



Legislative Assembly for the ACT

SELECT COMMITTEE ON ESTIMATES 2007-2008

Appropriation Bill 2007-2008

AUGUST 2007

Volume 2 – Additional Comments and Dissenting Report

SELECT COMMITTEE ON ESTIMATES 2007 - 2008

Appropriation Bill 2007 - 2008

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DEB FOSKEY MLA

ADDITIONAL COMMENTS

Additional comments by Deb Foskey, ACT Greens

General comments

The process

The Estimates process enables the Assembly to examine the budget in a great deal more detail than is offered in the budget documents and I have valued the opportunity to be a member of each of the Estimate committees in this Assembly. This year, in particular, I want to commend the committee and its Chair for a generally consensual approach in deliberation on the report despite differences in approach over some issues. I particularly want to thank the secretaries, Robina Jaffray and Grace Concannon, for their work, gathering and sending out questions on notice, collating the responses and combing the transcripts to create the draft report. Their patience and cooperation during the exhaustive treatment the committee gave the draft report was particularly helpful.

A new feature of this year's Estimates Report, which The Greens commend, is the inclusion of evidence and submissions from the community sector in an early chapter of the report. A great deal of work is done by scores of community organisations prior to the formulation of the budget, and as comment following its presentation, and rightly should influence the deliberations of the Committee. Their comments have informed my response below.

The budget

Last year's budget sent the Canberra community reeling - that a Government elected on a progressive social and environmental platform would inflict such deep cuts on exactly those sectors was felt by some as a betrayal, not only of election promises, but of the principles on which the ALP was founded. This budget provided the opportunity to revisit the services whose funding was reduced by last year's budget cuts, to calculate unmet need and to restore them after an evaluation of the economic, social and environmental impact consequences of those cuts.

As a consequence, it is impossible to discuss the 2007-2008 budget without discussing the budget which immediately preceded it.

This year the budget was a 'steady as she goes' budget. This might have been appropriate in one of the middle years of a four year term if last year's budget had not so profoundly impacted on the delivery of social services through deep cuts in grants to community service delivery organisations and reduction of staff in the ACT public service. The Functional Review which was received by Cabinet in May 2006 led to the lowering of benchmarks for service delivery based on rates of funding in other states and territories. The Chief Minister persistently explained this by saying that the ACT spent more per capita on services like housing and education and that this could not continue. As the Functional Review was never made public it was not possible to judge the criteria that were used to establish this, but it was evident that financial indicators alone were

considered by the Functional Review panel, headed by Michael Costello. Social and environmental factors appear to have been ignored.

Due to continuing secrecy about the report, it has been necessary to seek evidence elsewhere in evaluating it. Unfortunately, the ACT Government has not provided any evaluation of the impacts of the budget in these areas. Evidence from community organisations appearing before the Committee articulated the impact of many of these unnecessary and destructive cuts.

1. The 2010 education strategy, it was revealed by documents obtained by Mrs Dunne through the Freedom of Information processes, was changed rapidly to be presented in the budget as the 2020 plan, with plans to close community schools and pre-schools or to amalgamate or change them.

The 2010 plan, from the little we are able to know about it, was to be a consultative process geared towards strengthening public schools. In Estimates hearings, the Chief Minister and the Minister for Education argued that the 2020 plan is directed at achieving the same ends. They were unable to provide the committee with educational, social or even financial back up for this, despite calls for this by the Parents and Citizens Council, Save our Schools, many parents and Members of the Greens and Opposition last year and persistent questioning this year.

Examination of demographic profiles released (not by the Government, but by concerned community members) since last year's Estimates process and the location of schools to be closed indicate that students from socioeconomically disadvantaged families are disproportionately affected by the 2020 Strategy. The Government Ministers were unable to rebut that analysis. After a consultation process heavily criticised by community representatives and active parent bodies, some changes were made to earlier plans but no educational case was made for the final decision.

2. The closure of the Griffith Library in November, which was not anticipated in last year's budget, was strongly contested by local residents and other library users, but occurred without community consultation on the basis of a report which made recommendations to reduce the provision of library services based on a per capita space ratio. There was no apparent consideration of the social impact of closing a library situated in a group of suburbs with an ageing demographic and close to a multiresidential complex of government housing where few people have cars. Nor were the greenhouse impacts of increased car use to access other libraries considered.

3. The closure of Civic and other Shopfronts, including Housing, led to an immediate reduction of customer service from the ACT Government. While told that the internet removed the need for the physical colocation of government services, revenue collection and advice, there was no consultation before the decision was made and apparently, no evaluation of its impacts. Anecdotal evidence indicates that waiting times in queues has increased markedly in, for instance, the Dickson Shopfront as a result.

4. The radical change in funding to Supported Accommodation providers was, according to the Minister for Community Services and the ACT Government, meant to lead to greater efficiencies in administration but, again anecdotally, appears to have had a concomitant effect of reducing services to clients, who are arguably needing more, rather than less, support as housing has become more expensive and the cost of other essentials has risen (for instance, electricity, due to the Utilities Tax, announced in last year's budget).

5. Community advocacy organisations which had been critical of government policy in the provision of low cost housing and protection of the ACT natural environment either had their funding halved (ACT Shelter and Community Housing Organisations of the ACT - CHOACT). The funding reduction for housing advocacy groups was at a time when housing availability was at its lowest, rents in the private market were soaring beyond the reach of anyone not on a moderate to high income, and housing purchase was totally out of the range of either of these groups.

6. Changes to the ACTION network - both management and services - similarly occurred at a time when, due to concern about climate change, increased difficulty parking in Civic and town centres and raising petrol prices, patronage was increasing and projected to rise any further. Answers to Greens questions indicated that public transport patronage has fallen since schools were closed (on schools bus services, due perhaps to school closures) and on off-peak buses, although there are more people using many of the commuter services, since this was where services were weighted. Public outcry led to the reinstatement of some services, but a radical reworking of the timetable is necessary if the government is to provide incentives to reduce car use.

Recommendation 1

That the ACT Government immediately release the report of the Functional Review and any evaluation it has conducted of its impacts on education, government service delivery, SAAP services, advocacy and public transport use.

Recommendation 2

That the ACT Government conduct evaluation of last year's budget's impacts on education, government service delivery, SAAP services, advocacy and public transport use and release these evaluations publicly, taking account of them in next year's budget.

A Climate Change Budget

The Greens were very disappointed that in this year's budget there was no visible evidence of the application of a triple bottom line framework, despite a commitment from the Government to do so and the release by Treasury of documents during the period when Mr Quinlan was Treasurer. In this the ACT is now lagging behind although, had it followed up its stated commitment, processes could have been well advanced and the ACT could be a leader in the application of TBL to government expenditure. As it stands, there is a lack of accountability indicators which would enable the Government and

interested community members to see how we are tracking in achieving environmental and social equity goals.

A recent trip I made to New Zealand indicates that work that is occurring there would assist the ACT Government and Treasury in developing measures, indicators and processes to assist us to not only develop sustainability indicators but to embed them throughout government and its agencies.

Further, understanding of the ACT population's impact on human health and our weather and our need to adapt to impending climate change - which will mean continued drought, more frequent and more severe storms and the potential for more wildfires - needs to be reflected in the spending decisions of all government agencies. For instance, decisions to close schools should have included in their rationale a consideration of the impact on families' ability to deliver their children at school and to encourage walking and cycling. Not only will more children need to be driven to school over longer distances, but already over-stretched bus services will have to provide more services at the very time that they are unable to meet existing demand. Fewer children can walk to school if their neighbourhood school is closed. This will not improve the statistical likelihood - currently one in four - of Canberra's children being classified as obese.

A climate change analysis is not in itself a triple bottom line approach but the impact of budget decisions on production of greenhouse gases should be included among sustainability indicators.

Recommendation 3

That the ACT government look at efforts in New Zealand and other countries which have developed a triple bottom line approach to government spending in order to develop a framework for next year's budget.

Recommendation 4

That the 2008-2009 budget include for every agency an indicator which requires an assessment of the climate change impact of spending allocations.

Concluding remark

The Greens look forward to evidence that this Government takes seriously its commitment to social equity and environmental sustainability in next year's budget.

Dr Deb Foskey, MLA
20 August 2007

BILL STEFANIAK MLA AND JACQUI BURKE MLA
ADDITIONAL AND DISSENTING REPORT

**Legislative Assembly of the ACT
Select Committee on Estimates 2007**

**Additional and Dissenting Report by
Bill Stefaniak and Jacqui Burke**

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INTRODUCTION

During its term in office, the Stanhope Government has greatly increased the tax burden on ordinary Canberrans. The extent of tax increases in recent years means that the ACT Government must ensure that taxpayer money is used responsibly on high priority issues for the community. Unfortunately, the ACT Government has wasted money in the past on projects that will offer little return to the community and the 2007-08 budget continues to waste money on low priority projects.

Further, the ACT Government frequently under-forecasts its capital works programs resulting in continuing funding roll-overs from one year to the next. In addition, it overspends on capital works projects or ends up receiving less for the taxpayers' dollar than originally planned. This problem has been exacerbated by the discontinuation of reports on capital works expenditure reducing the accountability of the ACT Government for its use of public money. It is part of a general trend in which the Government is no longer prepared to be held accountable for its actions.

The ACT Property Council raised concerns about persistent underestimates of ACT Government revenue during the hearings. More recently, Professor Phil Lewis of the University of Canberra accused the Government of using "dodgy numbers" in its 2006-07 Budget forecast while Saul Eslake of the ANZ described the forecasts in the 2006-07 budget as "a big miss".¹ The forecast bottom line for the ACT Government budget in 2006/07 was \$80 million while the actual result was a \$117 million surplus. In the context of the ACT Government budget, that is a big miss.

There is widespread dissatisfaction within the community over the Government's budget management given that the hefty increases in taxes and charges and cuts to services such as school closures were justified at the time by forecasts of substantial budget deficits into the future. These dire forecasts have not eventuated.

¹ The Canberra Times, "Stanhope attacked for unexpected budget cash" 17 August 2007 page 4

CONDUCT OF THE INQUIRY

The Chair conducted the hearings in a generally efficient and professional manner. The committee secretariat performed professionally and deserves thanks from all members of the Committee.

Questions

On some occasions the chair limited members to a single question and a supplementary. This did not allow members to pursue a particular line of questioning. As a result, members often resorted to asking multi-pronged questions, with only one or perhaps two of them ever being answered.²

Recommendation: That, in future, members be allowed to pursue a line of questioning, subject to the chair being satisfied that the questions relate to the line being pursued.

Response to Questions

There has been an increasing tendency, during the time of the Stanhope Government, for Ministers to refuse to answer a question because it is not explicitly identified in the Budget papers. This practice flies in the face of a Government that claims to be open, accountable and responsible and also flies in the face of the notion of what the annual Budget represents. The annual Budget encompasses all the functions and activities of a government, including:

- (a) the spectrum of activities in which a Chief Minister chooses to become involved (the Chief Minister, after all, is paid by the ACT taxpayers and they have a right to question how their funds are being used); and
- (b) any matter that falls within the purview of a department or agency, irrespective of whether there is a specific reference to that matter in the Budget papers.^{3 4 5}

Recommendation: That the Ministerial Code of Conduct and the advice provided to ACT public servants be reviewed to make quite clear that any question relating to a Minister's responsibilities is acceptable, irrespective of whether there is a specific reference to a matter in the Budget papers, and that Ministers are required to answer all questions either directly or on notice.

