STANDING COMMITTEE ON PUBLIC ACCOUNTS

Appropriation Bill 2008—2009 (No. 3)

MARCH 2009

Report 1

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Resolution of Appointment[1]

The ACT Legislative Assembly appointed the Standing Committee on Public Accounts on 9 December 2008 to:

(i) 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;

(ii) 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;

(iii) 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

(iv) examine matters relating to economic and business development, small business, tourism, market and regulatory reform, public sector management, taxation and revenue.

[1] Legislative Assembly for the ACT, Minutes of Proceedings No. 2, Tuesday 9 December 2008, pp. 12–13.

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RECOMMENDATIONS

RECOMMENDATION 1

2.21 The Committee recommends that the ACT Government consider detailed statistics, such as unemployment, by industry sector before framing any further stimulus packages or the 2009–10 ACT Budget.

RECOMMENDATION 2

2.41 The Committee recommends that the ACT Government ensure that future spending plans have a clear basis on how spending proposals may be evaluated.

RECOMMENDATION 3

2.47 The Committee recommends that the Treasurer provide to the Legislative Assembly an update of the estimated outcome of the ACT Budget for 2008–09 and for the out years.

RECOMMENDATION 4

2.51 The Committee recommends that the Treasurer provides to the Legislative Assembly a breakdown of the proportion of spending that is proposed in Appropriation Bill 2008–09 (No. 3) that will be directed towards labour, plant and materials.

RECOMMENDATION 5

2.57 The Committee recommends that any further stimulus packages should consider one-off service provision as well as capital expenditure.

RECOMMENDATION 6

2.62 The Committee recommends that the ACT Government explore the feasibility of providing tax incentives, or other forms of incentives and related education programs, to encourage private landlords to make energy efficient modifications to their rental properties.

RECOMMENDATION 7

2.76 The Committee recommends that the Department of Treasury, as part of the Asset Management Plan Refresh, ensure that ecologically sustainable development (ESD) is aligned with standardised agency asset management plans.

RECOMMENDATION 8

2.80 The Committee recommends, to the extent that work is not already taking place, that the Department of Territory and Municipal Services ensure that the procurement improvements, as announced in the 2008–09 ACT Budget, support and facilitate—quickly and productively—the works proposed under the Local Initiatives Package.

RECOMMENDATION 9

2.84 The Committee recommends that the Treasurer provide the Legislative Assembly by the last sitting day in June 2009 a detailed project report on the delivery of projects under Appropriation Bill 2008–09 (No. 3).

RECOMMENDATION 10

3.8 The Committee recommends that the Legislative Assembly Secretariat, in addition to the replacement of the chiller, also give consideration to the implementation of less energy intensive building cooling options.

RECOMMENDATION 11

3.15 The Committee recommends that the Chief Minister's Department prioritise the progression of a Canberra International Arboretum and Gardens (CIAG) Access Strategy to ensure that the various types of recreational opportunities provided by the CIAG are open and accessible to all Canberrans.

RECOMMENDATION 12

3.22 The Committee recommends that the Department of Territory and Municipal Services be appropriately funded in the 2009–10 ACT Budget to prioritise work under the stormwater augmentation program for all 40 sites at extreme risk of stormwater damage as long as it is within the Department's capability to supervise the expenditure.

RECOMMENDATION 13

3.26 The Committee recommends that the Department of Territory and Municipal Services should ensure that the expenditure for the proposed construction of the bill poster silos is: (a) informed by the report of the Standing Committee on Planning, Public Works and Territory and Municipal Services' inquiry on this issue; and (b) expedited once this has occurred.

RECOMMENDATION 14

3.59 The Committee recommends that the 2009-10 ACT Budget provide funds for the planning of relocation and construction of the Tidbinbilla Rural Fire Service (RFS)

RECOMMENDATION 15

4.4 The Committee recommends that all outstanding questions taken on notice be provided to the Standing Committee on Public Accounts prior to debate of the third Appropriation Bill.

RECOMMENDATION 16

5.2 The Committee recommends that the Legislative Assembly pass Appropriation Bill 2008-09 (No. 3).

1 INTRODUCTION AND CONDUCT OF THE INQUIRY

Referral of the Inquiry and terms of reference

1.1 Appropriation Bill 2008-2009 (No. 3) (the third Appropriation Bill) was tabled in the Legislative Assembly on 26 February 2009 and referred to the Committee for inquiry.[2]

1.2 The Committee's terms of reference were to inquire into and report on the additional appropriations contained in the third Appropriation Bill by Tuesday 24 March 2009.

Conduct of the Inquiry

Submissions

1.3 The Committee called for brief submissions from a wide range of stakeholders by email invitation to peak interest bodies, and a public advertisement appearing in the *Canberra Times* on Wednesday 4 March 2009.

1.4 The Committee acknowledges that the short timeframe for the inquiry would have limited the ability of public and community organisations to contribute. The Committee received one submission from the ACT Council on Social Service (ACTCOSS).

Public hearings

1.5 The Committee held public hearings with all Ministers, and their respective departmental/agency officials, on 4 March; 11 March; and 13 March 2009. A list of all witnesses who appeared before the Committee is provided at **Appendix A**.

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[2] Legislative Assembly for the ACT, Minutes of Proceedings No. 10, Thursday 26 February 2009, pp. 115–116.

Appreciation

1.6 The Committee thanks all those who contributed to the Inquiry by providing information or appearing before it to give evidence.

1.7 The Committee is grateful to all those who participated or who assisted in the conduct of the Inquiry including Ministers, their staff, officials from ACT Government, and Legislative Assembly secretariat staff.

2 APPROPRIATION BILL CONTEXT

2.1 Whilst the consequences of the global credit crisis are still unfolding, it goes without saying that the crisis has generated uncertainty; impacted on consumer confidence; and given rise to a dramatic slow down of economies across the world.

2.2 In response, governments across the globe have turned to a range of expansionary fiscal policy measures in an attempt to increase aggregate demand during the economic downturn.

2.3 Infrastructure spending, as proposed in the third Appropriation Bill, is one of a number of expansionary measures that governments around the world are using in an attempt to stimulate their economies. Other expansionary measures include tax cuts and one-off payments.

2.4 This Appropriation Bill provides what the Government has called the 'Local Initiatives Package'—to provide additional investment in the buildings and facilities that are used to provide services to the Australian Capital Territory (ACT) community.[3]

2.5 While the Committee generally welcomes the proposals contained in this Appropriation Bill, it notes the significant changes since late 2008, when the Bill was first foreshadowed.

2.6 The Committee notes that it was reported that:

> The ACT Government would introduce a second "mini-budget" in the new year that would bring forward capital works in a bid to stimulate the local economy, Treasurer Katy Gallagher said yesterday.[4]

2.7 Further, in relation to the third Appropriation Bill, the Treasurer commented:

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[3] Ms Gallagher MLA, Presentation speech—*Local Initiatives Package*, 26 February 2009, p. 3.

[4] Violante, V. 2008, 'Second mini-budget to rev up ACT economy', *Canberra Times*, 18 December, p. 8.

> it's a very modest package—don't get your hopes up…it's really just designed to give some certainty to businesses for the next six months, it's not seeking to give anything other than what it says.[5]
>
> The third appropriation has been put together by the government to address emerging concerns in the ACT economy; that is the concern of industry that there is a weakening in the economy and certainly that there is going to be less work around for the next 12 to 18 months. The appropriation is pretty small in terms of the scale of our own capital program but also of other influences in the ACT economy[6].

2.8 Importantly the Commonwealth Government introduced a significant financial package which will provide approximately $350 million for the ACT.

2.9 There is no doubt that the ACT, along with every other economy across the globe, is facing increasingly difficult times. The important role for the ACT Government at a time such as this, however, is to be as positive as possible and to seek to engender confidence in the community.

2.10 While expansionary fiscal policy has its pros and cons, depending upon which school of economics one subscribes to, it can, nonetheless, play an important role in increasing aggregate demand. This increased demand may lead to increased local jobs if the demand is correctly targeted. The construction sector is inherently local and thus a good candidate for a stimulus package. However, the construction materials may not be local.

2.11 Ultimately the real aim of expansionary fiscal policy is to restore confidence to the economy and get people back to doing the things they would do in a normal economy.[7]

2.12 In terms of its effectiveness as an expansionary measure, infrastructure spending has its critics, in that it tends to be focused on certain areas and may cause bottlenecks in those areas rather than act as a general stimulus.

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[5] Quoted in Violante, V. 2009, 'Capital PS jobs look safe from axe', *Canberra Times*, 24 February, p. 1.

[6] Ms Gallagher MLA, Legislative Assembly for the ACT, Hansard, 26 February 2009, pp. 1077–1078.

[7] Shiller, R.J. 2009, Australian Broadcasting Corporation (ABC) Lateline, 4 February— Professor of Economics (Yale University).

Further, it can often take a long time to get underway. However, the timing issue can be addressed by funding projects that are considered to be 'shovel-ready', that is, they have already been appraised and found viable.[8] In this way spending can be invested to best effect—quickly and productively—and in a way that supports longer-term growth.[9]

2.13 The President of the Business Council of Australia has commented that for investment in areas such as infrastructure to be 'effective and not place a long-term burden on the economy it should be timely, targeted and temporary'.[10]

2.14 Further, infrastructure is tangible and can provide a psychological boost to the economy, which can assist in restoring confidence. There is a prevailing view amongst economists that where confidence is at a low, in that people are pessimistic about the future, expansionary measures such as infrastructure investments can provide tangible boosts to the 'psyche of the economy':

> Infrastructure projects seem to me to suggest a psychological boost. That is, if you see highways being built and schools being improved, it gives a sense that something sensible is being done. And so in that sense…infrastructure might also be a very good thing to do.[11]
>
> I am hopeful that the kind of expansionary fiscal policy, especially if it's something that looks solid and looks real, expanding the infrastructure, helping our schools, helping, something that we can see, it will give us back a sense of normalcy.[12]

2.15 There is also a consensus that spending increases in areas such as public infrastructure should support projects that are likely to contribute to a

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[8] Kraay, A. & Servén, L. 2008, 'Fiscal policy responses to the current financial crisis', *Macroeconomics and Growth Research*, 10 December; Shiller, R.J. 2009, Australian Broadcasting Corporation (ABC) Lateline, 4 February— Professor of Economics (Yale University).

[9] Kraay, A. & Servén, L. 2008, 'Fiscal policy responses to the current financial crisis', *Macroeconomics and Growth Research*, 10 December.

[10] Gailey, G. in Cronin, D. 2009, 'A wing and a prayer', *Canberra Times*, 31 January, p. 1 (Forum).

[11] Shiller, R.J. 2009, Australian Broadcasting Corporation (ABC) Lateline, 4 February— Professor of Economics (Yale University).

[12] Shiller, R.J. 2009, Australian Broadcasting Corporation (ABC) Lateline, 4 February— Professor of Economics (Yale University).

sustainable society in the long term.[13] This requires consideration of the types of infrastructure to be invested in:

> Where politicians could do some good, however, is in thinking about the sort of society, and the sort of economy, and perhaps the sort of living environment we have after the recession is over. Then focusing fresh expenditure, and refocusing existing expenditure, towards its creation, whether it be cleaner environments, a completely new health and education system, or a more equal and open society.[14]

This was an area that the Committee felt that the Government could do more work on.

