

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

ESTIMATES COMMITTEE

**REPORT ON THE
APPROPRIATION BILL
1991-92**

NOVEMBER 1991

CORRIGENDA

Page iii - Ms Carmel Maher should be included in the Committee Membership

Page v - Accommodation - the date should read '1 July 1992' not '1 July 1991'

Page 13, paragraph 3.15 - the date should read '1 July 1992' not '1 July 1991'

RESOLUTION OF APPOINTMENT

(Agreed to 8 August 1991)

That –

- (1) a Select Committee on Estimates be appointed to examine the expenditure proposals contained in the Appropriation Bill 1991–92;
- (2) the Committee comprise such Members of the Assembly who notify their nominations in writing to the Speaker by 13 August 1991;
- (3) that 3 members of the Committee shall constitute a quorum of the Committee;
- (4) the Committee report by 1 November 1991;
- (5) if the Assembly is not sitting when the Committee has completed its inquiry, the Committee may send its report to the Speaker or, in the absence of the Speaker, to the Deputy Speaker who is authorised to give directions for its printing and circulation; and
- (6) the foregoing provisions of this resolution have effect notwithstanding anything contained in the standing orders.

MEMBERSHIP

Mr Norm Jensen (Presiding Member)

Mrs Robyn Nolan (Deputy Presiding Member)

Mr Bernard Collaery

Mr Craig Duby

Mrs Ellnor Grassby

Mr Gary Humphries

Mr Trevor Kaine

Dr Hector Kinloch

Mr Michael Moore

Mr Bill Stefaniak

Mr Dennis Stevenson

Secretary

Ms Karin Malmberg

Inquiry staff

Mrs Judy Henderson

Mr Greg McIntosh

Mr Ron Owens

Ms Anna Pagel

Ms Vicki Salkin

Mr Bill Symington

LIST OF RECOMMENDATIONS

The Committee recommends that:

- . in future years performance information be included in Budget Paper 5 (paragraph 2.20)
- . the results of performance measurement be included in Budget Paper 5 under outcome for the previous year. If indicators have changed, previous indicators should be included for comparison (paragraph 2.26)
- . that future Explanatory Notes be consistent with the Budget Papers and contain explanations of differences that occur as a result of disagreements with Treasury, changed circumstances or errors (paragraph 2.32)
- . Committee requests for information that are taken on notice be satisfied within five working days of request, and in all cases, responses must be received at least five days working days prior to the reporting date of the Committee (paragraph 2.44)
- . a full, external, management review of the Chief Minister's Department be undertaken to address particularly the responsiveness of the Chief Minister's Department to the Executive and the Legislative Assembly (paragraph 2.44)

Accommodation

- . the Government confirm to the Legislative Assembly that the attribution of accommodation costs and the devolution of associated funds to agencies will be effected by 1 July 1991 (paragraph 3.15)

ACT Tourism Commission

- . a review be undertaken of the decision to close the offices in Sydney and Melbourne in terms of the proposed savings and the effect on the marketing budget (paragraph 3.21)

Casino project

- . the Assembly be advised of all costs, both actual and estimated, associated with the casino project, prior to the announcement of any successful tenderer (paragraph 3.30)
- . definitions of consultant and contractor be developed and used consistently across the ACT Government Service to provide for comparisons between agencies and Budgets (paragraph 3.33)

Consultants

- . the Government ensure that no contract for consultancy services be let if the task can be properly carried out by ACT Government Service staff (paragraph 3.38)

Training

- . the Minister for Health justify the continued operation of the Organisation Development Section at its current location, or alternatively, move it to Government owned accommodation (paragraph 3.44)

Public health

- . a management review of the operation of the public health function be carried out (paragraph 3.55)

Non-government schools

- . the review of recurrent funding and per capita grants be completed as soon as possible and released publicly (paragraph 3.64)
- . the funding for the three non-government schools be reinstated pending appropriate consultation and negotiation on future support (paragraph 3.64)

Police

- . the ACT Government ensure that the proposed \$1.2 million funding reduction is in accordance with the agreement with the Commonwealth (paragraph 3.79)
- . if a budget reduction is to be put into effect, the Government negotiate to ensure that community policing is not materially affected (paragraph 3.79)

Staffing

- . the Chief Minister advise the Assembly as soon as possible of the number and level, by program, of the positions subject to redundancy arising from the decisions related to the 1991-92 Budget (paragraph 3.102)

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1 INTRODUCTION

- 1.1
On Thursday 8 August 1991 the Act Legislative Assembly established a Select Committee on Estimates to examine the expenditure proposals contained in the Appropriation Bill 1991–92.
- 1.2
The Committee was established in advance of the introduction of the Bill into the Assembly to allow the Committee time to assess and advise agencies of its information requirements well in advance of the public hearings process.
- 1.3
Membership of the Committee was open to all members who nominated their intention to the Speaker by 13 August. All members of the Assembly, with the exception of the Executive and the Speaker, nominated. The Speaker advised the Assembly of the Committee’s membership on 14 August.
- 1.4
On Tuesday 17 September 1991 the Chief Minister and Treasurer introduced the Appropriation Bill 1991–92 to the ACT Legislative Assembly and presented the 1991–92 Budget.
- 1.5
The 1991 Estimates Committee held 10 public hearings (totalling some 70 hours) and examined the Appropriation Bill on a portfolio basis and, within that framework, on a program by program basis. Prior to commencing the hearings the Committee met with Treasury officials.
- 1.6
The principal witness for each portfolio was the responsible Minister supported by agency heads and other senior officials. In relation to Program 1, the Speaker was the principal witness supported by senior Legislative Assembly officers.
- 1.7
A list of public hearings is at Attachment A.

