

**LEGISLATIVE ASSEMBLY OF THE AUSTRALIAN CAPITAL TERRITORY**

**ESTIMATES COMMITTEE**

**REPORT ON THE  
APPROPRIATION BILL  
1989 – 90**

**OCTOBER 1989**

## **RESOLUTION OF APPOINTMENT**

(Agreed to 26 September 1989)

That—

- (1) An Estimates Committee be appointed to examine the expenditure proposals contained in the Appropriation Bill 1989–90;
- (2) The Committee shall consist of such Members of the Assembly who notify their nomination in writing to the Speaker by 29 September 1989;
- (3) That three members of the Committee shall constitute a quorum of the Committee.

### **Extension to the reporting date**

(Agreed to 18 October 1989)

That—

The resolution appointing an Estimates Committee be amended by omitting "19 October 1989" and substituting "2 November 1989".

## **COMMITTEE MEMBERSHIP**

**Mr Norm Jensen (Presiding Member)**

**Mr Craig Duby (Deputy Presiding Member)**

**Mr Bernard Collaery  
Mr Gary Humphries  
Dr Hector Kinloch  
Mr Trevor Kaine  
Ms Carmel Maher  
Mr Michael Moore  
Mrs Robyn Nolan  
Mr Bill Stefaniak  
Mr Dennis Stevenson  
Mr Bill Wood**

**Secretary: Ms Karin Malmberg**

**Inquiry Staff: Mr John Cummins  
Ms Susan Johnson  
Mr Cameron Kent  
Ms Peta Roberts  
Miss Cheryl Scarlett  
Ms Christine Windsor**

**Keyboard/Clerical: Mrs Kim Blackburn**

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## RECOMMENDATIONS

The Committee recommends that:

- 1 . agencies provide additional supporting information to future Estimates Committees at the time of introduction of an Appropriation Bill;
  - . this information must, at minimum, include detailed breakdowns of the following items:
    - . grants
    - . repairs and maintenance
    - . minor new works
    - . minor plant and equipment
    - . other operating costs
    - . major plant and equipment
    - . other capital acquisitions; and
  - . this information must also be available at a sub-program level. (paragraph 2.10)
- 2 . the Treasury, as a matter of priority, examine methods of reporting agency transfers in accordance with section 8 of the Appropriation Bill;
  - . the reporting include how often that section of the Appropriation Bill was used and for what purposes; and
  - . such reports be included with the quarterly financial reports to be tabled in the Legislative Assembly. (paragraph 2.23)
- 3 . rent and associated costs be allocated to the relevant agency and, where possible, allocated to particular programs; and
  - . superannuation costs be allocated to particular programs. (paragraph 2.26)
- 4 . the status of the Department of Education, the Department of Community Services and Health, the ACT Institute of TAFE and the Legal Aid Office be changed from statutory authority to department. (paragraph 2.31)
- 5 . the Public Accounts Committee inquire into and report on ACT statutory authorities, including number, reason for establishment and whether the non-budget dependent bodies should continue to remain off-budget. (paragraph 2.33)
- 6 . the revenue and expenditure of the Community Development Fund be incorporated in an additional Budget Paper from 1990-91 and that procedures be implemented to ensure that expenditure from the Fund is accountable to the Legislative Assembly. (paragraph 2.37)

- 7 . the Government investigate the feasibility of coordinating advertising to enable it to be located together in the print media; and
  - . the Government report to the Legislative Assembly the results of this investigation. (paragraph 2.40)
- 8 . the Government review its decision relating to fencing Stage 88 and develop alternative proposals for the funds consistent with the grant. (paragraph 3.3)
- 9 . in future all but major capital expenditure by the Canberra Theatre Trust be financed from non-Budget sources. (paragraph 3.6)
- 10 . a new program for the Legislative Assembly be created with three sub-programs for:
  - . Secretariat support
  - . Non-executive Members
  - . Executive Members (paragraph 3.20)
- 11 . the Treasurer table, on a monthly basis, a statement outlining use of the Treasurer's Advance. (paragraph 3.23)
- 12 . the Government review and report to the Legislative Assembly as soon as possible whether it would be more appropriate for a direct subsidy to be paid to ACTION for both Government and non-Government school bus transport rather than a transfer payment through the Department of Education. (paragraph 4.2)
- 13 . the Government institute procedures to assess the effects of the reduction in education funding on teacher numbers, class size and the curricula offered by schools; and
  - . the results of these assessments be detailed in the Department of Education's annual report. (paragraph 4.4)
- 14 . the Government provide to the Legislative Assembly a notional list of projects which can be identified against the forward design program; and
  - . these details must be available during consideration of the Appropriation Bill 1989-90. (paragraph 4.18)
- 15 . the Government provide details to the Legislative Assembly on the final refund arrangements reached for current contributors of the ACT Ambulance Service who will, from 1 January 1990, be contributing through private health insurance schemes; and
  - . such detail be provided for consideration prior to the passage of the Appropriation Bill 1989-90. (paragraph 5.5)