² Ref Hansard 18-6-07 pp 96-97 and Hansard 20-6-07 pp 261-262

³ Hansard, 25-6-07, p 38: Mr Stanhope: Mr Chairman, could you actually refer me to the page in the budget papers that we are discussing at the moment? THE CHAIR: But we should really keep our questions relating to the budget.

⁴ Hansard, 25-6-07, p 52: THE CHAIR: Do they relate to this budget paper, Mr Smyth?

⁵ Hansard, 26-6-07, p 84: Mr Hargreaves: Can you give me a page number, please?

Scrutiny of Ministers

It was disturbing to note that the Chief Minister sought to curtail questioning during some of the hearings before the Estimates Committee, as the following comments reveal:

Mr Stanhope: I am extremely busy, Mr Chair. If there are no further questions...
and

Mr Stanhope: If there are no further questions, I would like to thank the committee for its attention today.⁶

This performance simply demonstrates the arrogance of the Chief Minister and his disdain for going through any semblance of accountability process. The appropriate procedure for any Committee Hearing should be that the Chairman of the Committee determines when questioning has to finish; until that time, the Minister should remain before the Committee.

Recommendation: That the Chief Minister and other Ministers subject themselves to the control of the Chairman during hearings of the Estimates Committee.

Answers

Throughout the Estimates Committee hearings there was a strong propensity for Ministers and some officials to waffle – saying a lot of words of little or no substance – or engage in political point-scoring debate, thereby avoiding providing substantive answers to questions. In some cases these practices carried an undercurrent of arrogance and even smugness. This kind of behaviour is unhelpful and probably contrary to parliamentary codes of conduct. It also wastes time and, ultimately, exacerbates the cost of running the hearings.⁷

Recommendations:

- (a) That the committee chair be more aware of this kind of behaviour and ensure witnesses address the question specifically and concisely; and**
- (b) That after two minutes, if the chair is not satisfied that a substantive answer has been given, or the answer is not completed, the chair is empowered to rule that the question be deemed to be taken on notice, with a written response to be provided within five days.**

⁶ Jon Stanhope, ACT Legislative Assembly Hansard, p 597

⁷ For example, Hansard 18-6-07, pp76-77 and, in particular, at p 77: “**DR FOSKEY:** I want to remind Ms Smithies of the question, because she might have forgotten it during that.”

Introductions

Government members tend to ask “Dorothy Dix” questions, replies to which often clearly are prepared statements. In general this wastes the committee’s time and deprives other members the opportunity to ask more in-depth questions. In addition, some ministers further waste the committee’s time by giving long introductory statements. Whilst opening statements, in themselves, should quite rightly cover material that the government wishes to draw to the attention of the committee, they could also cover the “Dorothy Dix” questions. These statements could be given in written form prior to commencement of the hearings, and then formally tabled in the hearings so that they are incorporated into Hansard.

Recommendations:

- (a) That ministers submit opening statements in written form (subject to a capped length) by no later than one week prior to commencement of the committee hearings; and**
- (b) That ministers table their opening statements at the commencement of the hearings relating to their portfolios.**

Questions on Notice

Questions on notice are of vital importance to public accountability of the Government. Where the substance of a question is clear, Ministers should make every effort to answer the substance of the question. If the question is based on a false premise or contains some other irregularity, Ministers should address this irregularity, but should still answer the substance of the question if it remains applicable.

In one instance in this Committee, the Minister for Health avoided a clear question⁸ asking why waiting times for aged hospital patients were significantly in excess of the Government’s target. Instead of answering the question the Minister instead took issue with the word ‘significantly’ and gave no reason for failure to meet the target.

Recommendation: That all Ministers in the ACT Government should make a genuine effort to answer the substance of questions on notice rather than attempting to side-step these questions through hair-splitting on the wording of the question.

Community Submissions

The Estimates Committee hearings began with community groups giving their view of the budget especially on issues of special concern to their members or community of interest. Unfortunately, some groups were abused for their pains by Government Ministers most notably Mr Stanhope and Mr Hargreaves. Mr Stanhope stated in relation to the evidence given by the ACT Property Council

⁸ Health No 197, question 3

“This is a mob with almost nil credibility.”⁹ Mr Hargreaves treatment of ACT Shelter is referred to elsewhere in the report.

⁹ Jon Stanhope, Estimates Hansard, 18-6-07, p 75

TREASURER

Budget Papers

Accounting Measures – Staffing changes

There were changes in the presentation of figures in the 2006/07 budget compared to the 2005/06 budget, for example, the 2005/06 provided data on staff “headcount”, whereas the figures provided in the 2007/08 budget were based on FTE numbers.¹⁰

Recommendations:

- (a) **That, where changes in presentation of numbers (of any kind) are implemented from one budget to the next, the changes should be explained and comparative figures shown;**
- (b) **That future budget papers disclose, for estimated outcome:**
 - i) **The actual FTE numbers as at the end of the quarter immediately prior to the budget release date;**
 - ii) **The actual head count numbers as at that date; and**
 - iii) **The number of approved FTE positions as at that date.**
- (c) **That future budget papers disclose for the relevant budget year:**
 - i) **The number of approved FTE positions for the year; and**
 - ii) **The anticipated actual FTE staffing numbers for the year.**
- (d) **That the budget papers disclose the FTE staffing profile, by grade and number of approved positions, for:**
 - i) **The estimated outcome as at the end of the quarter immediately preceding the budget release date in respect of each output; and**
 - ii) **The budget for the relevant budget year.**

Triple Bottom Line

Dr Foskey raised the matter of triple bottom line budgeting, noting that the budget papers did not contain any explicit coverage of the triple bottom line and how that might be measured.¹¹

Recommendation: That budget estimates for each agency should include a triple bottom line impact statement.

Accountability Indicators

There are many accountability indicators throughout the budget papers that are either meaningless or insufficiently defined. In addition there are no benchmarks against which these indicators can be measured.

¹⁰ Estimates Hansard, 25-6-07, p 90

¹¹ Estimates Hansard, 18 June 2007, pages 91-92

Recommendation: That accountability indicators should be:

- (a) defined;
- (b) measurable; and
- (c) able to be compared to recognised benchmarks.

Presentation

There are inconsistencies in presentation between budget papers year-to-year, making it difficult to compare the contents and information provided from one to the next. Some disclosures differ year-to-year, too, for example see section on “Staffing Numbers” below.

Recommendation: That disclosures and the presentation format for budget papers should be consistent from year-to-year, with any changes identified and explained.

Accounting for contracted staff

FTE staffing numbers include contracted staff, but the costs of contracted staff are included in supply and services, not employee expenses¹².

Recommendation: That the cost of employees be shown as it is currently, as employee expenses, but that the cost of contract staff, currently shown in supplies and services, be shown separately.

Funding References

The budget papers frequently refer to projects and other activities in generic terms. This makes it difficult for a reader to understand the purpose of the funding allocations.¹³

Recommendation: That budget papers provide the detail of projects and activities and not refer to them in generic terms.

Format of Budget Papers

A continuing concern for the ACT community is the way in which the Stanhope Government changes the format of its annual Budget papers: this action makes it difficult or impossible to make meaningful comparisons year on year. Apart from this practical issue, the reality is that this flies in the face of the Stanhope Government’s commitment to be an open, responsible and accountable Government.

¹² For example, Estimates Hansard 19-6-07, p 242

¹³ (For example, in the hearings of 20-6-07, p 324 – in answering a question on this matter, the official clearly was not fully aware of the matter herself, having to clarify her answer later on (transcribed on the same page.)

The issue is of such concern that even bureaucrats have been confused by the changes made in the 2007 Budget. On 22 June 2007, following some comments from the Minister for Education and Training, Mr Barr invited a departmental officer to provide more details on a matter – and the officer, Mr Donnelly replied:

*We are just trying to get used to the new format of the budget papers.*¹⁴

Recommendation: That changes to the format of Budget papers be kept to a minimum and implemented in such a way that comparisons can easily be made to earlier budgets.

Presentation of details

The budget papers provided no detail of the “significant joint ACT/Commonwealth funded sustainability programs”¹⁵. Even the official answering a question seeking the detail of those programs was unsure of the components.¹⁶

Recommendation: That future budget papers provide the detail of “significant” government programs.

Financial and Economic Management

Tabling of the 2006 Functional Review

The Chief Minister has consistently refused to table the Functional Review undertaken in 2006 on the grounds of ‘Cabinet Confidentiality’. This document apparently has formed the basis of the past two budgets and it would be in the common interest for it to be made public especially given the concern of the estimates in the 2006-07 budget.

Recommendation: That the Stanhope Government table the 2006 Functional Review by the last Sitting Day in August 2007.

Budget outcome

Contrary to the claims made by the Stanhope Government, the estimated outcome for the General Government Sector (GGS) in 2007-08 is based on such significant factors as the growth in revenue from land sales, the boost to the valuation of assets in the Superannuation Provision Account (SPA) and the increasing impost on the Territory’s property sector.

Recommendation: That the Stanhope Government acknowledges that the estimated 2007-08 Budget result has been caused predominantly by

¹⁴Estimates Hansard, 22-6-07, p 482:

¹⁵ Budget Paper 4, p 293, Note n

¹⁶ Hansard 25-6-07, p 572

the substantial increase in taxation revenue paid by the property sector and not as a result of decisions made by the Stanhope Government.

Capital Works Rollover

The timeline for delivery of procured assets often extends beyond the forecast timeline, necessitating the rollover of funding allocations from one year to the next. This is inefficient administration, particularly when the expertise of bureaucrats and their knowledge of industry supply timelines ought to reasonably enable better forecasting.¹⁷

Recommendations:

- (a) That more care be taken across government as a whole to research and assess delivery and funding timelines for asset procurement.**
- (b) That the Government again publish quarterly Capital Works Reports showing progress of capital works projects.**

Underestimate of Revenue

There was an under-estimation of Territory revenue for 2006/07, arising from an unbudgeted sale of land for \$46m¹⁸. Mr Hedley of the Property Council gave evidence that the ACT Government had covered anticipated deficits in previous budgets on the back of hefty increases in property taxes.

*Last year the ACT government initially projected a deficit of at least \$80 million for the 2006-07 financial year. The reality now is that this entire amount has been paid off in one year as a result of significant additional taxes applied mainly against the residential and commercial property sector. For example, stamp duty on conveyances has risen from the \$157 million estimated to \$198 million. This equates to an increase of over 25 per cent in one year. We believe, in fact, that the final figure for the end of the current financial year may well be an underestimate, that \$198 million, and that is based on anecdotal evidence from commercial conveyancing practices around Canberra. We think that the figure could well top \$200 million easily, but we won't know that until July.*¹⁹

Mr Hedley further testified that ACT Treasury had underestimated revenue for the coming year.

For the 2007-08 financial year, the government is projecting less stamp duty on conveyances. Again, we believe that this will turn out to be a significant underestimate of revenue, as many significant transactions are due to occur over the next year. In fact, it is our submission that ACT Treasury persistently—year in, year out—grossly underestimate the amount of revenue from stamp duty, and an analysis of previous years' budget papers will bear this out. As I said, for the

¹⁷ For example, ref Hansard 20-6-07, pp 323-325

¹⁸ Hansard 18-6-07, p73

¹⁹ Tony Hedley, ACT Property Council, Estimates Hansard, 15-6-07, pp 1 and 2

current financial year, a 25 per cent underestimate; the previous years show the same sorts of amounts.

