

INQUIRY INTO APPROPRIATION BILL 2013–14 (No. 2) AND
APPROPRIATION (OFFICE OF THE LEGISLATIVE ASSEMBLY)
BILL 2013–14 (No. 2)

STANDING COMMITTEE ON PUBLIC ACCOUNTS

MAY 2014

REPORT NUMBER 5

COMMITTEE MEMBERSHIP

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	Member to 6 June 2013
Ms Mary Porter AM MLA	Deputy Chair
Dr Chris Bourke MLA	Member
Ms Nicole Lawder MLA	Member from 8 August 2013
Mr Zed Seselja MLA	Chair to 6 June 2013
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RESOLUTION OF APPOINTMENT

The Legislative Assembly for the ACT appointed the Standing Committee on Public Accounts on 27 November 2012 to:

- (1) To examine
 - a) the accounts of the receipts and expenditure of the Australian Capital Territory and its authorities; and
 - b) all reports of the Auditor-General which have been presented to the Assembly;
- (2) report to the Assembly any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Assembly should be directed;
- (3) inquire into any question in connection with the public accounts which is referred to it by the Assembly and to report to the Assembly on that question; and
- (4) examine matters relating to economic and business development, small business, tourism, market and regulatory reform, public sector management, taxation and revenue.¹

¹ Legislative Assembly for the ACT, *Minutes of Proceedings*, No. 2, 27 November 2012, pp. 24–27.

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RECOMMENDATIONS

RECOMMENDATION 1

- 1.11** The Committee recommends that all outstanding responses to Questions Taken on Notice and Supplementary Questions be provided to the Standing Committee on Public Accounts prior to debate of the Supplementary Appropriation Bills.

RECOMMENDATION 2

- 3.14** The Committee recommends that the ACT Government give consideration to establishing an inclusion threshold that proposed appropriations should either be equal to or greater than for inclusion in supplementary appropriation bills.

RECOMMENDATION 3

- 3.17** The Committee recommends that ACT Government directorates and agencies should ensure the investigation of bullying complaints, whatever the method of notification, in a timely manner.

RECOMMENDATION 4

- 3.19** The Committee recommends that the ACT Government ensure, until such time as the conflict that exists between the obligations in relation to addressing bullying complaints contained within the two regulatory instruments currently in force is addressed, that the minimum standard for notification of bullying complaints should apply.

RECOMMENDATION 5

- 3.27** The Committee recommends that the ACT Government give due consideration to whether the current location of the Infrastructure Finance and Advisory Unit within the Chief Minister and Treasury Directorate supports efficient and effective outcomes as per desired strategic and operational infrastructure objectives.

RECOMMENDATION 6

- 3.52** The Committee recommends that the ACT Government ensure that replacement of, or planned upgrades to, information and communication technology (ICT) applications critical to the work of the Government are adequately scoped.

RECOMMENDATION 7

3.53 The Committee recommends that the ACT Government ensure that replacement of, or planned upgrades to, information and communication technology (ICT) applications critical to the work of the Government are carried out in a timely manner.

RECOMMENDATION 8

3.67 The Committee recommends that the ACT Government ensure that capital works projects are properly scoped and take into account long term future requirements.

RECOMMENDATION 9

3.79 The Committee recommends that the ACT Government ensure that appropriation amounts are always classified in accordance with best practice accounting treatment and standards.

RECOMMENDATION 10

3.82 The Committee recommends that the ACT Government should prioritise the public release of the completed Hibberson Street Study.

RECOMMENDATION 11

3.85 The Committee recommends that once finalised, the ACT Government should prioritise the public release of the Network Integration Study.

RECOMMENDATION 12

3.88 The Committee recommends that the ACT Government inform the ACT Legislative Assembly as to whether a Net Present Value exercise has been carried out in relation to the investment decision to proceed with the Capital Metro infrastructure.

RECOMMENDATION 13

3.89 The Committee recommends that the ACT Government consider tabling in the Legislative Assembly all financial analysis work that has been done to date concerning the Capital Metro Project.

RECOMMENDATION 14

3.102 The Committee recommends, to the extent that work is not already taking place, that the ACT Government conduct an analysis of the drivers underpinning the increase in demand for the ACT Concessions Program.

RECOMMENDATION 15

3.109 The Committee recommends that the ACT Government ensure that delays to planned infrastructure works, which are within the control of the ACT Government, do not detrimentally affect release targets across the land release programs—residential, commercial, industrial and non-urban land.

RECOMMENDATION 16

3.110 The Committee recommends that the ACT Government ensure that the timeframe requirements of legislation—such as the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*—be adequately accounted for when framing the Capital Works Program.

RECOMMENDATION 17

3.112 The Committee recommends that the ACT Legislative Assembly pass Appropriation Bill 2013–14 (No. 2) subject to the recommendations contained within Report No. 5 of the Standing Committee on Public Accounts being agreed to by the Government.

RECOMMENDATION 18

3.113 The Committee recommends that the ACT Legislative Assembly pass Appropriation (Office of the Legislative Assembly) Bill 2013–14 (No. 2).

1 INTRODUCTION AND CONDUCT OF INQUIRY

INQUIRY REFERRAL AND TERMS OF REFERENCE

- 1.1 Appropriation Bill 2013–14 (No. 2) and Appropriation (Office of the Legislative Assembly) Bill 2013–14 (No. 2) (the Supplementary Appropriation Bills) were presented to the ACT Legislative Assembly on 20 March 2014. The Bills were referred to the Standing Committee on Public Accounts (the Committee) for inquiry and report under standing order 174.²
- 1.2 The inquiry's terms of reference include the Supplementary Appropriation Bills, explanatory statements and accompanying 2013–14 Supplementary Budget Papers³. The Supplementary Budget Papers provide details of the measures outlined in the Bills and, pursuant to section 13 of the *Financial Management Act 1996* (the FM Act)⁴, must be presented with each supplementary appropriation bill. Further information on accessing copies of the Supplementary Appropriation Bills and accompanying explanatory statements is at **Appendix A**.

CONDUCT OF INQUIRY

- 1.3 The Committee determined to progress its inquiry by scheduling public hearings with those agencies (and responsible Ministers) with appropriations beyond funding amounts for revised wage parameters. The Committee was of the view that questions relating to revised wage parameters (apportioned across ACT Public Service directorates and agencies) could be canvassed with the Chief Minister, as the Minister responsible for the ACT Public Service, and where applicable, with relevant Ministers.
- 1.4 The Committee held five public hearings on the proposed legislation—28 and 29 April; and 1 May 2014, at which it heard from the: Chief Minister and Minister for Health—Ms Katy Gallagher MLA; Treasurer, Minister for Economic Development and Minister for Community Services—Mr Andrew Barr MLA; Minister for Education and Training—Ms Joy Burch MLA; Attorney General and the Minister for the Environment and Sustainable Development—Mr Simon Corbell MLA; Minister for Corrections—Mr Shane Rattenbury MLA; and their accompanying directorate officials.

² ACT Legislative Assembly, *Minutes of Proceedings*, No. 49, Thursday 20 March 2014, p. 511.

³ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March—
http://apps.treasury.act.gov.au/data/assets/pdf_file/0010/567955/2013-2014-Appropriation-Bill-No.-2.pdf

⁴ Section 13 of the *Financial Management Act 1996*—requires the presentation of supplementary budget papers for an Appropriation Act, other than the first Appropriation Act relating to a financial year.

- 1.5 A full list of witnesses who appeared before the Committee is at **Appendix B** and the hearing transcripts are available on the Committee's web page.⁵
- 1.6 The Committee met on 5 May 2014 to consider the Chair's draft report. The report, as amended, was adopted by the Committee on 5 May 2014.

QUESTIONS

- 1.7 A number of witnesses took questions on notice at public hearings. The Committee appreciates that not all questions can be answered at the time in entirety; taking questions on notice means that a considered and accurate answer can be provided to the Committee. The Committee also forwarded a supplementary question to the Minister for Education and Training.
- 1.8 The Committee acknowledges that the short timeframe in which it had to complete its inquiry required prompt responses to these questions. The Committee thanks Ministers and directorate and agency officers, for their assistance with the provision of responses, prior to tabling its report.
- 1.9 The Committee recognises that given the short timeframe between public hearings and tabling its report, some responses to questions were outstanding at the time of finalising its report. For completeness of the matters/issues considered, responses to these questions should be provided to the Committee prior to debate of the Supplementary Appropriation Bills.

Recommendation 1

- 1.10 The Committee recommends that all outstanding responses to Questions Taken on Notice and Supplementary Questions be provided to the Standing Committee on Public Accounts prior to debate of the Supplementary Appropriation Bills.**

⁵ <http://www.hansard.act.gov.au/hansard/2013/comms/default.htm#public>

ACKNOWLEDGEMENTS

- 1.11 The Committee thanks the: Chief Minister and Minister for Health—Ms Katy Gallagher MLA; Treasurer, Minister for Economic Development and Minister for Community Services—Mr Andrew Barr MLA; Minister for Education and Training—Ms Joy Burch MLA; Attorney General and the Minister for the Environment and Sustainable Development—Mr Simon Corbell MLA; Minister for Corrections—Mr Shane Rattenbury MLA; and their respective directorate and agency officials who assisted the Committee in the course of its inquiry by appearing before it and/or providing additional information.

2 SUPPLEMENTARY APPROPRIATION BILLS

CONTEXT

- 2.1 Supplementary appropriation bills contain details of funding items not included in the main appropriation bill, unanticipated or urgent funding requirements, requirements for the transfer of funds within or between directorates or agencies, and funds for temporary programs and other various funding needs.
- 2.2 The Treasurer presented the Supplementary Appropriation Bills to the Legislative Assembly on 20 March 2014.⁶
- 2.3 The 2013–14 Budget Review update, together with the Territory’s prevailing economic climate, are important contextual factors for considering the proposed additional appropriations.

