

# SELECT COMMITTEE ON ESTIMATES 2010-2011

## Questions on Notice

### Treasurer

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*ACTEW Corp Board "Decision Paper" dated 6 May 2009*

Ref: ACTEW Corporation Board "Decision Paper" dated 6 May 2009, prepared for the ACT Corporation board meeting held on 13 May 2009.

In relation to : **ACTEW Corporation**

1. Did you receive and read the paper referred to above prior to ACTEW Corporation's board meeting held on 13 May 2009? If no, when did you receive it and read it?
2. Did you note that the paper indicates the target out-turn cost (TOC) of \$116.748m for the Murrumbidgee-to-Googong pipeline had been approved by the BWA Alliance Project Management Team and the Alliance leadership Group?
3. Did you note that the ACTEW board approved a total project budget of \$149.8m, which includes the TOC, and authorised and delegated the managing director to approve expenditure to an upper limit of \$149.8m?
4. If you did not note the matters outlined in questions 2 and 3, what particular matters did you note from the board papers for that meeting?
5. When you were in attendance at the Estimates Committee on 18 May 2009, did you hear Mr Sullivan say: "The Murrumbidgee to Googong pipeline is currently under consideration by the board. While we have got a draft TOC, it has got some process to go through before it is an agreed TOC." [ref Hansard, Estimates –18 May 2009, p172]
6. Why did you allow Mr Sullivan to make that statement to the Estimates Committee when you had been given board papers that indicated the approval process had gone past that point?
7. Did you hear Mr Sullivan say to the Estimates Committee on 18 May 2009: "ICRC, in its water regulation decisions of 2007, allowed \$96.5 million for the Murrumbidgee to Googong pipeline. In the report to government, we said that we expected that the final price would come in within about 30 per cent of that [\$125.45m] ... and that is the number we are now moving towards"? [ref Hansard, Estimates –18 May 2009, p175]
8. Why did you allow Mr Sullivan to make that statement when the board had approved and delegated and authorised Mr Sullivan to approve expenditure up to a total project budget of \$149.8m five days earlier?
9. When did you receive and read a letter dated 22 May 2010 from ACTEW Corporation in which you were advised formally that the board had approved the total project budget of \$149.8m, which included the TOC, for the Murrumbidgee-to-Googong pipeline?
10. In light the referenced board paper; the statements that Mr Sullivan made to the Estimates Committee on 18 May; and the letter of 22 May referred to in question 9, and given the Estimates Committee was in session until 16 June 2009, why did you allow those statements to remain uncorrected on the public record?



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

SELECT COMMITTEE ON ESTIMATES 2010-2011

**ANSWER TO QUESTION ON NOTICE**



**VICKI DUNNE MLA:** Asked the Treasurer upon Notice:

Ref: ACTEW Corporation Board "Decision Paper" dated 6 May 2009, prepared for the ACT Corporation board meeting held on 13 May 2009.

In relation to: **ACTEW Corporation**

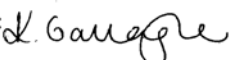
1. Did you receive and read the paper referred to above prior to ACTEW Corporation's board meeting held on 13 May 2009? If no, when did you receive it and read it?
2. Did you note that the paper indicates the target out-turn cost (TOC) of \$116.748m for the Murrumbidgee-to-Googong pipeline had been approved by the BWA Alliance Project Management Team and the Alliance leadership Group?
3. Did you note that the ACTEW board approved a total project budget of \$149.8m, which includes the TOC, and authorised and delegated the managing director to approve expenditure to an upper limit of \$149.8m?
4. If you did not note the matters outlined in questions 2 and 3, what particular matters did you note from the board papers for that meeting?
5. When you were in attendance at the Estimates Committee on 18 May 2009, did you hear Mr Sullivan say: "The Murrumbidgee to Googong pipeline is currently under consideration by the board. While we have got a draft TOC, it has got some process to go through before it is an agreed TOC." [ref Hansard, Estimates –18 May 2009, p172]
6. Why did you allow Mr Sullivan to make that statement to the Estimates Committee when you had been given board papers that indicated the approval process had gone past that point?
7. Did you hear Mr Sullivan say to the Estimates Committee on 18 May 2009: "ICRC, in its water regulation decisions of 2007, allowed \$96.5 million for the Murrumbidgee to Googong pipeline. In the report to government, we said that we expected that the final price would come in within about 30 per cent of that [\$125.45m] ... and that is the number we are now moving towards"? [ref Hansard, Estimates –18 May 2009, p175]
8. Why did you allow Mr Sullivan to make that statement when the board had approved and delegated and authorised Mr Sullivan to approve expenditure up to a total project budget of \$149.8m five days earlier?
9. When did you receive and read a letter dated 22 May 2009 from ACTEW Corporation in which you were advised formally that the board had approved the total project budget of \$149.8m, which included the TOC, for the Murrumbidgee-to-Googong pipeline?

10. In light the referenced board paper; the statements that Mr Sullivan made to the Estimates Committee on 18 May; and the letter of 22 May referred to in question 9, and given the Estimates Committee was in session until 16 June 2009, why did you allow those statements to remain uncorrected on the public record?

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

1. The ACTEW Board papers for the meeting held on 13 May 2009 were provided by ACTEW on 11 May 2010.  
I have no record of when I read the Board paper.
2. I am aware that the paper indicates the target out-turn cost (TOC) of \$116.748m for the Murrumbidgee-to-Googong pipeline had been approved by the BWA Alliance Project Management Team and the Alliance Leadership Group and that this amount included two provisional sums.
3. The Board paper proposed that the ACTEW Board resolve various matters relating to the Murrumbidgee to Googong Water Transfer project. This included resolving to approve a total budget of \$149.8 million, and to delegate and authorise ACTEW's Managing Director to approve expenditure to an upper limit of \$149.8 million. I was unaware of the Board's decision on these matters until after Mr Sullivan wrote to the Voting Shareholders on 22 May 2009 to provide a summary of matters discussed at the Board meeting. The letter indicated that the Board had approved a total project cost of \$149.8 million to implement the Murrumbidgee to Googong Water Transfer Project.
4. See my answer to 3 above.
5. I did hear Mr Sullivan's comments.
6. Mr Sullivan's statement accurately reflected that some elements of the TOC had not yet been finalised.
7. I did hear Mr Sullivan's comments.
8. My previous response dated 6 April 2010 to a supplementary question on notice by Mrs Dunne arising from the annual and financial reports hearings on 18 February 2010 stands. I indicated in that response that I was satisfied that the statements made to the Committee on 18 May 2009 by Mr Sullivan were accurate.
9. I received the letter dated 22 May 2009 on 25 May 2009.
10. There is no need to amend the statements made by Mr Sullivan. It is instructive to consider Mr Sullivan's letter to the Speaker dated 23 February 2010 as well as the May 2010 report of the Select Committee on Privileges with particular reference to the submissions provided by Mr Sullivan and the Chair of ACTEW, Mr John Mackay.

Approved for circulation to the Standing Committee on Estimates 2010-2011

Signature:   
By the Treasurer, Katy Gallagher

Date: 23.9.10

*ACTEW - Major water security projects - enlarged Cotter Dam*

**VICKI DUNNE MLA** : To ask the Treasurer

Ref: Major Water Security Projects – Enlarged Cotter Dam. Documents referred to herein are available at [www.icrc.act.gov.au](http://www.icrc.act.gov.au).

In relation to : **ACTEW Corporation**

Background:

- (a) The ACT Government commissioned the Independent Competition and Regulatory Commission (ICRC) to conduct an investigation into the enlarged Cotter Dam water security project.
  - (b) One of the terms of reference for the ICRC’s investigation was:
    - whether the projected costs of the ECD water security project are prudent and efficient in terms of meeting the water security standards required of ACTEW.
  - (c) The ICRC engaged Halcrow Pacific Pty Ltd (Halcrow) to, amongst other things:
    - Investigate the projected costs of the project through a review of all relevant documents and determine whether the costs are prudent in terms of meeting the water security standards required of ACTEW
  - (d) Halcrow’s [Final Report](#), dated March 2010, at page 94, concludes that:
    - it has not been possible to definitively determine whether selection of the Enlarged Cotter Dam, as part of a suite of works that together comprise the adopted Water Security Program, was (or remains) prudent
  - (e) The ICRC’s [Draft Report](#) No 6, dated April 2010, does not appear to come to a definitive conclusion as to whether the projected costs of the project are prudent.
1. What further information does the government and/or ACTEW Corporation propose to provide to the ICRC to assist it to come to a conclusion as to the “prudence” of the projected costs of the project?

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

ACTEW has provided substantial documentation to the ICRC to assist the inquiry and will continue to work with the ICRC and provide any additional information that the Commission requests prior to the finalisation of the report. ACTEW attended the public hearing on 24 May 2010 and gave an undertaking to provide a further written submission to the ICRC.

At this stage the Government is not intending to provide information additional to that provided by ACTEW.

*ACTEW - Office re-location*

**VICKI DUNNE MLA** : To ask the Treasurer

Ref: Office Re-location

In relation to : **ACTEW Corporation**

1. What is the address of ACTEW Corporation's new office premises?
2. Who owns the premises formerly occupied?
3. Who owns the premises now occupied?
4. What was the area formerly occupied?
5. What is the area now occupied?
6. What was the rental cost per m<sup>2</sup> at the former premises?
7. What is the rental cost per m<sup>2</sup> at the new premises?
8. How many staff (FTE and head count, salaried and contracted) were accommodated at the former premises?
9. What was the staffing capacity of the former office space?
10. What is the staffing capacity of the new office space?
11. What was the removal cost?
12. Who had the removal contracts and what procurement processes were followed?
13. What was the fitout cost for the new premises for each of layout design & planning, supervision, fixtures, fittings, furnishings, furniture, air conditioning, equipment, IC&T and other?
14. What disposal methods will be or have been adopted for any redundant fixtures, fittings, furnishings, furniture, equipment, IC&T and other?
15. What revenues are anticipated from such disposals?
16. Who recommended the move and why?
17. Who authorised the move and why?
18. Was ACTEW Corporation included in any consultation process for the development of the proposal for a new whole-of-government building reported in *The Canberra Times* on 15 May 2010?
  - (a) If no, why; and
  - (b) If yes, why did ACTEW discount that option in favour of its new premises?

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

1. ACTEW will move to new premises at Level 5, 40 Bunda Street, Canberra City in late June 2010.



2. ACTEW currently occupies offices at 221 London Circuit Canberra. ActewAGL sold the property to an ACT based private company in November 2008.
3. The premises at 40 Bunda Street Canberra are sub-leased from ActewAGL, which leases the premises from Canberra Theatres Limited.
4. ACTEW currently occupies 602 sq metres of office accommodation at 221 London Circuit Canberra.
5. 1,287 sq metres of office accommodation will be occupied at 40 Bunda Street Canberra.
6. \$335 per sq metre per annum.
7. \$405 per sq metre per annum.
8. 30 people are currently located at 221 London Circuit Canberra.
9. 37.
10. 44.
11. The relocation to 40 Bunda Street has not yet occurred.
12. The relocation tender process is being managed by ActewAGL.
13. \$2.97 million.
14. Redundant fixtures have been sold in situ to the owner of 221 London Circuit Canberra.
15. \$15,000.
16. ActewAGL, as this was considered the best available option for an energy efficient office building that could accommodate both ActewAGL and ACTEW.
17. ACTEW agreed to collocate with ActewAGL, as ActewAGL provides all corporate support services and facilities including IT equipment and support, legal, human resources, treasury and financial reporting, customer accounts and records management.
18. No. ACTEW is not a government agency and the decision to relocate to 40 Bunda Street was a pre-existing commitment made in 2008.

*ACTEW - Stromlo water treatment plant*

**VICKI DUNNE MLA** : To ask the Treasurer

Ref: Stromlo Water Treatment Plant

In relation to : **ACTEW Corporation (and, where appropriate, ActewAGL)**

1. Did the design brief, criteria, standards or scope of works for the new Stromlo water treatment plant, at any stage during their drafting and final development, include a component for protective/epoxy coating for the water treatment plant tanks?
2. If yes:
  - (a) what material, extent of coverage and application method was specified; and
  - (b) what was the projected cost of the protective/epoxy coating including its application?
3. At what point (including the date) was the decision made to recommend that the design brief, criteria, standards or scope of works for the Stromlo water treatment plant be varied to exclude the protective/epoxy coating component and why was that recommendation made?
4. Who authorised adoption of the recommendation and why was the authorisation given?
5. As a result:
  - (a) how much money was saved in the final approved total project budget;
  - (b) how much construction and completion time was saved;
  - (c) were the construction contracts varied in any way as to cost, time to complete, bonuses, other incentives or warranty arrangements?
    - (i) If yes, to what extent in each area mentioned; and
    - (ii) If no, why?
6. In relation to the construction contracts:
  - (a) who was awarded the construction contracts; and
  - (b) what procurement processes were followed?
7. On what date was the completed Stromlo water treatment plant commissioned into service?
8. After that date:
  - (a) how frequently were inspections made as to the integrity of the construction and maintenance requirements; and
  - (b) when was the first inspection made?
9. Did any of the inspections and/or reports identify any deterioration in the construction integrity, including defects or potential defects ?
  - (a) If yes:
    - (i) when did that deterioration, defect or potential defect first emerge;

- (ii) how many reports were made that identified deterioration or defect or potential defect;
  - (iii) over what period were those reports made;
  - (iv) what was done to investigate and rectify the problems identified and when;
  - (v) were the warranty (defects liability) provisions of the contract pursued to address any identified defects or potential defects;
    - If yes, what warranty rectification works were undertaken and when; and
    - If no, why;
  - (vi) how much has it cost to rectify the problems identified; and
  - (vii) who has done the rectification work?
- 10.** In terms of the remedial works announced in the report published in *The Canberra Times* on 20 April 2010, including but not limited to the retro-application of the protective/epoxy coating:
- (a) when was the recommendation made to proceed with the remedial works;
  - (b) who made the recommendation and why;
  - (c) who authorised the project to proceed and why;
  - (d) what is the design brief, criteria, standards or scope of works;
  - (e) what is the total project budget;
  - (f) what are the individual elements of that budget, together with the costs for each element, including but not limited to project management, design, site supervision, owners costs, overheads, profit and incentive fees;
  - (g) what is the timeline for completion;
  - (h) how many contracts have been or will be awarded and for what elements of the scope of works;
  - (i) what procurement processes have been or will be followed for the contracts to be awarded; and
  - (j) what provisions do or will the contracts carry relating to warranty arrangements and completion bonuses or other incentives?
- 11.** What is the basis for the statement made by the managing director of ActewAGL in his letter to the editor of *The Canberra Times*, published on 21 April 2010 that “If it were to be built today our estimates are that it would cost between \$225 and \$275 million.”?
- 12.** In relation to the Googong Water Treatment Plant (both the original treatment plant and the new treatment plant constructed in 2004), what protective coatings have been considered, specified and/or applied to the concrete tanks?

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

ACTEW has advised that you have lodged a request under the *Freedom of Information Act 1989* for the same information relating to the Stromlo Water

Treatment Plant. I am also advised that you met with senior ACTEW representatives on Tuesday 18 May 2010 and that you acknowledged it would take some time to compile the information you have requested. I also understand that ACTEW undertook to respond to your FOI request in an agreed timeframe. Responses to questions 1 to 11 therefore will be provided as soon as the information is available.

ACTEW has further advised that the answer to question 12 also requires substantial resources and research and the information will be provided as soon as it is available.



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL  
TERRITORY

SELECT COMMITTEE ON ESTIMATES 2010-2011

ANSWER TO QUESTION ON NOTICE



VICKI DUNNE MLA : To ask the Treasurer

Ref: Stromlo Water Treatment Plant

In relation to : **ACTEW Corporation (and, where appropriate, ActewAGL)**

1. Did the design brief, criteria, standards or scope of works for the new Stromlo water treatment plant, at any stage during their drafting and final development, include a component for protective/epoxy coating for the water treatment plant tanks?
2. If yes:
  - (a) what material, extent of coverage and application method was specified; and
  - (b) what was the projected cost of the protective/epoxy coating including its application?
3. At what point (including the date) was the decision made to recommend that the design brief, criteria, standards or scope of works for the Stromlo water treatment plant be varied to exclude the protective/epoxy coating component and why was that recommendation made?
4. Who authorised adoption of the recommendation and why was the authorisation given?
5. As a result:
  - (a) how much money was saved in the final approved total project budget;
  - (b) how much construction and completion time was saved;
  - (c) were the construction contracts varied in any way as to cost, time to complete, bonuses, other incentives or warranty arrangements?
    - (i) If yes, to what extent in each area mentioned; and
    - (ii) If no, why?
6. In relation to the construction contracts:
  - (a) who was awarded the construction contracts; and
  - (b) what procurement processes were followed?

7. On what date was the completed Stromlo water treatment plant commissioned into service?
8. After that date:
  - (a) how frequently were inspections made as to the integrity of the construction and maintenance requirements; and
  - (b) when was the first inspection made?
9. Did any of the inspections and/or reports identify any deterioration in the construction integrity, including defects or potential defects ?
  - (a) If yes:
    - (i) when did that deterioration, defect or potential defect first emerge;
    - (ii) how many reports were made that identified deterioration or defect or potential defect;
    - (iii) over what period were those reports made;
    - (iv) what was done to investigate and rectify the problems identified and when;
    - (v) were the warranty (defects liability) provisions of the contract pursued to address any identified defects or potential defects;
      - If yes, what warranty rectification works were undertaken and when; and
      - If no, why;
    - (vi) how much has it cost to rectify the problems identified; and
    - (vii) who has done the rectification work?
10. In terms of the remedial works announced in the report published in *The Canberra Times* on 20 April 2010, including but not limited to the retro-application of the protective/epoxy coating:
  - (a) when was the recommendation made to proceed with the remedial works;
  - (b) who made the recommendation and why;
  - (c) who authorised the project to proceed and why;
  - (d) what is the design brief, criteria, standards or scope of works;
  - (e) what is the total project budget;
  - (f) what are the individual elements of that budget, together with the costs for each element, including but not limited to project management, design, site supervision, owners costs, overheads, profit and incentive fees;
  - (g) what is the timeline for completion;
  - (h) how many contracts have been or will be awarded and for what elements of the scope of works;
  - (i) what procurement processes have been or will be followed for the contracts to be awarded; and
  - (j) what provisions do or will the contracts carry relating to warranty arrangements and completion bonuses or other incentives?

11. What is the basis for the statement made by the managing director of ActewAGL in his letter to the editor of *The Canberra Times*, published on 21 April 2010 that "If it were to be built today our estimates are that it would cost between \$225 and \$275 million."?
12. In relation to the Googong Water Treatment Plant (both the original treatment plant and the new treatment plant constructed in 2004), what protective coatings have been considered, specified and/or applied to the concrete tanks?

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

1. I am advised by ACTEW that section 9.1 of the design brief included the following statement: "All concrete water retaining tanks, shall include an approved protective coating or lining over the complete internal surface and splash zones for corrosion/erosion protection and ease of maintenance. This requirement will be relaxed where the Contractor can demonstrate the contacting water will be non-corrosive and non-erosive to the concrete surface".

2. (a) I am advised by ACTEW that the material to be used in lining the relevant concrete surfaces was not explicitly specified, nor was the method of application or the extent of coverage beyond that listed above.

The design brief did require that water-holding concrete structures be constructed as to satisfy the requirements of AS3735, and that the surface finish should comply with class 2 of AS3610.

(b) I am advised by ACTEW that no estimate was provided at any stage by the Thames Water (Australia)/John Holland (TWJH) Joint Venture for the application of a protective coating. The joint venture contractors specifically excluded application of a coating when they submitted their tender.

3. I am advised that on 21 July 2004 ActewAGL advised the contractor that it did not require the application of a protective coating.

4. I am advised that the ActewAGL Project Manager gave the authorisation to remove the requirement based on advice from the Design Manager (SKM) and on inquiries which established that Sydney Water had not applied a coating to similar concrete structures. A Sydney Water representative was engaged by ActewAGL as an advisor on treatment process matters.

5. (a) ACTEW has advised that the agreed project scope did not include coating of the concrete tanks as this work was excluded from the tender. During the negotiations that occurred pre-tender, it was agreed that during the design phase, the Joint Venture contractors would either allow for coating of the concrete structures or convince ActewAGL that coating was not required. ActewAGL subsequently accepted that coating would not be required. As a result there was no budget provided.

(b) ACTEW has indicated that since the coating of the concrete tanks was not in the agreed scope there was no time impact recognised in the program for this work.

(c) I am advised by ACTEW that the agreed scope did not contain the coating of the concrete tanks. Hence there was no connection with cost, time etc.

