LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-12

QUESTION ON NOTICE (E11-001)

BRENDAN SMYTH: To ask the Treasurer:

In relation to an article in the *Canberra Times* of 4 May 2011 headed: Strong growth tipped to continue:

You are quoted as saying: "Only about two years ago, the Commonwealth share of the ACT budget was about 47 per cent, it is now 39 per cent. so that just shows, in a sense, we are being asked to stand on our own two feet and we are having to do just that".

1. What do you mean by your comment: "[the Territory is] being asked to stand on its own two feet"?

2. What are the implications that arise from this comment for the Territory?

Brendan Smyth

TREASURER: The answer to the Member's question is as follows:

1. The comment means the ACT is becoming more reliant on revenue from own-sources, due to revenue from the Commonwealth Government reducing.

2. In the past Commonwealth Government revenue has generally accounted for over 40 per cent of total revenue in the ACT. With this level of support from the Commonwealth Government diminishing, the ACT must rely greatly on own-source revenue, or look at expenditure reduction strategies to ensure that the delivery of essential services to the community is maintained.

Approved for circulation to the Standing Committee on Estimates 2011-2012
Signature: K. Gallagher   Date: 6.6.11
By the Treasurer, Katy Gallagher MLA

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-12

QUESTION ON NOTICE (E11-002)

BRENDAN SMYTH: To ask the Treasurer:

Reference: Treasury, Treasurer's Advance

1. What applications for additional funding from the Treasurer's Advance have been sought for the 2010-11 financial year.
2. What is the aggregate of funding which has been sought from the Treasurer's Advance.
3. What is the aggregate of funding which has been approved for payment from the Treasurer's Advance.

Brendan Smyth

TREASURER: The answer to the Member's question is as follows:

1. In addition to the Treasurer's Advances which have been approved at details tabled in the Assembly, the following applications for additional funding have been received and in-principle agreement has been provided for. Final approval of these Advances will depend on Agency costs needs at the end of the financial year:
    a. CCMD – Project team for the equal remuneration case for the Social and Community Sector with the Fair Work Australia Tribunal;
    b. CCMD - Additional resources to the Office for Industrial Relations to undertake work on the next round of enterprise bargaining negotiations which commenced in December 2010;
    c. CCMD – For the independent review of the operational and structural arrangements of the ACT Public Sector;
    d. CCMD- Support for the 2011 Australian Running Festival.
    e. Health - 2010 Enterprise Agreement Sign-on Bonus;
    f. ACTPLA – For additional costs associated with the improvements to the ICT system used to administer and track Change of Use Charge applications and payments;
    g. TAMS - Additional mowing services undertaken to meet the standards for public safety, access and amenity; and

2. The additional funding sought from the Treasurer's Advance is $4.874 million.

3. The total approved payments from the Treasurer's Advance to date is $0.370 million.

Approved for circulation to the Standing Committee on Estimates 2011-2012	
Signature: K. Gallagher	Date: 9.6.10
By the Treasurer, Katy Gallagher MLA	

Estimates QoN No. E11-003

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

RECEIVED
31 MAY 2011
ACT LA
COMMITTEE OFFICE

ANSWER TO QUESTION ON NOTICE

BRENDAN SMYTH: To ask the Minister for Territory and Municipal Services:

Reference: Treasury, BP3, p 130

1. What is the estimated cost of the project to duplicate the Monaro Highway over Canberra Avenue.
2. How much of the funding for the Upgrade of Airport Roads project was transferred to the Monaro Highway project.
3. Why was the Upgrade of Airport Roads project listed in the September quarter 2010 capital works report with a value of $30 million but it was listed in the December quarter 2010 capital works report with a value of 0.
4. What work in the Upgrade to Airport Roads project was undertaken for $5.8 million.
5. What work on the Upgrade to Airport Roads remains to be undertaken and when will this work be completed.
6. How is it possible to transfer $30 million, which was allocated to the Upgrade to Airport Roads to three other projects (refer: December quarter 2010 capital works report, Attachment C), when at least $5.8 million of the $30 million has already been expended.

SIMON CORBELL: The answer to the Member's question is as follows:–

1. $18.5 million.
2. $18.5 million.
3. The project was put on hold pending negotiations between the Federal/ACT Governments in relation to the transfer of funds to the Monaro Highway upgrade and other projects.
4. Works on road pavement works on Majura Road; Pialligo and Fairbairn Avenues.

PLEASE NOTE
1: Answers to questions on notice must be lodged electronically and in hard copy with the Committee Office within **5 working days** of receipt of the question.
2: Where an answer provides a referral to sources of information in published documents, the answer should include the exact name of the document, the author and agency publishing the document, the specific page numbers and an electronic link to the document.

E11-003

5. Works on Morshead Drive; Pialligo Avenue and Sutton Road remain to be undertaken and these works will be completed by 2013.
6. The scope of work to be delivered for the $30.0 million was re-negotiated with the Federal Government.

Approved for circulation to the Standing Committee on Estimates 2011-2012	
Signature:	30.5.11 Date:
By the Minister for Territory and Municipal Services, Mr Simon Corbell MLA	

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-12

QUESTION ON NOTICE (E11-004)

BRENDAN SMYTH: To ask the Treasurer:

Reference: Treasury, BP3, p 10; BP4, 145

1. How does the sequence of deficits, which have been budgeted for by the ACT Government since 2002-03, accord with the Objective of achieving a budget operating surplus?

2. What is the interpretation of 'temporary' in the phrase 'temporary deficits only occur if they are offset by surpluses at other times.'?

Brendan Smyth

TREASURER: The answer to the Member's question is as follows:

1. From 2002-03 to 2005-06, under Australian Accounting Standards, the Operating Result was utilised as the Key Measure for reporting against the financial performance.

   During this period, the Government's Objective was to maintain a balanced budget over the economic cycle. This was achieved in each Budget year, as detailed below.

	Budget $m	**Fwd Est 1 $m**	**Fwd Est 2 $m**	**Fwd Est. 3 $m**	**4 Year Aggregate Estimate**
2002-03 Budget Operating Result	6	-21	13	23	**21**
2003-04 Budget Operating Result	-8	2	11	26	**31**
2004-05 Budget Operating Result	8	-26	7	53	**42**
2005-06 Budget Operating Result	-91.5	0.9	39.3	73.3	**22**

From 2006-07, the Government adopted the Government Finance Statistics (GFS) as the basis of its presentation of budgets, consistent with the other Australian Governments.

	Budget $m	Fwd Est 1 $m	Fwd Est 2 $m	Fwd Est. 3 $m	4 Year Aggregate Estimate
2006-07 Budget Headline Net Operating Balance	-80.3	-40.7	18.3	67.7	**-35**
2007-08 Budget Headline Net Operating Balance	103.0	51.6	64.3	101.5	**320.4**
2008-09 Budget Headline Net Operating Balance	84.9	71.2	53.7	33.7	**243.5**
2009-10 Budget Headline Net Operating Balance	-82.2	-112.4	-164.9	-152.2	**-511.7**
2010-11 Budget Headline Net Operating Balance	-83.9	-135.8	-95.5	-50.3	**-365.5**
2011-12 Budget Headline Net Operating Balance	-36.9	-23.9	1.6	56.6	**-2.6**

In line with principles of responsible financial management under Section 11 of the *Financial Management Act 1996* – any departure from the principles must be temporary. The Treasurer must present to the Legislative Assembly, when the first Appropriation Bill for the financial year is present, a statement setting out:

a. the reasons for the departure; and
b. the approach intended to be taken to return the principles; and
c. when the principles are expected to be returned to.

The Member should note the Government has developed and adopted a plan to return the budget to surplus consistent with these requirements, as follows.

2006-07 Budget Plan

In the 2006-07 Budget, the Government undertook the S*trategic and Functional Review of the ACT Public Sector and Service*s, which delivered significant improvements in efficiency of services.

The reforms are detailed in the 2006-07 Budget Papers as well as the Supplementary Budget Paper '*For the Future'*.

2009-10 to 2011-12 Budget Plan

In the 2009-10 Budget, the Government developed its Budget Plan in response to the impact of the global financial crisis on the Territory's finances. The objective of the Budget Plan was to return the budget to surplus over a longer time frame, with flexibility to respond to changing circumstances.

The 2009-10 Budget Plan foreshadowed savings commencing in 2010-11 to return the Budget to surplus in 2015-16. In the 2010-11 Budget, this target was advanced by two years to 2013-14. The target is met in the 2011-12 Budget.

The Budget Plan and its updates have been provided in the annual Budget Papers since the 2009-10 Budget.

2. The word temporary means non-continuing. Budget deficits are not to occur indefinitely, in line with the Fiscal Strategy of Government.

Approved for circulation to the Standing Committee on Estimates 2011-2012	
Signature: K. Gallagher	Date: 9.6.11
By the Treasurer, Katy Gallagher MLA	

Estimates QoN No. E11-005

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION ON NOTICE

RECEIVED 29 JUN 2011 ACT LA COMMITTEE OFFICE

BRENDAN SMYTH: To ask the Treasurer

Reference: Treasury, BP3, p 35; Federal Budget Paper BP3, 107-108

In relation to: GST revenue sharing relativities

1. What is the basis for the analysis, by the Commonwealth Government, that the relativities which will determine the ACT's share of GST revenues are projected to fall to 1.10956 in 2012-13, to 1.05197 in 2013-14 and to 1.05077 in 2014-15?
2. What is the response of the ACT Government to these further reductions in the ACT's revenue sharing relativities?
3. What action is the ACT Government taking to ensure that this further reduction in the ACT's relativities is not realised?
4. How does this analysis by the Commonwealth accord with any analysis which has been made by the ACT Government of these relativities?

TREASURER: The answer to the Member's question is as follows:–

1. The Commonwealth Budget papers state that the Commonwealth's projections of GST relativities for 2012-13 to 2014-15 assume that the States' fiscal capacities will be broadly consistent with the Commonwealth Grants Commission's assessment of their relative fiscal assessed differences in 2007-08, 2008-09, and 2009-10.

   The projections include adjustments to account for estimated changes in the size of the GST pool, State population shares and the distribution of the National Specific Purpose Payments.

PLEASE NOTE

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2: Where an answer provides a referral to sources of information in published documents, the answer should include the exact name of the document, the author and agency publishing the document, the specific page numbers and an electronic link to the document.

2. The ACT considers the Commonwealth Treasury GST relativity forecasts to not be fit for the purposes of forecasting the Territory's GST revenue, as the method relies on a static model, that does ***not*** adjust for key influences driving the Commonwealth Grants Commission's annual Update results.

   Consequently, the ACT holds the recommended relativity constant across the forward years.

3. The ACT actively participates in the reviews of revenue sharing relativities which are conducted approximately every five years. These reviews set the methodology to be applied in annual updates in between the reviews. In this sense, annual updates tend to be mostly formulaic.

   Where the ACT does have some influence, it will present the Territory's case through the normal processes. That is, the ACT's position on issues regarding assessment methods; changes in Commonwealth-State relations; and the like is detailed in its annual New Issues Submission to the Commonwealth Grants Commission which feeds into the pertinent *Update Report on GST Revenue Sharing Relativities*.

   The ACT Government has little control over the annual relativity results given that changes in the relative costs States incur in providing services is based on changes in social, economic and demographic structures, and changes in the relative capacity of States to raise their own revenue is largely due to changes in global, national and local economic circumstances.

   The Territory's reduction in its 2011 Update relativity was the consequence of circumstances it did not have control over, such as:

   - a relative decline in housing market activity in most States resulting in the ACT having a relative increase in capacity to raise stamp duties on conveyancing which was the single largest driver leading to a reduced share of GST funding; and
   - an increase in average State spending on Indigenous people, which when combined with the ACT's below average Indigenous population, negatively affected the ACT's relativity.

5. Commonwealth Treasury first began publishing GST relativities in the 2009-10 Federal Budget and has continued in subsequent budgets.

   The ACT has consistently adopted a long held practice of holding the latest agreed relativity for the Budget year constant across the forward years when estimating GST grants to the Territory.

   No State consistently adopts the Commonwealth's relativity as the basis of their relativity forecasts. States' approaches to forecasting relativities are disparate, with no two jurisdictions adopting the same approach.

   The following table compares Commonwealth Treasury's forecasts of the ACT's relativities with the ACT Treasury's approach.

E11-005

TABLE 1: ACT GST RELATIVITY

	2012-13	2013-14	2014-15
Commonwealth Treasury forecast [a]	1.17525	1.15943	-
Commonwealth Treasury forecast [b]	1.10956	1.05197	1.05077
ACT Treasury	1.11647	1.11647	1.11647

(a) Source: 2010-11 Budget, Budget Paper No. 3, page 119.

(b) Source: 2011-12 Budget, Budget Paper No. 3, page 107.

The Commonwealth analysis does not take account of:

- changes in the distribution of National Partnership Payments - which can be quite volatile;
- changes in the economic circumstances of the States and Territories; and
- relative demographic changes for the States and Territories.

In this light, ACT Treasury does not believe that Commonwealth Treasury's approach to forecasting relativities is useful, and prefers, in the absence of reliable information, to hold the relativity constant.

Approved for circulation to the Standing Committee on Estimates 2011-2012
Signature: K. Gallagher   Date: 28.6.11
By the Treasurer, Katy Gallagher MLA

Estimates QoN No. E11-006

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

RECEIVED
31 MAY 2011
ACT LA
COMMITTEE OFFICE

ANSWER TO QUESTION ON NOTICE

BRENDAN SMYTH: To ask the Minister for Territory and Municipal Services:

Reference: Treasury, BP3, p 130

1. What was the final cost of the London Circuit and Northbourne Avenue Pavement Rehabilitation project.
2. Was this project completed on time and on budget; if not, why not.
3. Why were parts of the London Circuit pavement redone; was this work undertaken as part of the original contract; if not, why not and what was the cost of this additional work.