2 INQUIRY PROCESS

Establishment of the Committee

2.1 The 1990 Estimates Committee reported on the difficulties arising from the short period within which the Committee has each year to undertake its inquiries, in particular the short notice provided to Ministers and agencies of the timetable and the details of the request for additional information.

2.2 That Committee was of the view that future Estimates Committees be formed as early as possible to undertake preparatory work. This approach was adopted in 1991 and the Committee was formed on 8 August, the first sitting week after the winter recess and six weeks before the Budget was presented.

2.3 The Committee believes that the formation of the Committee at that early stage proved to be of great benefit to Committee members, Ministers and agencies and supports the early establishment of future Estimates Committees.

Role of the Committee

2.4 The role of the Estimates Committee is to examine, in detail, the particulars of proposed expenditure for the forthcoming year as put forward by the Executive. It is an important forum within which Ministers are questioned at length on matters related to finance and expenditure and are asked to justify the Executive's role in relation to budgetary matters. In that process the Committee uses the previous years actual expenditure figures as a benchmark.

2.5 The Committee believes that Estimates Committee hearings provide the Executive with an opportunity to demonstrate their skill with budgetary matters and knowledge of the operations of their portfolio responsibilities.

2.6 The Committee considers that, by and large, Ministers recognised the role of the Committee and its importance. However, during the hearings Ministers displayed varying levels of insight into departmental operations and varying degrees of willingness to be forthcoming. Specific comment is made later in the report.

2.7 The Committee acknowledges that, whilst the choice of witnesses accompanying the Minister is a decision for the Minister, the Committee noted at least one instance (Tourism) where a senior officer was not present to allow the Committee to examine, in depth, the program area where there had been recent changes in management. Whilst accepting the principle that no one public servant is indispensable, the Committee is of the view that absences in some circumstances can place an undue burden on other officers.

Information sources

2.8 The 1990 Estimates Committee recommended that Treasury seek comment from members of the Assembly and agency heads concerning the Budget Papers. In response the then Chief Minister wrote to all members of the Assembly seeking their views on both the format of future Budget Papers and the type of information that members believed would assist in examining the annual estimates of Government expenditure. Comments were also sought from agencies.

2.9 Treasury advised the Committee that:

The responses proposed that Budget Paper 5 be relied upon for the provision of a brief program description and outline of objectives only, with the focus to be on financial information at the program level, together with an explanation of major financial variations from the previous year and initiatives provided for in the current year's Budget. Some staff level information should also be shown.

A number of responses also recommended that financial information at the sub-program level be provided to assist the Estimates Committee, in a standard format by way of explanatory notes similar to those provided for the Senate Estimates Committee in the Commonwealth.¹

2.10 On 5 July 1991 the ACT Treasury issued a Treasury Memo to agency heads and budget contact officers outlining the arrangements for the production of the 1991-92 Budget Papers and Program Explanatory Notes. In relation to the Explanatory Notes, Treasury prepared guidelines for agencies based on past Estimates Committee reports and recommendations and responses received in the survey of members and agencies.

¹ ACT Treasury to Committee, dated 26 September 1991

2.11 Following formation of the Committee the guidelines were reviewed and endorsed by the Committee. In addition, further information was requested from all agencies as well as from several specific program areas. This information was sought from Ministers on 26 August and in addition Treasury circulated the information in a Treasury Memo to ensure wide distribution of the request.

2.12 The Committee appreciates the efforts of Treasury officials in disseminating the Committee's information requirements and believes that their efforts contributed to the improved information available to the 1991 Committee.

2.13 In addition, Treasury examined the Explanatory Notes to ensure that financial information provided in tables and the details of major resource variations at program level contained in the Explanatory Notes were consistent with those in Budget Paper 5 of the 1991-92 Budget Papers.

2.14 The Committee was generally satisfied with the standard and timeliness of information provided to it in 1991, and considers that information has been more comprehensive than in the past. The improved level of information and the standardised format resulted in greater examination of the material by Committee members prior to the hearings and in many cases obvious questions were avoided as the information was at hand.

2.15 The Committee notes, however, that several program areas failed to lodge their Explanatory Notes with the Committee by the due date and were a week or more late, eg Program 2, ACT Corporate Management, Program 3, Economic Development and Program 22, Government Schooling.

2.16 In addition, some program areas met the lodgement date but did not include all the requested information, eg the Health programs did not include details of expenditure items over \$50,000. This information was sought and provided during the hearings.

2.17 A small but important matter, page numbering, was overlooked by some agencies when preparing Explanatory Notes. As the Notes are lengthy and constantly referred to during hearings, it is essential that the pages are numbered. It would not be unreasonable to suggest that future Committees may reject Explanatory Notes that are not page numbered.

Performance indicators

2.18 The Committee was advised by Treasury that as a result of the survey of members and agencies, information on performance indicators was included in the Explanatory Notes rather than the Budget Papers as has occurred in previous years.

2.19 The Committee considers that information relating to performance should be included in the Budget Paper 5 to ensure that this information is readily available to the public.

2.20 The Committee recommends that:

- in future years performance information be included in Budget Paper 5.**

2.21 Previous Estimates Committee reports have been critical of the quality and usefulness of performance indicators as a measurement tool. The Committee noted an improvement in some areas, eg Program 15, Public Transport and Program 21, Technical and Further Education, but was concerned that in general indicators were still poorly formulated. The Committee would expect that program managers should be able to identify measurable performance parameters.