6. (a) I am advised by ACTEW that the construction contract was awarded to the "TWJH Joint Venture", being comprised of Thames Water (Australia) and John Holland. The designers supporting the TWJH Joint Venture was SKM.
- (b) I am advised by ACTEW that the contract was awarded after an Expression of Interest process, followed by interviews to reduce the initial contenders to two consortia. The two consortia were requested to carry out sufficient design work to provide an upper limit fee for the design and construction of the water treatment plant for completion by December 2004.
7. ACTEW has advised that the completed Stromlo Water Treatment Plant was commissioned into service in December 2004.
8. (a) and (b) I am advised by ACTEW that the underfilter area is routinely inspected as part of an annual mechanical inspection regime. However, that is not a targeted inspection of the concrete. In 2005 ActewAGL undertook hardness testing on the concrete which indicated that no repair was required at that time, however the strength of the top layer of concrete was lower than expected given the age of the facility and it was decided that a follow up examination should be scheduled before the end of the Defects Liability period. Further regular inspections were made by ActewAGL staff. It was decided to engage an external agency with the expertise to inspect and report on the status of the concrete structures.
9. (a) (i to iii) I am advised by ACTEW that routine testing was carried out commencing around September 2005. At that time the inspections carried out resulted in a recommendation to carry out future inspection and testing. Following regular inspections, it was decided to engage an external agency with the necessary expertise to inspect and report on the issue. In late 2008 to early 2009, Mahaffey Associates were engaged to carry out inspection testing and a report was issued in April 2009. A further report by Mahaffey Associates was issued in July 2009.
- (iv) I am advised by ACTEW that a program of works was prepared and a project was initiated to apply a protective coating to the affected concrete structures.
- (v) I am advised by ACTEW that warranty rectification work on a range of matters was undertaken during the defects liability period. No warranty rectification work relating to the concrete coatings has been undertaken.
- (vi to vii) Please refer to response under 10 below.
10. (a) I am advised that the recommendation to proceed with the remedial works was included with ActewAGL's initial funding request submitted to ACTEW on 12 October 2009, which was endorsed by ACTEW on 14 October 2009. The initial endorsement only provided for the engagement of a consultant to prepare tender documents to allow competitive tendering of the necessary works. A subsequent ACTEW endorsement on 18 December 2009 allowed the physical remedial works to proceed.
- (b) I am advised that the recommendation from ActewAGL to ACTEW was made by ActewAGL's General Manager Water based on advice provided by external and internal personnel.
- (c) I am advised that the ACTEW Board authorised project funding and the ActewAGL Board authorised the awarding of the contract. The approvals were recommended on the basis of the report from Mahaffey Associates.



(d) Please refer to Tables 1 and 2 below.

(e) I am advised that the current total budget endorsed by ACTEW is \$9 million, of which around \$6 million is associated with the coating contract. An independent audit of the project budget was requested by ACTEW, and completed by Quantity Surveyors, Currie & Brown. The project budget was considered reasonable by Currie & Brown.

(f) The budget submitted by ActewAGL to ACTEW is shown below. ACTEW endorsed the budget at \$9 million.

Table 1 - ActewAGL budget for project MM10211

	Description	Total
	<b>Design Phase</b>	
1	Project Management - Design Phase	\$9,353
2	Design Costs External	\$45,000
3	Design Costs ActewAGL	\$13,829
4	Contingency (Management Reserve)	\$6,818
5	ActewAGL Overheads	0
	<b>Construction Phase</b>	<b>0</b>
6	Project Management – Construction Phase	\$101,622
7	Construction Costs	\$7,210,250
8	ActewAGL Engineering Service	\$567,997
9	Engineering Services External	\$80,000
10	Contingency	\$1,082,174
	<b>TOTAL Project (excluding GST)</b>	<b>\$9,117,043</b>

The major elements of the project were competitively tendered, with three or more tenderers invited to submit prices. This typically yields contract prices that can be relied upon as 'market tested' and therefore as reasonable.

The manner in which ActewAGL has obtained competitive pricing for this project precludes any visibility of contractor profit margins. However, the use of a competitive tendering process should ensure that overhead and profit margins are not excessive. No incentive fees have been allowed for in the contracts for the works.

(g) I am advised by ACTEW that due to the need to maintain the Stromlo Water Treatment Plant as an operational facility except for shutdowns of short duration, the project is currently anticipated to be completed by April 2011, with financial closure of the project to follow.

(h) I am advised by ACTEW that separate contracts have been awarded to deliver this project. The works are being managed as follows:

Table 2 - Procurement Method Summary

Ser.	Project Element	Method of Delivery
1	Project Management	ActewAGL
2	Engineering Services	ActewAGL
3	Supervision Work	ActewAGL
4	Trade Labour	Either ActewAGL or contract as available
5	Design and Technical Consultants	Contractor
6	Mt Stromlo Concrete Remedial Repair	Contractor
7	Purchasing filter nozzles, vacuum pump, hose and coupling for vacuum pump, two submersible pumps, anthracite	Contractor
8	Purchasing Sand	Contractor
9	Purchasing gravel / garnet	Contractor
10	Sand and Gravel analysis	Contractor
11	Other store items	Contractor
12	Protection, removal and reinstatement of existing fixtures, removal of Vee Notch weir plates and reinstallation of them	In Contract No. 976/09
13	Hiring plant and equipment	Contractor
14	Miscellaneous work	Either ActewAGL or contract as available

(i) I am advised by ACTEW that a combination of competitive tenders (representing approximately 85% of the project budget) and single select quotations (representing a further 3% of the project budget) were used. The balance is work undertaken by ActewAGL as ACTEW's Project Manager.

(j) I am advised by ACTEW that the Contract utilises AS2124-1992 as the General Conditions of contract. This contract nominates a Defects liability period of 104 weeks from the date of Practical Completion of the relevant Separable Portion for the contract. Other contracts typically will not include a particular warranty provision. No incentive fees have been allowed for in the contracts for the works.

11. ACTEW has advised that information from industry sources indicates that the cost of design and construction of Water Treatment Plants have ranged in price in the last five years between \$700,000/ML and \$1.3 million/ML.

12. I am advised by ACTEW that not all concrete tanks in the old plant had protective coatings. Coating was applied to some tanks to enable cleaning and to keep them clean rather than as a protective coating as the same coatings were not applied to the floors of these tanks.

ACTEW has further advised that the new plant has no coatings on the surfaces of the concrete tanks apart from the outlet of the filters – a small component of the concrete structures in contact with water. This approach was decided after the decision was made not to coat the structures at Stromlo.

Approved for circulation to the Standing Committee on Estimates 2010-2011	
Signature: <i>K. Gallagher</i>	Date: 23.9.10
By the Treasurer, Katy Gallagher	

*ACTEW - Major water security projects*

**VICKI DUNNE MLA** : To ask the Treasurer

Ref: **ACTEW Corporation**

In relation to : Major Water Security Projects

1. What work packages have been awarded to members of the Bulk Water Alliance?
2. On what basis were these work packages awarded?
3. What was done to test the market place for other potential providers?
4. What value-for-money evaluation was undertaken for each work package?
5. Was any independent probity assessment made of the awarding of these work packages?
  - (a) If no, why?
  - (b) If yes, what were the conclusions?
6. Were the Alliance partner recipients of work packages excluded from the decision-making process relating to the allocation of the packages?
7. Since the Bulk Water Alliance was formed, has ACTEW engaged any Alliance members to undertake any work outside the major water security projects on behalf of ACTEW?
8. If yes, for each work engagement:
  - (a) when was the work commissioned;
  - (b) what are the works to be undertaken;
  - (c) what procurement process was followed;
  - (d) what value-for-money evaluation was undertaken; and
  - (e) what independent probity assessment was made?

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

1. The Bulk Water Alliance members were selected through a competitive tender process. The Bulk Water Alliance (which consists of Abigroup, John Holland, GHD, and ACTEW) was formally established through a contract, the Project Alliance Agreement, in May 2008.

The projects covered by this agreement include the Enlarged Cotter Dam, the Murrumbidgee to Googong Transfer Project (both of which are part of the Water Security Major Projects) and the Googong Dam Spillway Project (which is part of the ACTEW agreed capital works program). Subsequently the work associated with augmenting the pipes and pumps at Murrumbidgee, near the Cotter River, was also included in the scope of works of the Bulk Water Alliance.

As such most of the design and construction work associated with these projects is the responsibility of the Bulk Water Alliance, which determines the allocation

of work between its members and third party contractors. The Bulk Water Alliance procures all material and services in accordance with its procurement plans, with the view of obtaining best value for money for the project in question.

2. See response to Q1.
3. See response to Q1.
4. See response to Q1.
5. All costs associated with projects are reviewed by an independent external auditor to ensure that the costs are consistent with contracts and agreements.
6. See response to Q1.
7. ACTEW has not engaged the Alliance Partners to undertake work outside the agreed projects set down in the answer to question number 1.
8. Not applicable.

*ACTEW - BP 4, Page 442, BP 4 Page 445-448*

**BRENDAN SMYTH MLA** : To ask the Treasurer

Ref: Operating Statement, Budget paper 4, Page 442 and Notes to Budget Statements, Budget Paper 4, Pages 445-448.

In relation to : **ACTEW Corporation**

1. How does ACTEW's debt-to-asset profile compare with those of other water utilities?
2. Is the further estimated increase of \$16 million in interest in 2011-12 the result of additional borrowings or higher interest rates? [Ref BP4, p446]
  - (a) If it is both, what is the effect of each?
3. Revenue from the Joint Venture:
  - (a) Why did revenue increase by \$12 million in 2009-10?
  - (b) Why is there a reduction in this revenue flow estimated for 2010-11?
  - (c) What does the phrase 'the expectation of usual trading activity' mean in the context of the operations of the joint venture? [Ref BP4, p446]
  - (d) Why is the estimated revenue for the out years relatively flat?



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

SELECT COMMITTEE ON ESTIMATES 2010-2011

**ANSWER TO QUESTION ON NOTICE**



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  - (c) What does the phrase 'the expectation of usual trading activity' mean in the context of the operations of the joint venture? [Ref BP4, p446]
  - (d) Why is the estimated revenue for the out years relatively flat?

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

1. I have been advised that debt-to-asset levels for water utilities are continuing to rise in response to the severe drought. The latest Productivity Commission figures from 2006-07 indicate the whole of the water sector debt to asset ratio of 21.9 per cent. ACTEW's debt to asset ratio in 2006-07 was 21.6 per cent and expected to increase in 2009-10 to 39.3 per cent.
2. ACTEW's borrowing costs are forecast to increase by \$15.4 million from the 2010-11 Budget to the 2011-12 Budget.
  - (a) The final amount, timing and type of borrowings are highly uncertain as they depend on the state of the financial market plus the actual timing of current and future capital expenditure.

3. (a) The \$12m increase between the 2009-10 budget and the 2009-10 forecast outcome relate to the following:

- budgeted borrowing expenses which did not eventuate;
- improvements against budget for sales of gas and electricity in NSW; and
- the final NSW regulatory pricing decision for 2009-10 which was more favourable than the budget assumptions.

(b) The reduction in the 2010-11 budget is due to:

- one off revenue impacts in 2009-10 (as outlined above) which are not expected to occur in 2010-11;
- a reduction in profit due to lower levels of construction activity in the Water Division in 2010-11; and
- increases in wholesale electricity costs for ActewAGL.

(c) The phrase means that the 2010-11 Budget has been set without the expectation of one-off extraordinary items which impacted the 2009-10 estimated outcome.

(d) With respect to 2011-12 and beyond, ActewAGL's internal forecasts reflect a steady trend. This is largely due to uncertainty surrounding the possible introduction of a Carbon Pollution Reduction Scheme and the impact this may have on demand for electricity and gas. Additionally, the forecast reflects anticipated higher wholesale energy costs and an increase in costs to maintain ActewAGL's network. It is also assumed that construction activity levels in the Water Division remain comparatively flat over the period.

Approved for circulation to the Standing Committee on Estimates 2010-2011

Signature: *K. Gallagher*

Date: 27.7.10

By the Treasurer, Katy Gallagher MLA



*ACTEW - Use of motor vehicles*

**BRENDAN SMYTH MLA** : To ask the Treasurer:

Ref: Use of Motor Vehicles

In relation to: **ACTEW Corporation**

1. How many vehicles does ACTEW own or lease?
2. When was the last stocktake of motor vehicles undertaken?
  - (a) If yes, were there any discrepancies as to:
    - (i) the number of vehicles recorded as owned or leased versus the number of vehicles identified in the stocktake;
    - (ii) the authorised use of vehicles;
    - (iii) the authorised garaging arrangements; and
    - (iv) any other matters; and
  - (b) What action was taken to rectify the discrepancies?
  - (c) Were any instances found of vehicles being located and/or used a long way away from the ACT?
    - (i) If yes, what were the reasons for this location/use?
    - (ii) Was this location/use compatible with the use of vehicles for an emergency, and if no, why?
3. What are the criteria for people having access to vehicles after hours for use in an emergency?
4. What are the requirements in the context of the fringe benefits tax (FBT) regime for the use of vehicles in this way?
  - (a) What concerns have been raised about the application of the FBT regime to the people who are using these vehicles and what has ACTEW done to address those concerns?

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

- (1) ACTEW leases seven vehicles.
- (2) The use of these vehicles is audited during each year of the lease.
  - (a)
    - (i) All seven vehicles have been accounted for in the most recent audit.
    - (ii) No.
    - (iii) No.

- (iv) Minor discrepancies were identified in relation to the correct recording of business travel in the log books.
- (b) The discrepancies were of a very minor nature and requirements of the motor vehicle policy were drawn to the attention of the drivers of those vehicles.
- (c) No vehicles were used a long way from the ACT.
  - (i) Not applicable.
  - (ii) Not applicable.
- (3) Not applicable as ACTEW personnel are not required to respond to work-related emergencies.
- (4) Not applicable.

*The Commonwealth stimulus taskforce*

**MEREDITH HUNTER MLA:** To ask the Treasurer

Ref: The Commonwealth Stimulus Taskforce, Budget paper 3, page number 110

In relation to the Commonwealth Stimulus Taskforce shift to the Land and Property Services Department

1. What role does the Taskforce now play in the delivery of the Commonwealth and the Territory infrastructure programs?
2. What interaction is there between LPS and Treasury and other departments in evaluating programs and expenditure?

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

The Commonwealth Stimulus Taskforce does not fall under the Treasurer's ministerial responsibility.

However, Treasury interacts with LAPS as necessary on relevant issues. A number of formal processes have also been implemented, which provide opportunities for Treasury, LAPS and other agencies to interact, including the Capital Planning and Development Group and the Chief Executives' Group on Land Supply.

The Select Committee on Estimates will have the opportunity to ask this question at the LAPS' public hearing on 27 May 2010.

*Infrastructure investment program*

**MEREDITH HUNTER MLA** : To ask the Treasurer

Ref: Infrastructure Investment Program, Budget paper 3, page number 107

In relation to : The Budget Capital program

1. What cost benefit analysis has been done of the broad impacts on the ACT economy of the large infrastructure spend?
2. What criteria or indicators are used to assess the individual expenditures and programs?
3. How is the value of the infrastructure to future residents assessed?
4. Given that about 58% of demand in the ACT economy in 2009 was from the Government (both Commonwealth and ACT) what modeling has the Government done for the ACT economy when the 'building the future' program is finished and the Commonwealth stimulus expenditure ceases and the stated fiscal consolidation and expenditure growth reduction takes place?
5. What has been done to offset the demand reduction that will occur when the 'building the future' program is completed?

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

- (a) In formulating the Budget, consideration is given to the economic impact of all Government spending, which includes both capital and recurrent expenditure. A cost benefit analysis is undertaken for each project considered as part of the budget process.

Although at record levels, the ACT Government's capital expenditure only represents a small portion of the total economy. Nevertheless, it can be a useful tool under some circumstances, such as in the context of the global financial crisis, to stabilise economic activity and support confidence in the community and the business sector.

The substantial and enduring benefits of the Government's infrastructure spending relate to the ability to deliver services to the community that have positive economic, social and environmental outcomes. These benefits go well beyond the time horizon within which the expenditure is made, and extend to future generations through increased productive capacity, improved environmental outcomes and enhanced social well being.

- (b) In general, projects are considered in a cost-benefit analysis framework that seeks to identify, to the extent possible, the relevant economic, social and environmental impacts.

When considering individual capital projects and programs, there are a number of criteria and indicators taken into account that would pertain to the project. For example, in relation to a public transport project, indicators relating to congestion and greenhouse gas emissions would be relevant. Other factors taken into consideration include the relative priority of individual projects, the linkage to delivery of core Government services, the anticipated economic return, the capacity of Government to fund works and

the capacity of industry to effectively and efficiently deliver the program.

Comprehensive business cases are developed for each new spending proposal. The Government examines each proposal in terms of service delivery needs, social and environmental impacts, economic costs and benefits, financing options, budgetary implications, employment and community impacts. All competing projects are considered and those that provide the greatest utility for the Canberra community and are consistent with the Government policy objectives proceed, subject to the availability of funding sources.

- (c) Assessments of infrastructure investment are made through a whole-of-life cost-benefit analysis, which capture the future costs and benefits for the economic life of the infrastructure.

- (d) (e)

The latest economic forecasts for the ACT are reflected in the 2010-11 Budget.

It is expected that strengthening private demand will support the economy when the stimulus measures cease. Strong housing market activity and household consumption will help to sustain the economy's growth momentum.

The 2010-11 Budget includes a number of significant new measures which will provide the opportunity for economic growth and stability. For example:

- a significant new infrastructure investment program, in particular associated with transport. The 2010-11 Budget provides for new infrastructure initiatives of \$394 million over four years. The total infrastructure investment program, including works in progress, over four years is \$1.549 billion. This level of investment will continue to see record levels of capital works available for ACT industry to participate in providing; and
- a number of initiatives aimed at accelerating land release to support the demand for land in the ACT, which will also provide increased business opportunities for the civil and building and construction industry over coming years.

Significant work was undertaken during the year as part of the Budget Review and the Budget process to consider the timing and sequencing of capital works projects and re-profile the existing program across the forward years. This will help to provide a level of certainty and stability and ensure that the local building and construction industry does not experience any significant drop off in activity once stimulus measures start to wind down. This work was done following consultation with representatives from local industry.

The Government has a rolling program of feasibility studies and design works announced annually in the Budget. This program ensures that projects are tender ready when construction is required. The Government will continue to take into consideration economic conditions, among other things, when timing construction of works.

*Budget concepts (BP 3)*

BRENDAN SMYTH: To ask the Treasurer

[Ref: Treasury, Budget paper 3, Page numbers 6, 11, 28, 323, 324]

In relation to: Budget concepts

1. Why is it still necessary to harmonise the GFS and GAAP financial statements.
2. (a) Is there a mix of some outcomes that are in AAS format and some that are in GFS format.  
(b) If so, why is the AAS format still used.
3. How does the use of the AAS and the GFS formats relate to the requirements of the Australian Bureau of Statistics in formulating statistical series.
4. What are the reasons for using each of the following concepts:
  - (a) Net Operating Balance
  - (b) Underlying Net Operating Balance
  - (c) UPF Net Operating Balance
  - (d) Operating Result
  - (e) Headline Net Operating Balance
5. (a) Is the Net Operating Balance the same as the Headline Net Operating Balance.  
(b) If they are the same concept, why are different descriptions used.  
(c) How does the use of different descriptions for the same concept aid in the comprehension of the budget papers.
6. For the four years 2010-11 to 2013-14:
  - o if UPF Net Operating Balance is used, the aggregate deficit is \$766.1 million;
  - o if Underlying Net Operating Balance is used, the aggregate deficit is \$472.5 million;
  - o if Net Operating Balance is used, the aggregate deficit is \$365.5 million

Which is the correct outcome and why is this the case.

**A/g Treasurer: The answer to the Member's question is as follows:-**

1. This is required under the Accounting Standards applicable to the public sector. Please refer to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

2. The consolidated Australian Capital Territory financial statements (presented at Appendix F of Budget Paper 3) are prepared using an AAS/GFS harmonised format under AASB 1049. This allows actual and budget financial information to be compared each period.

AASB 1049 relates only to the Australian Capital Territory consolidated financial statements, not to individual agency financial statements. Agency financial statements, in Budget Paper 4, are prepared on the same conceptual basis but apply AASB 101 for presentation purposes.

3. The Australian Bureau of Statistics uses the GFS concepts embedded in the financial statements in formulating their data.
4. Each of the concepts are used to explain balances from the financial statements.
  - a. The Net Operating Balance referred to throughout the Budget Papers is the Headline Net Operating Balance from the financial statements.
  - b. The Underlying Net Operating Balance removes the effects of stimulus funding provided through the Commonwealth Government's *Nation Building and Jobs Plan*, and is provided to demonstrate the operating result without the significant one-off impact of the stimulus package.
  - c. The UPF Net Operating Balance is based on GFS concepts and only includes revenue and expenses resulting from transactions.
  - d. The Operating Result is an accounting standard term and includes all revenues and expenses for the period.
  - e. The Headline Net Operating Balance is the UPF Net Operating Balance plus expected long term superannuation investment earnings. This measure is used to allow for appropriate comparison between the ACT and other jurisdictions and is necessary due to the differing structure for managing superannuation liabilities in the ACT compared to that of other jurisdictions.
5. The Net Operating Balance as used on page 11 of BP3 is the same as the Headline Net Operating Balance used on page 324 of BP3. The use of the term 'Headline' in the financial statements distinguishes it from the UPF Net Operating Balance which is technically necessary in the context of Table F1 (page 324).
6. All outcomes are correct. Each of the outcomes are calculated using different methods and describe a different accounting concept, as explained in the answer to Question 4 above.

*GST revenue (BP3, Page 49)*

BRENDAN SMYTH: To ask the Treasurer

[Ref: Treasury, Budget paper 3, Page number 49]

In relation to: GST revenue

1. What is the basis for the statement from the ACT Treasurer that the ACT 'would lose more than \$80 million [in lost GST revenue] next financial year' – as reported in *The Canberra Times* of 27 February 2010.
2. How does the claim about losing \$80 million in GST revenue reconcile with the estimate in the 2010-11 Budget of a loss of GST revenue of \$25.4 million in 2010-11 (refer: BP3, page 49).
3. How does the estimate of GST revenue in the 2010-11 ACT Budget reconcile with the estimate made by the Commonwealth Grants Commission of a loss to the ACT of \$29.9 million in 2010-11 (refer: Commonwealth Grants Commission report, Overview, page 3, Table 2).