2013–14 BUDGET REVIEW

- 2.4 Pursuant to section 20A of the *Financial Management Act 1996*, the 2013–14 Budget Review (the Budget Review) was released on 12 February 2014. The Budget Review provides an update of the Government’s financial performance relative to its financial policy objectives and strategies as detailed in the 2013–14 Budget Papers.⁷ This assessment ‘takes into account the current economic conditions as well as the impact of policy and parameter changes against activity up to 31 December 2013’.⁸
- 2.5 The Budget Review states that the General Government Sector (GGS) net operating balance is projected to remain in deficit by \$360.6 million in 2013–14. This reflects an increase of \$107.0 million to the deficit of \$253.6 million forecast as part of the original 2013–14 Budget.⁹
- 2.6 The Budget Review further states that this variation, in the main, is attributable to a change in the valuation of the superannuation liabilities (\$50.4 million). The other two elements contributing to the variation are: (i) amended timing in the payment of Commonwealth Grants from 2013–14 into 2012–13, reflecting re-profiling of payments from the Commonwealth. This has resulted in a \$22.7 million downward revision in 2013–14, in the main, for payments received earlier than anticipated for projects such as the Majura Parkway and Trade Training

⁶ Legislative Assembly for the ACT, *Minutes of Proceedings*, No. 49, 20 March 2014, p. 511.

⁷ ACT Government. (2014) *2013–14 Budget Review*, February, p. 3.

⁸ ACT Government. (2014) *2013–14 Budget Review*, February, p. 3.

⁹ ACT Government. (2014) *2013–14 Budget Review*, February, p. 5.

Centres in Schools; and (ii) the release of the Independent Competition and Regulatory Commission's (ICRC) water and sewerage pricing determination.¹⁰

- 2.7 According to the Budget Review, the aforementioned three factors account for 98.7 per cent of the change in the 2013–14 Budget forecast.¹¹ Further detail on two of these three factors is discussed below.

ICRC WATER AND SEWERAGE PRICING DETERMINATION

- 2.8 The effect of the ICRC price determination in 2013 has required a downward revision of the estimates for ACTEW Corporation's dividend payments to the Government.¹² ACTEW released a modified Statement of Corporate Intent 2013–14 to 2016–17 in October 2013 due to the Corporation lodging its initial statement without full knowledge of the impact of the release of the ICRC price determination for 2013. The flow on effect of the price determination for ACTEW's expenditure levels—operational and capital—will be established by the regulatory determination. As a direct consequence, ACTEW modified its expenditure to reach the level of expenditure agreed with the ICRC. The modified Statement of Corporate Intent reflects revised financial statements and forward estimates as a direct consequence of the level of expenditure agreed with the ICRC.¹³
- 2.9 At the time of tabling ACTEW's modified Statement of Corporate Intent 2013–14 to 2016–17, the Treasurer told the Assembly in 2013:

ACTEW Corporation Ltd. Members may recall that when I tabled the original statement of corporate intent in the Assembly on 6 August this year I foreshadowed that ACTEW would provide a modified statement to reflect the impact of the final pricing determination for water and wastewater services. I also indicated that the modified statement of corporate intent was likely to be tabled in November.

The original 2013-14 statement of corporate intent was prepared before the release of the ICRC's pricing determination for water and wastewater services that was issued on 26 June 2013. As a consequence, the original statement of corporate intent stated that the financial measures would be subject to material change once the ICRC pricing impacts had been properly evaluated.

The financial projections that were included in ACTEW's original statement of corporate intent were identical to those that appeared in the 2013-14 budget. The estimated financial impact in 2013-14 is a dividend reduction of \$22.4 million and \$10.1 million less in tax payments. These financial impacts will be reflected in the

¹⁰ ACT Government. (2014) *2013–14 Budget Review*, February, pp. 4–6.

¹¹ ACT Government. (2014) *2013–14 Budget Review*, February, p. 5.

¹² ACT Government. (2014) *2013–14 Budget Review*, February, pp. 4–6; p. 11.

¹³ *Transcript of evidence*, 3 December 2013, pp. 121–122—Standing Committee on Public Accounts, Inquiry into 2012–13 Annual and Financial reports.

budget mid-year review that will be released in early 2014. I commend ACTEW's modified statement of corporate intent to the Assembly.¹⁴

VARIATIONS IN COMMONWEALTH GRANTS

- 2.10 Amended timing of the payment of Commonwealth Grants from 2013–14 into 2012–13 has resulted in a \$22.7 million downward revision in 2013–14, in the main, for payments received earlier than anticipated for projects such as the Majura Parkway and Trade Training Centres in Schools.¹⁵
- 2.11 As part of its inquiry into referred 2012–13 annual reports, the Committee discussed the impact of the Commonwealth bringing forward, or delaying, payments on revenue forecast and reporting.¹⁶ As to whether early payment, or late payment, could have a substantial effect on the Territory, the Treasurer stated:

Given the level of territory revenue that flows to us through the commonwealth, yes. Last year they brought forward some grants in relation to road infrastructure and a couple of other national partnerships that shifted our budget outcome by tens of millions of dollars. So yes; we are in a circumstance where, if they pay early or late, and the payment falls on one side or the other of that arbitrary 30 June cut-off, it impacts on the figure you present and what our accounts look like for a particular fiscal year.

For the last couple of years, we have certainly experienced the commonwealth bringing forward payments. That is good in a way: money sits in our account; we get a bit more interest. It is better our bank account than theirs. But it has had reporting implications. It meant, for example, that the deficit last year was smaller than we anticipated as a result of the timing increase. But that means that this year's deficit will be larger than anticipated because of the timing of that payment.¹⁷

¹⁴ Mr Andrew Barr MLA, ACT Legislative Assembly, *Debates*, 26 November 2013, p. 4209.

¹⁵ ACT Government. (2014) *2013–14 Budget Review*, February, pp. 4–6.

¹⁶ *Transcript of evidence*, 3 December 2013, pp. 112–113—Standing Committee on Public Accounts, Inquiry into 2012–13 Annual and Financial reports, pp. 112–113.

¹⁷ Mr Andrew Barr MLA, *Transcript of evidence*, 3 December 2013, pp. 112–113—Standing Committee on Public Accounts, Inquiry into 2012–13 Annual and Financial reports.

PREVAILING ECONOMIC CLIMATE FOR THE TERRITORY

2.12 The framing of the 2013–14 Budget acknowledged that the economic outlook for the Territory would continue to be challenging due to the flow on effects of “fiscal consolidation” at the Commonwealth level. In the main, at the time of the 2013–14 Budget, it was recognised that the Territory’s economic outlook would be impacted on by the spending and staffing decisions following the 2013 Federal Election.¹⁸ The 2013–14 Budget papers state:

The most important risk to the ACT economic outlook lies with the fiscal tightening of the Commonwealth Government. The Territory’s economic outlook also remains dependent on spending and hiring decisions following the outcome of the upcoming Federal election.¹⁹

2.13 Indeed, for many years, ACT Budget papers have noted this exposure as the major risk to the ACT economy. In the 2011–12 Budget papers it states:

Any further savings in the Commonwealth budget and their incidence (on employment and consumption) in the Territory could have an adverse impact on economic forecasts.²⁰

2.14 A significant underlying feature of the ACT economy is its vulnerability to Commonwealth “fiscal consolidation” which affects economic growth, creates uncertainty and undermines confidence.

2.15 The Budget Review noted the uncertainty for the Territory has remained post the 2013 Election, in the main, due to the incoming Commonwealth Government’s review of spending by the National Commission of Audit. It is expected that the outcomes and recommendations of the Commission of Audit could be factored into the framing of the 2014–15 Commonwealth Government Budget.²¹

2.16 In summary, the aforementioned factors combined have resulted in a weakening of the Territory’s economic outlook:

... slightly in comparison to the 2013-14 Budget, and the Territory continues to be negatively affected by fiscal restraint at the Commonwealth Government level, and the associated effects of a weakening labour market. Economic growth, as measured by State Final Demand (SFD), is forecast to grow by ¼ per cent in 2013-14, a result of the Commonwealth Government’s efforts towards fiscal consolidation, coupled with

¹⁸ ACT Government. (2013) *2013–14 Budget*, May.

¹⁹ ACT Government. (2013) *2013–14 Budget Paper No. 3*, p. 19.

²⁰ ACT Government. (2011) *2011–12 Budget Paper No. 3*, p. 39.

²¹ ACT Government. (2014) *2013–14 Budget Review*, February, p. 4.

decreasing levels of investment activity. These factors, coupled with moderate private consumption, suggest that below-trend growth will continue into 2014-15.²²

- 2.17 Clearly, given the vulnerability of the ACT economy to “fiscal consolidation” at the Commonwealth level, future growth in the economy will continue to remain susceptible to the decisions of the incoming Commonwealth Government. This is attributable to the public sector in the ACT representing approximately one third share of current price Gross State Product. Notwithstanding this, the Territory’s continued population growth and low interest rates remain positive elements with the potential to support positive household consumption and housing demand.²³

THE SUPPLEMENTARY APPROPRIATION BILLS

APPROPRIATION BILL 2013–14 (No. 2)

- 2.18 Appropriation Bill 2013–14 (No. 2) provides for the appropriation of a total of \$46.257 million in 2013–14. When presenting the Bill to the Assembly, the Treasurer explained that these funds provide for:

- \$23.810 million in additional net cost of outputs appropriations;
- \$14.563 million in additional capital injection appropriations; and
- \$7.884 million in additional expenses on behalf of the Territory appropriations.²⁴

- 2.19 The Supplementary Budget Papers that accompany the Supplementary Appropriation Bills contain details of the above additional appropriations, and output classes, as well as amendments to agency financial statements, including, where relevant, signed instruments under the FM Act, the impact of capital works re-profiling, the flow on effect of the 2012–13 audit of the financial statements together with the impact of the Supplementary Appropriation Bills.²⁵

APPROPRIATION (OFFICE OF THE LEGISLATIVE ASSEMBLY) BILL 2013–14 (No. 2)

- 2.20 The Appropriation (Office of the Legislative Assembly) Bill 2013–14 (No. 2) provides for \$73 000 in net cost of outputs for revised wage parameters arising from the anticipated outcome of pay offers in relation to the Office of the Legislative Assembly’s expired 2011–13 Enterprise Agreement.

²² ACT Government. (2014) *2013–14 Budget Review*, February, p. 4.

²³ ACT Government. (2014) *2013–14 Budget Review*, February, p. 4.

²⁴ Legislative Assembly for the ACT, *Debates*, 20 March 2014, p. 609.

²⁵ Legislative Assembly for the ACT, *Debates*, 20 March 2014, p. 609.

