

SELECT COMMITTEE ON ESTIMATES

Appropriation Bill 2009-2010

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SELECT COMMITTEE ON ESTIMATES 2009-10

APPROPRIATION BILL 2009-10

DISSENTING REPORT

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RECOMMENDATIONS

RECOMMENDATION 1

2.4 That each party be permitted two members on the Estimates Committee.

RECOMMENDATION 2

3.7 Recommends that while maintaining the spirit of participation from all MLAs, the majority view of appointed Committee members be considered and respected.

RECOMMENDATION 3

5.6 Given the commitment to create a Parliamentary Officer position, that their advice is also taken into account when considering comments from stakeholder groups.

RECOMMENDATION 4

6.6 That the Assembly be provided with the advice as to the total costs on the 2009-10 Selection Committee on Estimates hearing and responding to questions on notice and report to the Assembly by the last sitting week in 2009.

RECOMMENDATION 5

7.8 That the Canberra Liberals be asked to explain the rationale behind their questions and to explain how the answers will improve key outcomes for the ACT.

RECOMMENDATION 6

7.9 That in any resultant review of QoN process, that consideration be given to develop improve co-ordination with a view of reducing unnecessary duplication or overlapping of questions.

1 INTRODUCTION

- 1.1 This dissenting report has been prepared to record those matters on which I dissented from the majority of the members of the Select Committee on Estimates 2009-10 (the Committee).
- 1.2 The Budget is the key strategic document of the ACT Government and the ACT economy, and it is my belief that at a time when we have seen the sharpest decline in financial markets and economic activity since the great depression of the 1930s, an Estimates Committee has an opportunity to make an especially valuable contribution to the dialogue around government spending and protecting and improving our local economy.
- 1.3 However, it is disappointing to note that the recommendations provided in the Estimates Committee Report are almost entirely devoid of any strategic economic input. This is hardly surprising when the Treasury section of the 226 page report is only 17 pages long, and of the 133 recommendations only a handful relate directly to substantial economic matters.
- 1.4 The Report itself has no constructive theme or narrative, and in that sense represents well the overall approach of opposition Committee members towards the Estimates process.
- 1.5 Rather than use the opportunity provided by Estimates hearings to engage in a productive dialogue with the stakeholders and many experts and produce a document of merit, non-Government members of this committee constantly chose to focus on matters that were either politically motivated or outside the scope of an Estimates Committee, an approach reflected closely in the final contents of the report.
- 1.6 As such, and given the importance of the subject that this Committee is supposed to be scrutinising – the Budget - it is not my intention to delve line by line through the many spurious allegations or personal policy interests of MLAs provided in this dubious report, which I strongly dissent from.
- 1.7 Rather I will outline my understanding of the current economic situation in the ACT and the measures being taken by government to protect it.

- 1.8 I will also outline my position on areas of key dissent and provide some balance to the report.
- 1.9 I look forward to the Government's response to each of the recommendations contained in the Report.

2 MEMBERSHIP

- 2.1 Mr Simon Corbell MLA, proposed an amendment to the motion establishing that the Committee membership include two government nominees. The Canberra Liberals and the Greens did not support this amendment because in their view a larger committee would be unwieldy, and they felt a five member committee was adequate.
- 2.2 I note, though, that on any given day that as well as the two appointed Liberal members there were one to three additional Liberals participating. This often saw Liberal representation on the committee increase to five, Greens two and Labor one.
- 2.3 I further note that the 2006-2007 Estimates Committee had six members.

RECOMMENDATION 1

- 2.4 **That each party be permitted two members on the Estimates Committee.**

3 CONDUCT OF MEETINGS

- 3.1 The public hearings are a critical part of the Estimates Review process, and I support open and frank dialogue between the Committee and the witnesses.
- 3.2 At times, however, the meetings were not productive due to repeated interjections, commentary and behaviour that would be more suited to the debating chamber.
- 3.3 The tawdry behaviour shown by Liberals only highlighted their inability to engage in a meaningful discussion on the Budget.
- 3.4 The participation of high numbers of the Liberals seemed to take precedence over other appointed members.
- 3.5 Furthermore, a number of times it was clear that the Liberals, both appointed and additional members, pursued a line of questioning that other appointed members felt was not productive or relevant to the Budget.
- 3.6 Even when it was clearly stated that the majority of the committee wished to ask questions on other areas, the Liberals did not accommodate the other members of the committee. This was particularly disappointing when the majority of the appointed committee members shared the same view, that is to move to another line of questioning, and were ignored.

RECOMMENDATION 2

- 3.7 **Recommends that while maintaining the spirit of participation from all MLAs, the majority view of appointed Committee members is considered and respected.**

4 USING ESTIMATES FOR POLITICAL GAIN

- 4.1 It is of serious concern to me that the Opposition took advantage of the Committee to engage in a virtually uninterrupted campaign of negative political antics.
- 4.2 I am also deeply concerned that the committee was used as a vehicle for the Opposition to misrepresent the Chief Minister, to attack the ACT Public Service and, to seek to establish a Select Committee on Privileges.
- 4.3 Given that the above matters were allowed to be played out as part of the committee is of grave concern to me and I believe may set a troubling precedent for future Estimates hearings throughout the 7th Assembly.
- 4.4 I must make it clear that I do not condone or support in any way the manner in which the Opposition has allowed their party political motives to be brought to action under the Committee.
- 4.5 I believe the ACT Public Service conducts itself with independence and professionalism, and is a service that I am very proud of.
- 4.6 The manner in which the Opposition conducted itself, the lines of questions and their reporting of the hearings demonstrates that their interests were not that of a rigorous study of the Budget but rather a political fishing expedition so they could repeat their own questions and rebukes.
- 4.7 By way of example, consider that the section 'Prospects for the ACT economy' contains only four short sentences and a quote, while the section on the Land Development Agency consists of over 10 pages of heavily partisan allegations.
- 4.8 In addition to this, I would also note that a number of the recommendations provided in the report could be dealt with through more appropriate channels such as existing committees, Questions on Notice, Question Time and/or correspondence to the relevant Minister.