2.16 In this way, a well considered infrastructure investment program can also provide the opportunity to deliver sustained social benefits over and above economic stabilisation.[15] In its submission to the Committee, ACTCOSS commented:

> In a time of economic uncertainty the ACT Government's prompt and substantial investment in capital infrastructure is commendable. It is important, however, that in this focus on capital investment, the human aspect of the global financial crisis is not forgotten or ignored.[16]

2.17 The Committee understands that there are no borrowings to accommodate the Local Initiatives Package proposed in the third Appropriation Bill.[17] Moreover, in relation to the current status of the ACT Government's borrowings program, the Under Treasurer told the Committee:

> At the moment our borrowings program is relatively minor in the context of our total balance sheet again. Our borrowings program moving forward: there is some normal commercial paper that we will be rolling over and there is perhaps a bit of additional debt that we would be wanting to take on board back to back with the Actew debt. It is possible that it will cost us more but we are already paying more for our borrowings right now, and it has got nothing

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[13] Kraay, A. & Servén, L. 2008, 'Fiscal policy responses to the current financial crisis', *Macroeconomics and Growth Research*, 10 December.

[14] Waterford, J. 2009, 'In the tempest, look to landfall', *Canberra Times*, 21 February 2009, p. 8 (Forum).

[15] Editorial, 'Why ACT must budget with care', *Canberra Times*, 10 December 2008, p. 12.

[16] ACTCOSS, Submission No. 1, 11 March 2009, p. 1.

[17] Ms Smithies, Proof, *Transcript of evidence*, 4 March 2009, p. 17.

> to do with the state of our finances and everything to do with the state of the liquidity across Australia and across the global market.[18]

2.18 Furthermore, the cost of government borrowing can be influenced by its respective state or territory credit rating. According to Standard and Poor's, notwithstanding the Territory's recently revised budget forecasts, the Territory was at no risk of losing its AAA credit rating.[19] A Standard and Poor's analyst recently commented:

> The operating position in the ACT is not expected to deteriorate to an extent that we would be concerned about the AAA rating.[20]

2.19 Additional government expenditure must be funded by one or more of the following: increased revenue (which is not part of the third Appropriation Bill), increased borrowing or reduced government reserves. Thus the proposed spending in the third Appropriation Bill, which forms part of the Local Initiatives Package, may reduce the scope for government spending.

2.20 The Committee was concerned about the level of research that underpinned the third Appropriation Bill. The Government relied on a series of round tables to gain anecdotal information about problems in the ACT economy. The Committee was concerned that given the substantial stimulus to be given to the construction industry in the ACT, and indeed the rest of Australia, by the Commonwealth Government's stimulus package that there may not be significant underutilisation of available resources. The Committee notes that significant parts of the Commonwealth package have to be spent in the same time frame as the Local Initiatives Package, which is supported by this Appropriation Bill.

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[18] Ms Smithies, Proof, *Transcript of evidence*, 4 March 2009, p. 17.

[19] Violante, V. & McLennan, D. 2009, 'ACT tipped to retain its AAA rating', *Canberra Times*, 13 March.

[20] As quoted in Violante, V. & McLennan, D. 2009, 'ACT tipped to retain its AAA rating', *Canberra Times*, 13 March.

RECOMMENDATION 1

2.21 **The Committee recommends that the ACT Government consider detailed statistics, such as unemployment, by industry sector before framing any further stimulus packages or the 2009–10 ACT Budget.**

Proposed appropriations

2.22 The Appropriation Bill under consideration proposes additional appropriations of $12 761 000 in the 2008–09 financial year. These appropriations are in addition to the $3 240 139 000 funded in the *Appropriation Act 2008-2009*[21] and the additional appropriation of $35 985 000 funded in the *Appropriation Act 2008–2009* (No. 2)[22].

2.23 Appropriation Bill No. 3 was introduced into the Legislative Assembly approximately two and a half months after Appropriation Bill 2008–2009 (No. 2) was passed.

2.24 By way of background, Appropriation Bill 2008–09 (No. 2) was introduced into the Assembly on 9 December 2008 to fund election commitments and some of the agreements contained in the Labor-Greens accord.[23]

2.25 At the time of its introduction, the Government foreshadowed a third appropriation bill in February or March of 2009. This bill would provide a more substantial stimulus package whereby capital works would be brought forward to stimulate the economy.[24] The Treasurer stated:

> What I am doing with the next appropriation is looking at capital investment or work that we can bring forward or work we can get out the door in the next three months.[25]

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[21] *Appropriation Act 2008–2009*: Appropriation Bill 2008–-2009 presented 6 May 2008; passed 28 June 2008; and notified 1 July 2008.

[22] *Appropriation Act 2008–2009 (No. 2)*: Appropriation Bill 2008–-2009 (No. 2) presented 9 December 2008; passed 11 December 2008; and notified 12 December 2008.

[23] Ms Gallagher MLA, Presentation speech—Appropriation Bill 2008–09 (No. 2), 9 December 2008; Violante, V. 2008, 'Territory will spend its way into the red', *Canberra Times*, 5 December, p. 1.

[24] Berkovic, N. 2008, 'Horse bolts over surplus', *Weekend Australian*, 6 December, p. 31; Alexander, D. 2008, 'Tricky art of maintaining balance', *Canberra Times*, 10 December, p. 4; Violante, V. 2008, 'Christmas relief for our battlers', *Canberra Times*, 10 December, pp. 1; 4.

[25] Ms Gallagher MLA in Rudra, N. 2009, 'Gallagher tips $17m dip into deficit', *Canberra Times*, 14 February, p. 7.

Local infrastructure investment package

2.26 On the basis that its impact on the Canberra economy was 'too small' to stimulate, the Government rebadged its third appropriation bill as supporting the 'Local Initiatives Package' instead of a stand alone stimulus package.[26]

2.27 The tabling of the third Appropriation Bill was coupled with the presentation of the Government's 'Local Initiatives Package' and the pre-announcement of 2009–10 Capital Upgrades program (the Local Investment Package).[27]

2.28 The Under Treasurer told the Committee:

> When we couple this package with a forward commitment to the government's capital upgrade program, that provides a huge degree of certainty for the industry in terms of the total level of investment that is going to be put to the market in the next six months. On top of that there are obviously the capital works decisions that will come through the next budget and on top of that there is the existing capital program that is in the system.[28]

2.29 The Local Investment Package complements the work announced by the Federal Government in its Nation Building and Jobs Plan. The Treasurer informed the Assembly that the Federal Government's Plan, of which the Territory will receive $350 million, will have a positive impact on Canberra, both in terms of the additional or upgraded facilities that it will provide, and the jobs that it will support.[29]

2009–10 Capital Upgrades Program

2.30 The announcement of the 2009–10 Capital Upgrades Program—projects and funding—was designed to assist industry in its planning, resourcing, and response to the capital upgrade works proposed to the Territory's existing asset base for the 2009–10 financial year.[30] The Treasurer told the Assembly that by providing industry with the focus of the Government's capital

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[26] Violante, V. 2009, 'Modest millions to shield territory', *Canberra Times*, 27 February, p. 1.
[27] Ms Gallagher MLA, Presentation speech—*Local Initiatives Package*, 26 February 2009, p. 3.
[28] Ms Smithies, Proof *Transcript of evidence*, 4 March 2009, p. 13.
[29] Ms Gallagher MLA, Presentation speech—*Local Initiatives Package*, 26 February 2009, p. 4.
[30] Ms Gallagher MLA, Presentation speech—*Local Initiatives Package*, 26 February 2009, p. 4.

upgrade effort in 2009–10, it would enable industry to plan its resources with a better degree of certainty.[31]

2.31 The Treasurer informed the Assembly that the Program would be subject to the usual Assembly scrutiny processes as part of the 2009–10 Budget.[32]

'Local Initiatives Package'

2.32 The Local Initiatives Package providing almost $25 million over two years contains a variety of works targeted at the areas where the ACT Government considers, and peak industry bodies have also indicated, there is emerging capacity in the building and construction industry.[33]

2.33 The Treasurer informed the Assembly that the Local Initiatives Package was in addition to significant work that the Government had announced and programmed into its budget. The Package comprises works that are already at an advanced stage of procurement and/or design, or can be leveraged off existing procurement contracts.[34]

The Appropriation Bill

2.34 The third Appropriation Bill details the Local Initiatives Package—providing additional investment in the buildings and the facilities that are used to provide services to the ACT community.[35]

2.35 The Committee understands that the third Appropriation Bill came out of a series of round table discussions held by the Government with peak industry—building and construction—groups in November and December 2008—around emerging capacity. These discussions were also informed by research that participating groups had conducted with their respective memberships around emerging capacity.[36] The Treasurer stated:

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[31] Ms Gallagher MLA, Presentation speech—*Local Initiatives Package*, 26 February 2009, p. 4.

[32] Ms Gallagher MLA, Presentation speech—*Local Initiatives Package*, 26 February 2009, p. 5.

[33] Ms Gallagher MLA, Presentation speech—*Local Initiatives Package*, 26 February 2009, p. 3; Proof *Transcript of evidence*, 4 March 2009, pp. 9–11.

[34] Ms Gallagher MLA, Presentation speech—*Local Initiatives Package*, 26 February 2009, p. 4.

[35] Ms Gallagher MLA, Presentation speech—*Local Initiatives Package*, 26 February 2009, p. 3.

[36] Ms Gallagher MLA, Proof *Transcript of evidence*, 4 March 2009, p. 10.

> We are trying to respond here to what industry is saying to us about particular emerging needs, and this appropriation goes directly to that.
>
> The idea around a third appropriation grew out of a particular roundtable where issues were raised around the building and construction area. Other initiatives did come in and were considered by government, but they were not at the point where they were ready to be included in a bill being considered in the Assembly in February.[37]

2.36 Further, the Treasurer told the Assembly that discussions with industry, in particular, the Master Builders' Association of the ACT, had indicated that 'there was a degree of nervousness in the construction and building industry—more so for small businesses—about what the future holds'.[38]

2.37 The Treasurer informed the Committee that:

> We had a number of criteria for putting the third appropriation together. One of those was that it did not provide any additional burden for our operating budget. So, in a sense, that restricted it to capital projects. That does have a very mild impact on our operating budget, but much less so than any funding of recurrent services.
>
> The six criteria that we focused the appropriation on were that the work would provide some measure of job support to the local industry; that it extends the useful life or improves the life of our own asset base; that we utilise the potential emerging capacity in the building and construction sector; that projects be at a mature stage of design and/or procurement to enable the works to begin as soon as possible; and also that once they were commenced they be undertaken and completed on time and on budget.
>
> Those were the parameters for putting together the third appropriation. The individual initiatives have been assessed against those criteria…[39]

2.38 In summary, works proposed under the third Appropriation Bill have been assessed against the following six criteria, in that, they:

- should not provide any additional burden to the Government's operating budget
- would provide some measure of job support to the local industry

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[37] Ms Gallagher MLA, Proof *Transcript of evidence*, 4 March 2009, p. 10; 12.

[38] Ms Gallagher MLA, Presentation speech—*Local Initiatives Package*, 26 February 2009, p. 4.

[39] Ms Gallagher MLA, Proof *Transcript of evidence*, 4 March 2009, pp. 9–10.

