2 package consists of the following committees:

- Continuation of the Equipment Energy Efficiency Program;
- Phase-out of Inefficient Lighting;
- Government Leadership through Green Leases;
- Heating, Ventilation and Air Conditioning (HVAC) High Efficiency Systems Strategy;
- National Water Heater Strategy; and
- Energy Efficiency Data Gathering and Analysis project.

It is anticipated that all committees, with the exception of the Government committee, would have a role in the National Framework on Energy Efficiency Stage 2. However, some committees will be abandoned on completion of their tasks; and other committees, such as the Training and Accreditation; Buildings; and Commercial and Industrial Committees, will take on extra responsibilities including the expert reference groups.

- Q8a The Treasurer seeks further advice and an answer will be provided as soon as possible.
- Q8b The Treasurer seeks further advice and an answer will be provided as soon as possible.

QTON - Economic modelling on the land rents

To ask the Treasurer:

- Agreed to provide economic modeling done on the Land rents scheme

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

The attachment provides the summary results of economic modelling undertaken by Treasury.

It covers comparison of weekly household costs and long-term returns for various tenures, amelioration of strong growth in land values and the effect of cap on increase in rents, and the equity position of households.

1. Comparison of Housing Options - Weekly Household Costs²

There are three options available to households in the ACT – privately renting a property, ownership of the house and land and participation in the land rent scheme. The table below indicates that land rent reduces weekly costs compared with land ownership, but remains higher than that of private rental.

Weekly costs to the household for renting at the discount rate would be around \$520 per week, falling to around \$500 in the following years. These costs can be compared to owning the house and the land, where households would be required to pay around \$760 per week in the first year and around \$720 in the following years.

	Year One	Following Years ³
Land Rent at Discount Rate⁴	\$523	\$499
Land Rent at Standard Rate⁵	\$585	\$560
Nominal Lease⁶	\$761	\$721
Privately Renting⁷	\$361	\$356

2. Comparison of Housing Options – Return to a Household over 30 years

Over a 30 year period, households who purchase their house and land would be financially well off, with those renting in the private rental market the worst off. These costs include costs such as mortgage repayments (principle and interest), stamp duty, rates and maintenance costs, but do not include the level of the imputed rent.

	4% Land Price Growth	7% Land Price Growth
Land Rent at Discount Rate	-\$176,132	-\$185,687
Land Rent at Standard Rate	-\$245,779	-\$264,889
Nominal Lease	-\$189,662	-\$60,654
Privately Renting	-\$435,351	-\$435,351

Note: All returns exclude imputed rent.

The assumptions for the financial modelling include:

- house value of \$200,000;
- land value of \$160,000;
- interest rate of 9 per cent;
- 30 year period;
- 6 per cent discount rate; and
- land price growth of 4 and 7 per cent.

² Includes mortgage repayments (principle and interest), stamp duty, rates and maintenance costs