2.22 The Committee was concerned at the performance indicators that relate to policy and administrative areas of the Government Service compared to the service delivery areas eg the Office of Public Sector Management. The Committee notes the comments of officials that the Office of Public Sector Management is concerned with changing culture and attitude within the Government Service with the aim of creating a "better, leaner, smarter Public Service" and that it is difficult to measure, particularly in quantitative terms.²

2.23 Measurement of results is an essential consequence of inclusion of performance indicators in material presented to the public and the Committee. The Committee considers that indicators should be measurable, and that the results of the measurement should be included in Budget Paper 5 under outcome for the previous year.

2.24 The Committee noted on several occasions that performance indicators and outcome for the previous year did not relate eg Office of Public Sector Management and TAFE.

² Transcript p 549

2.25 The Committee was advised that this is not always possible as indicators are updated and developed over time and the performance indicators included in the current years documentation are often different to those of the previous year, to which the outcome applies.³ The Committee believes that if this occurs, the performance indicators for the previous year should be included. This will also show the development of indicators over the period.

2.26 The Committee recommends that:

- the results of performance measurement be included in Budget Paper 5 under outcome for the previous year. If indicators have changed, previous indicators should be included for comparison.**

Consistency and accuracy of information

2.27 The Committee noted several instances of either discrepancies between the information contained in the Budget Papers and the Explanatory Notes or, on one occasion, discrepancies within the Explanatory Notes.

2.28 Treasury advised that as a result of its examination of the Explanatory Notes for consistency with the Budget Papers, any variations of concern were reported to the relevant program and amendments were made to ensure overall consistency. Treasury advised, however, that one anomaly that continued to stand was the method used to report major resource variations for Program 4, Audit Services.⁴

2.29 The Committee noted the comments made by Treasury and Government Audit Office officials during the public hearing in relation to Program 4, Audit Services concerning the differences in presentation of the documents. The Committee considers that the Explanatory Notes should be consistent with the Budget Papers and if an agency wishes to present a differing view, both views should be included together with an explanation in the Explanatory Notes.

2.30 The Committee noted minor differences in other programs and considers that, for ease of use, the documents should be consistent.

³ Transcript p 1550-3

⁴ ACT Treasury to Committee, 3 October 1991

2.31 In relation to consistency within the Explanatory Notes, the Committee noted that whilst the total expenditure figure for the ACT Tourism Commission Trust Account was the same in two tables, the breakup into components was different. When questioned, it was acknowledged that it was somewhat misleading and that circumstances had changed from when the first table had been prepared.⁵ The Committee acknowledges that the first table had been included in Budget Paper 5 and was reproduced in the Explanatory Notes, with the second table reflecting a later situation, but is of the view that an explanation of the differences would have assisted the Committee prior to the hearing.

2.32 The Committee recommends that:

- that future Explanatory Notes be consistent with the Budget Papers and contain explanations of differences that occur as a result of disagreements with Treasury, changed circumstances or errors.**

Questions taken on notice

2.33 During the course of the hearings a number of questions were taken on notice. The Committee believes however that the number of questions taken on notice by some program areas bordered on excessive. The Committee found continual reliance on taking matters on notice to be frustrating, particularly in relation to health programs, Program 26, Hospitals and Program 27, Public and Community Health. The Committee was not able to follow through on a number of matters due to the time available.

2.34 In some areas the number of matters required to be taken on notice suggested that either the Minister and/or agency witnesses were not properly conversant with operational issues, eg matters relating to public health issues and the Bruce Stadium.

2.35 As the Committee operates within a very restricted timeframe the turnaround time for responses to matters taken on notice is, by necessity, short. The Committee requested that responses be received within three days following the hearing. The Committee acknowledges that many agencies either met this requirement or provided responses shortly after.

⁵ Transcript p 649

2.36 However, the Committee is concerned that some responses were not received until shortly before the Committee was required to report, resulting in inadequate time to consider the information and a virtual restriction on recalling witnesses if the Committee was of the view that it was necessary. It was necessary for the Committee to write to two Ministers on 25 October expressing concern at the delay in providing some responses.

2.37 Programs 2 and 3 of the Chief Minister's portfolio were examined by the Committee on 4 October. Responses were not received until 31 October, almost four weeks after the hearing and the day before the Committee was required to report. This attitude, in the Committee's view, approaches a contempt of the Committee.

2.38 Receipt of the material on 31 October prevented the Committee from examining the information in detail. The Committee believes that it would have been appropriate to recall certain witnesses as some information appeared inadequate and questions were not answered to the satisfaction of the Committee.

2.39 For example, the Committee has been restricted in its ability to carry out its function to its satisfaction in relation to issues such as staffing numbers, salary expenditure and closure of the ACT Tourism Commission offices in Sydney and Melbourne.

2.40 It is ironic that the Office of Public Sector Management, whose role is to create "better, leaner, smarter Public Service" and changing the culture and attitude of the Government Service was one of the least efficient areas in responding to the requests of the Committee.

2.41 A number of responses relating to programs administered by the Department of Urban Services were not received until 25 October, over two weeks from the time the matters were taken on notice on 8 October. The Committee was particularly concerned that information in relation to accommodation across the ACT Government Service was late in being received.

2.42 The Committee notes one instance where the response to a Committee question concerning emergency rescue services appears to have fallen between two program areas, police and fire brigade, although both areas fall within the the portfolio of the Minister who undertook to provide an answer.⁶ In spite of what appears to be a total overlap, which should be corrected, the Committee remains uninformed about costs.

⁶ Transcript p 881

2.43 The Committee is also concerned at the nature of some of the responses. While the Committee does not believe that any witness attempted to deliberately mislead the Committee it is concerned that some of the responses received appeared to be inaccurate.

