

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

**NEW CAPITAL WORKS
PROGRAM
1989-90**

**Report of the Standing Committee on Planning Development and Infrastructure
August 1989**

Members of the Committee

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Terms of Reference

On 27 July 1989 the Legislative Assembly passed the following resolution:

- (1) noting that the Theodore Primary School and Pre-School, Greenway Fire Station, New Automotive Painting and Panelbeating Workshops at Fyshwick, stage 1 of the Works Depot at Fyshwick, and the upgrading of fire penetrations at Royal Canberra Hospital are time critical projects for which the Government has approved construction, the Standing Committee on Planning, Development and Infrastructure consider the New Capital Works Program described in Appendix E to the 1989-90 Budget – Initial Statement; and
- (2) the Committee report by 31 August 1989.

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RECOMMENDATIONS

The Committee recommends that:

1. the Government review the decision that individual capital works items be conditional on the sale of assets, and

should a short fall in revenue occur the works program as a whole be reviewed to ensure that high priority works are not deferred in preference to works of a lower priority.

(Paragraph 2.9)
2. when the Budget is presented the Government provide details of:
 - predicted enrolment in the government schools systems in the event of non-government school closures, and
 - implications of these potential enrolments for the new works program.

(Paragraph 2.11)
3. when the budget is presented the Government provide population projections in line with decreased dwelling occupancy rates.

(Paragraph 2.15)
4. when the Budget is presented the Government provide accurate details of the cost of a road linking with Tharwa Drive, and the estimated revenue from the sale of the remainder of the land in Gordon.

(Paragraph 2.22)
5. where national requirements are evident at the design stage of a project this be fully documented and costs be attributed to the national component.

(Paragraph 2.23)
6. when the Budget is presented the Government outline the implications for the proposed new works program of the report of the ACT Public Hospital Redevelopment Steering Committee.

(Paragraph 2.27)
7. when the Budget is presented the Government provide details relating to:
 - the ownership of the nurse education building,
 - projected enrolments of non-ACT residents, and
 - the proportion of graduates who will be employed outside the ACT.

(Paragraph 2.29)

8. when the Budget is presented the Government provide
- the detailed analysis which indicated that the budget priority area for the establishment of a work related long day care facility in the ACT was in the Parliamentary Zone,
 - details of the costs of converting existing buildings such as the Parliamentary Annex, and
 - a detailed statement as to why the costs of the child care facility are to be met by the ACT community.
- (Paragraph 2.35)
9. the Minister request a review of the decision relating to the Intersection of the Monaro Highway and Isabella Drive to ensure that safety aspects are fully considered.
- (Paragraph 2.40)
10. when the Budget is presented the Government provide details of:
- actual expenditure on those items in 1988-89 which could broadly be classified as maintenance and upgrading, and
 - estimated expenditure on these items in 1989-90.
- (Paragraph 2.41)
11. when the Budget is presented the Government provide details of the approaches made to the Commonwealth to seek assistance to ensure proper management of ACT parks and reserves.
- (Paragraph 2.47)
12. the new capital works program be reviewed to enable the gap in fire protection coverage between areas of Canberra to be remedied as quickly as possible.
- (Paragraph 2.50)
13. when the Budget is presented the Government provide details of its proposed review of land development in the ACT.
- (Paragraph 3.7)
14. the Government review the new works program to identify those items which are a cost directly related to Commonwealth decisions and seek financial assistance.
- (Paragraph 4.5)
15. details of the new works program be made available to the Committee in May each year.
- (Paragraph 4.6)
16. the Government in consultation with the Committee develop procedures to enable the detailed examination of particular capital works.
- (Paragraph 4.8)

1. INTRODUCTION

Budget Consultative Process

1.1 On 25 July 1989 the Chief Minister presented an initial statement on the 1989-90 Budget. The Government advised that with the release of the initial statement a consultative process had begun.

1.2 The Chief Minister advised that to facilitate the consultation process the Government would establish a budget consultative committee involving community groups, the private sector and the union movement as well as leaders of each of the parties represented in the Assembly. The consultative committee would examine the fundamental issues impacting on the ACT budget; that is the economic future of the ACT, the income available to the Government, the constraints imposed by existing expenditure patterns and the areas of highest priority for additional funding.

1.3 As part of the consultative process the proposed new capital works program for 1989-90 was referred to the Standing Committee on Planning, Development and Infrastructure for inquiry and report. The proposed program does not include the ACT Electricity and Water or Housing Trust capital works programs.