- will extend the useful life or improve the life of the Territory's asset base
- utilise the potential emerging capacity in the building and construction sector
- are at a mature stage of design and/or procurement to enable them to begin as soon as possible, and
- [once commenced], be undertaken and completed on time and on budget.

2.39 The Committee always attempts to ensure that spending proposals are properly researched and developed and that spending is subject to effective evaluation and assessment processes. The Committee has concerns with the evaluation of the effectiveness of this Appropriation Bill.

2.40 The Committee would expect that proposals involving the spending of public funds would have clearly established means for evaluating the effectiveness and efficiency of that spending.

RECOMMENDATION 2

2.41 **The Committee recommends that the ACT Government ensure that future spending plans have a clear basis on how spending proposals may be evaluated.**

2.42 The Committee was disappointed that the Treasurer was unable to provide the Committee with an update of the estimated budget amount for the 2008–09 ACT Budget and for the out years. In this period of considerable turmoil in all economies, the Committee would expect that the Treasurer would be updated on a regular basis on the state of the ACT Budget.

2.43 It is of concern to the Committee, therefore, that the Treasurer provided the Committee with information on budget outcomes that was published in December 2008 (in the mid-year budget review) and was repeated in the December 2008 Quarter Consolidated Financial Report. The Treasurer and Under Treasurer also provided some additional information about the impact of the revision of Commonwealth GST revenue and an interest rate reduction on revenue.

2.44 The Treasurer stated:

> The deficit at the moment: our published figure, which is the one we are working off, in the midyear review, was a deficit next financial year of $98 million to $100 million. Since that time there has been a further interest rate reduction and there has been a further revision down of GST revenues equal to about another $65 million.[40]

2.45 The Under Treasurer added:

> We have not updated the outcome figure for this year as yet, so the last published estimate was a surplus of $15 million. There are a number of things which point to a deterioration in that result, being the ones that the Treasurer discussed around the GST revenue and the interest reduction. On top of that, there is also going to be some money coming in from the commonwealth in relation to the COAG reforms and the nation building package more than likely this financial year. So these numbers will go up and down, while at the moment our latest forecast is actually for a surplus.[41]

2.46 The Committee believes that the Treasurer should be in a position to provide updated estimates of the budget outcomes for the current financial year.

RECOMMENDATION 3

2.47 **The Committee recommends that the Treasurer provide to the Legislative Assembly an update of the estimated outcome of the ACT Budget for 2008–09 and for the out years.**

2.48 The Committee notes that a key outcome in introducing the third Appropriation Bill was to protect and support employment in the ACT.

2.49 The Committee observes, however, that many of the proposals in this Bill involve spending on plant and equipment. As far as the Committee can discern, much of this plant and equipment will be sourced from outside the ACT.

2.50 The Committee is interested to get details of the proportion of the total proposed spending of $12 761 000 that will be spent on plant and equipment.

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[40] Ms Gallagher MLA, Proof *Transcript of evidence*, 4 March 2009, p. 15.

[41] Ms Smithies, Proof *Transcript of evidence*, 4 March 2009, pp. 15–16.

RECOMMENDATION 4

2.51 **The Committee recommends that the Treasurer provides to the Legislative Assembly a breakdown of the proportion of spending that is proposed in Appropriation Bill 2008–09 (No. 3) that will be directed towards labour, plant and materials.**

2.52 Throughout its inquiry, the Committee sought clarification as to why other initiatives/industries/projects, or alternative forms of assets[42], also experiencing issues in the current economic climate, had not been considered for assistance as part of the third Appropriation Bill.

2.53 The Under Treasurer told the Committee:

> a lot of the other industry issues mentioned *[by the Committee]* is that a lot of those responses would have had a direct impact on our bottom line…This is expenditure or investment that we would have done, whereas a lot of the other responses that you are mentioning are in the vein of responses that would not otherwise have been contemplated except for the economic circumstances that are prevailing. I think that, in itself, provides a need for greater rigour...[43]

2.54 The Treasurer acknowledged that whilst there were emerging issues arising in other areas, aside from the building and construction industry, the works proposed for funding under the third Appropriation Bill were assessed against strict criteria so as not to provide any additional burden to the operating budget. The Treasurer stated:

> We set some very strong parameters around our appropriation bill, and we stuck to them because we had to, because of difficulties with our own budget. The big decisions, including any big capital appropriation, major spend or considering our revenues and our expenditure, are going to be taken in the budget. That is the appropriate place for them to be taken, because it will be dealing with significant expenditure, potential revenue and how we respond to our community's needs within the global financial crisis.
>
> It looks at absolutely everything, and this does not. This deals with those six criteria that I take you back to. It does not do everything for everybody. It would never have been able to do that, but it does enable us, within the capacity that we have, to respond to a particular area where there were emerging issues. I am not saying that there are not emerging issues in other

[42] Proof *Transcript of evidence*, 4 March 2009, pp. 10–14.

[43] Ms Megan Smithies, Proof *Transcript of evidence*, 4 March 2009, p. 13.

> areas, but this bill was kept modest and under strict criteria in terms of not impacting on our budget in a way that would adversely affect our bottom line any more than it has already been adversely affected. The big decisions will be made in the budget proper, and that process has already started.[44]

2.55 In its submission, ACTCOSS commented:

> It is essential to ensure the investment in facilities is matched by an equal investment in the workforce that supports the community and people experiencing disadvantage.[45]

2.56 The Committee supports the view that one off funding for the provision of additional services will also have a stimulatory impact and is also equally applicable for a stimulus package.

RECOMMENDATION 5

2.57 **The Committee recommends that any further stimulus packages should consider one-off service provision as well as capital expenditure.**

2.58 The Committee notes that whilst it welcomes a range of energy efficiency and environmental measures proposed for works under the third Appropriation Bill, the Local Initiatives Package and the 2009–10 Capital Upgrades Program, it considers that more work is needed to invest in opportunities that make the ACT environmentally more sustainable.

2.59 Further, ACTCOSS notes that the third Appropriation Bill:

> appears to include few measures to assist low-income households to become more energy efficient and adapt to rising costs of energy and water.[46]

2.60 Further, ACTCOSS is of the view that any such upgrades, in the first instance, should focus on:

> low income and disadvantaged households who are least able to absorb increases in water and energy prices.[47]

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[44] Ms Gallagher MLA, Proof *Transcript of evidence*, 4 March 2009, p. 12.
[45] ACTCOSS, Submission No. 1, 11 March 2009, p. 2.
[46] ACTCOSS, Submission No. 1, 11 March 2009, p. 4.
[47] ACTCOSS, Submission No. 1, 11 March 2009, p. 4.

2.61 The Committee is of the view that an increase in spending in areas such as public infrastructure also provides the opportunity to deliver sustained social and environmental benefits in addition to economic stabilisation.

RECOMMENDATION 6

2.62 **The Committee recommends that the ACT Government explore the feasibility of providing tax incentives, or other forms of incentives and related education programs, to encourage private landlords to make energy efficient modifications to their rental properties.**

Proposed works to be delivered locally

2.63 The Treasurer informed the Assembly that the works proposed in the Local Initiatives Package would be delivered locally by a range of trades.[48] Throughout its inquiry the Committee was interested to know how the Government would guarantee that the works would be delivered locally, for example, interstate firms may tender for the business.[49]

2.64 A representative of the Department of Treasury informed the Committee that the:

> narrative around that is based on the consultation we did during the preparation of the package. That was consultation undertaken with ACT Procurement Solutions and, through them, their agencies. It is formed by views around who are the people who typically tender for these packages and an understanding of the markets in which we operate for these types of services and the provision of capital works. So it is informed by our understanding of the market locally, who we would traditionally deal with and who would typically tender for these packages or works. Some of the works are actually extending contracts that are currently in place, so we already know the people we are dealing with and we know they are locals. So that is why there is a degree of comfort around that narrative.[50]
>
> it is unlikely, in terms of the current job market, that we would see firms coming in to deliver what has been articulated as reasonably small packages

[48] Ms Gallagher MLA, Presentation speech—*Local Initiatives Package*, 26 February 2009, p. 3.

[49] Proof *Transcript of evidence*, 4 March 2009, pp. 20–21; Mr Stanhope MLA, Proof *Transcript of evidence*, 13 March 2009, p. 79.

[50] Mr Bulless, Proof *Transcript of evidence*, 4 March 2009, pp. 20–21.

> of works. These are very much minor new works, not big capital construction projects.[51]

2.65 In discussing the proposed works at the Canberra Theatre Centre, the Committee queried the policy foundation for the claim that the Cultural Facilities Corporation would 'engage local contractors to perform remedial works'[52]. In the context of assuring compliance with the procurement guidelines, the Minister for the Arts and Heritage advised that this statement was 'aspirational' rather than 'directed'.[53]

2.66 The Committee sought, and received, an assurance that the work—contract extensions and new tenders—would comply with procurement guidelines.[54]

2.67 Notwithstanding that the Local Initiatives Package will ensure continuity of work for tradespeople in the Canberra region, while building and construction activity may be slowing, throughout its inquiry the Committee was also interested to know its net effect on job creation and job preservation in the Territory.

2.68 The Treasurer told the Committee:

> it is difficult to give you a number of how many jobs you save or how you measure the impact of this bill. Whilst I would like to be able to sit here and say it will save 100 jobs or 200 jobs, that is very difficult for me to say. What I can say is that we are responding to areas within the community, particularly within the building and construction community, where concerns were being raised about work over the next six months. We have responded with work that we were going to have to do at some point in time, by bringing that work forward.[55]

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[51] Mr Bulless, Proof *Transcript of evidence*, 4 March 2009, p. 21.
[52] ACT Treasury, 2009, *Local Initiatives Package*, 26 February, p. 25.
[53] Mr Stanhope MLA, Proof *Transcript of evidence*, 13 March 2009, p. 79.
[54] Mr Bulless, Proof *Transcript of evidence*, 4 March 2009, p. 21.
[55] Ms Gallagher MLA, Proof *Transcript of evidence*, 4 March 2009, p. 7.

2.69 The Committee asked the Government what its strategy was if the economy needed more than temporary stimulus as provided by the third Appropriation Bill and the Local Initiatives Package. The Under Treasurer replied:

> I am assured by everyone who loves the art of economics or the science of economics that every cycle has its ups and downs.[56]

2.70 The Treasurer then when on to say:

> we have responded at a particular time. If we have to respond again, you do. But we are watching how things progress. We are looking at what is happening across the country. We are looking at our own budget. We have to take decisions around how we move from deficit to surplus. We can only respond, I guess, at a point in time. We have done it with this, but that is not to rule out further responses if they are required, but within the confines of our capacity to respond…[57]

2.71 The critical issue being raised by the Committee, however, is the importance of all governments considering strategies in case any additional stimulus is required as a continuing response to economic crisis.

ACT Government Asset Management Framework

2.72 The Committee understands that as part of the 2008–09 ACT Budget, a review of agency asset management plans was funded to 'review and refresh, and develop, where necessary, standardised agency asset management plans'. The Government advised that the program would also provide the building blocks to strengthen strategic infrastructure planning processes.[58]

2.73 The 'Asset Management Plan Refresh' announced in the 2008–09 ACT Budget was to be coordinated by Treasury, with $5 million in the Budget and forward years ($2 million in 2008–09).[59]

2.74 Asset management plans play an important role in: improving the cost effectiveness of public assets in providing services to the community;

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[56] Ms Smithies, Proof *Transcript of evidence*, 4 March 2009, p. 19.