2.44 The Committee recommends that:

- . Committee requests for information that are taken on notice be satisfied within five working days of request, and in all cases, responses must be received at least five working days prior to the reporting date of the Committee.
- . a full, external, management review of the Chief Minister's Department be undertaken to address particularly the responsiveness of the Chief Minister's Department to the Executive and the Legislative Assembly.

3 ISSUES

Accommodation

General

3.1 The issue of attribution of rental costs to programs and the devolution of funds to agencies has been the subject of comment by both the 1989 and 1990 Estimates Committees.

3.2 The Committee is concerned that accommodation costs in the 1991-92 Budget Papers are, with the exception of areas operating under trust account arrangements such as the Tourism Commission, not shown as a cost to the relevant program. The costs are instead shown as a total figure under the program Government Corporate Services.

3.3 The 1990 Committee was advised by the Department of Urban Services that by devolving funds agencies would become more cost conscious.⁷ The Government response to the 1990 Estimates Committee report stated:

Work has commenced on the development of a model for cost attribution with a report on options and a program for implementation scheduled for completion by February 1991.

It is proposed that all office accommodation costs be devolved to agencies for the 1991-92 financial year with the aim of promoting accountability and cost consciousness within agencies.

3.4 The Committee fully supports this approach. The Committee was therefore surprised and concerned to find that accommodation costs had not been devolved in the 1991-92 Budget.

⁷ 1991 Transcript, 428

3.5 The Committee was advised during the public hearings that bringing the accommodation costs into one program was not a "backward step":

it is merely bringing the responsibility into one program but the intention is still to devolve it. There have been some practical problems in the devolution ...⁸

3.6 The Committee was also advised that whilst devolution has not been achieved, an overall accommodation strategy has been developed which is resulting in significant savings and will progressively do so in the future.⁹

3.7 The Committee was advised by the Minister for Urban Services that the Government's accommodation strategy is to obtain, as far as possible, better use of government owned accommodation and where it makes sound economic sense, move out of rented accommodation and into government owned buildings.¹⁰

3.8 The Committee fully supports strategies to reduce accommodation costs and use government owned buildings rather than rented accommodation wherever possible and where it is an economically sound decision. The Committee reminds the Government of the potential for utilising surplus space in schools as a savings measure.

3.9 The Committee is concerned that the devolution and /or attribution of funds has not yet occurred. Previous Estimates Committees have been advised that the policy has been endorsed by successive Governments and it is of concern that the bureaucracy has not yet responded.

3.10 The Committee found the figures shown in the Budget Papers and the Explanatory Notes difficult to compare. Budget Paper 4 (page 28) shows estimated accommodation expenditure to be \$26,174,000 while Budget Paper 5 (page 181) shows the figure to be \$25,852,000. The Committee was advised, through questions taken on notice, that Budget Paper 4 included accommodation costs relating to Program 14, Housing and Community Services. The Explanatory Notes showed estimated accommodation expenditure to be different again, \$25,007,000.

⁸ Transcript p 882

⁹ Transcript p 887

¹⁰ Transcript pp 882-3

3.11 The Explanatory Notes for Program 18, Government Corporate Services showed the following accommodation costs for 1991-92:

Total (all agency)	\$22 414 763
Other	\$ 930 237
Telephone	\$ 1 662 000
Total	\$25 007 000

3.12 Additional information provided to the 1990 Committee showed a rental cost of \$14, 229,692. The Committee was advised that the method of calculating the 1991-92 figure includes other expenses associated with accommodation and therefore a straight comparison was not possible. The Committee questioned the Minister and officials about changes in rentals from one year to the next and a comparison of rents was sought.¹¹

3.13 The Committee received responses relating to accommodation on 25 October but found that a comparison of rents paid in 1990-91 to the estimated expenditure in 1991-92 was not provided although a reconciliation in total expenditure terms was provided. Given the late receipt of the information, the Committee was not able to pursue the matter further.

3.14 Given that the Committee raised this issue in 1989-90 and 1990-91 the Committee is concerned about the appallingly poor performance: firstly, in that the figures cannot be compared, and secondly, the Department has not achieved the commitments it made to two previous Estimates Committees.

3.15 **The Committee recommends that:**

- the Government confirm to the Legislative Assembly that the attribution of accommodation costs and the devolution of associated funds to agencies will be effected by 1 July 1991.**

¹¹ Transcript pp 887-8, 895

3.16 The Committee questioned the proposed closure of the Tourism Commission offices in Sydney and Melbourne and the relocation of office space from the Jolimont Centre in Canberra. Paragraphs 2.31 referred to discrepancies in tables in the Explanatory Notes relating to the Tourism function. In particular, the estimates for accommodation expenditure for 1991-92 were significantly different. Budget Paper 5 shows \$1.104 million compared to the revised accommodation figure shown in the Explanatory Notes of \$0.700 million, a reduction of over \$400,000 or some 36%.

3.17 Comparative figures for accommodation costs for the years 1990-91 and 1991-92 were provided by the Department of Urban Services and showed that the 1990-91 expenditure was \$986,800.

3.18 The Committee was advised that one of the consequences of operating through a trust account is that savings in one area, such as accommodation, can be redirected to other activities, in this case marketing.¹²

3.19 The Committee is concerned that there may be costs associated with the termination of the leases in Sydney and Melbourne. The Committee sought information of the length of leases but the Committee did not receive a response until 31 October, the day before the Committee was due to report. This prevented the Committee from recalling and examining further the witnesses, action the Committee believed necessary because of the deficiencies in the supplied information.