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

1. The Commonwealth Grants Commission *Report on GST Revenue Sharing Relativities - 2010 Review*, Volume 1 – Main Report, table 2, page 3, indicates that the loss for the ACT is \$29.9 million. However, this includes population growth and GST pool impacts which had already been reflected in the ACT Budget Review figures.

Thus the actual loss compared to Budget is \$84.7 million and is the basis of the statement made by the Treasurer.

([http://www.cgc.gov.au/data/assets/file/0007/18349/2010\\_Review\\_final\\_report\\_vol\\_1.pdf](http://www.cgc.gov.au/data/assets/file/0007/18349/2010_Review_final_report_vol_1.pdf)).

2. Refer: BP3, page 245, Table 7.2.1. with supporting explanations in the proceeding page.
3. As per the answer to question 1.



*Revenue estimates (BP, Page 38-55)*

BRENDAN SMYTH: To ask the Treasurer

[Ref: Treasury, Budget paper 3, Page numbers 38 – 55; Hansard, 19 May 2010)]

In relation to: Revenue estimates

1. Could you provide an explanation and reconciliation of your claim that the ACT lost \$1 billion in revenue across the forward estimates.
- 2, Could you provide an update on the revisions to your estimates of revenue to show the latest available estimates of revenue projections for the ACT, incorporating data from the 2010 Commonwealth Budget.

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

1. The 2009-10 Budget Paper No 2 illustrates the \$1.051 billion decline in the Territory’s major revenue lines over the period of the budget and forward estimates relative to the estimates published in the 2008-09 Budget.
2. The changes to revenue relate mainly to GST and health reform funding, as outlined in the tables below.

**Table 1**  
**Variations to GST Revenue Resulting from the 2010-11 Commonwealth Budget**

	2009-10	2010-11	2011-12	2012-13	2013-14	Total
	\$m	\$m	\$m	\$m	\$m	
2010-11 ACT Budget	904.7	879.3	935.7	993.9	1,051.7	-
2010-11 Federal Budget	905.9	883.5	942.7	999.9	1,056.3	-
<b>Variation</b>	<b>1.2</b>	<b>4.2</b>	<b>7.0</b>	<b>6.0</b>	<b>4.6</b>	<b>23.1</b>

**Table 2**  
**Variations to National Health and Hospitals Payments Resulting from the 2010-11 Commonwealth Budget**

	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Included in ACT Budget	0.0	21.4	17.2	13.5	14.9	67.0
Reported in Commonwealth Budget	11.4	15.7	12.8	13.0	14.1	67.0
Difference	11.4	-5.7	-4.4	-0.5	-0.8	0.0
<i>How it changed</i>						
Four hour target - reward	0.0	0.0	0.0	0.0	0.0	0.0
Access to elective surgery - reward	0.0	0.0	0.0	0.0	0.0	0.0
Additional sub acute beds	0.0	0.0	0.0	0.0	0.0	0.0
Four hour target - capital	3.3	-1.6	-0.8	0.0	-0.8	0.0
Elective surgery - capital	3.4	-2.2	-1.2	0.0	0.0	0.0
Flexible capital pool	4.7	-1.9	-2.5	-0.4	0.0	0.0
Total	11.4	-5.7	-4.4	-0.5	-0.8	0.0

*Revenue estimates (BP3, Page 40-55)*

BRENDAN SMYTH: To ask the Treasurer

[Ref: Treasury, Budget paper 3, Page numbers 40 – 55]

In relation to: Revenue estimates

In relation to:

- (a) payroll tax
  - (b) general rates
  - (c) land tax
  - (d) conveyances
  - (e) general insurance
  - (f) life insurance
  - (g) motor vehicle registrations and transfers
  - (h) gaming tax
  - (i) casino tax
  - (j) interstate lotteries
  - (k) ambulance levy
  - (l) change of use charge
  - (m) utilities (network facilities) tax
  - (n) fire and emergency service levy
  - (o) city centre marketing and improvement levy
  - (p) energy industry levy
  - (q) regulatory fees
  - (r) parking fees
  - (s) inpatient fees
  - (t) non-inpatient fees
  - (u) meals and accommodation
  - (v) cross border health receipts
  - (w) sales
  - (x) service receipts
  - (y) rents from tenants
  - (z) miscellaneous
  - (aa) user charges – ACT Government
  - (bb) interest income
  - (cc) dividends
  - (dd) fines
  - (ee) other miscellaneous revenue
- 
- (i) what factors were taken into account in preparing revenue estimates for 2010-11 and the out years;
  - (ii) how significant each of these factors was in deriving the revenue estimates.

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

(i) The factors that were taken into account in preparing the 2010-11 revenue estimates and the out years are:

- the existing client base;
- appropriate economic conditions (for example, the labour market, the property market, wage and consumer price trends);
- historical as well as short-term trends; and
- known specific influences and risks.

A number of revenue lines are based on the stock of some assets, for example, dwellings or cars. In such cases, the revenue estimates are based on the assumptions on the level of stock for the coming years. Other revenue estimates which are more 'dependent' on economic circumstances are derived using econometric models, for example conveyance duty and payroll tax. The models take into account the relationship between past revenues and economic variables with the implicit assumption that such relationships would continue into the future.

(ii) Treasury uses the relevant factors with significant influence in its forecasting models for individual revenue lines. For example within the economic conditions factor, property market activity is extremely relevant to the conveyances revenue estimates whereas payroll tax is related to labour market activity. Typically, the econometric forecasting models would have significant explanatory power of past variability ranging from 75% to 90%.

*Revenue relativities (BP3, Page 49)*

BRENDAN SMYTH: To ask the Treasurer

[Ref: Treasury, Budget paper 3, Page number 49]

In relation to: Revenue relativities

1. What is the proportion of the ACT's general government revenue that will be derived in 2010-11 from the Commonwealth Government.
2. What has been the trend in this proportion over the past five years.
3. How does the proportion of Commonwealth funding for the ACT compare with the proportion of Commonwealth funds received by the other States and the Northern Territory.

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

1. For 2010-11, the estimated proportion is 44 per cent, as shown in the 2010-11 Budget (BP3 – Figure 3.1.1, pg 38).
2. The proportion of total revenue attributed to the Commonwealth Government for the ACT was:
  - 42 per cent (Actual) in 2006-07;
  - 39 per cent (Actual) in 2007-08;
  - 42 per cent (Actual) in 2008-09, with the Commonwealth stimulus payment representing about 1/4 percentage points of this proportion;
  - 47 per cent (Budget), 46 per cent (Budget Update) and 45 per cent (est. outcome) in 2009-10, with the Commonwealth stimulus payment representing about 3 percentage points of this proportion; and
  - 44 per cent (Budget) in 2010-11, with the Commonwealth stimulus payment representing about 2 percentage points of this proportion.

3. Commonwealth funding represents around:

- 50 per cent for Victoria;
- 82 per cent for the Northern Territory;
- 41 per cent for Western Australia;
- 44 per cent for NSW;
- 47 per cent for Queensland;
- 54 per cent for South Australia; and
- 63 per cent for Tasmania.

Note: 1. Vic, NT and WA, based on 2010-11 Budgets  
2 NSW, Qld, SA and Tas, based on Budget Reviews, as 2010-11 Budgets have not been released.

*Change of Use Charge*

ZED SESELJA : To ask the Treasurer

BP 3 Chapter 3.

In relation to : Change of Use Charge

Change of Use

1. How much has the ACT collected in change of use charges (CUC) each year since 2001. If the Charge had been more strictly enforced (as outlined in the Budget), how much revenue would have been collected since 2001 (please provide breakdown by year)?
2. How many people or businesses paid the CUC in each financial year since 2001? What was the average level of CUC collected per person or business?
3. What assessment has Treasury made of the elasticity of demand for i) residential units, ii) townhouses, and iii) houses in both greenfield developments and within the existing housing stock, and what are the elasticities?
4. What assessment has Treasury made of the elasticity of supply of i) residential units, ii) townhouses, and iii) houses in both greenfield developments and within the existing housing stock, and what are the elasticities?
5. If Treasury has made an assessment of the elasticities of the housing market, what assessment has Treasury made of the impact and incidence of each tax or charge levied by the ACT Government on housing or on the price of housing?
6. What assumptions underpin Treasury's forecast for the CUC of use charge?
7. How many properties will be redeveloped in each of the next four financial years that will incur a CUC?
8. How many properties will be redeveloped that would be considered 'urban infill' and would incur the CUC?
9. Could you itemise each of the developments since 2001 where CUC was charged, and outline how much was charged for each.

## Answers:

1. Table 1 below provides annual revenue since 2001-02.

**Table 1: Change of Use Charge Revenue<sup>1</sup>**

2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
4.4	3.8	9.2	5.2	12.0	5.7	9.3	7.2

It is not possible to speculate on how much revenue may have been received if a different methodology had been applied. Considerable resources would be required to produce this information which would require new site by site valuations and a review of all development applications over the period to extract locational and development type data.

2. Transaction numbers for 2001-02 to 2003-04 are not readily available. 617 Change of Use Charge transactions have been undertaken since 2004-05 as shown in Table 2 below.

**Table 2: Change of Use Charge Transactions<sup>2</sup>**

2004-05	2005-06	2006-07	2007-08	2008-09
86	136	106	128	161

**Table 3: Average Change of Use Charge per transaction**

2004-05	2005-06	2006-07	2007-08	2008-09
\$60,465	\$88,235	\$53,773	\$72,656	\$44,720

Care should be taken in interpreting the average charge per transaction due to significant variability across the years as well as within years. For example, in 2008-09, the average payment was \$44,720, however, in the same year, the minimum payment was \$2,500 for a dual occupancy (with remission) and \$1.125 million for a multi-unit residential development.

- 3 – 5. In relation to the CUC, Treasury has not estimated elasticities as there has been no change to the legislation, policy, or the charge/remission rate to evaluate.

In relation to the broader issue of elasticity within the housing market, it is assumed price elasticity information is being sought, whereby the change in outcome depends upon changes in price.

In the long run, demand for housing is relatively inelastic to price as there are few substitutes to housing. In the short run, demand for housing appears to be most

<sup>1</sup> Source: Macroeconomics.com.au, 'Draft Report on the Review of the Change of Use Charges System in the ACT', p. 11, accessed on 18 May 2010  
[http://www.treasury.act.gov.au/documents/Draft%20Report\\_Review\\_Change\\_of\\_Use\\_Charge.pdf](http://www.treasury.act.gov.au/documents/Draft%20Report_Review_Change_of_Use_Charge.pdf); and ACT Treasury data.

<sup>2</sup> Source: Macroeconomics.com.au, 'Draft Report on the Review of the Change of Use Charges System in the ACT', p. 11, accessed on 18 May 2010  
[http://www.treasury.act.gov.au/documents/Draft%20Report\\_Review\\_Change\\_of\\_Use\\_Charge.pdf](http://www.treasury.act.gov.au/documents/Draft%20Report_Review_Change_of_Use_Charge.pdf)



sensitive to interest rates and first home owners' subsidies, which relate to income. On the supply side, the national experience indicates that supply has been relatively inelastic to price.

From time to time, for specific evaluations, Treasury undertakes research on how demand and supply may respond to prices, or how certain elasticities might affect a decision; however these are usually based on assumptions relevant to the question.

6. Revenue estimates for the 2010-11 Budget and the forward years assume market valuations based on advice from the Australian Valuation Office and the work of the consultants *Macroeconomics.com.au*.

The consultants examined all Change of Use Charge applications from 2008-09, and assessed the potential realisable revenue if site by site valuations were applied. Treasury undertook a similar exercise for 2007-08. These assessments indicated additional revenue, in the order of \$13 million in 2007-08 and \$20 million in 2008-09.

The potential increase in revenue has been taken into account in developing Change of Use Charge revenue estimates. These estimates also take into account variability in the number of transactions, and the variance in the nature of activity.

7 – 8. Treasury does not forecast the number of redevelopments that will attract a Change of Use Charge.

9. No. Itemising each development and disclosing the amount of CUC imposed would disclose personal information in a way which would allow their identities to be ascertained. This would be contrary to Information Privacy Principle 11 under *The Privacy Act 1988*.

*Revenue - BP 3 Chapter 3*

ZED SESELJA : To ask the Treasurer

BP 3 Chapter 3

In relation to : Revenue

1. In how many years since 2001, has actual revenue been higher than was originally budgeted for in that year's budget?
2. What is the accumulated total amount of this difference since 2001?
3. In each year, what has driven this growth, and which areas of the economy, other than Commonwealth Government activity, has contributed to this?

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

1. This information is available in the Territory's Consolidated Financial Reports which are available on the Treasury website.
2. As per 1 above.
3. In 2001-02 and 2002-03 the actual variance to the forecast was due to strong activity in the housing market associated with the introduction of the First Home Owners Grant.

In 2003-04 the actual variance to the forecast is mainly attributable to improved financial markets and a revaluation of assets.

In 2004-05 and 2005-06 the actual variance to the forecast is mainly attributable to improved financial markets.

In 2006-07 the actual variance to the forecast is mainly attributable to improved financial markets and strong activity in the housing market.

In 2007-08 the actual variance to the forecast is mainly attributable to strong activity in the housing market.

In 2008-09 the actual variance to the forecast is mainly attributable to insurance recoveries.

*Budget initiatives*

ZED SESELJA: To ask the Treasurer

BP 3

In relation to : Budget initiatives involving the Department of Treasury

1. For each expense, revenue or capital measure reported in Budget Paper No. 3 which applies to Treasury:
  - a. what is the staffing increase required
  - b. what are the IT requirements, including those which are to be purchased “off the shelf” and those which are to be custom built
  - c. what is the average on cost per additional staff member
  - d. what consultancies are required, including the purpose of the consultancy and budgeted cost, and whether the contract for the consultancy will be single select or open tender.
  - e. What are the capital requirements, including any equipment that will be purchased
  - f. Has Treasury offset any funding to accommodate any part of the initiative, and what was the offset?
  - g. Will the initiative require any form of regulatory change and if so, what change is required, and will a regulatory impact statement be published prior to it being considered by the Assembly?

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

1. Initiatives identified in Budget Paper No 3 in relation to the Department of Treasury are:
  - Support for Accelerated Land Development;
  - ACT Government Office – Procurement Planning and Documentation; and
  - Abolition of Duty on Caravans.

Support for Accelerated Land Development

- a. This initiative is for resources to be applied across four agencies involved in land release. The exact allocation between staffing and consultancy requirements for each agency is to be determined by the Chief Executives Land Supply Group, based on the priority of works identified. It is not expected that permanent staffing levels will be increased. Generally, funding will be allocated to:
  - ACTPLA will have temporary staff and consultancy requirements for works associated with planning, infrastructure work and other background studies to develop concept plans.

- DECCEW and TAMS will require resources to facilitate studies and site investigations for future land release areas. This could include resources for environmental studies and assessments.
  - LAPS will require resources for studies aimed at enhancing the value of future estate and the stability of the forward program. This may include feasibility studies for underground electricity, infill studies and value management studies associated with the location and composition of future estates.
- b. Nil.
- c. The standard on-cost per staff member is \$16,480.
- d. See a. above.

The number and quantum of consultancies is subject to further planning by the relevant agencies and advice to, and agreement by, the Chief Executives Land Supply Group.

All procurements conducted under this initiative will comply with the requirements of the *Government Procurement Act 2001* and associated regulations.

- e. Nil.
- f. No.
- g. No.

ACT Government Office – Procurement Planning and Documentation

- a. Nil.
- b. Nil.
- c. Not applicable.
- d. Consultancies may be required, subject to the outcome of a market sounding process, to prepare detailed tender and contract documentation, project consulting, design advice and change management advice.

The budgeted cost of these consultancies is the total amount allocated to this initiative.

- e. Nil.
- f. No.
- g. No.

### Abolition of Duty on Caravans

- a. Nil.
- b. The abolition of duty on Caravans will require changes to the motor registry vehicle registration system. These changes are relatively minor and will be implemented as part of the normal system enhancement program.
- c. Not applicable.
- d. Nil.
- e. Nil.
- f. No.
- g. Amendments will be required to the *Duties Act 1999* (Duties Act) to abolish duty on applications to register or transfer caravans and camper trailers. The *Duties Amendment Bill 2010* was presented to the Assembly on 6 May 2010. As this initiative amends the Duties Act (not subordinate law), no regulatory impact statement is required under the provisions of the *Legislation Act 2001*.

ZED SESELJA : To ask the Treasurer

BP 3 page 249

In relation to : GST

1. By how much did the GST revenue estimates for the ACT change in each year from 2009-10 to 2013-14 following the release of the Commonwealth Budget on 11 May 2010?
2. By how much has the ACT's GST revenue grown each year in nominal terms since 2000?
3. What is the average nominal growth rate of GST revenue for the ACT?
4. By how much has the ACT's GST revenue grown each year since 2001 in real terms?
5. What is the average real growth rate of GST revenue for the ACT?

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

1.

**CHANGES TO ACT GST REVENUE ESTIMATES**

	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	
2010-11 ACT Budget	904.7	879.3	935.7	993.9	1,051.7	-
2010-11 Federal Budget	905.9	883.5	942.7	999.9	1,056.3	-
<b>Variation</b>	<b>1.2</b>	<b>4.2</b>	<b>7.0</b>	<b>6.0</b>	<b>4.6</b>	<b>23.1</b>

The Federal Budget paper estimates make an assumption about the change in the Commonwealth Grants Commission's (CGC) relativities for all jurisdictions. The numbers in the above table vary from that of the Commonwealth as the ACT Treasury keeps the CGC relativity constant across the forward estimates.

2.

### NOMINAL GST REVENUE GROWTH

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Nominal growth	N/A	15.0%	13.2%	6.8%	4.0%	6.1%	6.5%	9.4%	-1.3%

Source: ACT audited consolidated financial statements

Note: GST revenue growth for 2009-10 cannot be determined prior to the end of the financial year.

Growth rates include the impact of annual movements in GST relativities.

3.

The average annual nominal growth rate of GST revenue for the ACT for 2000-01 to 2008-09 is 7.36 per cent. This growth rate includes the impact of annual movements in GST relativities.

4.

### REAL GST REVENUE GROWTH

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Real growth	N/A	11.8%	10.4%	3.8%	1.8%	1.3%	4.4%	4.8%	-3.3%

Source: ACT audited consolidated financial statements, ABS cat. 6401.0 CPI Index Number by Capital City

Note: Annual growth rates have been deflated using headline inflation.

Growth rates include the impact of annual movements in relativities.

5.

The average annual real growth rate of GST revenue for the ACT for 2000-01 to 2008-09 is 4.28 per cent. This rate includes the impact of annual movements in GST relativities.

*Savings - BP3 Chapter 4*

ZED SESELJA : To ask the Treasurer

BP 3 Chapter 4.

In relation to : Savings

1. What does Treasury consider to be a 'genuine saving'?
2. How many genuine savings are included in the 2010-11 Budget
3. How many different decisions were taken by the ACT Government to reduce expenditure in this budget
4. What were these decisions, and how much money was saved by each
5. How many different decisions were taken by the ACT Government which have increased expenditure in this Budget
6. What is the total value of new expenditure decisions (not including offsets).

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

1. Treasury considers a genuine saving as a saving that can be delivered.
2. In relation to questions 2, 3 and 4, details on savings can be found in Tables 4.2.19, 4.2.20 and 5.6.10 of the 2010-11 Budget, *Budget Paper No.3* (pages 98, 99 and 193). These contain details of saving measures, efficiency dividend initiatives, and savings returned as part of the capital works program as projects reach completion.
3. As per question 2.
4. As per question 2.
5. The 2010-11 Expenditure Initiatives are fully detailed in the 2010-11 Budget, *Budget Paper No.3*, Chapter 4.2, as well as in the individual agency chapters of *Budget Paper No.4*.
6. A summary of the 2010-11 Expenditure Initiatives are contained in the 2010-11 Budget, *Budget Paper No.3*, Chapter 4.2, page 65.



*Stimulus package - BP3 Chapter 3*

ZED SESELJA : To ask the Treasurer

BP 3 Chapter 3.

In relation to : Stimulus Package

1. How much revenue has the ACT received in 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 as a second round effect of the Commonwealth Government's stimulus package?
2. Which areas of revenue increased, and by how much did they increase?

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

- (1) There is no doubt that the economic impacts of the stimulus package have been positive, however, it is not possible to quantify the second round effects of the Commonwealth stimulus package on the Territory's revenue in isolation of other effects such as monetary policy and population growth, which would also impact on the state of the economy at that time.
- (2) Residential conveyance duty received has been higher than expected, largely attributed to the First Home Owner's Boost, and the low interest rate environment. The 2009-10 Budget estimate for payroll tax was revised upwards by around \$12.7 million in the latest Budget to reflect the stronger than expected employment growth in the ACT. The increase in the National GST pool is also partially attributable to increased consumer confidence brought about by the Stimulus package.

*Conveyances revenue - BP3 page 40*

ZED SESELJA : To ask the Treasurer

BP 3 page 40

In relation to : Conveyances Revenue

1. To what extent is growth in revenue from conveyance duties reliant on economic growth in the economy more broadly?
2. What is the correlation between these two growth rates?
3. What is the average growth rate of conveyance duties collected by the Government in nominal terms?
4. How has this changed since 2001?
5. What is the average growth rate of conveyance duties collected by the Government in real terms?
6. How has this changed since 2001?