TOTAL VARIATION IN APPROPRIATION FOR 2013–14

- 2.21 In summary, the total variation in appropriations resulting from Appropriation Bill 2013–14 (No. 2) and Appropriation (Office of the Legislative Assembly) Bill 2013–14 (No. 2) is \$46.330 million.²⁶
- 2.22 Additional funding provided by Appropriation Bill 2013–14 (No. 2) and Appropriation (Office of the Legislative Assembly) Bill 2013–14 (No. 2) is summarised at **Appendix C** and **Appendix D** respectively.

²⁶ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, pp. 6–7.

3 EXPENDITURE PROPOSALS

- 3.1 This chapter provides information on the matters (and where applicable, the Committee's comment) to which the Supplementary Appropriation Bills appropriate funds for—
- (i) additional funding to agencies in 2013–14 arising from the anticipated outcome of the Government's pay offers in relation to expired 2011–13 Enterprise Agreements;
 - (ii) Government policy decisions—additional net cost of outputs (in addition to revised wage parameters), capital injections, additional expenses on behalf of the Territory; and
 - (iii) technical adjustments. Not all proposed expenditure in the Bills is examined below.

ENTERPRISE BARGAINING AGREEMENTS

- 3.2 Appropriation Bill 2013–14 (No. 2) and Appropriation (Office of the Legislative Assembly) Bill 2013–14 (No. 2) together provide additional amounts in net cost of outputs for revised wage parameters arising from the anticipated outcome of pay offers in relation to expired 2011–13 enterprise agreements.²⁷

- 3.3 The Supplementary Budget papers state:

The Appropriation Bill 2013-2014 (No. 2) and Appropriation (Office of the Legislative Assembly) Bill 2013-2014 (No. 2) (the Bills) provide additional funding to agencies in 2013-14 arising from the anticipated outcome of the Government's pay offers in relation to expiring Enterprise Bargaining Agreements as well as a small number of Government policy decisions and technical adjustments, further details of which can be found in the impacted agency's budget chapter in these budget papers.

The Government is introducing the Bills prior to finalisation of the Agreements to ensure that employees will receive their full entitlements under the new Agreements in the 2013-14 financial year rather than waiting until the 2014-15 Budget. However, should the final outcome differ from that estimated in these Bills, agencies' appropriations will be reduced accordingly.²⁸

- 3.4 A summary of additional funding provided for anticipated revised wage parameters across the ACT Public service (ACTPS), as contained in Appropriation Bill 2013–14 (No. 2) and Appropriation (Office of the Legislative Assembly) Bill 2013–14 (No. 2), is set out in the table below.

²⁷ Mr Andrew Barr MLA, Legislative Assembly for the ACT, *Debates*, 20 March 2014, pp. 609–610; Appropriation Bill 2013–14 (No. 2) and Appropriation Bill (Office of the Legislative Assembly) 2013–14 (No. 2).

²⁸ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 4.

Table 3.1—Summary of revised wage parameters (2nd Appropriation for 2013–14)²⁹

Directorate/Agency	Net Cost of Outputs \$'000
Office of the Legislative Assembly Revised Wage Parameters	73
Auditor-General Revised Wage Parameters	27
Chief Minister and Treasury Directorate Revised Wage Parameters	366
Health Directorate Revised Wage Parameters	6,356
Economic Development Directorate Revised Wage Parameters	296
Commerce and Works Directorate Revised Wage Parameters	247
Justice and Community Safety Directorate Revised Wage Parameters	2,898
Environment and Sustainable Development Directorate Revised Wage Parameters	616
Capital Metro Agency Revised Wage Parameters	35
Education and Training Directorate Revised Wage Parameters	14
Community Services Directorate Revised Wage Parameters	1,310
Territory and Municipal Services Directorate Revised Wage Parameters	2,334
ACT Gambling and Racing Commission Revised Wage Parameters	48
Canberra Institute of Technology Revised Wage Parameters	907
Cultural Facilities Corporation Revised Wage Parameters	95
Exhibition Park Corporation Revised Wage Parameters	4
Independent Competition and Regulatory Commission Revised Wage Parameters	6
Legal Aid Commission (ACT) Revised Wage Parameters	94

²⁹ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, pp. 6–7.

3.5 The lapsed 2011–13 Enterprise Agreements made under section 172 of the *Fair Work Act 2009* had nominal expiry dates of 30 June 2013. The bargaining process for the new agreements commenced in May 2013. A key feature of the new bargaining round is a proposed new ACTPS enterprise agreement structure. The new agreements will cover a period of four years (as compared with two years duration for the lapsed agreements) with differential pay increases on offer to staff at specific income levels in the first year. The Government's pay offer comprises:

- Year 1 (2013–14)—a single flat increase in salary OR a 2 per cent increase in salary rates—whichever is the greater
- Year 2 (2014–15)—two 1.5 per cent increases in salary rates payable from the first pay period on or after 1 July 2014 and 1 April 2015
- Year 3 (2015–16)—two 1.5 per cent increases in salary rates payable from the first pay period on or after 1 October 2015 and 1 April 2016
- Year 4 (2016–17)—two 1.5 per cent increases in salary rates payable from the first pay period on or after 1 October 2016 and 1 April 2017.³⁰

3.6 In addition to pay offers, the new agreements propose a range of changes to the terms and conditions of employment of ACTPS staff covered by the Agreements. These include: changes to allowances; transfer to a safe job during pregnancy; changes to the loading payable to casual staff increasing in two tranches over the life of the agreement; changes to workplace behaviour sections of the ACTPS Enterprise Agreements (discipline, underperformance, internal review and appeals); a revision of the flexible working arrangements for Senior Officer Grades A and B (or equivalent) employees; and changes to leave entitlements for ACTPS employees across a number of leave parameters.³¹

3.7 The Treasurer told the Committee that, in addition to the advancement of a number of specific projects, the bulk of the supplementary appropriation relates to the outcomes of the enterprise bargaining process.³²

³⁰ ACT Government. (2013) Enterprise Bargaining Update, November—available at: <http://www.cmd.act.gov.au/governance/enterprise-agreement/enterprise-bargaining-update-2013>

³¹ ACT Government. (2013) Enterprise Bargaining Update, November—available at: <http://www.cmd.act.gov.au/governance/enterprise-agreement/enterprise-bargaining-update-2013>

³² Proof *Transcript of evidence*, 29 April 2014, p. 16.

POLICY FOR SUPPLEMENTATION OF EBA OUTCOMES

3.8 The Supplementary 2013–14 Budget papers, amongst other things, detail wide variation in appropriation amounts for revised wage parameters across the Directorates and, where relevant, Territory Authorities and Corporations, and other entities. The Committee acknowledges that a key driver for these amounts will be employee numbers and classification span. However, the Committee was interested in the rationale for bringing forward small amounts for revised wage parameters as part of the supplementary appropriation process as opposed to direct absorption of these costs, by the larger directorates.

3.9 The Committee discussed with the Minister for Education and Training the basis for inclusion of an appropriation of \$14 000 for revised wage parameters and queried whether this amount could have been absorbed within the Directorate by finding savings or efficiencies. An official from the Education and Training Directorate explained:

I guess what you would see from this was an approach of consistency across directorates.³³

3.10 The Committee asked the Treasurer whether it was necessary to appropriate funds for revised wage parameters at this time and also sought information as to whether consideration was given to the absorption of some of these amounts. The Treasurer told the Committee:

We gave some consideration to those questions. Given the quantum of the appropriations, particularly in relation to the length of time associated with reaching agreement in relation to the EBA, and also the length of the EBA and how deep into a financial year we are in relation to this, it became necessary to provide a supplementary appropriation. It would not have been possible for agencies to absorb this or for it to be met within the Treasurer's advance. So we deemed it necessary to provide, through this mechanism, for these increased costs to be met across all the different agencies, given it is a whole-of-government EBA.³⁴

3.11 The Under Treasurer added:

Our wage system is that we essentially fund wage costs as they are awarded under EBAs. We do not provide a parameter and then ask our directorates to work within that parameter; we calculate the exact wage impact of EBA decisions on each directorate and we essentially calculate an amount to be supplemented. We apply that consistently across all directorates, and that is the reason why the outcomes are as they are.³⁵

³³ Mr Mark Whybrow, *Proof Transcript of evidence*, 28 April 2014, p. 14.

³⁴ Mr Andrew Barr MLA, *Proof Transcript of evidence*, 28 April 2014, p. 16.

³⁵ Mr David Nicol, *Proof Transcript of evidence*, 29 April 2014, p. 17.

COMMITTEE COMMENT

- 3.12 The Committee is of the view that a policy of ensuring consistency of an adjustment across government, such as the supplementation of enterprise bargaining agreement (EBA) outcomes, is not a sufficient basis on its own for inclusion of all proposed funding for EBA amounts in supplementary appropriation bills.
- 3.13 The Committee believes that consideration should be given to establishing an inclusion threshold for funding items in supplementary appropriation bills—for example, a specific threshold amount, or percentage of total expenditure, that proposed funding items should either be equal to or greater than for inclusion in a supplementary appropriation bill.

Recommendation 2

- 3.14 The Committee recommends that the ACT Government give consideration to establishing an inclusion threshold that proposed appropriations should either be equal to or greater than for inclusion in supplementary appropriation bills.**

RESOURCING ALLOCATION FOR SPECIFIC INITIATIVES AND PRIORITIES

COMMITTEE COMMENT

- 3.15 In the context of revised wage parameters, the Committee was interested to know the resourcing allocation committed by the Justice and Community Safety Directorate to respond to workplace bullying. In the context of an alleged bullying matter, and given WorkSafe ACT had issued an Improvement Notice concerning the complaint, the Committee sought an explanation for why the Directorate had not investigated the matter/complaint.³⁶
- 3.16 Discussion on this matter ensued as follows:

Mr Corbell: I am advised this relates to a difference in understanding between the obligations the directorate has under its EBA and obligations WorkSafe consider the directorate has in relation to a regulation made by the Work Safety Commissioner. The two set different standards in relation to how to respond to a complaint and in what manner.

The EBA sets out that complaints about misconduct, including, potentially, bullying, should be made in writing. The directive given by the Work Safety Commissioner does

³⁶ Proof *Transcript of evidence*, 28 April 2014, pp. 10–11.

not set that level of requirement. My directorate sought to respond to the complaint on the basis of the agreed terms in the EBA but was subsequently informed by WorkSafe ACT that a different process should be followed, and that process is now being followed.

THE CHAIR: So was an investigation launched against the allegations of bullying made by the paramedic?

Mr Corbell: Yes, once this matter was brought to the attention of the directorate by WorkSafe.