- 4.9 For example, why has the Committee focussed so heavily on the subject of government advertising when a separate Select Committee on Government Advertising has already been established this year?
- 4.10 Why are there two separate recommendations on internal Legislative Assembly IT matters when this matter has already been raised in the PAC Annual Report Review and could be dealt with through other means such as the Assembly Administration and Procedures Committee?

5 EXPERT ADVICE IGNORED

- 5.1 On April 2 2009, a motion was carried that allowed for the 'employment of additional staff for the engagement of external expertise to work with the Committee to facilitate the analysis of the Budget and the preparation of the report'. This was in accordance with the Parliamentary Agreement relating to the appointment of a parliamentary budget officer.
- 5.2 In May 2009 the Committee engaged Mr Tony Harris, former NSW Auditor General and a consultant with considerable experience in economic and budgetary matters, to provide advice and assist with the technical aspects of the ACT Budget Papers. Mr Harris provide the committee with a review of the ACT 2009-2010 Budget; daily analysis of hearing outcomes pertaining to financial issues raised; analysis on the out-years funding for both health and education; and comment on the effects of the ACT Budget of Commonwealth funding and the potential impact of the International Monetary Fund's prediction of slower than expected economic growth. This work is available from the Assembly website at:
[\[http://www.parliament.act.gov.au/committees/index1.asp?committee=122&inquiry=774&category=19\]](http://www.parliament.act.gov.au/committees/index1.asp?committee=122&inquiry=774&category=19)
- 5.3 While the above advice was provided within very quick time frames and was available for the drafting of the Report, the Opposition refused to use or refer to the advice.
- 5.4 I note with concern the Opposition's refusal to have extracts from the Harris work included in the draft Report, and to offer a balance to the position of the Property Council and the Business Council.
- 5.5 I note the Opposition would rather ignore the comments made by a former Auditor General and favour comments made by a stakeholder group in the Canberra Times. I can only deduce that this is because the media comments from stakeholder groups better suits their oppositional stance.

RECOMMENDATION 3

- 5.6 **Given the commitment to create a Parliamentary Officer position, that their advice is also taken into account when considering comments from stakeholder groups.**

6 COST OF CONDUCTING THE INQUIRY

- 6.1 It has been suggested by Chief Minister that the cost of responding to the 2,550 additional questions generated by the Committee will be 'in the vicinity of \$1.5 million' [see attached media release].
- 6.2 When you add to this the staff costs involved in the attendance of all 17 MLAs, their staff, dozens of senior departmental officers, Secretariat support staff, as well as associated costs such as security, stationery and catering over the two weeks of hearings, this figure could increase by thousands of dollars.
- 6.3 How much taxpayer money was spent by the Committee creating recommendations about horse paddocks, or discussing compost heaps, what type of fitness equipment should be provided to AMC inmates, or a supposed 'love boat' on Lake Burley Griffin?
- 6.4 How much taxpayer money was spent discussing and creating the two recommendations about increasing the size of the internet server for the Legislative Assembly, and how does this compare in terms of cost to the server itself?
- 6.5 I would suggest that in keeping with the renewed focus on transparent and accountable governance in this 7th Assembly, it would be of benefit to learn the total cost to the ACT taxpayer of the 2009-10 Estimates hearings.

RECOMMENDATION 4

- 6.6 **That the Assembly be provided with the advice as to the total costs on the 2009-10 Selection Committee on Estimates hearing and responding to questions on notice and report to the Assembly by the last sitting week in 2009.**

7 QUESTIONS ON NOTICE

- 7.1 It was surprising to me to see the growing number of Questions on Notice (QoN) – and disappointed given so much time was spent on matters not related to the Budget papers.
- 7.2 Another disappointment was the apparent repetition of many of the individual questions, and the absence of any coordination or ‘pooling’ of questions by the Liberals or the Greens which may have reduced the burden and association costs in responding.
- 7.3 The current arrangements for Questions on Notice [QoN] have been raised in this and previous Reports. The 2008-09 Estimates Committee noted the difficulties for the Members, the Ministers and the departments in meeting the timeframes for issuing and responding to the QoN and recommended the Assembly ‘amend the Standing Orders to provide for rules for the conduct for the questions on notice process’
- 7.4 Based on the above, the 2009-10 Committee recommended that Committee members be given three days to develop and submit their QoNs [Recommendation 6]. However, the Committee did not support my proposed words of ‘The Committee acknowledge the significant workload for the Executive and departments generated by responding to QoNs and also in meeting the existing time lines of 5 days to reply to QoNs.
- 7.5 This contradicts with the recommendation to review the QoN process. Any such review has now been clearly compromised as the Liberals and the Greens have declared their prejudice to favour themselves and not be open to any consideration in regard to response times. This shows a complete disregard for the ACT public service and the work they do for the Estimates Committee.
- 7.6 The 2009-10 Estimates Committee has generated over 450 questions – when you add the sub questions - there are over 2500 questions to be answered in five days.
- 7.7 While QoN are a valid part of the accountability process, I will draw the readers’ attention to some of the questions.

MR. COE : To ask the Minister for Transport –

(1) What is the total cost of green paint purchased by his Department to mark on-road cycle

lanes;

(2) What is the distance of green cycle lanes that have been painted?

While the process is driven by ‘keeping the government to account’ I do not see any process that calls the Opposition to account and to explain the need behind all of these questions. The Opposition seems more than happy to have the public service distracted from delivering programs rather than putting thought into their accountability practices.