- 16 . the Government report to the Legislative Assembly as soon as possible on any decision to fund Galilee past March 1990. (paragraph 5.7)
- 17 . the Chief Minister seek a commitment from the Commonwealth to accept full financial responsibility for the removal of asbestos. (paragraph 6.4)
- 18 . the Government establish an independent review of the operations of ACTION. (paragraph 6.12)
- 19 . prior to the presentation of the 1990-91 Budget the Government provide the Legislative Assembly with details of:
  - . the costs of refurbishing "heritage value" Housing Trust properties;
  - . the additional costs associated with maintaining refurbished buildings;
  - and
  - . the manner by which these additional costs will be financed. (paragraph 6.21)
- 20 . the Housing Trust annual report provide details on:
  - . each property purchased and sold during the year;
  - . the value;
  - . the date of the transaction; and
  - . the real estate agent used. (paragraph 6.25)



## **1 INTRODUCTION**

### **Background**

1.1 On Tuesday 26 September 1989 the Treasurer introduced the Appropriation Bill 1989–90 into the ACT Legislative Assembly and presented the 1989–90 Budget.

1.2 On Thursday 28 September 1989 the Legislative Assembly established an Estimates Committee to examine the expenditure proposals contained in the Appropriation Bill. The Committee was to report to the Assembly by 19 October 1989. This was later extended to 2 November 1989.

1.3 Nomination to the Estimates Committee was open to all Members of the Legislative Assembly. All Members with the exception of the Executive and the Speaker nominated.

### **Inquiry process**

1.4 The Committee held five days of public hearings over the period 9 to 13 October 1989.

1.5 The Budget was examined on a portfolio basis, and within that framework, program by program.

1.6 The principal witness for each portfolio was the responsible Minister who was supported by agency heads and other senior public servants as required.

1.7 The only exception to that process occurred during the examination of Program 1, Support to the ACT Legislative Assembly, where the Speaker was the principal witness although the program falls within the Chief Minister's portfolio.

1.8 A list of hearings held and agencies examined is at Attachment A.

1.9 Individual Committee members attended sessions in which particular matters of concern to the members were under discussion. Having regard to the extended hours of sitting over the five day period and other inescapable commitments of members, it was not possible for all members to attend all sessions.

### **Form of Report**

1.10 The Committee, in preparing this report, accepts that the Government is responsible for introducing the Appropriation Bill to the Assembly and presenting the Budget. It does, however, wish to emphasise that the Estimates Committee hearings and report should not be interpreted as support for or concurrence with the Government's Budget nor its strategy.



1.11 The Committee has not commented upon all programs or sub-programs that are contained in the Appropriation Bill. Lack of comment in specific areas does not indicate that the Committee or any of its twelve members endorses those expenditure proposals.

### **Acknowledgment**

1.12 The Committee appreciates the cooperation and assistance provided to it by all Ministers and ACT Government Service officials during the inquiry.

## **2 GENERAL ISSUES**

### **Budget Documentation**

2.1 During the Estimates Committee process the Committee used the Budget Papers as source documentation. No additional information or documentation was provided to the Committee prior to the hearings.

2.2 The Appropriation Bill and Budget Papers were prepared on a program budgeting basis. Budget Paper Number 5 provided description of programs and sub-programs and broad areas of expenditure within programs and sub-programs.

2.3 Many of the expenditure proposals contained in the Budget Papers were presented in such broad detail as to be almost meaningless. It became clear to the Committee very early in the hearings that additional information was necessary if the hearings were to be of any use to the Assembly.

2.4 The Committee is strongly of the view that at least as much detail of sub-program level expenditure is required as is provided at the program level.

2.5 The Committee also believes that, at a minimum, detailed breakdown of amounts of proposed expenditure for items of a significant nature, relative to the particular program, should be provided to the Committee.

2.6 Officials were not always able to provide the information requested by members at the public hearings. Given that much of this information would have been used to formulate the Budget it is disturbing that so many questions were taken "on notice". As a result of a request from Treasury to all agencies, specific supplementary data was provided. Because this was generally supplied following an agency's hearing, the agencies were not examined on the information provided to the Committee.

2.7 The Committee recognises that information contained in the Budget documentation is at the budget control level and to include additional information to ensure a thorough examination of the estimates may not be practical for inclusion in material tabled in the Assembly.

2.8 The Committee does, however believe that this amount of detail is essential and that it needs to be made available as supplementary documentation to the Committee at the time of presentation of the next Budget. Notwithstanding this, the Committee acknowledges that while such detail is required, it does not necessarily bind sub-program managers to those expenditure breakdowns.