3.20 The Committee is concerned that a 'saving' of some \$400,000 has been identified for redirection to marketing¹³, but that potentially significant compensation costs were not taken into account. This is particularly relevant in the current economic climate where there is a surplus of accommodation in the CBD areas of Sydney and Melbourne and it could be difficult to find another tenant. As this was acknowledged during the hearings¹⁴, the Committee is concerned about the reality of the alleged savings and the effect on the marketing budget.

3.21 The Committee recommends that:

- a review be undertaken of the decision to close the offices in Sydney and Melbourne in terms of the proposed savings and the effect on the marketing budget.

¹² Transcript p 650

¹³ Transcript p 650

3.22 The Committee believes that public announcements of relinquishment of functions or areas of operation should not occur until assessment of the costs of release from contracts is known, or at least the possibility of release from contracts is known.

3.23 The Committee is also concerned at the lack of accurate, locally collected data from which trends can be analysed and reacted to, both by the Government and the tourism industry. The Committee notes acknowledgement of the less than adequate information currently available and the intention to improve the available data.¹⁵

Bruce Stadium

3.24 The Committee raised several matters connected with the Bruce Stadium during examination of Program 9, Sport and Recreation. In particular the Committee raised the issues of capitalised debt servicing interest payments and a repayable capital advance made in 1990-91.

3.25 The majority of the questions in relation to Bruce Stadium were taken on notice and the Committee subsequently received responses from Treasury and the Environment and Conservation Bureau. The Committee is concerned that the Minister for Sport appeared to be unaware of the matters raised and of the potential budgetary ramifications.

Casino

3.26 The Committee noted during its examination of a number of programs that amounts, actual in 1989-90 and 1990-91 and estimated for 1991-92, have been or will be incurred in connection with the casino project.

3.27	The following amounts were identified:	\$'000
	1989-90	
	ACT Casino Surveillance Authority (Program 2) ¹⁶	34.000

¹⁴ Transcript p 652

¹⁵ Transcript p 667-9

¹⁶ 1990-91 Budget Paper 5

1990-91

ACT Casino Surveillance Authority ¹⁷	228.000
Program 3, Act of Grace payment	190.000
Program 3, Consultancies (not identified)	
Program 5, Consultancies	
Two payments for assessment of casino tenders totalling ¹⁸	172.680

1991-92

ACT Casino Surveillance Authority ¹⁹	156.000
Program 2, Chief Casino Inspector's salary and related costs ²⁰	0.054
Program 3, Consultancies	10.000
Total	790.734

3.28 In addition to the above \$790,734, other expenditure would include salary and administrative costs associated with Major Projects Group staff, plus the costs associated with the establishment of two panels, the financial assessment panel and the architectural/planning panel.²¹ Other areas of the ACT Government Service would also be involved in activities related to the casino.

3.29 The Committee acknowledges that expenditure will occur in relation to the evaluation of a project as large as the casino, however it believes that the total cost to date is not readily available to the Legislative Assembly or the public.

3.30 The Committee recommends that:

- the Assembly be advised of all costs, both actual and estimated, associated with the casino project, prior to the announcement of any successful tenderer.

¹⁷ Explanatory Notes, Program 2, p 61

¹⁸ Explanatory Notes, Program 5, p25

¹⁹ Explanatory Notes, Program 2, p61

²⁰ Explanatory Notes, Program 2, p 61

²¹ Transcript p 715

Consultants*General*

3.31 In the Budget Speech, the Treasurer announced a 25% reduction in expenditure on external consultants across the board.

3.32 The Committee noted some confusion regarding the definition of consultants and contractors across the programs and between various documents. The Committee believes that if a reduction in the use of consultants is to be monitored a common definition should be developed and used by agencies.

3.33 The Committee recommends that:

- definitions of consultant and contractor be developed and used consistently across the ACT Government Service to provide for comparisons between agencies and Budgets.

3.34 The Committee notes the Government's policy that all consultancies over \$25,000 must be approved by the Chief Minister's Department, and also the advice from the Attorney-General, Minister for Housing and Community Services and Minister for Urban Services that his office will also be made aware of all such contracts to ensure that there is "a degree of approval or otherwise of all consultancies".²²

3.35 The Committee examined the details of consultants used in 1990-91 and to date in 1991-92 and is concerned at the number that appear to be carrying out tasks that should be undertaken by ACT Government Service staff. The Committee is concerned that consultants are being used as a means to supplement the ACT Government Service.

3.36 For example, under Program 2, ACT Corporate Management, the Committee was advised that a consultancy had been let, valued at \$15,000, for the preparation and management of information about the 1991-92 Budget for the media and the public.²³

3.37 The Committee is concerned that consultants have been employed to carry out a task that should have been a function of the Public Affairs Branch, particularly when the Government has announced a reduction in the use of external consultants.

²² Transcript p 220

²³ Transcript pp 524-6

3.38 The Committee recommends that:

- the Government ensure that no contract for consultancy services be let if the task can be properly carried out by ACT Government Service staff.**

3.39 During examination of the Tourism function the Committee raised questions concerning use of consultants. As a response to those questions was not received until the day before the Committee was due to report, the Committee was prevented from recalling and examining further the witnesses on the matters that remained of concern.

Staff selection consultancies

3.40 Another use of consultants that was of concern to the Committee are those relating to the staff selection process. Most agencies have used consultants in one form or another in the staff selection process ranging from several hundred dollars for a report writing service to some \$26,500 for engagement of an executive search firm by TAFE.²⁴ The Committee notes from recent media reports that the successful applicant had been aware of the position from the Gazette.²⁵ The Committee is of the view that such selections should be carried out in-house.