The Inquiry

1.4 On 27 July the Legislative Assembly passed the following resolution:

- (1) noting that the Theodore Primary School and Pre-School, Greenway Fire Station, New Automotive Painting and Panelbeating Workshops at Fyshwick, stage 1 of the Works Depot at Fyshwick, and the upgrading of fire penetrations at Royal Canberra Hospital are time critical projects for which the Government has approved construction, the Standing Committee on Planning, Development and Infrastructure consider the New Capital Works Program described in Appendix E to the 1989-90 Budget - Initial Statement; and
- (2) the Committee report by 31 August 1989.

1.5 The Government advised that the time critical projects would proceed before the Committee's report was available. The Committee notes the Government's stated intention that these projects will proceed but does not accept that they are excluded from the Committee's examinations.

1.6 The Committee held two days of public hearings where officers of the various agencies presented details of their programs. The Committee also conducted inspections relating to a number of proposals. The Committee welcomes media interest during hearings but are very concerned that certain comments about land development at Gordon, unsupported by evidence, were broadcast. This is particularly disturbing since no media representatives were present when this matter was being considered. The Committee for example, did not observe that "... red faced administration officials were forced to admit...". We did hear officials give a clear explanation of current government policies and administration. We apologise to the officials concerned and ask the media to be present during hearings if political commentary is to be made.

1.7 Within the time available it is obvious that the Committee could not have examined in detail each of the capital works items. It did take the opportunity however to inform itself in general on the processes and procedures involved in establishing the new works program. This approach has enabled the Committee to reach general conclusions which will assist the formulation of this and future ACT Budgets.

Budget Procedures

1.8 The abolition of the National Capital Development Commission and the integration of certain functions performed by the Commission within the ACT Administration dictated that new arrangements had to be developed for the formulation of the new works program. Prior to the introduction of self government for the ACT, arrangements were agreed to by the ACT Administration Co-ordination Committee (ACTACC). The principle aim of these arrangements was to provide an efficient system of forward planning and produce for the consideration of the Government as an integral part of the annual budget process, draft design and construction programs.

1.9 The procedures adopted provided for:

- agencies having prime responsibility for identifying their particular requirements for new works and advising the Treasury and the Infrastructure Division (now part of the Government Services Office);

- Treasury, with assistance from the Government Services Office, co-ordinating those bids and incorporating them into the budget processes; and

- Government Services Office assisting agencies in the development and co-ordination of their proposals by way of estimates of cost, design and timing.

1.10 In determining the new works program, the principle adopted was that the program would be a corporate one which reflected the priorities of the Government for the ACT as a whole. That is, it would consist of those projects approved in the budget context where overall priorities would be determined rather than looking at each agency's proposals in isolation.

1.11 ACT Treasury advised that delays in the introduction of self government and the subsequent policy objective of the Government of providing for early consultation on the 1989-90 Budget has not allowed the present administrative processes to be endorsed by the Government. They were, however, used as the basis for formulating the 1989-90 proposed new works program although it is intended they be reviewed in the light of the political processes now in place before being submitted to the Government for consideration.

Formulation of the 1989-90 New Works Program

1.12 As part of the initial budgetary processes, agencies advised ACT Treasury of their likely new works proposals for the years 1989-90 to 1992-93. The purpose of the exercise was to provide an early indication of the level of funds for capital expenditure that could be expected over the period. Following consideration by ACTACC, advice was provided to agencies on the likely value of new works that could be commenced in 1989-90.

1.13 Once self government was in place, a submission was made to Government seeking advice on the parameters within which the 1989-90 new works program should be framed. Within the parameters agreed, Ministers determined the projects to be included in each of the programs under their control. These were subsequently considered by the Government and announced by the Chief Minister on 25 July 1989.

New Capital Works Program

1.14 The New Capital Works Program is shown in Appendix E of the 1989-90 Budget Initial Statement. In summary the works program is as follows:

Proposed New Capital Works

Program	Total Estimated Cost	Estimated Expenditure 1989/90
		\$ '000
Arts and Heritage	696	188
ACT Schools Office	11,517	2,594
Technical and Further Education	16,274	6,057
Land	24,584	4,304
Forward Design	5,000	2,500
Community Service and Health	9,769	2,608
Transport and Works	36,326	7,469
Natural and Cultural Resources	10,438	2,591
Public Transport	1,822	741
Urban Fire Services	1,698	448
TOTAL	118,124	29,500

Source: 1989-90 Budget. Initial Statement and ACT Treasury.

1.15 The Committee was advised that the expenditure on the New Works Program in 1989-90 would be \$29.5 million. The Treasury stated that traditionally 25% of the cost of a new works program is spent in the first year. The remaining 75% is spent in subsequent years. The Committee understands that expenditure by ACTEW and the Housing Trust in 1989-90 will be \$19.1 million and \$31.3 million respectively. As this expenditure is not part of the Budget the Committee's terms of reference precluded an examination of these works. More over the Committee's investigation did not include an examination of works which were a carry over from previous financial years. Nor would such an examination have been possible based on the information currently available to the Assembly.