2.9 Similar information would be required if further Appropriation Bills were introduced during the year.

**2.10 The Committee recommends that:**

- **agencies provide additional supporting information to future Estimates Committees at the time of introduction of an Appropriation Bill;**
- **this information must, at minimum, include detailed breakdowns of the following items:**
  - **grants**
  - **repairs and maintenance**
  - **minor new works**
  - **minor plant and equipment**
  - **other operating costs**
  - **major plant and equipment**
  - **other capital acquisitions; and**
- **this information must also be available at a sub-program level.**

2.11 In addition, for future Estimates Committee hearings, Ministers should be prepared to respond to questions in areas such as health and education which would enable members to examine the proportion of expenditure, both salary and administrative, that is allocated to administrative staff compared to service delivery staff.

**Clearer presentation**

2.12 The Committee believes that the Budget Papers could be presented in a clearer and more "user friendly" format. The Committee had particular difficulty in relating sub-program description and expenditure to the detail of the overall program. Difficulty was also experienced in tracing information relating to specific programs or agencies through the various Budget Papers.

2.13 The Committee considers that a greater use of footnotes and cross referencing, within and between documents, would increase readability.

2.14 The Committee is also of the view that the description of programs and sub-programs should be reviewed to ensure accuracy and completeness. As an example, the Committee considers that the description of sub-program 3.1, Government Business Co-ordination and Public Administration, did not clearly and fully identify the cost of the Executive of the Legislative Assembly. Further comment on this is made in paragraphs 3.13 to 3.20.

2.15 The Committee suggests that the ACT Treasury consider including in the 1990-91 Budget Papers a survey form similar to those included in Commonwealth Budget Papers in previous years to receive comments on the format from users of the Papers.

## **Performance indicators and measurement**

2.16 The Committee notes that program budgeting within agencies of the ACT Government Service is at various stages of development. Budget Paper Number 5 states that during 1989–90 "many agencies will be refining their approaches to program budgeting, developing better performance indicators and performance monitoring systems".

2.17 The Committee is strongly of the view that the development of performance indicators and the measurement of performance is essential to the Assembly's ability to monitor and assess program delivery. They will, of course, be equally necessary to the Public Accounts Committee.

2.18 The Committee expects that for the 1990–91 Budget performance indicators, including social indicators, will be more fully developed and that performance will be measured against those indicators. The results of such measurement should be included in annual reports of agencies. If these annual reports are not available at the time of presentation of the Budget, a separate report on performance measurement should be made available to the Estimates Committee.

2.19 The Committee notes the evidence from Chief Minister's Division that a number of pilot evaluation projects will be carried out during the current financial year.

2.20 The Committee was surprised to find that some senior public servants did not appear to have a sound understanding of their program's performance indicators or how such indicators can be used to measure performance. It is also apparent from the evidence given by some officials that some stated objectives of their programs had not been addressed.

## **Cross agency transfers**

2.21 Throughout the Appropriation Bill items titled "Agency Services (net appropriation – see section 8)" are shown.

2.22 The Committee is concerned that at the time of the Estimates Committee hearings no method of reporting had been established to advise the Assembly on the use of this mechanism for cross agency transfers. The Committee notes that the Treasury has undertaken to consider the issue.

### **2.23 The Committee recommends that:**

- **the Treasury, as a matter of priority, examine methods of reporting agency transfers in accordance with section 8 of the Appropriation Bill;**
- **the reporting include how often that section of the Appropriation Bill was used and for what purposes; and**
- **such reports be included with the quarterly financial reports to be tabled in the Legislative Assembly.**

## **Rent and Superannuation**

2.24 The Committee notes that rent for the majority of agencies is included in Program 23 rather than included as part of program costs. The Committee was advised that it is proposed to allocate rent to responsible agencies for future Budgets.

2.25 The Committee also notes that whilst superannuation costs are generally allocated to programs, it is not shown against all programs.

### **2.26 The Committee recommends that:**

- . **rent and associated costs be allocated to the relevant agency and, where possible, allocated to particular programs; and**
- . **superannuation costs be allocated to particular programs.**

## **Statutory authorities**

2.27 The Committee's terms of reference were to examine the expenditure proposals contained in the Appropriation Bill.

2.28 The Committee notes that a significant proportion of the expenditure proposals contained in the Bill are classified as grants to the public sector. These are principally to the Departments of Education and Community Services and Health, the ACT Institute of TAFE and the Legal Aid Office which are Budget dependent statutory authorities.

2.29 The Committee considers that as these agencies receive some 37 per cent of appropriated funds and are not commercial enterprises, these agencies should be subject to the same level of accountability as departments.

2.30 The Committee strongly believes that the status of these four agencies should be changed to that of a department.

### **2.31 The Committee recommends that:**

- . **the status of the Department of Education, the Department of Community Services and Health, the ACT Institute of TAFE and the Legal Aid Office be changed from statutory authority to department.**

2.32 The Committee is also concerned about the number of statutory authorities, both budget dependent and non-budget dependent, that exist in the ACT. The Committee is of the view that a review should be undertaken by the Public Accounts Committee of such bodies.