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

- (1) Conveyance duties depend on activity in the housing market which is dependent on a number of economic variables including interest rates, population growth and employment. Trends in conveyance duties are generally in line with trends in broader economic activity.
- (2) The correlation coefficient between real conveyance duty growth and real State Final Demand growth in the ACT is around 0.5.
- (3) The average compound annual growth rate of conveyance duties, in nominal terms, was 11.1 per cent since 1990-91.
- (4) Since 2000-01, the average compound annual growth rate of conveyance duties, in nominal terms, was 12 per cent.
- (5) The average compound annual growth rate of conveyance duties, in real terms, was 8.1 per cent since 1990-91.
- (6) Since 2000-01, the average compound annual growth rate of conveyance duties, in real terms, was 8.3 per cent.

*Global financial crisis - BP3 Chapter 3*

ZED SESELJA : To ask the Treasurer

BP 3 Chapter 3.

In relation to : Global Financial Crisis

1. By how much has revenue declined in 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 as a direct result of the Global Financial Crisis (please explain how and why revenue has declined in each year).
2. If the Global Financial Crisis had not occurred, what would be the revenue levels from GST, Conveyances, Commonwealth Government Grants, and all other forms of revenue in 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14

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

1. The decline in major revenue lines was outlined on pages 6 to 7 of Budget Paper 2 in the 2009-10 Budget, with a further update on page 2 of the 2009-10 Budget Update.
2. The GFC did occur, therefore, this question is hypothetical.

ZED SESELJA : To ask the Treasurer

BP 3 Page 228

In relation to : ACT Unemployment

1. ABS data shows that the number of employed people has risen from 193,300 in July 2009 to 200,700 in April 2010. How did Treasury arrive at its calculation of negative 0.25 per cent for the 2009-10 year (please provide specific calculations and data).
2. If employment were to change in May, and remained unchanged in June, what would it have to change by in order for the negative 0.25 per cent Treasury forecast change in employment to be correct?
3. Budget Paper 3 states on page 231 that the “unemployment rate appears to have peaked at 5.8 per cent and is likely to be lower than the Commonwealth forecast in its 2009-10 Mid-Year Economic and Fiscal Outlook of 6  $\frac{3}{4}$  per cent by the June quarter 2010”. The 2010-11 Budget Paper 1, on page 1-7, has revised that unemployment rate to 5  $\frac{1}{4}$  per cent. Will ACT Treasury amend its employment forecasts now to take into account the revised data that has been released by the Commonwealth?
4. Will this revised unemployment rate improve revenue for the ACT Government, and if so, how will it do so, and by how much?
5. What will be the impact of the improved unemployment rate on payroll tax revenue in 2009-10 and 2010-11?

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

- (1) The employment forecast is based on original data, not trend data. The 2010-11 Budget forecasts for employment growth as well as other economic parameters were based on Treasury’s modelling of the economy. At the time when the Budget forecasts were finalised, the year-on-year growth rate in employment growth in the ACT was at around -0.7 per cent and Treasury expected that it would continue to gradually improve and reach the forecast of -0.25 per cent by June 2010. The improvement in year-on-year employment growth observed so far was better than expected and will almost certainly exceed Treasury’s employment growth forecast for 2009-10.
- (2) Based on ABS April 2010 labour force data Treasury expects that the actual result for 2009-10 would not be -0.25 per cent.
- (3) No, revised forecasts for employment growth will be published in ACT Treasury’s 2010-11 Budget Review.

- (4) The impact of revised employment forecasts, together with all other relevant variables, on revenue will be taken into consideration when Treasury prepares forecasts for the 2010-11 Budget Review.
- (5) The 2009-10 payroll tax will be updated in the interim consolidated financial statements. The 2010-11 payroll tax estimates will be updated in the 2010-11 Budget Review.

ZED SESELJA : To ask the Treasurer

BP 3 Page 228

In relation to : Economic Forecasts

1. Is the growth in Australian GDP reported in the ACT Budget on page 228 of BP 3 real or nominal growth?
2. The numbers for Australian GDP which were forecast in the Commonwealth Budget papers is 2 percent in 2009-10 and 3.25 in 2010-11, which is a half percent higher each year than that forecast in the ACT Budget Papers. How will this impact revenue for the ACT Government, including GST revenue and other tax revenue?
3. By how much will revenue change?
4. What changes will Treasury make to revenue forecasts following this revised growth forecast and when will this information be released?
5. Will this change in the Australian growth change any budget forecasts for the ACT? If any forecasts will be higher, will Treasury revise its revenue forecasts upwards?
6. Is the CPI figure of 2.25 per cent in 2009-10 that is quoted on page 235 of BP 3 the Australian rate or the rate for the ACT?
7. If this is the Australian CPI rate, how does this reconcile with the Commonwealth Budget forecast of 3.25 percent for 2009-10?
8. What CPI would have to be achieved in the final quarter of 2009-10 for this to be accurate?

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

- (1) The figures reported are real growth rates.
- (2) The GDP forecasts included in the ACT's Budget were the Commonwealth's estimates published in its Mid-Year Economic and Fiscal Outlook. The impact of revised GDP forecasts will mostly be in the National GST Pool, and this was incorporated in the Budget in the GST revenue forecasts.
- (3) As in (2) above, most of the impact of this increase was included in the ACT Budget Estimates. However, based on the Commonwealth budget paper forecasts the ACT's GST revenues will increase by \$23.1 million above the estimates in the ACT Budget.
- (4) Updated forecasts will be published in the 2010-11 Budget Review.
- (5) See answer to question (4).
- (6) The figure quoted refers to CPI growth for the ACT. Treasury forecast CPI growth for the ACT to be the same as the national growth. Treasury applies the CPI forecast published in the Reserve Bank of Australia's Statement on Monetary Policy and converts the through-the-year growth rate to year-on-

year. This conversion is used to maintain a consistent approach in publishing Treasury forecasts.

- (7) Since the ACT Budget, the RBA released the May Statement on Monetary Policy, which saw a upward revision to the through-the-year CPI growth rate, from 3 per cent (which is 2.25 per cent on a year-on-year basis) to 3.25 per cent.
- (8) To achieve a CPI forecast of 2.25 per cent (year-on-year), a quarterly growth rate of 0.3 per cent would be needed in the June quarter 2010.

*Staff Management*

ZED SESELJA: To ask the Treasurer

BP 4

In relation to : Staff Management within Department of Treasury

1. How many staff are currently employed by Treasury, and what level is each (please provide a breakdown by Output and work area).
2. What was the total staff turnover rate in 2008-09 and 2009-10 to date, and what is the budgeted staff turnover rate for 2010-11 (please provide a breakdown by output class and level).
3. How many positions within Treasury are currently unfilled as a result of the Government's staffing freeze?
  - a. When will these positions now be filled?
  - b. How much money has Treasury saved as a result of the freeze?
4. How many staff receive a total salary of
  - a. below \$70,000,
  - b. between \$70,000 and \$80,000,
  - c. between \$90,000 and \$100,000,
  - d. between \$100,000 and \$110,000,
  - e. over \$110,000; and.
  - f. For each salary range, how many staff are considered administrative or policy, and how many are considered frontline service delivery staff?
5. How many additional staff will be employed in 2010 (in FTE), and what level is each (please provide a breakdown by output and level).
  - a. How many are administrative or policy staff, and how many are considered frontline service delivery staff?
6. How much will be spent on training programs 2010-11?
  - a. What is the purpose of each training program, and
  - b. how many staff are expected to participate?
7. Will officers attend any training programs in 2010-11 interstate?
  - a. If so, what is the purpose of these training programs?
  - b. How many officers will attend?
  - c. What is the cost of each programs, including travel expenses?
8. What training programmes in 2010-11 will be held which will result in no marginal cost to Treasury?
9. What in-house training programs will be held in 2010-11 which will result in a cost to Treasury, and what is this cost expected to be?
10. What is the average oncost for each Treasury employee budgeted to be in 2010-11?
  - a. What is included in this oncost?
  - b. What is the marginal oncost of an additional worker at the current staffing levels in 2010-11?
11. What specialist qualifications are required by staff for Treasury to undertake its roles and responsibilities?
  - a. What skills are currently lacking in Treasury?
  - b. How will these gaps be filled in 2010-11?
  - c. Has the staffing freeze contributed to this shortfall?



12. What is the average salary for each employee who has a specialist skill that is required for the Treasury to undertake its roles and responsibilities? What will be the average salary in 2010-11 (please provide a breakdown by specialisation, output and employee level).
13. What training must employees undertake on a regular basis to maintain their specialist skills, and what is the budgeted total cost of this training in 2010-11?
  - a. What is the average cost per employee?
  - b. Who will provide the training?
14. What specialist equipment is required for Treasury employees to undertake their jobs? For each piece of equipment:
  - a. how many are required,
  - b. what is the capital cost of each,
  - c. what is the running cost of each?
  - d. Over what period is each piece of equipment depreciated?
  - e. What equipment will be purchased in 2010-11 for this purpose?
15. How many graduates will be employed in 2010-11?
  - a. What is the cost of employing each graduate, including oncosts?
  - b. How many have been employed on average each year since 2001?
16. How many staff will be recruited in 2010-11, and how much has been spent on recruitment in 2009-10 to date?
  - a. How much is budgeted to be spent on recruitment in 2010-11, and how is this broken down?
17. How much office space is currently leased by Treasury, or the ACT Government on behalf of Treasury?
  - a. Will this change in 2010-11, if so how will it change and what is the cost of the change?
  - b. What is the cost of the current lease, what is the make-good provision, and when will this lease be complete?
  - c. If a new lease is to be signed in 2010-11, what is the cost of the lease, what is the make-good provision, and when will this lease be complete?
18. How many staff, are budgeted to receive HDA in 2010-11? For each staff member,
  - a. why will they receive HDA?
  - b. How long will they be on HDA?
  - c. What is the budgeted expense for staff receiving HDA in 2010-11?
  - d. Please provide a breakdown by output class and level
19. How many staff are currently on any form of leave indefinitely?
  - a. What are the reasons for these staff being on indefinite leave?
  - b. Please provide a breakdown by output class and level

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

1. 179.7 FTE are currently employed within the Department of Treasury (as at end April 2010). The breakdown is shown in the table below:

	Output 1.1 Economic Management	Output 1.2 Financial Management	Output 1.2 Financial Management	Output 1.3 Revenue Management	
	INVESTMENT & ECONOMICS	FINANCE & BUDGET	POLICY COORD & DEVELOP	REVENUE MANAGEMENT	EXECUTIVE

ASO1				1.0	
ASO2		1.0			
ASO3		1.0		7.4	
ASO4	7.0	4.0	3.0	17.0	
ASO5	3.0	8.0	1.0	15.6	0.8
ASO6	4.0	5.8	1.0	16.9	1.0
SOGC	5.2	11.7	3.0	13.0	2.0
SOGB	1.0	8.0		3.0	1.0
SOGA	5.0	8.3	1.0	7.0	
SES	4.0	3.0	2.0	1.0	2.0

2. The staff turnover rate for permanent staff for 2008-09 was 9.8%. The staff turnover rate for permanent staff as at end April 2010 for 2009-10 is 4.9%. A level of staff turnover is always expected, and it would not be unreasonable to assume that turnover in 2010-11 would be in the order of 5% to 10% and that this will be handled within the overall Treasury budget.
3. The department has a budgeted FTE for 2009-10 of 185.2. As at end April 2010 5.5 positions were not filled.
  - a) These positions will be filled in 2010-11 on an as-needs basis, also depending on market circumstances.
  - b) This information will be available at the end of the financial year.
4. The breakup requested can not be provided in the specified timeframes, as they do not align with the current certified agreement. The following breakup is offered.

Below \$74,188	ASO1 – ASO6	98.5
Between \$74,189 and \$88,168	SOGC	34.9
Between \$88,169 and \$108,766	SOGB	13.0
Between \$108,767 and over	SOGA, SES and CE	33.3

The breakup for each salary range of staff considered administrative or policy, and how many are considered frontline service delivery staff is not able to be provided in the specified timeframes.

5. Recruitment during 2010-11 will occur on an as-needs basis, with reference to the operational needs of the Department and market circumstances.
6. The budget for training for 2010-11 has not yet been determined.
7. Training programs will be determined based on the operational needs of the Department and the needs of its employees, and where relevant market offerings are identified. It is possible some of these may be interstate, however, this is not known with certainty.
8. Treasury offers a regular ‘Treasury Seminar Series’ which invites external professionals to come and present to Treasury staff on a topic of interest or relevance. In addition, Treasury offers regular ‘information sessions’

which are run by staff who present sessions on various topics relevant to their duties as Treasury officers (e.g. the Budget Process, Budget Update, Health and Safety Related topics). Other ad-hoc training sessions may also be held.

9. The in-house training program for Treasury for 2010-11 has not been developed.
10. The Department uses the Department of Treasury Salary and Admin On-Cost Model (August 2009) to determine salary on-costs estimates for each generic classification based on an average salary cost for each classification, and a standard figure for administrative on-costs.

The salary on-costs include estimates for Superannuation; Employer Productivity Superannuation Contribution; Long Service Leave Provision; Annual leave Loading; Workers' Compensation premium, and other issues as necessary on a case-by-case basis.

The administrative on-cost model is based on average estimates for IT and communications related costs; accommodation; insurance; training; fleet; other administrative items including OH&S expenses, office machines and equipment, stationery and postage; and a corporate component covering payroll and human resources costs per FTE across Government. The total standard figure for administrative on-costs (in the August 2009 Guideline) was \$16,480.

There may be cases where the actual allocation of budget varies from these formulas due to operational and individual circumstances.

11. Treasury has one position in which qualifications are stated as mandatory. The Director Accounting, incorporating the role of the Chief Finance Officer requires appropriate tertiary qualifications in Accounting, Commerce, Finance or a related field and CPA or CA qualifications.

Treasury actively employs people with qualifications in a broad range including accounting, commerce, economics, mathematics, law, social sciences, business administration and public policy. There are no skills lacking in any specialist position in Treasury.

12. The CFO is paid at the SES 1.3 level. Remuneration for this position can be found at <http://www.cmd.act.gov.au/governance/remtrib/home>
13. The CFO position is required to undertake a set number of professional development hours and maintain membership of relevant professional bodies. An estimate for ongoing training is \$1,500 per annum.

Treasury also supports professional development of other CPAs and this is managed within the overall outputs budgets.

14. No specialist equipment is required for Treasury employees to undertake their jobs.

15. Treasury is targeting a graduate intake for the 2011 Treasury Finance and Economic Graduate Program of six. Final numbers will depend on the quality of applicants and available positions within divisions.

Graduates are employed as Graduate Administrative Assistants (GAA) under the collective agreements. The average oncost for employing a GAA within Treasury is approximately \$16,700. This includes costs such as recruitment and relocation costs, and professional development through targeted training as part of the program.

The average intake for the Treasury Graduate Program since 2001 is six.

16. Recruitment during 2010-11 will occur on an as-needs basis, depending on operational requirements. Recruitment costs to date are \$122,065. Recruitment costs in 2010-11 will be met from the general administration budget.
17. Treasury occupies 4208.5m<sup>2</sup> in the Canberra Nara Centre. This figure includes Treasury's share of the common areas such as shared foyers, shared utility areas and shared conference facilities.

There is no intention currently to change this during 2010-11. The current cost of the lease in NARA is \$374.29 per square metre per annum for office space, \$2,911.10 per parking space per annum and \$133.07 per square meter per annum for basement storage. Make Good Provisions are as per attachment 'A'. The lease for the Nara Centre is set to be complete on the 30th June 2010.

The new leased, to be signed in 2010-11 is still under negotiation.

18. HDA during 2010-11 will occur on an as-needs basis, depending on operational requirements. The costs for this will be managed within the overall output budget.
19. Two members of staff are on indefinite leave, as they have been assessed as not fit for duty. As there are only two staff identified, the breakdown by output class is not being provided as it may breach their privacy and identify them personally.

*Overhead costs*

ZED SESELJA: To ask the Treasurer

BP 4

In relation to : Overhead costs for Department of Treasury

1. What are the overhead fixed costs for Treasury for 2010-11 and how much is each?
2. How are these costs forecast to change between 2010-11 and 2013-14 (please provide a breakdown by output).
3. What are the variable and marginal costs for Treasury for 2010-11 and how much is each.
4. How are these costs forecast to change between 2010-11 and 2013-14, and how has this changed since 2009-10 (please provide a breakdown by output).

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

1. Overhead costs needs to be defined in this instance in the context of what the Department produces (ie its outputs). Generally, those costs that are not directly attributable to the Department's outputs are considered overheads in answering this question. It should, however, be noted that the Territory's Output Budgeting framework requires a cost allocation and budget allocation process to attribute all costs to outputs.

The indicative overhead costs that relate to Treasury for 2009-10 and 2010-11 are outlined below.

	2009-10 \$m	2010-11 \$m
Office Accommodation	1.599	1.647
IT Costs	2.398	2.380
Accommodation Facility Management Costs	0.297	0.318
Workers Compensation Premium	0.127	0.139
Audit	0.369	0.378
Shared Services Finance and HR support	0.638	0.657
Other (such as records management, copyright licences, insurance)	0.218	0.229

2. Treasury's budget for the forward estimates is outlined in the 2010-11 Budget Paper No.4. The budget has not been broken down into specific overhead cost line-items requested as yet, however, indicative allocations are provided in the answer to question (1).

For the Forward Estimates, allocation of the budget at the detailed level will be undertaken closer to the relevant financial year, taking into account operational requirements, overall budget limits and other prevailing circumstances, such as contract negotiations.

3. All of the overhead costs are largely fixed in the short-run (i.e., 2010-11) and are considered to be variable in the long-run, subject to the outputs being scaled.
4. Refer answers above.

*Budget costs (BP4)*

ZED SESELJA: To ask the Treasurer

BP 4

In relation to : Budgeted Costs for the Department of Treasury

1. What is the budgeted cost for Treasury in 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 of
  - a. Electricity
  - b. Internet communications
  - c. Telecommunications
  - d. Travel for senior executive staff
  - e. Travel for non-executive staff
  - f. Local travel, including taxis, bus fares, and vehicles
  - g. Printing
  - h. Paper
  - i. Official entertainment
  - j. Consultant's fees
  - k. Official entertainment
  - l. Office supplies

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

1. In relation to 2009-10, the following table outlines the available information.

	<b>2009-10 Estimated Outcome \$m</b>
Electricity <sup>4</sup>	0.070
Internet Communication <sup>5</sup>	0.018
Telecommunications	0.119
Travel <sup>1</sup>	0.145
Local travel, including taxis, bus fares, and vehicles	0.017
Printing <sup>2</sup>	0.239
Paper	0.021
Official entertainment	nil
Consultant's fees <sup>3</sup>	2.273
Office supplies	0.065

## Notes:

1. Treasury Internal Budget Allocations do not distinguish between executive and non-executive staff travel.
2. Including printing costs associated with the Budget Papers, Revenue Notices, Forms etc
3. Including costs associated with the audit of the Department's financial statements and internal audit fees, valuations associated with revenue assessment notices, and initiatives such as the Whole of Government Asset Management.
4. Actual provided by Facility Management
5. Split from the InTACT SLA

In relation to 2010-11, Treasury's internal budgets have not yet been disaggregated to line items.

In relation to the forward estimates, the internal budgets will not be disaggregated to a detailed level until just before the commencement of each financial year.



*Budget costs (BP4)*

ZED SESELJA: To ask the Treasurer

BP 4

In relation to : Budgeted Costs and Department of Treasury

1. What are the annual depreciation costs for the Treasury?
  - a. How much depreciation is allocated to small capital items which are used in the day-to-day activities of Treasury, and how much is related to major capital works or items?
  - b. What are those major capital works or items specifically and how much is the depreciation for each annually?
2. What capital initiatives will be completed by Treasury in 2010-11?
  - a. What was the original cost of those initiatives when they were first considered by Government?
  - b. What is the current budgeted cost of the initiative?
  - c. What are the ongoing costs to the Budget of the initiative, including running costs and depreciation costs?
3. What capital initiatives (or expenditure on capital equipment) were completed/will be completed by Treasury in 2009-10?
  - a. What was the original cost of those initiatives when they were first considered by Government?
  - b. What is the current budgeted cost of the initiative?
  - c. What are the ongoing costs to the Budget of the initiative, including running costs and depreciation costs?
  - d. What was the estimated completion date when the initiative was first considered by Government?

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

1. The annual depreciation cost for Treasury for 2010-11 is \$2.367m.
  - a) A total of \$0.134m has been allocated to depreciation of small capital items used in the day to day activities of Treasury. Small capital items are considered to cost from \$0.005m to \$0.250m.  
  
A total of \$2.234m has been allocated to depreciation of major capital works. Major capital works are considered to cost above \$0.250m.
  - b) The annual depreciation cost for each of the major capital works is as follows:

<b>Items</b>	<b>Amount (\$m)</b>
Leasehold Improvements	0.022
Land Rent Scheme System Upgrade	0.167
Standard Business Reporting System	0.503
Oracle Government Financial System	1.542
<b>Total</b>	<b>2.234</b>

2. The following capital initiatives will be completed by Treasury in 2010-11.

<b>Item</b>	<b>a) Original Cost</b>	<b>b) Current Budgeted Cost</b>	<b>c) Ongoing Costs</b>
	\$ Million	\$ Million	\$ Million
Community 2008 Enhancements	0.200	0.200	0.067
Territory Revenue System Upgrade	0.200	0.200	0.317
Land Rent Scheme	0.500	0.500	0.177

3. The following capital initiatives (or expenditure on capital equipment) will be completed by Treasury in 2009-10:

<b>Item</b>	<b>a) Original Cost</b>	<b>b) Current Budgeted Cost</b>	<b>c) Ongoing Costs</b>	<b>d) Original Completion date</b>
	\$ Million	\$ Million	\$ Million	
Standard Business Reporting <sup>1</sup>	0.983	1.510	0.503	2009-10 <sup>2</sup>

Notes:

1. Expenditure recovered from the Australian Taxation Office.
2. System to be production ready in 2009-10.

*Grants programs*

ZED SESELJA: To ask the Treasurer

In relation to : Grants Programs and the Department of Treasury.