³ Present Value Term

⁴ Land Rent (Discount Rate) and House Purchase

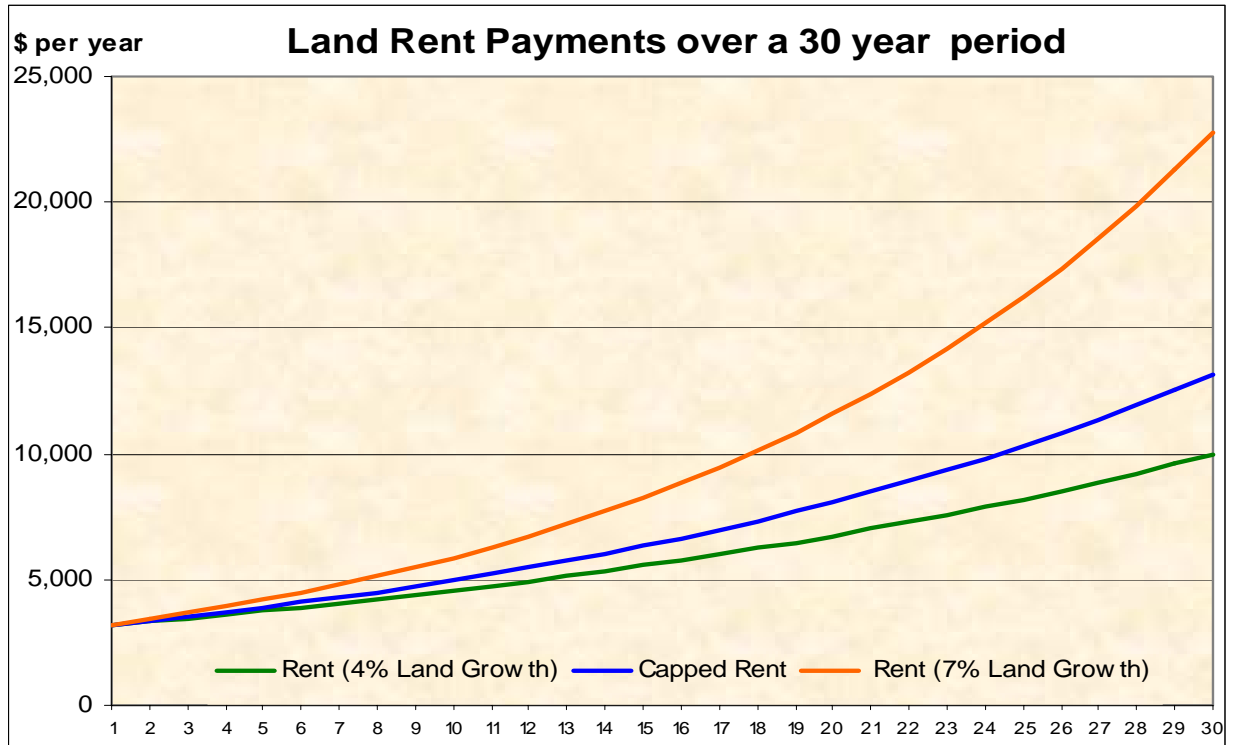
⁵ Land Rent (Standard Rate) and House Purchase

⁶ Traditional 99 year lease and house purchase

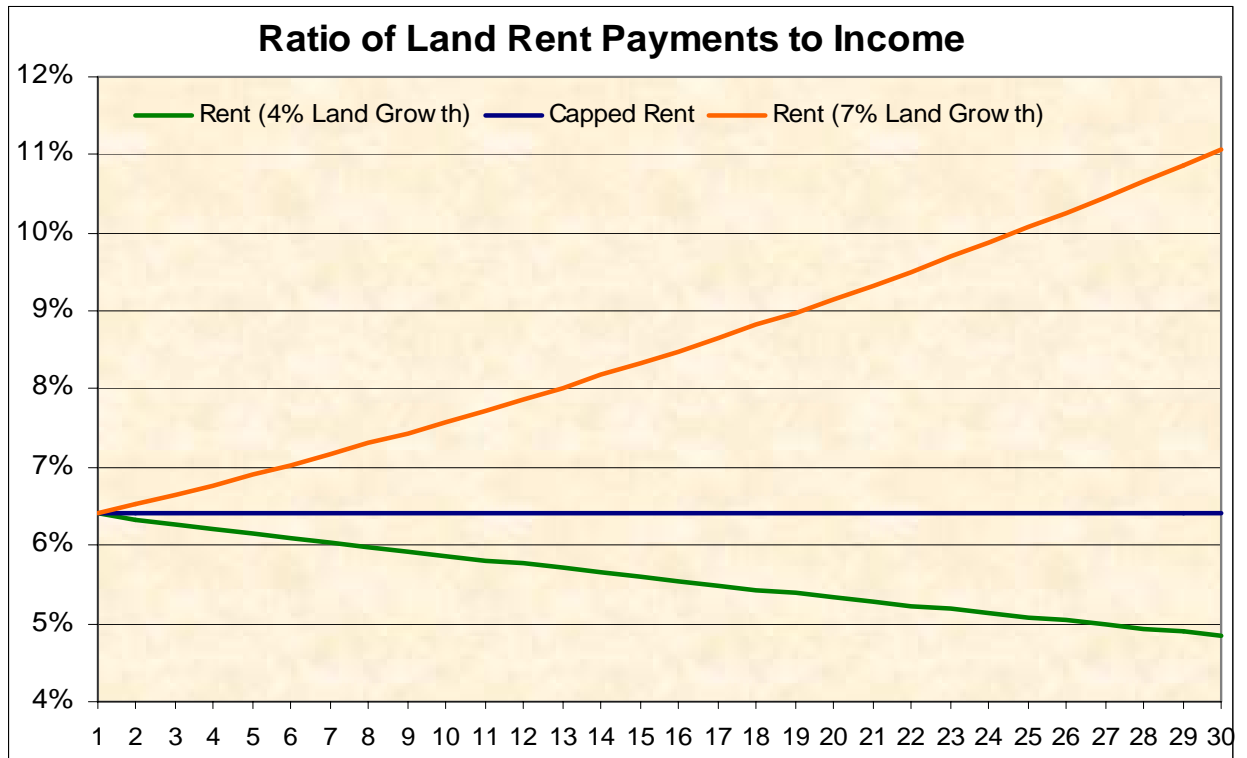
⁷ Private Rental (i.e., Effectively renting the house and land at private market rates)

3. Impact of the Rental Cap

The impact of the rental cap on the household is dependant upon the growth in the unimproved value of land. The rental cap significantly reduces the uncertainty about future rents.