### **2.33 The Committee recommends that:**

- . **the Public Accounts Committee inquire into and report on ACT statutory authorities, including number, reason for establishment and whether the non-budget dependent bodies should continue to remain off-budget.**

## **Community Development Fund**

2.34 A significant amount of funds is paid into the Community Development Fund each year from gambling revenue.

2.35 The Committee is concerned that expenditure from this Fund and the process by which grants are made are not fully accountable to the Assembly. Examination of the expenditure was not included in the terms of reference of the Estimates Committee, however all Ministers and agencies were forthcoming in their response to Committee questions in this regard.

2.36 The Committee examined the feasibility of incorporating the revenue and expenditure of the Community Development Fund in the Consolidated Fund but concluded that this could lead to a proportion of gambling revenue no longer being tied to community expenditure. Commencing in 1990-91, the Committee considers that an additional Budget Paper should be prepared on the Community Development Fund which would show details of revenue and a detailed break-up of expenditure. This would enable the Assembly and its committees to scrutinise the activities of the Fund.

### **2.37 The Committee recommends that:**

- **the revenue and expenditure of the Community Development Fund be incorporated in an additional Budget Paper from 1990-91 and that procedures be implemented to ensure that expenditure from the Fund is accountable to the Legislative Assembly.**

## **Advertising**

2.38 The ACT Government Service spends significant amounts each year on advertising, including advertising on staffing, tenders and inquiries. The Committee considers that it is possible that the costs could be reduced if the advertising of all agencies was coordinated to enable all advertisements to be placed together on an "ACT Government Page" in the Canberra Times.

2.39 The Committee is unable to comment on the feasibility or the cost savings of introducing this system, or whether there are any technical difficulties which may exist. The Committee does, however, consider that this should be investigated by the Government.

### **2.40 The Committee recommends that:**

- **the Government investigate the feasibility of coordinating advertising to enable it to be located together in the print media; and**
- **the Government report to the Legislative Assembly the results of this investigation.**





### **3 CHIEF MINISTER'S PORTFOLIO**

#### **PROGRAM 2 – ARTS AND HERITAGE**

##### **Stage 88**

3.1 Budget Paper Number 5 indicates that capital expenditure from the Consolidated Fund includes funding of \$177,000 for fencing Stage 88 in Commonwealth Park. The Committee was advised that the proposal was approved by the Minister for Territories prior to Self-Government. Neither the Chief Minister nor her officials were able to provide details to the Committee on the need for the expenditure or information on technical aspects. The Committee has serious reservations concerning whether the proposal is consistent with the community's perception of the use of Stage 88.

3.2 In the absence of detailed explanations relating to the proposal the Committee cannot support the expenditure. It is noted that the funds are part of a Bicentennial grant and therefore must be used on works associated with Stage 88.

##### **3.3 The Committee recommends that:**

- . the Government review its decision relating to fencing Stage 88 and develop alternative proposals for the funds consistent with the grant.**

##### **Canberra Theatre Trust**

3.4 Capital expenditure from the Consolidated Fund includes funding for a grand piano for the Canberra Theatre at a cost of \$75,000. The Committee considers that an appropriation for items such as this is difficult to justify. The Canberra Theatre Trust derives its funds from a number of sources including the Community Development Fund, sponsorship, ticket sales and entrepreneurial activities.

3.5 The Committee considers that it is totally inappropriate to disguise this type of expenditure within the Appropriation Bill. The Committee considers that a decision such as that to purchase a new grand piano needs to be assessed against other priorities and if considered necessary purchased out of existing funds. In addition, with the possible closure of the Canberra Theatre Centre in the near future, the Committee questions if the Trust has fully considered whether a new piano is required at this time.

##### **3.6 The Committee recommends that:**

- . in future all but major capital expenditure by the Canberra Theatre Trust be financed from non-Budget sources.**

## **PROGRAM 3 – ACT CORPORATE MANAGEMENT**

### **Human Rights and Equal Opportunity Commission**

3.7 The Government has announced a proposal to assist in establishing an ACT office of the Human Rights and Equal Opportunity Commission as part of its social justice strategy. The Committee was advised that the Commission had agreed to open an office in Canberra providing that funding is made available to assist them to do so.

3.8 The Committee was also advised that negotiations with the Commission were not yet complete and the amount of Commonwealth contribution to the establishment of the office had not been determined.

3.9 The Committee sought further information regarding the level of demand for the services of the Commission in the ACT. The Committee has been advised that this information may take some time to become available.

3.10 The Committee is concerned that negotiations with the Human Rights and Equal Opportunity Commission are underway with little apparent examination of the Commission's previous level of activity in the ACT.

3.11 The Committee questions the need to assist with the funding for the establishment of an ACT office of a Commonwealth body when the demand for such services has not been demonstrated.

3.12 The Committee is also concerned at a possible duplication of functions and obligations if the ACT Legislative Assembly enacts its own anti-discrimination legislation in the future.