THE CHAIR: So why was it not launched when it was brought to the attention of the directorate by the officer?

Mr Corbell: Because the directorate sought to respond to it consistent with the EBA, which was to advise the complainant that they should put their complaint in writing. The complainant did not do that.³⁷

Recommendation 3

3.17 The Committee recommends that ACT Government directorates and agencies should ensure the investigation of bullying complaints, whatever the method of notification, in a timely manner.

3.18 The Committee is of the view that where a conflict exists between regulatory requirements, as this matter highlights, the default should be that the minimum standard for notification should apply, until such time as the Government addresses the conflict that exists between the two regulatory instruments currently in force.

Recommendation 4

3.19 The Committee recommends that the ACT Government ensure, until such time as the conflict that exists between the obligations in relation to addressing bullying complaints contained within the two regulatory instruments currently in force is addressed, that the minimum standard for notification of bullying complaints should apply.

³⁷ Proof Transcript of evidence, 28 April 2014, pp. 9–10.

OTHER PROPOSED APPROPRIATIONS

CHIEF MINISTER AND TREASURY DIRECTORATE

3.20 In addition to revised wage parameters of \$366,000, Appropriation Bill 2013–14 (No. 2) also seeks to provide the following funds/amounts to the Chief Minister and Treasury Directorate (CMTD):

- \$487,000 in net cost of outputs for the infrastructure, finance and advisory unit;
- \$1.561 million in net cost of outputs for the ACT public service workers compensation and work safety improvement plan; and
- \$450,000 in a capital injection for the Exhibition Park loan.³⁸

INFRASTRUCTURE FINANCE AND ADVISORY UNIT INITIATIVE

3.21 The Supplementary Budget papers detail that the proposed appropriation of \$487,000, in net cost of outputs will provide for the establishment of an Infrastructure Finance and Advisory Unit (the IFAU) within the CMTD. This Unit will be tasked with:

...supporting major infrastructure delivery in the ACT with responsibility for Public Private Partnerships (PPP) and unsolicited public infrastructure proposals, and will have oversight of the Territory's first PPP project, the ACT Courts Redevelopment Project.³⁹

3.22 The Committee sought further information on the specific role of the IFAU. The Under Treasurer explained:

That is a new unit that the government has agreed to establish. It is a very small team. Its primary objective is to assist the government as it moves into alternative methods for procuring infrastructure and capital works. The government announced recently, for example, that the Supreme Court is going to be acquired through a private-public partnership arrangement, which the territory has never undertaken in the past. Capital metro is being considered for a similar arrangement. There are other infrastructure projects that are also going to be considered. The objective of that team is essentially to provide the necessary advice and financial capability to ensure that the territory's interests are protected through the contractual arrangements that we enter into.⁴⁰

³⁸ Mr Andrew Barr MLA, Legislative Assembly for the ACT, *Debates*, 20 March 2014, p. 609; ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March.

³⁹ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 38.

⁴⁰ Mr David Nicol, *Proof Transcript of evidence*, 29 April 2014, p. 19.

3.23 The Committee discussed with the Treasurer and directorate officials, the benefits and risks of private public partnerships and drivers underpinning potential growth of the IFAU.⁴¹

3.24 The Committee queried the rationale for the location of the IFAU within the CMTD, in particular its relationship with Shared Services Procurement (within the Commerce and Works Directorate) and was told:

When the government came to Treasury and said, “We want to explore a PPP,” our advice was, “Well, we need to do some thinking about how best to set up the infrastructure in the ACT government to ensure that we protect against risks.” We undertook an exercise over a period of six months in the second half of 2013 where we went around the country and basically explored how every other jurisdiction ran this sort of model. Essentially—Peter, who led that work, can add some details—in every jurisdiction this type of unit is in the Treasury-finance portfolios of each jurisdiction.⁴²

COMMITTEE COMMENT

3.25 The Committee notes that Shared Services Procurement: (i) undertakes procurement activities on behalf of government directorates and agencies for infrastructure, capital works, and goods and services; (ii) advises the Government on procurement and related construction industry policy; (iii) is responsible for the development and implementation of the Government's procurement policy; and (iv) administers a range of pre-qualification schemes, and establishes and manages whole of government contracts.⁴³ The Committee further notes that a key strategic and operational priority to be pursued by the Commerce and Works Directorate (CWD) in 2013–14 is ‘strengthening the framework for planning and delivering capital infrastructure’⁴⁴. The Committee also notes that a key strategic and operational priority to be pursued by the CMTD in 2013–14 is: ‘underlying investigation work on alternative capital funding and procurement processes including Public Private Partnerships’⁴⁵.

3.26 It does appear to the Committee that there is potential for duplication and fragmentation of the respective objectives, expertise and activities of the IFAU and Shared Services Procurement. Consequently, there is potential for inefficient and ineffective outcomes together with unnecessary program costs. The Committee believes that due consideration should be given to whether the current location of the IFAU supports efficient and effective outcomes as per desired strategic and operational infrastructure objectives.

⁴¹ Proof *Transcript of evidence*, 29 April 2014, pp. 19–22.

⁴² Mr David Nicol, Proof *Transcript of evidence*, 29 April 2014, p. 22.

⁴³ ACT Government. (2013) *2013–14 Budget Paper No. 4*, p. 168.

⁴⁴ ACT Government. (2013) *2013–14 Budget Paper No. 4*, p. 163.

⁴⁵ ACT Government. (2013) *2013–14 Budget Paper No. 4*, p. 30.

Recommendation 5

- 3.27 The Committee recommends that the ACT Government give due consideration to whether the current location of the Infrastructure Finance and Advisory Unit within the Chief Minister and Treasury Directorate supports efficient and effective outcomes as per desired strategic and operational infrastructure objectives.**

ACTPS WORKERS' COMPENSATION AND WORK SAFETY IMPROVEMENT PLAN INITIATIVE

- 3.28 The Supplementary Budget papers detail that the proposed appropriation of \$1.561 million in net cost of outputs for this initiative will provide:

...support for continuation of the return to work case management services for injured ACTPS employees and a range of injury prevention and early intervention initiatives designed to reduce the human and economic cost of work injury.⁴⁶

- 3.29 The Committee sought further detail on the scope of the return to work case management services and the range of injury prevention and early intervention programs that will be undertaken as part of this initiative. The Chief Minister explained:

This was an initiative that was initially funded for two years. Essentially it was to look at how we manage our case management across the service, or efforts to improve on our case management for supporting injured workers and returning them to work, to improve the skills of our case managers across the service, to aim to lift the standard from a whole-of-government point of view about management of workers compensation and return-to-work programs, and also separately but running alongside that the opportunity to brief the cabinet on future decisions around management of our workers compensation arrangements, which are still under consideration by the cabinet. To date we have seen very pleasing results from this work. This will keep the improvement plan going. The early estimates to date are that we have saved more money than we have spent on improved outcomes for workers and putting downward pressure on our claims.⁴⁷

- 3.30 The Committee clarified that the appropriation will fund the operating cost of the Initiative which was originally funded for two years from 2010–11 to 2012–13. After a review of the initial outcomes the Government decided to centrally fund the team (located within the Workforce Capability and Governance Division of the CMTD) supporting the improvement

⁴⁶ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 38.

⁴⁷ Ms Katy Gallagher MLA, Proof *Transcript of evidence*, 29 April 2014, p. 37.

plan. The Committee confirmed that since the original funding ceased at 30 June 2013, the work of the Initiative has continued.⁴⁸

ECONOMIC DEVELOPMENT DIRECTORATE

3.31 In addition to revised wage parameters of \$296,000, Appropriation Bill 2013–14 (No. 2) also seeks to provide the following funds to the Economic Development Directorate (EDD):

- \$170,000 in net cost of outputs for the new Canberra Theatre feasibility study; and
- \$520,000 for the city to the lake West Basin waterfront design.⁴⁹

CANBERRA THEATRE FEASIBILITY STUDY

3.32 The Supplementary Budget papers detail that the proposed appropriation of \$170,000 will provide for a study of the feasibility of a new Canberra Theatre. The Study will encompass functional requirements, delivery options and concept design. The Feasibility Study:

...will provide for the investigation of functional requirements, delivery options and a concept design for a new theatre facility within the current cultural facilities precinct around the eastern perimeter of City Hill.⁵⁰

3.33 The Committee was told that the Study was a joint project between the economic and arts portfolios and the Government had decided to advance the next stage of the Project in parallel with the city plan and the city to the lake work.⁵¹ The Committee was interested in the scope and scale of the new theatre that is envisaged and the Minister responded:

This is the basis of the feasibility work. The initial discussions that Minister Burch has had and that I have had with the Cultural Facilities Corporation include facilities in the order of about 2,000 seating capacity and a larger performance space. The detailed business case behind the optimal size facility is exactly what this work will provide. So we will get a sense of what will be economic, what will be viable, noting the challenges that are currently faced with the, I think, now nearly 50-year-old existing Canberra Theatre facility.⁵²

⁴⁸ Proof *Transcript of evidence*, 29 April 2014, pp. 37–38.

⁴⁹ Mr Andrew Barr MLA, Legislative Assembly for the ACT, *Debates*, 20 March 2014, p. 609; ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March.

⁵⁰ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 62.

⁵¹ Proof *Transcript of evidence*, 29 April 2014, p. 25.

⁵² Mr Andrew Barr MLA, Proof *Transcript of evidence*, 29 April 2014, p. 26.

CITY TO LAKE WEST BASIN WATERFRONT DESIGN

3.34 The proposed appropriation of \$520,000 for the City to Lake West Basin Waterfront design will generate the forward design of the public works proposed for the waterfront at West Basin.

According to the Supplementary Budget papers—the:

...project will deliver the forward design of the public realm works proposed for the Lake Burley Griffin waterfront at West Basin. The design will define the edge of the City to the Lake precinct and a promenade for use by pedestrians, cyclists and slow moving traffic and will link with proposed future amenities at West Basin.⁵³

EDUCATION AND TRAINING DIRECTORATE

3.35 In addition to revised wage parameters of \$14,000, Appropriation Bill 2013–14 (No. 2) also seeks to provide the following funds to the Education and Training Directorate (ETD):

- \$7.460 million in a capital injection for construction of the Coombs P-6 school.⁵⁴

CONSTRUCTION OF COOMBS P-6 SCHOOL

3.36 The proposed appropriation of \$7.460 million will provide construction funding for the Coombs primary school. The School will be the first school in the Molonglo region and is envisaged to have capacity for 700 students from pre-school to year 6 (P-6). The School is scheduled to commence operation for the 2016 school year.⁵⁵

3.37 According to the Supplementary Budget papers:

The learning spaces and facilities for the new primary school will be designed to support the latest education practices for preschool to year 6 students, high quality indoor and outdoor learning environments and community accessible facilities, including a community hall and sports field.⁵⁶

⁵³ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 62.