We also believe that there is a significant underestimate in the dividends to be paid by the Land Development Agency for 2007-08. The budget papers themselves do not take account of announcements made by the Chief Minister and the Treasurer several weeks ago. For example, if you have a look at this document here, the Australian Capital Territory budget document for 2007-08, page 21 talks about the sale of commercial property in the current year. It totally ignores the Treasurer's own announcement about section 63, which was made two weeks before the budget documents, which we think will be sold for somewhere between \$30 million and \$40 million. It fails to take account of the Chief Minister's statement in relation to the QE2 site, which we think will be another \$25 million. It fails to take account of announcements made by the Chief Minister on the sale of additional sites in Constitution Avenue. We believe that in the city area alone there could be an underestimate of dividends from the Land Development Agency of upwards of \$100 million in revenue.²⁰

Each year Treasury persistently underestimate revenue from the property section. If they were an offender, you would call them a serial offender.²¹

Recommendations:

- (a) That all other unbudgeted revenue, whether initiated by the ACT Government or not, be reported to the Assembly on a quarterly basis; and**
- (b) That the ACT Government recognise its ongoing underestimation of revenue and take steps to more accurately forecast future revenues.**

Expenditure explicitly identified in the Budget

Where an item of expenditure has been identified as an initiative in, for example, Budget Paper No. 3 (BP3), it shall not be possible to amend the purposes for which that expenditure has been identified without advising the Legislative Assembly of the proposed decision. To this end, an appropriate amendment should be made to the Financial Management Act to ensure appropriate accountability mechanisms are applied.

Recommendation: That the Financial Management Act be amended to require that, where an item of expenditure has been explicitly identified in a Budget paper, there shall be no change made to the way in which those funds are used until the Legislative Assembly has been advised.

²⁰ Tony Hedley, ACT Property Council Estimates Hansard 15 June 2007, page 2

²¹ Tony Hedley, ACT Property Council Ibid

Capital Works Reports

Up until the December quarter 2005, the ACT Government promulgated a quarterly report on the status of capital works projects being planned or undertaken across ACT Government departments and agencies. On questioning the Government for the reason for this report not being promulgated, the Stanhope Government advised the Legislative Assembly and, through it, the community that “The reports were not user-friendly to the public as they were largely comprised of complex spreadsheets.”

Clearly, the Stanhope Government, in its arrogance, has determined that the community is not competent to understand these reports so they will not be promulgated. The loss of these valuable reports has reduced the openness of the Stanhope Government’s decisions and actions and reduced further the capacity for testing the accountability of the Stanhope Government. As well, this decision has forced the Opposition and the community to ask many questions on the status of capital works projects that otherwise could be answered by information contained in these reports.

Recommendation: That the Stanhope Government immediately recommence promulgating the quarterly capital works progress reports.

New Taxes

Despite the claim by the Chief Minister that there would be no new taxes in the 2007 Budget, there are at least two new taxes and another measure that is now clearly a tax. These new taxes are:

the introduction of the Victims’ Services Tax: whereby around \$500,000 will be raised each year through the imposition of a \$10 tax on all traffic infringement notices that are issued and on court-imposed fines;

the introduction of the tax on the duty that is deferred under the conveyancing duty deferral proposal for certain home buyers; and

the Energy Industry Tax, which will replace licence fees that are levied on utilities such as electricity distributors and retailers.

Each of these measures will yield only relatively small quantum of revenue and, to that extent, will be inefficient drags on the ACT economy. In addition, there are concerns with the hypothecation of the Victims’ Services Tax, as this also detracts from the integrity of taxing measures.

Recommendation: That the Stanhope Government provide a sound justification for the introduction of these new taxing measures on the basis of their efficiency, effectiveness and fairness.

Property Taxes

The ACT Government has rejected the views of leaders in the property sector who have been critical of the Government's ongoing increases in taxes and charges. Instead of listening to these views, the Government has attacked and denigrated those who have criticised its punitive taxation increases.

Recommendations:

- (a) **That the ACT Government acknowledge the high burden of taxes on the ACT property sector and give consideration to the views of the ACT Property Council that taxes on this sector are too high.**
- (b) **That the ACT Government acknowledge the vital importance of the property sector to the health of the ACT economy.**

ACT Gambling and Racing Commission

The Stanhope Government is considering a proposal whereby clubs in the ACT will be encouraged to contribute part of their revenue into an organisation that will be involved with problem gambling. This proposal is a concern for two reasons: first, there are issues about the hypothecation of revenue by governments for specific activities; second, there is a limit to how much ACT clubs should be required to contribute to specific activities, such as community affairs, from their own resources. Clubs in the ACT are not an infinite source of funds for public activities. Moreover, this impost would come on top of the clubs having to manage the increase in the top two rates of gambling tax and the implementation of no smoking inside buildings.

Recommendation: That the Stanhope Government withdraw a proposal to hypothecate additional funds from ACT clubs for community contributions.

Revenue from Clubs and other Gaming Venues

Clubs and gaming venues within the ACT cannot continue to be viewed as an unlimited source of funding. In particular the latest increase in taxes effective on 1 July, together with changes in the smoking laws that commenced at the start of 2007 has had a significant impact upon their revenue.

Recommendation: The Government does not increase gaming taxes or change other legislation that will adversely affect clubs, for the next four years.

Territory Banking Account

Private enterprises rely on commercial lending facilities at market rates. Since these enterprises are all faced with the same rate on the market they compete on an equal footing and there is a natural tendency for efficient investment to occur. However, when governments provide lending facilities, this may induce

investment or expenditure which is not efficient. This is particularly so where different rates of interest are provided for different agencies or projects, as is currently the case.

Recommendation: That the ACT Government review the economic effects of loans provided to departments at non-market rates under the Financial Management Act 1996. In particular, that the ACT Government consider whether loans made under the Act should have a consistent rate of interest and whether this rate of interest should reflect the market rate.

Home Loan Portfolio

According to the Treasurer, the Home Loan Portfolio reviewed its management of this portfolio before the expiry of its previous management contract, some time in 2001 or before.

As the Home Loan Portfolio winds down, and the number of loans decreases, the administrative costs per home loan are increasing dramatically. From 2005-06 when the costs per loan were first reported in the budget, these costs have increased by 85%. These costs per loan are expected to continue rising as the number of loans under management decreases.

Recommendation: That the ACT Government assess the viability of selling or outsourcing its Home Loan Portfolio, in light of increasing administrative costs per loan.

Shared Services Centre

The Government has reported savings from the Shared Services Centre. This is welcome news. However, while some of these gains may have been due to economies of scale and greater efficiency, some of the savings were actually the result of other measures, such as less frequent replacement of equipment.²² There are also signs of deteriorating service and lower expectations of service in areas taken on by the Shared Services Centre.²³

Recommendation: That the ACT Government investigate and report to the Assembly on the savings made or the failure to reach budgeted savings, due to consolidation of services to the Shared Services Centre. The Government should identify savings that are due to consolidation and economies of scale separately from savings due to other policies such as extending the life of hardware.

²² Michael Vanderheide, Estimates Hansard, 26-6-07, p 624

²³ Budget Paper 4, page 107, Question on Notice 220

Superannuation Provision Account

The ACT Government continues to mislead the people of the ACT by citing a budget surplus which includes gains on superannuation assets. Since these assets do not properly belong to the Government and cannot be used for Government spending, they should be excluded when determining the budget surplus or deficit (this view has been affirmed by public accounting expert Prof Allan Barton). The Government should not attempt to disguise the fact that its 2007-08 surplus is smaller than cited (\$13.5m surplus, not \$103.0m surplus) and is projected to turn to larger deficits in 2008-11 (amounting to \$140.1m in deficits). It is not sufficient for the Government to merely include these figures in the Budget. They must also cite them correctly in public discussions to avoid misleading the public.

Recommendation: That the ACT Government correctly cite its Net Operating Performance excluding gains on superannuation assets, when reporting its operating performance to the public in media interviews, budget discussions or other public discussions. It should not include gains on superannuation assets in headline figures promoted.

ACTEW – Environmental Flows

The Chief Minister “regrets” the amount of misinformation that has been “abroad” in relation to environmental flows.²⁴ However this misinformation largely arises due to the government’s failure to educate the public or to publish relevant information or reports on environmental flows.

Recommendations:

- (a) That ACTEW Corporation undertake a public education campaign explaining environmental flows;
- (b) That ACTEW Corporation provides a copy of the 1999 and 2006 environmental guidelines, explaining any differences²⁵; and
- (c) That, each quarter, the government table in the Assembly a report of weekly environmental flows with a comparison to the legislated guidelines, and indicate whether and on what basis those flows are considered to emulate seasonal and climatic conditions.

ACTEW Water Restrictions

There is a lack of clarity about the exemptions criteria under stage 4 water restrictions, including at the so-called Tier 1 and Tier 2 levels.²⁶

Recommendation:

- (a) That ACTEW Corporation provides details of the stage 4 exemptions criteria for Tiers 1 and 2 as a matter of urgency.

²⁴ Estimates Hansard, 18-6-07, p 114

²⁵ Ibid, p116

²⁶ Ibid, pp 118-119

- (b) **That ACTEW finalise and publicise as a matter of urgency its details on the parameters for exemptions in order that business most affected by water restrictions can plan accordingly**

Impact of rates increases

The Chief Minister has consistently downplayed the impact of his decision to calculate future government charges according to the Wage Price Index (WPI) rather than the CPI. This impact has the greatest impact on those on fixed incomes – including many elderly Canberrans. The ACT Government must recognise the impact that this decision will have on individuals and the fact that it is inconsistent with the policy on which they were elected.

Recommendation: That the Government hold rates increases for older Canberrans to CPI consistent with the commitment in ACT Labor's Plan for Older Canberrans.

Treasury – Housing Affordability

The Stanhope Government has proclaimed the introduction of a scheme to permit the deferral of conveyancing duty as a major component in enhancing housing affordability. Unfortunately for all those who may wish to utilise this scheme, there is a sting in the tail of this ill-founded policy proposal. For those who access this scheme, they will be charged interest on the quantum of duty that is deferred until it is repaid. Put simply, this is another Stanhope Government tax.

Once again, the Stanhope Government has introduced a taxation proposal that has not been properly thought through prior to its announcement. Apart from the fact that there were details of how the scheme would operate when the legislation was introduced into the Assembly in June 2007, we have since had contradictory information from within the Government. The Commissioner for Revenue has now apologised to the Estimates Committee for misleading it when he told the Committee that the rate of interest applied to deferred duty would be a commercial rate; it will be the 10 year bond rate. Pity the poor Commissioner, however, as the decision apparently had been made without him being advised!

Recommendations:

- (a) **That the Stanhope Government provides all the details of the way in which the proposed conveyancing duty deferral scheme will operate.**
- (b) **That the Stanhope Government release details of all the assumptions and all of the modelling that was conducted to demonstrate how the conveyancing duty deferral scheme will impact on borrowers.**
- (c) **That the Stanhope Government explain to potential borrowers of housing loans how having interest charged on any conveyancing duty that has been deferred is not an additional impost that they have to pay.**

ACT EXECUTIVE

Ministerial behaviour

The behaviour by some Ministers during the hearings was very poor. In particular, the Minister for Territory and Municipal Services engaged in name calling of other members of the Assembly, didn't answer questions asked of him and was disruptive. Last year's Estimates Committee report also described his behaviour as "unhelpful".

The ACT Ministerial Code of Conduct provides that: "Ministers will act with respect towards the institution of the Legislative Assembly, and are to ensure that their conduct, whether in a personal or official capacity, does not bring the Assembly into disrepute, or damage public confidence in the system of government."