SIMON CORBELL : The answer to the Member's question is as follows:–

1. $5 million.
2. Yes the project was completed on time and on budget.
3. Some defects were identified during the 12 month liability period; yes and defect improvement work was completed in March/April 2011.

Approved for circulation to the Standing Committee on Estimates 2011-2012
Signature: 30.5.11 Date:
By the Minister for Territory and Municipal Services, Mr Simon Corbell MLA

PLEASE NOTE

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Estimates QoN No. E11-007

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION ON NOTICE

BRENDAN SMYTH: To ask the Chief Minister:

Reference: Commissioner for Public Administration, *ACT Public Service Workforce Profile 2009-10*:

1. What is the policy of the ACT Government towards creating entry points for young people to join the ACT public service.
2. What categories or types of entry points are there across the ACT public service for young people.
3. If these entry points are intended, at least for some people, to provide the opportunity for young people to commence a career, what encouragement is provided to these people to further their careers.
4. How many apprentices were employed in the ACT public service during 2010-11.
5. What has been the trend in numbers of apprentices employed over the past five years.
6. How many graduates were employed in the ACT public service during 2010-11.
7. What has been the trend in numbers of graduates employed over the past five years.
8. How many trainees were employed in the ACT public service during 2010-11.
9. What has been the trend in numbers of trainees employed over the past five years.
10. Why is there no analysis of the actual number of apprentices, trainees and similar groups in the *ACT Public Service Workforce Profile 2009-10.*

Ms Gallagher : The answer to the Member's question is as follows:–

1. The Government supports entry-level recruitment and to facilitate employment pathways for young people there are commitments in current ACT Public Service enterprise agreements to promote entry-level recruitment, including apprenticeships. Each Directorate is responsible for configuring their workforce to meet current and future business needs consistent with these commitments.

2. Young people can enter the service at any level that they are appropriately qualified and experienced to undertake. The merit selection process ensures that young people (and old) are not discriminated against because of age when applying for jobs. Specifically young people may enter the ACTPS through the Whole of Government Graduate Program, through traineeships, apprenticeships and cadetships. Occupational entry points for nurses, teachers and paramedics also provide opportunities for young people to enter the service.

3. The Attraction and Retention Framework was launched by the Chief Executive of Chief Minister's Department in September 2008. The Framework aims to build the capability and retain ACTPS employees and promote the service to prospective employees. The Attraction and Retention Framework contains three main objectives:

   - Improve capability.
   - Retain employees.
   - Attract new employees.

   Professional development opportunities for future leaders are critical to ensure the ACTPS is a responsive, well managed and effective public service. A series of Whole of Government programs have been available since 2008 to further develop the careers of our future leaders and are complemented by Directorate-specific development initiatives including study assistance.

   Flexible working arrangements in the ACTPS also provide for young persons to continue their careers in the ACTPS while undertaking study and other non-work related pursuits.

4. The publishing of aggregated data on apprentice and trainee numbers was introduced into the Workforce Profile in 2008/09. The aggregated data does not include all occupation-specific entry points. The information is presented as a percentage of total workforce in the Profile (snapshot as at 30th June) and translates to the numbers shown in the table below. Note that 2010/11 number is at 13th April 2011.

5.

	2008/09	**2009/10**	**2010/11**
Trainees & Apprentices	60	61	62

6. Nineteen (19) were employed under the ACTPS Whole of Government Graduate Program. Occupation-specific graduate programs are conducted by individual Directorates.

7. As the ACTPS Whole of Government Graduate Program is centrally administered the following trend data is available.

	2007	**2008**	**2009**	**2010**	**2011**
Graduate No.s	N/A	17	21	17	19

8. The publishing of aggregated data on apprentice and trainee numbers was introduced into the Workforce Profile in 2008/09. The aggregated data does not include all occupation-specific entry points. The information is presented as a percentage of total workforce (snapshot as at 30th June) and translates to the numbers shown in the table below. Note that 2010/11 number is at 13th April 2011.

9.

	2008/09	2009/10	2010/11
Trainees & Apprentices	60	61	62

10. Aggregated data for trainees and apprentices has only been complied in the Work Force Profile since 2008/09. As the data set matures further analysis will be possible.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher

Date: 9.6.11

By the Chief Minister, Katy Gallagher

Estimates QoN No. E11-008

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION ON NOTICE

BRENDAN SMYTH: To ask the Chief Minister:

Reference: Chief Minister, BP4, p 31-32:

1. Why are there four Strategic Objectives and only two Strategic Indicators.
2. Is it possible to specify at least one indicator for each of the Objectives.
3. If it is not possible to specify an indicator for an Objective, how is the achievement of those Objectives.
4. What is the trend in the Strategic Indicator: Retention of employees over a period of five years to 2009-10.
5. What purpose is there in having as an indicator of community engagement an analysis of data from a survey reported on by the Australian Bureau of Statistics in 2006.
6. How is it useful to have an analysis of the proportion of the community 'who feel free/able to have their say on important issues all/some of the time'.

Ms Gallagher : The answer to the Member's question is as follows:–

1. Some Strategic Objectives do not lend themselves to quantitative outcome measurement that is meaningful, relevant, informative and cost efficient. Some central agency functions pose particular challenges. Chief Minister and Cabinet Directorate is continuing to work on what strategic indicators might be usefully applied to the two Strategic Objectives 1 and 2.

2. Strategic Indicators are specified only where they are considered meaningful, relevant, informative and cost efficient. Appropriate indicators are being reviewed for potential inclusion.

3. Achievement may be measured qualitatively, for example, by describing evidence of achievement and/or supporting actions.

4. Employee separation (turnover) refers to the rate at which an employer loses staff from the organisation or service. The table below shows the permanent separation rate in the ACTPS and the APS ongoing employee separation rate from 2006-07 to 2009-10.

Permanent separation rates in the ACTPS and APS

Year	2006-07	2007-08	2008-09	2009-10	Apr10 – Mar 11
ACTPS	15%	12%	6.2%	6.4%	7.1%
APS	7.5%	8.4%	7.0%	n/a	N/a

5. The ABS General Social Survey is undertaken every 4 years and is a relevant, reliable, cost effective and sustainable measure to gauge performance over time. The 2010 Survey has been undertaken and the results are expected to be released later in 2011.

6. The Government is committed to engaging the Canberra community in the development and delivery of government policies, programs, public works and services, and improved satisfaction with community engagement is an identified strategic objective. The indicator, percentage of the community who feel they are able to have their say on important issues all/some of the time, is one measure that can be used when assessing success in meeting this strategic objective.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher Date: 9.6.11

By the Chief Minister, Katy Gallagher

Estimates QoN No. E11/009

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

QUESTION ON NOTICE

VICKI DUNNE MLA: To ask the Treasurer

Ref: ACTEW, BP4, p 423

In relation to: Commonwealth Government Carbon Tax

(1) What is ACTEW's estimate of its carbon emissions for 2010-11?

(2) What assessment has ACTEW made in relation to its future carbon emissions once the major water security projects are commissioned and operational?

(3) What representations or submissions have ACTEW or the ACT Government made to the Commonwealth in relation to ACTEW's carbon emissions in the context of the proposed carbon tax? If none, why?

(4) Does ACTEW intend to seek recovery of carbon taxes in its future water and sewerage pricing submissions to the ICRC?

Treasurer: The answers to the Member's question are as follows:-

(1) The most recent account of carbon emissions for the 2009-10 period indicates that ACTEW's water business incurred almost 60,000 tonnes of carbon dioxide equivalent (T CO2e). The majority of emissions relate to pumping and treatment and are largely imported energy emissions. ACTEW reports its carbon emissions through the *National Greenhouse and Energy Reporting Act 2007*. This report includes emissions associated with ActewAGL. These figures represent Scope 1 and 2 emissions only. An estimate is not yet available for 2010-11.

(2) The ACT Government committed to voluntarily offset greenhouse gas emissions (GHG) associated with the operations of the Water Security Major Projects (WSMP) in October 2007. To address this commitment ACTEW initiated a Greenhouse Gas Abatement Strategy in February 2008 to identify the GHG footprints, undertake cost effective reduction measures and select and implement appropriate GHG offsets. ACTEW has:

- applied an approach to minimise GHG emissions in the design of the WSMP where cost effective (criteria of less than $40 per T CO2e);
- committed to a diversified portfolio approach to GHG abatement options and offset purchases;

- committed to pursue GHG offsets that are real, measurable, permanent, additional and independently verifiable;
- gained ACTEW Board approval to offset construction and operating GHG of the WSMP, subject to the annualised cost being in the order of $1 million to $1.5 million per annum over 30 years;
- tendered for, and subsequently signed, contracts with two commercial suppliers of Carbon Sink Forestry Offsets and progressed the contracts to the point where some trees will be planted this autumn/winter;
- committed to implementing the use of biodiesel in the construction of the Enlarged Cotter Dam and Murrumbidgee to Googong (M2G) Projects where feasible; and
- pursued the implementation of a hydrogenerator as part of the M2G.

These actions essentially mean that the WSMP will be neutral in terms of their impacts on carbon emissions for both construction and operation for the next thirty years.

(3) ACTEW has provided comment to relevant departments on:

- National Greenhouse and Energy Reporting Systems;
- the withdrawal of Greenhouse Friendly Certification;
- the National Carbon Offset Standard; and
- the Carbon Farming Initiative.

No formal consultation framework has been implemented with regard to the Commonwealth's plans for a carbon pricing scheme.

(4) Yes.

Approved for circulation to the Select Committee on Estimates 2011-2012
Signature: K. Gallagher   Date: 14.6.11
By the Treasurer, Ms Katy Gallagher MLA

Estimates QoN No. E11/010

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

QUESTION ON NOTICE

VICKI DUNNE MLA: To ask the Treasurer

Ref: ACTEW, BP4, p 423

In relation to: Commonwealth Superannuation Scheme (CSS)

What is ACTEW's risk of and likely financial exposure to claims by current or former staff who previously were denied access to the CSS?

Treasurer: The answer to the Member's question is as follows:-

As ACTEW is defending the claims the issues are currently the subject of legal proceedings and it is therefore not possible or appropriate to comment on legal issues that are sub judice.

The alleged liability is not admitted by ACTEW and the alleged financial exposure is yet to be quantified by the plaintiffs and assessed by ACTEW. However each claim is being assessed on its individual circumstances.

Approved for circulation to the Select Committee on Estimates 2011-2012
Signature: K. Gallagher   Date: 6. 6. 11
By the Treasurer, Ms Katy Gallagher MLA

Estimates QoN No. E11-011

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

QUESTION ON NOTICE

RECEIVED 20 JUN 2011 ACT LA COMMITTEE OFFICE

VICKI DUNNE MLA: To ask the Treasurer

Ref: ACTEW, BP4, p 423

In relation to: Dividend Policy

Why does the government's dividend policy fail to leave ACTEW with any portion of profits to hold as working capital and to build reserves?

Vicki Dunne MLA
18 May 2011

Treasurer: The answer to the Member's question is as follows:–

The 100% dividend policy, which has been applied to ACTEW since 1997-98, means that all ACTEW's after-tax profits are returned to the Government. ACTEW assesses its liquidity on a regular basis and the Voting Shareholders have the discretion to revise the dividend policy at any stage.

Approved for circulation to the Select Committee on Estimates 2011-2012

Signature: K. Gallagher Date: 19.6.11

By the Treasurer, Ms Katy Gallagher MLA

Estimates QoN No. E11/012

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

QUESTION ON NOTICE

VICKI DUNNE MLA: To ask the Treasurer

Ref: ACTEW, BP4, p 423

In relation to: Financial Statements

(1) What method and rates of depreciation/amortisation will be applied to the cost of the enlarged Cotter Dam and M2G assets once they are completed?

(2) How often will the ECD and M2G assets be revalued and what criteria will be used to assess and calculate the revaluations?

(3) In the process of revaluation of the ECD and M2G assets, will their useful lives and depreciation/amortisation method and rates be re-assessed? If no, why? If yes, what criteria will be used to make those assessments?

(4) What will be total borrowings and annual servicing interest rates and costs for each of the completed ECD and M2G assets?

(5) What are the terms (including but not limited to period, interest rate and loan reviews) of the borrowings for each of the ECD and M2G assets?

Treasurer: The answers to the Member's questions are as follows:

(1) On completion of the Enlarged Cotter Dam (ECD) and Murrumbidgee to Googong (M2G) water security projects, the total final costs incurred for the project that meet accounting standard AASB116 Property, Plant and Equipment will be determined. These costs will be audited by the Auditor General and form the basis of future accounting and tax depreciation levels.

The accounting depreciation for the projects will be based on a straight line depreciation method. The expenditure will be categorised as either civil, mechanical, electrical or instrumentation. Civil expenditure will bring the longest life with 150 years for the dam and 80 years for the pipeline with the other lives ranging from 30 to 60 years. Current estimates indicate that the majority of expenditure will be classified as civil. Considering the size of the project, advice will be sought from the ACTEW ActewAGL (AAA) alliance before determining the actual life to be used. The final depreciation methods will be audited and confirmed by the Auditor General.

Tax Depreciation will be determined in accordance with Income Tax Legislation. ACTEW will apply the diminishing value depreciation method, with the majority of expenditure to be over 100 years for the ECD and 80 years for the pipeline.

(2) ACTEW will undertake an independent valuation of its water and sewerage assets on a depreciated replacement valuation method approximately once every five years. In future this will include the ECD and M2G assets.