⁵⁴ Mr Andrew Barr MLA, Legislative Assembly for the ACT, *Debates*, 20 March 2014, p. 609; ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March.

⁵⁵ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 155.

⁵⁶ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 155.

- 3.38 The Committee sought further information about the progression of the tender process underpinning the construction work. An ETD official stated:

We are already in the first stage of a two-stage tender process that is being used to select the preferred contractor. A request for expressions of interest went to two selected respondents. The closing date for tenders was 1 April, so we are very much in the time now of a contract being awarded to the successful tenderer towards the end of May 2014, with the tight program to open the school by the 2016 school year.⁵⁷

- 3.39 The Committee queried whether the amount to be appropriated would be spent in the current financial year and was told:

In relation to the expenditure in 2013-14, no, we will not spend the \$7 million referred to. However, because we will be awarding the contract in this current financial year, we need to have the appropriation awarded to allow us to enter into a contract. So the amount that is shown for this current financial year is the portion of the total appropriation that allows us to enter into the contract. On the amount, we would not spend a million dollars between awarding the contract at the end of May and the time when any invoices come in—probably only \$100,000 or \$200,000, potentially, in that period between the end of May and closing of the financial year books.⁵⁸

- 3.40 The Committee understands that whilst the supplementary appropriation is unlikely to be spent in 2013–14, it is necessary to permit awarding of the contract. An ETD official elaborated:

...to enter into contracts we have to have the funding appropriated. So while we have been making commitments of expenditure, the cash expenditure would not be occurring in this financial year. So we will be signing contracts to commit to expenditure. Physical cash payments will not happen by 30 June to the full extent.⁵⁹

- 3.41 The Committee also queried whether it was standard procurement practice to commence a tender process without the appropriation of funds. The Committee was informed that approval is sought to do so and industry is informed by way of a standard statement in the tender documents advising that funds are to be appropriated. In the case of this appropriation, the tender document would state that the awarding of the contract would be subject to the second appropriation being passed by the Legislative Assembly.⁶⁰

⁵⁷ Mr Mark Whybrow, *Proof Transcript of evidence*, 28 April 14, p. 11.

⁵⁸ Mr Rodney Bray, *Proof Transcript of evidence*, 28 April 14, p. 11.

⁵⁹ Mr Mark Whybrow, *Proof Transcript of evidence*, 28 April 14, p. 12.

⁶⁰ *Proof Transcript of evidence*, 28 April 14, p. 12.

3.42 The Treasurer also confirmed this requirement as part of discussion in the context of a feasibility study relating to the EDD's revised funding profiles. Discussion ensued as follows:

MS LAWDER: So you have got to go out to tender and appoint someone before the end of the financial year—

Mr Barr: That is right.

MS LAWDER: and spend it.

DR BOURKE: But you have to have the money allocated before you can go to tender.

Mr Dawes: Correct.⁶¹

JUSTICE AND COMMUNITY SAFETY DIRECTORATE

3.43 In addition to revised wage parameters of \$2.898 million, Appropriation Bill 2013–14 (No. 2) also seeks to provide the following funds to the Justice and Community Safety Directorate:

- \$1.105 million is provided for judges' remuneration for increased pension and retirement costs as well as costs associated with reducing backlogs;
- \$1.297 million is provided in a capital injection for the new ACT court facilities;
- \$328,000 is provided in a capital injection for the ACT Legislation Register replacement; and
- \$1.177 million is provided in a capital injection for tender-ready documentation for additional facilities at the Alexander Maconochie Centre.⁶²

JUDGES' REMUNERATION

3.44 The proposed appropriation of \$1.105 million will provide for the remuneration of judges, including increased pension and retirement costs, as well as costs associated with reducing court/case backlog.⁶³

3.45 The remuneration of the judiciary is determined by the ACT Remuneration Tribunal. Pursuant to the *Remuneration Tribunal Act 1995*, the ACT Remuneration Tribunal inquires into and determines the remuneration, allowances and other entitlements to be granted to particular offices, including the judiciary, on a 12 month basis.⁶⁴

⁶¹ Proof *Transcript of evidence*, 28 April 14, p. 22.

⁶² Mr Andrew Barr MLA, Legislative Assembly for the ACT, *Debates*, 20 March 2014, p. 609; ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March.

⁶³ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 105.

⁶⁴ ACT Remuneration Tribunal—<http://www.cmd.act.gov.au/governance/remtrib/about>

- 3.46 The Committee noted that a component of the Judges' remuneration was classified as 'capital' and queried why it was not 'recurrent expenditure'. The Acting Director-General explained:

The capital component of the judges' remuneration is a one-off payment related to the retirement of the former ACT Chief Justice. Eighty per cent of that amount is paid by the ACT and the remaining 20 per cent is paid by the commonwealth. So it was a one-off capital payment.

...

The retirement payment relates to accrued leave with respect to the former Chief Justice. That is why it is a capital payment.⁶⁵

REPLACEMENT OF THE ACT LEGISLATION REGISTER

- 3.47 The proposed appropriation of \$328,000 will provide for replacement of the ACT Legislation Register and its supporting systems. Replacement of the Register and the information systems underpinning it:

...will reduce the critical risk of system failure, ensure the system is fit-for-purpose, and improve the security and integrity of information.⁶⁶

- 3.48 The Committee was interested in the scale and scope of the work that will underpin the replacement of the Register and its support systems. The Minister told the Committee:

The legislation register project is designed to upgrade the capacity and the functionality of the existing ACT legislation register. The legislation register is a critical component of the operation of self-government, as it is the territory's authorised electronic statute book and it is how acts of the Assembly are brought into legal force.

The existing system is now 12 years old and there are a range of interrelated systems that sit behind the register that support drafting, notification, republication and repeal of all ACT legislation. This funding will allow the office of parliamentary counsel to redevelop and replace the current technology, which is now nearing end of life, and provide a more modern technology to support the ongoing operation of the register.⁶⁷

- 3.49 The Committee queried whether the proposed appropriation would be for the continuation of work already taking place under the replacement project or whether it would be for a new project. The Parliamentary Counsel confirmed that it would be for the continuation of initial scoping work looking at suitable alternative technology options before proceeding to tender:

⁶⁵ Ms Alison Playford, *Proof Transcript of evidence*, 28 April 2014, p. 4.

⁶⁶ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 105.

⁶⁷ Mr Simon Corbell MLA, *Proof Transcript of evidence*, 28 April 2014, p. 3.

There was an initial appropriation of \$515,000 in 2013-14 and now we have a second amount for the rest of that year, which will continue those investigations and also commence the urgent work that is required for the replacement of the platform.⁶⁸

- 3.50 The Committee was interested to know why funding for the continuation of the scoping work could not have waited until the 2014–15 Budget. The Committee was advised that, in relation to the platform supporting the Register, the work was necessary for security reasons.⁶⁹ The Minister added:

Different elements of the software that support the operation of the legislation register are approaching end of life. As Ms Georges indicated, a number of them have reached end of life in terms of their routine support but extended support from the software manufacturer continues to be available. That is time limited. Therefore the government has taken the decision that we do need to proceed as soon as possible with the upgrade of the system. The government has asked parliamentary counsel, in developing its final proposal, which has been endorsed and reflected in this appropriation, that the project be comprehensively scoped and that alternatives be put forward as part of that process, to give the government confidence that the ICT project that is now being appropriated is effectively scoped and does represent the most effective way of upgrading and maintaining the capability and functionality of the legislation register.⁷⁰

COMMITTEE COMMENT

- 3.51 The Committee is of the view that replacement or planned upgrades to information and communication technology (ICT) applications critical to the work of government should be adequately scoped and progressed in a timely manner to ensure consistency of service and support. This will assist with ensuring the capability and functionality of these systems are maintained with minimal disruption to business continuity.

Recommendation 6

- 3.52 The Committee recommends that the ACT Government ensure that replacement of, or planned upgrades to, information and communication technology (ICT) applications critical to the work of the Government are adequately scoped.**

⁶⁸ Ms Sandra Georges, *Proof Transcript of evidence*, 28 April 2014, p. 4.

⁶⁹ *Proof Transcript of evidence*, 28 April 2014, p. 5.

⁷⁰ Mr Simon Corbell MLA, *Proof Transcript of evidence*, 28 April 2014, p. 5.

Recommendation 7

- 3.53 The Committee recommends that the ACT Government ensure that replacement of, or planned upgrades to, information and communication technology (ICT) applications critical to the work of the Government are carried out in a timely manner.**

ACT COURTS FACILITY PROJECT

- 3.54 The proposed appropriation of \$1.297 million will provide funding for a Public Private Partnership (PPP) to deliver an integrated Courts Facility. The Facility will incorporate a redeveloped Supreme Court building with an annex wing linking the Magistrates Court and Supreme Court buildings.⁷¹
- 3.55 The Government announced on 19 December 2013 that the ACT Courts Facility Project would be the Territory's first PPP and would be delivered through The Partnerships Framework (TPF). TPF is a new Government policy supporting both unsolicited proposals and PPPs in the Territory.⁷²

ALEXANDER MACONOCHIE CENTRE—ADDITIONAL FACILITIES

- 3.56 The proposed appropriation of \$1.177 million will provide funding for tender ready documentation in preparation for the construction of additional facilities at the Alexander Maconochie Centre (AMC).⁷³ The Minister for Corrections announced on 29 April 2014 that a development application had been lodged to build additional accommodation facilities at the AMC.⁷⁴
- 3.57 The Committee was interested to know why additional accommodation facilities were needed and the Minister stated:

I think, as has been widely reported, members will be aware that we have seen a significant expansion in the AMC population in the last 12 to 15 months. In particular, we saw the spike last year from a population of 240-ish in January to 340 by September-October last year. What we have seen since then is that the population has consistently sat at those higher numbers. We had a dip through the earlier part of this year down into the high teens, 319, but we are now back today at 342. So what we are

⁷¹ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 105; <http://apps.treasury.act.gov.au/partnerships-framework/projects>

⁷² ACT Government, Partnerships Framework, <http://apps.treasury.act.gov.au/partnerships-framework>

⁷³ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 105.