Land rent payments as a proportion of income is dependant on the rate of growth in the land over the next 30 years. The payments decline as a proportion of income if land only grows at around 4 per cent. However, households are protected from potentially unsustainable increases in rent by the rental cap, set at wages growth.



The assumptions for the financial modelling include:

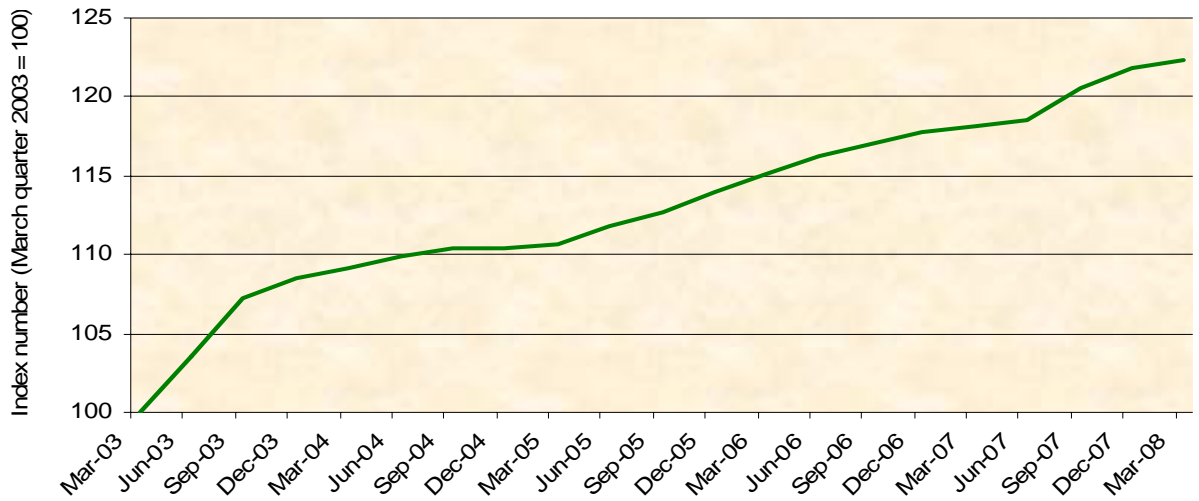
- an initial unimproved land value of \$160,000;
- income of \$50,000;
- income growth of 5 per cent, consistent with long run growth in average weekly earnings;
- land growth at between 4-7 per cent growth per annum;
- a discount rate of 6 per cent; and
- an interest rate of 9 per cent.

4. Equity of a Household

The land rent scheme does not result in the households being in negative equity. This result is supported by Australian Bureau of Statistics (ABS) house price data, as well data from ACTPLA.

The ABS publishes price index data for project homes. The project homes index relates only to the cost of constructing the dwelling, i.e., it excludes any land component. As shown in the chart below, the project home index for Canberra has risen by around 25 per cent in the past five years.