Under accounting standard AASB 136, ACTEW is required to assess the current valuation of water and sewerage infrastructure assets on an annual basis. This is achieved through a cash flow forecast of revenue, operational and capital expenditure to determine a value for the water and sewerage assets. This value is compared to the current accounting valuation. If the valuation is lower than the current accounting valuation then an impairment will result leading to a decrease in the current accounting valuation. If the value is higher than the current accounting valuation, after three years ACTEW will look at the materiality of the variance to determine whether a revaluation will proceed.

(3) These will be reviewed as part of the independent valuation process and a condition assessment will be undertaken of major assets.

(4) ACTEW maintains liquidity levels to fund water security and general capital expenditure and the current 100% dividend policy. ACTEW has not undertaken borrowings specifically for the ECD and M2G projects.

ACTEW's budgeted interest charges from 2012-13 will be $82.5m per year.

(5) ACTEW does not differentiate borrowings on a project by project basis. Detail on ACTEW's borrowing program is at page 226 of the 2011-12 Budget Paper No.3.

Approved for circulation to the Select Committee on Estimates 2011-2012 Signature: K Gallagher Date: 9.6.11 By the Treasurer, Ms Katy Gallagher MLA

COPY

Estimates QoN No. E11/013

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

RECEIVED 21 JUL 2011 ACT LA COMMITTEE OFFICE

QUESTION ON NOTICE

VICKI DUNNE MLA: To ask the Treasurer

Ref: ACTEW, BP4, p 424

In relation to: Staffing

What are the roles and employment levels of the staff member added to the staff base in 2010-11 over 2009-10, and the further staff member to be added in 2011-12?

Treasurer: The answers to the Member's question are as follows:-

The 2010-11 estimated outcome and the 2011-12 Budget for staff were calculated at the time of the preparation of the 2011-12 Budget Papers. The numbers represent the most accurate available estimate of resources required, particularly in relation to future workload, and employment levels and duties may fluctuate at relatively short notice. For example, in recent years a number of staff have been recruited to work on the water security major projects.

As year end actual staff numbers can differ from estimates, the specific details of any additional positions are not known until the end of each financial year.

Approved for circulation to the Select Committee on Estimates 2011-2012

Signature: K. Gallagher

Date: 22.6.11

By the Treasurer, Ms Katy Gallagher MLA

Estimates QoN No. E11-014

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

QUESTION ON NOTICE

VICKI DUNNE MLA: To ask the Treasurer

Ref: ACTEW, BP4, p 423

In relation to: Statement of Corporate Intent

(1) Why did ACTEW not update its statement of corporate intent for 2010-11 to 2013-14 before the start of the Estimates hearings for the 2011-12 Budget?

(2) When will the updated statement of corporate intent be available?

Treasurer: The answers to the Member's question are as follows:

(1) There is no requirement for a Territory-owned Corporation to submit a new Statement of Corporate Intent at the time that the Budget is presented to the Legislative Assembly.

(2) In keeping with the requirements of the *Territory-owned Corporations Act 1990,* ACTEW's 2011-12 SCI is scheduled to be finalised by 6 July 2011 and will be tabled in the Legislative Assembly within 15 sitting days of the final document being submitted to the Voting Shareholders.

Approved for circulation to the Select Committee on Estimates 2011-2012

Signature: K. Gallagher Date: 6.6.11

By the Treasurer, Ms Katy Gallagher MLA

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

QUESTION ON NOTICE

VICKI DUNNE MLA: To ask the Treasurer

Ref: ACTEW, BP4, p 423

In relation to: Summer Rain Events

Following the flooding in Queanbeyan during the 2010-11 summer rain events, what assessment has been made of the effectiveness of the new spillway at Googong Dam to mitigate the extent of flooding as it impacts on Queanbeyan?

Treasurer: The answer to the Member's question is as follows:–

Googong Dam was not designed as a flood mitigation dam, but it does have some impact in reducing the level of downstream floods due to the attenuation of the flows from the temporary storage within the reservoir. The ability of Googong Dam to mitigate downstream floods did not change as a result of the work on the spillway. Changes to the Googong Dam spillway were not designed to improve its flood mitigation performance, but to strengthen it against the risk of failure.

The December 2010 flood event would have caused considerably more damage to the spillway had the repair work not been done. This flooding would therefore have increased the cost of the repair work and heightened the need for such repairs.

Approved for circulation to the Select Committee on Estimates 2011-2012

Signature: Katy Gallagher

Date: 6.6.11

By the Treasurer, Ms Katy Gallagher MLA

Estimates QoN No. E11-016

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

QUESTION ON NOTICE

VICKI DUNNE MLA: To ask the Treasurer

Ref: ACTEW, BP4, p 423

In relation to: Tantangara water entitlements

What is the status of negotiations on the purchase of water entitlement for water stored in Tantangara Reservoir, what was the approved budget for the purchase of those rights, what is the current estimated cost and why any difference?

Treasurer: The answers to the Member's question are as follows:–

ACTEW has purchased the water entitlements in NSW which when required will be released from Tantangara Reservoir for use in the ACT. The ACT Government is in the process of developing an Inter Governmental Agreement (IGA) with the NSW Government and ACTEW will be able to finalise its commercial arrangement with Snowy Hydro Limited for the release of the water, once the IGA is completed.

The total capital cost of the project was $33 million, which was within budget.

Approved for circulation to the Select Committee on Estimates 2011-2012

Signature: K. Gallagher

Date: 6.6.11

By the Treasurer, Ms Katy Gallagher MLA

Estimates QoN No. E11-017

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

QUESTION ON NOTICE

VICKI DUNNE MLA: To ask the Treasurer

Ref: ACTEW, BP4, p 423

In relation to: *Think water, act water*

What matters has/will ACTEW put to the government in its submission to the ACT Government's review of *Think water, act water*?

Treasurer: The answer to the Member's question is as follows:–

ACTEW expects to provide input on all matters covered by the review, relevant to ACTEW, when submissions are called for.

Approved for circulation to the Select Committee on Estimates 2011-2012

Signature: K. Gallagher　　Date:

By the Treasurer, Ms Katy Gallagher MLA

Estimates QoN No. E11-018

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

QUESTION ON NOTICE

VICKI DUNNE MLA: To ask the Treasurer

Ref: ACTEW, BP4, p 423

In relation to: Water Restrictions

What is the status of ACTEW's review of the ACT's water restrictions regime, what has been the general tenor of public submissions that ACTEW has received on the subject and when will ACTEW release its review findings and recommendations?

Treasurer: The answers to the Member's question are as follows:–

The review of Permanent Water Conservation Measures ("conservation measures") and Temporary Water Restrictions ("temporary restrictions") is currently underway.

A key component of the review is an extensive consultation process. As the basis for the consultation ACTEW has developed a 'concept scheme' for discussion, review and feedback.

Consultation with the wider Canberra community includes an advertised public consultation period from 15 April 2011 until 10 June 2011 to give people the opportunity to review and comment on the concept scheme through:

- an online survey of a recruited representative group;
- online and hard copy surveys available to all community members;
- eight drop-in sessions at major suburban centres, allowing people to talk one-on-one with ACTEW staff about the concept scheme; and
- contacting ACTEW's Water Conservation Office by phone or email to express their views.

Around 40 people attended the drop-in sessions and around 250 people completed the online survey.

Consultation with 'non-residential' water users has occurred by undertaking nearly 40 workshops with affected customers including significant individual customers and affected industry groups. These sessions have provided customers the opportunity to provide feedback on their experiences during the drought and under temporary restrictions, receive detailed information on concept proposals for their organisation or industry and to provide initial comments on these proposals as well as alternative suggestions. These customers also have the opportunity to make a formal submission to ACTEW by 10 June 2011.

The consultation period does not close until 10 June and the majority of feedback has been received online and is yet to be analysed. As such, it is not possible to comment on what the general tenor has been.

The final report will incorporate a full analysis of the feedback received through the consultation process. It will also include economic and regulatory assessments, plus a revised estimate of the savings likely to be delivered by the new scheme. The final report will be submitted to the ACT Government towards the end of 2011.

Approved for circulation to the Select Committee on Estimates 2011-2012	
Signature: K. Gallagher	Date: 6.6.11
By the Treasurer, Ms Katy Gallagher MLA	

Estimates QoN No. E11/019

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

QUESTION ON NOTICE

RECEIVED 20 JUN 2011 ACT LA COMMITTEE OFFICE

VICKI DUNNE MLA: To ask the Treasurer

Ref: ACTEW, BP4, p 423

In relation to: Water storage capacity

(1) For each of the three decades following commissioning of the ECD and the M2G projects, taking into account population forecasts, how many years worth of water will the ACT's water storage assets hold when full?

(2) What is the estimated useful life of each of the ECD and the M2G pipeline?

(3) Has ACTEW identified opportunities for the sale of water stored in the ACT's water storage assets to surrounding communities in NSW? If yes, what are those opportunities and what is the economic benefit to ACTEW?

(4) How will those opportunities impact on the security and economics of water supply to the Territory?

(5) In light of the capacity that will be created by the major water security projects, what other future water security options has ACTEW identified, what work has been done to assess their viability, and what time frames have been put on them?

Treasurer : The answer to the Member's question is as follows:–

(1) The total storage following commissioning of the ECD will be 281.5 GL. Demand estimates are provided below from 2013 to 2043 at 10 year intervals. These estimates assume high population growth, a step change to 2030 climate and a per capita demand reduction of 25% by 2023 (relative to the levels experienced before water restrictions were introduced in 2002). The full storage capacity has been divided by these demands to calculate how many years worth of water the ACT's water storage assets will hold when full.

Year	Demand (GL/year)	Storage/Demand (Years)
2013	67	4.2
2023	72	3.9
2033	83	3.4
2043	95	3.0

Without the ECD, current storage capacity is equivalent to 3.1 years demand.

It should be noted that this does not mean the current system will only be able to supply water for the reported number of years as:

- The calculation assumes no inflows while history shows that there has never been a year with no inflows, let alone three of four years in a row with no inflows. The minimum dam inflows for four years, 2006 to 2009, is 212 GL; and
- Water is supplied from both storages and river pumping. ACTEW will be extracting water from the Murrumbidgee River at Angle Crossing and the Cotter River, in addition to having the ability to release water from Tantangara Dam, thus reducing the call on water from storage.

(2) Both the ECD and M2G projects are made up of various engineering components such as pipes, concrete, electrical equipment and pumps. For detail on the useful lives of elements of both projects, the Member is referred to part (1) of the response to Question on Notice E11/012.

(3) Cross border supply to places such as Yass and Goulburn has been discussed with relevant councils in the past, however neither is interested at present because of the high cost of the pipelines that would be required.

(4) Not applicable, see (3) above.

(5) ACTEW does not expect a new supply to be needed for at least 20 to 30 years with current weather projections and assuming high population growth. As a result no additional security options have been identified at this stage.

Approved for circulation to the Select Committee on Estimates 2011-2012

Signature: K. Gallagher Date: 19·6·11

By the Treasurer, Ms Katy Gallagher MLA

QToN No. E11-020

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLICE HEARINGS

Asked by The Chair on 16 May 2011 : Treasurer, Katy Gallagher MLA took on notice the following question(s):

Ref: Hansard Transcript 16 May 2011 [PAGE #137]

RECEIVED
27 MAY 2011
ACT LA
COMMITTEE OFFICE

In relation to :

What is the total tax per capita in this budget?

Treasurer, Katy Gallagher MLA: The answer to the Member's question is as follows:–

There are no new taxes in the 2011-12 Budget. Growth in taxation in the budget relates to the normal escalation (at the Consumer Price Index or Wage Price Index as relevant), growth in population and stock (such as dwellings, vehicles etc.), and growth in economic activity (such as transactions in the housing market).

The latest published tax revenue per capita data from the Australian Bureau of Statistics (ABS) indicates that state and local tax revenue per capita in the ACT was $3,175 in 2009-10.[1] Based on forecast taxation revenue in the 2011-12 Budget, and current population estimates, taxation revenue per capita in the ACT is expected to be around $3,483.[2]

Care should, however, be taken in using this measure and the associated figure in assessing taxation level or its impact. This figure represents the total taxation revenue spread over the entire population, including those who do not contribute to taxation revenue such as children, and taxation revenue from sources not paid by everyone such as stamp duty.

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[1] ABS cat. no. 5506

[2] ACT Budget 2011-12 and Chief Ministers Department ACT Population Projections

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PLEASE NOTE

1. Answers to questions taken on notice must be lodged with the Committee Office within **5 working days** of the hearing date, electronically and in hard copy.
2: Where an answer provides a referral to sources of information in published documents, the answer should include the exact name of the document, the author and agency publishing the document, the specific page numbers and an electronic link to the document.

E11-020

In addition to taxation revenue per capita, there are a number of other measures that should be utilised, such as taxation revenue as a proportion of the economy, state tax revenue as a proportion of average disposable income and tax revenue per employed person.

Taxation revenue as a percentage of the economy as measured by Gross State Product was around 4 per cent in the ACT in 2009-10, which was the third lowest in the country and below the average of 4.7 per cent. This measure better represents taxation relative to the size of the economy[3].

Based on ABS data, state and local taxation revenue per employed person in the ACT was around $5,637 in 2009-10, the third lowest in Australia and significantly lower than New South Wales ($6,389), Victoria ($6,109), Western Australia ($6,317) and South Australia ($5,815). This measure more accurately demonstrates the average taxation revenue contributed by individuals currently engaged in employment[4].

Based on the latest ABS data, taxation as a proportion of average disposable income in the ACT in 2009-10 was 5.4 per cent. This was below the national average of 7.2 per cent and the lowest proportion in the country[5].