[57] Ms Gallagher MLA, Proof *Transcript of evidence*, 4 March 2009, p. 19.

[58] ACT Government. 2008, *2008–09 Budget Paper No. 5—Infrastructure Statement*, p. 15.

[59] ACT Government. 2008, *2008–09 Budget Paper No. 5—Infrastructure Statement*, p. 15.

balancing the needs of investing in new assets with the costs of sustaining current assets; and providing a robust platform from which to develop strategic asset management plans that are focussed on long-term investment.[60]

2.75 Given the third Appropriation Bill proposes additional investment in the buildings, and facilities, that are used to provide services to the ACT community, the Committee is of the view that the review of agency asset management plans, provides an opportunity for making the ACT environmentally more sustainable.

RECOMMENDATION 7

2.76 **The Committee recommends that the Department of Treasury, as part of the Asset Management Plan Refresh, ensure that ecologically sustainable development (ESD) is aligned with standardised agency asset management plans.**

Procurement improvements

2.77 As part of its 2008–09 ACT Budget, the Government announced a range of procurement improvements designed to make it easier for the building and construction industry to conduct business with the Territory.[61]

2.78 The proposed improvements included: a Call Tender Schedule; an ACT Government Prequalification System; a review of the suite of template contract documents used for ACT Government tendering; and the commissioning of an enhanced internet-based system to allow tenders to be downloaded and lodged on-line.[62]

2.79 Given the imperative that work put forward under the Local Initiatives Package proposed in the third Appropriation Bill be commenced quickly and productively to have an effect on the local economy, the Committee is of the view that the procurement improvements, as foreshadowed at the time of the

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[60] ACT Government. 2008, *2008–09 Budget Paper No. 5—Infrastructure Statement*, pp. 15–16.
[61] ACT Government. 2008, *2008–09 Budget Paper No. 5—Infrastructure Statement*, p. 16.
[62] ACT Government. 2008, *2008–09 Budget Paper No. 5—Infrastructure Statement*, p. 16.

2008–09 ACT Budget, should be at a stage to support and facilitate the works proposed under the Local Initiatives Package.

RECOMMENDATION 8

2.80 **The Committee recommends, to the extent that work is not already taking place, that the Department of Territory and Municipal Services ensure that the procurement improvements, as announced in the 2008–09 ACT Budget, support and facilitate—quickly and productively—the works proposed under the Local Initiatives Package.**

Successful completion of infrastructure projects

2.81 The Committee notes that the success of the Local Infrastructure Package[63], in terms of its contribution to the Territory's economy, is reliant on the successful delivery and completion of a range capital upgrades, and initiatives, on time and within budget.

2.82 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 that:

> Funding provided in 2007–08 for capital works was underspent by $39 million (10.7%) and continued a trend of underspend in recent years. This trend mostly reflects the large growth in the Territory's capital works program over that time.
>
> Most of the underspent in 2007–08 resulted from delays in completing infrastructure projects.[64]

2.83 The Committee notes that the Government has appointed a co-ordinator general to ensure that the Federal stimulus package is completed on time. Whilst such arrangements are not appropriate, given the timing of the third

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[63] Local Investment Package—refers to the third Appropriation Bill coupled with the presentation of the Government's 'Local Initiatives Package' and the pre-announcement of 2009–10 Capital Upgrades program.

[64] ACT Auditor-General, 2008, *Auditor-General's Report No. 8 of 2008: 2007-08 Financial Audits*, p. 7.

Appropriation Bill, it is incumbent upon respective Ministers, and departmental and agency heads, to ensure the completion of the proposed works on time.

RECOMMENDATION 9

2.84 **The Committee recommends that the Treasurer provide the Legislative Assembly by the last sitting day in June 2009 a detailed project report on the delivery of projects under Appropriation Bill 2008–09 (No. 3).**

3 EXPENDITURE PROPOSALS BY AGENCY

3.1 This chapter provides information obtained during the Committee's inquiry on individual proposals within the third Appropriation Bill and comments on those proposals. Not all proposed expenditure in the third Appropriation Bill is examined below. All expenditure proposals refer to capital rather than recurrent unless otherwise indicated.

Legislative Assembly Secretariat

3.2 An additional appropriation of $0.251 million through Appropriation Bill 2008–2009 (No. 3) is proposed for the Legislative Assembly Secretariat.[65]

Replacement of main chiller unit

3.3 Expenditure of $251 000 in 2008–09 and $189 000 in 2009–10, along with associated depreciation, is proposed for the replacement of the existing main chiller unit (water-cooled) at the Legislative Assembly building. The Unit forms the basis of the Assembly building's air-conditioning system.[66]

3.4 The Committee was advised that the chiller unit was an ageing piece of capital equipment and had been in operation for more than 15 years. The Acting Speaker stated that by modern standards, the unit:

> is inefficient, using outdated technology and an ozone depleting reagent which is due to be phased out by 2016 under the 1989 Montreal protocol. Significantly, a number of the evaporator tubes in the chiller have been plugged due to fractures; and there have been many compressor failures. The chiller has reached the end of its economic life and has been recommended for replacement by the Assembly's maintenance contractor and an external consultant engineering firm.[67]

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[65] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 13.

[66] Ms Porter AM MLA, Proof *Transcript of evidence*, 11 March 2009, p. 56; ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 13.

[67] Ms Porter AM MLA, Proof *Transcript of evidence*, 11 March 2009, p. 56.

3.5 The Committee was told that an Environmental Sustainability Audit, conducted at the end of 2007, had indicated that the replacement of the unit would be advisable. The Acting Speaker stated that the Audit:

> estimated that a replacement unit could reduce chiller energy consumption by about 33 per cent or 10 per cent of the building's total annual electricity consumption. This would equate to a saving of 120 tonnes of CO2 and $15,000 per year.[68]

3.6 Whilst the Committee is pleased to hear that the replacement unit is expected to be more technologically and environmentally efficient, thus reducing energy costs and greenhouse gas emissions, it suggests that consideration should also be given to the implementation of less energy intensive building cooling, such as awnings and blinds.

3.7 At the same time, the Committee notes that more than 50 per cent of the total amount to be spent on the new chiller unit represents the purchase cost of the equipment. To this extent, this spending will do little to stimulate the ACT economy.[69]

RECOMMENDATION 10

3.8 **The Committee recommends that the Legislative Assembly Secretariat, in addition to the replacement of the chiller, also give consideration to the implementation of less energy intensive building cooling options.**

Chief Minister's Department

3.9 An additional appropriation of $0.8 million through Appropriation Bill 2008–2009 (No. 3) is proposed for the Chief Minister's Department.[70]

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[68] Ms Porter AM MLA, Proof *Transcript of evidence*, 11 March 2009, p. 56.

[69] Proof *Transcript of evidence*, 11 March 2009, p. 59.

[70] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 14.

Canberra International Arboretum and Gardens (CIAG)

3.10 Expenditure of $750 000 in 2008-09 is proposed to fund civil works for the Central Valley Ceremonial Gardens, as well as the preparation of master planning, modelling, design and documentation for other works, such as a picnic area in the Cedar Forest, paths to Dairy Farmers Hill and entrance works.[71]

3.11 The Committee notes that Canberra International Arboretum and Gardens (CIAG) received $1.9 million dollars through the *Appropriation Act 2008–09 (No. 2)* to progress a number of capital works. This included the 'Million Trees Initiative' for the establishment of new forest areas and essential civil works incorporating the construction of roads to provide safe public access and the relocation and protection of data cables.[72]

3.12 The Committee was interested to know how much of the $750 000 would be spent in the 2008–09 financial year and the breakup of expenditure as materials and labour. The Chief Minister's Department indicated:

> The intent is that it will all be capital works of one sort or another and expended this year, certainly committed. Obviously, if there are problems, if we are blessed with a lot of wet weather or something like that then there may be some delay. Half a million of it would go into the direct construction of a six-hectare central ceremonial planting garden for dignitaries to plant trees in.[73]

3.13 The Chief Minister's Department told the Committee that the remaining $250 000 of the additional appropriation would be spent on 'planning, design, documentation and modelling' associated with the capital works.[74]

3.14 In terms of ongoing access and management of CIAG, the Committee was pleased to hear that it was the Chief Minister's intention for it to be an open park that would be used every day by all Canberrans[75]. The Chief Minister commented:

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[71] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 14.
[72] ACT Treasury. 2008, *2008–09 Supplementary Budget Papers*, p. 29.
[73] Mr Tomlins, Proof *Transcript of evidence*, 13 March 2009, p. 75.
[74] Mr Cappie-Wood, Proof *Transcript of evidence*, 13 March 2009, p. 76.
[75] Mr Stanhope MLA, Proof *Transcript of evidence*, 13 March 2009, p. 74.

> So we would be looking for open access for walkers and certainly for cyclists. I would see no reason, but it is probably a conversation I would have to have, as to why there would not be access for horses, equestrian access et cetera. But I have to say it is not a conversation I have ever had.[76]

RECOMMENDATION 11

3.15 **The Committee recommends that the Chief Minister's Department prioritise the progression of a Canberra International Arboretum and Gardens (CIAG) Access Strategy to ensure that the various types of recreational opportunities provided by the CIAG are open and accessible to all Canberrans.**

Manuka Arts Centre Landscape Works

3.16 Expenditure of $50 000 in 2008-09 and $250 000 in 2009–10, along with associated depreciation, is proposed to fund a major upgrade to the grounds of the Manuka Arts Centre.[77]

3.17 The Committee requested clarification about whether the works were mainly landscaping. The Chief Minister's Department advised that 'in the broad world of landscaping, they are landscaping'.[78] The Committee was further advised that the allocation of $50 000 was being used to facilitate design work and would allow the project to progress to approval stage by the next financial year.[79]

3.18 The Committee was interested to know whether existing tenants in the Centre had been consulted. The Chief Minister's Department told the Committee that it believed that consultation with the tenants was undertaken in a previous financial year when the tenants first relocated to the site.[80]

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[76] Mr Stanhope MLA, Proof *Transcript of evidence*, 13 March 2009, p. 74.
[77] ACT Treasury, 2009, *Local Initiatives Package*, 26 February 2009, p. 14.
[78] Mr Whitney, Proof *Transcript of evidence*, 13 March 2009, p. 78.
[79] Mr Whitney, Proof *Transcript of evidence*, 13 March 2009, p. 78.
[80] Mr Whitney, Proof *Transcript of evidence*, 13 March 2009, p. 78.