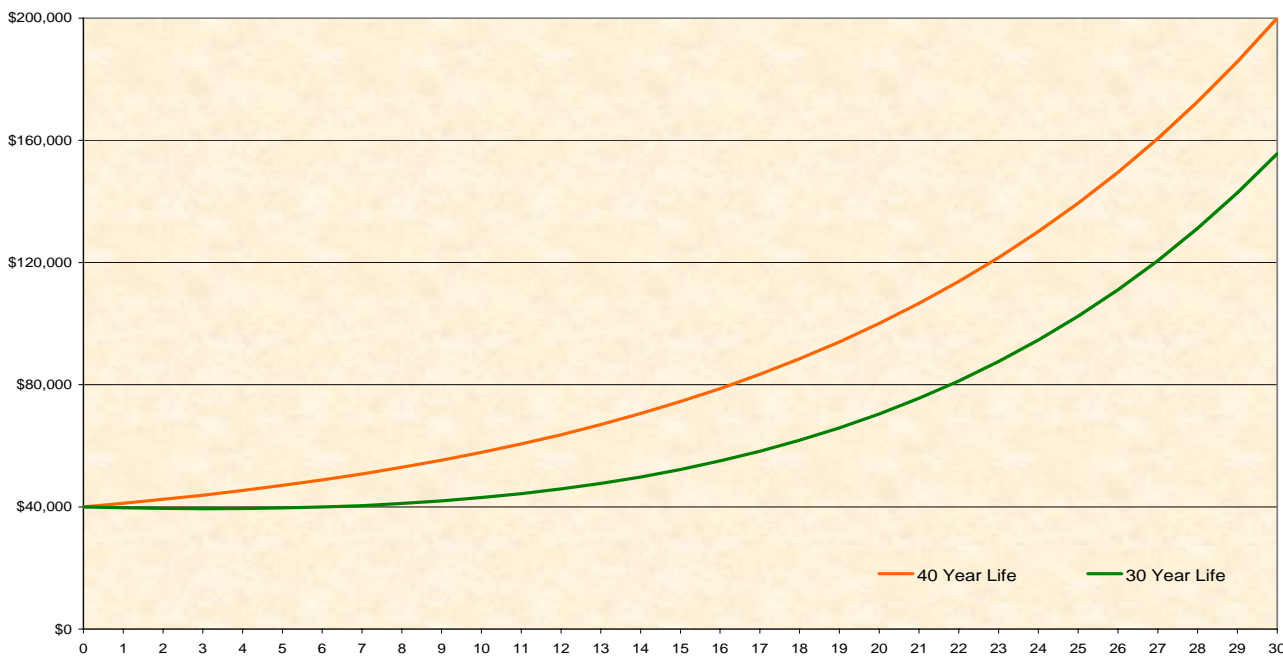
Project Homes, Canberra, Price index (March quarter 2003 =100)
Source: ABS Cat. no. 6416.0)



The rate of growth in Canberra house prices (excluding the land component) suggests that home owners who rent their land will not be in negative equity. This is because the price of house construction tends to exceed the rate of depreciation. In addition, the appreciation in dwelling values does not relate to land values in entirety. Around 45 per cent of the increase in dwelling prices over the past few years can be attributed to the house component.

Treasury modelling suggests that the equity of homeowners who rent their land will increase over time and will not be negative.

Equity of a Household over a 30 year period



The assumptions for the financial modelling include:

- 30 year loan;
- nominal values used;
- 30 year and 40 year life of a house;
- depreciation rate of 3 per cent and 2.5 per cent respectively;
- construction costs increase at 2.5 per cent per annum;
- an unimproved land value of \$160,000;
- \$200,000 value house;
- deposit of 20 per cent and loan of 80 per cent of this value;
- discount rate of 6 per cent; and
- interest rate of 9 per cent.

5. Sensitivity Analysis

Treasury has conducted a sensitivity analysis around:

- the level of household income;
- interest rates;
- effective life of a house;
- land price growth; and
- the discount rate.

137 Treasurer Smyth

QTON - WPI measures

MR SMYTH : To ask the Treasurer:

- Which of the four possible WPI measures does the ACT use?

(Note that the Treasurer provided an answer to this question on 11 December 2007 for PAC's annual report hearings)

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

- Treasury uses the Total Hourly Rate of Pay Excluding Bonuses Wage Price Index.

QTON - Costs of land and house in the ACT

Mr Seselja: To ask the Treasurer:

- Agreed to provide data on the cost of land relative to the cost of houses in ACT over time, in so far as such data exists.

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

Values of houses are not published separately but can be derived from the data on unimproved land values and price data for established houses.

The data in the table and chart below show that house and land prices have both increased over time, and that growth in house prices constitutes around 45 per cent of the increase in house and land prices.

The data also show that the house component as a proportion of the total house and land value has been reasonably constant in recent years.