Approved for circulation to the Standing Committee on Estimates 2011-2012
Signature: K. Gallagher Date: 25.5.11
By the Treasurer, Katy Gallagher MLA

[3] ABS Cat.no. 5506 and ABS cat.no. 5206.0
[4] ABS cat.no. 5506 and ABS cat.no. 6202.0
[5] ABS cat.no. 5506 and ABS cat.no. 5220

Estimates QToN No. 21

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Zed Seselja on 17 May 2011 : Ms Megan Smithies took on notice the following question(s):

[Ref: Hansard Transcript 16 May 2011 PAGE 14-15]

In relation to : Government Office Building Depreciation

MR SESELJA: Yes, I had a couple of supplementaries on this area. But just to quickly clarify the answer to 4, in relation to depreciation. Were your saying, Ms Smithies, that the $19 million in direct projected savings does not take into account depreciation at this stage?

Ms Smithies: That is right, it does not.

MR SESELJA: Okay. So, and when it does, you anticipate that that $19 million would be less or more?

Ms Smithies: Sorry, I do not have the figure for depreciation off the top of my head - the net depreciation. The net depreciation will be a cost to the budget though. So, you will expect to see additional costs once this project is in place and fully operating - additional costs moving forward. But, you know, this is in relation to the fact that, you know, those costs are not in the budget in any case. And should they have been built into the budget this would have been the least cost way of bringing to account those costs, I guess is probably the best way of saying it.

MR SESELJA: So the $19 million will be lessened by depreciation and the $19 million in savings is not in the budget? Is that—

Ms Gallagher: No.

Ms Smithies: Well there is nothing in the budget because it—

Ms Gallagher: Well there is - because it is not really—

MR SESELJA: No, no. I am not talking about this current budget but once - presumably the analysis says, "We are going to build this u-beaut office block and that will save us money." Presumably that is going to then be reflected in the budget bottom line—

Ms Gallagher: Yes. Yes.

MR SESELJA: And the project, at this stage, is $19 million in savings—

Ms Smithies: In comparison to the other options, yes.

MR SESELJA: In comparison to other options but that would be lessened once depreciation is actually factored in.

Ms Smithies: Yes. And this is still the least cost way of going about providing accommodation for this body of people.

MR SESELJA: Okay. But we do not know how much less than $19 million it will be at this point?

Ms Smithies: Yes. I do not have those numbers with me.

MR SESELJA: How much—

THE CHAIR: So, are you taking that on notice?

MS LE COUTEUR: Could we take that on notice?

THE CHAIR: Ms Smithies, are you taking that on notice?

Ms Smithies: Yes.

TREASURER: The answer to the Member's question is as follows:–

1. Depreciation of the Government Office Building is calculated on a straight line basis over a useful life of 40 years (excluding building revaluations) – resulting in annual depreciation of $8.6 million per annum.

   Depreciation of the original building fit-out is calculated on a straight line basis over a useful life of 15 years – resulting in an annual depreciation expense of $5.9 million per annum.

   Over the 25 year project analysis period the average cost of depreciation on the building and fit-out is $10.4 million per year.

   This will be partly offset by decrease of around $4 million per annum in depreciation for currently owned building which will be sold.

   The average amount of all depreciation of the Government Office Accommodation Project including all construction, refurbishment of leased and owned buildings and fit-out works over the 25 year period is $14.6 million.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: Andrew Barr   Date: 9.9.11

By the Treasurer, Mr Andrew Barr MLA

Estimates QToN No. 22 & 24

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLICE HEARINGS

Asked by Zed Seselja on 16 May 2011 : Ms Gallagher took on notice the following question(s):

[Ref: Hansard Transcript 16 May 2011 [PAGE 16]]

In relation to : Rent and Utility Costs

MR SESELJA: Sorry, how much does the ACT government currently pay in rent?

Ms Gallagher: We can get that figure for you.

Ms Smithies: We will get that, yes.

MR SESELJA: Okay.

MR HARGREAVES: Mr Chairman, could I just - sorry, Mr Seselja. Could I just add to Mr Seselja's request for that item on notice? I noticed you asked for the amount of depreciation and what the effect of it is going mean, and I think that is fine. What I was interested in, on notice also, is what - was there ever going to be any mitigating increase in the value of the asset which happens to be on the books as well, by way of mitigation - if that is applicable at all?

Ms Smithies: Yes.

MR HARGREAVES: Thank you.

MR SESELJA: Okay. So if we go back to the question about rent? Is that one taken on notice as well or are we just—

Ms Gallagher: Yes, we will take that. Yes.

MR SESELJA: Okay. And utilities, in terms of its offices?

Ms Gallagher: Whole of government utilities?

MR SESELJA: Yes, indeed.

Ms Gallagher: Yes.

Treasurer: The answer to the Member's question is as follows:–

In the 2009-10 Financial Year – the Government paid around $38 million on Property Rental and Utility Expenses (excluding schools, streetlights, traffic lights, and water relating to sportsgrounds).

This consists of approximately $25 million in rental and $13 million on utilities, including electricity, water and gas (predominately health facilities and CIT).

Approved for circulation to the Standing Committee on Estimates 2011-2012
Signature: Andrew Barr Date: 9.8.11
By the Treasurer, Mr Andrew Barr MLA

Estimates QToN No. 23

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by John Hargreaves on 17 May 2011 : Ms Megan Smithies took on notice the following question(s):

[Ref: Hansard Transcript 16 May 2011 PAGE 15-16]

In relation to : Government Office Building Depreciation

MR HARGREAVES: Mr Chairman, could I just - sorry, Mr Seselja. Could I just add to Mr Seselja's request for that item on notice? I noticed you asked for the amount of depreciation and what the effect of it is going mean, and I think that is fine. What I was interested in, on notice also, is what - was there ever going to be any mitigating increase in the value of the asset which happens to be on the books as well, by way of mitigation - if that is applicable at all?

Ms Smithies: Yes.

MR HARGREAVES: Thank you.

TREASURER: The answer to the Member's question is as follows:–

The Feasibility Analysis undertaken by CBRE indicates that once constructed the building would have an estimated value of around $405 million (excluding the fitout cost of $88 million). The building and fitout would both be included as assets in the Territory's financial statements.

For accounting purposes, depreciation reflects the consumption of capital. The market value of an asset may significantly differ (and be higher) from its depreciated value. The relevant accounting standards require revaluation of assets at regular intervals. The Budget Impact Analysis provided to the Committee does not forecast future revaluations.

Approved for circulation to the Standing Committee on Estimates 2011-2012 Signature: K. Gallagher Date: 9.6.11 By the Treasurer, Ms Katy Gallagher MLA

Estimates QoN No. E11-025

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION ON NOTICE

Mr Seselja: To ask the Treasurer:

[Ref: Hansard Transcript, Monday 16 May 2011, page 154]

In relation to :

1. Regulatory Impact Statements (RISs) – how many RISs did ACT Government agencies prepare in the last financial year?

Treasurer : The answer to the Member's question is as follows:–

1. Treasury records list 20 RISs prepared in 2009-10 by ACT Government agencies.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K Gallagher Date: 6 6 · 11

By the Treasurer, Katy Gallagher MLA

PLEASE NOTE

1: Answers to questions on notice must be lodged electronically and in hard copy with the Committee Office within **5 working days** of receipt of the question.

2: Where an answer provides a referral to sources of information in published documents, the answer should include the exact name of the document, the author and agency publishing the document, the specific page numbers and an electronic link to the document.

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

RECEIVED
7 JUN 2011
ACT LA
COMMITTEE OFFICE

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLICE HEARINGS

Asked by Mr Seselja on 16 May 2011: Mr Ahmed took on notice the following question(s):

[Ref: Hansard Transcript 16 May 2011, page 161]

In relation to :

MR SESELJA: If it is the case that residential was the real problem, and that was not being properly valued—and you have said in an earlier answer that it is now about $10,000 per unit this year, although you acknowledge that some of that was brought from the previous financial year—then, if we are getting towards a reasonable value under rectification, how does that compare to a $50,000 eventual tax? If rectification brought us the correct values, how do we go from $10,000 or maybe $12,000 per unit to $50,000? Could you explain that disparity to me? If rectification was about saying, "These are the true values," and codification was to give some certainty to those true values, shouldn't the two numbers in some way match up?

Mr Ahmed: Yes, they would. I tried to explain it a little earlier, but I will have another go. I do apologise that I will not be able to refer to specific developments, for confidentiality—

MR SESELJA: What might help—

Mr Ahmed: I will talk about a generic—

MR SESELJA: What might help, Mr Ahmed, too, is this. This would be on notice. You talked about some of the developments that have been brought over. If the Treasury was able to split those out so that we could get a per unit price under rectification for the ones that have happened in that financial year, that might be useful to assist the argument.

PLEASE NOTE
1. Answers to questions taken on notice must be lodged with the Committee Office within **5 working days** of the hearing date, electronically and in hard copy.
2: Where an answer provides a referral to sources of information in published documents, the answer should include the exact name of the document, the author and agency publishing the document, the specific page numbers and an electronic link to the document.

E11- 031

Treasurer: The answer to the Member's question is as follows:–

Since rectification, around $11.2 million has been received in revenue from the Change of Use Charge.

$4.526 million of this amount relates purely to the residential sector[1] at an average of around $9,900 per unit.

Around $0.086 million relates to pre-rectified decisions for 47 units, i.e., an average of $1,830 per unit.

Excluding pre-rectified developments, $4.440 million has been received from residential redevelopments for 409 units at an average of around $10,800 per unit[2].

Approved for circulation to the Standing Committee on Estimates 2011-2012	
Signature: K. Gallagher	Date: 29.5.11
By the Treasurer, Katy Gallagher MLA	

[1] There may also be some mixed redevelopments containing a residential component.
[2] This figure includes redevelopments that were lodged with ACTPLA prior to 1 June 2010 and hence, were subject to the 50 per cent remission as contained in the 2009-10 Budget.

QTON No. E11-027

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

RECEIVED
27 MAY 2011
ACT LA
COMMITTEE OFFICE

ANSWER TO QUESTION TAKEN ON NOTICE
DURING PUBLICE HEARINGS

Asked by Mr Hargreaves on 16 May 2011 : Mr Ahmed took on notice the following question(s):

[Ref: Hansard Transcript 16 May 2011, page 174]

In relation to :

MR HARGREAVES: In terms of the impact on low income earners getting into their first homes, have you got any ideas or any figures on what sort of monthly proportion of disposal income people on that type of package would be paying out as opposed to buying their homes at the market value?

Mr Ahmed: We have not really updated our modelling for the last couple of months. But early modelling suggested that this product, along with some of the affordable housing products that are mandated under the affordable housing action plan, would bring ownership to around the 30th percentile. So people who are just outside the eligibility for public housing could get into homeownership without getting into housing stress. I think that is the other part that we need to be mindful of—that is, at that income level, they do not get into housing stress and are not paying inordinate amounts of money of disposable income on housing.

MR HARGREAVES: Could I ask for a chart on that—the latest set of numbers that you have so that we can see that impact on that particular cohort that you are talking about, please?

Mr Ahmed: Sure, we can—

MR HARGREAVES: At your leisure.

PLEASE NOTE
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2: Where an answer provides a referral to sources of information in published documents, the answer should include the exact name of the document, the author and agency publishing the document, the specific page numbers and an electronic link to the document.

E11-027

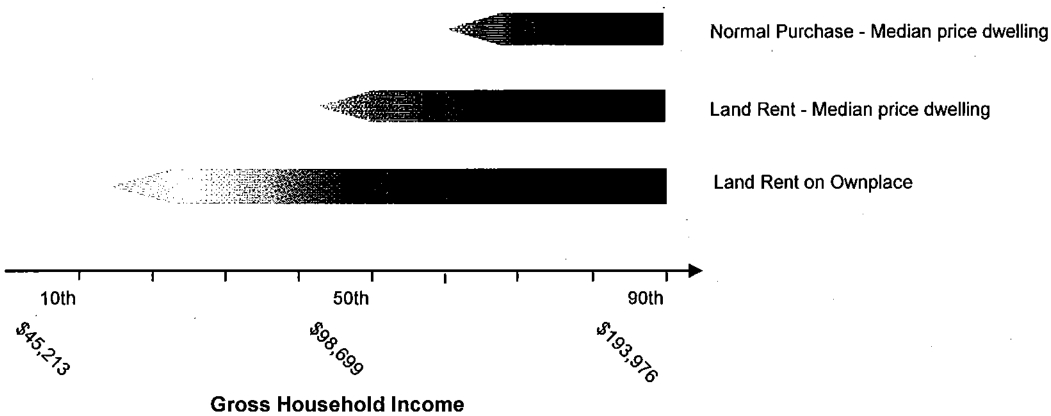
Treasurer: The answer to the Member's question is as follows:–

Land Rent provides quite significant benefits for households in reducing the amount of borrowings required, the weekly household costs of interest and capital repayments, and therefore the household income required to sustain entry into ownership.

Treasury modellings indicates for a median priced standard residential dwelling, the income at which a mortgage can be sustained reduces by around 20 per cent if the Land Rent Scheme is used[1].

When combined with another initiative under the Government's Affordable Housing Action Plan, the OwnPlace Program, households with incomes of around $61,000 should be able to enter ownership[2]. In effect, the two programs combined make entry into ownership accessible for households with incomes at around the 30th percentile. The following chart shows the income at which households can enter the housing market under the different schemes.

Chart 1: Annual incomes required for access into housing programs



The following table provides a comparison of weekly costs[3].

Normal Purchase – Median priced house and land	$853
Land Rent – Median price house and land	$553
Land Rent – OwnPlace Program	$410

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher Date: 25-5-'11

By the Treasurer, Katy Gallagher MLA

[1] The analysis assumes the mortgage to be sustainable at housing costs being 30 per cent of the gross household income.
[2] The assessment is based on housing costs relative to income. Financial institutions take into account a number of factors in establishing the borrower's ability to repay the loan including employment, savings history, dependents etc.
[3] The assumptions for the financial modelling include:

- affordable house and land package (OwnPlace) based at $328,000;
- interest rate of 7.64 per cent;
- LVR of 80 per cent;
- loan period of 25 years; and
- access to the discount rate (2 per cent) for land rent.