### **ACT Legislative Assembly**

3.13 Funding of the ACT Legislative Assembly is split between two programs, Program 1, Support to the Legislative Assembly and Program 3, ACT Corporate Management.

3.14 Program 1 includes all costs of the operation of the Assembly with the exception of the Executive, ie the Chief Minister and three Ministers, their personal staff, consultants and operating costs.

3.15 The Committee was concerned to find that the costs of the Executive were not clearly identified in the Budget papers and only a brief mention of the function was included in the description of Program 3 in Budget Paper Number 5.

3.16 The Committee considers that the Budget Papers give an incomplete and possibly misleading indication of the costs of the Legislative Assembly.

3.17 Following a request from the Committee, the Chief Minister provided details of costs directly attributable to the Executive. These costs amounted to \$1,286,000. In addition, a further \$50,000 for a second ministerial consultant is included in the Budget of the Office of Industry and Development.

3.18 The Committee believes that all costs of the ACT Legislative Assembly, including those of the Executive, should be clearly and separately identified and that the costs of the Executive should be included in a new sub-program.

3.19 The Committee considers that to fully show all costs of the establishment and operation of the ACT Legislative Assembly a separate program should be created with three sub-programs, one for Secretariat support, one for non-executive members of the Assembly and the third for the Executive.

**3.20 The Committee recommends that:**

- . **a new program for the Legislative Assembly be created with three sub-programs for:**
  - . **Secretariat support**
  - . **Non-executive Members**
  - . **Executive Members**

## **PROGRAM 4 – ACT FINANCIAL MANAGEMENT**

### **Treasurer's Advance**

3.21 The Committee notes the requirements in the Audit Act for the Treasurer to report to the ACT Legislative Assembly on the use of the Treasurer's Advance. Generally the Treasurer is required to report each year following 30 June on expenditure that remains as a charge to the Treasurer's Advance for that financial year, however, in particular circumstances reporting within 6 days is required.

3.22 The Committee is of the view that more regular reporting to the Assembly of the general use of the Treasurer's Advance is necessary. Whilst the Committee accepts that any reporting will necessarily be after the event, the Committee believes that monthly reporting is desirable. This would include amounts that may not remain as final charges to the Advance.

**3.23 The Committee recommends that:**

- . **the Treasurer table, on a monthly basis, a statement outlining use of the Treasurer's Advance.**

## **PROGRAM 5 – LAW AND JUSTICE**

### **Single law office/law library**

3.24 The Committee is concerned at the establishment of legal sections within the various units of Administration within the ACT Government Service in addition to the services provided by the Government Law Office and the resource implications of such duplication.

3.25 The Committee notes that non-Budget dependent agencies have generally had the freedom to determine the source of their legal advice.

3.26 The Committee also notes that the Chief Minister has the matter under review and will report to the Assembly on completion of the review.

### **Legal Aid Office**

3.27 The Committee is concerned that during an Estimates Committee hearing the Legal Aid Office tabled amended figures for 1988-89 actual expenditure. The Committee considers that if errors occur in the preparation of Budget documentation amendments showing corrections should be tabled in the Assembly and provided to all members as soon as the error comes to light.

## **4 DEPUTY CHIEF MINISTER'S PORTFOLIO**

### **School bus transport**

4.1 The Committee was concerned that the inclusion of funding for school bus transport in the education portfolio results in an inflated view of total education expenditure and in fact amounts to a hidden ACTION subsidy. The Committee considers that it would be more appropriate for such expenditure to be shown as a direct subsidy to ACTION rather than appropriated to the Department of Education for transferring on to ACTION.

#### **4.2 The Committee recommends that:**

- **the Government review and report to the Legislative Assembly as soon as possible whether it would be more appropriate for a direct subsidy to be paid to ACTION for both Government and non-Government school bus transport rather than a transfer payment through the Department of Education.**

## **PROGRAM 7 – GOVERNMENT SCHOOLING**

### **Class Sizes**

4.3 The Committee is concerned that cuts in education funding in the 1989–90 Budget could lead to a reduction in both teacher numbers and curricula resulting in increased class sizes.

#### **4.4 The Committee recommends that:**

- **the Government institute procedures to assess the effects of the reduction in education funding on teacher numbers, class size and the curricula offered by schools; and**
- **the results of these assessments be detailed in the Department of Education's annual report.**

## **PROGRAM 11 – LABOUR**

### **Awards**

4.5 One purpose of the program is to manage and coordinate responses and initiatives associated with the introduction of award restructuring. Budget Paper Number 5 states that award structuring negotiations for ACT Government employing agencies have commenced under the coordination of the Industrial Relations Branch and that by the end of 1989–90 award restructuring negotiations will be largely completed.

4.6 The Committee finds it difficult to reconcile these statements with the responses to questions received during the hearings. Officials advised that there were ninety-seven awards within the ACT Government Service but that this has not been addressed "in a specific sense" and that it would be an industrial goal "further down the track when a large number of other problems had been addressed".