"All Ministers are to recognise the importance of full and true disclosure and accountability to the Parliament. Under the ACT's Westminster-style system, the Executive Government of the ACT is answerable to the Legislative Assembly and, through it, to the people."

The behaviour of Mr Hargreaves during the Estimates Committee hearings was not consistent with the Ministerial Code of Conduct.

Recommendation: That the Chief Minister take disciplinary action against Minister Hargreaves for breaching the Code of Conduct.

Executive Behaviour

Mr Stanhope

The behaviour of the Chief Minister and Minister for Indigenous Affairs, following the Federal Government's announcement of a program to protect children in the Northern Territory from abuse, has been pathetic. While the Chief Minister is ready with rhetoric but short on action, he is always ready to criticise others for taking action. Indeed, in commenting on the plan that had been announced by the Prime Minister, the Chief Minister said on ABC Radio: "I think on any definition of racism, this is racist"²⁷; The Chief Minister contradicted these claims three days later when he told the Estimates Committee: "Look, I didn't accuse the Prime Minister of being racist."²⁸ However, his remarks are clearly on the public record.

Recommendation: That the Chief Minister apologises to the Prime Minister for accusing him of being racist.

²⁷ ABC Radio, "the World Today" 22 June 2007

²⁸ Estimates Hansard, 25 June 2006, page 396

Mr Hargreaves

The Minister for Territory and Municipal Services, Mr Hargreaves, was the subject of comments that were critical of his behaviour during the hearings of the 2006 Estimates Committee. Mr Hargreaves is clearly a slow learner, however, as he has not heeded those comments.

Mr Hargreaves' behaviour during the 2007 hearings of the Estimates Committee was even worse than in 2006 and was clearly designed to deflect difficult questions. When Dr Foskey asked about the future of Dickson Library, Mr Hargreaves replied "Are you suggesting, Dr Foskey, that we should close Dickson library?"²⁹ When she asked about alternative transport options, Mr Hargreaves stated "I am not subsidising your roller skates, Dr Foskey."³⁰

During the Estimates Hearings, Mr Hargreaves impugned Mr Pratt's character by saying that he did not believe a thing Mr Pratt said unless he could verify it independently.³¹ Later, when Mr Pratt asked about Federal roads funding, Mr Hargreaves said "The answer to Mr Pratt's question is: he is talking rubbish yet again; the government does."³²

The attitude of Mr Hargreaves appearing as the Minister for Housing, towards the Estimates Committee left a lot to be desired. When the Chairman read the caution and asked if it was understood, Mr Hargreaves replied "Yes, I do. Now I can rip into anybody I like."³³ Later on in the hearings, Mr Hargreaves said "We can have a nice time this morning or we can not have a nice time this morning."³⁴

Later, when the Committee discussed evidence given by ACT Shelter and ACTCOSS, Mr Hargreaves stated "ACT Shelter—that magic daytime branch of the Greens party, yes."³⁵ Later when Mrs Burke asked a question about ACT Shelter, Mr Hargreaves stated "I note, chair, Dr Foskey is instantly jumping to the defence of Shelter, and you would expect nothing else."³⁶

The overall content and tone of Mr Hargreaves appearance before the Committee was not appropriate for a Minister of the ACT Government and he should face disciplinary action either from the Chief Minister or the Assembly.

Recommendations:

- (a) That Minister Hargreaves apologise to Mr Pratt, the Estimates Committee and the Legislative Assembly.**
- (b) That the Chief Minister take action against Minister Hargreaves.**

²⁹ Estimates Hansard, 26 June 2007, page 684

³⁰ Estimates Hansard, 26 June 2007, page 699

³¹ Estimates Hansard, 26 June 2007, page 693

³² Estimates Hansard, 26 June 2007, page 703

³³ Estimates Hansard, 21 June 2007, page 368

³⁴ Ibid, page 373

³⁵ Ibid, page 383

³⁶ Ibid, page 386

- (c) **That the behaviour of Minister Hargreaves – in particular, because of the language he used towards another Member of the Legislative Assembly – be determined as a matter of privilege.**

Mr Barr

During the hearing it became apparent that the Minister for Tourism, Sport and Recreation, Andrew Barr, may well have misled the Assembly in 2006 with respect to the number of athletes who would be offered ACT Academy of Sport (ACTAS) scholarships in 2007. On 30 November 2006, when appearing before the Public Accounts Committee, Mr Barr responded when asked if there was a target of 150, “

“I am not going to be pinned to an absolute target.”³⁷

It was discovered subsequently, from documents received following an FOI request, that on 9 November 2006, Mr Barr agreed to a reduction in the number of ACTAS scholarships for 2007 from 250 to 150.

Recommendation: That a Privileges Committee be convened to investigate whether the Minister for Tourism, Sport and Recreation, Andrew Barr, misled the Public Accounts Committee of the Legislative Assembly.

Advertising Campaign

The ACT Government is spending \$117,000³⁸ on advertising for the budget. This contrasts with \$240,000 over two years for the Medicare change of address campaign and \$225,000 over four years for a counter-terrorism public information campaign. The Medicare and counter-terrorism campaigns were approved as part of the budget process. The Government has been evasive about the approval process for the advertising campaign for the budget.

Recommendation: That the ACT Government not expend money on public information campaigns for legislation until after the Assembly passes it.

Business and Economic Development

On 3 December 2003, the Stanhope Government released what it called The Economic White Paper (EWP): this was the plan that was to make the ACT “the most business friendly location in Australia”. In the nearly four years since then, the most notable contribution of the Stanhope Government to the development of the private sector in the ACT has been to distance itself from business, to reduce funding and support for business and to engage in acrimonious slanging matches with business leaders.

³⁷ Public Accounts Committee Hansard, 30 November 2006, page 26

³⁸ Question on Notice 136

The most recent nadir in the relationship between the Stanhope Government and the business sector was reached on 27 June 2007, during the consideration of the Business and Economic Development aspects of the Chief Minister's Department, when the Chief Minister said that his Government "has other priorities [than to spend funds on industry and business developments]." ³⁹ Not only does the development of the private sector follow a number of other priorities but the Chief Minister also accused the business community of whinging: "Whinge; whinge; whinge." was his comment. ⁴⁰

Unfortunately for the Chief Minister, earlier in the 2007 Estimates Committee's hearings, he bemoaned the fact that the ACT does not have a larger private sector. He referred a number of times to the ACT being a small jurisdiction with a "very narrow economic base". ⁴¹ The Chief Minister's own EWP, however, argued strongly that "there is a need to diversify the ACT economy to build a strong private sector" as "a stronger and more diverse private sector represents the bridge to the new economy...". ⁴²

Recommendations:

- (a) The Stanhope Government provide to the Legislative Assembly a clear timetable of action that will be taken to expand the economic base of the ACT.**
- (b) The Stanhope Government provides to the Legislative Assembly the process by which all the Actions set out in the EWP will be implemented and reviewed.**

Role of Private Sector

The growth of the private sector in the ACT is critical to the long term health of the ACT economy. It would seem imperative, therefore, that the private sector be encouraged in its activities.

Unfortunately, this is not the strategy being followed by the Stanhope Government. As the Chief Minister said before the Estimates Committee: "...business needs to accept its role within the community and the need for it to support the services it depends on, employs"; hence, "I have no intention of reducing land tax, absolutely none". ⁴³

Recommendation: That the Stanhope Government:

- (a) Acknowledges the critically important role that the private sector performs in the ACT;**
- (b) Acknowledges also that this role is threatened by continuing to impose higher taxes on the private sector; and**

³⁹ Hansard, 27 June 2007, p 134

⁴⁰ Hansard, 27 June 2007, p 135

⁴¹ Hansard, 18 June 2007, p P2

⁴² Economic White Paper, p 6

⁴³ Hansard, 27 June 2007, p 131

- (c) **Provides a strategy by which it will attempt to rebuild its relationship with business in the ACT.**

Skills Commission

The Skills Commission was convened in October 2006, and has established a series of working groups. Some recommendations are expected to come forward in August 2007.⁴⁴

Recommendation: That in the September sittings of the Assembly the Chief Minister table the Skills Commission's first series of recommendations and the government's response to those recommendations.

Skills Commission Consultations

The Skills Commission has consulted with a range of stakeholders including COTA, NCVER, the ACT Chamber of Commerce etc, but has not, to date, consulted with youth representative organisations such as the Youth Coalition. This appears to omit an important stakeholder group from the process.⁴⁵

Recommendation: That before the Skills Commission makes its recommendations to government, its relevant working groups should consult with the Youth Coalition and, if appropriate, other youth representative organisations.

Per Cent for Arts

The ACT Government has introduced a capital program called Per Cent for Arts where one per cent of the new Capital Works budget is set aside for construction and maintenance of public art works. The money budgeted for this program is \$887,000 this year, \$745,000 next year, \$490,000 in 2009-10 and \$171,000 in 2010-11. There is also \$57,000 a year set aside for maintenance. It is also worth noting that the budget in forward years could change rapidly in line with the capital works program and that the official administering the scheme admitted it was a "guesstimate".⁴⁶

The Government commissioned a statue of former Federal Minister Al Grassby through a process that the Chief Minister has conceded was not rigorous. It seems the methods of administering the Per Cent for Arts scheme will be no more rigorous. During the hearings, the Chief Minister ventured that some of the money would be spent in the Woden area. After questioning, the Chief Minister conceded that "this was just another brilliant idea I had on the spur of the moment"⁴⁷ and that he had not consulted his own officials let alone anybody else.

⁴⁴Estimates Hansard 22-6-07, p 526-7

⁴⁵ Estimates Hansard 22-6-07, p 527-9

⁴⁶ Estimates Hansard, 27 June 2007, page 784

⁴⁷ Ibid. page 785

The ACT Government is already spending substantial amounts of money on the arts, including the construction of the Belconnen Arts Centre. The addition of millions of dollars of additional funding under the percent-for-art scheme is excessive and is of questionable benefit to the broader arts community. In estimates hearings the Minister refused to rule out suggestions that the entire amount of the scheme might be spent on one art project.

Recommendation: That the ACT Government abolish the percent-for-art scheme.

Arts Capital Works

The Estimates Committee proceedings revealed that the Government proposes to add a tower on to the Canberra Glassworks at a cost of approximately \$350,000. This proposal is not mentioned in the budget and was only revealed by a question on notice after advice from a member of the public. It is not clear when this proposal was first put forward or how it will be funded.

Recommendation: That the ACT Government disclose the details of capital works in the budget including arts projects.

Arts Grants Programs

In Committee hearings, Mr Stanwell was unable to give an estimate of the amount of money given to artists under grant programs, compared to the cost of these programs.⁴⁸ He explained that accurate estimation would be difficult, but that that the majority of the money probably went to established organisations and that much of this money would be spent on administrative expenses. Despite the difficulties, it should at least be possible to report on the amounts of direct payments to artists. This was done under former Governments.

Recommendation: That the ACT Government report on the cost of grant programs, including reporting on the amount of money that is actually given to artists in grants and the total cost of administering the programs.

Territory Owned Corporation Sponsorship

The Chief Minister has stated that the tower on the Canberra Glassworks will be supported by a major sponsorship from ActewAGL. However, this proposed sponsorship arrangement is not a genuine sponsorship by the private sector, since the government is the owner of the ACTEW Corporation and therefore a major investor in the ActewAGL partnership. There is a danger that, without clear disclosure, the accounting treatment of this 'sponsorship' will obscure the

⁴⁸ Estimates Hansard 27 June 2007, p 776

fact that it is ultimately public money which is being spent on the project. There is also a similar danger with any other 'sponsorships'.