QToN No. E11-028

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

RECEIVED 27 MAY 2011 ACT LA COMMITTEE OFFICE

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLICE HEARINGS

Asked by Ms Le Couteur on 16 May 2011. Mr Ahmed took on notice the following question(s):

[Ref: Hansard Transcript 16 May 2011, page 180]

In relation to :

MS LE COUTEUR: It is just a proofreading error. Item e—the policy-service area reviews—could you tell us about what you have actually reviewed this year and what you are going to review next year?

Mr Ahmed: It is the expenditure review committee work. During the year we commenced or completed, and most of them were commenced, about 13 reviews. You can take any one, but the one we started first off was the shared services centre review. The savings from that are incorporated in the budget. We completed that and there was a decision through the budget process on that review as well.

MS LE COUTEUR: If there were 13 of them maybe you could provide us with a list of all 13 or so. You were getting a little bit faint and I was not quite hearing it all, I am afraid. If you could give us a list?

Mr Ahmed: Sure. We have taken that on notice anyway—the list of the projects that we did.

PLEASE NOTE

1. Answers to questions taken on notice must be lodged with the Committee Office within **5 working days** of the hearing date, electronically and in hard copy.
2. Where an answer provides a referral to sources of information in published documents, the answer should include the exact name of the document, the author and agency publishing the document, the specific page numbers and an electronic link to the document.

E11-028

Treasurer: The answer to the Member's question is as follows:

In 2010-11, the Expenditure Review and Evaluation Committee undertook 13 consultancies as listed below.

Table 1: EREC Consultancies undertaken during 2010-11

Project	Consultant	Cost (GST Excl)
Shared Services Post Implementation Review	KPMG	$90,395
Shared Services – Review of Human Resources and Finance Business Processes	LSI Consulting	$124,000
Review of Procurement Solutions – Capital Projects	KPMG	$104,310
Parks and Conservation and City Services – Process review	LSI Consulting	$196,000
Parks and Conservation and City Services – Implementation	LSI Consulting	$432,000
Whole of Government ICT Review	Value Sourcing	$32,718
ICT Services Costing and Pricing	KPMG	$51,527
ACT Revenue Office – Process Review	LSI Consulting	$108,000
ACT Revenue Office – Implementation	LSI Consulting	$320,000
Territory and Municipal Services: Review of Expenditure and Contracts	LSI Consulting	$108,000
Territory and Municipal Services: Strategic Organisational Review	LSI Consulting	$50,000
Social Housing Review	KPMG	$98,132
Review of Canberra Connect	LSI Consulting	$168,000
TOTAL		**$1,883,082**

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher Date: 25.5.11

By the Treasurer, Katy Gallagher MLA

Estimates QToN No. 29

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Mrs Dunne MLA on 16 May 2011: Mr Sullivan took on notice the following question:

[Ref: Hansard Transcript 16 May 2011 [PAGE 192]]

In relation to : **Rates of depreciation for new water security projects.**

MRS DUNNE: I want to go to a fairly technical issue. What are the methods and rates of depreciation that would be applied to the new water security projects?

Mr Sullivan: Would you mind if I took that on notice? We have to go through a very long explanation because these days assets and depreciation are not anything that I learnt when I did accounting at university. The major thing that alters our asset values at the moment is around impairment, is a comparison of the revenue base of the asset versus the asset's current value. So impairment is much more something we deal with today than we deal with a direct rate of depreciation.

I think I could put an answer to you in reasonably easy to understand terms. If I can understand it you will understand it. So if I understand a riparian answer, which is easily understood and which I can understand, I would then be very happy to pass it on. But I can very technically tell you this is our standard process of calculation of depreciation.

MRS DUNNE: And would that cover things like the processing and the timing since reassessing the value of the infrastructure?

Mr Sullivan: Yes. It is not so much depreciation but it is impairment issues that drive revaluations because if the underlying issue behind the impairment goes away that will drive an asset revaluation. It would be very blunt. For instance, at the moment a lot of our infrastructure is subject to impairment because the ICRC decision in place was not capable of delivering the revenue that it had promised because of water volumes. The fact we have now had it rebased means that that issue has now gone away gain.

So I think if you looked at last year's accounts you would have seen a $70 million or $80 million impairment on the assets, driven by revenue. That now will be a revaluation in the books. But I really think it is something I can give you. I will keep it to a page and a half if I can.

Treasurer: The answer to the Member's question is as follows:–

Members would be aware that a more detailed question on the same subject has been provided as a Question on Notice (E11-012 notified on 18 May 2011). I refer Members to the answer to that Question on Notice, as it provides a comprehensive response to the matters raised in this question.

Approved for circulation to the Standing Committee on Estimates 2011-2012 Signature: K. Gallagher Date: 21.6.11 By the Treasurer, Ms Katy Gallagher MLA

Estimates QToN No. 30

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Ms Vicki Dunne on 16 May 2011: Ms Katy Gallagher took on notice the following question(s):

[Ref: Hansard Transcript 16 May 2011(pages 193-194)]

In relation to : How will the Canberra Integrated Waterways Project (Commonwealth funding) impact on ACTEW?

MRS DUNNE: Actually on the subject, because the proposal is to sell non-potable water out of the urban waterways at a cost, which has not been determined, that will have an impact on ACTEW's bottom line. The government decision to divert water sales from potable to non-potable will have an impact on ACTEW's bottom line. Has Actew made an assessment of what that would be?

Mr Sullivan: I can say it is not Actew.

MS LE COUTEUR: Have you thought about how it is going to impact Actew?

Ms Gallagher: I will take some advice on that. I will take Mrs Dunne's point and have a look. I understand this is something that Minister Corbell manages through DECCEW and I think it has a crossover into TAMS.

MRS DUNNE: There is an issue—and this came up in the debate the other day—that the government does not have an idea of what the pricing of that water will be.

Mr Sullivan: I think the policy context of it is fairly straightforward. We have a target of government in the reduction of potable water use. This, through think water, act water, is part of the range of strategies to reduce potable water use in the ACT by transferring it across to stormwater diversion and ponds and things like that. So that is its context. Its delivery is an issue.

MRS DUNNE: Because there is a government policy to divert use from potable to non-potable water, that has an impact on ACTEW's bottom line. What assessment has Actew done of that impact through the revision of the current think water, act water and any revision that is underway?

The Treasurer: The answer to the Member's question is as follows:–

Mr Mark Sullivan provided the following response to this question during the public hearings on 16 May 2011 as reflected in the Hansard Transcript:

> All of our planning, going right back in terms of water security planning and that, basically assumes the government will meet its water savings targets and will meet them through demand management activities, will meet them through alternative water supply purposes and other projects. So we have actually reversed the question, I think, in terms of saying, "If the government does not meet its targets or it looks like it is not going to meet its targets it had better tell us, because we are planning our water supplies on the basis that it will."

The Canberra Integrated Waterways Project puts in place the infrastructure required for a trial of making available for irrigation of sports grounds, school ovals and certain community and commercial areas, a reticulated non-potable water supply, harvested from the stormwater system. The outcome of that trial will provide evidence as to the economic viability of adopting this on a larger scale. The initiative is part of a suite of measures being considered to assist in meeting the reductions in use of potable water referred to in Mr Sullivan's response. ACTEW has assumed that the reduction target will be met, and as such, there is no need for an analysis of the impact of this project on ACTEW's bottom line.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher Date 29.5.11

By the Treasurer, Ms Katy Gallagher MLA

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLICE HEARINGS

Asked by Mr Seselja on 16 May 2011 : Mr Ahmed took on notice the following question(s):

[Ref: Hansard Transcript 16 May 2011 page 174.]

MR SESELJA: Before we had this arrangement, which has now been fixed apparently through rectification, what was the highest amount paid on a per-unit basis for a residential betterment charge?

Mr Ahmed: I do not have the comparison in front of me, but the comparison would be wrong in the sense that land values have increased. So comparing the charge at that time to the charge today, you would need to take into account the current land value. The charge—

MR SESELJA: But if we had the number then we could do the comparison. Do you have the number?

Mr Ahmed: Well, it would be the land values at that time.

MR SESELJA: No, no, in terms of what is the highest ever paid because—

Mr Ahmed: It was 75 per cent—

MR SESELJA: No, no, I am talking about the amount. If we are going to get an idea of what effect the tax might have, looking back at how much was paid in the past might give some indication of whether or not it actually had an impact.

Mr Ahmed: Consistent with land—

MR SESELJA: Has Treasury done that work to actually look at how much was paid before, and are you able to provide us with those numbers?

Mr Ahmed: Consistent with land values at that time, Mr Seselja.

PLEASE NOTE
1. Answers to questions taken on notice must be lodged with the Committee Office within **5 working days** of the hearing date, electronically and in hard copy.
2. Where an answer provides a referral to sources of information in published documents, the answer should include the exact name of the document, the author and agency publishing the document, the specific page numbers and an electronic link to the document.

MR SESELJA: So, we do not have a number then?

Mr Ahmed: Well, I do not have it here, but consistent with land values at that time. And the land values in the territory have gone up significantly.

THE CHAIR: So you will take that on notice?

In relation to :

Treasurer: The answer to the Member's question is as follows:

Care should be used in comparing the amount of Change of Use Charge paid 10 years ago to that paid currently. Over this time, there have been variations to the Territory Plan, which would result in changes to the value of land.

Land values have also increased generally, irrespective of the variations to the Territory Plan. However, those changes may not be uniform across the Territory. An appropriate comparison would take into account the changes in land values arising from planning and zoning polices as well as the usual market effects and their geographic distinctions.

Disaggregated data to provide a comparison of the Change of Use Charge per dwelling over time is not available. Unfortunately the previous ICT systems did not allow for the level of detail required to calculate the average CUC paid.

Some insight into the difference in CUC charged over this time can be seen through Professor Nicholls' 1999 report *'A Study of Betterment and the Change of Use Charge in the Australian Capital Territory'*.

This report states that the average CUC paid per unit in Braddon at this time was around $7,403[1]. The average residential unimproved value of land in the Territory at this time was around $70,193. However, care should be taken in comparing this charge to the proposed charge since there have been variations to the Territory Plan during this time.

Approved for circulation to the Standing Committee on Estimates 2011-2012 Signature: K. Gallagher Date: 26.11 By the Treasurer, Katy Gallagher MLA.

[1] Nicholls, D 1999 *'A Study of Betterment and the Change of Use Charge in the Australian Capital Territory'* page 47.

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLICE HEARINGS

Asked by Zed Seselja on 17 May 2011 : Ms Gallagher took on notice the following question(s):

In relation to : Cost to get to 100% Renewable Energy

[Ref: Hansard Transcript 17 May 2011 [PAGE 20-30]]

MR SESELJA: Yes. Well, before I ask that general question, Mr Chair, if I could just go back to just clarify an earlier answer. I was asking you, minister, about the - whether or not you were going to take it up to 100 per cent. In the financial document the government office financial analysis in the first appendice, on page 12, it talks about this 100 per cent - it is obviously one of the assumptions they have used.

It talks about - it assumes the carbon pollution reduction scheme was implemented in 2010, I believe, but it also says that the cost of electricity, irrelevant to the owned building in the portfolio, the ACT government currently purchased 30 per cent green power and will progressively move to a 100 per cent by the year 2016. So, given you have said now that that is not the case, does that - the wrong assumption?

Ms Gallagher: I do not think - I do not think I did say that was not the case—

MR SESELJA: So you are planning to go to 100 per cent by 2016.

Ms Gallagher: Well, I am saying what is in this budget - which is, what is in this budget is a move to 37 and a half per cent—

MR SESELJA: Okay. But I asked you about moving—

Ms Gallagher: And funded in the budget.

MR SESELJA: But I asked you about whether you were moving to 100 per cent and it is relevant to—

Ms Gallagher: Well we are moving up all the time, Mr Seselja—

MR SESELJA: Okay. So—

Ms Gallagher: In fact we are leading the way with—

MR SESELJA: Okay, so is—

Ms Gallagher: —we are the government leading the way on the purchase of green power.

MR SESELJA: Are you still planning on being there - being at 100 per cent by 2016.

Ms Gallagher: Well those decisions will be taken year by year, which is what we have done.

MR SESELJA: So is that assumption—

Ms Gallagher: I mean, we have been increasing - we made a commitment to our colleagues, the Greens, for example that we would increase the purchase of green power by 10 per cent a year—

MR SESELJA: But you have not done that yet.

Ms Gallagher: Because of the budget constraints this is something we look at year by year. So, the year post the global financial crisis we increased by two and a half per cent. We are progressing and increasing all the time and increasing within what scope we have for further expenditure.

MR SESELJA: So how much will that cost then to get to 100 per cent by 2016?

Ms Gallagher: I will be able to provide you with that figure based on what we have - you know, we can easily cost that figure.

MR SESELJA: Take it—

Ms Gallagher: But, as I said, it is subject—

THE CHAIR: We will—

Ms Gallagher: It is subject to budgets of the future.

E11-032

Treasurer: The answer to the Member's question is as follows:–

The cost of moving to 100 per cent renewable (green) energy target would be around $7.537 million for 2011-12 if it were to be implemented immediately. Outyear costs would then increase each year to account for increases in renewable energy costs.

If, however, the Government were to incrementally increase the percentage of green energy from the current level of 32.5 per cent in 2010-11 to 100 per cent by 2016-17, then taking into account the annual indexation, it would represent an average increase in energy costs of around $2.2 million per annum in each year.

The costing is based on advice from ActewAGL regarding purchasing this type of energy within current supply arrangements.