Table: Canberra Median House and Land Values, 2001-02 to 2006-07

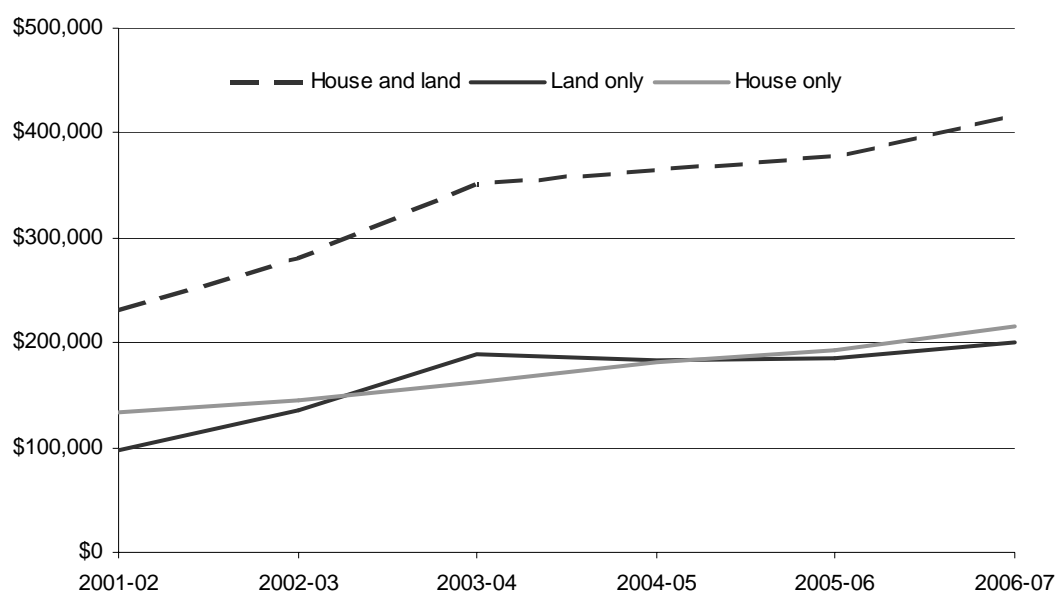
	<i>House and land</i> ⁽¹⁾	<i>Land only</i> ⁽²⁾	<i>House only</i> ⁽³⁾	<i>House proportion</i>
	\$	\$	\$	%
2001-02	230,000	97,000	133,000	57.8
2002-03	280,000	135,000	145,000	51.8
2003-04	352,000	189,000	163,000	46.3
2004-05	365,000	183,000	182,000	49.9
2005-06	378,000	185,000	193,000	51.1
2006-07	416,000	200,000	216,000	51.9
Change in value between 2001-02 and 2006-07	186,000	103,000	83,000	44.6

(1) The 'house and land' values are based on standard residential house and land sales data from the ACT Planning and Land Authority.

(2) The 'land only' value is the median unimproved property value for standard residential blocks and is sourced from the ACT Treasury Revenue System.

(3) The 'house only' values are derived as the difference between the median 'house and land' value and the 'land only' value.

Chart: Canberra Median House and Land Values, 2001-02 to 2006-07



QTON - Sustainability Shared services in procurement - sustainability measures/guidelines

Dr Foskey: To ask the Treasurer

What sustainability measures/guidelines are followed by Shared Services in procurement?

Treasurer: The answer to the Member's question is as follows:—

Procurement activities undertaken on behalf of the Territory are governed by the *Government Procurement Act 2001* (the Act). The Act states that a Territory entity must pursue value for money in undertaking any procurement activity and also have regard to, among other things, optimising whole of life costs.

Whole of life costing takes into account all issues and costs associated with manufacturing, using and disposing of a product, or where relevant, a service. In some cases the adoption of sustainability considerations in procurement can reduce these costs.

ACT Procurement Solutions incorporates environmental sustainability statements in every Request for Tender and, where relevant, tender evaluation criteria include requirements to use sustainable products and/or methods.

More information is available in the policy circulars *Optimising Whole of Life Costs* and *Sustainable Procurement* prepared by Procurement Solutions. These can be viewed at: http://www.procurement.act.gov.au/about_us/procurement_policy.

140 Treasurer Smyth

QTON - Shared services - reconciliation of savings

Mr Smyth : The Treasurer

Agreed to supply a reconciliation of savings in the budget from the Shared Services Centre

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

The Shared Services Centre savings reconciliations are detailed in pages 98 to 101 of the 2006-07 Budget Paper 3.

141 Treasurer Dunne

QTON - Shared services - govt agencies list

Mrs Dunne: The Treasurer

Agreed to provide a list of the government agencies/authorities who do not use some of Shared Services' services.

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

The government agencies/authorities that do not receive any services from the Shared Services Centre (SSC) are ACTTAB and ACTEW.

A number of smaller agencies are customers of some, but not all, SSC services. EPIC, for example receives ICT services from InTACT, but no payroll services, since EPIC is not on Chris21.

142 Treasurer Smyth

QTON - Shared services - benchmarking report

Mr Smyth: The Treasurer

Agreed to provide the most recent benchmarking report for shared services IT.