1. What grants programs will commence in 2010-11, and which grants programs will cease?
2. Which grant programs ceased in 2009-10?
3. For each program above, what is the total cost of the program, including a) the cost to administer the program; b) the cost to advertise the program and c) the total amount of grants that are budgeted to be awarded in 2009-10 and 2010-11?
4. For those grants programs commencing in 2010-11, when is the program scheduled to cease?
5. What process will be used to determine the recipients of the grants?
6. Will grants under each program be contingent upon a contribution

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

1. The ACT Department of Treasury has no grants commencing or ceasing in 2010-11.
2. The ACT Department of Treasury has one grant ceasing in 2009-10, which is the First Home Owners Boost (FHOB) Scheme.  

The FHOB Scheme was an Australian Government initiative to assist first home buyers purchase or build their first home. The scheme is administered by the ACT Government and was in addition to the \$7,000 First Home Owner Grant Scheme. The scheme was part of the Australian Government's stimulus measures introduced as part of its response to the Global Financial Crisis. The FHOB ceased on 31 December 2009.
3. The total cost of the FHOB grant program is as follows:
  1. As the First Home Owner Grant (FHOG) scheme was in operation before the FHOB Scheme commenced, and the resources used to administer the FHOB are the same as the FHOG, the marginal cost of administering the FHOB Scheme is negligible.
  2. Nil.
  3. The total amount of FHOB payments budgeted for in 2009-10 is \$19.970m and the total amount budgeted for in 2010-11 is \$0.816m. Even though the scheme ceased in 2009-10, a budget amount was included in 2010-11 due to budgeted residual FHOB payments estimated to be made. Even though ACT Treasury makes these payments the entire FHOB Scheme is funded by the Australian Government.
4. Not applicable, as the ACT Department of Treasury does not have any grants commencing in 2010-11.

5. Not applicable, as the ACT Department of Treasury does not have any grants commencing in 2010-11.
6. Not applicable, as the ACT Department of Treasury does not have any grants commencing in 2010-11.

*Output programs*

ZED SESELJA: To ask the Treasurer

In relation to : Output programs for Department of Treasury

1. Please provide a list of initiatives or programs that are run under each output.
  - a. What is the budgeted cost for each in 2009-10 and 2010-11?
  - b. How many staff (by ASL) work in each, and what is level of each staff member?
  - c. What capital equipment is required by each?
  - d. What specialist skills are required by staff in each, and what are the specialists levels?

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

Budget initiatives are included in Chapter 4.2, Budget Paper No. 3. In general, budget initiatives or programs that commenced in the previous years (which would be highlighted in the past budget papers) would become part of the departmental outputs, or cease depending upon the funding provided.

Data is not available in the forward years at the level of disaggregation requested without significant diversion of resources for Treasury's ongoing business.

*Housing*

ZED SESELJA : To ask the Treasurer

Hansard 14 May 2010

In relation to : Housing

1. Treasury indicated in estimates on Friday, 14 May 2010, that the ACT economy is sensitive to interest rates as the ACT is within the “mortgage belt”. Why does Treasury consider the ACT to be within the mortgage belt?
2. What percentage of household income in the ACT is used to make mortgage repayments?
3. What percentage of household income in the ACT is used to make rent payments?

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

- (1) The ACT has the highest proportion of owners with a mortgage (40.3 per cent) compared to other jurisdictions as reported by the latest ABS Australian Social Trends publication, category number 4102.0.
- (2) The proportion of median weekly family income needed to meet loan repayments in the ACT was 17.7 per cent in the December quarter 2009 as reported by the latest Deposit Power/Real Estate Institute of Australia’s Housing Affordability Report.
- (3) The proportion of median weekly family income needed to meet rent payments was 16.7 per cent in the December quarter 2009 as reported by the latest Deposit Power/Real Estate Institute of Australia’s Housing Affordability Report.

*Environment measures*

ZED SESELJA: To ask the Treasurer

In relation to : Environmental measures for the Department of Treasury

1. What are the estimated greenhouse gas emissions for Treasury in 2010-11, 2011-12, 2012-13 and 2013-14?
2. What initiatives or measures has Treasury implemented in 2009-10 to reduce greenhouse gas emissions?
  - a. What is the cost of each initiative
  - b. how much greenhouse gas has each initiative saved?
3. What initiatives or measures will Treasury implement in 2010-11 to reduce greenhouse gas emissions?
  - a. What is the budgeted cost of these initiatives
  - b. How much greenhouse gas will each initiative save?
4. How much paper recycling will be undertaken in 2010-11, 2011-12, 2012-13 and 2013-14, what percentage of total paper used is this, and what benchmark will Treasury measure its success in recycling against?

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

1. The estimated gas emissions for Treasury in 2010-11, 2011-12, 2012-13 and 2013-14 is not currently available as the owners of the Canberra Nara Centre are in the process of a multiyear staged improvements programme to the building operating plant, lighting and utilities, all with a sustainability focus. These improvements are expected to continue through to 2011. It is, however, anticipated that greenhouse gas emissions will trend down for the period above.
2. Initiatives implemented in 2009-2010 include:
  - Treasury has recently signed up to the Department of Climate Change, Energy and Water *OfficeSmart* program.
  - The commissioning of Energy, Water and Waste Assessment Reports to determine baseline figures for consumption, to make recommendations for efficiencies throughout the Canberra Nara Centre.
  - Promotion and assistance with the installation of sustainability meters (smart meters) by the building owner that will allow a more accurate differentiation between house power and tenancy power and so allow high energy usage areas to be more specifically targeted to improve efficiency.
  - Promotion and assistance with the replacement of the air handling unit dampers throughout the building by the building owner, to allow more efficient operation of the HVAC system in the Canberra Nara Centre.

The Energy, Water and Waste assessment reports were produced at a cost to Treasury of \$9,000. There was no cost to Treasury as a result of the other initiatives.

Information on greenhouse gas emissions will be reported on in the Department's Annual Report.

3. Initiatives being implemented in 2010-2011 include:

- Promotion and assistance with the insulation on the level 1 slab overhang.
- Promotion and assistance with the multiyear staged improvements programme to the building operating plant, lighting and utilities throughout the Canberra Nara Centre by the building owner.
- Investigate the option to replace all tenancy lighting with more efficient (T5 or T8) light bulbs.
- Implement suggested initiatives under the DECCEW *OfficeSmart* program.
- Investigate and implement proposals and initiatives made through the Energy, Water, and Waste Planning reports carried out in 2009-2010.

There is no cost to Treasury from initiatives undertaken by the building owner. Other initiatives have not been costed at this stage, as the Department is still to determine which recommendations will proceed.

Information on greenhouse gas emissions will be reported on in the Department's Annual Report.

4. The Department has not yet set a future paper target around recycling. The Department endeavours, where possible, to recycle all paper waste product. Success will be measured by our improvement from the baseline reports.



*Working groups*

ZED SESELJA: To ask the Treasurer

In relation to : Working Groups involving Department of Treasury

1. Have any working groups, consultation groups, inter-departmental committees, roundtables or other intra-Government committees been created (or will be created) by the Treasury in 2009-10?
2. Will any working groups, consultation groups, inter-departmental committees, roundtables or other intra-Government committees be created by Treasury in 2010-11?
3. For each group, committee or roundtable in questions 1 and 2:
  - a. What is the cost of creating and maintaining each?
  - b. For how long will each run?
  - c. How many staff will regularly be involved?
  - d. How often will each meet?
  - e. Where will each meet?
  - f. Which departments, agencies or non-government organisations will be represented, and what is the role of each?

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

1. The following Committee's were established in 2009-10
  - Expenditure Review and Evaluation Committee
  - National Seamless Economy Inter-departmental Committee (IDC)
2. It is anticipated that the following Committee will be established by Treasury in 2010-11
  - Standard Chart of Accounts for Not for Profit Sector IDC.
3. Information relating to each group, committee or roundtable can be found below:

*Expenditure Review and Evaluation Committee*

- a. Costs for creating and maintaining the Committee are absorbed within existing resources.
- b. Ongoing, in line with the program outlined in the Budget Plan.
- c. As part of the work of the Committee, Chief Executives meet regularly with secretariat support provided by existing staff within the department.
- d. Meetings are usually fortnightly, with further meetings as needed.
- e. Treasury and Chief Minister's Department facilities have been made available for meetings.
- f. The Committee is chaired by the Under Treasurer and Chief Executive of the Chief Minister's Department. The Management Council acts as a reference group for the Committee.

*National Seamless Economy IDC*

- a. Nil.
- b. 3 years.
- c. Up to six existing staff.
- d. When required.
- e. ACT Treasury.
- f. The Committee is jointly chaired by ACT Treasury and Chief Minister's Department with representation from Justice and Community Safety, ACT Planning and Land Authority and ACT Health.

*Standard Chart of Accounts for Not for Profit Sector*

- a. Nil.
- b. 2 years.
- c. Up to six existing staff.
- d. When required.
- e. ACT Treasury.
- f. The Committee is chaired by ACT Treasury with representation from ACT Government agencies.

*IT and Advertising*

ZED SESELJA : To ask the Treasurer

In relation to : IT and Advertising for Department of Treasury

1. What is the budgeted cost of the provision of IT services for Treasury for 2010-11?
2. What is the budgeted or forecast increase in costs for the provision of IT services in 2011-12, 2012-13 and 2013-14?
3. What will be the marginal cost and the average cost of the provision of IT services at the forecast staffing levels in 2010-11?
4. How much will be spent on advertising in 2010-11, and what is forecast to be spent in 2011-12, 2012-13 and 2013-14, and how is this spending broken down between i) outputs and ii) design, printing, distribution etc.
5. What form of advertising will be undertaken in 2010-11?
6. What is the purpose of each form of advertising to be undertaken in 2010-11?
7. How much has been spent on graphic design purposes in 2009-10, and how much will be spent on graphic design in 2010-11, 2011-12, 2012-13 and 2013-14?
8. How much has been spent on advertising in 2009-10 to date, and what forms of advertising does this include?

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

- 1) The budgeted cost for the provision of IT services for Treasury in 2010-11 is \$2.380m
- 2) The budget for IT services is forecast to increase as follows:

	<b>2011-12 (\$m)</b>	<b>2012-13 (\$m)</b>	<b>2013-14 (\$m)</b>
IT Services	0.033	0.071	0.060

- 3) The 2010-11 average cost of the provision of IT services at forecast staffing levels is:

$\$2.380\text{m}/185 = \$13,000$

The approximate estimated marginal cost of IT (ie the cost should one new Treasury staff member be employed) is in the order of \$4,700 per annum. This will, however, vary depending on the operations of the position.

- 4) Treasury does not specifically budget for advertising. In 2009-10 advertising is estimated to be 0.1% of Treasury's Government Payment for Outputs (GPO). Any advertising costs are managed within the supplies and services budget in 2010-11, 2011-12, 2012-13 and 2013-14.
- 5) In 2010-11 it is possible that Treasury will undertake advertising in the form of paper and website.
- 6) The purpose of the advertisements is mainly:
- the recruitment of staff;
  - annual budget; and
  - budget community consultation.
- 7) Treasury's expenditure on graphic design in 2009-10 is associated with the Budget Papers and the Annual Report. Costs relating to graphic design cannot be quantified as individual components of the bill such are not separately identified by the supplier.

Treasury will incur graphic design costs in 2010-11 as indicated above, however, the Department does not specifically budget for this expense item.

- 8) To date, Treasury has spent \$0.032m in advertising costs in 2009-10 which is 0.1% of the Department's GPO for 2009-10. This amount has been used for paper and website advertising.

*Program funding - BP3 Chapter 4*

ZED SESELJA : To ask the Treasurer

BP 3 Chapter 4

1. I note that the financial controller for the Chief Minister's Department noted that some programs rolled over in 2009/10 were then ceased in the 2010/11 budget, therefore disappearing from the budget documentation. Please outline all program funding for Treasury rolled over in 2009/10 which then ceased in the 2010/11 budget.

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

1. Capital Injection (\$0.092m) associated with the upgrade of the Oracle Government Financial System was rolled over from 2008-09 into 2009-10 via Section 16B Instrument under the *Financial Management Act*. The upgrade was completed in 2009-10.

**ZED SESELJA MLA** : To ask the Treasurer

Ref: **ACTEW Corporation (where appropriate ACTEWAgI)**

In relation to : Electricity Connections

1. What is the current wait time for electricity connections to new homes or units in Greenfield developments, and how many households are currently waiting for a connection?
2. What is the current wait time for the connections of new meters for participants in the solar feed-in tariff scheme, and how many households are currently waiting for a connection?
3. How many employees (and how many teams of employees) are involved in the connection of electricity to new homes or units?
4. What is the current wait time for electricity connections to new commercial properties, and how many businesses are currently waiting for a connection?
5. What was the average time taken to connect new homes with electricity in 2007-08, 2008-09, and 2009-10? What is the target average wait time for a connection for 2010-11?

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

1. I am advised that the current average time for the connection of electricity to new homes and units, which includes underground cable installation and meter installation, is around 18 business days.

The average time includes properties which have been found to be not ready for the connection despite the lodgements of a Request For Service (RFS) and for the required approvals from the ACT Planning and Land Authority (ACTPLA).

As at 27 May 2010 there are 442 new homes or units in Greenfields areas waiting for connection. 36 per cent of these are not ready for a full service connection to the network. Consequently, completion of a connection is delayed and often multiple site visits are required due to problems involving access to site, no actual house on site, obstacles on site, or no meter panel in the meter box.

The average waiting time for the meter installation, following the earlier installation of cables (after the site has been inspected and approved by ACTPLA), is currently still 6 business days.

Activation of a working electricity supply can only be actioned following installation of the appropriate infrastructure, provision of the necessary approvals and establishment of a customer contract with a retailer of choice.

2. The current maximum wait time in the program to schedule a meter installation for solar electricity connection, which would include participants in the feed-in tariff scheme is 15 business days. ActewAGL is able to accommodate urgent installation requests by utilising some vacant slots in its schedule.

There are currently 666 applications for solar installations waiting for connection. Electrical contractors have arranged a meter installation date for 55 per cent of these. The remaining 45 per cent are yet to be organised or are not proceeding. It should be noted that in the case of the feed-in tariff scheme, before the solar system can export energy back into the network an electrical inspection must first be undertaken by ACTPLA.

3. ActewAGL currently has 19 “field” personnel available in the services team with a further 3 currently in training. A further 2 personnel have also been offered positions in the services team. This team is responsible for new connections and alterations to existing services. This number does not include personnel working for any other entities.
4. Commercial connections undergo a different process in comparison to residential greenfields connections. Nearly every new commercial building requires specialised equipment which can take up to six months to manufacture and deliver. During this period, ActewAGL liaises with the design consultants and electrical contractors to ensure equipment meets the expected delivery and completion timeframes. Once ActewAGL’s equipment and the development’s equipment are installed, the electrical contractor will lodge a Request For Service to initiate the metering, followed by an onsite safety induction and inspection, and then meter installation. This process is usually completed within 10 business days.
5. The exact data is difficult to obtain for the periods specified due to decommissioned computer systems. However from 1 January 2009 to 31 October 2009, ActewAGL had on average connected new homes within 46 business days. From 1 November 2009 to 27 May 2010 the average time to connect was 23 business days. As per question 1, these timeframes include days where ActewAGL cannot undertake work on site due to factors beyond its control.

The Master Builders Association (MBA) has been working with its members to ensure that sites are ready and clear of other obstructions to allow ActewAGL to undertake the electrical connection works without undue delay. ActewAGL has been in consultation with the MBA, the Housing Industry Association (HIA) and developers over an extended period in efforts to improve the process and timeframes and to reduce costs, which has contributed to reduced timeframes through increased site readiness.

*ACTEW - Staff management*

ZED SESELJA MLA : To ask the Treasurer

Ref: ACTEW Corporation

In relation to : Staff Management

1. How many staff (both FTE and head count) are employed currently?
2. What was the total turnover rate for employed staff in 2008-09 and 2009-10 to date, and what is the budgeted turnover rate for employed staff for 2010-11?
3. How many staff (both FTE and head count) are contracted currently?
4. What was the total turnover rate for contracted staff in 2008-09 and 2009-10 to date, and what is the budgeted turnover rate for contracted staff for 2010-11?
5. How many staff (employed and contracted) receive a total salary of
  - (a) below \$70,000;
  - (b) between \$70,000 and \$100,000;
  - (c) between \$100,000 and \$150,000;
  - (d) between \$150,000 and \$200,000;
  - (e) between \$200,000 and \$300,000
  - (f) over \$300,000; and
  - (g) for each salary range, how many staff are administrative, and how many are considered frontline service delivery staff?
6. How many additional employed staff will be engaged in 2010 (both FTE and head count)?
  - (a) How many are administrative or policy staff, and how many are considered frontline service delivery staff?
7. How many additional contracted staff will be engaged in 2010 (both FTE and head count)?
  - (a) How many are administrative or policy staff, and how many are considered frontline service delivery staff?
8. How much will be spent on training programs 2010-11?
  - (a) What is the purpose of each training program?
  - (b) How many staff are expected to participate?
9. Will officers attend any training programs in 2010-11 interstate?
  - (a) If yes:
    - (i) what is the purpose of these training programs?
    - (ii) How many officers will attend?
    - (iii) What is the cost of each programs, including travel expenses?
10. Will officers attend any training programs in 2010-11 overseas?
  - (a) If yes:
    - (i) what is the purpose of these training programs?
    - (ii) How many officers will attend?
    - (iii) What is the cost of each programs, including travel expenses?
    - (iv) What class of travel will be used?
11. What training programmes in 2010-11 will result in no marginal cost to ACTEW?
12. What in-house training programs will be held in 2010-11 will result in a cost to ACTEW, and what was this cost expected to be?
13. What is the average oncost for each officer budgeted to be 2010-11?
  - (a) What is included in this oncost?



- (b) What is the marginal oncost of an additional worker at the current staffing levels in 2010-11?
14. What specialist qualifications are required by staff to undertake their roles and responsibilities?
- (a) What skills are currently lacking?
- (b) How will these gaps be filled in 2010-11?
15. What is the average salary for each employee who has a specialist skill that is required to undertake their roles and responsibilities?
- (a) What will be the average salary in 2010-11? Please provide a breakdown by specialisation.
16. What training must employees undertake on a regular basis to maintain their specialist skills, and what is the budgeted total cost of this training in 2010-11?
- (a) What is the average cost per employee?
- (b) Who provides the training?
17. What specialist equipment is required for officers to undertake their jobs?
- (a) For each piece of equipment:
- (i) how many are required;
- (ii) what is the capital cost of each;
- (iii) what is the running cost of each;
- (iv) over what period is each piece of equipment depreciated; and
- (v) what equipment will be purchased in 2010-11 for this purpose?
18. How many graduates will be employed in 2010-11?
- (a) What is the average cost of employing each graduate?
- (b) How many have been employed on average each year since 2001?
19. How much has been spent on recruitment of employed and contracted staff in 2009-10 to date?
- (a) How much is budgeted to be spent in 2010-11?
20. How many staff, are budgeted to receive HDA in 2010-11?
- (a) For each staff member:
- (i) why will they receive HDA;
- (ii) how long will they be on HDA; and
- (iii) what is the budgeted expense for staff receiving HDA in 2010-11?
21. How many staff are currently on any form of leave indefinitely?
- (a) What are the reasons for these staff being on indefinite leave?

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

- (1) ACTEW currently employs 42 personnel. 43 positions are listed on the 2010-11 organisational profile (refer to page 440 in BP4). ACTEW does not report employee numbers as FTEs.
- (2) The turnover rate was 5 in 2008-09 and 6 to date in 2009-10. There is no budgeted turnover for 2010-11.
- (3) Two staff are currently contracted.
- (4) The turnover rate was nil for 2008-09 and for the 2009-10 year to date. There is no budgeted turnover for 2010-11.
- (5) (a) to (g) ACTEW does not report remuneration details of employees.
- (6) One existing vacant position will be filled
- (a) This is an administrative position.