Department of Territory and Municipal Services

3.19 An additional appropriation of $1.610 million through Appropriation Bill 2008–2009 (No. 3) is proposed for the Department of Territory and Municipal Services.[81]

3.20 Funding of $200 000 in 2008–09 and $2 000 000 in 2009–10 is proposed to augment stormwater infrastructure in various Canberra suburbs to cope/withstand major storm events. The Committee was advised that this work resulted from an assessment conducted at 120 locations impacted by stormwater issues in 2008. Forty sites had been identified as at extreme risk, in that they were at risk of repeated flooding with consequent impact on residential integrity and public safety concerns. [82]

3.21 The Committee questioned the Government about addressing all 40 sites identified as at extreme risk from storm water. The Department of Territory and Municipal Services stated:

> we have put a proposal to government last year for additional funding for stormwater augmentation, and that has resulted, through the capital upgrade program, in $3.4 million in each year. To address the 40 cases, we are talking about two to three years, depending on the actual capital cost of the final project. Beneath that there are other stormwater projects that need attention too.[83]

RECOMMENDATION 12

3.22 **The Committee recommends that the Department of Territory and Municipal Services be appropriately funded in the 2009–10 ACT Budget to prioritise work under the stormwater augmentation program for all 40 sites at extreme risk of stormwater damage as long as it is within the Department's capability to supervise the expenditure.**

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[81] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, pp. 15–16.

[82] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p.15; Proof *Transcript of evidence*, 13 March 2009, pp. 82–84.

[83] Mr Gill, Proof *Transcript of evidence*, 13 March 2009, p. 84.

3.23 Funding of $40 000 in 2008–09, and $360 000 in 2009–10, is proposed for the construction over two years of up to 60 new bill poster silos. The Committee was informed that preliminary sites had been selected.[84]

3.24 The Committee notes that the Legislative Assembly has referred an inquiry into bill posting, and into live music, to the Standing Committee on Planning, Public Works and Territory and Municipal Services. Both of these inquiries deal with matters relevant to the location of, and construction of, bill posting facilities.

3.25 The Committee supports the proposed funding but is of the view that its expenditure should be informed by the report of the Standing Committee on Planning, Public Works and Territory and Municipal Services.

RECOMMENDATION 13

3.26 **The Committee recommends that the Department of Territory and Municipal Services should ensure that the expenditure for the proposed construction of the bill poster silos is: (a) informed by the report of the Standing Committee on Planning, Public Works and Territory and Municipal Services' inquiry on this issue; and (b) expedited once this has occurred.**

3.27 The Committee also discussed with the Minister for Territory and Municipal Services, and departmental officials, the proposed expenditure of:

- $250 000 in 2008–09 for the demolition of the decommissioned main administration building and attached structure at 141 Canberra Avenue—a former City Parks depot. The proposed amount will also include planning for the future demolition of other buildings on the site. The Committee was advised that the proposed work will facilitate the expansion of the fire station adjacent to the block. As the site is zoned as commercial, it is anticipated that it will be sold by the Land

[84] ACT Treasury. 2009, *Local Initiatives Package*, 26 February p.16; Proof *Transcript of evidence*, 13 March 2009, pp. 88–89.

Development Agency (LDA) for commercial purposes.[85]

- $400 000 in 2008–09 to identify a priority list of locations for 'permanent variable road safety message signs' to display road safety, traffic flow, traffic incident and community information. The Department advised that, in addition to identifying priority locations for such signs, the proposed funding would purchase one sign at a cost of $300 000, in the first instance, to assess its utility. The variable message sign has the potential to serve as an instant management tool for traffic incident and redirection, community awareness and educative purposes.[86]
- $100 000 in 2008–09, and $400 000 in 2009–10, along with associated depreciation, to expand on the 2008–09 Pedestrian Facilities Upgrade Program. The Committee was informed that the additional funding of $100 000 would provide 2.5 kilometres of new footpath. In discussion, the Committee was advised that the Department's budget provides for the replacement of 5 kilometres of footpath annually. As such footpaths in the Territory have a long cycle for replacement, in some cases, with grinding repairs and other forms of maintenance, a lifespan of approximately 40 to 50 years.[87]

ACT Health

3.28 An additional appropriation of $0.890 million through Appropriation Bill 2008–2009 (No. 3) is proposed for ACT Health.[88]

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[85] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 16; Proof *Transcript of evidence*, 13 March 2009, pp. 85–86.

[86] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 16; Proof *Transcript of evidence*, 13 March 2009, pp. 86–88.

[87] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 17; Proof *Transcript of evidence*, 13 March 2009, p. 86.

[88] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 18.

Pharmacy cool room upgrade

3.29 Expenditure of $295 000 in 2008–09 is proposed for the provision of improved cold storage facilities for pharmaceuticals at the Canberra Hospital (TCH). The upgrade will reduce the risk of loss and consequent impact on patient services.[89]

3.30 The Committee was interested as to whether the improved cold storage facilities would be an enhancement or replacement.

3.31 The Chief Executive of ACT Health told the Committee:

> 'It is largely both a replacement of some ageing equipment and some improved facilities for pharmaceuticals, because pharmaceuticals are very expensive. This is about, I guess, reducing the risk of failures in our refrigeration. It is a part of our forward maintenance program where we undertake a regular program of risk assessment of our facilities and this will give us better capacity and reduce the risk of loss and consequent impact on supply of pharmaceuticals. It is keeping us safe and operating efficiently and making sure that we are able to continue to supply pharmaceuticals in a timely manner.'[90]

3.32 The Committee was informed that the upgrade was, in part, due to instances of refrigeration failure having resulted in the loss of some pharmaceuticals.[91] The Committee was advised that on one occasion, in the last two years, TCH pharmacy had been required to write off pharmaceuticals that were unrecoverable due to a break down of cold storage facilities.[92] The Minister further advised that this breakdown had occurred in the 2007–08 financial year at a total loss of $183 000. The fridge stock loss was covered by insurance.[93]

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[89] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 18; Proof *Transcript of evidence*, 4 March 2009, p. 4.

[90] Mr Cormack, Proof *Transcript of evidence*, 4 March 2009, p. 4.

[91] Mr Cormack, Proof *Transcript of evidence*, 4 March 2009, p. 4.

[92] Question taken on notice, Minister for Health, 4 March 2009.

[93] Question taken on notice, Minister for Health, 4 March 2009.

3.33 The Committee notes that notwithstanding the costs incurred of replacing pharmaceuticals due to refrigeration failure, there is also the resultant impact on supply.

Expansion of the oncology clinics and cancer services facilities

3.34 Expenditure of $395 000 in 2008–09 for the provision of additional oncology clinic space and consultation rooms to increase the operating capacity for cancer services at TCH.[94]

3.35 The Committee sought more detail on the proposed expansion of cancer services. The Minister for Health advised that the Capital Region Cancer Service was experiencing a significant increase in demand for service. The proposed expansion will increase the capacity of cancer services through the provision of additional clinic space whilst also enhancing service integration. The increased capacity will be sourced by relocating office space presently situated in critical clinical cancer service areas to less critical service areas.[95]

3.36 The Chief Executive of ACT Health informed the Committee that:

> …oncology services, in particular, have been experiencing high growth. In fact, around 10 per cent is the growth rate we are dealing with in medical oncology and radiation oncology, which requires a capacity for both space and staffing. So we have targeted an area in building 3 at the Canberra Hospital. It is currently used as office space and we will be converting that back into some treatment spaces more closely aligned with the existing cancer areas…that will mean we will need to relocate those offices to a less clinically critical area to be able to house the staff that are required to run the additional services.[96]

3.37 The Minister informed the Committee that, at a minimum, it was expected that the additional funding would provide two additional clinical treatment areas.[97]

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[94] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 18

[95] Proof *Transcript of evidence*, 4 March 2009, pp. 1–3.

[96] Mr Cormack, Proof *Transcript of evidence*, 4 March 2009, p. 2.

[97] Ms Gallagher MLA, Proof *Transcript of evidence*, 4 March 2009, p. 3.

Department of Disability, Housing and Community Services

3.38 An additional appropriation of $1.185 million through Appropriation Bill 2008–2009 (No. 3) is proposed for the Department of Disability, Housing and Community Services.[98]

Community and childcare facilities upgrades

3.39 Expenditure of $350 000 in 2008–09 and $815 000 in 2009–10, along with associated depreciation, is proposed for upgrades, renovations and refurbishments to a number of community and childcare facilities that can be brought forward from the existing program and undertaken in a short timeframe.[99]

3.40 The Committee sought, and was provided, a list of community and childcare facilities which will be upgraded and the specific works that will be undertaken at each facility.[100] The list provided by the Minister for Community Services is at **Appendix C**.

Environmental and energy efficiency upgrades—Community and childcare Facilities Stage 1

3.41 Expenditure of $400 000 in 2008–09 and $500 000 in 2009–10 is proposed for upgrades to plant and equipment, insulation and building modifications to increase energy efficiency of community and childcare facilities.[101]

3.42 The Committee queried whether energy audits had been done on the facilities earmarked for environmental and energy efficiency upgrades. The Committee was advised that the proposed work had been scoped on the basis of audits conducted and included the identification of: hot water units and heating or cooling systems below current standards; and window

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[98] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 19.
[99] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 19.
[100] Question taken on notice, Minister for Community Services, 4 March 2009, p. 6.
[101] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 19.

glazing not protected.[102]

3.43 The Committee sought information on the process for determining which facilities were upgraded. The Committee was told:

> We have already done some work on the adequacy of the assets and their need for ongoing maintenance. As well as that we have a regular review process with the operators where there is a single operator of the facility, and have an understanding of what is affecting their tenancy and their performance in the delivery of services within the centre. In the case of childcare centres and a number of the other facilities that we have got, we have also got licensing and BCA *[Building Code of Australia]* requirements. So it is an ongoing process. We have an annual program of maintenance and over the last few years we have had some minor capital works money that we have also been able to apply. So we have been able to bring forward projects that we have already identified as needing works.[103]

Additional Childcare places (Design)

3.44 Expenditure of $435 000 in 2008–09 is proposed for the planning and design for two new childcare centres at West Belconnen and Weston Creek along with planning and preliminary designs at a number of other sites.[104]

3.45 The Committee notes that the work proposed under the additional funding will cover the design of the two childcare centres and the finalisation of an appropriate location in West Belconnen and Weston Creek for each centre.[105] In terms of the site for the new childcare centre proposed for West Belconnen, the Committee was interested to know if the former Flynn primary school site had been considered.[106]

3.46 The Minister for Community Services informed the Committee that there were a number of views with respect to potential sites for the West Belconnen centre. As Dunlop has the highest level of under four olds in the West Belconnen area, there is a view that it should be located close to Dunlop. Some existing childcare providers have views about a location in

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[102] Mr Collett, Proof *Transcript of evidence*, 4 March 2009, pp. 6–7; 9.

[103] Mr Collett, Proof *Transcript of evidence*, 4 March 2009. p. 7.

[104] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 19.

[105] Proof *Transcript of evidence*, 4 March 2009, p. 6.

[106] Proof *Transcript of evidence*, 4 March 2009, p. 5.

Charnwood and representations have been made to the Minister regarding use of the Flynn Primary school site.[107]

3.47 The Minister advised the Committee that the former Flynn primary school site had not been considered as a potential site because:

> of the legal action that was being undertaken and I certainly did not want to be seen to be acting in an inflammatory way by pre-empting any of those processes. In addition, there has been an application sought for heritage listing. So I have responded saying that there are these things outstanding that would need to be finalised before we would consider its use as a childcare centre. They wrote back to me last week wanting to meet with me so I think that is probably the best thing that I do in terms of progressing that discussion.[108]

3.48 The Committee sought clarification as to how the additional appropriation of $435 000 would be spent. The Acting Chief Executive of the Department of Disability, Housing and Community Services advised:

> That will be tendered out. We will get consultants, architects, engineers and planners to do the work that the minister has described.[109]

3.49 The Committee notes that, in addition to the two new childcare centres, the proposed expenditure also includes funding for planning and preliminary designs at a number of other sites. The Committee draws to the Minister's attention the high need for childcare centres in Gungahlin.