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

The most recent InTACT Benchmark Report for 2005-2006 can be accessed at <http://intact/wofg/archive/BenchmarkingReport0506.ppt> .

Domestic Airfares

Mr Smyth : To ask the Chief Minister

In relation to public service travel:

- (a) What was the total amount spent by the ACT Government, by portfolio, on domestic airfares during each of the past seven financial years and 2007/2008 year to date.
- (b) What was the total amount spent and the number of flight sectors purchased by the ACT Government, by portfolio, on economy class domestic airfares during each of the past seven financial years and 2007/2008 year to date.
- (c) What was the total amount spent and the number of flight sectors purchased by the ACT Government, by portfolio, on business class domestic airfares during each of the past seven financial years and 2007/2008 year to date.
- (d) What was proportion, in both dollar and percentage terms, of the total amount spent and number of flight sectors purchased by the ACT Government, by portfolio, on domestic airfares during each of the past seven financial years and 2007/2008 year with each of the following carriers
 - i. (i) Qantas/Jetstar
 - ii. (ii) Virgin Blue
 - iii. (iii) Tiger (where applicable in the 2007/2008 financial year),
 - iv. (iv) Regional Express and
 - v. (v) Others [including chartered flights]
- (e) What was the proportion, in both dollar and percentage terms, of the total amount spent and the number of flight sectors purchased by the ACT Government, by portfolio, on flights between Canberra and Sydney since February this year with each of the following carriers
 - i. Qantas/Jetstar
 - ii. Virgin Blue
- (f) Does the ACT Government operate on a ‘best fare of the day’ basis in the purchase of flights?
 - a. If so, what savings have been generated by this policy during each of the past seven financial years and 2007/2008 year to date
 - b. If so, what proactive action has your Department or this Government taken to ensure that the “Best Fare of the Day” policy is actively implemented, thereby saving taxpayers money?

TREASURER : In relation to questions above, answers can be provided partially for 2003-04 and fully for 2004-05, 2005-06, 2006-07 financial years, and the 2007-08 financial year to date as this information is held centrally. This is not the case in relation to the 2001-02 and 2002-03 financial years. Consequently, I am not prepared to authorise the use of the very considerable resources that would be involved in

providing the information required. You should note that the results are not directly comparable across all years, due to changes to the ACT Public Service structure over time.

I am advised that the answer to those parts of the Member's question that can be readily accessed is:

- (a) See Attachment A.
- (b) See Attachment B for the number of economy flight sectors and Attachment C for the amount spent on economy fares.
- (c) See Attachment D for the number of business flight sectors and Attachment E for the amount spent on business fares.
- (d) See Attachments F to M. Tiger Airlines is not included due to it being an Internet only carrier therefore its flights are not visible through travel management company's Global Distribution System booking tool.
- (e) See Attachments N to Q.
- (f) Yes.
 - (a) Current data shows the price of the purchased ticket, not other tickets that could have been chosen at the time of booking. Therefore it is not possible to answer this question in a financial sense. However adoption of the best fare of the day policy does ensure that the best possible price is utilised in an operational sense, where it is available for use.
 - (b) The ACT Government is implementing an on-line booking system under the new whole of Government travel arrangement, currently under negotiation. This facility will provide live information to travel bookers on the best fares for a particular itinerary on domestic flights.

A traveller's compliance report will also be produced by the travel management company allowing the Government to monitor and investigate non-compliance trips (ie circumstances where best fare of the day is not used).

(For details of attachments, please contact Committee Office)

321 Treasurer Smyth

QTON - Insurance policy for Balloon event

Mr Smyth: The Treasurer

Agreed to provide the cost of the insurance policy for the 2008 Balloon event.

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

There are two aspects to the insurance for the balloon event – liability whilst the balloons are on the ground, and liability for the air event.

The ground liability was covered by ACTIA at no additional premium.

Insurance for the air event was the subject of separate cover arranged, with assistance from ACTIA, between Chief Minister's Department and a private insurer. The premium quoted to ACTIA was \$2,103.75, net of commission and statutory charges.

371 Treasurer Dunne

QTON - Proposed gas fired power plant

MRS DUNNE – To ask the Treasurer

When did the Treasurer/Chief Minister first become aware of the proposed gas fired power plant?

A/g Treasurer – I am advised the answer to the Member's question is as follows:

Records indicate that ActewAGL's Chief Executive Officer, Mr J A Mackay AM, initially wrote to the Chief Minister on 9 May 2007 proposing the development of an Integrated Gas-fired Power Station and Data Centre in the ACT.