4.7 Apparently there is no established strategy or timetable for the reduction in the number of public sector awards despite the stated objectives of the program. The Committee finds it totally unacceptable that the question of public sector awards is given such a low priority and casts doubts about the program's effectiveness in terms of the private sector.

### **Employment of Women**

4.8 The program description states that social justice objectives are being given increased prominence through the development of women's employment and youth employment strategies and in the programs of the Vocational Training Authority. A key performance indicator is the extent to which the numbers and proportions of identified target groups in employment and training programs increase.

4.9 The Committee has serious reservations about the effectiveness of this program given that no specific targets have been set for female apprenticeships. A lack of commitment and effectiveness is also indicated by the fact that out of total a of 182 apprentices employed by the ACT Government Service only 16 are female.

## **PROGRAM 12 – INDUSTRY AND COMMERCE**

### **Canberra Tourism Development Bureau**

4.10 Program 12.3 includes the activities of the Canberra Tourism Development Bureau. The Committee notes that the costs of rent of Bureau offices in Melbourne, Sydney and Canberra are not included and as a result the sub-program under-estimates proposed expenditure by at least ten per cent. The Committee was advised that this was common to many agencies as rent is paid centrally as part of program 23. It is the Committee's view that this and other programs must include rent components to enable the Assembly to properly assess expenditure. Comment on this issue is made in paragraphs 2.26 and 6.26–27.

4.11 The Committee also expresses concern about \$1.9 million which it considers is to be spent on promotion activities without a mechanism for monitoring the effectiveness of the program. Whatever arrangements are put in place will be reviewed by the Estimates Committee next year.

## **PROGRAM 14 – LAND**

### **Land Development Policy**

4.12 Land development policy is currently being reviewed by the ACT Government as part of its wider review of current policies and standards of land servicing.

4.13 The Estimates Committee notes that the review will identify areas where cost savings can be achieved or additional revenue gained.

4.14 In the assessment of current policies care should be taken that a full account of all costs associated with the provision of infrastructure such as design, surveying, lighting etc are included. The Committee expects to be able to make a full comparison of the costs of servicing land as provided by the public sector or the private sector.

4.15 The Committee would expect results to be reported to the Assembly prior to presentation of the 1990–91 Budget.

## **PROGRAM 16 – GOVERNMENT SERVICES**

### **Forward Design**

4.16 The Budget provides funds for the design and documentation of major or urgent projects. Estimated cost of the item is \$5 million of which \$2.5 million is expected to be spent this year.

4.17 The Standing Committee on Planning, Development and Infrastructure did not question the need for this item in its consideration of the new capital works program. At the time of that Committee's examination it was understood that a notional list of projects had been developed. The Estimates Committee was advised that there are no projects identified against forward design at this time. These projects must be identified and details provided.

**4.18 The Committee recommends that:**

- **the Government provide to the Legislative Assembly a notional list of projects which can be identified against the forward design program; and**
- **these details must be available during consideration of the Appropriation Bill 1989–90.**





## **5 MINISTER FOR COMMUNITY SERVICES AND HEALTH'S PORTFOLIO**

### **PROGRAM 17 – COMMUNITY SERVICES AND HEALTH**

#### **Cost Recovery of Ambulance Services**

5.1 It was not clear whether the cost of ambulances stationed at events for which an entry fee is charged is fully recovered. The Committee believes steps should be taken to ensure full cost recovery of the provision of such services.

#### **Ambulance Subscription**

5.2 As from 1 January 1990 a levy will be collected from private health insurers for the ambulance fund, which means that all contributors to private health schemes will automatically be granted membership to the ACT Ambulance Service.

5.3 However, those people already contributing to the Ambulance Service and who have private health insurance will, at the date of effect of the new levy, be contributing twice.

5.4 The Committee is concerned that administrative arrangements for refunds to be made from by the ACT Ambulance Service to those persons who will, from 1 January be paying twice, have yet to be announced.

#### **5.5 The Committee recommends that:**

- **the Government provide details to the Legislative Assembly on the final refund arrangements reached for current contributors of the ACT Ambulance Service who will, from 1 January 1990, be contributing through private health insurance schemes; and**
- **such detail be provided for consideration prior to the passage of the Appropriation Bill 1989–90.**

#### **Galilee**

5.6 Galilee, a funded community group which provides family placement for needy children, has been targeted in the Budget for savings. The original proposal to defund Galilee totally has been modified, with cuts of \$12,000 resulting in sufficient funds to enable it to operate until March 1990. No decision has been made to continue funding Galilee past this date although it is under review.