Recommendation: That the ACT Government ensure that the budgeting and accounting treatment of any sponsorship by a Territory Owned Corporation, or any subsidiary or associated entity of a Territory Owned Corporation, for any public works, is clear and transparent. In particular, the budget should clearly disclose the total amount of public money being spent on any public works, whether this is spent directly from general revenue or indirectly from a Territory Owned Corporation or by any other means.

Industrial Relations

The ACT Government's legal action against the Commonwealth over the WorkChoices legislation was politically motivated and was a clear waste of taxpayer's money. Even if the States had successfully challenged this legislation on constitutional grounds, the ACT would still have been subject to the legislation by virtue of its status as a Commonwealth territory. The Government has estimated the cost of this action as \$95,000. This is an expensive price tag to make a political point.

Recommendation: That the ACT Government refrain from taking legal action for political purposes.

JUSTICE AND COMMUNITY SAFETY

Security Cameras

The government is undertaking a feasibility study into the expansion of the CCTV system throughout Canberra, including bus interchanges, shopping centres and other places of “mass gathering”. Existing CCTV systems in bus interchanges are not operating to optimal level. Further, there is no provision in the out years for the capital cost of the expansion project.⁴⁹

Recommendations:

- (a) **That the existing CCTV system be brought to optimal level as a matter of urgency;**
- (b) **That the government assure the Assembly that provision will be made in the 2008-09 budget for capital expenditure on the expansion program; and**
- (c) **That the inquiry look at the security arrangements in place at Woden, Belconnen and Tuggeranong Interchanges and how CCTV could improve security**

Legal Services

Questioning by Dr Foskey was avoided by the Attorney-General and officials on the types and cost of legal advice provided to government by the GSO, particularly in relation to the number of FOI requests that involved legal advice to agencies seeking to resist releasing certain documents.⁵⁰

Recommendation: That annual reports include data on the types of legal advice provided and the associated cost, whether the advice was in-house or outsourced and, if so, to whom.

Electoral Commission Outputs

Accountability indicators for the electoral office are not developed for the budget papers except in ACT election years. Mr Green: “The department, which makes the decisions about what indicators to put in the budget papers, took the view a few years ago that the most important indicators that relate to the commission are those things that happen during an Assembly election time. They took the view that the only indicators important enough to include were those that applied at election times.” This is despite \$1m of annual funding provided to the Electoral office.⁵¹

⁴⁹ Estimates Hansard, 19 June 2007, pp 158-163

⁵⁰ Estimates Hansard 19 July 2007, pages 176,177

⁵¹ Estimates Hansard, 19 July 2007, pages 194-195

Recommendation: That, as is the case that every government agency should provide accountability indicators in the budget papers, the Electoral Commission similarly disclose accountability indicators as in the Annual Report.

ACT Electoral Act Review

The ACT's electoral act complements the Commonwealth act in most respects and is updated automatically when the Commonwealth act is amended. However, there remain some differences. In addition, there is a question of whether the ACT Electoral Commission should be given power to assess political advertising for false or misleading statements (it was noted during the hearings that such power exists in South Australia).⁵²

Recommendations:

- (a) That the ACT's electoral act be reviewed to ensure it meets the needs of the ACT; and
- (b) That consideration be given to empowering the ACT Electoral Commission to assess political advertising for false or misleading statements.

Case Management

During the hearings, Corrective Services officials confirmed that there is a continued problem with non-compliance with periodic detention orders and community service orders.⁵³ There is also anecdotal evidence of problems not complying with their conditions of bail.

Recommendation: That the Department of Justice and Community Safety ensure that management systems are in place to monitor compliance with bail, parole, periodic detention and community service orders so that appropriate action can be taken against people who breach the conditions imposed on them.

Legal Aid Commission.

The table of grants of legal assistance to target groups⁵⁴ does not provide sufficient information about who receives legal aid and for what types of matters.⁵⁵

Recommendation: That the table provide more information about the recipients of legal aid and the types of matters dealt with.

⁵² Estimates Hansard, 19 June 2007, pages 196-197

⁵³ Estimates Hansard, 19 June 2007, pages 216-217

⁵⁴ Budget Paper 4, page 531

⁵⁵ Estimates Hansard, 19 June 2007, pages 235-236

Public Trustee Accountability Indicators

There are no accountability indicators for the Public Trustee. It is important that all agencies give the Legislative Assembly and the Canberra community indications that public money will be effectively used for the coming year.

Recommendation: That the Public Trustee develop accountability indicators for the 2008-09 financial year and publish them in next years budget.

ICRC Utilities

The ICRC was unable to answer the Committee's questions regarding the impact of the Utilities Tax on utility providers. According to the Attorney-General, the ICRC played no role in analysing the impact of this tax.⁵⁶ This seems strange, given that the ICRC has considerable information and expertise in pricing and financial issues relating to utility providers and given that this tax may impact on future pricing decisions by the ICRC.

Recommendation: That the ACT Government ensure that the ICRC is consulted about the impact of taxes that affect utility providers.

ICRC Water Use

Water use is currently charged according to a stepped system per household, with increasing marginal costs for higher use. Government research explains that a single volumetric price would be more economically efficient but that a stepped system is used to encourage reductions in discretionary water use⁵⁷. Unfortunately, this motivation is confounded by the fact that the price system is charged on a household basis, rather than on an individual basis. This means that members of small households face much lower marginal costs for water use than members of large households. This provides virtually no incentive for water conservation for small households, while punishing large households, even where water use is prudent.

Recommendation: That the ACT Government investigate whether the pricing scheme for water usage determined by the ICRC can be applied on an individual rather than a household basis. If it cannot, the Government should adopt a single volumetric price for water use.

⁵⁶ Question on notice 209, part 3

⁵⁷ See Barnett, G (2005) *Pricing in response to ACT Government's per capita demand management targets*, University of Canberra, p. 10.

CORRECTIVE SERVICES

Community Service Orders

Breaches of community service orders by offenders is worsening.⁵⁸

Recommendation: That sentencing laws be reviewed to improve the provisions relating to breaches of community service orders.

Prison Gymnasium

There was discussion on the equipment to be provided in the prison's gymnasium and whether anaerobic exercise should be provided for.⁵⁹ In particular, there was concern about inmates pumping iron to the exclusion of other forms of exercise.

Recommendation: See main report.

Needle Exchange

The ACT government is still yet to rule out a needle exchange facility and program for the new prison. Despite the promises from the Government that the prison will be a state of the art facility, the Government seems unwilling to commit to a zero tolerance policy for drug use in the prison.

Recommendation: That the ACT Government immediately commit to not having a needle exchanged facility in the new prison.

Planning / projections / contingency

The latest data retrieved from the Australian Bureau of Statistics suggest that the Government-funded study in the increase of projected prisoner numbers in the ACT is completely inaccurate. The financial and policy decisions informed by these studies therefore are likely to have long standing implications.

Recommendations:

- (a) That the ACT Government release the projections, viability studies and advice completed by the Treasury Department in order for the community to judge the process as run so far.**
- (b) That the ACT Government commit to a more transparent approach to major infrastructure projects that includes the public release of cost benefit analysis completed by tax payer funded public servants and consultants.**

⁵⁸ Estimates Hansard, 19 June 2007, page 215-216

⁵⁹ Ibid, page 221-222

Staff Training and Recruitment

Despite some planning having gone into recruitment structures, it has become apparent that very little progress has been made. There seems to be no public strategy to recruitment from both within and out side the ACT. Further, despite the ACT Government wishing to move away from more traditional prison management structures, there appears to be no transitional training for existing staff.

Recommendation: That the Government make a commitment to and provide transitional training for existing correctional services officers that include measures to combat culture deficiencies if they exist.

Financial Management and Operating Budget

The Government has committed \$128 million dollars to major infrastructure project in the new prison. However, the failure to adequately manage the project at a Government level has meant that the project has been scaled back in both occupancy and facilities to achieve a cost reduction of over 10%. Further, despite the opening date of the new prison looming, the Government has failed to provide the Assembly with even a draft copy of its projected operating budget. The only statement made by the Government is that the prison will not cost more than we are currently funding the NSW system.

Recommendation: That the Government immediately make public its projected operating budget

Financial Management of Prison

This year's budget has bought with it an announcement by the Deputy Chief Minister that a further \$2 million dollars of taxpayers' money will be spent on the project.

Recommendation: That the ACT Government make a commitment to the Assembly and the wider community that the budget envelope of this project will not be increased.

POLICE AND EMERGENCY SERVICES

Emergency Services

ESA Restructure

In 2003, one of the most important McLeod Inquiry recommendations determined that an independent Emergency Services Authority had to be created out of the bloated bureaucratic and failed Emergency Services Bureau. The Government initially correctly implemented this recommendation with the Commissioner one removed and his service Chief Officers two removed from ministerial oversight.

In 2006, under the guise of rationalising government services, the Stanhope Government reversed the situation and reduced the authority to an agency.

With the decision to restructure the Emergency Services this year, a further link has been added to the bureaucratic chain of command with service heads reporting to a Deputy Chief Commissioner ESA. The Minister is now five steps removed from overseeing the performance of our emergency services.

Recommendation: That the Stanhope Government reconsider the restructure of the ESA, and at the very least move to incorporate the following points:

- (a) **The two Deputy Commissioner positions must be abolished;**
- (b) **The Deputy Commissioner for Fire and State Emergency Services, Mr Parry should specifically command the RFS as Chief Officer and that the other three Chief Officer positions should be reinstated;**
- (c) **The Commissioner ESA must directly command all four services, each of them as independent services;**
- (d) **The ESA must be reinstated to that of an independent author**

ESA Relocation

The Emergency Services are still no closer to fully relocating to the new headquarters located at Fairbairn. The cost of the lease on empty buildings is currently in the order of millions. Many insiders have expressed their concerns that the relocation will ever fully take place.

Recommendation: That the process of the protracted relocation of the ESA Headquarters be referred to the Auditor General for consideration.

Firelink

During the Estimates Hearings, Ms Leon of the Department of Justice and Community Safety advised the Committee that Firelink had “already been

implemented”.⁶⁰ Mr Corbell clarified that a review of ESA communications options was underway with advice to be provided to him within weeks.⁶¹

In mid-July, the project was scrapped with Firelink being written off as an asset as part of a new business plan. Commissioner Manson said that reporting of the progress of the system had been “hopeful”.⁶²

Recommendation: That an independent inquiry be held into the commissioning and implementation of the Firelink system.

ACT Policing

Ranking Structure

ACT Policing and the AFP currently are reviewing the policy around police ranks. That work should continue but should be expanded to include a review and possible reintroduction of the previous ranking structure.⁶³

Recommendation: See main report.

Police Numbers

The commitment to recruit an additional 44 police is welcome.⁶⁴ However, it is still well 120 officers short of the numbers of officers needed to meet the national average.⁶⁵

Recommendation: That the ACT Government outline its future plans to increase police levels to a level consistent with staffing levels in other states.