3.41 The Committee acknowledges that two Ministers advised the Committee that they expect the use of consultants in the staff selection process to be less in the future and to be used for more senior positions.

Training

3.42 The Committee was also surprised and concerned at the use of consultants for training purposes. The Committee fully supports training of ACT Government Service employees and believes that a properly focused and relevant training program is essential. However, the Committee was disturbed at the number and cost of consultancies used for management training in some areas, including the Department of Health where such training included "management breakfasts".

²⁴ Transcript p 1542-4

²⁵ Canberra Times, Saturday 26 October 1991

3.43 The Committee was advised by the Department of Health that, in addition to the use of consultants, there is a training section, Organisation Development Services, located at Endeavour House, Manuka, comprising 11 staff, of whom 8 are accredited trainers under the training guarantee legislation. In addition, rent is paid at \$13,625 per month and two cars are currently provided for the section's use. The Committee was also advised that this section's budget made up only 20% of the total budget spent by ACT Health on training and development.²⁶

3.44 The Committee recommends that:

- the Minister for Health justify the continued operation of the Organisation Development Section at its current location, or alternatively, move it to Government owned accommodation.**

3.45 The Committee is also concerned that funds are spent on external consultants when large staff training sections exist.

Health

Community Health Services

3.46 The Committee raised a number of matters with the Minister for Health and officials concerning community health services and centres.

3.47 The Committee is concerned that there appeared to be a lack of willingness to discuss forward planning and the distribution of services. The Committee believes that there should be a forward, proactive planning process for community health services.

²⁶ Response to questions taken on notice

Monthly financial reports

3.48 The Committee was concerned that in this area where considerable financial problems have been identified in successive years, the Minister for Health chose to avoid answering direct questions on the financial control and management of the health budget. The use of such "stonewalling" tactics makes the work of the Committee almost nugatory.

3.49 The Committee was provided with monthly financial statements for Programs 26 and 27 (Hospitals and Public and Community Health) for August and September 1991.

3.50 The Committee was surprised to find attached to the September report a letter from the Chairman of the ACT Board of Health in which the final paragraph said:

I therefore ask that you advise the Estimates Committee and the Unions (should they seek your assistance in this matter) that it would be inappropriate to provide them with confidential management reports such as the monthly financial report.²⁷

3.51 The Committee is of the view that the financial management of ACT Government agencies is a matter for public scrutiny and that managers are accountable to the Assembly and, through them, to the public for that management. This is particularly important in the Health area in view of past difficulties concerning financial management.

Public health

3.52 During the hearings the Committee became concerned that the public health program appeared to lack a proactive approach. While acknowledging the need for education of consumers and business people, the Committee believes that appropriate education programs need to be further developed.

3.53 The Committee was advised that there were 30 staff in the Public and Environmental Health Service.²⁸ The Committee suggests that in the area of public health more work could be done with the available resources.

²⁷ Response to question taken on notice

²⁸ Transcript p 1606

3.54 The Committee questions whether, despite the need, the public health function is properly undertaken. The Committee considers that more direct, preventative inspections should be undertaken.

3.55 The Committee recommends that:

- a management review of the operation of the public health function be carried out.**

Health Promotion Fund

3.56 The Committee noted that the funds available for grants under the Health Promotion Fund in 1991-92 are the same in monetary terms as that available in the previous year, resulting in a decline in real terms.²⁹

3.57 The Committee notes the advice of the Minister that a change to the current apportionment of the total grant money is not under active consideration. The current breakup is 30% on sports related activities, 15% on arts related activities, 40% on general health related promotional activities and 15% on administration, research and ancillary costs.³⁰

3.58 The Committee is concerned to ensure that the Health Promotion Fund continues to be separately accounted for and retains its special character. The Committee also believes that the procedures for application for grants should be simplified.

Non-government schools

3.59 Included in the 1991-92 Budget was a funding reduction for three schools in the non-government sector. The Committee questioned the Minister for Education and the Arts on the basis for the reduction.

²⁹ Transcript pp 1619-20

³⁰ Transcript p 1624

3.60 The Minister asserted that the reduction was justified on the basis of social justice and the provision of funds "to the poorer schools, not to the richer schools".³¹

3.61 The Committee, however, is concerned at the inequity exemplified in the arbitrary reduction in funding for three non-government schools educating approximately 3000 students.

3.62 The Committee is concerned that a review of recurrent funding and per capita grants, subject of a discussion paper released in February 1991, is yet to be completed. The Minister stated:

I have indicated to the Department that they should complete that review and bring it to me and that will happen. It has not occurred yet. It has not been at the highest level of my priority and, of course of the Department's thus. The Labor Government has made its decision. We have determined that we shall fund non-government schools at 50% of the Commonwealth level. That is roughly one of the options in that paper.³²

3.63 The Committee is concerned that funding decisions have been made affecting three schools before the completion of a relevant review and that the Government has anticipated the results of that review.

3.64 The Committee recommends that:

- the review of recurrent funding and per capita grants be completed as soon as possible and released publicly.
- the funding for the three non-government schools be reinstated pending appropriate consultation and negotiation on future support.

3.65 The Committee is concerned at the effect on the Budget if large numbers of students move from non-government to government schools. The Minister stated that no analysis had been carried out on the effect of such a change.³³

3.66 The Committee is also concerned at the timing of the funding reductions, firstly in terms of notice given to schools and parents, and secondly, the lack of phasing in of the reductions.

³¹ Transcript p 1275

³² Transcript p 1278

³³ Transcript p 1293

3.67 It was of concern to the Committee that the Minister had not visited the AME School.

Payment of accounts

3.68 Part of the additional information sought by the Committee were bar graphs showing, on a monthly or quarterly basis, expenditure patterns for non-salary expenditure during 1990-91.