Department of Justice and Community

3.50 An additional appropriation of $0.680 million through Appropriation Bill 2008–2009 (No. 3) is proposed for the Department of Justice and Community Safety.[110]

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[107] Proof *Transcript of evidence*, 4 March 2009, pp. 5–6.

[108] Ms Gallagher MLA, Proof *Transcript of evidence*, 4 March 2009, pp. 5–6.

[109] Mr Hehir, Proof *Transcript of evidence*, 4 March 2009, p. 6.

[110] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 21.

Minor works—Emergency Services Agency (ESA) sheds and stations

3.51 Expenditure of $500 000 in 2008–09 and $500 000 in 2009–10, along with associated depreciation, is proposed to fund a range of minor works to refurbish existing stations and sheds to meet safety and amenities requirements.[111]

3.52 The Minister for Police and Emergency Services explained that the work on ESA assets would include ambulance, fire and rural fire service stations and sheds. The initiative would fund 'mainly minor' work intended to refurbish the properties to meet safety and amenities requirements. The Local Initiatives Package notes that the work will include 'engineering works, painting, carpentry, plumbing, gates, perimeter fences, ablutions upgrades, soft furnishings, carports and sheds'.[112]

3.53 The Minister and officials explained that the ESA had drawn up a Strategic Asset Management Plan in 2006 that identified areas in need of work and the ESA had been working through its list of priorities. This initiative would add to the work that the ESA was funding from its existing budget.[113]

3.54 The Minister provided the following breakdown[114] of the $1 million to be supplied over two years:

ACT Ambulance Service	$140 000
ACT Fire Brigade	$110 000
ACT Rural Fire Service/ ACT State Emergency Service	$420 000
Design and supervision	$165 000
Project Management	$125 000
Procurement and other associated costs	$40 000

3.55 The Committee notes that 33 per cent of the proposed allocation of $1 million would be spent on supervision, design and procurement.[115] Further, the ESA

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[111] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 21.

[112] ACT Treasury. 2009, *Local Initiatives Package*, 26 February; p 21; Mr Corbell MLA, Proof *Transcript of evidence*, 11 March 2009, pp. 49–50.

[113] Proof *Transcript f evidence*, 11 March 2009, pp. 49–50.

[114] Mr Corbell MLA, Proof *Transcript of evidence*, 11 March 2009, p. 50.

[115] Proof *Transcript of evidence*, 11 March 2009, p. 50.

estimated the expenditure would be split roughly 50/50 between labour and material/fittings.[116]

3.56 The Committee asked which sheds would not be receiving any work and the Minister said that the Rivers (RFS & SES), Jerrabomberra (RFS) and Tidbinbilla (RFS) sheds would not receive any work from this initiative. The Minister noted that some RFS sheds require more major work than that provided for in this initiative and that their needs would be considered as part of the 2009-10 budget process.[117]

3.57 The Committee notes that some RFS sheds, especially Tidbinbilla, have safety issues. The Committee welcomes the Minister's advice that concerns regarding Tidbinbilla RFS shed were noted and that the issues raised would be dealt with.[118]

3.58 In discussing the state of the RFS facilities at Tidbinbilla, the ACT Emergency Services Commissioner commented:

> As part of the station relocation study looking strategically ahead for the next 30 years, we have identified that Tidbinbilla should probably move to a new location somewhere in the same area. The reason that we have not put forward any expenditure right now is that we need to negotiate a new location. We would be proposing, in a major station relocation project, that we provide a new shed for Tidbinbilla, preferably on government-owned land which may available in the area.
>
> At the moment we are just trying to be prudent in making sure that we do not spend any money that we would not be able to recoup later on. However, as the minister suggested, there are a number of minor works that can be undertaken at Tidbinbilla—not necessarily from this budget but from within our internal maintenance budget. That will be subject to some advice, no doubt, from the minister when he speaks with the brigades, but we have also had it on our list to look at.[119]

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[116] Mr Manson, Proof *Transcript of evidence*, 11 March 2009, p. 51.

[117] Proof *Transcript of evidence*, 11 March 2009, pp. 51–52.

[118] Mr Corbell MLA, Proof *Transcript of evidence*, 11 March 2009, pp. 51–52.

[119] Mr Manson, Proof *Transcript of evidence*, 11 March 2009, p. 51.

RECOMMENDATION 14

3.59 **The Committee recommends that the 2009-10 ACT Budget provide funds for the planning of relocation and construction of the Tidbinbilla Rural Fire Service (RFS)**

ACT Policing—Gungahlin 24/7

3.60 A technical adjustment of $180 000 in 2008–09 is proposed for ACT Policing, in relation to the opening of the Gungahlin Station, 24 hours a day, seven days a week.[120]

3.61 The Committee sought clarification on what was meant by a technical adjustment. The Department of Treasury advised:

> The technical adjustment just recognises we are delivering those projects quicker and we are moving the funding from next year into this year. So they were projects that had already been announced.[121]

3.62 The Committee asked the Minister for Police and Emergency Services about the technical adjustment that brought forward $180 000 of funding for ACT Policing. The Minister explained that as part of the Gungahlin Police Station shifting to a 24 hours a day, seven days a week, operation, various modifications to the station were required. These modifications included: the conversion of a garage to office space; remodelling of the front counter; and alteration of the office layout, all within the existing roofline. ACT Policing have already made these changes and borne the associated costs and the $180 000 is reimbursement for this work.[122]

3.63 The Committee welcomes the upgrade to the operating hours of the Gungahlin Police Station and its subsequent impact for the Gungahlin and Belconnen communities, in terms of improving response times and freeing up the Belconnen Police Station to again focus on the Belconnen community.

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[120] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p 21.
[121] Mr Bulless, Proof *Transcript of evidence*, 4 March 2009, pp. 21–22.
[122] Mr Corbell MLA, Proof *Transcript of evidence*, 11 March 2009, p. 53.

Housing ACT

3.64 An additional appropriation of $2.5 million through Appropriation Bill 2008–2009 (No. 3) is proposed for Housing ACT.[123]

Homelessness Initiative—'A Place to Call Home'

3.65 Expenditure of $2 500 000 in 2008–09 is proposed for the homelessness initiative—'A Place to Call Home'.[124]

3.66 This initiative is a joint ACT Government/Commonwealth Government pledge to reduce homelessness in the Territory. The initiative falls under the Council of Australian Governments (COAG) National Partnership Agreement on Homelessness and is part of the wider COAG reform agenda.

3.67 The joint initiative, commenced in July 2008 and will operate till 30 June 2013, provides for the construction of 600 new homes for individuals and families experiencing homelessness. The Commonwealth Government is investing $150 million with state and territory governments also contributing funds.[125] The Committee was told that the funding model was 'matched funding' with a 50:50 split between the Commonwealth and the respective states and territories.[126]

3.68 The Committee understands that the initiative provides funding for the:

- cost of building new accommodation, making spot purchases and/or the renovation of suitable public housing properties to provide long term, affordable housing for people experiencing homelessness, and
- provision of support services to help people break the cycle of homelessness.[127]

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[123] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 20.

[124] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 20.

[125] Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs, 'A Place to Call Home', accessed 13 March 2009, available at: http://www.fahcsia.gov.au/internet/facsinternet.nsf/housing/place_to_call_home.htm

[126] Mr Hehir, Proof Transcript of evidence, 13 March 2009, p. 65.

[127] Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs, 'A Place to Call Home', accessed 13 March 2009, available at: http://www.fahcsia.gov.au/internet/facsinternet.nsf/housing/place_to_call_home.htm

3.69 The Committee was told that the majority of the proposed appropriation would be for land purchase, in that land is required to construct dwellings. The Department of Housing, Disability and Community Services informed the Committee that it expected that $2 million would be spent on the purchase of 10 blocks of land, and $500 000 on construction.[128]

3.70 In discussions the Committee was informed that the agreement with the Commonwealth required a minimum of 20 properties. The proposed purchase of ten blocks of land would be a start towards the construction of ten new properties. When realised, the investment will result in a net increase of public housing stock.[129]

3.71 The Committee was advised that sites had been identified for purchase in Gungahlin, that a design and construct tender was being looked at and work was expected to commence within six weeks of the appropriation.[130]

3.72 The Committee understands that the initiative is targeted towards larger homeless families as they are harder to house, in that, specifically homes of four bedrooms plus will be built. The Acting Chief Executive of the Department of Disability, Housing and Community Services commented:

> I am sure you would be aware of the model whereby the family are placed into the house direct from their homelessness and there are supports in place and over time the tenancy is transferred to them. So a support provider would have the initial tenancy and then, over time, as the family addresses some of the issues that have led to homelessness, and they are more able to sustain a tenancy in their own right, that tenancy will be transferred to them.[131]

3.73 In its submission, ACTCOSS was supportive of the tailored support proposed under the third Appropriation Bill 'to enable families to sustain longer term tenancies in public housing'. ACTCOSS commented that providing property alone was not enough and encouraged the ACT Government to 'develop other innovative strategies to support people

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[128] Mr Collett, Proof *Transcript of evidence*, 13 March 2009, p. 65.

[129] Proof *Transcript of evidence*, 13 March 2009, pp. 67; 70.

[130] Mr Collett, Proof *Transcript of evidence*, 13 March 2009, p. 65.

[131] Mr Hehir, Proof *Transcript of evidence*, 13 March 2009, p. 66.

experiencing homelessness or who require more affordable housing'.[132]

3.74 The Committee notes that the proposed expenditure would largely be used to purchase land from the Land Development Agency. Therefore it will be a transfer of funds from one part of the Government to another. While the Committee is supportive of the 'A Place to Call Home' initiative, it does not regard this expenditure as meeting the six criteria set out by the Treasurer for the third Appropriation Bill.

3.75 In clarifying how the purchase of land could be considered as a 'shovel ready' project, the Minister for Disability and Housing told the Committee:

> It is the land underneath the package that is already there. You have got to buy a house and land package[133].

3.76 Further, the Acting Chief Executive of the Department of Disability, Housing and Community Services added:

> This is part of the Australian government's election commitment. "A place to call home" is this particular election commitment. The agreement from the Australian government was that they would provide 50 per cent of the funding and the states would match that. But that was for new construction only. So we had to purchase the land to do the construction. That agreement was signed as part of the COAG processes. That money was for 2008-09 as part of that process, but that does mean that it needs to be appropriated. So this is certainly part of this appropriation. This is the first opportunity to bring this capital forward as part of that.[134]

Department of Education and Training

3.77 An additional appropriation of $1.8 million through Appropriation Bill 2008–2009 (No. 3) is proposed for the Department of Education and Training to undertake a range of upgrades to existing school facilities.[135]

3.78 The Committee notes that the proposed works complement that which will be funded under the Commonwealth's Nation Building and Jobs Plan, and

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[132] ACTCOSS, Submission No. 1, 11 March 2009, p. 3.

[133] Mr Hargreaves MLA, Proof *Transcript of evidence*, 13 March 2009, p. 65.