**5.7 The Committee recommends that:**

- **the Government report to the Legislative Assembly as soon as possible on any decision to fund Galilee past March 1990.**

## **6 MINISTER FOR HOUSING AND URBAN SERVICES' PORTFOLIO**

### **PROGRAM 18 – TRANSPORT AND WORKS**

#### **Asbestos Removal**

6.1 The major proportion of the costs of asbestos removal is included in the item "other operating costs". The appropriation is \$16.3 million of which the Commonwealth will provide \$5.2 million.

6.2 The funding arrangement determined before Self-Government would have resulted in the costs being shared on the basis of 70 per cent Commonwealth and 30 per cent Territory. The Chief Minister has advised the Commonwealth that the number of houses that have been found to require asbestos removal is less than that on which the original arrangement was based. As a result, the financial liability of the Commonwealth is now considerably less than that previously estimated. The requirements of that arrangement also mean that the Territory's proportion of the total costs will be greater than 30 per cent.

6.3 The Committee cannot accept that the Territory should be responsible for any of the costs associated with asbestos removal and certainly not with an increasing proportion of costs. The Territory had no control over its use and the Commonwealth must accept full responsibility.

#### **6.4 The Committee recommends that:**

- **the Chief Minister seek a commitment from the Commonwealth to accept full financial responsibility for the removal of asbestos.**

#### **Other operating costs**

6.5 This item totals \$34 million which is nearly 50 per cent of total recurrent expenditure. It includes one item of \$13.6 million related to asbestos removal.

6.6 The Committee considers that figures such as this are totally meaningless. As a minimum requirement items such as asbestos removal should have been shown as an identifiable expenditure in this item. The Committee has recommended that more detailed information be provided with future Budgets in paragraph 2.10.

## **PROGRAM 19 – NATURAL AND CULTURAL RESOURCES**

### **Cost Recovery**

6.7 The Committee was not able to discern whether services performed for the Commonwealth under the sub-program, ACT Parks & Conservation, are paid for by grant from the Commonwealth or on a fee for service basis. The Committee concludes that the Government should continue monitoring the work performed for the Commonwealth to ensure that all costs are recovered.

### **Use of Contractors**

6.8 No clear comparisons were made which would enable the Committee to judge the relative costs of work carried out by ACT Government Service employees compared with private contractors.

6.9 The Committee concludes that the Government needs to constantly review the relative costs of using contractors to carry out work compared with the cost of paying ACT Government Service employees.

## **PROGRAM 20 – PUBLIC TRANSPORT**

### **ACTION**

6.10 The Committee notes that ACTION operates at a cost to government of \$43 million (including payments from the Department of Education and welfare concessions). The Committee was told that the subsidies were in line with or less than those paid to the public transport systems in the States.

6.11 The Committee notes that it is some years since there has been an independent assessment of the operations of ACTION. Given that its operations are such a significant Budget item and that no review has been undertaken since Self-Government, the Committee considers that an independent investigation should be undertaken into ACTION's cost-effectiveness and ability to meet community expectations.

**6.12 The Committee recommends that:**

- . the Government establish an independent review of the operations of ACTION.**

## **PROGRAM 21 – HOUSING**

### **Heritage Value of Housing Trust Properties**

6.13 The Housing Trust is currently working on establishing the heritage value of all of their existing properties.

6.14 When renovating houses with considerable heritage value, every effort is made during the refurbishment of these dwellings to get cost effective solutions retaining the fabric of the house in addition to upgrading it.

6.15 However, it is not clear to the Committee what "cost effective" means. No information was provided to the Committee of on-going costs of maintaining these buildings following refurbishment, nor were costs provided on the compromises in building standards made to ensure that extensions and other works comply with the heritage status of the buildings.

6.16 The Committee is also concerned that maintaining old buildings at a cost to the Canberra community generally resulted in a direct benefit to the individual residents in those areas rather than a benefit to the Canberra community as a whole. In situations where the houses are not considered to have significant heritage value it is often more cost efficient to demolish them and rebuild on the site.

6.17 The additional costs involved in restoring houses with heritage value are currently being met by the Housing Trust as part of its responsibility as a corporate citizen. To date no approach has been made to the Commonwealth to share the costs of refurbishing these dwellings when new buildings could be erected at a lower cost, nor is it possible within the Budget Papers to identify the additional costs.

6.18 The Committee considers that more funds would be available for welfare housing if part of the refurbishing costs were met by the Commonwealth as part of its heritage program or from the heritage program of the ACT Government.

6.19 The Minister has assured the Committee that she will look into the matter and the Committee expects that this avenue will be explored prior to the presentation of the next Budget.

6.20 A great deal more is expected to be known about the heritage value of the current Housing Trust stock before the presentation of the next Budget as a result of surveys being undertaken. The Committee considers that the costs relating to the heritage value of buildings should be identified.

#### **6.21 The Committee recommends that:**

- . **prior to the presentation of the 1990–91 Budget the Government provide the Legislative Assembly with details of:**
  - . **the costs of refurbishing "heritage value" Housing Trust properties;**
  - . **the additional costs associated with maintaining refurbished buildings; and**
  - . **the manner by which these additional costs will be financed.**

## **Purchase of Housing Trust Properties**

6.22 Although responsible for the purchase of houses, the Commissioner for Housing has recently established a purchasing committee to investigate and advise him on all proposals for the purchase of properties.