3.69 The Committee was generally satisfied with the responses received.

3.70 In addition, the Committee sought the policy concerning the period within which accounts are to be paid, and, if all accounts are not paid within that period, the approximate percentage that is not paid within the period.

3.71 All programs advised the Committee of the accounts payment policy, however the programs administered by the Department of the Environment, Land and Planning and the Attorney-General's Department, including the Housing and Community Services Bureau, did not advise the Committee of the percentage of accounts not paid within the period.

3.72 The Committee is of the view that information requested should be provided. If there is difficulty in providing certain information the Committee should be advised rather than not responding to the request.

Police

3.73 The 1991-92 Budget contained a reduction in funding from \$54.644 million in 1990-91 to \$53.409 million in 1991-92 for the provision of police services in the ACT by the Australian Federal Police, a reduction of \$1.235 million.³⁴

3.74 When questioned on the funding reduction the Minister responsible for the Police argued that "a very modest \$1.2 million or 2.25% cut is quite sustainable".³⁵

³⁴ Budget Paper 5, p 128-9

³⁵ Transcript p 403

3.75 The Committee was advised that of the 706 police officers carrying out duties in the ACT, the Commonwealth is funding 88 positions, 42 more than in 1990-91. The Minister advised that, in effect, \$3 million was saved by the Commonwealth funding the additional 42 positions.³⁶ The Minister advised that "all 706 officers are involved in ACT community policing but some are paid for by the Commonwealth".³⁷

3.76 The Committee was concerned that a joint review by the ACT and Commonwealth of the basis for funding community policing services has not been formally completed. The Committee was advised that the review had been due to be completed by 30 June 1991, but as a result of the change of government, agreement was reached with the Commonwealth to defer the formal conclusion of that review.

3.77 The Minister stated that the "major benefit of that review is the increased positions which have been achieved".³⁸

3.78 The Committee believes that consistent with the agreement with the Commonwealth, negotiations continue with a view to identifying more precisely the national policing component.

3.79 The Committee recommends that:

- the ACT Government ensure that the proposed \$1.2 million funding reduction is in accordance with the agreement with the Commonwealth.
- if a budget reduction is to be put into effect, the Government negotiate to ensure that community policing is not materially affected.

3.80 The Committee is concerned that the review had not been completed before decisions regarding staffing and funding were made.

3.81 The Committee notes that the \$1.2 million funding reduction is in fact a much larger % reduction than the 2.25% often referred to, as the amount of discretionary funds available to be cut is substantially less (ie approximately 20%) than the total budget of \$53.409 million.

³⁶ Transcript p 402

³⁷ Transcript p 406

³⁸ Transcript p 433

3.82 The Committee was advised that a broad breakup of the budget is³⁹ :

\$24m	Salaries
\$5m	Superannuation
\$2.5m	Property expenses, compensation and legal expenses
\$12.3m	Corporate support and indirect administration
\$10.0m	Penalties, overtime and administration

3.83 The Committee was also advised that \$240,000 of the funding reduction will come from corporate support and indirect administration funds and the balance, \$995,000, from penalties, overtime and administration.⁴⁰

3.84 The Committee was advised by the Minister and officers of the proposed changes to police operations.⁴¹ The Committee is most concerned that the proposed changes will greatly affect police services to the community and that these services will be reduced as a consequence.

3.85 During examination of Program 17, Fire and Emergency Services the Committee raised the question of duplication of emergency response services from the perspective of both the police and fire brigade budgets. The Minister stated that this area was not one currently under examination for savings, but is an area that could be looked at in the long term.⁴² The Committee sought information relating to costs, but at the time of finalising this report, it had not been received.⁴³ (see paragraph 2.42)

Social Policy Branch

3.86 Prior to the hearings the Committee sought information concerning the number of positions and the number of staff employed in the Social Policy Branch and the major tasks and functions carried out by the Branch.

³⁹ Transcript p 415, document tabled

⁴⁰ Transcript p 418

⁴¹ Transcript pp 421-5, 445-57

⁴² Transcript p 877

⁴³ Transcript p 881

3.87 The additional information received showed, on a section by section basis, that the Branch had, at the time of the hearings, an establishment of 43 positions, of which 4 were unfunded and 5 vacant.⁴⁴

3.88 The Committee noted that when asked during the hearings for the overall staff numbers of the Branch, it was advised that the staff numbers were about 30 and the establishment probably 5 above that.⁴⁵ The Committee is surprised that, in the current climate of staff reductions and redundancies, program managers are not fully aware of staffing statistics.

3.89 The question of exact numbers was taken on notice and the Committee was advised that there are currently 39 positions on the Branch's organisation chart, with 30 presently filled. The inconsistency between the response to the question taken on notice and the Explanatory Notes is of concern.

3.90 Of the 43 positions in the Branch, 14 are SES or Senior Officer B or C (1 unfunded). The Committee believes that the structure of the Branch is overlarge and top heavy. Whilst acknowledging the function of providing high level policy advice, the Committee questions how this is translated into service delivery.