[134] Mr Hehir, Proof *Transcript of evidence*, 13 March 2009, p. 65.

[135] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 22.

will cover both primary and secondary schools.[136]

Replacement of stormwater and sewer pipes—stage 1

3.79 Expenditure of $400 000 in 2008–09 and $2 000 000 in 2009–10 is proposed for the replacement of aged and damaged underground stormwater and sewage pipes across ACT public schools.[137]

3.80 The Committee was assured that there were no substantive risks to students or staff prompting the replacement of stormwater and sewer pipes. Rather, these upgrades, such as the replacement of stormwater pipes at Melba, Copland and Telopea Park Schools, had been identified as a part of a regular maintenance program.[138]

Roof access systems

3.81 Expenditure of $700 000 in 2008–09 and $1 300 000 in 2009–10 is proposed for the installation of roof access systems across ACT public schools in accordance with Australian Standards. The Project is expected to ensure that roof access systems of all 84 ACT public schools will be compliant with the applicable Australian standard[139].

3.82 The Committee understands that the proposed work follows the change in the applicable Australian Standard.

3.83 The Acting Deputy Chief Executive of the Department of Education and Training stated:

> There are about 20 schools that at the moment have adequate roof access systems. The idea is for this funding to provide roof access systems that meet Australian standards in all the schools. It involves installing brackets for tradesmen who need access to the roof so that they can safely hook the ladder up to the roof. Then there are sort of harness points right around the roof so that tradesmen can hook themselves onto those harness points, so that if they fall they are not going to kill themselves.[140]

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[136] Ms Gallagher MLA, Presentation speech—*Local Initiatives Package*, 26 February 2009, p. 5.

[137] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 22.

[138] Proof *Transcript of evidence*, 11 March 2009, p. 37.

[139] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 22.

[140] Mr Tardif, Proof *Transcript of evidence*, 11 March 2009, p. 36.

Asbestos removal program

3.84 Expenditure of $700 000 in 2008–09 and $2 500 000 in 2009–10 is proposed for the removal of asbestos containing materials from schools and the installation of new materials. The program will remove contained (in-situ) asbestos at approximately 35 schools across the Territory.[141] The Minister for Education and Training indicated that priority for removal of asbestos was those schools where it had been identified that the asbestos contained was most at risk of coming into contact with people.[142]

3.85 The Committee sought a list of the 35 schools identified for removal of contained asbestos.[143]

3.86 The Committee sought assurances about the risk associated with the asbestos in schools and the removal approach taken. The Minister assured the Committee that the program was not a response to identified health risks to any users of school facilities but rather a risk reduction strategy that was being progressively implemented.[144]

3.87 The Committee heard that asbestos within old school buildings is relatively stable and usually not identified until refurbishments to buildings are undertaken. The Department advised that well established protocols for the removal of asbestos were used and, where possible, would be conducted in non-term time or by isolating affected parts of the school.[145]

2009–10 Capital Upgrades Program

3.88 The Committee notes that under the 2009–10 Capital Upgrades Program, $1 million is proposed to be allocated for Ecologically Sustainable Development (ESD) upgrades at various, unspecified schools.[146]

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[141] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 22.

[142] Mr Barr MLA, Proof Transcript of evidence, 11 March 2009, p. 35.

[143] Proof *Transcript of evidence*, 11 March 2009, p. 35; Question taken on notice, Minister for Education and Training [To be received]

[144] Proof *Transcript of evidence*, 11 March 2009, pp. 35–36.

[145] Proof *Transcript of evidence*, 11 March 2009, pp. 35–36.

[146] ACT Treasury. 2009, *2009–10 Capital Upgrades Program*, p. 33.

3.89 The Minister told the Committee that, in terms of the incorporation of sustainability principles into the design of new schools and the refurbishment of existing schools, the ACT Government had been working with the Green Building Council, for example, on how best to retrofit older school buildings to improve environmental efficiency.[147]

3.90 Furthermore, the Minister noted that works proposed under the ESD upgrades form part of a broader government strategy to ensure that all ACT Government schools are carbon neutral by 2017.[148]

3.91 As part of the 2009–10 capital upgrade projections, security upgrades are proposed for four schools—three primary and one high school—which have been targeted by vandals and to ensure that information and communication technology (ICT) assets are well protected.[149]

ACT Planning and Land Authority

3.92 An additional appropriation of $0.1 million through Appropriation Bill 2008–2009 (No. 3) is proposed for the ACT Planning and Land Authority (ACTPLA).[150]

3.93 Expenditure of $100 000 in 2008-09 and $300 000 in 2009-10 is proposed to deliver the forward design work required for the extension of Nudurr Drive from Grampians Street, Palmerston to Gungahlin Drive.[151] The Minister for Planning advised that the extension would provide adequate traffic access to the suburbs of Crace and Palmerston and coincides with the Crace land sale commenced in the 2008–09 financial year.[152]

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[147] Mr Barr MLA, Proof *Transcript of evidence*, 11 March 2009, p. 39.

[148] Mr Barr MLA, Proof *Transcript of evidence*, 11 March 2009, p. 39.

[149] Proof *Transcript of evidence*, 11 March 2009, p. 40; ACT Treasury, 2009. 2009–10 Capital Upgrades Program, 26 February 2009, p. 33.

[150] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 24.

[151] ACT Treasury. 2009, Local Initiatives Package, 26 February, p. 24.

[152] Mr Barr MLA, Proof *Transcript of evidence*, 11 March 2009, p. 24.

Canberra Institute of Technology

3.94 An additional appropriation of $2.670 million through Appropriation Bill 2008–2009 (No. 3) is proposed for the Canberra Institute of Technology (CIT). The additional funding will allow the CIT to effectively bring forward a number of capital upgrade projects.[153]

3.95 The Minister for Education and Training said the:

> funds would make CIT more sustainable and the reticulation system at Bruce would make the existing $14 million horticultural facility a "state-of- the art centre where students will learn the latest in environmental stewardship".[154]

Implementation of stormwater and bore water reticulation—Bruce campus

3.96 Expenditure of $500 000 in 2008–09 is proposed for the installation of reticulation pipes, water tanks and monitoring equipment to expand stormwater capture capacity and increase the utilisation of bore water at Bruce campus.[155]

3.97 The increased water capture arrangements—stormwater and bore—coupled with the improvements in reticulation will drought proof the Bruce Horticultural facility in the event of stage four or five water restrictions. Further, it will also be used to irrigate the Canberra Raiders' training ground, reducing that facility's reliance on potable water.[156]

Facilities and amenity upgrades

3.98 Expenditure of $2 170 000 in 2008–09 is proposed to upgrade a range of facilities and amenities across all campuses. The upgrades will improve training facilities and amenities for environmental, health and safety

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[153] ACT Treasury. 2009, *Local Initiatives Package*, 26 February 2009, p. 23; Mr Barr MLA, Proof *Transcript of Evidence*, 11 March 2009, p. 44.

[154] Sherlock, E. 2009, Schools looking forward to stimulus trickle-down effect', *Canberra Times*, 27 February, p. 2.

[155] ACT Treasury. 2009, *Local Initiatives Package*, 26 February 2009, p. 23; Proof *Transcript of evidence*, 11 March 2009, pp. 44–45.

[156] Proof *Transcript of evidence*, 11 March 2009, pp. 44–45.

benefits.[157]

3.99 Twelve projects are nominated and include some environmental initiatives, such as the installation: of water storage tanks and solar hot water systems, on two building blocks at the Reid campus; and the installation of additional water tanks at Bruce campus.[158]

3.100 The Committee was advised that the CIT, as part of meeting its contribution to the climate change targets set out in the ACT Climate Change Strategy 2007–2025, *Weathering the Change*, would look at considering a project to replace all electric hot water systems with the solar alternative. The CIT advised that as part of the proposed appropriation, approximately one-third of all electric hot-water systems would be replaced at the Reid campus.[159]

3.101 The Committee also sought clarification on a number of the other facilities and amenity upgrades including:

- waterproofing of stairwell roofs at Bruce campus[160]
- replacement of tapware in training kitchens at Reid campus[161], and
- replacement of the dust extraction unit at Bruce campus[162].

Cultural Facilities Corporation

3.102 An additional appropriation of $0.115 million through Appropriation Bill 2008–2009 (No. 3) is proposed for the Cultural Facilities Corporation (the Corporation).[163]

3.103 In discussing the proposed works at the Canberra Theatre Centre and the Corporation's Historic Places, the Committee queried the policy foundation

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[157] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 23.

[158] Proof *Transcript of evidence*, 11 March 2009, pp. 45–48; ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 23.

[159] Proof *Transcript of evidence*, 11 March 2009, p. 46.

[160] Proof *Transcript of evidence*, 11 March 2009, pp. 45–46.

[161] Proof *Transcript of evidence*, 11 March 2009, p. 47; ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 23.

[162] Proof *Transcript of evidence*, 11 March 2009, p. 47.

[163] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 25.

for the claim that the Corporation would 'engage local contractors to perform remedial works at the Playhouse and Courtyard Theatre'[164]. In the context of assuring compliance with the procurement guidelines, the Minister for the Arts and Heritage advised that this statement about local contractors was 'aspirational' rather than 'directed'.[165]

Canberra Theatre upgrades

3.104 Expenditure of $44 000 in 2008–09 is proposed to fund remedial works at the Playhouse and Courtyard Theatre.[166]

3.105 The Committee heard that the proposed work would include the refurbishment and repainting of the Playhouse Theatre foyer and the refurbishment of some backstage areas of the Playhouse.[167]

3.106 The Committee sought advice on when the Canberra Theatre feasibility study would be completed. The Committee was told that artsACT (Chief Minister's Department) and the Corporation were involved with the feasibility study.[168] The Chief Minister's Department advised that the study was underway and was expected to be finalised by the end of April 2009 with the Report to be forwarded to the Government thereafter. The Department further advised that it would not be included in the 2009–10 Budget.[169]

Historic places upgrades

3.107 Expenditure of $71 000 in 2008–09 is proposed to fund urgent remedial work at the Corporation's three Historic Places—Lanyon Homestead, Calthorpe's House and Mugga Mugga. The proposed work is expected to help preserve the heritage assets located at each of the historic sites.[170]

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[164] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 25.
[165] Mr Stanhope MLA, Proof *Transcript of evidence*, 13 March 2009, p. 79.
[166] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 25.
[167] Ms Elvin, Proof *Transcript of evidence*, 13 March 2009, p. 80.
[168] Proof *Transcript of evidence*, 13 March 2009, p. 80.
[169] Mr Whitney, Proof *Transcript of evidence*, 13 March 2009, pp. 80–81.
[170] ACT Treasury. 2009, *Local Initiatives Package*, 26 February, p. 25.