1.16 While each agency was required to allocate a priority to each of its projects ACT Treasury advised that the priority which was accorded to works programs between agencies (eg between theatres and schools) was largely a political decision.

1.17 The Infrastructure Division of the Office of Industry and Development advised that in their view the specifications and standards proposed in the new works program are consistent with those used by the states or municipalities. In the Division's view the works are of a standard required by need and not standards imposed because of Canberra's National Capital status.

2. NEW CAPITAL WORKS PROGRAM

Introduction

2.1 The proposed new works program is grouped in 10 programs containing a total of 138 items. In the few weeks available for inquiry and report, the Committee was unable to examine each the items in detail. There were a number of items which the Committee examined in more detail than others. These were selected not so much as case studies but, rather, as items which the Committee considered may indicate an inappropriate allocation of funds. While some items were examined in more detail than others none of the works has been subjected to the detailed scrutiny of the type typical of State and Commonwealth Parliamentary committees on public works.

Arts and Heritage

2.2 This program consists of the refurbishment of Gorman House and Tau Theatre, at a total cost of \$696,000. Estimated expenditure in 1989-90 is \$188,000.

2.3 To date \$1.5 million has been spent on refurbishing Gorman House. The proposed works are the last stage of a refurbishment program and are directed at resolving a number of health and safety issues. The Manager of the ACT Arts Bureau advised the Committee that Gorman House is a Heritage Building and that works must comply with its heritage status and are therefore more expensive. While the Committee is not opposed to the expenditure it considers that the additional costs associated with refurbishing because of the heritage status should be a charge against the Heritage rather than the Arts vote.

2.4 The Tau Theatre is located in a former motor vehicle registry and the works are directed to upgrading performance and rehearsal spaces and works associated with improving fire safety. The Committee notes the comments of the Manager of the Arts Bureau that a number of compromises were made to enable the former motor registry to operate as a theatre and that "it is still not anywhere near a purpose built theatre".

2.5 The Committee was initially concerned that money has been allocated to a building which was not purpose designed for a theatre and that the ACT community may be better served by the construction of a small purpose built theatre at another site and the possible sale of the asset. The Committee notes however that land in that particular location is only used as carparks and therefore the return from the sale of the land at this stage is unlikely to be high. Accordingly the Committee does not oppose the expenditure outlined in the works program.

2.6 The Committee did not receive a list of other cultural works which may be included in future programs and therefore must accept assurances that of all the arts programs, Gorman House and Tau qualify for the highest priority because of the essential works required relating to health and safety. The Committee considers that those works relating to fire safety should be given the highest priority. The Committee welcomes the establishment of an Assembly select committee on cultural facilities. The report of that committee will be available before the formulation of the 1990-91 Budget which will enable the Assembly to better assess the requirements of this program.

Government Schooling

2.7 The government schooling program consists of 13 items with a total value of \$11.5 million of which \$2.6 million is the estimated expenditure for this financial year. The Committee was particularly interested in 3 aspects of this program namely:

- the construction of a gymnasium at Alfred Deakin High School, which is conditional on the receipt of funds from the disposal of surplus schools;
- forward planning by the ACT Schools Authority to absorb displaced students from the non-government schools systems; and
- the establishment of a new primary school in the developing suburb of Theodore.

2.8 At the time the Woden Valley and Deakin High Schools were amalgamated a commitment was given that the Deakin High School would be provided with a purpose built gymnasium. The present facility is a multi purpose hall which is unsuitable for use as gym. The Committee notes that the construction of the gymnasium is conditional on the receipt of funds from the disposal of surplus schools. Officers from the Department of Education advised that the gymnasium is required and should be built but could not explain why its construction was conditional on the sale of surplus schools.

2.9 It is the Committee's view that if a need for a particular work has been identified this should not be conditional on the sale of particular assets. The Committee has no objection to the revenue from the sale of assets being directed to the capital works program. However the receipts of the sale of assets should be directed to the works program as a whole and not tied to a particular project. It is illogical that a particular high priority work may not proceed because of this condition while lower priority works in other programs will remain unaffected. It is the Committee's view that if there is a short fall in revenue this should be applied across the works program rather than to a particular item. Accordingly the Committee recommends that:

- the Government review the decision that individual capital works items be conditional on the sale of assets, and
- should a short fall in revenue occur the works program as a whole be reviewed to ensure that high priority works are not deferred in preference to works of a lower priority.

2.10 The second matter of concern was the ability of the government school system to absorb displaced students from the closure of non-government schools. The Committee notes that St. Peter Chanel's School is likely to close and should these students enrol at Yarralumla Primary three class rooms would be required to absorb these students. The Committee also notes that there is some discussion about the closure of further schools over the next few years.