- (7) At this time there are no plans to employ additional contract staff.
  - (a) Not applicable.
- (8) \$100,000 has been budgeted for training programs in 2010-11.
  - (a) Training programs provide employees with relevant skills and knowledge.
  - (b) All staff are provided the opportunity to attend training programs, however the number of staff expected to attend training programs in 2010-11 is not known at this time.
- (9) It is not known at this stage whether any officers will attend training programs interstate in 2010-11.
  - (a) Not applicable for each of (i), (ii) and (iii).
- (10) It is not known at this stage whether any officers will attend training programs overseas in 2010-11.
  - (a) Not applicable for each of (i), (ii), (iii) and (iv).
- (11) The answer is unable to be provided as this is not measured.
- (12) Information on in-house training programs is not known at this time.
- (13) Information on employee remuneration is not provided. (a) and (b) Not applicable.
- (14) Each position description and profile details the skills and expertise required for the position. All employees possess the necessary skills and expertise necessary for them to do their job.
  - (a) There is considered to be no lack of skills within ACTEW's workforce.
  - (b) Not applicable.
- (15) ACTEW does not report remuneration details of employees.
  - (a) Not applicable.
- (16) Nil and Nil.
  - (a) Not applicable.
  - (b) Not applicable.
- (17) None.
  - (a) Not applicable for each of (i), (ii), (iii), (iv) and (v).
- (18) Not known at this time.
  - (a) Not applicable.
  - (b) That information is not available.
- (19) \$41,000 has been spent on the recruitment of employed and \$60,000 on contract staff.
- (20) ACTEW has not budgeted for any staff to received HDA in 2010-11.
  - (a) Not applicable for each of (i), (ii) and (iii)
- (21) No staff are on indefinite leave.
  - (a) Not applicable

*ACTEW - Budgeted costs*

ZED SESELJA MLA : To ask the Treasurer

Ref: ACTEW Corporation

In relation to : Budgeted Costs

1. What is the budgeted cost in 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 of
  - (a) Electricity
  - (b) Internet communications
  - (c) Telecommunications
  - (d) Travel for executive staff
  - (e) Travel for non-executive staff
  - (f) Local travel, including taxis, bus fares, and vehicles
  - (g) Printing
  - (h) Paper
  - (i) Official entertainment
  - (j) Consultant's fees

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

1.
  - a. I am advised that this item is not significant in terms of expenditure and is not budgeted for at this level of detail.
  - b. This item is not separately budgeted for and is included under the heading 'telecommunications' in the following table.
  - c. This item is not separately budgeted for and is included under the heading 'telecommunications' in the following table.
  - d. This item is not separately budgeted for and is included under the heading 'travel' in the following table.
  - e. This item is not separately budgeted for and is included under the heading 'travel' in the following table.
  - f. This item is not separately budgeted for and is included under the heading 'travel' in the following table.
  - g. This item is not separately budgeted for and is included under the heading 'printing' in the following table.
  - h. This item is not separately budgeted for and is included under the heading 'printing' in the following table.
  - i. Included in the following table.
  - j. Included in the following table.

	2009-10 (\$'000)	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)
Travel	185	185	190	194	199

Telecommunications	50	50	51	53	54
Printing	80	80	82	84	86
Consultants	1,118	1,165	1,211	1,460	1,210
Official Entertainment	105	120	126	132	139

*ACTEW - IT cost*

ZED SESELJA MLA : To ask the Treasurer

Ref: ACTEW Corporation

In relation to : IT

1. What is the budgeted cost of the provision of IT services for 2010-11?
2. What is the budgeted or forecast increase in costs for the provision of IT services in 2011-12, 2012-13 and 2013-14?
3. What will be the marginal cost and the average cost of the provision of IT services at the forecast staffing levels in 2010-11?

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

I am advised that ActewAGL provides IT services to ACTEW Corporation through the Utilities Management Agreement (UMA) and the Joint Venture Umbrella Agreement. These costs are not separately identifiable within those amounts and a response is unable to be provided to this question.

*ACTEW - Overhead costs*

ZED SESELJA MLA : To ask the Treasurer

Ref: ACTEW Corporation

In relation to : Overhead costs

1. What are the overhead fixed costs and how much is each annually?
2. How are these costs forecast to change between 2010-11 and 2013-14?
3. What are the variable and marginal costs for 2010-11 and how much is each?
4. How are these costs forecast to change between 2010-11 and 2013-14, and how has this changed since 2009-10?

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

1. I am advised that overhead fixed costs are defined by ACTEW as employment and corporate costs and comprise employee, superannuation expenses and supplies and services expenses.

2. Overhead fixed costs are forecast to change as follows:

2009-10 (\$'000)	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)
11,699	11,338	11,380	11,686	11,643

3. I am informed that ACTEW does not fully understand the question. Should the Member wish to re-phrase the question to be more specific, I would be happy to respond.

4. Variable costs are forecast to change as follows:

2009-10 (\$'000)	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)
1,816	1,874	1,938	2,000	2,066

*ACTEW - Grants programs*

ZED SESELJA MLA : To ask the Treasurer

Ref: ACTEW Corporation

In relation to : Grants Programs

1. What is the estimated outcome cost for community grants in 2009-10?
2. What is the budget for 2010-11?
3. What process will be used to determine the recipients of the grants?
4. What grant acknowledgement requirements does ACTEW have of its grant recipients?

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

1. ACTEW does not have a community grants program
2. Not applicable.
3. Not applicable.
4. Not applicable.

ACTEW – Environment

ZED SESELJA MLA : To ask the Treasurer

Ref: ACTEW Corporation

In relation to : Environment

1. What are the estimated greenhouse gas emissions in 2010-11, 2011-12, 2012-13 and 2013-14?
2. What initiatives or measures have been implemented in 2009-10 to reduce greenhouse gas emissions?
  - (a) What is the cost of each initiative?
  - (b) How much greenhouse gas has each initiative saved?
3. What initiatives or measures will be implemented in 2010-11 to reduce greenhouse gas emissions?
  - (a) What is the budgeted cost of these initiatives?
  - (b) How much greenhouse gas will each initiative save?
4. How much paper recycling will be undertaken in 2010-11, 2011-12, 2012-13 and 2013-14?
  - (a) What percentage of total paper used is this?
  - (b) What benchmark is ACTEW measuring its success in recycling against?

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

1. I am advised that ACTEW does not calculate estimated greenhouse gas emissions for future financial years. However in 2008-09 ACTEW's water business was calculated to have produced 55,226 Tonnes of CO2 Equivalent (TCO2e).

Estimated emissions associated with the water security major projects (in TCO2e) are as follows:

<b><u>Project</u></b>	<b><u>Construction</u></b>	<b><u>Operations (Per Annum)</u></b>
Enlarged Cotter Dam	142,000	8,000
Murrumbidgee to Googong	32,600	17,000

Therefore once the water security projects are online, the annual water business would produce *approximately* 80,000 TCO2e per annum. This figure would be subject to climatic conditions and dam storage levels.

2. a and b

Since 2008, ACTEW has committed to a greenhouse gas abatement strategy to reduce and offset the emissions associated with the construction and operation of the water security projects. The key elements of the abatement strategy are:

- Reduced emissions through innovation at the design stage;



- Biodiesel use during construction, providing estimated emissions savings in the order of 15,000 TCO<sub>2</sub>e total;
- Implementation of a hydro generator for energy recovery (20 to 30%) in the Murrumbidgee to Googong saving about 5,000 TCO<sub>2</sub>e per year; and
- Procuring Carbon Sink Forestry Offsets for 900,000 TCO<sub>2</sub>e over 30 years.

The anticipated average cost of these initiatives is less than \$25 per TCO<sub>2</sub>e.

The procurement of the Carbon Sink Forestry Offsets (CSFO) is underway with costs to the end of 2009-10 expected to be \$8 million, with an average cost per tonne of CO<sub>2</sub> from CSFOs of around \$15 per tonne.

3. a and b

The costs for biodiesel and the capital cost of the hydro generator will be incorporated into the water security major projects budgets. Capital cost for the hydro generator is approximately \$6.9 million. Biodiesel costs have not been determined as yet but are expected to be minimal. Implementation may extend beyond the 2010-11 period.

The current annualised cost estimates for the greenhouse gas abatement strategy projects are in the order of \$800,000 per annum (2009-2039).

ACTEW is investigating the cost of applying a similar strategy to offset the greenhouse gas production of the whole water business, including the assessment of:

- Use of biodiesel;
- Hydro generation review (existing and any other potential applications);
- Purchase of wind power renewable energy certificates to meet operational energy demands;
- Use of “green” cement (low carbon cement); and
- Embodied energy of capital works projects.

This initial investigation is currently being scoped and costed in 2010-11.

4. a and b

ACTEW provides recycling facilities and participates in the “Be Green” Program conducted by ActewAGL at its offices. ACTEW does not record or retain information on the volume of paper recycled or benchmarking information.

*ACTEW - Budgeted costs*

ZED SESELJA MLA : To ask the Treasurer

Ref: ACTEW Corporation

In relation to : Budgeted Costs

1. What are the annual depreciation costs for ACTEW?
2. How much depreciation is allocated to small capital items which are used in day-to-day activities, and how much is related to major capital works or items?
  - (a) What are those major capital works or items specifically?
3. What capital initiatives will be completed in 2010-11?
  - (a) What was the original cost of those initiatives when they were first considered?
  - (b) What is the current budgeted cost of the initiative?
  - (c) What are the ongoing costs of the initiative, including running costs and depreciation costs?
4. What capital initiatives were completed/will be completed in 2009-10?
  - (a) What was the original cost of those initiatives when they were first considered?
  - (b) What is the current budgeted cost of the initiative?
  - (c) What are the ongoing costs of the initiative, including running costs and depreciation costs?
  - (d) What was the estimated completion date when the initiative was first considered?

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

1. This information is already provided in the 2010-11 Budget Papers. Refer to the Operating Statement, Budget Paper 4 page 442.
2. I am informed that, for small capital items in 2009-10, the depreciation allocation is approximately \$100,000. For 2009-10 major capital item depreciation is expected to be \$30.9 million.
  - a. Water and sewerage infrastructure assets.
3. The General Capital Works Program for 2010-11 is shown in Attachment A. The water security major projects are not shown as none of these projects are scheduled for completion in 2010-11.
  - a. Final costs are not determined until projects are scoped and tenders sought.
  - b. \$88 million.
  - c. Projects are yet to be undertaken or completed and depreciation and running costs will not be known until the projects are completed.
4. The General Capital Works Program for 2009-10 is shown in Attachment B. The water security major projects are not shown as none of these projects are

scheduled for completion in 2009-10. The projects completed to date in 2009-10 are shown in Attachment C.

- a. The capital works budget for 2009-10 is \$109 million.
- b. See Attachment B.
- c. Projects are yet to be completed and depreciation and running costs will not be known until the projects are completed and commissioned.
- d. Completion dates vary and are dependant on a range of issues including the type of project, approvals, tender processes etc.

*ACTEW - Working groups*

ZED SESELJA MLA : To ask the Treasurer

Ref: ACTEW Corporation

In relation to : Working Groups

1. Have any working groups, consultation groups, inter-departmental committees, roundtables or other intra-Government committees been created (or will be created) by ACTEW in 2009-10?
2. Will any working groups, consultation groups, inter-departmental committees, roundtables or other intra-Government committees be created by ACTEW in 2010-11?
3. For each group, committee or roundtable in questions 1 and 2:
  - (a) What is the cost of creating and maintaining each?
  - (b) For how long will each run?
  - (c) How many staff will regularly be involved?
  - (d) How often will each meet?
  - (e) Where will each meet?
  - (f) Which departments, agencies or non-government organisations will be represented, and what is the role of each?

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

1. None of the groups or committees have been, or either will be, created by ACTEW.
2. It is not known at this time if any working groups or committees will be required.
3.
  - a. Not applicable.
  - b. Not applicable.
  - c. Not applicable.
  - d. Not applicable.
  - e. Not applicable.
  - f. Not applicable.

*ACTEW - Water restrictions*

VICKI DUNNE MLA : To ask the Treasurer

Ref: ACTEW Corporation

In relation to : Water Restrictions

1. What dam levels trigger the various water restriction levels?
2. Is the current level 3 water restriction in accordance with that policy?
  - (a) If no, why?
3. What water restriction and water conservation policies will be implemented following the completion of the major water security projects?
4. If no policies have been prepared, when will they be prepared?
  - (a) What consultation process will be followed in their development?
5. What public program is being developed to raise awareness of those policies?
6. When will such a program be implemented?

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

1. The current approved scheme, which is available on the ACTEW website<sup>3</sup>, lists the factors ACTEW may take into account when deciding on the target water consumption reduction (i.e. stage of water restrictions). I am advised that dam trigger levels (dam storage levels) are one of these factors. The factors are:
  - dam storage levels;
  - the time of the year and likely future consumption of water;
  - daily consumption levels in the period immediately preceding;
  - daily consumption levels in corresponding periods in previous years;
  - currently available weather forecasts and other meteorological advice;
  - the desirability of reducing water usage on an ongoing basis;
  - the desirability of avoiding excessive reliance on only one of the ACT's water catchments;
  - the possibility that, if restrictions do not sufficiently reduce current water consumption, water available for later supply may be of a quality that may cause damage to property; and
  - any other relevant consideration.
2. Yes.
  - (a) Not applicable.
3. The level of temporary water restrictions that will be in place when the water security major projects are completed will depend on a number of factors listed in the response to question 1 above.

Whilst temporary water restrictions are the responsibility of ACTEW, water policy issues are the responsibility of the Government. Water use reduction policies that are currently in place, and will be in place when the infrastructure is

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<sup>3</sup> <http://www.actew.com.au/publications/TemporaryWaterRestrictionsScheme.pdf>

complete, are set out in the Government's water strategy, *Think water, act water* (TAW), originally released in April 2004. These policies include:

- a target of 25 per cent reduction in per capita consumption by 2023;
- Permanent Water Conservation Measures, a major contributor to achieving the 25 per cent target; and
- Water Sensitive Urban Design, including water saving targets for all new subdivisions.

Details of TAW, and progress reports on its implementation, are available at <http://www.thinkwater.act.gov.au/>.

4. Policies are in place and can be viewed at <http://www.thinkwater.act.gov.au/>.
5. Public programs are in place, and can be viewed at <http://www.thinkwater.act.gov.au/>.

The program is currently being implemented. Progress reports are available at [http://www.thinkwater.act.gov.au/permanent\\_measures/progress\\_report.shtml](http://www.thinkwater.act.gov.au/permanent_measures/progress_report.shtml)

*ACTEW - Water consumption*

VICKI DUNNE MLA : To ask the Treasurer

Ref: ACTEW Corporation

In relation to : Water Consumption

1. What impact is reduced water consumption having on ACTEW's financial viability?
2. What impact is reduced water flow-through in the sewerage system having on the structural integrity of that system?
3. Has reduced water flow-through caused a need for a review of maintenance programs?
  - (a) If yes, what changes have been made; and
  - (b) What impact has that had on maintenance costs?
4. In making its submissions to the ICRC for water prices, has ACTEW included a compensatory element to counter the effect of reduced consumption?
  - (a) If yes, what response has ACTEW received from the ICRC in relation to that element of the submissions?
  - (b) If no, what adjustments has ACTEW had to make to its business operations to ensure continued financial viability as a result of reduced water consumption?
5. What public programs aimed at reducing consumption of potable water were implemented during 2009-10 and what programs will be continued or implemented during 2010-11?
  - (a) What did the 2009-10 programs cost and what is the budgeted cost for 2010-11?

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

1. Reduced water consumption has resulted in reduced water revenue for ACTEW. Please refer to page 12 of the 2009-10 – 2012-13 ACTEW Statement of Corporate Intent for additional information.
2. I am advised that the reduction in water in the sewerage system has caused concentration levels of total dissolved solids to increase to near licence threshold levels and that ACTEW is working to understand and address this issue. A fully costed program is currently being developed.

Decreased velocity of fluid has caused increased growth of slime on sewer walls, which contributes to gas emissions. This has been addressed with the addition of ventilation systems and odour scrubbers at the emission sites and will be incorporated into future sewer designs and flushing programs. It is difficult to attribute the direct cost of these works solely to reduced flows in sewers as there are other factors that contribute, such as development encroachment. At present, costs have been contained within regulated costs for planning and capital works.

3. Yes.
  - (a) ACTEW is currently undertaking the first stage of a strategic review of sewerage services in the ACT. This project is a holistic review of how it

plans and delivers sewerage services. The review is expected to identify changes to maintenance programs to address climate change issues such as reduced flows in sewers. These costs will be incorporated into future budgets as required.

ACTEW has also designed and costed a salt reduction plant in the event that it is required to meet licence limits. At this stage other less capital intensive options are being pursued to prevent the need for such a plant, these include process optimisation and research into environmental impacts.

- (b) There has not been any significant change in maintenance costs to date.
4. No. ACTEW is in the second year of the current five year regulatory pricing determination which remains in force until June 2013. No submissions on lost water revenue from reduced water consumption will be made until the end of the current regulatory period.
- (a) Not applicable.
- (b) This has resulted in a decrease to the level of ACTEW profits.
5. The public information campaign 'Save Water for Life' provided information, encouragement and tools to help the community understand the importance of reducing water usage and adhering to water restrictions. The campaign is planned to run again in 2010-11.

Sustainable water use and targeted programs to highlight the importance of conserving water in residential gardens, where the largest water savings can be achieved, have continued throughout the year. Between September 2009 and May 2010, thirty water wise gardening workshops were held across the ACT. A community reference group established in 2009 continued to assist with the development of a new water wise education garden at the National Arboretum Canberra. Grass Roots, an integrated turf management program continued in 2009-10, is expected to conclude towards the end of this year.

ACTEW holds displays at many local community events throughout the region. At these events ACTEW provides information on water restrictions and ways to save water as well as updates on the water security projects. Such events include but are not limited to:

- Floriade.
- Spring Home and Leisure Show.
- Retirement and Lifestyle Expo.
- Royal Canberra Show.
- Festival of the Forest – National Arboretum Canberra Open Day.
- Various community festivals, including Tuggeranong and Woden.

Participation in these and other public events and programs for 2010-11 has not been finally decided and will be considered during the year. Roadside signage will also continue on major arterial roads across the ACT providing daily information on dam levels and water consumption.

- a) The costs of these programs are as follows:



	2009-10 Budget (\$)	2010-11 Budget (\$)
Advertising	330,000	340,000
Other communications / consultation	510,000	521,000
<b>TOTAL</b>	<b>840,000</b>	<b>861,000</b>

*ACTEW - Major water security projects*

VICKI DUNNE MLA : To ask the Treasurer

Ref: ACTEW Corporation

In relation to : Major Water Security Projects

1. What work has been done by the ACT Government, ACTEW Corporation or the Bulk Water Alliance since the issuing of the Future Water Options Report of 2005 to draft or otherwise develop the subject matter and scope of work for any proposed independent investigative, analytical, review, assessment or other projects in relation to any and all aspects of the major water security projects, either individually or collectively?
2. For each project so drafted or developed:
  - (a) What was the subject matter and scope;
  - (b) What was the cost, whether withdrawn at any stage or not, including the cost of developing the subject matter and scope;
  - (c) On what date was the project commissioned, ie the date on which the commissioning contract or other form of agreement was signed;
  - (d) For any project that did not proceed to a commissioning, why was that project withdrawn;
  - (e) Who undertook each project that proceeded to a commissioning;
  - (f) On what dates were any interim or draft reports handed in by the contractor;
  - (g) To what extent, if any, was the subject matter or scope for any project modified following the consideration by the ACT Government, ACTEW Corporation or the Bulk Water Alliance of an interim or draft report;
  - (h) For any commission that was withdrawn at any stage, why was the commission withdrawn;
  - (i) On what date was the final report handed in by the contractor;
  - (j) For each project whose final report was not released publicly, why was the report not so released; and
  - (k) For each project whose final report was not released publicly, will the ACT Government, ACTEW Corporation or the Bulk Water Alliance as relevant release that report to the Select Committee on Estimates, and, if no, why?

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

1. A substantial volume of work has been done in relation to the Water Security Major Projects. In July 2007 and December 2008 two reports were produced on the Water Security Major Projects. Additionally, the following reports, relating to the Enlarged Cotter Dam, were provided to the Legislative Assembly on 27 October 2009:
  - The Cotter Option, ACTEW, April 2005.
  - Future Water Options Study, GHD, April 2005.
  - Enlarged Cotter Dam Update Report, ACTEW, July 2007.
  - Enlarged Cotter Dam – Review and Update of Cost Estimates and Comparisons, GHD, July 2007.

- Enlarged Cotter Dam – Cost Estimate Review, Rider Levett Bucknall, July 2007.
- Independent review of the design and estimate process for the ECD Project, Deloitte, 24 August 2009.
- All Geotechnical Reports for the Enlarged Cotter Dam.
- Target Out-turn Costs for the ECD, BWA, August 2009.
- The BWA Project Alliance Agreement.

The Centre for International Economics has also undertaken economic benefit analyses of the Water Security Major Projects. The Independent Competition and Regulatory Commission (ICRC) is currently conducting an inquiry into the Enlarged Cotter Dam project and is expected to report in June 2010.

As Chief Minister, I established the Water Security Taskforce and Advisory Panel in mid-2007 to review the options and recommendations identified in ACTEW's Water2Water program. The Taskforce recommended a series of actions to the Government as outlined in the report Next Steps to Ensure Water Security for the ACT Region, which helped to form the basis of the Government's October 2007 announcement on water security.

2. I am advised that considerable time, effort and resources would be required to research and draft a response to this question of such broad-ranging scope. Whilst the Treasurer has previously endeavoured to respond as rapidly and thoroughly as possible to the Member's questions, I am unable to provide an answer in this circumstance. If the Member wishes to pose a more specific question I, or the Treasurer on her return, would be happy to consider what assistance can be provided.

*ACTEW - Carbon abatements strategies*

Meredith Hunter MLA: To ask the Treasurer

Ref: ACTEW Budget Paper 4 Page 439

In relation to: Carbon Abatement Strategies

Can you provide details of what is being done to develop appropriate carbon abatement strategies?

How many staff are working on this?

What funding is allocated for this?

Who are you consulting with to develop these strategies?

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

Information on carbon or greenhouse gas emission abatement strategies and associated funding was provided in response to the Leader of the Opposition's question no. 51.

ACTEW has two staff working part time, as part of their overall duties and responsibilities, on greenhouse gas abatement strategies.

ACTEW has consulted with ACT and Federal Government departments concerned with climate change policy and initiatives in developing its strategy and has also utilised Exigency to assist with developing the strategy and implementing it.

*ACTIA - BP4 Page 431*

MEREDITH HUNTER: To ask the Treasurer

Ref: ACTIA, Budget paper 4, page number 431

In relation to the forecast increase in claims

The reason for an increase in other expenses is attributed to an increase cost of future claims especially those arising from property and public liability policies – On what basis is this forecast made and what is being done to mitigate it?