⁷⁴ Mr Shane Rattenbury MLA. (2014) Media release: 'Additional facilities at the AMC', 29 April.

seeing is a consistently higher population. Corrections has had further modelling done which indicates that we will need more capacity into the future.⁷⁵

3.58 The Committee understands that the benefits of the additional facilities are twofold—(i) it will increase operational bed capacity to respond to an increase in detainee numbers that has occurred over the last 15 months; and (ii) will provide flexible accommodation options required to respond to the high rates of separation that are present within the AMC.⁷⁶

3.59 The Minister for Corrections commented:

The expansion will have a flexible design with capacity for an extra 110 beds across two new buildings, and will be able to cope with surges in detainee numbers with the capacity to increase up to 142 beds.

We have seen an unprecedented jump in detainee numbers since January 2013 which has placed significant pressure upon ACT Corrective Services. We also have a very high rate of detainee separation as many of our detainees know each other in the community and have problems with association, which makes it difficult for them to be co-located inside the AMC...⁷⁷

3.60 The Committee was particularly interested to ascertain whether the capacity provided by the additional facilities would be sufficient to respond to the trends regarding growth in detainee numbers. The Minister told the Committee that the additional facilities were designed to meet the medium projections outlined in peer reviewed modelling work carried out by respected criminal justice analyst John Walker.⁷⁸

3.61 The decision to build to medium projections, whilst increasing capacity, will continue to support programs to reduce reoffending and slow the rate of increase in the prison population. The Minister elaborated:

He [*John Walker*] produces a set of projections that are low, medium and high. The government has taken a deliberate decision to use the medium-range projections. To go with that, there is some flexibility in the design but also an intent to deliver a justice reform strategy which targets offending behaviour and seeks to minimise the number of people actually going to jail or going back to jail as repeat offenders, as the case may be.⁷⁹

⁷⁵ Mr Shane Rattenbury MLA, *Proof Transcript of evidence*, 1 May 2014, pp. 49–50.

⁷⁶ *Proof Transcript of evidence*, 1 May 2014.

⁷⁷ Mr Shane Rattenbury MLA. (2014) Media release: 'Additional facilities at the AMC', 29 April.

⁷⁸ *Proof Transcript of evidence*, 1 May 2014, pp. 51–53; Mr Shane Rattenbury MLA. (2014) Media release: 'Additional facilities at the AMC', 29 April.

⁷⁹ Mr Shane Rattenbury MLA, *Proof Transcript of evidence*, 1 May 2014, p. 152.

3.62 The Committee was also interested to know whether there were any alternative options to building additional facilities within the AMC—for example, consideration of a separate facility such as minimum security, in the case of the Symonston facility. The option of sending prisoners back to NSW was not a viable alternative on the basis that it was contrary to the intent behind having a facility in the ACT.⁸⁰

3.63 The Committee discussed at some length with the Minister and directorate officials, the complexities associated with managing construction work within a secure facility—in particular, quarantining hoardings to prevent interaction (including visual) with detainees, undertaking background checks of workers, daily searches and security screening, and accountability processes for reconciling tools and other equipment coming in and out of the facility.⁸¹

3.64 The Executive Director of Corrective Services confirmed for the Committee that as the governor or general manager of different corrective facilities, she had direct experience of the completion of construction work within an operating prison facility. The Executive Director stated:

I have, yes. All jurisdictions struggle with numbers all the time. I have certainly been the governor or general manager of a number of facilities where we have had to. There was Silverwater women's, for example, which is a large site on the Silverwater site. We did a lot of renovations there when it was operating. We pulled down and demolished old, inappropriate cell accommodation and put up new mental health units in the middle of the site. It is complex, and everyone would much prefer to work with a greenfield site, but it is certainly doable, and people all over the country do it all the time. I am not going to say that it is easy, and you have to have good processes and procedures, but it is doable.⁸²

3.65 The Committee sought clarification as to whether an industry standard existed relating to costs of construction within an operating prison facility as opposed to construction on a greenfield site. The Executive Director of Corrective Services commented:

I do not know what the standard is, but obviously there are more costs involved because you are going onto a site and you have to employ staff for help with the supervision and manage that.⁸³

⁸⁰ Mr Shane Rattenbury MLA, *Proof Transcript of evidence*, 1 May 2014, p. 49.

⁸¹ *Proof Transcript of evidence*, 1 May 2014, pp. 53–55.

⁸² Ms Bernadette Micherson, *Proof Transcript of evidence*, 1 May 2014, p. 55.

⁸³ Ms Bernadette Micherson, *Proof Transcript of evidence*, 1 May 2014, p. 55.

COMMITTEE COMMENT

3.66 The Committee is of the opinion that this work is necessary.⁸⁴

Recommendation 8

3.67 The Committee recommends that the ACT Government ensure that capital works projects are properly scoped and take into account long term future requirements.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT DIRECTORATE

3.68 In addition to revised wage parameters of \$616,000, Appropriation Bill 2013–14 (No. 2) also seeks to provide the following funds to the Environment and Sustainable Development Directorate:

- \$2.968 million in a capital injection for the purchase of water under the Living Murray Initiative Agreement 2004.⁸⁵

LIVING MURRAY WATER ENTITLEMENTS

3.69 The proposed appropriation of \$2.968 million will permit the Government to meet its commitments, on behalf of the ACT, under the Living Murray Initiative Agreement 2004. According to the Supplementary Budget Papers the funding will be used:

...to purchase 2 Gigalitres of water for environmental watering purposes, in particular for six environmental icon sites of the Murray River system.⁸⁶

3.70 The Living Murray Initiative was developed to address water over allocation and to achieve environmental objectives in the Murray-Darling Basin. Its primary objective was to address the declining health of the River Murray and Murray-Darling Basin and aimed to:

...create a healthy working river that assures us of continued prosperity, clean water and a flourishing environment.⁸⁷

⁸⁴ Mr Smyth and Ms Lawder were of the view that the work was necessary directly as a consequence of the Government's poor processes in the lead up to the official opening of the AMC on 11 September 2008 (noting the first prisoners were accepted on 30 March 2009). [ABC News (2008). 'New ACT jail awaits inmates', 12 September. Retrieved 1 May 2012; ACT Legislative Assembly—Standing Committee on Justice and Community Safety. (2009) *Report on inquiry into the delay in the commencement of operations at the Alexander Maconochie Centre*, p. 23].

⁸⁵ Mr Andrew Barr MLA, Legislative Assembly for the ACT, *Debates*, 20 March 2014, p. 609; ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March.

⁸⁶ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 127.

⁸⁷ Australian Government, Department of the Environment— <http://www.environment.gov.au/node/24406>

- 3.71 Since commencement of the Agreement, further arrangements in the context of the Living Murray Initiative have been put in place to clarify how entitlements held by parties for the purposes of the Living Murray Initiative are to be controlled, managed and accounted for. Arrangements modifying the initial agreement include: the Intergovernmental Agreement on Murray-Darling Basin performance and the Commonwealth's *Water Amendment Act 2008*.⁸⁸
- 3.72 As to the purpose of the funding in the context of the Living Murray Agreement, the Minister informed the Committee that the proposed appropriation of \$2.968 million will provide:
- ...for the ACT to make its contribution under the living Murray agreement. The living Murray agreement in total is delivering 500 gigalitres of water for environmental watering into the Murray-Darling Basin across all of the Murray-Darling Basin jurisdictions, including the commonwealth. The ACT is making a 0.04 per cent contribution to the overall provision of that 500 gigalitres. So the ACT's funding will be to purchase two gigalitres of water for environmental watering purposes. This allows the commonwealth water holder to use these water allocations to improve the overall health of the Murray-Darling Basin by ensuring there is sufficient water in the basin for environmental management purposes. This includes things such as allowing for simulated releases of floodwaters to water, for example, valuable riverine red gum forests along the course of the Murray-Darling Basin.⁸⁹

CAPITAL METRO AGENCY

- 3.73 In addition to revised wage parameters of \$35,000, Appropriation Bill 2013–14 (No. 2) also seeks to provide the following funds to the Capital Metro Agency:
- \$5,433 million in net cost of outputs to better reflect the nature of expenditure. These funds have been transferred from the capital metro's 2013–14 capital appropriation.⁹⁰
- 3.74 Importantly, the aforementioned appropriation of \$5.433 million is not additional funding but reflects a change to an existing appropriation in the form of a transfer from capital injection to recurrent project funding.⁹¹
- 3.75 Specifically, Appropriation Bill 2013–14 (No. 2) provides for two changes to the Capital Metro Agency's appropriation. The Minister explained:

⁸⁸ http://www.cmd.act.gov.au/__data/assets/pdf_file/0017/121328/addressing-water-overallocation-living-murray-asset-agreement.pdf

⁸⁹ Mr Simon Corbell MLA, *Proof Transcript of evidence*, 28 April 2014, pp. 5–6.

⁹⁰ Mr Andrew Barr MLA, Legislative Assembly for the ACT, *Debates*, 20 March 2014, p. 609; ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March.

⁹¹ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 144.

The first element is a transfer or reclassification to net cost of outputs of an existing capital injection amount appropriated to the Capital Metro Agency in the 2013-14 budget to the value of \$5 million. There is no change to the studies or design work to be undertaken, but this reclassification reflects the appropriate accounting treatment for expenditure by CMA against that appropriation.⁹²

The second element is a transfer of \$433,000 that was committed but unspent funds from a sum originally appropriated to the Environment and Sustainable Development Directorate for expenditure against a number of studies associated with the light rail project. It represents primarily the outstanding amounts to be paid for the Hibberson Street study, which is now complete, and the network integration study. Whilst these costs were initially appropriated to ESDD as a capital injection, it is also now felt appropriate to reclassify them as net cost of outputs, for the same reasons that I mentioned earlier.⁹³

TRANSFER OR RECLASSIFICATION OF APPROPRIATION

- 3.76 The Committee was interested to know the rationale underpinning the transfer of the \$5.433 million from capital injection funding to recurrent expenditure. The Deputy Project Manager explained:

It really turns on the proximity to a capital asset being developed and the nature of the work. At this stage of the work it is conceptual. The accounting treatment would suggest, under best practice, that you would expense that rather than capitalise it at this stage.⁹⁴

COMMITTEE COMMENT

- 3.77 The Committee sought clarification that the standard practice for the development of a capital asset would, in the first instance, encompass a conceptual approach in terms of decisions around the nature of the project including its design, delivery and procurement methodology, and on this basis, it would therefore have been known that such expenditure would have been recurrent when the 2013–14 Budget was framed. The Deputy Project Manager explained:

It is a question of what was known then versus what is known now. As it has developed it has become a question of not fully understanding yet what the factors of those decisions are and not yet putting material to government to make that decision.⁹⁵

⁹² Mr Simon Corbell MLA, *Proof Transcript of evidence*, 28 April 2014, p. 1.