Approved for circulation to the Standing Committee on Estimates 2011-2012
Signature: K Gallagher   Date: 19.6.11
By the Treasurer, Ms Katy Gallagher MLA

QTON NO. E11-033

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

RECEIVED
27 MAY 2011
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ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLICE HEARINGS

Asked by Ms Le Couteur on 17 May 2011 : Treasurer, Katy Gallagher MLA took on notice the following question(s):

Ref: Hansard Transcript 17 May 2011 [PAGE 17]

In relation to : Asset Revaluation Standards

MS LE COUTEUR: Yes. Yes, my question was more in relationship - that they are in the financial statements and it is not normal to revalue housing every year. The other thing that - along these lines, is that the depreciation and anatomisation rates for buildings and infrastructure have changed in some cases reflecting these assets would have a longer life than originally estimated.

In 2009's depreciation rates for heritage community assets were also reduced. Why have we changed our depreciation rates as well as our frequency of depreciation, or rather, revaluing because, we have done that as well. I mean, why have we had such a sort of wholesale look at our depreciation and anatomisation regime because this cannot relate to the Housing Act.

Ms Smithies: Yes. The answer to that would be largely that some of these - the carrying on of these are largely coming out of audited outcomes from last year. And agencies are required, depending on the nature of the asset, to have a look at the useful life of the asset and the value of the asset.

And the accounting standards actually require them to do that depending on the nature of the asset. I do not think necessarily there has been a large scale change. I just think what we are seeing is things flowing forward from what has been picked up in the annual accounts and what chief finance officers are required to report as the true and fair value of those particular assets.

So we can take that on notice to see whether there has been a change in standards.

MS LE COUTEUR: Thank you, yes.

QTON No. E11-033

Treasurer, Katy Gallagher MLA: The answer to the Member's question is as follows:–

There has been no change in the accounting standards relating to property, plant and equipment.

Accounting Standard AASB 116 *Property, Plant and Equipment* (PPE) deals with recognition, measurement and disclosure of PPE. The ACT Government also has accounting policy specifically on PPE.

In relation to the frequency of PPE revaluations, AASB 116 paragraph 31 requires that revaluations should be undertaken regularly to ensure that the carrying amount does not differ materially from the value that would be determined using fair value at the reporting date.

ACT Accounting Policy requires that agencies undertake a revaluation at least once every three years. However, agencies are still able to initiate revaluations more frequently for operational reasons or to ensure that carrying amounts do not differ materially from fair value for more price volatile asset classes.

AASB 116 paragraph 38 allows a class of assets (i.e. heritage and community assets) to be revalued on a rolling basis provided the revaluation of that class is completed within a short period, and the revaluations are up-to-date. For the purposes of the ACT Accounting Policy on PPE, revaluations conducted progressively within a three year period would be considered to be consistent with the 'short period' requirement of AASB 116.

Any rolling revaluation needs to be undertaken in a documented and systematic manner. A decision to undertake a rolling revaluation is not a one-off decision i.e. prima facie, rolling revaluations would be undertaken on an on-going basis.

Approved for circulation to the Standing Committee on Estimates 2011-2012 Signature: K. Gallagher   Date: 25.8.11 By the Treasurer, Katy Gallagher MLA

Estimates QToN No. 34

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

20 JUN 2011

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLICE HEARINGS

Asked by Zed Seselja on 17 May 2011 : Ms Gallagher took on notice the following question(s):

In relation to : Renewable Energy Targets (Government Office Building)

[Ref: Hansard Transcript 17 May 2011 [PAGE 13]]

MR SESELJA: Some of the modelling on the government office building uses as assumptions 100 per cent by, I think, 2016. If that is not the case does that effect - does that affect some of the modelling that has been done in terms of the various costs of electricity under the different scenarios?

Ms Gallagher: So, the work that has been done under the government office block is to achieve carbon neutrality, I think, by 20—

Ms Smithies: 2020 - 2016

Ms Gallagher: No, it is a ...(indistinct)... [2.32.17]

MR SESELJA: One of the documents assumes - one of the documents assumes 100 per cent green power by 2016.

Ms Gallagher: I will have to take some further advice on that, Mr Seselja. I do not recall making a 100 per cent commitment to purchase green energy, not through the Treasury - not through the budget anyway. We have made commitments around increasing it by 10 per cent a year and we have - are partially meeting that commitment. We just have to take some advice from DECCEW.

THE CHAIR: Right. If you will take that on notice. Right.

Treasurer: The answer to the Member's question is as follows:–

The Financial Analysis Report prepared by Cox Humphries Moss Architects assumed the ACT Government will progressively move to 100 per cent green power by 2016, as reflected in the Parliamentary Agreement with the ACT Greens, made on 31 October 2008[1].

The economic analysis undertaken to compare the various options, therefore assumed that from 2017 onwards all electricity purchases by the ACT Government would be at an assumed green power price.

The achievement of a 100 per cent green power target is subject to future Government policy and budget decisions in relation to the allocation of resources. In the 2011-12 Budget, the Government has committed to increase the proportion of green power to 37.5 per cent.

The table below provides a comparison of the Net Present Value (NPV) of costs of electricity for the three options in the CBRE Cost Analysis[2]. The comparison is provided under both the scenarios where the proportion of green power purchases remains at 37.5 per cent as well as where 100 per cent green electricity is purchased.

	Scenario 1 ($ million - NPV)	**Scenario 3 ($ million - NPV)**	**Scenario 5 ($ million - NPV)**
Electricity cost 100% green purchase	35.8	38.1	44.5
Electricity cost 37.5% green purchase	33.2	35.2	40.9

The Government remains committed to achieving the 100 per cent target in the future. Further increases in renewable energy levels will be considered as part of *Weathering the Change Action Plan 2*.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher

Date: 19.6.11

By the Treasurer, Ms Katy Gallagher MLA

[1] Appendix 2 – Policy Programme, Section 1 Climate Change, Paragraph 1.4.

[2] Scenario 1 in the CBRE Cost Analysis involves the construction of the Government Office Complex and leasing of around 14,000 m^2 generic space. Scenario 3 involves leasing from the market, referred to as business as usual. Scenario 5 in the CBRE Analysis is the minimal; action scenario.

QTON No. E11-035

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

RECEIVED
- 2 JUN 2011
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ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLICE HEARINGS

Asked by Mr Brendan Smyth on 17 May 2011 : Ms Megan Smithies took on notice the following question(s):

[Ref: Hansard Transcript 17 May 2011 [pages 32-34]]

In relation to : Reconciliation of the Territory Banking Account Movements

THE CHAIR: The territory bank account.

Ms Smithies: Bank account. Sorry, and you are talking about the balance of 58 from what we had at this time last year, is that right?

THE CHAIR: Yes. Why has it gone from an expected 138 - 135 to 238 million and then why does it go down from 238 to 58 million when indeed the plan - in the previous years budget - the plan at 36.12 was that 58 should effectively be 119 million.

Ms Smithies: Yes.

THE CHAIR: Was the expectation.

Ms Smithies: Okay. Sorry, I can do - I can do some of this or we can give you a more detailed reconciliation on notice if you want because you have asked for two different ways.

THE CHAIR: If you give us a reconciliation on notice that is fine.

Ms Smithies: Certainly from the budget to budget what we have seen is - we have had around $100 million extra in cash that has come through in the - at the end of 2019, which has gone into the 10-11 account. So, up $100 million worth of cash. That flows into - obviously available for distribution in the budget.

So we have got an extra $160 million worth of revenue; $150 million worth of borrowings; net outflow of $315 on the capital program; and around $60 million in recurrent initiatives. And there is around $140 million worth of rollovers between those two years, which essentially takes what was the 120 down to 60.

E11-035

So, that is on a budget to budget reconciliation on a year to year reconciliation. Again, it is the increment of differences between the two; some increase in revenue; a change to the borrowing profile; additional capital in the capital works program between the two years; accentuated by the rollover of funding not being spent this year but into the next year et cetera. So, that provides a bit of year on year reconciliation for you as well.

THE CHAIR: No, just take it on notice and give me the details.

Ms Smithies: It is probably easier that we do on notice because they are quite—

THE CHAIR: Yes. That is okay.

The Treasurer: The answer to the Member's question is as follows:–

The following table provides a reconciliation of the movement between the 2010-11 Budget and the 2011-12 Budget for cash and investments held by the Territory Banking Account, and also provides a reconciliation of the reason for the movement between the two financial years.

Movements in the Territory Banking Account	2010-11 $m	2011-12 $m	Variance $m
2010-11 Budget	**136**	**120**	**-16**
Audited Outcome Flow-on	206	0	
Taxation Revenue	113	38	
Commonwealth and GST Revenues	-27	-35	
Dividends, Income Tax Equivalents and Lease Sales	-63	138	
Interest Receipts	14	16	
General Savings	0	31	
Borrowings	-210	110	
Net Impact of Capital Initiatives (inc. Operating Expenditure)	0	-315	
Net Impact of Recurrent Initiatives	0	-75	
Rollovers, Re-profiling, Other	69	-71	
Total movement each year	***102***	***-163***	
Total accumulative movement	***102***	***-61***	
2011-12 Budget	**238**	**59**	**-179**

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher

Date: 31.5.11

By the Treasurer, Ms Katy Gallagher MLA

E11-036

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLICE HEARINGS

Asked by Ms Hunter on 17 May 2011 : Ms Smithies took on notice the following question(s):

[Ref: Hansard Transcript 17 May 2011 PAGE 223]

In relation to :

Budget Paper 4, page 211, what is the movement in 'other current assets from 30 June 2011 Budget to 30 June 2011 Estimated Outcome.

TREASURER : The answer to the Member's question is as follows:–

The original budget was prepared prior to the results of the final outcome for 2009-10 being known. The movement between the original budget and the estimated outcome simply reflects the impact of the known audited 2009-10 outcome on the opening balance for 2010-11.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: Andrew Barr Date: 12.8.11

By the Treasurer, Andrew Barr MLA

PLEASE NOTE
1. Answers to questions taken on notice must be lodged with the Committee Office within **5 working days** of the hearing date, electronically and in hard copy.
2: Where an answer provides a referral to sources of information in published documents, the answer should include the exact name of the document, the author and agency publishing the document, the specific page numbers and an electronic link to the document.

TREASURER FOR THE AUSTRALIAN CAPITAL TERRITORY
LEGISLATIVE ASSEMBLY QUESTION
Notice Paper of Thursday 30 June 2011
(Redirected from CMCD)

Question No. 1687

***Ms Bresnan* - Asked the Chief Minister upon Notice:**

(1) Does the ACT Government have a priority list of bids to Infrastructure Australia (IA) for infrastructure project funding; if so, can the Minister provide this list.

(2) What bids has the ACT Government made to IA for infrastructure project funding since 2008 and can the Minister provide the dates of these bids.

(3) What response has the Government received from IA to each of the above bids.

Treasurer - The answer to the Member's question is as follows:

(1) Yes.

The Federal Highway Link to Monaro Highway –Majura Parkway.

Transport for Canberra Transit Way Program – Northbourne Avenue Transit Way (also, Belconnen to Civic Transit Way and Canberra Avenue Transit Way).

(2) **October 2008**

Majura Parkway; Very Fast Train; Light Rail System for the ACT; Cotter Dam Upgrade; Murrumbidgee to Googong Transfer; ACT Solar Facility; Southern Supply to the ACT 132kV lines – Stage 1 and 2; Hoskinstown to Fyshwick Looping – Stage 1 and 2 and ACT Health Capital Asset Development Plan.

December 2009

Majura Parkway; Water Security Package (Enlargement of the Cotter Dam, Murrumbidgee Googong Water Transfer and the Tantangara Transfer); Energy Sector Package (ACT Solar Power Facility and Smart Grid Demonstration Pilot); Very Fast Train; ACT Health Capital Asset Development Plan; Civic Master Plan – Urban Densification and Transport Solutions; East Lake Sustainable Development – Stage 1 and Belconnen – Civic Bus Way.

December 2010

Majura Parkway and Transport for Canberra Transit Way Program – North East Corridor Initiatives including Belconnen – Civic Transit Way/Northbourne Avenue Transit Way/Canberra Avenue Transit Way.

(3) Infrastructure Australia has provided response to ACT bids in the following reports:

http://www.infrastructureaustralia.gov.au/publications/files/National_Infrastructure_Priorities.pdf

http://www.infrastructureaustralia.gov.au/publications/files/Report_to_COAG_2010.pdf

http://www.infrastructureaustralia.gov.au/2011_coag/files/2011_Report_to_COAG.pdf

Approved for circulation to the Member and incorporation into Hansard.

Andrew Barr

Andrew Barr MLA
Treasurer **Date:** 26.7.11

Estimates QoN No. E11-038

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

QUESTION ON NOTICE

MR ALISTAIR COE MLA : To ask the Minister for Economic Development

Ref: Land and Property Services, Estimates public hearing 18 May 2011.

In relation to : the proposed new Government office building;

1. How many surface car parks:

   a) Are included in the plans for the proposed building;
   b) Will be removed to make way for the building;
   c) Will be available for the use by the general public;
   d) Will be designated for the use of the office building occupants;
   e) Will be designated pay parking spaces?

2. Will car parking at the new government office building be managed on site? If not, who will manage parking at the building?

Mr Andrew Barr MLA : The answer to the Member's question is as follows:–

1. a) There are no proposed surface car parks to be provided in the new building,

   b) There are 225 spaces occupying the site of the proposed building. These will be replaced into a new 972 car parking structure in the basement of the new building, in addition to the provision of 650 bicycle spaces,

   c,d,e) The final arrangements for the car park are still subject to review and will be dependent on how many dedicated car parks are required for staff and how many are required for the government car fleet. It will be an important requirement that maximum availability is made for public visiting the building, as well as the theatre patrons at night.