3.108 The Chief Executive of the Corporation told the Committee that the proposed remedial works would include:

> some drainage works, some plastering works, damp-proofing, roofing, attending to cracking walls at Calthorpes House, which has been quite a problem after the recent drought conditions, damp management, plumbing works, timber works, brickwork and so on.[171]

Exhibition Park Corporation

3.109 An additional appropriation of $0.160 million through Appropriation Bill 2008–2009 (No. 3) is proposed for the Exhibition Park Corporation (EPC).[172] The works proposed for EPC comprise:

- upgrades within the grounds—$70 000—including the installation of bitumen for new paths and the enhancement of a storage system for hazardous chemicals and combustible materials
- refurbishment of the Terrace restaurant (stage 2)—$50 000—including the upgrading of internal walls, lighting and acoustic ceiling treatment, and
- the delivery of an on-site recycling and rubbish removal station—$40 000.[173]

3.110 In discussing the on-site recycling and rubbish removal station, the Committee was advised that the station would provide EPC with an on-site waste separation facility.[174]

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[171] Ms Elvin, Proof *Transcript of evidence*, 13 March 2009, p. 80.
[172] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 26.
[173] ACT Treasury, 2009. *Local Initiatives Package*, 26 February 2009, p. 26.
[174] Mr Sadler, Proof *Transcript of evidence*, 11 March 2009, p. 28.

3.111 The Committee welcomes the benefits an on-site facility will provide in terms of streamlining waste separation and optimising recycling opportunities. However, the Committee is disappointed that given EPC has been established for over twenty years and, according to EPC, is the centre piece of the ACT's event calendar, that it is only now considering an on-site waste separation facility.[175]

[175] Exhibition Park Corporation, 2008, *2007–08 Annual Report*, p. 9.

4 QUESTIONS NOT ANSWERED

4.1 A number of witnesses took questions on notice at public hearings. The Committee recognises that not all questions can be answered at the time in their entirety; taking questions on notice means that a more considered and accurate answer can be provided to the Committee.

4.2 The Committee recognises that the short timeframe in which to complete its inquiry required prompt responses to questions taken on notice and thanks Ministers, and departmental and agency officers, for their assistance with the provision of responses.

4.3 However, the Committee was unable to comment fully on a number of issues as there were some questions taken on notice outstanding at the time of finalising its report.

RECOMMENDATION 15

4.4 **The Committee recommends that all outstanding questions taken on notice be provided to the Standing Committee on Public Accounts prior to debate of the third Appropriation Bill.**

5 CONCLUSION

5.1 The Committee would like to thank Ministers, and accompanying departmental and agency officials, for their time, expertise and cooperation during the course of this inquiry.

RECOMMENDATION 16

5.2 **The Committee recommends that the Legislative Assembly pass Appropriation Bill 2008-09 (No. 3).**

Caroline Le Couteur MLA

Chair

23 March 2009

APPENDIX A: List of Witnesses

List of witnesses who appeared before the Committee at public hearings

Public hearing of Wednesday 4 March 2009

Ms Katy Gallagher MLA

Minister for Health

- Mr Mark Cormack, Chief Executive, ACT Health
- Ms Rosemary Kennedy, Executive Director, Business and Infrastructure, ACT Health

Minister for Community Services

- Mr Martin Hehir, Acting Chief Executive, Department of Disability, Housing and Community Services (DHCS)
- Mr David Collett, Director, Asset Management, DHCS

Treasurer

- Ms Megan Smithies, Under Treasurer, Department of Treasury
- Mr Neil Bulless, Executive Director, Finance and Budget Division, Department of Treasury
- Mr Patrick McAuliffe, Director, Investment Branch, Department of Treasury

Public hearing of Wednesday 11 March 2009

Mr Andrew Barr MLA

Minister for Planning

Minister for Tourism, Sport and Recreation

- Mr Tony Sadler, General Manager, Exhibition Park Corporation
- Mr Gary Byles, Chief Executive, Department of Territory and Municipal Services (TAMS)
- Mr Tom Elliot, Executive Director, Enterprise Services, TAMS

Minister for Education and Training

- Mr Phil Tardif, Acting Deputy Chief Executive, Department of Education and Training (DET)
- Mr Mark Whybrow, Director, Finance and Facilities, DET
- Dr Colin Adrian, Chief Executive, Canberra Institute of Technology (CIT)
- Mr Peter Kowald, Deputy Chief Executive, CIT
- Mr Ivan Radic, Acting Facilities Manager, CIT

Mr Simon Corbell MLA

Minister for Police and Emergency Services

- Mr Gregor Manson, Commissioner, ACT Emergency Services Agency

Ms Mary Porter AM MLA

Acting Speaker

- Mr Max Kiermaier, Deputy Clerk, Legislative Assembly for the ACT
- Mr Ian Duckworth, Manager, Corporate Services, Legislative Assembly for the ACT

Public hearing of Friday 13 March 2009

Mr John Hargreaves MLA

Minister for Disability and Housing

- Mr Martin Hehir, Acting Chief Executive, Department of Disability, Housing and Community Services (DHCS)
- Mr David Collett, Director, Asset Management, DHCS

Mr Jon Stanhope MLA

Chief Minister

- Mr Andrew Cappie-Wood, Chief Executive, Chief Minister's Department (CMD)
- Mr George Tomlins, Deputy Coordinator General, ACT Stimulus Package Taskforce, CMD

Minister for the Arts and Heritage

- Mr David Whitney, Director, artsACT, Arts, Communications, Events & Protocol, CMD
- Ms Harriet Elvin, Chief Executive Officer, Cultural Facilities Corporation
- Mr Andrew Knight, Chief Financial Officer, Cultural Facilities Corporation

Minister for Territory and Municipal Services

- Mr Gary Byles, Chief Executive, Department of Territory and Municipal Services (TAMS)
- Mr Hamish McNulty, Executive Director, Environment and Recreation, TAMS
- Mr Tony Gill, Director, Roads ACT, Community and Infrastructure Services, TAMS
- Mr Russell Watkinson, Director, Parks, Conservation and Lands, Environment and Recreation, TAMS
- Mr Steve Ryan, Director, ACT Property Group, TAMS

APPENDIX B: Appropriations provided for by the Bill

Department or agency	Amount appropriated
Legislative Assembly Secretariat	$251 000
Chief Minister's Department	$800 000
ACT Health	$890 000
Department of Territory and Municipal Services	$1 610 000
ACT Planning and Land Authority	$100 000
Department of Disability, Housing and Community Services	$1 185 000
Housing ACT	$2 500 000
Department of Justice and Community Safety	$680 000
Department of Education and Training	$1 800 000
Canberra Institute of Technology	$2 670 000
Exhibition Park Corporation	$160 000
Cultural Facilities Corporation	$115 000
TOTAL	$12 761 000

APPENDIX C: Community and childcare facilities upgrades

Community and childcare facilities to receive upgrades and the specific works to be undertaken at each facility are as follows:

- Kambah Early Childhood Centre—internal renovations and grounds upgrades
- Forrest Early Childhood Centre—internal renovations
- Campbell Cottage Childcare—minor extension of nursery
- Alkira Childcare Centre—internal renovations and external building works
- Belconnen Community Centre—additional funds for air conditioning upgrade
- Southside Community Centre—improvements to stormwater drainage system
- Child and Family Centres—internal refurbishment
- Adolescent Day Unit—internal refurbishment

A range of environmental and energy efficiency upgrades will also be undertaken across the childcare and community facilities portfolio. The facilities to be upgraded as part of this program are under investigation and a listing is not available at this stage.

APPENDIX D: Additional comments by Ms Joy Burch MLA

Standing Committee on Public Accountants Committee

Appropriation Bill 2008 – 2009[No.3]

Additional comments from Joy Burch MLA

I fully support the substantive recommendation of this Report 'That the Committee recommends that the Legislative Assembly pass the Appropriation Bill 2008-2009 [No.3]'.

I would also like to note my appreciation and thanks to the Committee Secretariat for such a commendable job in assisting the Committee with the Inquiry.

I support the *Appropriation Bill 2008 – 2009[No.3]* as it

> *'provides additional investment in the buildings and facilities that are used to provide services to our community.*
>
> *'[The global credit crisis and the slowdown of the national economy understandably present uncertainty.] This package seeks to provide some vital confidence and certainty…*
>
> *'comprises works that are already at an advanced stage of procurement and/or design, or can be leveraged off existing procurement contracts.*
>
> *'gets the important work done now, rather than waiting until the next budget or the one after.*
>
> *'brings forward considerable benefits for our community*
>
> *'demonstrates a commitment to the territory's asset base and to supporting local jobs.*

And, that the outlined projects were assessed against six criteria and deemed:

> *' that the work would provide some measure of job support to the local industry; that it extends the useful life or improves the life of our own asset base; that we utilise the potential emerging capacity in the building and construction sector; that projects be at a mature stage of design and/or procurement to enable the works to begin as soon as possible; and also that once they were commenced they be undertaken and completed on time and on budget.*

While I support many aspects of the final report, I wish to provide the following additional comments:

1. The recent shifts in the national and international economic environment are well recognised and accepted.

2. The ACT Labor Government supports the Commonwealth Government National Stimulus Package and is working in partnership, with the Commonwealth, to facilitate a coordinated delivery and, as such, maximizes benefit to the ACT community.

3. The ACT Labor Government has responded in a timely manner to local requirements and expectations.

4. The 3rd Appropriation Bill sets out a range of projects that are achievable in the desired timeframe; that supports and invests in our community infrastructure and provides support to a range of business across Canberra.

5. This support goes across providing security for jobs in the construction industry; in the architect, planning and design business; to suppliers of equipment and material.

6. It needs to be noted that industry stakeholders and the ACT Chamber of Commerce are fully supportive of this Bill and welcomed input into its development through a range of stakeholder round table discussions.

7. Criticism of the benefits of this Bill based on an argument that it has moved from a Stimulus Package to a Local Initiatives package neglects to recognise the input and support of industry, the criteria by which projects were assessed and substantial investment into the ACT through the Commonwealth' National Stimulus Package.

8. Additionally, criticism of this Bill based on the arguments that it remains unclear about the exact number of jobs that created or maintained, or that funds will be directed towards plant, equipment and material neglects to recognise the difficulty in determining the direct correlation between projects and local jobs and that the purchase of plant and materials also support a diverse base of the small business sector.

9. On the suggested issue that perhaps the ACT Government has not been able to provide adequate financial updates, I note:

   9.1. In response to the Global Financial Crisis, and given the uncertainty that had arisen since jurisdictions' budgets were handed down, all states and territories have provided financial updates to inform the community know about the state of the local economy.

   9.2. Regular advice has been provided by Treasury to the Government and in turn the Government has updated the community on the likely impact of lost revenue e.g. through GST updates and interest rate changes.

   9.3. Providing a formal budget bottom line is a detailed, lengthy and complex process, with significant levels of resources to ensure all systems/agencies have been included and to coordinate across the whole of Government to get an accurate and reliable update.

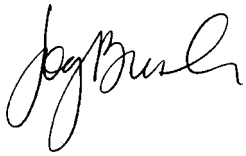
   9.4. The ACT Government is not required under the FMA to provide multiple updates every year (except for an election year when a third update is provided through the pre-election budget update), nor is it required to provide a full budget bottom line update through any supplementary appropriation.

   9.5. The Financial Management Act requires the ACT Government to prepare a budget review each year (separate from the update provided in the annual budget) and the Act stipulates that this update must be completed by mid-Feb.

   9.6. The ACT Summary of Mid Year Review was published 23 Dec 2008. The ACT published its mid year review at the same time as almost every other state

Items of specific dissent/concern are noted in the Committee minutes:

Sincerely



Joy Burch MLA
Member for Brindabella
24 March 2009