RECOMMENDATION 5

- 7.8 **That the Canberra Liberals be asked to explain the rationale behind their questions and to explain how the answers will improve key outcomes for the ACT.**

RECOMMENDATION 6

- 7.9 **That in any resultant review of QoN process, that consideration be given to develop improve co-ordination with a view of reducing unnecessary duplication or overlapping of questions.**

8 TREASURY

- 8.1 In a media release on April 1, Mr Brendan Smyth MLA promised to ensure that the Budget was subject to 'informed debate' and 'detailed scrutiny'. Why then does the section in the report on Treasury provide so little of substance?
- 8.2 In particular, I find it surprising that after months of heavy criticism of the government's economic management and plans to return the budget to surplus, the Liberals have provided virtually no input relating to the economic recovery of the ACT in this Report.
- 8.3 Instead, the Treasury section of this report has provided multiple recommendations that the Government provide enormous amounts of additional detail about revenue and expenditure, presumably to allow the Opposition to ask thousands more questions.
- 8.4 In contrast, in the face of these unprecedented economic times, the Government has been busy making tough decisions about the economy.
- 8.5 I was very interested to be provided with detailed explanations of government spending through the many Committee witnesses, and I am particularly grateful to Mr Harris for lending his economic expertise to the Committee.
- 8.6 It is acknowledged that we are in are unprecedented times. As stated above, the global financial crisis has seen the sharpest decline in financial markets and economic activity since the great depression of the 1930s. From July last year to April this year – a period of just nine months – the forecasts for the global economy have been revised downwards by more than five per cent.
- 8.7 On examining the Harris analysis and comments of external groups – I argue that Mr Harris – the expert contracted by the Committee – notes no discrepancies and in fact considers the ACT government predictions fair and reasonable, and I note my dissent to the allegations of 'discrepancies between economic projections asserted by senior ACT government staff and external groups'.
- 8.8 In regard to external economic projections and advice, I note the ACT Treasury

uses a range of data sources to determine its projections.

- 8.9 The Commonwealth Budget forecasts the Australian economy to contract by half a per cent over the next year, and the International Monetary Fund has now forecast the global economy to contract by 1.3 per cent in 2009.
- 8.10 For the next year, the ACT's State Final Demand is forecast to grow by 2 per cent. This is lower than our long run growth, but in the context of the global and national economic circumstances, this is quite a positive outlook.
- 8.11 The Territory has lost \$322 million over five years in GST revenue, the drop in conveyance revenue is in the order of \$247 million and the loss on superannuation investments total \$193 million. These factors alone put the ACT Budget into a net operating deficit position, and deficits are forecast over the forward estimates.
- 8.12 The underlying budget structure, however, is sound. The Government has a strong track record of prudent financial management. In their commentary on the ACT Budget, Standard and Poor say that:

The weaker operating position does not materially alter the robust profile of the ACT's public finances, as the strength of the Government's balance sheet provides flexibility to absorb cyclical deficits of this nature"... "Coming from a fiscal strategy to achieve general government sector net operating surpluses, and prudent debt management has left the Government in a strong net-creditor starting point position.

- 8.13 Mr Harris observes, in the opening paragraph his initial review of the Budget (12 May) that:

"Forecasting budgets during these difficult economic times is a fraught exercise. For a start, forecasting – never an exact science – is more difficult when the direction of the economy is changing significantly."

- 8.14 The ACT Government has a strong Budget Plan and is committed to restoring the budget to surplus. This is a key element of our fiscal strategy objectives.
- 8.15 The Budget Plan which maps this recovery is clearly outlined in the Budget papers. Budget Paper 3 covers the Budget and Economic outlook over the forward years, a clear articulation of the Government's fiscal strategy and a section relating to the Budget Plan which identifies, amongst other key

- measures including community engagement and implementation, the savings targets required for meeting the goal of a balanced budget by 2015-16.
- 8.16 This Plan is clearly articulated and is able to be updated to reflect changes in the external economic environment as demonstrated with the Treasurer's publication of the Budget Update, which includes a revised Budget Plan, following the release of the Commonwealth Budget.
- 8.17 In her presentation to Estimates, the Treasurer articulated clearly the challenge of the decisions presented to the Government in formulating this Budget under these economic circumstances.
- 8.18 It is clear that there has been a real drop in revenues and that needs for services continue to grow.
- 8.19 The Treasurer indicated that a simple answer would be to make corresponding adjustments to expenditure, or introduce new taxation measures.
- 8.20 Mr Harris observes that these kinds of measures are seen to merely transfer the adverse implications of recession from the public to the private sector. The Government argued strongly that this approach would be counter-productive, and may adversely impact the economy, services and consumer sentiment.
- 8.21 The Government has clearly outlined that this is not the right time to make an immediate adjustment. It would mean slashing services, finding new taxes, and scaling back on our capital infrastructure, building and maintenance programs.
- 8.22 The Government has identified that at this time it is important to ensure stability – stability of services, stability of the public sector and business sectors, stability in confidence, and stability in the economy.
- 8.23 The prudence of this approach has been supported by numerous economic commentators and key industry representatives including the Chamber of Commerce and the Property Council.
- 8.24 Mr Harris also observes that there is prudence in taking this kind of approach when one considers the community's preferences of increased taxes versus cuts to services. He says that the strength of the ACT's balance sheet allows us to withstand deficits without having to take immediate steps to reduce expenses or increase revenues.