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

The forecast is based on actuarial modelling of the estimated cost of Property and Liability claims. The model includes assumptions based on claims cost experience and a range of economic assumptions.

ACTIA continues to assist agencies in the analysis of their operations and assets to improve risk assessment and management aimed at reducing the frequency and cost of claims.

*QTON - Impact of C'wealth stimulus package -Treasury - Output class 1.1*

Asked by Zed Seselja on Friday 14 May 2010 : M Smithies took on notice the following question(s):

[Ref: Hansard Transcript 14 May 2010 [PAGE 62]]

In relation to :

**MR SESELJA:** What is the breakdown in the ACT on that stimulus in terms of how much was spent in those two quarters and how much is projected to be spent in these third and fourth quarters of the financial year?

**Mr Broughton:** I do not have those figures but I know we can produce them.

**Ms Smithies:** Yes, we can produce them.

**MR SESELJA:** Okay. If you could provide those that would be useful.

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

At the end of the March quarter 2010, the ACT Government had spent around \$94 million in 2009-10 under the Commonwealth funded Nation Building and Jobs Plan and the Building Australia Program. This included \$53 million under the *Building the Education Revolution* program and \$33 million under the Social Housing program.

For the fourth quarter the ACT is projecting spending a further \$77 million. This includes around \$42 million under BER, and \$32 million under Social Housing.

Table 1 details expenditure per quarter. These figures do not include direct Commonwealth expenditure through the other elements of the plan, such as energy rebates or bonus payments made to assist households and stimulate economic growth across the ACT, or expenditure by the non government school sector under the *Building the Education Revolution* program.

**Table 1: ACT Government expenditure under the Commonwealth Stimulus Packages**

	2009-10				Total \$m
	\$m Qtr 1 Actual	\$m Qtr 2 Actual	\$m Qtr 3 Actual	\$m Qtr4 Forecast	
<b>Building the Education Revolution - NBJP</b>	<b>10.3</b>	<b>19.7</b>	<b>23</b>	<b>41.6</b>	<b>94.6</b>
<b>Social Housing – NBJP</b>	<b>2.5</b>	<b>7.3</b>	<b>23.5</b>	<b>32.4</b>	<b>65.7</b>
<b>Transport – NBJP</b>	<b>0.8</b>	<b>0.5</b>	<b>0</b>	<b>1.1</b>	<b>2.4</b>
<b>Building Australia Program</b>	<b>0.5</b>	<b>1.8</b>	<b>4</b>	<b>2.3</b>	<b>8.6</b>
<b><i>Total</i></b>	<b><i>14.1</i></b>	<b><i>29.3</i></b>	<b><i>50.5</i></b>	<b><i>77.4</i></b>	<b><i>171.3</i></b>

*QTON - Private sector employment*

Asked by Brendan Smyth on Friday 14 May 2010 : K Gallagher took on notice the following question(s):

[Ref: Hansard Transcript 14 May 2010 [PAGE 75]]

In relation to :

**MR SMYTH:** All right. Has the percentage of the private sector employment grown or declined in recent years? Has Treasury advised you on that?

**Ms Gallagher:** Yes they have actually.

**MR SMYTH:** And the outcome

**Ms Gallagher:** And it has grown.

**MR SMYTH:** So the private sector - as a percentage of total employment in the ACT to the private sector has grown?

**Mr Broughton:** Slightly.

**MR SMYTH:** In what period and what are those numbers?

**Ms Gallagher:** I am just looking here. I think I have it in my notes somewhere.

**MR SMYTH:** Do you want to take that on notice?

**Ms Gallagher:** I am sure I read it somewhere. Yes sure. Sorry, I thought I did have it somewhere, I just cannot find it.

**THE CHAIR:** So we will take that question on notice and that is about the increase of the size of the increase on private sector of the employment as percentage of total employment.

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

The latest quarterly data show that the private sector employment share trended upwards in recent quarters from 49.7 per cent in the May quarter 2009 to 52.8 per cent in the February quarter 2010. Over this period, the private sector employment level increased by around 9,300 persons from 95,700 persons in the May quarter 2009 to 105,000 persons in the February quarter 2010.

Note: Treasury makes use of ABS data (cat. no. 6291.0.55.003) to calculate the private sector employment share of total employment in the ACT.

- Treasury defines private sector employment as total employment minus employment in the public administration and safety, education and training, and health care and social assistance sectors.



*QTON - GGS Expenses by function – difference between 09/10 and 10/11 Budget papers*

Asked by Meredith Hunter on Friday 14 May 2010 : M Smithies took on notice the following question(s):

[Ref: Hansard Transcript 14 May 2010 [PAGE 93]]

In relation to :

**THE CHAIR:** So, it is last year's budget paper 3 page 249 and we have table F17 on page 345 from this year's BP3.

**Ms Smithies:** The difference is last financial year when we did the guidelines, I think, that the ABS had in relation to superannuation was that they were actually attributed across all of the expenditure categories and those, that has now changed for it all to be included into general public services.

**MR SMYTH:** Or do you mean that in reverse?

**Ms Smithies:** Yes sorry, in reverse.

**MR SMYTH:** That is how I would apply those numbers.

**Ms Smithies:** Sorry, that is right.

**MR SMYTH:** That is okay.

**THE CHAIR:** This does not just include it in the superannuation line. It is also health administration funding, \$23 million dollars in one year or an increase. So there is also on fuel and energy expenditure from \$2 million to \$3 million to now in excess of \$11 million. So I am just wondering, is this to do with accounting treatments or is it an operation decision?

**Ms Smithies:** Some of it will be to do with the accounting treatments. The others of it will be to do with the way we collect the data in relation to how agencies bring it together. We would probably have to take some of that detail on notice. We would have to take it on notice.

**THE CHAIR:** So you will take on notice the differences between last year and this year?

**Ms Smithies:** What we could do is the major differences. Certainly whether there are any ...(indistinct)... changes or any policy decisions that have driven that allocation, that is right.

**THE CHAIR:** Okay. Well we will take that on notice.

**A/g Treasurer: The answer to the Member's question is as follows:–**

The differences in the functional expense estimates across the Budget and forward estimates between the 2009-10 and 2010-11 Budget Papers is primarily due to the

reallocation of consolidated superannuation expenses from the General Public Services expense category across the remaining functional expense categories. This reallocation was done to satisfy reporting requirements of the Australian Bureau of Statistics (ABS).

A detailed review of functional classifications against expenditure was undertaken by agencies as part of developing the 2008-09 Consolidated Annual Financial Report for the Territory (in which a similar table was published) to enhance the allocation of expenditure across functional categories in line with new audit requirements. The Budget reflects the outcomes of that review process.

For example, the increase in Fuel and Energy is primarily due to expenditure this year being split more appropriately across functional categories instead of general non-specific categories.

Health Administration increases are primarily due to expenditure associated with new initiatives and growth in activity across the portfolio.

Increases in other functional categories may also be the result of expenditure associated with new initiatives or category reclassifications.

*QTON - Measuring employment - employment figures*

Asked by Zed Seselja on Friday 14 May 2010 : R Broughton took on notice the following question(s):

[Ref: Hansard Transcript 14 May 2010 [PAGE 95-96]]

In relation to :

**MR SESELJA:** Thank you, Chair.

Minister, if I could ask that Mr Broughton to come back because I just wanted to just finalise the discussion about employment numbers? I just wanted to confirm one thing because I know it is a bit technical so forgive me if it has taken me a while to get it.

Mr Broughton, you talked about the year on year in terms of measuring employment. I understand average level of employment in 2008/'09 was 195,800. The average of the 10 months this financial year is 196,500. That is an increase of around .4 per cent. If that is correct, and I am happy to be corrected if I am wrong, that given what you have outlined in the way that you calculate employment for a .4 per cent after 10 months on average versus last year to go to the figure that is in the budget which is, I think, less than that, that would mean that we would see a drop in employment in the last couple of months of this financial year. Is that correct?

**Mr Broughton:** Well, I am not, at the moment, the advice I have got in front of me does not agree with the figures.

**MR SESELJA:** Okay. Do you want to talk us through how I am incorrect because I would just like to understand?

**Mr Broughton:** All right. I do not have the calculations sitting behind this but the brief that has been done for me in relation to April's unemployment figures which came yesterday shows that if you take the last 12 months of average employment levels and divide it by the previous 12 months then our average for this 12 months is .2 per cent less than the same 12 months previously.

So, yes, unless I go back and check the spreadsheet I cannot tell you why I am getting different results.

**MR SESELJA:** Okay. I think it is slightly at cross purposes because 2008/'09 you have got an average of 195,800 so perhaps on notice I will get you to take a couple of things and you can check whether these figures are right. Check whether the 2008/'09 average was 195,800 and then year to date average this financial year is 196,500.

**Mr Broughton:** Okay. That is a slightly different method that we use.

**MR SESELJA:** I understand that but if I could just finish the point as to why I think it is important. If that is the case that year to day is 196,500 then that, obviously taken on its own as an increase of .4 per cent, we have finished the financial year the last couple of months in order for you to get the figure that is in the budget we would have to see less or a reduction in employment numbers in those last couple of months.

**Mr Broughton:** Yes, yes.

**MR SESELJA:** Is that something you are able to take away for us and confirm that that is indeed the case?

**Mr Broughton:** I can check and see what we would have to get to get to our forecast. It is a forecast. I do not necessarily expect that we will get to it. We did this back in March where we would have had probably February's employment data in front of us. So, things have moved on and if the numbers are showing an improvement that is great.

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

The trend average monthly employment level in 2008-09 was 195,800 persons, but in original terms, it was 195,700 persons. The year-to-date average this financial year (2009-10) was 196,500 persons in both original and trend terms. Yes, it is now the case that the employment level would need to decline in the remaining months of 2009-10 to match the budget forecast. Treasury does not expect employment to fall over the remaining months of 2009-10, therefore the budget forecast is likely to be exceeded.

*QTON - Employment expenses*

Asked by Brendan Smyth on Friday 14 May 2010: N Bulless took on notice the following question(s):

[Ref: Hansard Transcript 14 May 2010 [PAGE 100-101]]

In relation to :

**MR SMYTH:** Yes. The table on page 60 of Budget Paper 3 shows expenses, employment going up 5 per cent, and indeed the paragraph below says that it is a 5.3 per cent increase in 2010-2011. If the norm seems to be about 2¼, perhaps 2½ per cent increase, why is the growth shown at 5.3 per cent?

**Ms Gallagher:** Well, that would be grossing your labour costs overall. I mean there are more staff.

**MR SMYTH:** Well there are 715 extra staff.

**Ms Gallagher:** Sorry. Where are you saying there are 715 extra staff?

**MR SMYTH:** At the briefing on budget day, your staff told us there are additional 715 staff.

**Ms Gallagher:** Right, yes, no. I am just trying to keep track of what tables we are going from.

**MR SMYTH:** I am happy to give you the page reference if you want.

**Ms Gallagher:** Yes, I do have it identified here.

**MR SMYTH:** But how does that work out? If the majority – okay, there are some new staff, but if most of the staff are only getting, if you can call it 2½ per cent increase, why is it shown that the growth will be 5.3 per cent over the year?

**Mr Bulless:** Mr Smyth, what are you looking at is a comparison between the estimated outcome and the next year. The estimated outcome comprises the expectation of the full cost for that year, it is not a comparison between full year and full year in the sense of the FTE.

So if agencies are carrying, for example vacancies this year, and they expect to fully fund those, or fully fill those positions next year, the year on year change will be higher than what you are trying to determine is a pay increase, because the size of the population of the FTEs is different.

**MR SMYTH:** So more of it is absorbed by additional staff rather than paying staff more?

**Mr Bulless:** No, what I am saying is that if you are doing a raw figure to a raw figure—

**MR SMYTH:** Sure.

**Mr Bulless:** there are many contributors to that figure, which includes how we take up our casual staff and the compositions of those staff, how they are recorded in our FTEs, whether they are casuals, permanents, temporaries, et cetera et cetera. So to look at two numbers and say therefore it has gone up by 5.3 per cent, that does not match your pay offer. You cannot do that.

**MR SMYTH:** No, no, I am not saying. I am asking what the difference is. I appreciate that. I am asking what extra—

**Mr Bulless:** I could not give you a breakdown of every difference between that percentage increase and those two figures, we have to take that on notice.

**MR SMYTH:** Well, all right. Could we have a reconciliation of the main factors in the overall increase?

**Mr Bulless:** Yes.

**MR SMYTH:** Thank you.

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

The 5.3 per cent increase in employee expenses from the 2009-10 estimated outcome to the 2010-11 Budget is mainly attributable to:

- an increase in staffing associated with new and ongoing initiatives and the delivery of Commonwealth programs; and
- the incorporation of revised wage parameters during 2010-11, including DET and CIT Teachers, nurses and clerical staff.

*QTON - General Government Sector Expenses by Function*

Asked by Zed Seselja on Friday 14 May 2010 : M Smithies took on notice the following question(s):

[Ref: Hansard Transcript 14 May 2010 [PAGE 112-113]]

In relation to :

**MR SESELJA:** Sorry, just while we are some of these estimates, Chair.

On BP3 at the back, this is page 346 so we are looking at table F18. It goes through the general government sector expenses by function. I know we talk about, firstly, real and nominal growth in government expenditure. I was just wondering, Treasurer, if you could explain to me some of the - in health it is obviously reflected that there is significant growth and we see that.

We do not see that in other areas like, for instance, public order and safety. Public order and safety actually in the last year goes backwards in nominal terms as well as obviously real terms. What is the explanation for that and how much are we going to be relying on that estimate of expenditure in public order and safety in those out years?

**Ms Smithies:** If I may just give a bit of an explanation about these tables? These tables are prepared by ABS classifications on a certain set of classifications that are quite rigid and are meant to all line up into, essentially, the national accounts. They are not the way that we order and structure the business and government and, you know, over the many years that I have done this they never have been the way that ...(indistinct)... [4.47.14] instructions for business of government.

So I am saying that by way of if you wanted a good understanding about what is happening on the growth of the health bottom line or the Department of Justice and Safety's bottom line it is probably best to refer to the financial statements in Budget Paper No 4.

It is not that these are wrong but that are based on a different bringing together of the building blocks of the classifications of what goes where and what based on how the ABS would classify. And because they are not how we necessarily order our business there is also a bit of apportionment that goes on in relation to how agencies do it. It is a bit more of an estimation in terms of how they apportion those expenditures.

So the question probably still stands but taking questions on these particular tables is probably not as helpful as taking questions on the health tables in the part of budget paper number 4.

**MR SESELJA:** Okay. But, I mean, just taking public order and safety for a moment. As I say it is the one that stands out because it drops off in real and nominal terms. Other seem to - like education seems to drop off in real terms but not still going up in nominals where as public order and safety goes backwards.

What would be the sort of factors in the national accounts and apportionment that would see spending on public order and safety going backwards in that year given that we see, obviously, expenditure growth right across the board for the most part?

**Ms Smithies:** I think if we take it on notice, Ms Seselja, just so we get you the right answer.

**MR SESELJA:** Okay that would be useful. Just sort of, just another one on that.

**THE CHAIR:** So we will take that question on notice.

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

It should be noted that the functional expenses in tables F17 and F18 do not directly relate back to agency financial statements. The functional expense tables are based on consolidated data and as such transactions relating to Other Economic Flows are excluded from this presentation. Also it is important to note that individual agencies may have expenditure allocated across several functional expense categories, therefore, specific categories may relate to components of several agencies.

Further, in relation to why some functional expense categories decrease across the forward estimates, in nominal terms, broadly this may be attributable to discontinuing initiatives from the 2010-11 Budget and prior Budgets, the application of the efficiency dividend across the forward estimates and the reduction in depreciation expenses as assets are fully depreciated.



*QTON - MLA Superannuation*

Asked by John Hargreaves and Brendan Smyth on Friday 14 May 2010: Ms Gallagher took on notice the following question(s):

*[Ref: Hansard Transcript 14 May 2010 [PAGES 120-121 and 122-123]]*

In relation to :

**MR HARGREAVES:** You update it in the mid year review or something like that?

**MR SMYTH:** So are saying that if you go to the actual—

**Ms Gallagher:** Have you got a revenue idea there Mr Smyth?

**MR SMYTH:** —budget at 17,555,000 and the actual outcome is 17,559, I mean is that just a false figure?

**Ms Gallagher:** I think it is what we got.

**MR SMYTH:** Has somebody actually reconciled it? Well is it:? Has somebody actually reconciled it?

**MR HARGREAVES:** Yes, it has got it in the estimated outcome line. That is the third column from the left.

**Ms Gallagher:** You—

**MR SMYTH:** And it would be the only one that is exactly the same, both the budget and the estimate.

**MR HARGREAVES:** By the second one with numbers in it.

**MR SMYTH:** And it will be for four years. Is that just, is that guess work perhaps Treasurer?

**Ms Gallagher:** Look, we might come back to you on that. My understanding is it is based on what was actually received in the final year and then—

**THE CHAIR:** Okay. So we will get a clarification—

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

MLA Superannuation

In relation to the MLA Members Superannuation Contributions identified in Table 3.1.11 on page 55 of Budget Paper 3, this represents the compulsory 'employee' contributions made by Members of the defined benefit MLA Superannuation scheme. These contributions are paid into the Territory's Banking Account, and are Budget neutral transactions.

The amount reported for the 2010-11 Budget remains flat across the forward estimates due to not forecasting future outcomes of decisions of the Remuneration Tribunal or changes in membership composition of the scheme. However, synchronisation with indexation forecasts for similar transactions will be considered for future budget publications.

### Contributions

Contributions are self generated revenue for voluntary contributions, fundraising revenue, hire of facilities, excursion, subject levies and grants from external organisations. These funds are retained separately in school bank accounts, where schools make decisions on the use through school boards.

The Department of Education and Training (DET) conservatively estimates a fixed level of contributions over the forward estimates as it is not possible to accurately forecast the level of contributions in future years.

*QTON - Revenue Mgt Change of use charge*

Asked by Brendan Smyth on Friday 14 May 2010 : K Ahmed took on notice the following question(s):

[Ref: Hansard Transcript 14 May 2010 [PAGE 131-132]]

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

*Change of Use Charge Activity*

Table 1 below provides Change of Use Charge revenue and transactions over the past few years.

**Table 1: Actual Revenue and Transactions<sup>4</sup>**

	2004-05	2005-06	2006-07	2007-08	2008-09
CUC Revenue (\$'m)	5.2	12.0	5.7	9.3	7.2
Transactions (no.)	86	136	106	128	161

The table highlights the variability in revenue and transactions, which are dependent on a range of factors such as market conditions, commercial development and assessed lease value. This volatility has been accounted for in determining the revised estimates.

*Revenue Estimates*

Revenue estimates for the 2010-11 Budget and the forward years assume market valuations based on advice from the Australian Valuation Office and the work of the consultants *Macroeconomics.com.au*.

The consultants examined all Change of Use Charge applications from 2008-09, and assessed the potential realisable revenue if site by site valuations were applied. Treasury undertook a similar exercise for 2007-08. These assessments indicated additional revenue, in the order of \$13 million in 2007-08 and \$20 million in 2008-09.

The potential increase in revenue has been taken into account in developing Change of Use Charge revenue estimates. These estimates also take account of the variability in the number of transactions, and the variance in the nature of activity.

<sup>4</sup> Source: *Macroeconomics.com.au*, 'Draft Report on the Review of the Change of Use Charges System in the ACT', p. 11, accessed on 18 May 2010  
[http://www.treasury.act.gov.au/documents/Draft%20Report\\_Review\\_Change\\_of\\_Use\\_Charge.pdf](http://www.treasury.act.gov.au/documents/Draft%20Report_Review_Change_of_Use_Charge.pdf)

Table 2 below provides the adjustment to the revenue estimates.

**Table 2: Estimated Change of Use Charge Revenue**

	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>Total</b>
	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>
Base Revenue	4.2	5.4	5.6	5.8	21.0
Additional Revenue	10.0	17.0	20.0	21.0	68.0
<b>TOTAL<sup>5</sup></b>	<b>14.2</b>	<b>22.4</b>	<b>25.6</b>	<b>26.8</b>	<b>89.0</b>

<sup>5</sup> ACT Budget 2010-11, Budget Paper 3: Budget Overview, p. 40

QTON – Project cost of the expanded Cotter Dam



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

SELECT COMMITTEE ON ESTIMATES 2010-2011

**ANSWER TO QUESTION TAKEN ON NOTICE**  
**DURING PUBLIC HEARINGS**



Asked by Mrs Dunne on Monday 17 May 2010: Ms Gallagher took on notice the following question(s):

[Ref: Hansard Transcript 17 May 2010 [PAGE 19-22]]

In relation to:

**MRS DUNNE:** The question I am asking about are the costs of the water security projects, which are relevant to the previous budget, this budget, and they will continue to be relevant in future budgets.

**Ms Gallagher:** Ms Hunter, I am going to take all of them on notice. I do not want a Privileges Committee established to inquire into, you know, what I may have said or may not have said. I am going to be very careful. Mrs Dunne has got form. She's embarrassed, she's now trying to continue—

**MR SESELJA:** As opposed to your form.

**Ms Gallagher:** Well, she is trying to continue on, you know, like Sherlock Holmes about something that has moved on since then.