2. The future management of the new car park is yet to be determined, however, it is the intention that the parking facility be available to the public on a 24/7 basis to service the specific late night requirements of the Canberra Theatre.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: Andrew Barr

Date: 15.6.11

By the Minister for Economic Development, Andrew Barr MLA

E11-039

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-12

QUESTION ON NOTICE (E11-039)

ZED SESELJA MLA : To ask the Minister for Economic Development

Ref: Treasury, Committee hearings 16th and 17th May 2011

In relation to : Costing of the Government Office Block Savings

ACT LA COMMITTEE OFFICE 15 JUL 2011 RECEIVED

Operating savings of $19.3 million per annum

1. How much rent is saved on a yearly basis from each agency that will be relocating into the new Government Office?

2. Why is there a 1.2% reduction in staff when the Cox Financial Analysis report assumes a 1% reduction?

3. Has the one off costs of 46 redundancies been calculated?
   a) How much will this cost?
   b) What year will this occur in?

4. What is the method for costing office churn?
   a) How does this equate to $2 million per annum?

Efficiencies of $15.2 million per annum

5. What is the reasoning behind a 10% reduction in office consumables occurring?

6. What is the total office consumable budget?
   a) Which report is this saving cited in?
   b) How is this total budget calculated?
   c) What is the office consumable budget comprised of?
   d) Where can this data be sourced?

7. What is the reasoning behind a 5% IT Budget reduction and which report is this cited in?

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8. How is the total IT Budget calculated?
    a) Where can this data be sourced?

9. How are local travel costs calculated?
    a) Where can this data be sourced?
    b) What is the rationale behind an 80% reduction?

10. How is the saving of $2 million in energy and water costs calculated?
    a) What data and assumptions are used in this calculation?
    b) Where can this data be sourced?

11. Why has the Government calculate attrition to cost $13,600 per person, when the Cox Financial Analysis costs this at $5,000 per person?
    a) Can you please provide detail of how $13,600 was calculated?

12. What is the method for estimating a 1% reduction in absenteeism due to improved workplace amenity and morale?

13. How does a 1% productivity benefit for reduced absenteeism and morale equate to 1 day per annum?
    a) Is this 1 day overall or 1 day per person?
    b) How is this 1% productivity benefit converted into a dollar amount of $4 million?

14. What is the method for estimating a 1% productivity benefit from increased coordination?

15. How does a 1% productivity benefit from increased coordination equate to 20 minutes per day.
    a) Is this 20 minutes overall or 20 minutes per person?
    b) How is this 1% converted into a dollar amount of $4 million?

16. What is the method and rationale for estimating a 0.5% productivity benefit from better technology utilisation?

17. How does a 0.5% productivity benefit from technology utilisation equate to 20 minutes per day?
    a) How is this 0.5% converted into a dollar amount of $2 million?

18. What is the method and rationale for estimating a 0.25% productivity benefit from reduced inter-agency travel time?

19. How does a 0.25% productivity benefit equate to 20 minutes per day?
    Note: The Cox Financial Analysis report assumes 10% of workforce spend 1 hour per week undertaking travel that will be eliminated through collocation. This would equate to 12 minutes per day.
    a) How is this 0.25% converted to a dollar amount of $1 million?

The Treasurer : The answers to the Member's questions are as follows:–

1-19. Refer to Question on Notice E11-116 asked of the Minister for Economic Development by Zed Seselja MLA.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: Andrew Barr Date: 14.7.11

By the Minister for Economic Development, Andrew Barr MLA

Estimates QoN No. E11-040

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION ON NOTICE

RECEIVED 29 JUN 2011 ACT LA COMMITTEE OFFICE

ZED SESELJA MLA: To ask the Treasurer

Ref: Treasury, Budget paper 3, Page number 6

In relation to : Economic Activity

1. Has the Treasury conducted any modelling to determine the potential impact of the Commonwealth's Flood Levy on the ACT?
2. If so, what is the anticipated result and how will this further impact the expected 2011-12 downturn?

Katy Gallagher MLA : The answer to the Member's question is as follows:–

1. Treasury has considered the likely impact of the Commonwealth's Flood Levy and concluded that it will have an insignificant impact on economic growth in the ACT.
2. See answer to question 1.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher   Date:25 May 2011

By the Treasurer, Katy Gallagher MLA

PLEASE NOTE

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LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-12

QUESTION ON NOTICE (E11-041)

ZED SESELJA MLA: To ask the Treasurer

Ref: Treasury, Budget paper 3, Page number 50, 60 and 66

In relation to : Indexation

1. What indexation rate applies for yearly increases on the items listed in the taxation box?
2. What indexation rate applies for yearly increases on the items listed in the sale of goods and services box?
3. What indexation rate applies for yearly increases on the items listed in the other revenue box?
4. Can you please explain the rationale for the indexation rate applies for each item?

Zed Seselja MLA
20 May 2011

TREASURER: The answer to the Member's question is as follows:

1. Indexation is only applied to some (and not all) taxes. For others, particularly the transaction based taxes, the combined effects of price and activity change determine the change in revenue. Revenue forecasting is undertaken on the majority of the Territory's taxation revenue lines, taking into account activity/stock levels. Where applied, Wage Price Index (WPI) or Consumer Price Index (CPI) is used for indexation. The indexation applied to the various taxes is as follows:
   - General Rates and the Fire and Emergency Services Levy indexed at WPI;
   - General Insurance and Life Insurance indexed at the CPI; and
   - Gambling Taxes indexed at the CPI.

2. The revenue items listed under the sales of goods and services are indexed at WPI.

3. Within Other Revenues, the following indexation rates are applied:
   - Fines are indexed at WPI;
   - Superannuation Contributions are determined by actuaries and not indexed. This item also includes employee contributions to the Territory Banking Account by those Members of the Legislative Assembly that are members of the defined benefit superannuation arrangement. Those members are required to make compulsory contributions of 5 per cent of their salary, and as such, growth in that part will relate to the increase in members' salaries;
   - Rents and Commutations are partly based on Consumer Price Indexation, with the land rent component based on estimated participant numbers, and the unimproved value of land; and
   - Contributions and Miscellaneous Revenue are not indexed and based on known sources of revenue (such as Commonwealth payments) and historical trends.

4. One of the most significant cost components in the provision of government services is employee expenses. In order to maintain parity between revenue and expenses, the majority of user charges and fines are indexed by growth in the WPI. It provides a better reflection of the growth in the cost of Government service provision than the CPI.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher   Date: 9·6·11

By the Treasurer, Katy Gallagher MLA

E11-042

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

QUESTION ON NOTICE (E11-042)

RECEIVED 21 JUL 2011 ACT LA COMMITTEE OFFICE

ZED SESELJA MLA : To ask the Treasurer

Ref: Treasury, Budget paper 4, Page number 152, output class 1.3

In relation to : Land Rent Scheme

1. What accounts for the FMA Section 16B Rollover of $14.8 million rollover from 2009-10 to 2010-11?
2. To date, how many people have joined the Land Rent Scheme?
3. What is the total revenue received from the Scheme in 2009-10 and 2010-11?
4. What are the projections of revenue to be collected from the scheme in 2011-12, 2012-13, 2013-14 and 2014-15?
5. How is the projected revenue calculated? Please include the assumed growth rate of uptake in the scheme, the current rent received, the growth rate of the rent and land valuation data.
6. How many people have exited the land rent scheme?
7. For those who have exited the scheme, how much has the unimproved value of the land appreciated since they entered the scheme?

Treasurer: The answers to the Member's questions are as follows:

1. The rollover of $14.888 million from 2009-10 to 2010-11 provides capital funding for the purchase of land rent blocks from the Land Development Agency, due to an initial delay in the take up of the scheme.

2. The number of households involved in the scheme is rising, with 935 land rent contracts settled or exchanged. In summary, as at 23 May 2011:

- 145 land rent contracts have been settled with a Crown Lease registered; and
- 790 land rent contracts have been exchanged.

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3. In 2009-10, $0.117 million was received in revenue, and for 2010-11, $0.644 million has been received as at 30 April 2011.

4. Revenue forecasts in the budget are provided in the table below.

Revenue forecasts for land rent

2011-12	2012-13	2013-14	2014-15
$'000	$'000	$'000	$'000
1,317	2,340	2,921	3,503

5. The forward estimates are based on:

- the existing exchanged contracts being settled in accordance with the timing of the respective developments;
- contract cancellations due to changes in households' circumstances at the rate experienced so far (around 12 per cent);
- additional demand of 120 dwelling sites per annum; and
- 55 per cent of the blocks being rented at the discount rate, and 45 per cent at the standard rate.

6. Since the commencement of the scheme:

- 129 people have withdrawn from the commitment and not finalised their land rent contract; and
- 42 people have transferred from a Land Rent Crown Lease to a Standard Crown Lease.

7. Information on the current value of land is not collected from the households that transfer from a Land Rent Lease to a standard Crown Lease.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K Gallagher Date:

By the Treasurer, Katy Gallagher MLA

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-12

QUESTION ON NOTICE (E11-043)

ZED SESELJA MLA : To ask the Treasurer

Ref: Treasury, Budget paper 3, Page number 66

In relation to : Other Revenue

1. What fees and charges comprise 'other miscellaneous revenue'?

2. What are the estimates of revenue for the years 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 for each item included in the 'other miscellaneous revenue' line?

Zed Seselja MLA
20 May 2011

TREASURER: The answer to the Member's question is as follows:

1. Other Revenues comprises sponsorships, donations, reinsurance and insurance recoveries, other Commonwealth payments (outside of Commonwealth Grants), specific purpose grants (not from Commonwealth Government), other recoveries (includes trust, legal costs, bail forfeitures, criminal injuries compensation, salaries) and other revenues from financial investments.

2. The following table is a breakdown of Other Revenues:

	2010-11 $'000	2011-12 $'000	2012-13 $'000	2013-14 $'000	2014-15 $'000
Sponsorships	183	188	193	198	203
Donations	1,064	1,064	1,064	1,064	1,064
Unclaimed Monies	143	147	150	154	158
Reinsurance Recoveries	5,411	559	4	41	7
Insurance Recovery from HIH	0	13,700	0	0	0
Other Revenue from Financial Investments	2,976	3,557	4,159	4,426	4,691
Other Commonwealth Payments	10,919	9,723	9,876	10,034	10,196
Other Recoveries	6,543	5,995	5,719	5,943	6,101
Specific Purpose Grants	3,500	3,600	3,700	3,800	3,900
Problem Gambling Assistance Fund	0	1,064	1,090	1,117	1,145
Reimbursements	1,441	1,448	1,488	1,529	1,571
Other*	8,004	6,417	6,451	6,542	6,679
Total	**40,184**	**47,462**	**33,894**	**34,848**	**35,715**

* The 'Other' Revenue Category incorporates revenue from a range of other smaller sources including: salary packaging, race fields revenue, fleet vehicle sales, waste education programs and other one-off and miscellaneous revenue items.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher

Date: 16.6.11

By the Treasurer, Katy Gallagher MLA

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-12

QUESTION ON NOTICE (E11-044)

ZED SESELJA MLA : To ask the Treasurer

Ref: Treasury, Budget paper 3, Page number 117

In relation to : Staff Costs

1. What is the breakdown of staffing levels used to calculate the staff savings numbers?
2. How many voluntary redundancies will occur and what years will these occur in?
3. Are the savings figures in the Budget papers net of any voluntary redundancy payments that will occur?
4. What is the expected total expense of these redundancy payments and what years will this be in?
5. When calculating the cost of staff, what percentage of the base wage is used to provide funding for:
   a) Training
   b) Annual leave
   c) Long Service Leave
   d) IT overheads
6. What is the basic methodology for calculating overhead costs associated with additional staff on a per person basis?

Zed Seselja MLA
20 May 2011

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TREASURER: The answer to the Member's question is as follows:

1. The staff savings estimate was calculated using an average remuneration per staff of $75,000.

2. Staffing reductions across Government will be initially achieved through normal staff turnover, not filling of vacant positions, up-skilling and redeployment opportunities within or across agencies, while business processes are reconfigured.

   For the purposes of calculating funding for voluntary redundancies, an estimate of 73.5 FTEs (out of 210) was used in 2011-12 only.

3. Gross savings estimates.

4. Total expenses for redundancy costs are met through the restructure fund which is provided for in this Budget. Voluntary redundancies are estimated at $4.410 million in 2011-12.

5. In the context of costing staff for budget initiatives, the following is generally used:

   a) Training: A flat rate of $2,000 per employee.
   b) Annual leave: 4 weeks of salary – this is included in the base salary.
   c) Long Service Leave: 4 per cent of base salary.
   d) IT overheads: based on the standard Service Level Agreement charged by InTACT or average cost.

6. The various components which make up the average administration on-costs of $16,838 are provided in Table 2.

   These costs are provided as a broad indicator only, and it is understood that individual costs may vary, as other distinct costs may be applied that are not recognised in the on-cost model.

   This may include items such as additional security clearance, specific salary allowances, additional travel requirements, fleet requirements that are in addition to the general allowances provided for in the model. In addition, there may be cases such as the establishment of a new corporate structure, where one-off variations are appropriate.