2.11 The Department of Education advised that it had done no funding projections relating to the need to absorb additional students. The Committee is unaware of any discussion which the Department has had with the Catholic Education Office to enable reasonable projections to be made to ensure that the government school sector is able to cope with any increased demand. Substantial increased demand may have significant effects on the schools works program. Accordingly the Committee recommends that:

when the Budget is presented the Government provide details of:

- **predicted enrolment in the government schools systems in the event of non-government school closures, and**
- **implications of these potential enrolments for the new works program.**

2.12 The final matter examined relating to the schools program is the construction of a new primary and pre-school at Theodore. The school is designed to meet the projected enrolment in the developing suburb and is proposed to house 360 students. At present students from Theodore attend the Calwell Primary School. Theodore Primary School is planned to open January 1991 with a projected enrolment of 220.

2.13 The Committee questioned the Department on the need for funding in this Budget of the new primary school given the existence of Calwell Primary School and what appears to be a slow down in the population growth in this and other suburbs. The ACT Schools Authority advised that it has reviewed its planning and as a result only one school had been built at Calwell where there were originally planned to be two.

2.14 Despite the down turn in housing the Department advised that on the basis of revised predictions by the Office of Industry and Development, even if the Theodore students were bussed to Calwell they would need to be relocated in the next few years.

2.15 While the Committee considers that the population growth of Theodore may be optimistic it notes assurances that a school at Theodore will be required by 1991. The Committee does not necessarily accept these assurances. Accordingly it recommends that:

when the Budget is presented the Government provide population projections in line with decreased dwelling occupancy rates.

Technical and Further Education

2.16 The total value of this program is \$16.2 million. Estimated expenditure for 1989-90 is \$6 million.

2.17 The Committee notes that the development of a carpark at the Watson Campus is conditional on the receipt of funds from the disposal of surplus schools. The Committee in a previous paragraph advised that it considers that no individual item should be tied to the sale of assets.

2.18 The former Woden Valley High School will be taken over by TAFE to replace the unsuitable campus at Callum Street. The witnesses from TAFE were unable to advise of the future use for the vacant Callum Street property. The Committee will discuss property management in the ACT in the later section of the report.

Land

2.19 An aspect of the Committee examination was the provision of infrastructure for the privately developed suburb of Gordon. The particular work is described in the Initial Statement as Gordon – distributor road through Gordon South connecting to Tharwa Drive \$2 million.

2.20 The Committee notes that the amount received for the sale of the Gordon land amounted to \$2.85 million which on the evidence of Departmental officials appeared to just cover the cost to the Government for the provision of infrastructure. The Administration advised that the land was sold at market value. Witnesses from the Master Builders' Construction and Housing Association believed that the price paid for Gordon was actually higher than was in the best interests of the consumer.

2.21 The Minister for Industry, Employment and Education in a press release stated that the road in question would not only service the suburb of Gordon but the whole of South Tuggeranong. Future land sales in Gordon were expected to realise revenue in excess of the cost of the total capital works program. The Committee would agree with the Minister's statement if the road as described in the Initial Statement is the road which has been costed at \$2 million. This does not appear to be the case!

2.22 It is apparent from additional information which the Administration provided to the Committee that additional funds (possibly up to \$3 million) will be required to complete the construction of the road. The estimated cost as described in the Budget paper is for a road which at this stage does not connect with Tharwa Drive and it is uncertain whether the sale of the remaining stages of Gordon will meet the cost of the additional construction. The Committee discusses private land development in a later chapter but is concerned that information provided in the Initial Statement may be inaccurate because it conveys the impression of a complete through road. Accordingly the Committee recommends that:

when the Budget is presented the Government provide accurate details of the cost of a road linking with Tharwa Drive, and the estimated revenue from the sale of the remainder of the land in Gordon.

Forward Design

2.23 This program funds the design and documentation of major and or urgent projects and the estimated cost is \$5 million of which \$2.5 million is the estimated expenditure for 1989-90. The Committee does not question the need for this item but recommends that:

where national requirements are evident at the design stage of a project this be fully documented and costs be attributed to the national component.

Community Services and Health

2.24 The 11 items listed in this program are estimated to cost \$9.8 million of which the estimated expenditure for 1989-90 is \$2.6 million. There were 3 aspects which were of particular interest to the Committee namely:

various works at Royal Canberra Hospital, nurse education building at the CCAE, and Parliamentary Zone child care facility.

2.25 The Committee was particularly concerned about the commitment of nearly \$2.4 million on Canberra Hospital given the uncertainty concerning the hospital's future. The recommendations of the ACT Public Hospital Redevelopment Steering Committee does little to clarify its future.