⁹³ Mr Simon Corbell MLA, *Proof Transcript of evidence*, 28 April 2014, pp. 1–2.

⁹⁴ Mr Glenn Bain, *Proof Transcript of evidence*, 28 April 2014, p. 2.

⁹⁵ Mr Glenn Bain, *Proof Transcript of evidence*, 28 April 2014, p. 2.

3.78 The Minister also added:

On balance, Mr Smyth, given the outputs associated with those pieces of work, the assessment has been made that it is better to reflect it as a net cost of outputs rather than capitalise it against the project due to the timing associated with the project and the nature of the outputs from that work.⁹⁶

Recommendation 9

3.79 The Committee recommends that the ACT Government ensure that appropriation amounts are always classified in accordance with best practice accounting treatment and standards.

STUDIES ASSOCIATED WITH THE LIGHT RAIL PROJECT

3.80 In relation to expenditure against studies associated with the light rail project—in the main, for the Hibberston Street study, which is now complete, and the Network Integration Study—the Committee was interested to know whether both documents would be publicly available once completed. The Minister told the Committee:

Following the government’s consideration of them, the government will make a decision on their release.⁹⁷

COMMITTEE COMMENT

3.81 The Committee notes that the Hibberston Street Study, whilst complete, is still subject to government consideration, with a decision yet to be made on its release.⁹⁸ The Committee is of the view that this study should be made publicly available as soon as possible.

Recommendation 10

3.82 The Committee recommends that the ACT Government should prioritise the public release of the completed Hibberston Street Study.

3.83 The Committee understands that the Network Integration Study is still to be finalised. The Capital Metro Agency website advises:

⁹⁶ Mr Simon Corbell MLA, *Proof Transcript of evidence*, 28 April 2014, p. 3.

⁹⁷ Mr Simon Corbell MLA, *Proof Transcript of evidence*, 28 April 2014, p. 3.

⁹⁸ *Proof Transcript of evidence*, 28 April 2014, p. 3.

Between October and November 2013, a ‘light rail integration study’ was carried out to look at how the light rail system could integrate with other modes of transport, such as the bus network, pedestrians, bicycles and motor vehicles. A range of information sessions were carried out and an online survey was completed by 441 people from across Canberra.

The consultation asked for peoples’ views on proposed stops, links with the bus network and what amenities are important.

The findings of the consultation and the final consultation report will be published on this website soon.⁹⁹

- 3.84 The Committee is also of the view that the Network Integration Study, once finalised, should also be publicly available.

Recommendation 11

- 3.85 The Committee recommends that once finalised, the ACT Government should prioritise the public release of the Network Integration Study.**

- 3.86 The construction of the Capital Metro Network will potentially create a significant financial burden both in terms of capital and operational subsidies, before embarking on the construction of the Capital Metro.

- 3.87 The Committee is interested to know whether a Net Present Value exercise has been carried out in relation to the investment decision to proceed with the Capital Metro infrastructure.

Recommendation 12

- 3.88 The Committee recommends that the ACT Government inform the ACT Legislative Assembly as to whether a Net Present Value exercise has been carried out in relation to the investment decision to proceed with the Capital Metro infrastructure.**

⁹⁹ Capital Metro Agency website, accessed 30 April 2014—available at: <http://www.capitalmetro.act.gov.au/news-and-publications/news/news-and-events/light-rail-integration-study>

Recommendation 13

- 3.89 The Committee recommends that the ACT Government consider tabling in the Legislative Assembly all financial analysis work that has been done to date concerning the Capital Metro Project.**

HEALTH DIRECTORATE

- 3.90 In addition to revised wage parameters of \$6.356 million, Appropriation Bill 2013–14 (No. 2) also seeks to provide the following funds to the Health Directorate:
- \$8,000 for the social and community sector pay equity award.¹⁰⁰
- 3.91 The proposed appropriation of \$8,000 will permit the Government to meet its obligations under *National Partnership Agreement on Pay Equity for the Social and Community Services Sector 2013–16*. As a party/signatory to the Agreement, the Government committed to providing ‘Eligible Service Providers’ (as defined in the Agreement) with wage supplementation to assist these providers to meet increased wage costs arising from the Pay Equity Orders.¹⁰¹
- 3.92 The Committee queried whether the amount appropriated for the social and community sector pay equity award could have been absorbed via savings as opposed to bringing it forward in the supplementary appropriation. Discussion on this matter ensued as follows:
- Ms Gallagher:** I think this item, as I understand it, was omitted in the original budget. It is just a minor adjustment, but it does increase in the outyears. I would say that it is probably fixing up an error of sorts. Health already absorb a number of different costs through their budget. Do you want to add to that, Ron?
- Mr Foster:** It is purely and simply the fact that it was missed, and there has been a decision to allocate that. So, for completeness, it has been put through in this technical adjustment, if you like.¹⁰²
- 3.93 The Committee notes that no funding amount within Appropriation Bill 2013–14 (No. 2) was allocated to the Community Services Directorate for its component of the social and community sector pay equity award on the basis it was included the 2013–14 main budget.¹⁰³

¹⁰⁰ Mr Andrew Barr MLA, Legislative Assembly for the ACT, *Debates*, 20 March 2014, p. 609; ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March.

¹⁰¹ COAG. (2013) *National Partnership Agreement on Pay equity for the Social and Community Services Sector 2013–16*.

¹⁰² Ms Katy Gallagher MLA and Mr Ron Foster, *Proof Transcript of evidence*, 29 April 2014, p. 44.

¹⁰³ *Proof Transcript of evidence*, 29 April 2014, p. 33.

COMMUNITY AND SERVICES DIRECTORATE

- 3.94 In addition to revised wage parameters of \$1.310 million, Appropriation Bill 2013–14 (No. 2) also seeks to provide the following funds to the Community Services Directorate (CSD):
- \$7.628 million in expenses on behalf of the territory for the concessions program to meet an increase in the number of eligible recipients and in the volume of claims.¹⁰⁴

ACT CONCESSIONS PROGRAM FUNDING

- 3.95 The proposed appropriation of \$7.628 million will provide additional funding for the ACT Concessions Program (the Program) to meet increasing demand. This includes an:

...increase in eligible recipients and in the volume of claims, and the impact of increases in the cost of providing essential services.¹⁰⁵

- 3.96 The ACT Government Concessions Policy defines a concession as:

...a reduction, discount, subsidy, rebate, waiver or exemption provided by the government on the value of goods, services or associated fees to an individual, family, household or organisation. Concessions are generally provided on the basis of low income, special needs or disadvantage, or some other special category such as age or war service.¹⁰⁶

- 3.97 The CSD administers the program. Concessions available under the Program cover three categories—those which provide benefits for: (i) individuals (for example, rebates on spectacles); (ii) families and households (for example, discounts on household expenses); and (iii) the service users of hospitals, community organisations and religious groups (for example, discounts on water usage). In the main, these benefits are delivered via discounts on fees and charges for services such as transport, electricity and water or through rebates via a partial refund after a purchase for goods such as spectacles.¹⁰⁷

¹⁰⁴ Mr Andrew Barr MLA, Legislative Assembly for the ACT, *Debates*, 20 March 2014, p. 609; ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March.

¹⁰⁵ ACT Government. (2014) *2013–14 Supplementary Budget Papers*, March, p. 175.

¹⁰⁶ ACT Government—DHCS. (undated) ACT Government Concessions Policy, p. 3—accessed 30 April 2014, available: http://www.communityservices.act.gov.au/data/assets/pdf_file/0009/32220/ACT_Government_Concessions_Policy.pdf

¹⁰⁷ ACT Government—DHCS. (undated) ACT Government Concessions Policy.

COMMITTEE COMMENT

3.98 The Committee was interested in the drivers underpinning the increased demand for the Program and was told that this was attributable to a combination of factors. This included: (i) the transfer of new concessions into the Program coverage—for example, an Access Card for asylum seekers; (ii) new rebates extending existing coverage—for example, additional rebates for medical heating and cooling have been added to the Life Support Rebate; (iii) growth in demand for the spectacles and funerals schemes; (iv) an increase in the number of ACT citizens receiving ACT Centrelink income support payments—which is one of the eligibility criteria for accessing concessions; and (v) more broadly—the prevailing economic climate.¹⁰⁸

3.99 The Committee queried whether raised awareness of the Program and the concessions available may also have contributed to increased demand. Discussion on this matter with the Minister for Community Services and the Director-General of the CSD ensued as follows:

Ms Howson: In the period that we have seen these increases, we have introduced the Chief Minister's targeted assistance program, and that certainly has made access to concessions easier.

Mr Barr: Surprisingly! It is targeted assistance.

Ms Howson: It is easier for people to understand what their entitlements are and how to apply for these concessions. So while we cannot draw a direct correlation, that certainly has been a change in the conditions as we have seen the increase go up.¹⁰⁹

3.100 The Minister also informed the Committee that the administration of the Program would be transferring from the CSD to the Revenue Office from the 2014–15 financial year. The Minister stated:

Concessions will be transferring to the Revenue Office. The transfer of that process is now underway and the function will be performed within the Revenue Office in the future. But in the context of this appropriation and the last couple of years, CSD has had to manage this territorial expense, and the level of demand has been higher, so we have responded by providing additional funding to assist those most needy.¹¹⁰

3.101 The Committee notes that funding to the Program for the current financial year (\$51.585 million) has increased by approximately 16 per cent compared with 2012–13 (\$44.264 million). The Committee is of the view that a funding increase of 16 per cent is significant and, to the extent that work is not already taking place, considers that an analysis of

¹⁰⁸ Proof Transcript of evidence, 29 April 2014, pp. 32–35.

¹⁰⁹ Proof Transcript of evidence, 29 April 2014, p. 35.