⁶⁰ Renee Leon, Estimates Hansard 20 June 2007, page 324

⁶¹ Simon Corbell, Estimates Hansard, 20 June 2007 page 324

⁶² ABC Online, “ACT Firelink system 'waste of money'” July 13, 2007

⁶³ Estimates Hansard 20-6-07, page 362- 363

⁶⁴ Estimates Committee Hansard, 20 June 2007, page 324

⁶⁵ AFPA Estimate

EDUCATION AND TRAINING

School Violence and Bullying

Considerable discussion ensued on the question of violence and bullying in schools and the effect this has on students, teachers, parents and carers. It appears there are some inconsistencies which have not adequately been addressed, notwithstanding the process changes implemented by the Minister on 15 May 2007.⁶⁶

Recommendations:

- (a) **That, on a six-monthly basis, the Minister table in the Assembly a report on the status of bullying and violence in ACT government and non-government schools, including:**
 - i) **Statistics on bullying and violence (including sexual violence and harassment) against students, teachers, parents and carers;**
 - ii) **Reporting requirements;**
 - iii) **Available strategies to deal with offenders;**
 - iv) **The roles of suspension, expulsion and transfer as punishment measures;**
 - v) **Policy and practice in relation to counselling for victims and offenders;**
 - vi) **Guidelines as to trigger points at which police become involved; and**
 - vii) **Strategies to reduce the incidence of violence and bullying in schools.**
- (b) **That guidelines be developed providing explicit trigger points for calling the police.**
- (c) **That the Minister report to the Assembly on a six-monthly basis how many times police have been called to schools as a result of an incident.**

Protection Orders

Protection orders, the department was not aware of any which had been taken out by students or teachers, but says were made aware schools help facilitate these orders. Though they are aware of principals recommending that parents/students get these. These should be relayed on to the Department to help schools facilitate these, and maintain clarity with the new anti bullying policy and reporting of critical incidents.

Recommendation: That protection orders, when known by the school or where a principal has advised a family to obtain one, be reported to the Department of Education and Training as they warrant the same level of attention as other critical incidents.

⁶⁶ Estimates Hansard, 20 June 2007, page 267

Ministerial Leadership on School Violence Issues

The Minister for Education blames parents for incidents at schools as he claims bullying is not taught at school, however does not encourage a culture of advising parents of incidents which occur at schools, and does not advise schools on how to deal and cope with critical incidents which occur at schools. Each school has its own individual policies in dealing with bullying/harassment and this affects reporting of such incidents to Department.

Recommendations:

- (a) That the Minister stop shifting the blame in regard to bullying and harassment and instead establish methods to discourage it from occurring. With respect to critical incidents there is still inconsistency as there are no clear definitions of when to call police.**
- (b) Teachers and staff should be reminded of their responsibility as mandatory reporters for all incidents of bullying or violence.**

Impact of School Closures

Concern was expressed in the hearings about issues surrounding mental health, truancy, violence, burdens on families etc, in relation to students who had to re-locate to other schools as a result of school closures. The Minister skirted the question.⁶⁷

Recommendation: That the Minister table in the Assembly a report on the outcome of student re-location to other schools as a result of school closures, including:

- (a) The total cost to government for the transition;**
- (b) The attitudinal effect of the transition on students and their families;**
- (c) The success or otherwise of the integration of students into their new schools;**
- (d) What on-going support (and the cost thereof) will be provided to affected students and their families;**
- (e) The lessons learned; and**
- (f) The changes that will be made to refine and improve the policy and process as more schools are closed in the future.**

School Closures

The department has failed to tell us if the money from school based management funding of schools which closed as a result of Towards 2020 has gone to schools where there has been an increase in enrolments because of students from closed schools moving to other schools. The minister in answering QON E07-151, states that there has been an increase at some schools in school-based management funding since school closures in 2006, yet refuses to state where the funding has gone and how much it has increased.

⁶⁷ Estimates Hansard 20 June 2007 page 280

Recommendation: That the Minister provide details of where school-based management funding for schools closed as a result of Towards 2020 to the Assembly (including a break up of how much).

Schools Capital Budget

The Minister skirted the question of whether \$4m of the \$90m school renewal fund is to be used to help fund construction of the new P-10 school at Tuggeranong (a total cost of \$54m, of which \$50m was provided as new funding in the budget).⁶⁸

Recommendations:

- (a) **That the minister table in the Assembly a full line-item report on the proposed expenditure against the \$90m school renewal budget, including descriptions and explanations for each line item.**
- (b) **That the budget be amended to show the true cost of expenditure on school refurbishments as being \$86million or state that the \$4million of the \$90m is being spent on construction of Kambah P-10.**

Cost of Allowances

The Department was asked to give the cost of allowances per student for students taking part in practical experience based classes such as Art or technology and construction. The Minister maintains it would be too resource intensive to obtain these costs and does not have them readily available.

Recommendation: That the Minister establish the per-student costs of practical experience based courses so as to identify whether we are overspending or underspending on these courses.

SCAN program

There appears to be a lack of clarity in the way in which the SCAN program works, including the funding and what it is used for, what therapy support is available to special needs students, how that is co-ordinated, guidelines for calling in external assistance from the mental health team or the police, and the allocation of teacher's aide services.⁶⁹

Recommendation: That the government review the SCAN program to ensure all elements are highly integrated and closely co-ordinated so as to deliver the best outcomes for the students and their parents/carers, and to ensure teachers are provided with the necessary resources to deal effectively with special needs students.

⁶⁸ Estimates Hansard 20 June 2007, page 291

⁶⁹ ref Ibid, p 298-302

Correction of Record

The Minister for Education and Training was asked a question on notice 1363 regarding Tertiary entrance scores. In his response the minister refers to a figure from 1975 stating that the 29597 students were only from NSW. However it is clear that this number also included the ACT students. This was brought to the Ministers attention in QON E07-160.

Recommendation: That the Minister correct the record in relation to answer to question 1363 of 2006 and state the fact that the figures relate to ACT and NSW not just NSW.

Non-Government Schools

The budget papers are unclear as to the grant funding received from the Commonwealth for non-government schools and also as to the grant funding contributed by the ACT government for non-government schools.⁷⁰ Even a departmental official stated he was “just trying to get used to the new format of the budget papers”.⁷¹

Recommendations: That ACT government funding for non-government schools be disclosed separately in the budget papers.

In relation to non-government school funding, the current level for funding is 16.8%, and this is markedly lower than what is provided by the NSW govt for example (25%). The Minister has ruled out matching this figure of close to 25% funding, and maintains that he is begun discussions to see what the national average for funding is. Question on notice E07-154 asked the minister about these rates and he could not provide any figures for national averages or averages for other states and territories. The ACT government hasn't increased indexation for non government schools in the ACT though it made this promise in 2004.

Recommendation: That the Minister provides the National average and averages for all states and territories in relation to non-government school indexation.

Non-Government Schools Services in Kind

The Minister claims to be offering many services which are not or should not be classified as in kind for example offering subsidised public transport for students via ACTION.

Recommendation: That the Government consider that its classification of services in kind are appropriate.

⁷⁰ Estimates Hansard, 22 June 2007, pages 486-487

⁷¹ Ibid, page 483

User Choice

The User Choice program (\$11.4m per year since 2005/06) has been so successful that public demand for access to the program resulted in restrictions being placed on application eligibility requirements on 1 January 2007, yet the funding in real terms has not increased and does not increase for 2007/08 or the out years.⁷²

Recommendation: That the program funding be reviewed to enable it to better meet demand.

⁷² Estimates Hansard 22-6-07, p524-6

HEALTH

High Secure Mental Health Unit

The budget contains \$1.2 million in design funding for the High Secure Mental Health Unit with no funding for further construction. The community is therefore unsure about the scope of the project, how much it will cost and when it will be built.

Recommendation: That ACT Budgets provide funding for construction of projects as well as design providing more certainty to the community of the Government's commitment to a project.

Memorandum of Understanding

The Opposition also has some concerns in relation to the Human Rights Commissioner reviewing the MOU between Mental Health ACT and the AFP. Our concern is that the HRC will seek to place unrealistic and impractical restrictions on the AFP.

It is feared that the HRC's application of the Human Rights Act will be slanted towards a mis-guided interpretation of so-called rights of some mental health patients rather than a proper consideration of what is best for the community.

Recommendation: That the interests of the community as a whole form the basis of development for the Memorandum of Understanding between AFP and Mental Health ACT.

One Stop Shop

The repeated failure of the Minister to acknowledge the crisis in ACT Health, coupled with a 2007/2008 Health Budget in excess of \$800M AUD and Territory Health Outcomes lagging behind the rest of Australia is clear evidence of a Health system that is tearing itself apart, lacks innovative leadership and is devoid of tangible service delivery standards. The Minister admits that much needs to be done and that admits that coming last in the "health stakes" is hurting the ACT.

With fewer large Health facilities than some small country towns, Canberra must rapidly and cost effectively increase the service base for quality intervention and preventative health services.

'One stop Shop' Clinics would compliment Canberra's existing Health infrastructure in the new northern and southern suburbs, provide leadership and direction through innovation in multi-discipline service delivery and service standards.

Recommendation: That the Government further develop and expand the integrated 'one stop shop' GP and Health Professional Clinics to improve intervention and prevention outcomes for the ACT.

Health Delivery Standards

To break the cycle of chasing interstate statistics and to begin to measure “apples with apples” it is plainly apparent that the Minister must intervene and define health service standards that meet the unique needs of this Territory. These ‘Canberra focused’ standards would empower health professionals to deliver good service, knowing that the Government and the Community recognize their special circumstances. Yearly reviews of performance would then be meaningful, positive and client focused.

Recommendations:

- (a) **That the Minister move immediately to issue health service delivery standards to all ACT Health frontline staff and report upon these standards to the Assembly.**
- (b) **That the Minister move immediately to ensure that all ACT Health services monitor and report upon health service delivery standards.”**
- (c) **The Minister acknowledged the dire state of staff morale at Estimates.**

Waiting Times

It is noted that Calvary and The Canberra Hospital are working to reduce costs. The use of an 'expert panel' is proving to be our best hope to get to the root cause of long waiting times and identify quality health outcomes that can cut waiting times without prejudicing patient care.

If the management teams of ACT Health are incapable of providing the innovative leadership needed to solve this crisis issue, we should be opening reform up to the frontline experts; let them show us practically what can be done to speed up health service delivery.

More than \$48M AUD has been thrown at the problem and consumed in ‘managing’ – the crisis is now so significant that workplace driven reforms must be initiated.

Recommendation: As a priority, ACT Health immediately engage in a bottom up evaluation to reduce patient waiting times

There are still substantial numbers of elderly patients (over 75 years old) who have to wait for more than eight hours from commencement of treatment in the emergency department to admission to the general hospital ward. The Minister for Health has avoided answering the substance of questions on this issue.

Recommendation: That the ACT Government work towards achieving its targets for waiting times for elderly hospital patients.

DISABILITY, HOUSING AND COMMUNITY SERVICES

Housing

Housing Peak Body

During the hearings, Minister Hargreaves raised concerns about whether ACTCOSS and ACT Shelter could both be considered to be peak bodies.⁷³ This appears to be a threat to the funding of one of those organisations and given his previous comments it appears to be a threat to ACT Shelter.⁷⁴ Community organisations that give evidence in good faith to Assembly Committees should not be subjected to threats of having their funding cut.

Recommendations:

- (a) That a privileges committee should investigate this as part of its investigation of Mr Hargreaves behaviour**
- (b) That Mr Hargreaves assure both organisations of continued funding.**

Housing Staffing Profile

During the Estimates Committee hearings, Mrs Burke asked for a staffing profile of ACT Housing.⁷⁵ The Minister referred her to the Annual Report for the previous year. Other Ministers offered to take the question on notice and Mr Hargreaves should have done the same.

Recommendations:

- (a) That ACT Housing provide an up-to-date staff profile as at the end of June**
- (b) That all ACT Government agencies and departments prepare staff profiles for the 2008-09 budget.**

Housing Refurbishment

The Opposition understands the high degree of difficulty Housing ACT faces in managing public housing and the efforts made by all departmental staff to improve service delivery.