- 8.25 The 2009-10 Budget provides capacity for capital expenditure of more than \$2 billion over the next four years and foreshadows a modest borrowing program. The Government has argued that they are able to accommodate this borrowing because of the strength of its financial position. Mr Harris has described the ACT's fiscal position as "robust."
- 8.26 For the medium term, this infrastructure investment will support jobs and the economy. For the longer term, it will result in high quality assets that support services and increase the productive capacity of the economy.
- 8.27 The Government has chosen a longer term time frame than just the Budget's forward estimates to return the budget to surplus.
- 8.28 The Budget is a measured response to economic and fiscal circumstances. It ensures that we not only maintain services, but are able to respond to growth in needs for services, particularly in priority areas of health and education.
- 8.29 It also provides flexibility for adjustments should circumstances change, as we have now seen with the Commonwealth revised GST revenues.
- 8.30 It ensures that we do not "overcorrect" and it also allows us to engage the community, industry and business sectors over the coming years.
- 8.31 As well as being measured, the Budget Plan is transparent and responsible by providing a blueprint of our goals and the steps we will take to achieve them.
- 8.32 The recent national accounts and unemployment figures confirm the prudence of the Government's decisions. The overall result for the March quarter of stable demand was good given that all other jurisdictions, with the exception of South Australia, recorded significant contractions in demand. However, private investment dropped by 4.9 per cent in the March quarter. This is understandable given the global and national economic context.
- 8.33 The Government's investments and long-term strategy will support the economy and support jobs in the current economic environment.
- 8.34 Over the longer term, the Budget includes a Plan to return the Budget to surplus. The objectives of the Budget Plan include to:
- adopt a longer term approach to addressing the deficit;
 - achieve a balanced Budget by the target year of 2015-16;

- identify annual saving targets over the forward estimates period that set the aggregate revenue and expenditure trajectories to meet over the planning period;
- ensure that in restoring the surplus, core services, community safety, and risk mitigation and protection are maintained to the high standard the community expects; and
- plan for adequate growth in expenditures to meet the needs of a growing population, and in particular, in the priority service areas such as health and education.

9 CHIEF MINISTERS DEPARTMENT

9.1 It was evident from the line of questioning that the Canberra liberals do not support affordable housing strategies for the ACT. Nor do they recognise the activities of the Government towards supporting local business.

Supporting business and arts

9.2 The ACT Government is active and works in strong partnership with local business and community.

9.3 The Government and the department are supporting innovation at the enterprise and organisational level, in addition to the objective of creating an overall environment conducive to business investment and business formation.

9.4 The ACT Government Business and Industry Development will deliver business programs and services as well as manage relationships with key stakeholders in the ACT innovation system including universities, research organisations, commercialisation entities, business organisations and other government agencies.

9.5 The Opposition fails to recognise the ACT Government Skilled and Business Migration Program, nor the participation in the business and innovation policy forums, including ministerial councils and other national business, innovation and science infrastructure forums.

9.6 The Estimate Reports fails to recognise a range of activities and programs funded through this Budget for the local arts community such as the Watson Arts Centre, Manuka Arts Centre Landscape Works, Belconnen - Arts and Cultural Centre

9.7 Nor does the report recognise the business innovation programs such as the Business and Economic Development Package, the Shanghai World Expo 2010, the Civic master plan or the StudentConnect program to match final year

international students studying at CIT, ANU and the University of Canberra with appropriate local employment.

- 9.8 Positive and productive programs are in place such as the business mentoring and information service to enhance entrepreneurial and innovation capacity across the ACT business community; partnerships with ACT business community to provide an outsourced industry development program for screen based businesses and partnerships with the business community and other stakeholders to deliver trade and investment development support.
- 9.9 Also of merit are the Chief Minister's Export Awards; the TradeConnect3; the ACT Business Licence Information Service; and the support given to the NICTA and ICT industry development program.

Affordable housing

- 9.10 The government is committed to affordable housing through a range of strategies and innovative programs.
- 9.11 It is disappointing to see the Liberal Party continue its philosophical opposition to an innovative strategy such as the land rent scheme. Their continued opposition to this innovative scheme will deny Canberrans from owning their own home. Their continued opposition and ill informed and negative remarks do nothing but show their contempt for broad policy and innovative approaches to the issue of home ownership, and the associated security this brings to many in our community.
- 9.12 Alistair Coe joined the Committee and asked if the Chief Minister, or his Department, were aware of builders offering houses under the OwnPlace scheme at an inflated price that the [same] builders were offering on the open market.
- 9.13 A full copy of the Hansard of this line of questioning is attached, the key extracts are noted here:

MR COE:The OwnPlace scheme, as I am sure you are aware, involves a house and land package for under \$300,000 where the land comes in at \$100,000. So that means that builders have up to \$200,000 to construct a house to be compliant with the scheme. From the research that I have done and research that my colleagues have done, it seems that just about every single

package is coming in at 295, 297, 298, \$299,000, which means that almost every house is coming in at 195, 197, 198, \$199,000 or so.

One particular person contacted me and was advised that a house that he signed up to, or was about to sign up to, was being sold for \$197,000 in the OwnPlace scheme. However, the same house was listed on the builder's website for \$137,000. The same house, same inclusions pretty much, with, say, a \$60,000 mark-up. So builders have up to \$200,000 to play with and it seems quite a few of them are using it in spite of the fact that the same plan may well attract a significantly cheaper cost should they go through the process independently. So I am just a bit curious as to what sort of policing there is in this space. At \$197,000 that comes to \$1,781 per square metre.

That is 1,781 per square metre. There are houses for sale in Franklin where it is coming up as \$1,252 per square metre, \$1,453 per square metre. So 1,781 is a pretty expensive house per square metre and I was wondering, Chief Minister, what sort of checks, what sort of audit you have done in this space.

Mr Stanhope: We have through our Australia-leading affordable housing strategy, which now is regarded around Australia as the best and the most successful in the nation, mandated that 15 per cent of all housing will be affordable. That is a requirement that we have imposed on the LDA for housing development for greenfield estates. The LDA markets its formal requirement to produce affordable housing under the OwnPlace program. It promises to deliver home and land packages at \$300,000.

MR COE: So would you be concerned if that was a \$50,000 or \$60,000 mark-up?

Mr Stanhope: Well, I certainly would be concerned, Mr Coe, and —

MR COE: And what would you do if that was the case?

MR COE: I said very clearly the mark-up —

MR COE: was \$197,000 as opposed to \$137,000.

MR COE: So would you agree that \$1,781 per square metre is an extortionate cost, it seems?

Mr Stanhope: I think you need to ask the LDA that. This program is managed by the LDA, not by the Chief Minister's Department.

MR COE: So \$1,781; is that too much?