¹¹⁰ Mr Andrew Barr MLA, Proof Transcript of evidence, 29 April 2014, p. 32.

the drivers underpinning this growth should be carried out.¹¹¹ The Committee also considers that completion of this work would be timely given the Program will be transferred from the CSD to the Revenue Office for the 2014–15 financial year.

Recommendation 14

3.102 The Committee recommends, to the extent that work is not already taking place, that the ACT Government conduct an analysis of the drivers underpinning the increase in demand for the ACT Concessions Program.

CAPITAL INVESTMENT AND WORKS RE-PROFILING

3.103 The Supplementary 2013–14 Budget papers, amongst other things, detail the impact of capital investment and works re-profiling across the Directorates and, where relevant, Territory Authorities and Corporations.

3.104 The Committee discussed with the Minister for Health¹¹², Minister for Economic Development¹¹³, and Minister for Corrections¹¹⁴ a number of matters relating to revised funding profiles for projects in the health, economic development and corrections portfolios.

3.105 The Government's Infrastructure Investment program (the Infrastructure program) continues to deliver infrastructure initiatives (including capital initiatives and capital works) commenced in previous budget years together with new projects. The 2013–14 Infrastructure Program, amongst other initiatives, provides:

- a capital value of \$68.4 million over four years for new health projects;
- funding for the progression of works under the City to Lake project; and
- infrastructure funding supporting land supply and land release including infrastructure works and capital investments to support land development activities.¹¹⁵

¹¹¹ Proof Transcript of evidence, 29 April 2014, p. 34.

¹¹² Proof Transcript of evidence, 29 April 2014.

¹¹³ Proof Transcript of evidence, 29 April 2014

¹¹⁴ Proof Transcript of evidence, 1 May 2014.

¹¹⁵ ACT Government. (2013) 2013–14 Budget Paper No. 3.

COMMITTEE COMMENT

3.106 The Committee notes the large number of projects detailed in the Supplementary Budget Papers with revised funding profiles. The Committee further notes that the success of the Infrastructure Investment program, in terms of its contribution to economic and social objectives, is reliant on the successful delivery and completion of a range capital upgrades, and new initiatives, on time and within budget.

3.107 The Committee acknowledges that a number of factors, some beyond the control of project managers, can contribute to delays in the delivery of capital works projects. Notwithstanding the inherent difficulties that can be encountered, the Committee notes the Auditor-General's finding for 2012–13 that the Infrastructure Investment Program:

...was underspent by \$252 million (29.0 percent) due mainly to delays in major capital projects. Projects that experienced delays included the:

- completion of the Holder Early Childhood Centre and upgrade of other educational facilities;
- building of health facilities, including the Tuggeranong Health Centre; and
- work on infrastructure projects, such as the duplication of the Majura Parkway.¹¹⁶

3.108 The Committee is concerned that delays to infrastructure works which support the Government's land development activities may have the potential to affect release targets across the various land release programs—residential, commercial, industrial and non-urban land. The Committee sought to ascertain this in the context of specific revised funding profiles for the EDD and discussion ensued as follows:

THE CHAIR: Going back to the main question, does the delay in the delivery of these preliminary works and feasibility studies have any impact on the land release?

Mr Dawes: I do not believe it will.

Mr Barr: Not since the environmental clearances have come through. That was the delay.¹¹⁷

¹¹⁶ ACT Auditor-General. (2013) *2012–13 Financial Audits*, p. 81.

¹¹⁷ *Proof Transcript of evidence*, 29 April 2014, p. 30.

Recommendation 15

3.109 The Committee recommends that the ACT Government ensure that delays to planned infrastructure works, which are within the control of the ACT Government, do not detrimentally affect release targets across the land release programs—residential, commercial, industrial and non-urban land.

Recommendation 16

3.110 The Committee recommends that the ACT Government ensure that the timeframe requirements of legislation—such as the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*—be adequately accounted for when framing the Capital Works Program.

SUMMARY—COMMITTEE POSITION ON THE SUPPLEMENTARY APPROPRIATION BILLS

3.111 The Committee has carefully considered the expenditure proposals contained in the Supplementary Appropriation Bills. The Committee has set out its comments in relation to a number of the proposals in chapter three of this report.

Recommendation 17

3.112 The Committee recommends that the ACT Legislative Assembly pass Appropriation Bill 2013–14 (No. 2) subject to the recommendations contained within Report No. 5 of the Standing Committee on Public Accounts being agreed to by the Government.

Recommendation 18

3.113 The Committee recommends that the ACT Legislative Assembly pass Appropriation (Office of the Legislative Assembly) Bill 2013–14 (No. 2).

4 CONCLUSION

- 4.1 The Committee would like to thank Ministers Gallagher, Barr, Burch, Corbell and Rattenbury, and accompanying directorate and agency officials, for their time, expertise and cooperation during the course of this inquiry.
- 4.2 The Committee has made **18** recommendations in relation to its inquiry into Appropriation Bill 2013–14 (No. 2) and Appropriation (Office of the Legislative Assembly) Bill 2013–14 (No. 2).

Brendan Smyth MLA

Chair

5 May 2014

Appendix A APPROPRIATION BILL 2013–2014 (No 2) AND APPROPRIATION (OFFICE OF THE LEGISLATIVE ASSEMBLY) BILL 2013–14 (No. 2)

A copy of Appropriation Bill 2013–14 (No. 2) and Appropriation (Office of the Legislative Assembly) Bill 2013–14 (No. 2), together with the explanatory statements, can be accessed at:

- Appropriation Bill (Office of the Legislative Assembly) 2013–2014 (No. 2)—the Bill, together with the explanatory statement, is available at:
http://www.legislation.act.gov.au/b/db_49292/default.asp
- Appropriation Bill 2013–2014 (No. 2)—the Bill, together with the explanatory statement, is available at: http://www.legislation.act.gov.au/b/db_49291/default.asp

Appendix B COMMITTEE PUBLIC HEARINGS

Witnesses who appeared before the Committee at public hearings:

Public hearing of Monday 28 April 2014—12 noon to 12:30pm

- Mr Simon Corbell MLA, Attorney General and Minister for the Environment and Sustainable Development
- Ms Emma Thomas, Project Director for the Capital Metro Agency
- Mr Glenn Bain, Deputy Project Director for the Capital Metro Agency
- Ms Alison Playford, Acting Director-General, Justice and Community Safety Directorate
- Ms Sandra Georges, Parliamentary Counsel, Justice and Community Safety Directorate
- Mr Greg Hammond, Executive Director, Capital Works and Infrastructure, Justice and Community Safety Directorate

Public hearing of Monday 28 April 2014—12:30pm to 1:00pm

- Ms Joy Burch MLA, Minister for Education and Training
- Mr Mark Whybrow, Chief Finance officer Director, Finance and Corporate Support, Education and Training Directorate
- Mr Rodney Bray, Director, Infrastructure and Capital Works, Education and Training Directorate

Public hearing of Tuesday 29 April 2014—1:30pm to 2:30pm

- Mr Andrew Barr MLA, Treasurer, Minister for Economic Development and Minister for Community Services
- Mr David Nicol, Under Treasurer, Chief Minister and Treasury Directorate (CMTD)
- Mr Peter Murray, Executive Director, Infrastructure, Infrastructure Finance and Advisory Unit, CMTD
- Mr Dan Stewart, Deputy Director-General, Land Development and Corporate, Economic Development Directorate (EDD)
- Mr David Dawes, Director-General, EDD
- Mr David Matthews, Senior Director, Policy and Organisational Services, Community Services Directorate (CSD)
- Mr Ian Hubbard, Chief Financial Officer, CSD
- Ms Natalie Howson, Director-General, CSD

Public hearing of Tuesday 29 April 2014—3:30pm to 4:00pm

- Ms Katy Gallgaher MLA, Chief Minister and Minister for Health
- Ms Kathy Leigh, Director-General, Chief Minister and Treasury Directorate (CMTD)
- Mr Andrew Kefford, Deputy Director-General, Workforce Capability and Governance Division, CMTD
- Mr Michael Young, Executive Director, Continuous Improvement and Workers' Compensation, CMTD
- Mr Paul Ogden, Chief Financial Officer, CMTD
- Dr Peggy Brown, Director-General, ACT Health
- Mr Ron Foster, CFO, ACT Health
- Ms Jacinta George, A/g Deputy Director, Health Infrastructure and Planning, ACT Health

Public hearing of Thursday 1 May 2014—10:30am to 11:00am

- Mr Shane Rattenbury MLA, Minister for Corrections
- Mr Greg Hammond, Executive Director, Capital Works and Infrastructure, Justice and Community Safety Directorate (JACSD)
- Ms Bernadette Mitcherson, Executive Director, ACT Corrective Services, JACSD

Appendix C ADDITIONAL FUNDING PROVIDED FOR BY APPROPRIATION BILL 2013–14 (No. 2)

Appropriation Unit	Net cost of outputs \$	Capital injection \$	Payments on behalf of the Territory \$	Total amount appropriated \$
Auditor-General	27 000			27 000
Chief Minister and Treasury Directorate	2 414 000	450 000		2 864 000
Health Directorate	6 364 000			6 364 000
Economic Development Directorate	466 000	520 000		986 000
Commerce and Works Directorate	247 000			247 000
Justice and Community Safety Directorate	3 396 000	3 165 000	244 000	6 805 000
Environment and Sustainable Development Directorate	616 000	2 968 000	12 000	3 596 000
Capital Metro Agency	5 468 000			5 468 000
Education and Training Directorate	14 000	7 460 000		7 474 000
Community Services Directorate	1 310 000		7 628 000	8 938 000
Territory and Municipal Services Directorate	2 334 000			2 334 000
ACT Gambling and Racing Commission	48 000			48 000
Canberra Institute of Technology	907 000			907 000
Cultural Facilities Corporation	95 000			95 000
Exhibition Park Corporation	4 000			4 000
Independent Competition and Regulatory Commission	6 000			6 000
Legal Aid Commission (ACT)	94 000			94 000
Total appropriations	23 810 000	14 563 000	7 884 000	46 257 000

**Appendix D ADDITIONAL FUNDING PROVIDED FOR BY
APPROPRIATION (OFFICE OF THE LEGISLATIVE
ASSEMBLY) BILL 2013-14 (No. 2)**

Appropriation Unit	Net cost of outputs \$	Capital injection \$	Payments on behalf of the Territory \$	Total amount appropriated \$
Office of the Legislative Assembly	73 000			73 000
Total appropriations	73 000			73 000