The success outlined by the Deputy Chief Executive, Mr Hehir, must encourage further workplace reforms and systemic improvements to this most fundamental of human needs – the security of a home.

Housing ACT has shown a desire and capability to be innovative and affect change with the engagement of outsourcer TFM services to complete housing

⁷³ Ibid, page 405

⁷⁴ Op. Cit. pages 383, 386

⁷⁵ Estimates Hansard, 21 June 2007, pages 408-409,

minor repairs and maintenance; this must be rewarded and encouraged as much more is needed.

Recommendation: That, as a priority, Housing ACT immediately expand its successful flexible property refurbishment initiative to return the largest possible number of ‘hard to let’ residences to a rentable status in this FY.

Community Housing

In Estimates, both the Minister and departmental executives were swift to bask in the glory of their short term success in shaping the vision for Public Housing in the ACT.

The Territory is far from meeting national or international best practice workflow and systems standards for Public Housing management.

The Government and the Minister must display a long term commitment to the quality of the public housing estate, by developing innovative and community-centric designs and by publicly flagging the scope of funds needed to assure the future of all public housing tenants.

Recommendation: That the Minister sponsors ongoing investigation of community housing delivery and reforms to maximize the “return on investment” for the Territory.

Direct Debit Arrangements

The ACT Government is prevented, by Commonwealth legislation, from garnisheeing Centrelink payments to housing tenants who are in rental arrears. In addition, only 60% of tenants pay their rent by direct debit, through their bank account.⁷⁶

Recommendations:

- (a) **That the ACT Government develop a program that encourages a higher take-up of direct debit arrangements for the payment of rent and arrears; and**
- (b) **That the ACT Government engage in discussion with the Commonwealth on the matter of garnisheeing Centrelink payments to tenants for the purpose of recovering rental arrears.**

⁷⁶ ACT Estimates Hansard, 21 June 2007, page 391

Disability and Community Services, Children, Youth and Family Services

Bottom Up Evaluation

Measurement and monitoring are two basic tools of management that are sadly deficient in the Government's leadership of Disability Services.

Disability Estimates hearings are littered with multiple strands of health jargon masquerading as performance metrics. These need to be distilled in to meaningful and measurable quality management indicators to improve transparency, equity, fiscal and resource management across the portfolio and so prevent a potential fiscal meltdown in Disability services.

Budget Papers, BP 4, p 193, 2007-08 Priorities, is a definitive example that show that no direct mapping had been made between budget variations and output classes and associated strategic indicators.

Recommendation: That Disability ACT immediately engages in a unified, “bottom up” evaluation to recommend quantitative and qualitative client support outcomes needed to support our Disabled citizens.

Therapy for Children 0-5

There was considerable lack of clarity in relation to the question of early intervention for children who are identified as being in need of therapy of one kind or another. The minister and officials could not provide the committee with a clear indication of the way in which the system works, with even Dr Bruniges at one point having to say “I have just been advised ...”.⁷⁷

Recommendation: See main report.

Anti Work Choice Propaganda and partisan campaigning material involved in a Government sponsored event

The ACT Labor Government allowed the inclusion of partisan material in the Youth Week Celebrations of the ACT. The material as promoted and placed by Unions ACT made the statement “your rights at work, worth voting for”. Clearly this is a partisan political statement and has no place in a non political event that celebrates the young people of the ACT. Further, the ACT Government made no attempt to balance the distribution of information with literature from the Office of Workplace Relations.

Recommendation: That the ACT Government provide the Youth Council with a written statement that outlines the expectations and

⁷⁷ Estimates Hansard, 22 June 2007, page 511

responsibilities of the council that includes the need not only for balanced views and opinions, but insures that partisan political messages are not used in any way shape or form.

DEPARTMENT OF TERRITORY AND MUNICIPAL SERVICES

Capital Works Strategy

We have seen evidence from the Stanhope Government of a five year capital works roads program, despite the success of a five year roads program that was brought in by the previous Liberal Government.

Despite Capital Works Progress Reports being made available to the Opposition in the past, there have been no Reports tabled since June 2006.

Recommendations: That the Stanhope Government make available Capital Works Progress Reports to allow proper scrutiny of ongoing Capital Works.

Tharwa Bridge

Tharwa Bridge was closed to vehicular and pedestrian traffic in September 2006, since then there has been Commonwealth assistance on offer to erect a temporary low level crossing to alleviate the safety risks associated with travel along an inadequate detour. This offer of assistance has not been taken up by the Stanhope Government.

Recommendation: That the Stanhope Government expedites the construction of the new Tharwa Bridge and immediately implements a temporary low level crossing to alleviate the safety issues facing commuters to Tharwa.

Parking

The Government have lost over \$500,000 on the failed pay parking at the hospitals scheme which was introduced in June 2006, with no alternative plan in place to rectify the continuing problems facing visitors and patients at the hospitals. The ACT draft Parking Strategy does not address the lack of adequate parking across the Territory specifically the city centre.

Recommendation: That the Stanhope Government immediately review Parking Operations across the Territory especially act to alleviate the chaos that currently exists at The Canberra Hospital and Calvary Hospital.

Albert Hall

It is generally accepted that The Albert Hall is in need of restoration and refurbishment. The Chief Minister, in evidence stated "I certainly accept, and

the government has accepted for some time, that there is a need for some significant maintenance, to the tune of at least \$1 million, if not slightly more.⁷⁸

Recommendation: That the government, as a matter of urgency, allocate funding for the restoration and refurbishment of The Albert Hall.

Advertising on ACTION

The Government currently have no successful strategy to capture revenue from advertising on buses which would assist in alleviating the cost burden of ACTION to the Territory.

Recommendation: See main report.

Impact of ACTION timetable on the elderly

Transportation is a major issue for elderly people, many of whom are no longer able to drive. The Government's changes to ACTION bus timetables in November 2006 had a particularly severe impact on elderly residents.

Recommendation: That the ACT Government acknowledge the significant negative impact that its ACTION bus timetable changes have had on elderly residents.

Civic to Belconnen Busway/Transitway

The ACT Government has now appropriated and spent \$3.5 million dollars on the Civic to Belconnen Busway. The use of these funds included the spending newsletters, environmental studies, and consultants.

Recommendations:

- (a) **That the ACT Government provide detailed answers to the Assembly as to why newsletters advertising the busway were funded by the tax payer when the project may never be built;**
- (b) **That ACT Government provides the Assembly with answers as to why tax payers money was spent on environmental studies that will be redundant if the project is not built until many years in the future; and**
- (c) **That the Assembly condemn the busway project as a complete waste of tax payers' money.**

Environment Water and Climate Change consolidation

The budget papers did not give a clear picture of the government's strategies and costings in relation to environment, water and climate change. Information was scattered across a range of outputs and across budget papers 3 and 4.

⁷⁸ Estimates Hansard, 25-6-07, p 586

Recommendation: That in future budgets, all elements of environment, water and climate change be amalgamated into one output class within TAMS.

SPORT AND RECREATION

Sports Grounds

The Stanhope Government has adopted a ‘hands off’ policy with respect to the maintenance of community sports grounds. It has cost-shifted activities onto sporting organisations and, in the midst of the worst drought for many years, has abrogated its responsibility to maintain these facilities by seeking appropriate strategies from sporting organisations rather than providing leadership in this important issue.

Recommendations: That the Stanhope Government announces that it will resume responsibility for such activities as line marking of sports grounds.

Grants

At a time when interest in participation in sport is increasing significantly, especially among younger people, the decision by the Stanhope Government to reduce grants for sporting and recreation organisations was both short sighted and ill-thought out. This decision simply cost-shifted funding requirements from funds received through grants to funding generated from fees – at a time when it has been difficult for sporting groups to re-organise their affairs to take account of these decisions.

Recommendation: See main report.

ACT Academy of Sport – Athletes

The Stanhope Government has determined that athletes attending the ACT Academy of Sport (ACTS) should receive around the average amount that is provided for these athletes in other jurisdictions. The Stanhope Government has not provided any argument in support of this proposition apart from taking the ACT being closer to the Australian average payment for athletes.

Recommendation: See main report.

ACT Academy of Sport – Indicators

The Stanhope Government has decided to remove a number of accountability indicators including that providing the number of athletes who have gained scholarships at the ACT Academy of Sport (ACTAS). There is no rational argument to support the loss of this indicator; the fact that it varies from year to year is no argument to support this decision.

Recommendation: See main report.

Tourism

The tourism industry is one of the largest contributors to the ACT economy. It is disappointing, therefore, that the Stanhope Government has decided to reduce the tourism industry component within the ACT Government to part of another area. This decision not only diminishes the role of this vital industry but it also reduces the capacity for scrutiny of the public resources that are being committed to this industry. The most unfortunate outcome of the Stanhope Government's stewardship of tourism is that there continues to be a lack of any strategy that would guide, drive and foster tourism in the ACT.

Recommendations:

- (a) That the Stanhope Government set out a strategy for the development of the tourism industry in the ACT.**
- (b) That, the Stanhope Government agrees to separately identify tourism as a separate activity within the ACT Government and that there be discrete reporting of staff and financial resources that are applied to tourism.**
- (c) That the Stanhope Government agrees to disaggregate funding for tourism from funding for events.**

Tourism Funding

BP4 sets out the government's funding information for Tourism and Events for 2006-07 and 2007-08.⁷⁹ The information provided, however, was seriously deficient in a number of ways: the estimate of the total cost for 2006-07 did not include all relevant expenditure and was, therefore, not comparable with the estimate for 2007-08; the details supporting the estimated total cost for 2006-07 were not provided, making analysis difficult; and there was no information provided on how the transfer of the components of the tourism had been effected.

Recommendation: That the Stanhope Government sets out all the detail that is necessary to enable a proper analysis and comparison of the spending proposed for tourism and events.

Tourism – Statutory Authority

The strong evidence from other jurisdictions in Australia is that local tourism activities are best facilitated through having a separate, autonomous tourism agency to research, promote and market activities and attractions to visitors.

Recommendation: See main report.

⁷⁹ Budget Paper 4, p 285

Balloon Fiesta

Soon before the annual balloon fiesta in 2007, the organisers were informed that the Stanhope Government had cut funding provided by the ACT Government for that event. This lack of funds caused the fiesta to be reduced from 9 to 4 days – with a consequent reduction in its impact and profile. This was a short sighted decision by the Stanhope Government, as it had an adverse impact on what has become a significant and internationally recognised tourism event for the ACT. Moreover, there is the more fundamental issue of this event – and other events of this magnitude – providing indirect benefits to the ACT through the promotion of the Territory in national and international markets.

Recommendation: That the Stanhope Government restores funding for the balloon fiesta to previous levels.

Mountain bike championships

The ACT Government has agreed to provide \$1 million to assist organisers to prepare to hold the World Mountain Bike Championships in Stromlo Forest Park in 2009. It is evident, however, that while the Minister for Tourism seeks to compare the funds being provided in Canberra with funds that were provided for the equivalent event that was held in Rotorua this comparison is not valid. The proposed return on investment in Canberra is far lower than that achieved in Rotorua. It is imperative that the business case for the Canberra event be provided for public scrutiny and not be hidden behind the veil of cabinet in confidence. In contravention of the commitments given by Jon Stanhope in March 2001 not to hide behind a “cloak of confidentiality”, that is precisely what the Stanhope Government continues to do – and is doing with information relating to these Championships.

Recommendation: That the Stanhope Government releases the business case on which the decision to provide \$1 million of taxpayer’s funds to the World Mountain Bike Championships was based.