Mr Stanhope: I will take the question on notice, Mr Coe, or I would urge you to come back and address the question to the appropriate officers, namely the LDA.

MR COE: Yes, you can certainly take that on notice. I would like to get a response.

Mr Dawes: It has not been put to me at all. It is the first I have heard about it, so it is something that we would have to have a look at. But if, for example, we felt that anyone was, in the way you are putting it, potentially gouging the community—

Mr Stanhope: There are five named builders actually, I think. I would be happy to—.....What I will do for the committee is contact the general managers of the five companies that provide housing for the LDA. This is a partnership deal; the LDA provides the land. Who is it? It is Jennings, Graeme Shaw—PBS. I will get in touch with those five companies and put to them your suggestion, Mr Coe, that they are gouging first homebuyers and see what they say.

THE CHAIR: The issue about the price gap— between what is on the website and what is offered under the scheme.

Mr Stanhope: I will ask. I will find out from my office whether anybody has alleged that these five companies, these five reputable ACT companies at the heart of our building industry, are gouging first homebuyers.

Mr Stanhope: I have taken the question on notice.

- 9.14 The Chief Minister undertook to clarify this with the OwnPlace builders and noted in the hearing that they would be writing to each builder seeking such clarification.
- 9.15 While this approach seemed to be acceptable on the day – once it was clear that the builders were distressed at such insinuations, the Opposition turned to their negative political stunts.
- 9.16 The continued biased questioning from the Liberals on the matter during public hearings was often at odds with other Committee members who did not wish to pursue this negative line of inquiry.
- 9.17 The Chief Minister has provided regular updates to the Assembly on the Land Rent scheme's progress and he has made it clear that due to 'commercial in confidence' considerations he is unable to identify the lending institution which continues to offer support for the scheme.
- 9.18 The Chief Minister has made it clear that anyone in a position to take advantage of the first home owners' grant without participating in the Land Rent program should do so.

- 9.19 The Executive has every right to seek to correct inaccuracies in the media about important government programs which are being falsely represented as 'failing'.

10 DEPARTMENT OF ENVIRONMENT, CLIMATE CHANGE, ENERGY AND WATER

- 10.1 DECCEW is a new department with broad reaching aims and programs.
- 10.2 While the Committee did ask a range of questions relevant to the DECCEW Budget, the report recommendations focus on process indicators rather than strategic aims.
- 10.3 As an example of the Oppositions approach to the Budget process, I note that in the Report the 'Canberra Urban Waterways Project' had just one paragraph, whereas Brendan Smyth thought the 'Noise and dust complaints at Fairbairn Park' which is not in the Budget papers, was worthy of seven paragraphs, a recommendation and five questions on notice each having sub questions totally 42 questions.

11 ACT HEALTH

Calvary hospital

- 11.1 The Opposition spent considerable time questioning the Minister about the private discussion with the Little Company of Mary [LCM] regarding the possible purchase of the Calvary Hospital.
- 11.2 The line of questioning was not on the strategic benefits of such a purchase, rather the Opposition wanted to know when the discussion with LCM started and why she had not brought these confidential discussions into the public arena.
- 11.3 The Opposition seems not to support the notion of respecting the wishes of business partners to have discussions in confidence.
- 11.4 The rationale behind the discussions being held in confidence and the proposal itself is meritorious. I look forward to an open debate on the proposal.
- 11.5 I wish to distance myself from the Opposition's negative discussions and questioning regarding the possible purchase of Calvary hospital.

Hospital car park

- 11.6 During the hearings the Committee asked a range of questions about the Capital Asset Development Plan for The Canberra Hospital. The Minister and the Department outlined in great detail the various components of the capital plan. This included discussion on the building of the new car park as a critical part, indeed the linchpin, of the project plan for the site.
- 11.7 The Committee at no point raised concerns about the site or construction of elements of the capital plan or the car park.
- 11.8 The Minister is to be commended for taking the necessary steps to ensure the TCH capital works – ie the first development the car park - is progressed without unnecessary delay and securing not only the work at TCH but also securing significant work for the local building and construction industry.

- 11.9 It is disappointing that the Opposition parties fell quickly into conspiracy theory mode on hearing that the Minister has asked the Minister for Planning to 'call in' the car park development plans.
- 11.10 Rather than support the Minister in this critical decision, the Opposition moved quickly to the political stunts of calling her back to the Committee and accusing her of a cover-up.
- 11.11 The Minister made the decision as was required – a decision to secure the timely start of TCH capital development, a decision that puts the future health care needs of our community as a priority and to support our local building and construction industry.
- 11.12 The Oppositions response is just another example of the Opposition not having a view for the future, only a view of the next stunt.

Indigenous healing farm and FoI

- 11.13 The Indigenous healing farm is a commendable project and has the full support of the ACT Aboriginal community.
- 11.14 The Committee asked a range of questions about this innovative program.
- 11.15 It is of concern to me, however, that the Opposition sought to link this program to yet another political stunt.
- 11.16 Jeremy Hanson joined the Committee and asked about an email he sourced through FoI. He noted that a number of words in the FoI email had been blacked out, and further proposed that these words were deliberately blacked out to cover up words such as 'cellar door'.
- 11.17 This unfortunate approach from the Opposition resulted with a number of the Committee members disagreeing with the line of questioning. A copy of the Hansard is attached.
- 11.18 I find it repugnant that the Opposition sought to link the 'possible cellar door' being on adjoining property to being inappropriate for clients of the Indigenous health centre.

- 11.19 I also find it of great concern that Hanson has accused, through a media release and subsequently at a Committee hearing, the ACT Health public service of institutional bias and cover-up on behalf of the government.
- 11.20 A copy of the media release is attached.
- 11.21 Matters arising from the questioning on the Indigenous healing farm have caused significant distress to public servants and to the indigenous community.
- 11.22 I find these accusations and behaviour unsupportable and I distance myself from them completely.