2.26 Witnesses from the Department of Community Services and Health advised that the works are required regardless of the future of Royal Canberra Hospital. Even if the Hospital was to be phased out it would still be needed for a period of years. The Committee notes assurances that the works are to maintain the Hospital as a functioning unit, that the upgrading of pathology is essential and the equipment is designed so that most can be moved should the Hospital close.

2.27 While the Committee accepts that the expenditure on the Hospital is essential it believes that pending a Government decision relating to Canberra's future hospital system decisions relating to expenditure on capital works should be re-examined to take account of the findings of the Hospital Redevelopment Committee. Accordingly the Committee recommends that:

when the Budget is presented the Government outline the implications for the proposed new works program of the report of the ACT Public Hospital Redevelopment Steering Committee.

2.28 The second matter relates to the nurse education building at the CCAE which is to be built at a cost of \$4.4 million. The nurse education building will be built on Commonwealth land. The Committee was advised that as part of a Commonwealth – State agreement basic nursing training will move from hospitals to CAEs throughout Australia and as part of that agreement the states would meet the capital costs. The existing facilities at Calvary Hospital do not meet the Commonwealth requirements under the nurse education program. Because of this lack of compliance the Federal Government withheld its 25 percent contributions to recurrent costs of nurse training.

2.29 The Committee accepts the proposal as outlined but is critical of the fact that the total cost is born by the ACT community when the training centre is likely to serve both local and regional needs in terms of providing training for non ACT residents and providing trained nurses for non-ACT hospitals. If this is the case the Committee believes the Commonwealth or State Governments should contribute to the capital costs. The Committee recommends that:

when the Budget is presented the Government provide details relating to:

- the ownership of the nurse education building,**
- projected enrolments of non-ACT residents, and**
- the proportion of graduates who will be employed outside the ACT.**

2.30 The third area of concern relates to the establishment of a Parliamentary Zone child care facility. This community based facility will provide full day care for 40 children and will be located adjacent to the provisional Parliament House. The Committee's concern is that while it will serve ACT residents it is likely that persons using the facility will be Commonwealth employees. The Committee was concerned that the establishment of a child care facility in this area may not have taken full account of needs in other areas of the ACT.

2.31 Officers of the ACT Administration advised the Committee that in each State/Territory, there is a Children's Services Planning Committee that makes recommendations to the Federal Minister for Community Services and Health on the need for Child Care facilities in each State/Territory and the eligibility for Commonwealth Assistance under the Commonwealth Children's Services Program (CSP). The Committee comprises representatives from organisations that cover service providers, service users, special needs groups and government officers responsible for, or concerned with children's services.

2.32 In October 1987 that Committee recommended to the Federal Minister for Community Services (now Community Services and Health) that the highest priority area for the establishment of a work related long day care facility in the ACT was in the Parliamentary Zone. Recommendations of the Committee are based on analysis and interpretation of statistical surveys, Australian Bureau of Statistics data and also the advice and local knowledge provided by various community organisations.

2.33 The Administration advised that consideration was also given to utilising part of the Provisional Parliament House but this was found not to be cost effective. No comparative figures were provided.

2.34 The Committee notes that in an answer to a question the Chief Minister stated that work-based childcare facilities are a cost to the employer. In this case the Commonwealth is the employer. The Committee wonders if the decision not to use existing Commonwealth buildings was to avoid the facility being classified as "work-based".

2.35 The Committee is not totally satisfied with the explanations provided by the Administration and therefore recommends that:

when the Budget is presented the Government provide

- **the detailed analysis which indicated that the budget priority area for the establishment of a work related long day care facility in the ACT was in the Parliamentary Zone,**
- **details of the costs of converting existing buildings such as the Parliamentary Annex, and**
- **a detailed statement as to why the costs of the child care facility are to be met by the ACT community.**

Transport and Works

2.36 By far the largest program is Transport and Works with a total estimated cost of \$36.3 million of which \$7.5 million is estimated to be spent in 1989-90.

2.37 The City Manager advised that many of the projects for this and future financial years "has been driven by past occurrences although there are many which are the result of decisions made by this government".

2.38 The Committee was particularly interested in four aspects of this program, namely:

- . the Eastern Parkway,
- . proposed intersection improvements, Monaro Highway/Isabella Drive,
- . the level of funding for items listed as minor works, intersection improvements, and upgrading resurfacing, and
- . guidelines established to categorise items as either recurrent or capital expenditure.