Table 2: Administrative On-Costs by Component

	$	Calculation
Administrative Component		
PC/Monitors	642	Based on standard Service Level Agreement charge by InTACT or average cost. For example, the costs are based on standard hardware prices per unit, or for multi-unit devises the average cost per a certain number of staff ie. one printer per 8 people.
Desktop Environment Support Full	2725	
Internet	86	
Data Communication Services	264	
Storage	86	
Printer/MFD	166	
Voice/Mobile/Canberra Connect Subsidy	654	
Fax	81	
Accommodation	6214	Average cost per square metre for leased accommodation.
Insurance	278	Based on average workstation cost.
Training	2043	Average cost, however, it is recognised that training expenditure varies significantly for each agency, depending on the skills or development required.
Fleet	333	Assumes 1 car per 50 staff.
Other Administrative Costs	1328	Other administrative costs is a broad estimate to cover items such as travel, OH&S expenses, office equipment and relocation, office machines and equipment, stationery, photocopying and printing, registry and postage, repairs and maintenance and a standard level of security vetting such as police and health checks.
Corporate Component		
HR (Payroll and Non-Payroll Services)	1243	Based on Shared Services HR Services Model.
Finance	697	Based on Shared Services Financial Services Model.
Total Administrative On-Cost	**16,838**	

* *Table may not add due to rounding.*

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher

Date: 8-6-11

By the Treasurer, Katy Gallagher MLA

Estimates QoN No. E11-045

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION ON NOTICE

ZED SESELJA : To ask the Treasurer

Ref: Treasury, Budget paper 3, Page number 50

In relation to : Duty on Conveyances

How does the Treasury cost the forward estimates of duty on conveyances?

Please include the methodology, assumptions (i.e. growth rate of new dwellings) and the source of the data.

Katy Gallagher MLA : The answer to the Member's question is as follows:–

For residential conveyances, Treasury makes use of a range of methodologies including long-term trends of price and turnover; a turnover to stock ratio estimate as well as econometric models. Econometric models include assumptions and inputs from other economic analysis such as interest rates (standard variable mortgage rates) and labour market activity.

For commercial conveyances, the forecast utilises trends, market intelligence and the economic outlook.

Conveyance data are sourced from the Territory Revenue System (TRS). In addition, data from a range of sources is utilised such as, the Australian Bureau of Statistics, and the various publications on housing market activity.

The Revenue Forecasting Group (RFG), responsible for preparing the revenue forecasts, as well as reviewing and maintaining the forecasting models, has representation from all divisions in Treasury. The RFG balances the results from a range of models, as well as exercises professional judgement in finalising the revenue forecasts.

Approved for circulation to the Standing Committee on Estimates 2011-2012	
Signature: K. Gallagher	Date: 6.6.11
By the Treasurer, Katy Gallagher MLA	

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-12

QUESTION ON NOTICE (E11-046)

ZED SESELJA MLA : To ask the Treasurer

Ref: Treasury, Budget paper 3, Page number 50

In relation to : Change of Use Charge

1. How much revenue has been collected to date from the Change of Use Charge for the 2010-11 financial year?
2. How are the forward estimates of Change of Use revenue calculated including:
   a. Method
   b. Assumptions
   c. Data and where this data is available
3. What long term modelling has been conducted on the affect this change of use charge will have on rents, unit prices and housing values?
4. What were the findings of this analysis?

Treasurer: The answers to the Member's questions are as follows:

1. Since 1 July 2010, $11.045 million has been received in revenue from residential, commercial and industrial redevelopments including:

- $4.511 million from residential redevelopments;
- $4.043 million from commercial redevelopment; and
- $2.490 million from mixed redevelopment.

2. The 2011-12 estimate and the forward years' estimates are based on the level and mix of activity in 2009-10, using market valuations. This has been discounted by the remission provided to the residential sector, in accordance with the rates announced in the 2011-12

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Budget (Budget Paper No. 3, Page 37 refers). The forward estimates assume Consumer Price Index (CPI) growth in market values.

The data used in the modelling relates to the average Change of Use Charge paid by individual companies and individuals and is not publicly available.

3. Treasury engaged Professor John Piggott from the University of NSW and Professor Mardi Dungey to undertake microeconomic and econometric analysis of the impact of codification on the housing market.

An econometric model was built, however, Professor Dungey concluded that the results of econometric modelling based on the limited empirical data were statistically unreliable.

Professor Piggott undertook a conceptual economic analysis of the impact of CUC on housing affordability. He also consulted with, and received input from the various industry stakeholders.

Professor Piggott noted that any increase in CUC is related to rectification and that with appropriate transition arrangements, the move to codification would be unlikely to impact greatly on the residential property market. He was more sympathetic towards smaller developments with less than 20 units and recommended that different transition arrangements be provided for this group.

Professor Piggott and Professor Dungey's reports have been tabled in the Legislative Assembly, and are also available on the Treasury website http://www.treasury.act.gov.au/.

4. Please refer to the response above, and for further detail on the findings and recommendations of Professor Piggott and Professor Dungey, please refer to the reports available on the Treasury website http://www.treasury.act.gov.au/.

Approved for circulation to the Standing Committee on Estimates 2011-2012 Signature: K. Gallagher Date: 6.6.11 By the Treasurer, Katy Gallagher MLA

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

ANSWER TO QUESTION ON NOTICE

ZED SESELJA MLA: To ask the Treasurer

Ref: Treasury, Budget paper 3, Page number 226

In relation to: Debt Financing

1. What is the process for determining the appropriate way to finance debt?

2. What is the methodology for determining:
   a. The maturity of a bond
   b. Whether a bond will have a fixed or floating interest rate
   c. What is the interest rate to be applied to the bond; and
   d. What denominations will bonds be sold in

Katy Gallagher: The answer to the Member's question is as follows:–

1). There are a range of considerations in relation to the debt financing process including:
- The purpose or the use of the financing.
- the cost of capital under alternative financing structures (for example, direct borrowing or public private partnerships).
- the availability of funding to the 'borrower' under alternative financing structures (for example, direct borrowing or public private partnerships).
- underlying risks of alternative structures such as interest rate risk and refinancing risk.
- effect on cash flows under alternative financing structures.
- impact on key ratios such as net debt to revenue ratio, net financial liabilities to revenue ratio, net worth to revenue ratio.
- Potential impact of new borrowings on the credit rating and overall budget capacity to service new borrowings.
- Analysis of prevailing outstanding debt in respect of fixed versus floating interest rate mix, maturity points, type of outstanding debt (for example, short term commercial paper versus nominal fixed rate bonds versus inflation-linked bonds).

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- Prevailing interest rates (shape of the yield curve and interest cost for different maturities) and expected future interest rates environment.

2a). Determining the maturity of a bond is dependent on many factors including the type of bond issued (whether nominal or inflation-linked), the use of the borrowed funds (short term cash flow management or long term asset purchase), prevailing interest rates (shape of the yield curve and interest cost for different maturities), expected future interest rates, and investor demand for particular maturities.

2b). The interest rate exposure decision is subject to an organisations interest rate risk objectives, prevailing interest rate exposure from existing borrowings and the outcomes of the analysis described above at 2a).

2c). The interest rate will vary depending on the structure of the bond to be issued, for example, nominal bonds or inflation-linked bonds and a fixed or floating interest rate preference. Once these decisions have been made, the actual interest rate attached to a bond at the time of the borrowing will reflect prevailing financial market benchmark interest rates for the particular term to maturity, adjusted by the credit 'risk' of the borrower (generally as reflected by the borrowers credit rating), and further adjusted to reflect the liquidity of the bond in the market (ease at which a bond can be brought and sold). Liquidity is a function of the amount of borrowings (bonds) the borrower has outstanding in the market.

2d). In relation to the Territory's debt program, bonds are only issued in local AUD currency, usually in denominations of $10,000, with a minimum purchase size of $500,000 on issuance.

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher Date: 9.6.11

By the Treasurer, Ms Katy Gallagher MLA

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-12

QUESTION ON NOTICE (E11-048)

ZED SESELJA MLA: To ask the Treasurer

Ref: Treasury, Budget paper 3, Page number 334 and 337

In relation to : Government Finances

1. Does the Government have a direct strategy in place to reduce the fiscal deficit?
2. If so, what are the fiscal objectives and what measures are being taken to achieve this?
3. What factors led to the decrease in fiscal balance from the 2010-11 Budget forecasted deficit of $634 million to an expected $493 million deficit for the 2010-11 financial year?
4. What are the main factors contributing to the overall $339 million cash deficit in 2011-12?
5. How does this cash deficit impact on the Territory's ability to repay debt or to finance the outlay of capital investment?

Zed Seselja MLA
20 May 2011

TREASURER: The answer to the Member's question is as follows:

1. It is understood the Member's question refers to Net Lending / (Borrowing) on Page 334. If so, the Member should note the Net Lending / (Borrowing) is calculated as the net operating balance less the net acquisition of non-financial assets.

   Consistent with other jurisdictions, the Government's headline budget measure is Net Operating Balance. The Government developed and adopted its Budget Plan in the 2009-10 Budget to return the Territory to surplus.

   The Plan was updated in the 2010-11 Budget, with the time frame to return to surplus advanced by two years, along with an update of the savings targets. As highlighted on the same page (334), the 2011-12 Budget forecasts a return to surplus in 2013-14.

2. For objectives of the Budget Plan, please refer to Chapter 1.3: The Budget Plan in 2009-10 Budget Paper No. 3. For updates on the Plan and its targets, please refer to Chapter 1.3 in the 2010-11 and 2011-12 Budget Paper No. 3.

3. The primary factor for the decrease in the Net Lending / (Borrowing) position for 2010-11 was the improvement in the UPF Net Operating Balance, largely relating to the strength of the housing market, dividend returns from the PTE sector and improved financial investment returns.

4. The cash deficit in 2011-12 is influenced by the significant investment in capital projects.

   The cash deficit is largely attributable to the Government investment in capital works and repayment of debt. Cash at the end of the reporting period remains positive, after meeting the capital investment and debt repayments across the budget and forward estimates period.

Approved for circulation to the Standing Committee on Estimates 2011-2012 Signature: K. Gallagher   Date: 9-6-11 By the Treasurer, Katy Gallagher MLA

Estimates QToN No. 49

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

20 JUN 2011

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLICE HEARINGS

Asked by Brendan Smyth on 16 May 2011 : Ms Gallagher took on notice the following question(s): [Ref: Hansard Transcript 16 May 2011 [PAGE 27]]

In relation to: Revenue Losses

THE CHAIR - Just, as a supplementary to that, you are on record as saying we have lost billions of dollars, can you quantify what the losses were?

MS GALLAGHER: Yes we can do that.

Ms Katy Gallagher: The answer to the Member's question is as follows:–

Using the 2007-08 Actual Revenue escalated at the long-term revenue growth trend.

As the table below indicates, the total aggregate revenue losses in total forecast revenue from 2008-09 around $1.441 billion.

	2008-09 $'000	2009-10 $'000	2010-11 $'000	2011-12 $'000	2012-13 $'000	2013-14 $'000	2014-15 $'000	Total Loss (7 Years)
Total Revenue								
2007-08 Outcome Escalated @ 5.5%	3,544,378	3,739,319	3,944,981	4,161,955	4,390,863	4,632,360	4,887,140	
2011-12 Budget	3,457,266	3,743,980	3,873,420	3,982,246	4,116,475	4,286,015	4,512,453	
(Loss)/Gain	**-87,112**	**4,661**	**-167,492**	**-195,668**	**-274,388**	**-346,345**	**-374,687**	**-1,441,031**

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher Date: 19.6.11

By the Treasurer, Ms Katy Gallagher MLA

E11 - 050

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2011-2012

RECEIVED 28 JUN 2011 ACT LA COMMITTEE OFFICE

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Brendan Smyth on 16 May 2011 : Ms Gallagher took on notice the following question(s):

In relation to: Commonwealth Revenue

[Ref: Hansard Transcript 16 May 2011 [PAGE 27 – uncorrected proof]]

THE CHAIR: How much have we actually received in federal government specific payments that you would say adds to this $2 million of the additional revenue that you have received?

Ms Gallagher: Well, I did not use the figure $2 billion of additional revenue. That is Mr Hanson's figures.

MR HANSON: Well that is from your budget documents—

Ms Gallagher: So I cannot answer—

THE CHAIR: No, that is from your budget papers.

Ms Gallagher: Well I cannot answer that—

MR HANSON: It was what was forecast.

Ms Gallagher: I always am a little bit cautious about numbers that are spouted out like that. But in terms of, you know, in terms of commonwealth payments that could be put towards our ongoing recurrent spend in the budget, we can certainly provide you with that. And we can provide you also with the nation buildings and jobs money, which largely offset the declines but it was for a specific purpose to deliver a specific non-going outcome. And then you get the true picture.

Ms Katy Gallagher: The answer to the Member's question is as follows:–

Using the 2007-08 Actual Revenue escalated at the long-term revenue growth trend.

As the table below indicates, the total aggregate revenue losses from Commonwealth Revenue from 2008-09 (forecast across the forward estimates at the trend growth rate) is around $482 million.

	2008-09 $'000	**2009-10 $'000**	**2010-11 $'000**	**2011-12 $'000**	**2012-13 $'000**	**2013-14 $'000**	**2014-15 $'000**	**Total Loss (6 Years)**
GST Revenue								
2007-08 Outcome Escalated @ 5.5%	892,787	941,891	993,695	1,048,348	1,106,007	1,166,837	1,231,014	
2011-12 Budget	835,318	906,105	845,600	879,900	932,000	987,100	1,045,200	
(Loss)/Gain	**-57,469**	**-35,786**	**-148,095**	**-168,448**	**-174,007**	**-179,737**	**-185,814**	**-949,356**
Other Commonwealth Revenue								
2007-08 Outcome Escalated @ 5.5%	492,263	519,337	547,901	578,036	609,828	643,368	678,753	
2011-12 Budget	637,967	789,719	729,399	670,479	641,849	659,842	682,893	
(Loss)/Gain	**145,704**	**270,382**	**181,498**	**92,443**	**32,021**	**16,474**	**4,140**	**742,662**
Stimulus Revenue	-8,677	***-154,571***	***-95,931***	***-15,959***	-	-		***-275,138***
NET IMPACT								**-481,832**

Approved for circulation to the Standing Committee on Estimates 2011-2012

Signature: K. Gallagher

Date: 25.6.11

By the Treasurer, Ms Katy Gallagher MLA