12 DEPARTMENT OF TERRITORY AND MUNICIPAL SERVICES

Green square

- 12.1 I can not support the attention and privilege sought from the Committee to replace and maintain the grass at Green Square.
- 12.2 On evidence provide to the committee, as a result of the current weather conditions, reduced inflows to our water ways and the push towards better water security and management irrigation has ceased to shopping centres, school playgrounds and community ovals.
- 12.3 Green Square is an area frequented by local residents and residents from other areas; it provides a playing area for children while parents/families dine in the local cafes and eateries surrounding the square.
- 12.4 The Government has put forward a landscape plan to renew Green Square to achieve a green and sustainable space with a high level of amenity that provide suitable playing area for children without a water-guzzling grass area.
- 12.5 The Government has also put forward an alternate partnership proposal which, with the support of local business, would see grass reinstated, irrigated with non-potable water and regularly replanted to ensure it is adequately maintained in light of the high pedestrian traffic in Green Square.
- 12.6 Telopea Park is less than five minutes walk away and is sited in the local residential area.
- 12.7 I do not support the position of the Liberals or the Greens that allows this area alone to be grassed and irrigated while the other 85 shopping areas of Canberra have no equal benefit. It is simply unfair and unreasonable given non-grassed alternatives are available.
- 12.8 Again this is recommendation highlights how easily distracted the Opposition parties towards their own 'hobby horse', and how little the Budget papers were debated.

Sport and recreation - EPIC

- 12.9 While the Minister may have identified this as a discontinued agency in the Budget – there is a simple reason. The Minister had planned to move EPIC into Territory Venue and Events.
- 12.10 The claims by the Liberals and Greens that the Minister may run EPIC into the ground is false, unsubstantiated and scurrilous.

13 DEPARTMENT OF EDUCATION AND TRAINING

Special needs students

- 13.1 The Report offers limited reference to the questions and discussion on special needs students.
- 13.2 There was robust debate about the Oppositions' desire to have the current Shaddock review extend to non-government schools.
- 13.3 As this matter has been debated and discussed in the Assembly with the Assembly referring to the Education, Training and Youth Affairs [ETYA] Committee to undertake a review relevant to the issue, this was little more than political grandstanding from the Opposition.
- 13.4 The Hansard shows a disturbing thread of discussion with the Opposition inferring that ETYA Committee would not have the ability to complete the tasks.
- 13.5 This line of questioning by the Opposition was out of order and should not have been facilitated by the Chair.

14 DEPARTMENT OF JUSTICE AND COMMUNITY SAFETY

- 14.1 This area covers subjects such as policing and emergency services.
- 14.2 The Report recommendations focus on process targets, workforce profile and operational strategies.
- 14.3 It is disappointing that the discussion regarding the Alexander Maconochie Centre [AMC] appeared to focus on whether the heating system worked and if it was covered by builder warranty rather than the broad range of rehabilitation, health and education programs for the AMC prisoners.
- 14.4 The conduct of the Committee for the public hearing with the Minister for Corrections was a shameful. The Hansard will show persistent interjections, badgering and taunting behaviour from the shadow minister only serve to agitate the minister and disrupt the Committee proceedings.

15 ACT PLANNING AND LAND AUTHORITY

- 15.1 The section of the Committee report on planning, like many other sections of the Report, is extraordinarily light on detail. It has no overarching strategic commentary on how the ACT Government could improve the planning process.
- 15.2 While some of the recommendations are well-intentioned and may be of some merit, the Report has missed the big picture entirely, and has instead provided a small handful of isolated recommendations on ideas such as improving the ACTPLA website or the management of horse paddocks.

16 CONCLUSION

- 16.1 The Opposition has not sought to be independent and investigative, rather they move all too easily through sheer hypocrisy and arrogance from the concept of good governance to that of tawdry political stunts.
- 16.2 In a time of global economic downturn, the Estimates Committee hearings provided an excellent opportunity for participating MLAs to draw on a wide range of expertise to better understand the nature of government revenue and expenditure.
- 16.3 Given the time and the resources dedicated to this enterprise, it is reasonable to expect that the Committee would then produce a report of value, a report that identifies possible improvements and suggests strategies to achieve them.
- 16.4 Instead, the Opposition regrettably chose to pursue a policy of Opposition for Opposition's sake, frequently sidetracking the Committee and using the Estimates process as a vehicle for baseless political attacks on Government Ministers and others.
- 16.5 The result of such a process is evident in the final quality of the Report – a mish mash of half-baked allegations, small target personal policy interests and page after page of detail that often bears more resemblance to the minutes of a meeting than a serious report.
- 16.6 The fact that the Report is so conspicuously bereft of strategy, the partianship of the recommendations, combined with the manner in which the hearings were conducted has in my opinion diminished the role of the Committee.
- 16.7 **It is with no pleasure that I dissent from the Report.**
- 16.8 I want to note my appreciation for the Secretariat of the ACT Legislative Assembly for their support during the Estimates process.
- 16.9 Finally, I want to declare my utmost appreciation for the ACT Public Service, who go about delivering services for everyone in the ACT each and every day. It is the ACT public service senior executive and staff that work tirelessly to

ensure that services and programs in the ACT are amongst the best in Australia. For that I am grateful.

[Signature]

Joy Burch MLA

APPENDIX A: Hansard - Coe

MR COE: Yes, I have got a few minutes. Chief Minister, the question relates to the OwnPlace scheme and the government's general housing affordability strategy, which seems not to be delivering that many houses to that many people.

The OwnPlace scheme, as I am sure you are aware, involves a house and land package for under \$300,000 where the land comes in at \$100,000. So that means that builders have up to \$200,000 to construct a house to be compliant with the scheme. From the research that I have done and research that my colleagues have done, it seems that just about every single package is coming in at 295, 297, 298, \$299,000, which means that almost every house is coming in at 195, 197, 198, \$199,000 or so.

One particular person contacted me and was advised that a house that he signed up to, or was about to sign up to, was being sold for \$197,000 in the OwnPlace scheme.