2.39 The most expensive item in all the programs is the Eastern Parkway at a cost of \$10 million. The Parkway will extend from Gilmore to Duntroon and include a bridge over the Molonglo River which will connect into Morshead Drive. The Committee is concerned about an expenditure of \$10 million, without there being a resolution of the further staged developments. The Committee expects that the crossing of the Molonglo will prove adaptable to the various options for the continuation of the road north of the Molonglo. The Committee will investigate this matter further.

2.40 The Administration advised that the present Monaro Highway/Isabella Drive intersection has significant capacity and safety problems. The intersection improvements are required to provide for both Monaro Highway through traffic and entry of commuter traffic into and out of Isabella Drive. The Committee conducted inspections of the intersection and discussed with officers of the Office of City Management the reasons for a roundabout rather than a fly-over. The cost of the roundabout is \$2.5 million while the cost of a fly over would be in the order of \$8 million. The officers advised the Committee that roundabouts do work and cited a similar example on the Barton Highway where the redesigned roundabout had significantly reduced deaths, injury and property damage. The Committee notes the explanations by the Office of City Management but reaches no conclusions about its safety. The Committee however recommends that:

the Minister request a review of the decision relating to the intersection of the Monaro Highway and Isabella Drive to ensure that safety aspects are fully considered.

2.41 The Committee notes the many millions of dollars which have been allocated to maintenance, minor works and upgrading. These works are not well explained in the Budget documents and appear to be high. The Committee is concerned that these funds could be used by agencies as "holding funds" and used to finance discretionary expenditure for which the Assembly has given no specific approval. Accordingly the Committee recommends that:

- . **when the Budget is presented the Government provide details of**
 - **actual expenditure on those items in 1988-89 which could broadly be classified as maintenance and upgrading, and**
 - **estimated expenditure on these items in 1989-90.**

2.42 Another area of concern is the manner in which works are allocated to either recurrent or capital categories. There are a number of items such as upgrading street lighting, resurfacing and upgrading pedestrian areas that while the total allocation is many millions of dollars the cost of individual items may be more properly categorised as recurrent expenditure. The ACT Treasury advised that the Government currently follows the Commonwealth practice of classifying expenditure between recurrent and capital. The Commonwealth Department of Finance adopts the Australian Bureau of Statistics classification manual for the purpose of classifying expenditure. In practice this means capital expenditure is generally defined as expenditure which results in the creation of fixed assets or the acquisition of land, buildings or plant and equipment.

2.43 For administrative purposes and for consistency with Commonwealth Grants Commission methodology the ACT Government also classifies individual items of plant and equipment and minor works under \$50,000 as recurrent expenditure. The Committee concludes that the methodology adopted by the Commonwealth may be appropriate for the Territory but believes that the allocation of works to recurrent or capital expenditure be carefully monitored.

Natural and Cultural Resources

2.44 The total estimated cost of this program is \$10.4 million with estimated expenditure for 1989-90 of \$2.6 million.

2.45 Officers of the Administration advised that the ACT Government is undertaking the management and maintenance of a range of parks and reserves and open space in National areas on behalf of the Commonwealth. Specific areas include open space in and around the Parliamentary Triangle and parts of the Canberra Nature Park. These services are provided to Commonwealth on a full cost recovery basis.

2.46 The Department of the Arts, Sport, the Environment and Tourism and Territories (DASETT) reimburses the ACT in accordance with agreed annual estimates of work to be undertaken. Estimated expenditure by DASETT on these services in 1989-90 is \$4.8 million. State-type and local government reserves, parkland and open space are the financial responsibility of the ACT Government. The Nature Park incorporating the hill tops and ridges around Canberra are designated area in the NCPA'S draft policy plan. The management and financial responsibility must be reviewed and the responsibility of the Territory and Commonwealth Governments clarified. If these areas are a planning responsibility of the Commonwealth it is the Committee's view that the Commonwealth must meet the costs of management of these areas.

2.47 The Committee notes that 40% of the area of the ACT is parks and reserves and these areas generate no revenue but represent a significant cost. Some of these areas are of considerable nature conservation and scientific value and must be managed in accordance with this status. Evidence given to the House of Representatives Standing Committee on Environment and Conservation in 1986 indicated that a number of people were concerned that with self government resources may not be available to properly manage the ACT national parks system. That Committee recommended that the Territory and Commonwealth authorities consult to identify all the areas where the Territory can obtain assistance under the various programs administered by the Commonwealth for nature conservation. The Committee recognises that with self government the Territory must take responsibility for the management of its natural areas but believes that city management aspects may take priority. Accordingly it recommends that:

when the Budget is presented the Government provide details of the approaches made to the Commonwealth to seek assistance to ensure proper management of ACT parks and reserves.

Public Transport

2.48 The Public Transport program is estimated to cost \$1.8 million with an estimated expenditure in 1989-90 of \$741000. The Committee was unable to examine this program in the time available.