PLANNING & LAND AUTHORITY AND LAND DEVELOPMENT AGENCY

Molonglo Valley

There is no budget allocation for the provision of fair and just compensation for rural lessees in the Molonglo Valley whose leases have expired and who have been notified of the government's requirement that they vacate their land by 28 September 2007. The reason given was that the government did not know the quantum of the compensation so could not allocate a budget for it.⁸⁰ This is akin to a private sector entity identifying a "contingent liability". By not allowing a budget allocation for the compensation estimate, there is a risk for the government that the compensation funding may not be available when it is required if no prior allocation is made. (Note that the Australian Accounting Standards require private sector entities to disclose contingent liabilities in the notes to their annual financial statements.)

Recommendation: That, where it is known a future liability will arise but the quantum is not known, the budget for the relevant year of the liability arising carry a provisional allocation, comprising an estimate of the future liability in a manner similar to that required of private sector entities under the Australian Accounting Standards in relation to "contingent liabilities".

Redevelopment of the Rural Villages

It has now been over four years since the January 2003 Bushfires which destroyed 500 homes. The greatest impact of the fires was on the rural villages of Uriarra, Pierces Creek and Stromlo. The Stanhope Government has been tardy in responding to the redevelopment programme of ensuring that public housing tenants, who lost their homes in the rural villages, were given the same opportunity to be re housed as their urban neighbours.

The issue was raised during the Hearings and rather than being able to confirm that residents of Uriarra would be returning home any time soon, the Chief Minister said that it would be more likely next year.⁸¹

Recommendations:

- (a) That the Stanhope Government acknowledges the unacceptable delays associated with the rebuilding of the rural villages; and**
- (b) That the Stanhope Government tables, in the Assembly, by the end of August 2007 a full progress report, including timelines for project completion, on the redevelopment of the rural villages.**

⁸⁰ Estimates Hansard, 21 June 2007, page 427-428

⁸¹ Hansard 27th June 2007 Page 818

Long Stay Caravan Park

There were questions surrounding the delay in progressing the matter of the variation to the Territory Plan with the National Capital Authority in relation to the Narrabundah Long-Stay Caravan Park and the land swap. The Minister and the head of ACTPLA skirted and avoided the question.⁸²

Recommendation: That the government table in the Assembly a report on the processes and timelines leading to the draft variation to the Territory Plan launched in July 2007, including an outline of any delays and the reasons therefore.

Long Stay Caravan Park discussions

The Chief Minister also gave an undertaking to take, as a Question On Notice whether his office was in fact contacted by Koomari prior to the sale of the Caravan Park.⁸³ To date this has not been answered.

Recommendation: That the Chief Minister immediately table the answer to this Question On Notice.

A10 Planning guidelines

The A10 planning guidelines that were introduced by ACT Labor represent a clear threat to the Canberra suburbs. Inappropriate developments including unit developments in cul de sacs are ruining the character of Canberra suburbs.

Recommendation: That the ACT Government immediately abolish the A10 planning guidelines and cease to allow the approval of inappropriate developments in the Canberra suburbs.

ACTPLA Communications

The development community, community councils, and the general public has found at various stages and in various circumstances that ACTPLA has been unable or inefficient at responding to concerns. There has also been a lack of empathy relating to the development industry.

Recommendation: That ACTPLA address the issue within its culture to become more proactive in dealing with both the industry and the general public. ACTPLA should be given a directive to initiate contact with the development community and also source key community leaders to consult, inform and retrieve feedback on a continual basis.

⁸² Ibid, pages 429-432

⁸³ Hansard 27 June 2007, p 761

Kama

The Chief Minister and the Land Development Agency has shown through both their appearances before the Estimates Committee and through responses to Freedom of Information requests that the Government is not interested in transparency. Further, it would appear that the Government has potentially ignored critical information and advice from senior public servants.

Recommendation: That the Government publicly release all documents relevant to the Kama issue and provide the Assembly with an explanation as to why the documents were not freely released in the first instance. That the Government make public its intentions for the Kama site and its strategic plans for the bush healing farm concept.

Land Development Agency Management

The Land Development Agency under policy instruction of the Government has overseen a complete failure of land release policy. This has led to unprecedented levels of housing prices and had a direct impact of some of Canberra's most vulnerable community members.

Recommendations:

- (a) That the Government provide an explanation to both the Assembly and the wider community as to why it took so long to react to a complete policy failure; and**
- (b) That the Government immediately commit to a review of the operations of the Land Development Agency and alter the culture from a profit driven organisation to a community service organisation that facilitates the delivery of inexpensive land to the market on a needs basis.**

Land Development Agency Cost controls

The Land Development Agency has developed into a Government owned developer that recorded profits at the expense of Canberrans unable to afford established housing. Millions of dollars has been spent on sales and marketing by this Agency that could have been either reinvested into suburban infrastructure or not added to the cost of the land sales in the first instance.

Recommendations:

- (a) That the Government immediately commit to a review of the Land Development Agency's performance with particular reference to the money spent on sales and marketing; and**
- (b) That appropriate consideration is given to capping the money spent on sales and marketing.**

Land Development Agency Land Banking

Both the officials and Ministers responsible for the Land Development Agency and ACTPLA have discussed the existence and management of a Land Bank in the ACT. Despite this terminology, the Government has fallen behind and been caught short by not holding sufficient land in the Land Bank to bring to market within appropriate time frames.

Recommendations:

- (a) That the Government provide the Assembly and the community with a comprehensive presentation of the management and structure of the Land Bank; and**
- (b) That the Government commit to holding at least 6000 developed, ready for market blocks of land over and above the annual growth that is automatically released.**

Land Development Agency Land Release

Over the course of the last six years the ACT Labor Government has overseen a complete policy failure with regard to land release. This has impacted massively on the housing crisis existing in the ACT forcing thousands of Canberrans into the most expensive rental market in the country.

Recommendation: That the ACT Government conduct a public review into the policy failures of the last six years relating to land release and provide a commitment that it will not allow a similar policy failure to occur in the future.

MULTICULTURAL AND INDIGENOUS AFFAIRS

Ministerial Advisory Council

MACMA was disbanded by the Government in early 2006. The Minister told the Assembly in October 2003 that MACMA was established because:

“The ACT Government values feedback from the multicultural community in any of its forms. That is why the Chief Minister has the advisory council” In 2006-07 Budget Estimate Hearings the Minister failed to justify why MACMA had not been re-established under the new Departmental structure to work with the Minister. His excuse was that MACMA “had been trouble” and had not been productive. There has been no move thus far to replace this peak body.

Recommendations:

- (a) **That the Ministerial Advisory Council on Multicultural Affairs (MACMA) be reinstated. Leadership of the broader multicultural community must be in close contact with the minister on the day-to-day running of multicultural affairs; and**
- (b) **That capability has been diminished with the abolition of MACMA.**

Indigenous Affairs – Healing Farm

There has been a proposal for a ‘healing farm’ to be developed in the ACT to facilitate the treatment and rehabilitation of Indigenous people who become subject to drugs or who experience other issues. In the Estimates’ hearings, the Chief Minister revealed that his preferred site for this farm was in Hawker and that he was determined to impose this site on the Indigenous community. Advice received from the local Indigenous community is that this would not be their preferred site, because it too close to the suburbs and it is not close to a river.

Recommendation: The Stanhope Government consult with the Indigenous community to determine what its preferences are for the site of the proposed healing farm.

Indigenous Affairs – Yarramundi Reach

The local Indigenous community has had responsibility for some years for the facility that is at Yarramundi Reach. It is evident, however, that progress with proposed capital works at that site have not been proceeding as hoped. Moreover, the Estimates Committee was told that the structure of activities undertaken on this site could be better developed.

Recommendation: That, before the Budget is passed, the Stanhope Government announce a process that will ensure that a firm program of capital works for the Yarramundi Reach facility is implemented, that an effective structure of activities is developed to be provided at that site and that there is an appropriate allocation of costs for the site between the ACT Government and the managers of the facility be agreed.

AUDITOR-GENERAL AND ACT LEGISLATIVE ASSEMBLY

ACT Auditor-General

Auditor-General Staffing

In relation to staffing resources:⁸⁴

- (a) There is a shortage of talent with either broad skills and who can be trained as auditors, or who have auditing skills;
- (b) There is a high turnover of staff, with many being “poached” by the Commonwealth through offers of higher salaries;
- (c) The office of the Auditor-General is adequately resourced in terms of financial requirements; and
- (d) The Auditor-General is not willing to succumb to market conditions for staff salaries.

Recommendation: That the Auditor-General review staffing strategies, taking into account available talent and associated skills, market conditions, staff retention issues, etc.

Triple Bottom Line Reporting

The Auditor-General noted that “about two or three years ago there was a commitment to progress triple bottom line reporting” and that “it requires up to two or three years to get from the starting point to a position where you actually can produce good reporting on triple bottom line.” She further noted that “the ACT could fall behind progress made in other jurisdictions because other jurisdictions, and internationally too, are certainly trying to include more reporting on a holistic level” and thought that “perhaps we have stalled a little bit for this financial year in terms of how I observe the budget process.”⁸⁵

Recommendation: That the Auditor-General undertake a review of progress in relation to triple bottom line reporting, extending that review to include triple bottom line budgeting, and make recommendations.

Resourcing

The Auditor-General is not sufficiently resourced to undertake comprehensive follow-up audits of the implementation of performance audit recommendations and agencies are sometimes slow in implementing them, particularly in cases where recommendations go to whole-of-government.⁸⁶ (ref Ibid, p132-133). This leads to a potential for a lack of accountability or openness in government.

⁸⁴ Estimates Hansard, 18 June 2007, page 125-126

⁸⁵ Estimates Hansard, 18 June 2007, pages 126-127

⁸⁶ Ibid, pages 132-133

Recommendation: That the Auditor-General undertake a study of the resources required to establish a program of follow-up audits of the implementation of performance audit recommendations and make a submission for the necessary resourcing in the context of the 2008/09 budget process.

ACT Legislative Assembly Secretariat

Assembly Staffing

In relation to staffing resources⁸⁷:

- (a) There is skills shortage for Assembly secretariat and security/attendant staff; and
- (b) There is a risk of staff being “poached” by the Commonwealth through offers of higher salaries.

Recommendation: That the Assembly secretariat review staffing strategies, taking into account available talent and associated skills, market conditions, staff retention issues, etc.

Broadband Services

There was discussion on the question of high-speed broadband services being supplied through the Assembly building (particularly for use by the Assembly library). TransACT had been considered in 2006. Mr Speaker indicated that the Administration and Procedures Committee could consider the matter.⁸⁸

Recommendation: That the Administration and Procedures Committee consider again the question of provision of high-speed broadband services throughout the Assembly building, including consultation with the Department of Territory and Municipal Services in relation to possible take-up of that service by the Assembly library.

Use of Technology

MLAs have, in the past, enquired about making more use of technology, including the use of laptop computers in the Chamber and a more certain policy in relation to the use of mobile telephones and personal digital assistants (PDAs)⁸⁹.

Recommendation: That Mr Speaker and the Assembly secretariat review the technology made available to MLAs and investigate enhancements that may be available to assist members in their work, including the use

⁸⁷ Ibid, pages 139-140

⁸⁸ Ibid page 144

⁸⁹ Estimates Hansard, 18 June 2007, page 149

of laptop computers in the Assembly Chamber and the policy in relation to mobile telephones and PDAs.

**Bill Stefaniak MLA
20 August 2007**

**Jacqui Burke MLA
20 August 2007**