However, the same house was listed on the builder's website for \$137,000. The same house, same inclusions pretty much, with, say, a \$60,000 mark-up. So builders have up to \$200,000 to play with and it seems quite a few of them are using it in spite of the fact that the same plan may well attract a significantly cheaper cost should they go through the process independently. So I am just a bit curious as to what sort of policing there is in this space. At \$197,000 that comes to \$1,781 per square metre. That is 1,781 per square metre. There are houses for sale in Franklin where it is coming up as \$1,252 per square metre, \$1,453 per square metre. So 1,781 is a pretty expensive house per square metre and I was wondering, Chief Minister, what sort of checks, what sort of audit you have done in this space.

Mr Stanhope: The OwnPlace scheme is managed by the LDA. The LDA is appearing before the committee at the committee's invitation on another day. But having said that, we have through our Australia-leading affordable housing strategy, which now is regarded around Australia as the best and the most successful in the nation, mandated that 15 per cent of all housing will be affordable. That is a requirement that we have imposed on the LDA for housing development for greenfield estates. The LDA markets its formal requirement to produce affordable housing under the OwnPlace program. It promises to deliver home and land packages at \$300,000. I think I need to say, and I —

MR COE: The question is on the assessment. What assessment do—

Mr Stanhope: Certainly, but the assessment is essentially the market. If there is anybody out there, including the constituent that contacted you in relation to his dissatisfaction or concern about a \$300,000 house and land package delivered under OwnPlace, who believes he can do better, as you put it, if he pursued the process independently, in your words, then I would urge him, Mr Coe, as I am sure you urged him, to pursue the process independently and to pick up that house for under \$300,000. I would be very interested, Mr Coe, if through this process you were table the address of the house that he or any of us could pursue independently on a land and house basis at under \$300,000.

MR COE: So would you be concerned if that was a \$50,000 or \$60,000 mark-up?

Mr Stanhope: Well, I certainly would be concerned, Mr Coe, and—

MR COE: And what would you do if that was the case?

Mr Stanhope: I would certainly be very sceptical. If you are suggesting that there is out there in the marketplace a builder delivering house and land packages at \$240,000—

THE CHAIR: Not house and land. He said the house.

Mr Stanhope: It is only the house? It is not house and land.

MR COE: The house component—

Mr Stanhope: So this house and land package—

MR COE: No, I said very clearly, Chief Minister—

Mr Stanhope: So this is the house that will be delivered without the land.

MR COE: I said very clearly the mark-up—

THE CHAIR: The question is where is the mark-up?

Mr Stanhope: Where in Canberra—

THE CHAIR: Where is the mark-up?

MR COE: was \$197,000 as opposed to \$137,000.

Mr Stanhope: Where in Canberra is the house and land package for \$240,000, Mr Coe? Where is it?

THE CHAIR: Has this issue been brought to your attention before, Chief Minister?

Mr Stanhope: No, it has not, and I must say that the LDA—

THE CHAIR: To the attention of your department?

Mr Stanhope: All I know about the OwnPlace program is that, as I understand it, it is fully subscribed. So popular is it at its full subscription that we have actually doubled the number of blocks. I think we have gone from 120 to 240 as a result of overwhelming demand because of how attractive this particular product is. It is so overwhelmingly popular that the LDA has not been able to meet demand. I think it behoves you, Mr Coe, to answer that question. Where is the house and land package in the ACT that beats the LDA's OwnPlace package? I have not seen it. In that context of course, Bob Winnel from Village Building, the champions of affordable housing and those that set the benchmark, of course, offered for sale house and land packages in west Macgregor last weekend at under \$360,000. Of the house and land packages offered by Village Building under, of course, the government's mandated affordable housing requirements, I think 20 of the 60 or thereabouts—one-third of the offered products—sold. So at \$360,000, VillageBuilding company now—and that is the affordable end of the market, here and everywhere else in Australia—managed to sell one-third of the house and land packages on offer. The OwnPlace is fully subscribed.

MR COE: So would you agree that \$1,781 per square metre is an extortionate cost, it seems?

Mr Stanhope: I think you need to ask the LDA that. This program is managed by the LDA, not by the Chief Minister's Department.

MR COE: So \$1,781; is that too much?

Mr Stanhope: I will take the question on notice, Mr Coe, or I would urge you to come back and address the question to the appropriate officers, namely the LDA.

MR COE: Yes, you can certainly take that on notice. I would like to get a response as—

Mr Stanhope: I will take it on notice on behalf of the LDA, but they are appearing before the committee.

THE CHAIR: Have these concerns been put to your department or to your office?

Mr Stanhope: They have not been put to me that I am aware of, but I will take the question on notice.

THE CHAIR: Sorry, Mr Dawes?

Mr Stanhope: I will take the question on notice, Mr Seselja.

Mr Dawes: It has not been put to me at all. It is the first I have heard about it, so it is something that we would have to have a look at. But if, for example, we felt that anyone was, in the way you are putting it, potentially gouging the community—

Mr Stanhope: There are five named builders actually, I think. I would be happy to—

Mr Dawes: we would actually remove them from the system.

Mr Stanhope: Yes. What I will do for the committee is contact the general managers of the five companies that provide housing for the LDA. This is a partnership deal; the LDA provides the land. Who is it? It is Jennings, Graeme Shaw—

Mr Dawes: PBS.

Mr Stanhope: PBS. I will get in touch with those five companies and put to them your suggestion, Mr Coe, that they are gouging first homebuyers and see what they say.

THE CHAIR: So this is the first time this has ever been—

Mr Stanhope: So that is Graeme Shaw; is it Jennings?

THE CHAIR: This is the first time it has ever been raised with you, Chief Minister?

Mr Dawes: Jennings, PBS.

Mr Stanhope: Jennings, Graeme Shaw, PBS. I will get on to them, Mr Coe, and put to them—

THE CHAIR: Is this the first time this has ever been raised with you, Chief Minister?