Urban Fire Services

2.49 Urban Fire Services are estimated \$1.7 million of which \$448000 is estimated to be spent in the current financial year.

2.50 The major item in this program is the construction of a new fire station at Greenway. A number of Members were concerned that this station was given a higher priority than a station to service inner South Canberra. It is the Committee's understanding that the fire cover standard for the ACT is an eight minute response time. The Administration advised that at present 11,500 people in the Yarralumla and adjacent suburbs (including Government House, the Diplomatic area and large school populations) are outside the eight minute response time while in the Greenway area the figure is 24,500. On these figures it is obvious that the Greenway fire station must have a high priority. The Committee notes however that property and lives in the Yarralumla and adjacent suburbs are placed at a potentially higher risk than other areas of the ACT because they are outside the fire services minimum response standards. Accordingly the Committee recommends that:

- **the new capital works program be reviewed to enable the gap in fire protection coverage between areas of Canberra to be remedied as quickly as possible.**

3. LAND SERVICING AND PROPERTY MANAGEMENT

Private Land Development

3.1 During the formulation of the Federal Budget in 1987 the Commonwealth Government decided to privatise land development activities in the ACT. This decision was taken in the context of an assessment by Government that the then existing stock of serviced residential land held by the Government exceeded anticipated requirements for the 1988-89 financial year. Accordingly, only minimal funds were provided to the National Capital Development Commission for new residential land servicing activity.

3.2 In response to this policy directive arrangements were implemented whereby land releases were made to the private sector, obviating the need for further budget appropriations for land servicing.

3.3 The Master Builders' Construction and Housing Association of the ACT (CHA) advised that the major advantage of private sector involvement in land development was its ability to respond to demand. The CHA stated that the public system for the delivery of land was so cumbersome that it was unable to respond to changes in demand. The history of land delivery in the ACT was one of dramatic price fluctuations, and fluctuations in availability, from acute shortages, to massive over supply.

3.4 The CHA also advised that land development is only marginally profitable and that it was ineptitude that led to shortages which then led to high prices. CHA considered that any perception that the sale of land could finance government was false. To treat land as a major revenue source would disadvantage the first home buyer. CHA considered that the only way the Government could gain significant revenue was by a dramatic increase in the price of land.

Review of Land Policy

3.5 In its discussion of works relating to South Tuggeranong the Committee notes that the price received for the land only just covers the cost of the proposed Government works. The Committee also notes the explanations of the Administration, the Minister and the building industry that the land was sold at market value and that the development has long been recognised as a marginal financial proposition due to high development costs and low potential returns. The Committee notes that the real infrastructure costs of development at Condor, Banks and Gordon include ongoing and future capital works which warrant further investigation.

3.6 The Committee welcomes the decision of the Government to review the current policy relating to private sector level development and notes that any revised policy should be in place prior to the 1990-91 Budget. The Committee received evidence that the present development policy has enabled most low priced land to be owned by one developer. The CHA advised the Committee that it may be in the best interest of the Government that participation in auctions for undeveloped land should be regulated to ensure that no one party can hold more than say forty per cent of the total land. This will always ensure that at least 3 people would be in the market. The Committee considers this should be investigated as part of the Government's review. The Committee believes that land policy is fundamental to the

well-being of the ACT. The Committee believes that the review should take account of the following principles namely:

- the provision of residential and commercial land to meet demand,
- the provision of affordable residential land for persons on low incomes, and
- optimising revenue without market manipulation.

The Committee also believes that the review should clarify the basis for setting reserve prices.

3.7 The Committee recommends that:

- **when the Budget is presented the Government provide details of its proposed review of land development in the ACT.**

Property Management

3.8 The management of land, building and infrastructure is a matter of interest to the Committee and is directly relevant to the capital works program because of the costs of maintenance and refurbishing its potential as a revenue source, and the potential savings to the works program by the use of surplus buildings for new purposes.

3.9 The Administration advised that when the Government came to office, it was evident that the property management function was undertaken in an un-coordinated manner by a number of separate groups. The former Department of Territories through its Accommodation Services Group, located in the Office of City Management, was responsible for management of the Government's accommodation needs including rental agreements, fit out of offices, security and communications. The Department's Property Management Committee was responsible for management of the Government's real property assets and disposal of surplus assets. Independent Agencies (eg the former Schools and Health Authorities) performed their own property management functions.

3.10 A recent consultancy report confirmed a lack of clear identification of responsibility for the management of the real property assets of the Government and recommended new procedures. The Administration advised that arising from this, consideration is being given to the following structure:

- a high level Strategy Committee to oversight property matters;
- an overall Property Management Unit, including responsibility for day to day management of accommodation matters; and
- the need to integrate individual property decisions into the Government's overall investment strategy.