3.91 The Committee questioned the Chief Minister and officials regarding the policy and service delivery mix of the Branch. The Committee was advised that:

The core of the Branch deals with policy advice and coordination. There is direct service delivery through the Womens' Information Referral Centre and through Street Link and there are some program functions in the youth affairs section as well.⁴⁶

3.92 The Committee is concerned at the transfer of the youth affairs section to the Social Policy Branch from the Housing and Community Services Bureau. Whilst the Chief Minister and officials defended the transfer of the youth affairs section, the Committee believes that it was inappropriate.⁴⁷

⁴⁴ Explanatory Notes p 94, 98-9, 102-3, 106-7

⁴⁵ Transcript p 581

⁴⁶ Transcript p 582

⁴⁷ Transcript p 582-5

Staffing

3.93 The Committee sought specific information from each program regarding staffing numbers and redundancies. The Budget Speech referred to the Government's decision to make targeted reductions in salary expenditure of \$6 million 1991-92 and \$10 million in a full year and that agencies have been asked to reduce salary expenditure in administrative areas. The expenditure figures will equate to approximately 250 positions.⁴⁸

3.94 The Committee sought information from each program on how many and at what levels positions have been identified as subject to redundancy in 1991-92.

3.95 The Committee was advised that two programs were not subject to staff reductions. Of the remaining 25 programs, only one program identified the number of positions to be cut in the process to reduce salary expenditure.

3.96 The Committee was also advised that the process to be followed is:

to follow the provisions of the award and enter into discussions with the relevant unions to identify the jobs which will not be filled. And they are intended to be support jobs, jobs which provide services to the public servants and not jobs which provide services to the public. And the intention, centrally, is to leave those outcomes to individual agencies so that they can come up with the best result for their own agency in consultation with the union and with people who are in the workplace.⁴⁹

3.97 The Committee was also advised that not all savings that will occur will result from cutting positions, but may result from economies by not filling positions for several months, reducing higher duty payments etc.⁵⁰

3.98 The Committee was advised that salary funding had been provided on the basis that positions would be reduced from November.⁵¹

⁴⁸ Transcript p 497

⁴⁹ Transcript p 499

⁵⁰ Transcript p 502

⁵¹ Transcript p 162

3.99 It was of concern to the Committee that when questioned Ministers and officials were either unable or unwilling to provide details of numbers of positions or the program areas that would be affected, although some agencies were able to identify specific sub-programs that had been quarantined from the reductions. This was despite the short period of time before the redundancies should take effect.

3.100 The Committee is concerned that if the November timeframe is not met, either the proposed reduction in salary expenditure would not occur, or more positions would be cut in an effort to meet the reduced salary funding. The Committee doubts the ability of the Government to achieve the targeted reductions in salary expenditure.

3.101 The Committee is concerned at the lack of information available to it concerning staff redundancies and believes that the Assembly should be advised fully on numbers and programs that are affected by reductions in positions.

3.102 The Committee recommends that:

- **the Chief Minister advise the Assembly as soon as possible of the number and level, by program, of the positions subject to redundancy arising from the decisions related to the 1991-92 Budget.**

Norm Jensen
Presiding Member
1 November 1991

Attachment A

List of public hearings

Wednesday 25 September	Department of the Environment, Land and Planning
Thursday 26 September	Department of Urban Services
Friday 27 September	Attorney-General's Department
Friday 4 October	Chief Minister's Department Government Audit Office Treasury
Tuesday 8 October	Department of Urban Services Attorney-General's Department
Wednesday 9 October	Department of Health
Thursday 10 October	Department of Health Department of Education and the Arts
Friday 11 October	Department of Education and the Arts
Wednesday 16 October	Department of Health Department of the Environment, Land and Planning (Sport) Chief Minister's Department (Industrial Relations and Occupational Health and Safety)
Thursday 17 October	ACT Legislative Assembly

DISSENT BY MRS GRASSBY

I believe that the Report by the majority of Committee members must be seen clearly as one from non-Government Members who form the overwhelming majority on a Committee which is examining the Budget of a minority Government.

Many of the criticisms offered by the majority can be seen as clearly political in nature, or as relatively minor matters, which I do not propose to deal with in detail. There are, however, several points which are so unjustified and factually incorrect that I feel I must set the record straight.

I reject the assertion at paragraph 3.48 that the Minister for Health chose to avoid answering direct questions. In my view, other Committee members asked many questions seeking very detailed information which at times had no relationship at all to the Budget estimates. It is unreasonable to expect that all such detailed questions can be answered on the spot by a Minister or officials.

The Committee's stated concern at the "inequity... in the arbitrary reduction of funding for three non-government schools" cannot be sustained.

The Government's decision was based on equity of outcomes. It places the three schools in question on the same funding basis as all other non-government schools. To have supported the Alliance Government's proposal for an across the board cut, and of a much higher amount, would have been an inequity. It would have imposed an impossible burden on schools on the bottom end of the resource scale. The Committee does not appear to know the meaning of the word "equity."

Nor was the decision arbitrary. It was taken after careful consultation and consideration. The committee has quoted selectively in recommending the completion and release of a discussion paper on recurrent funding of non-government schools. The Minister made it clear that the Government in its decision-making processes had considered all options and finally decided on the retention of the current formula.

The Committee's recommendation to reinstate funding cannot be supported. The decision was taken in the interests of all non-government schools. Does the Committee prefer the option of the former Government? Does it want to be unfair to poorer schools?

Further, there is no evidence that large numbers of students, or indeed any students, will move to government schools.

The Committee's views on non-government schools are expressed with no evidence of consideration.

Under the heading of "Staffing," the majority have said that Ministers and officials were unable or unwilling to provide details of numbers of positions or program areas that would be affected by the Government's decision to make a targeted reduction in salaries expenditure. I believe that the record shows that the Chief Minister and officials explained quite clearly on a number of occasions that the Government had made decisions about the level of overall savings from various agencies, but that the application of these savings was a matter for departmental management to determine in consultation with relevant unions in accordance with good industrial practice.

Given this background, it is not surprising that the precise details of affected areas and numbers of staff are not yet available.

Ellnor Grassby
1 November 1991