6.23 The Committee has requested that the Minister look at the possibility of having an independent member of the real estate industry be appointed to the purchasing committee.

6.24 The Minister advised that this proposal would be looked at, but pointed out that the purchasing committee was comprised of senior staff members with appropriate qualifications and experience and therefore the additional expense would need to be justified. The Committee notes the Minister's advice but believes that more information is required relating to Housing Trust properties.

### **6.25 The Committee recommends that:**

- . **the Housing Trust annual report provide details on:**
  - . **each property purchased and sold during the year;**
  - . **the value;**
  - . **the date of the transaction; and**
  - . **the real estate agent used.**

## **PROGRAM 23 – PLANNING AND RESOURCE MANAGEMENT**

### **ACT Government Service rent**

6.26 Accommodation costs are not at present charged against the majority of agencies or programs. The Committee was advised that during this financial year it is intended to more fully inform agencies of their accommodation costs. Leased accommodation costs for the ACT Administration are \$16.5 million.

6.27 The Committee notes the proposal to allocate accommodation costs to agencies. This is essential if future Estimates Committees are to properly examine expenditure in various agencies. A recommendation to this effect is at paragraph 2.26.

Norm Jensen  
Presiding Member

30 October 1989



**HEARINGS AND AGENCIES****Monday 9 October 1989**

- Chief Minister's Portfolio
- Chief Minister's Division
- Minister for Housing and Urban Services' Portfolio
- Office of City Management
    - ACTION
    - Housing Trust
    - ACT Fire Brigade

**Tuesday 10 October 1989**

- Minister for Community Services and Health's Portfolio
- Department of Community Services and Health

**Wednesday 11 October 1989**

- Deputy Chief Minister's Portfolio
- Department of Education
  - ACT Institute of TAFE
  - Office of Industry and Development

**Thursday 12 October 1989**

- Chief Minister's Portfolio**
- ACT Treasury
  - Government Law Office

- Deputy Chief Minister's Portfolio**
- Office of Industry and Development
  - Government Services Office

**Friday 13 October 1989**

- Chief Minister's Portfolio**
- Government Law Office
  - Interim Territory Planning Authority
  - Chief Minister's Division

**DISSENT BY MR C DUBY & MS C MAHER**

Pursuant to Standing Order 251, we add this dissent to the Committee's Report.

We believe that the Committee's recommendation at paragraph 6.4 does not go far enough in seeking additional Commonwealth funding for the asbestos removal program.

We do however fully agree with the views expressed in paragraph 6.3, ie that the Territory should not be responsible for any of the costs associated with asbestos removal, and that as the Territory had no control over its use the Commonwealth must accept full responsibility.

The removal program has been estimated to cost a total of \$16.3 million in 1989-90, of which \$5.2 million will be funded by Commonwealth.

The Government has approached the Commonwealth seeking a commitment from it to share the cost of asbestos removal on a 70 per cent Commonwealth and 30 per cent Territory basis.

We believe that the 70 : 30 basis should be in operation now, not at a later date.

In our view the ACT Government should seek an interim agreement that costs be shared on a 70 per cent Commonwealth, 30 per cent Territory basis and that this formula operate from this financial year pending the Commonwealth accepting full responsibility for the costs associated with asbestos removal.

On this basis the Territory's share of the \$16.3 million would be \$4.89 million and an additional \$6.21 million (in addition to \$5.2 million already provided) will be required from the Commonwealth.

We recommend that:

- . the Chief Minister seek an addition \$6.21 million from the Commonwealth to meet the costs of asbestos removal;
- . subdivision 1 of division 180 be reduced by \$6.21 million;
- . the Chief Minister seek full cost recovery from the Commonwealth to meet the costs of asbestos removal.

This recommendation would see the Commonwealth contributing the majority of funds and allow the removal program to continue.

Craig Duby  
30 October 1989

Carmel Maher  
30 October 1989



**ADDITIONAL COMMENTS BY MR B COLLAERY**

The Housing Trust witnesses were asked to produce cost figures for renovations to existing housing stock – the information has not yet been provided.

The request taken on notice also included a request that a value before and value after figure be given for specific renovation projects – this information has not been provided.

I, as a Committee member, was shown some renovated homes but without specific costing data and valuations no useful conclusion can be reached.

The Committee had been advised that this information would be provided on the inspection.

A renovation to a heritage home at Ainslie was in my opinion partly unsympathetic to the street facade. Despite the erection of a garage in Federation style a concrete ramp with prominent modern railings has been constructed across the front of the building. I also believe that the Trust should review its policy of handing over its renovation activities to Commercial Project Management.

Bernard Collaery  
30 October 1989