3.11 The Committee welcomes these developments, but notes that at present there is no inventory of assets which indicates the projected maintenance requirement or the real take over costs of former Commonwealth assets. Nor is the Committee aware of a stated Government policy relating to the sale or use of surplus school sites. The Committee believes that these are aspects which must be addressed.

4. CONCLUSIONS

Budget Information

4.1 Expenditure by the ACT Government on capital works covers about twenty-five per cent of total construction activity in the Territory. The ACT Treasury advised that for every million dollars spent on construction eight to ten jobs are provided directly. In total it is thought that there are 15-20 direct and indirect jobs for each million dollars spent.

4.2 A number of submissions advised that the ACT Government's works program should be examined in conjunction with the total regional program and should be monitored by the ACT Government and wherever possible coordinated on a regional basis.

4.3 The Canberra Association for Regional Development (CARD) and the CHA advised that it was essential that capital works expenditure information be provided on a 3-5 year program to enable proper forward planning and should be programmed in a manner to avoid "peaks" and "troughs". Submissions also expressed concern that there was no indication of the commencement time for the new works proposed for 1989-90. The Committee believes that this information should be made available together with details of a 3-5 year program.

4.4 The Committee also notes that a number of submissions commented that the detail provided in the Initial Statement was insufficient to enable proper assessment to be made of the works. The Chief Minister provided more detailed information on each of the items which the Committee found useful. This information should be made generally available with future Budget papers.

Commonwealth Responsibilities

4.5 The Committee notes that there are a number of items in the new works program which are directly related to past Commonwealth decisions. In the program there are works of at least \$4 million for the removal of asbestos. As CARD asserted, the decision on asbestos use was made by the Commonwealth but the cost of removal is a Territory responsibility. The Committee believes that the Commonwealth must assist in these costs. Accordingly the Committee recommends that:

the Government review the new works program to identify those items which are a cost directly related to Commonwealth decisions and seek financial assistance.

Future Assessments

4.6 In the short time available the Committee was unable to undertake a detailed examination of the works program. It considers that if the program was made available in May a more valuable contribution could have been made. The Committee recommends that:

details of the new works program be made available to the Committee in May each year.

4.7 As noted earlier the Committee was unable to undertake the detailed examination of major works similar to State and Commonwealth public works committees. The procedures followed by those committees are:

- . works over a certain value are referred by the Minister,
- . a detailed outline of the project is provided,
- . submissions are called for and public hearings are held, and
- . a report is presented to Parliament.

4.8 It is the Committee's view that these procedures should be adopted in the Assembly for high cost works and works of a controversial nature. Accordingly it recommends that:

- . **the Government in consultation with the Committee develop procedures to enable the detailed examination of particular capital works.**

**BERNARD COLLAERY
CHAIRMAN**

AUGUST 1989

APENDIX 1

LIST OF WITNESSES

Barton, D R	Executive Director, Hospital Services Department of Community Services and Health
Bone, K L	Senior Advisor, Transport Policy Office of City Management
Brimson, T	Manager of Traffic Office of City Management
Bryson, R I	Executive Officer, Parks and Conservation Office of City Management
Chapman, C D	Project Officer Office of City Management
Chivers, P	Acting Executive Director, Community Development Branch Department of Community Services and Health
Cook, R M	Manager, ACT Arts Bureau
Crowe, M	Chief Executive, Housing Industry Association
Dockrill, B G	Director, Transport and Works Office of City Management
Gniel, D J	Director, Capital Programs ACT Treasury
Fitzgerald, M	Division Manager, Housing Industry Association
Fraser, G J	Director, Parks and Conservation Office of City Management
Hayter, J N	General Manager, Infrastructure Division Office of City Management

Hughes, P L	Acting Director, Pathology Department of Community Services and Health
Johnman, J I	Acting Assistant Under Treasurer ACT Treasury
Kenworthy, J F Association	Project Manager, Master Builders Construction and Housing
Madden, Dr R	Under Treasurer ACT Treasury
Osborne, L	Director, Land Development Branch Office of Industry and Development
Pearson, D D	Associate Director Institute of TAFE
Sexton, M	Acting Senior Chief Executive Department of Community Service and Health
Sadler, R P	Assistant Chief Education Officer Department of Education
Sommer, H E	Land Development Branch Office of Industry and Development
Sullivan, M	Acting General Manager Urban Services Office of City Management
Turner, J A	City Manager, Office of City Management
Webb, L M	First Assistant Secretary, Social Policy Chief Ministers Department
Williams, G F	Executive Director, Master Builders Construction and Housing Association
Wilson, M F	Principal Executive Officer Department of Education
Winnel, B	Chairman Housing Council Master Builders Construction and Housing Association