Mr Stanhope: your allegation that they are gouging—

MR COE: My allegation, is it?

Mr Stanhope: Your allegation that they are—

MR COE: I used that word, did I?

MS BURCH: Well, you brought it in.

Mr Stanhope: Yes. You have just alleged that they are gouging first homebuyers.

MR COE: I used that word, did I?

MRS DUNNE: Mr Dawes used the word “gouging”.

MR COE: Did I use that word?

Mr Stanhope: Mr Chair, I will get—

MRS DUNNE: Mr Dawes used the word “gouging”. Nobody else did.

Mr Stanhope: information for the committee from each of those five building companies, put the allegations of Mr Coe to them and get a formal response from those five companies for you.

THE CHAIR: Could you also confirm this is the first time that this has been raised with either you or your office?

Mr Stanhope: I will take that on notice, Mr Seselja.

MS BURCH: I have a question.

THE CHAIR: Well, hang on.

Mr Stanhope: What, that these five companies are gouging? What do you want me to confirm in relation to—

THE CHAIR: The issue about the price gap—

Mr Stanhope: The gouging, yes.

THE CHAIR: between what is on the website and what is offered under the scheme.

Mr Stanhope: I will ask. I will find out from my office whether anybody has alleged that these five companies, these five reputable ACT companies at the heart of our building industry, are gouging first homebuyers.

THE CHAIR: Mr Coe, did you—

MS BURCH: Thank you.

THE CHAIR: Well, hang on. Mr Coe, did you have anything more on that?

MR COE: No, that is fine for the moment.

THE CHAIR: Okay. I think Ms Hunter and Mrs Dunne were waiting for questions.

MS HUNTER: I have some questions—

Mr Stanhope: Which particular company was doing the gouging, Mr Coe? Have you got advice on that?

MR COE: Look, I will—

Mr Stanhope: It would help me if I knew which company it is.

THE CHAIR: We will come to order. Ms Hunter has a question.

Mr Stanhope: Which is the gouging company, Mr Coe? Is it Graeme Shaw? Is it Jennings?

MS BURCH: He has got it written down.

Mr Stanhope: Is it PBS? Which one is it?

MR SMYTH: As a principle, if the government puts out cheap land, is it acceptable for somebody to inflate their house price?

MS HUNTER: I believe it is actually my turn to ask a question.

MS BURCH: There is a question by Ms Hunter.

MR SMYTH: As a principle, if the government is putting out cheap land, is it okay for—

Mr Stanhope: I have taken the question on notice.

Jon Stanhope MLA**CHIEF MINISTER**

MINISTER FOR TRANSPORT MINISTER FOR TERRITORY AND MUNICIPAL SERVICES

MINISTER FOR BUSINESS AND ECONOMIC DEVELOPMENT

MINISTER FOR INDIGENOUS AFFAIRS MINISTER FOR THE ARTS AND HERITAGE

MEMBER FOR GINNINDERRA

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178/09 10 June 20098

**GREENS/LIBS \$1.5 MILLION ESTIMATES STUNT
BRINGS PUBLIC SERVICE TO A HALT**

Chief Minister Jon Stanhope has accused the Canberra Liberals and ACT Lite Greens of embarking on a wild 'fishing expedition' which will ultimately cost ACT taxpayers in the vicinity of \$1.5 million.

Following two weeks of lengthy Estimates hearings in which Ministers and senior public service officials spent nearly 70 hours answering questions, government departments and agencies have been hit with a tidal wave of 2,550 additional questions which the Liberals and Greens demand be answered within five days.

"In my portfolio areas alone there are 911 questions which require a detailed response," Mr Stanhope said.

"Right now, across 20 areas of government we have hundreds of public servants scrambling to respond to a range of questions from '*what is the cost of green paint purchased to mark on-road cycle lanes*' through to '*how many temporary repairs of community paths were undertaken in each suburb*'.

"It has been calculated that this unprecedented barrage of questions on notice will take a total of 12,750 public service hours to respond at a cost of \$1.5 million.

"I regard the actions of the Liberals and the Lite Greens, who wasted so much valuable time during the Estimates hearings playing politics on issues unrelated to the budget process, as a deliberate attempt to distract the government and the public service from our real work.

"Our public service is currently stretched in responding to a worrying swine flu outbreak and doing everything it can to deal with the local impact of the global financial crisis.

Unfortunately many of these public servants have been distracted from this crucial work to deal with what is little more than a political fishing expedition with a \$1.5 million price tag.

"My ministerial colleagues and I have no problem with the Estimates process and reasonable follow-up questions on notice but this year's process simply borders on the absurd," Mr Stanhope said.

Statement Ends **Jess Wurf 6205 0504 0411 772 700 jess.wurf@act.gov.au**

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Jeremy Hanson, MLA

Media Release

ANOTHER GALLAGHER COVER UP

The Minister for Health, Katy Gallagher, has to explain why documents relating to the winery being built next to the proposed Bush Healing Farm were censored to remove mention of the cellar door and winery, said Shadow Health Minister Jeremy Hanson.

The Minister had originally suggested that there were no plans to build a winery, cellar door and Bed and Breakfast on the site next to the Bush Healing Farm based on searches of Development Applications.

However, the Opposition has uncovered a document that shows the government was aware of these plans as early as July 2008, when the sale was completed in August of 2008. Worse, the document was censored by the government to try to avoid this embarrassing fact becoming public.

Under FOI, the government released a document dated 9 July 2008 and addressed to the Chief Minister. The identifying details of the person sending the document were properly blacked out. However, material details about the nature of the business were also censored.

The Opposition has now uncovered the uncensored version of this document and discovered that the words 'vineyard' and 'cellar door sales and a Bed and Breakfast establishment' were blacked out. The only rational explanation to remove these words was to cover up the government's embarrassment and there is no legitimate excuse for their removal.

'This shows yet another case of a shameful attempt to cover up the Minister's embarrassment by misuse of process,' said Jeremy.

22 May 2009