**MR SESELJA:** Well, are you answering the question or not, or are you taking it on notice?

**Ms Gallagher:** We take it on notice.

**THE CHAIR:** Ms Gallagher, you said that you will take that on notice.

**MR SESELJA:** Mrs Dunne was in the process of asking another question, which is when Mr Hargreaves cut her off.

**MRS DUNNE:** Sorry, could I ask the official to pass that to the minister, and I ask—

**MR HARGREAVES:** I remind you, Mr Seselja, Mrs Dunne is not a member of this committee.

**MRS DUNNE:** But I have the floor. I have the floor. Minister, those papers relate to the board decisions in relation to a meeting dated 1 July, at the board meeting of 1 July. The first of the papers relates to the project cost of the expanded Cotter Dam. On the second page—the first page does not have much on it. First of all, minister, could you tell us when you received and

read this paper? Was it prior to ACTEW Corporation's board meeting, which was held on 1 July 2009? I presume you are going to take that on notice?

**Ms Gallagher:** Yes, I will. I will be taking all of this on notice.

**MRS DUNNE:** Thank you. When you take it on notice, could you tell us, if you did not read it before the meeting on 1 July, which you say in your answers to questions that you did, when did you receive it and when did you read it?

Do you note that the papers say, and I quote:

The preliminary TOC estimate for the construction of the ECD—

that is, the enlarged Cotter Dam—

is significantly over the expectations, and the bulk water alliance is now challenging it's design and cost estimates to bring the total project cost to within \$300 million.

**Ms Gallagher:** Yes, I can read that.

**MRS DUNNE:** Okay. When you were in attendance at the public accounts committee on 2 December 2009, I asked you a question, which was—I will quote this directly from the *Hansard*:

So you knew roughly then referring to the minutes of the board meeting of 1 July, that it was going to be hard to be less than \$300 million for the dam.

You said:

I shall have to go back and have a look at the minutes.

**Ms Gallagher:** Yes.

**MRS DUNNE:**

But I read all the correspondence I get from Mr Sullivan and from the board, and I was certainly aware that the costs were increasing on the dam.

Then you went on to say

As to your question about when I was aware that it was over \$300 million, my answer to that remains that it was in August when the government was given the final costing.

**Ms Gallagher:** Yes.

**MRS DUNNE:** Did you go back and check your records, as you said you would, on that occasion?

**Ms Gallagher:** Yes, and I am confident that all my answers have been correct.

**MRS DUNNE:** You do not find—you do not see that there is any necessity to correct the public record?

**Ms Gallagher:** No.

**MRS DUNNE:** Okay.

**Ms Gallagher:** If I can add, Mrs Dunne—I am sure I have said this a number of times—I was briefed not only by ACTEW but by Treasury that the costs of the dam were increasing, that there was no final cost, there was speculation about what those final costs would be, that ACTEW had commissioned some work to run the ruler over their costings and to make sure that their costings reflected good practice, and Treasury were involved in that work. So, yes, I was briefed right throughout that time. It would coincide with this tame table. However, a final cost was not provided to the government until August. My answers to that are all correct.

**MRS DUNNE:** Okay. Minister, why did you tell the committee that you were aware that the costs were increasing when you already knew, because you have told various committees that you read all the correspondence from Mr Sullivan and the board, and that it was going to be hard—and that correspondence said that it was going to be hard for the cost of the dam to be less than \$300 million?

**Ms Gallagher:** Sorry, say it again, Mrs Dunne?

**MRS DUNNE:** Why did you tell the committee that you were aware that the costs were increase, but at the time, you already knew, because, by your own admission, you read all the correspondence from Mr Sullivan and the board.

**Ms Gallagher:** Yes.

**MRS DUNNE:** Mr Sullivan and the board had already told you it would be hard for the dam to be under \$300 million—

**Ms Gallagher:** Well, I don't—

**MRS DUNNE:** That was in July.

**Ms Gallagher:** When did Mr Sullivan say it was going to be hard to keep it in—

**MRS DUNNE:** In the board papers of late June—

**Ms Gallagher:** Well, it does not say that. The board papers say the bulk water alliance is now challenging the design and cost estimates to bring the total cost within \$300 million. So, is that what you are quoting from when you say—

**MRS DUNNE:** Yes, and then—

**Ms Gallagher:** Mr Sullivan said it was hard to bring costs in to \$300 million? Is that the same sentence, or just your interpretation of it?

**MRS DUNNE:** The board papers say that it is now over \$300 million. We all know that the TOC came in at \$299 million.

**Ms Gallagher:** No, it does not say that. It does not say it was over \$300 million. Mrs Dunne, this is exactly the form you have got and why I will be responding to questions on notice with this answer. Because you have now given me two different interpretations of what that sentence actually says, with your own flavour in it, bringing Mr Sullivan into it, saying he said something, saying it says it was over \$300 million, neither of which is actually said in the minutes of the board.

**MRS DUNNE:** What it says was that the bulk water alliance is now challenging—

**THE CHAIR:** Okay, so is that going to be taken on notice?

Page 3 of 4

**Ms Gallagher:** We will.

**THE CHAIR:** All of those papers and questions?

**Ms Gallagher:** We will.

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

There is no need for me to correct the public record.

In responding to previous questions by Mrs Dunne on this matter, I advised that I was aware from a meeting I had with the Chairman and Managing Director of ACTEW on 7 January 2009 that the costs of the ECD were expected to increase substantially due to a range of factors beyond the control of ACTEW. At that time it was expected that the costs would be confirmed by the middle of the year upon completion of all the detailed investigative work.

The following statement that was contained in ACTEW's Board papers for 1 July 2009 is provided for the record:

*The preliminary TOC estimate for the construction of the ECD is significantly over expectations and the BWA is now challenging its design and costs estimates to bring the total project cost within \$300m. This review is being lead by senior managers from each alliance partner. The focus of this review is to address the following propositions:*

- *Appropriateness of the current selected dam type;*
- *Suitability of the dam design;*
- *Optimisation of the construction methodology of the dam type; and*
- *The value for mōney of the current design and construction plans.*

*These critical review activities will be finalised in early August and the final TOC submitted to the Board Meeting on 26 August 2009. Consequently the TOC development phase will need to continue through July and August. The alliance has been requested to continue with the further TOC review and development work.*

In a letter to the Voting Shareholders from the managing Director dated 6 July 2009, which summarised significant matters discussed at the Board meeting on 1 July 2009, it was confirmed that the development of the ECD Target Outturn Cost would be completed for submission to the August Board meeting after it had been critically reviewed and subjected to an independent audit. The letter did not contain an estimated amount of the ECD Target Outturn Cost.

Incidentally, ACTEW's Board papers for 1 July 2009 were registered with the Department of Treasury on 25 June 2009. On that occasion no brief was provided to me as I was on leave for the period 29 June 2009 until 10 July 2009, and I was already aware that the cost estimates for the ECD could not be finalised until all the detailed investigative work had been completed.

Approved for circulation to the Standing Committee on Estimates 2010-2011

Signature: *K. Gallagher*  
By the Treasurer, Katy Gallagher

Date: *24/8/10*



*QTON - Project cost of the expanded Cotter Dam –*

In the context of documents tabled by Mrs Dunne (Exhibit No. 7 ACTEW Board decision paper 1 July 2009, PAC transcript 2 Dec 09)

Asked by Mrs Dunne on Monday 17 May 2010: Mr Sullivan took on notice the following question(s):

[Ref: Hansard Transcript 17 May 2010 [PAGE 23]]

In relation to:

**MRS DUNNE:** Yes, I do. Madam Chair. Mr Sullivan, I refer to the statement quoted earlier from the discussion paper which the minister has before her, and I will quote it again:

The preliminary TOC estimate for the construction of the extended Cotter Dam, ECD, is significantly over the expectations, and the BWA is now challenging it's design and cost estimates to bring the total project cost within \$300 million.

The total project cost. Would you clarify whether the task was to bring the TOC within \$300 million or the total project cost within \$300 million.

**Mr Sullivan:** I will take that on notice.

**MRS DUNNE:** Thank you. Minister, did you at any time clarify with Mr Sullivan whether this board paper was talking about the total outturn cost or the total project cost?

**Ms Gallagher:** I do not think we had that specific conversation, but I, too, will respond, if that is another question, a question on notice.

**THE CHAIR:** On notice, thank you. Mr Hargreaves.

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

I am advised that the reference to \$300 million in the discussion paper was in relation to the total project costs for the Bulk Water Alliance (BWA), which was the Target Outturn Cost. The BWA has no responsibility for the various other components of the total project costs, for example, the owner's costs.

*QTON - Ecological monitoring and protection programs*

Asked by Ms Bresnan on Monday 17 May 2010: Mr Knee took on notice the following question(s):

[Ref: Hansard Transcript 17 May 2010 [PAGE 24-25]]

In relation to:

**MS BRESNAN:** Thank you. On page 439 of budget paper 4, there is a mention of some of the ecological monitoring and protection programs and also discussing some liaison which occurs with environmental protection agencies. I am just wondering if you can actually provide a few more details on some of the programs which are being run, particularly as it mentions the vulnerable species at the Cotter and Murrumbidgee, and what funding is allocated towards those programs, and also in relation to what—how often you meet with the environmental protection agencies.

**Mr Sullivan:** Thank you very much. I will ask Ross knee, who is Executive Manager, Water, in ACTEW to give you some information.

**ROSS KNEE** was called.

**Mr Knee:** Ross Knee, Executive Manager, Water, ACTEW. We have had a long history of environmental monitoring, particularly in the Cotter catchment, Cotter River catchment. We have been monitoring fish there for a long time and the water quality. We have continued doing that. We have enhanced it a lot because of the enlarged Cotter Dam project.

We do monitoring around Lower Molonglo, so that is up the Molonglo reach of the river, upstream and downstream along the Molonglo confluence with the Murrumbidgee. With the advent of the Murrumbidgee to Googong project, we are doing monitoring in Burrough Creek and upstream and downstream of the uptake in the Murrumbidgee as well.

We also do monitoring in Queanbeyan River, in the dam itself and downstream in the Queanbeyan River all the way down to through Lake Burley Griffin, down the Molonglo River. We also do monitoring downstream from the ACT down to Burrinjuck Dam.

The costs of those I will have to take on notice.

**MS BRESNAN:** Sure. And, I guess, what you determine as your priorities when you are developing those environmental programs.

**Mr Knee:** The other part of your question is how often do we meet with the EPA.

**MS BRESNAN:** Yes.

**Mr Knee:** I would like to take that on notice, as well. It is roughly around every two to three months. We have an environmental technical advisory group there with EPA and the University of Canberra, and we develop our monitoring strategy out of that.

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

I am advised that ACTEW currently undertakes a variety of water quality and ecological monitoring programs in the Murrumbidgee, Cotter and Googong catchments. The monitoring is undertaken for a variety of reasons including licence requirements, baseline data gathering, operational requirements and analyses of reservoir and stream condition.

Ecological monitoring locations and programs are prioritised through a variety of means including the location and range of potential impact of and on ACTEW's existing and future operations.

Water quality and ecological monitoring locations and programs are also prioritised through the priorities and objectives contained in the ACT Aquatic Species and Riparian Zone Conservation Strategy (Action Plan No. 29); advice from the ACT Environment Protection Authority (EPA) and the Department of Territory and Municipal Services (Parks, Conservation and Lands); and the presence of Nationally and Territory threatened species (e.g. Two-spined Blackfish, Macquarie Perch).

Water quality and ecological monitoring programs are developed in consultation with the ACT Environment Protection Agency, Department of Territory and Municipal Services and relevant experts from institutions and industry. Ecological monitoring includes the monitoring of listed threatened and endangered species (eg fish); riparian vegetation; instream (e.g. algae, macroinvertebrates) and geomorphological characteristics. Water monitoring includes physical and chemical monitoring (e.g. pH, turbidity, nutrients) and flow monitoring (e.g. depth, velocity and volume).

Key monitoring programs are identified below. Note that the costing is indicative only, due to the adaptive management nature of the investigations, and the reason that ecological data analyses (a significant cost component) required for each sampling run vary as a result of the actual volume of data collected and the conditions under which it was collected. ACTEW also regularly undertakes or provides funding for discrete ecological monitoring projects that may arise through an Applied Research and Development proposal, or in response to a particular event that requires a response style monitoring program to be initiated.

1. Murrumbidgee Ecological Monitoring Program

- 4 year program currently funded to 2011-12.
- Developed in consultation with ACT Government.
- Encompassing ecological and water monitoring from Tantangara Dam to Burrinjuck Reservoir. The program also includes Burra Creek as a tributary to the Googong Reservoir.
- Monitoring includes water monitoring and ecological monitoring.
- Reports are provided to the ACT EPA for comment and information.
- Average yearly expenditure forecast is \$1.1 million.

2. Cotter Fish Monitoring Program

- 4 year program.

- This is only one component of the overall Fish Management Strategy. The other components of the strategy include additional monitoring and research components.
- Developed in consultation with ACT and Federal Governments.
- Based in the Cotter catchment, the monitoring includes alien fish monitoring and protected species monitoring.
- Reports are to be provided to the ACT EPA for comment and information.
- Average yearly expenditure forecast is \$0.15 million.

### 3. Below Dams Ecological Monitoring

- Ongoing monitoring program required under ACTEW's Licence To Take Water.
- Developed in consultation with ACT Government.
- Reports are required to be provided to ACT EPA.
- Average yearly expenditure forecast is \$0.2 million.

### 4. Lower Molonglo Water Quality Control Centre Monitoring

- Ongoing monitoring program determining any impacts arising from the release of treated water from the Lower Molonglo sewage treatment plant.
- Reports are required to be provided to ACT EPA.
- Average yearly expenditure forecast is \$0.8 million.

### 5. Water Quality and Flow Monitoring Program

- Monitoring at various locations through the ACT and nearby NSW.
- Data is provided through the Annual Drinking Water Quality Report.
- Average yearly expenditure is \$1.1 million.

ACTEW has regular liaison with the ACT EPA and representatives (Water Resources Unit of the Department of Energy Climate Change Energy and Water). Informally (e.g. via phone or meetings) these would occur on average once every fortnight. Formal meetings to discuss aspects of ACTEW's licence or ecological monitoring would occur on average four times per year. The EPA also calls Environmental Flows Technical Advisory Group meetings when required. These meetings gather a group of experts (representatives include University of Canberra, ACT Government and ActewAGL) to discuss ecological concerns and findings, and occur on average twice every year.

ACTEW also has regular liaison with the Research and Planning branch of the Department Territory and Municipal Services. These meetings, which include discussion on ecological aspects of ACTEW's operations and monitoring programs, would occur on average four times every year.

*QTON - ACTEW Advertising budget*

Asked by Ms Hunter on Monday 17 May 2010: Mr Sullivan took on notice the following question(s):

[Ref: Hansard Transcript 17 May 2010 [PAGE 28]]

In relation to:

**THE CHAIR:** Okay. And just finally on numbers on other issues. The water security projects, the advertising budget them in 2009/10 - - -

**Mr Sullivan:** Yes, I can take that on notice. It's about the same as it has been for the last couple of years so around the \$300 million in respect of advertising but I'll get you that very specifically.

**THE CHAIR:** We're talking big numbers here.

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

The budget for water security communications is:

<b>Water Security Projects Public information/advertising</b>	<b>2009-10 Budget (\$)</b>	<b>2010-11 Budget (\$)***</b>
<b>Advertising</b>	300,000*	300,000
<b>Other communications / consultation</b>	250,000**	175,000
<b>TOTAL</b>	<b>550,000</b>	<b>475,000</b>

\* Includes Securing Water For Life campaign and other advertising such as monthly 'Water Matters' press advertisement and public notices.

\*\* Agency fees, brochures/posters & distribution, branding, website, event displays/material, banners, market research, events, contingency.

\*\*\* ACTEW is currently evaluating the 2009-10 Securing Water for Life campaign which will inform the direction for 2010-11.

*QTON - ACTEW Advertising budget*

Asked by Mr Smyth on Monday 17 May 2010: Mr Sullivan took on notice the following question(s):

[Ref: Hansard Transcript 17 May 2010 [PAGE 29]]

In relation to:

**MR SMYTH:** Just the cost that you've taken on board for the advertising. Can you give a break down by the media so the television can ...(indistinct)... [10.16.09] and also include the production costs of each advertisement?

**Mr Sullivan:** Look, it would be easier - so I'll give you what we've spent this year. I'll give you that break up. And if you can then interpret that I don't see any - I don't see any radical movement from that break up but I think in respect of the future we wouldn't have broken into media type and - so if that's okay with you I'll give you - - -

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

Water security advertising costs for 2009-10 are as follows:

<b>ACTIVITY</b>	<b>DESCRIPTION</b>	<b>COST</b>
<b>Television</b>	Production of one 30 second television commercial	\$69,000
	Placement on local television stations	\$109,000
<b>Press</b>	Production of press advertisements	\$8,000
	Placement in local print media	\$52,000
<b>Other</b>	Concept development and production of water security brochure and sponsorship of Canberra Times water week lift out.	\$26,000
<b>TOTAL</b>		<b>\$264,000</b>

*QTON - Community contributions in terms of sponsorships*

Asked by Mr Hargreaves on Monday 17 May 2010: Mr Sullivan took on notice the following question(s):

[Ref: Hansard Transcript 17 May 2010 [PAGE 31-32]]

In relation to:

**MR HARGREAVES:** Supplementary, Madam Chair, I have juts got a couple of them. Could we perhaps possibly get a list of that breakdown that you have just given us? I am sure that Hansard may show it but I am not quite sure whether it is complete or not or whether you have given out sort of major highlights of that that would be very helpful

And also you say that it is an increase of 30 per cent on last year.

**Mr Sullivan:** In numbers of organisations helped.

**MR HARGREAVES:** And that is it. Could I, without naming the organisations of the previous year ask you to tell me how many organisations you supported by both of those group? Not now.

**Mr Sullivan:** Yes.

**MR HARGREAVES:** Certainly not now, not at all.

**Mr Sullivan:** We will prepare a full brief on that.

**THE CHAIR:** Thank you, Mr Sullivan.

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

As at 18 May 2010, the following organisations, events and activities have received support from ACTEW under the 2009-10 Community Support and Major Events programs.

**2009-10 Community Support Program**

No.	Name	Purpose	Amount
1	Artists Society of Canberra	<i>Along the Molonglo</i> annual art exhibition	\$1,800
2	Queanbeyan Art Society	<i>Along the Molonglo</i> annual art exhibition	\$750
3	Australian Meteorological and Oceanographic Society	Annual conference	\$5,000
4	The Canberra Hospital Paediatrics Unit	Donation to fundraising campaign	\$5,000

No.	Name	Purpose	Amount
5	Guises Creek Rural Fire Brigade	Donation	\$3,000
6	Department of Veteran's Affairs	Spring Ball	In-kind
7	Barnardos Children's Foundation	Annual fundraising event	\$15,000
8	Australian Water Association ACT Branch	Student research prize	\$1,000
9	ArtSound FM	Donation to ArtSound FM Foundation	\$5,000
10	National Breast Cancer Foundation	Annual "Pink" fundraising dinner	\$10,000
11	Engineers Australia (ACT)	Excellence awards dinner	\$2,500

No.	Name	Purpose	Amount
12	Macarthur Scout Group	Australian Jamboree	\$500
13	Malkara School	Fundraising dinner	\$5,000
14	Vietnam Veterans' Motor Cycle Club	Donation to cancer fundraising event	\$2,000
15	Cancer Council	Sponsorship of fundraising golf event	\$1,500
16	Marymead Child and Family Centre	Proceeds from raffle (\$1,535)	-
17	Arthritis ACT	Donation to fundraising event	\$1,500
18	Clare Holland House	Donation	\$1,000
19	ACT Eden Monaro Cancer Support Group	Hawaiian Ball fundraising event	\$1,300
20	Canberra Amateur Swimming Club	Christmas classic junior swimming event	\$250
21	Yass Picnic Races	Fashions on the Field	\$1,000
22	Legacy Club of Canberra	ANZAC Concert	\$5,000
23	The Salvation Army	Donation	\$5,000
24	Australian Red Cross	Donation	\$5,000
25	The Smith Family	Donation	\$5,000
26	St Vincent de Paul	Donation	\$5,000
27	Cancer Council of the ACT	Donation	\$3,500
28	Lifeline Canberra	Donation	\$5,000



No.	Name	Purpose	Amount
29	ACT Scouts	Donation to fundraising event	\$1,080
30	Vietnam Veterans' Motor Cycle Club	Annual hospital ride appeal	\$2,500
31	Hawker Primary School	Donation of items for school fete	In-kind
32	Malkara School	Fundraising event at Government House	\$7,659
33	Pegasus Riding for the Disabled	Donation	\$5,000
34	Snowy Hydro SouthCare	Donation	\$5,000
35	Menslink	International Men's Health Week business breakfast and donation	\$2,000

### 2009-10 Major Events Program

No.	Name	Purpose	Amount
1	Australian Science Festival	Annual science festival	\$75,000
2	Canberra Symphony Orchestra	Grand Gala Concert and Llewellyn Series Concerts	\$40,000
3	Canberra Area Theatre (CAT) Awards	Annual theatre awards	\$20,000
4	Fastpitch Softball League ACT	International skins tournament	\$3,000
5	Australian National Eisteddfod	National Aria Competition	\$10,000
6	Royal National Capital Agricultural Society	National Wine Show of Australia trophy	\$1,575
7	Canberra Youth Music Inc	Youth Music Festival	\$10,000
8	Canberra Women's Golf Classic	Golf tournament	\$20,000
9	Australian War Memorial	Christmas Carols	\$35,000
10	Canberra International Music Festival	Annual Festival	\$10,000
11	Bell Shakespeare Theatre Company	"Hearts in a Row" theatre access program	\$10,000
12	Basketball Canberra	Lauren Jackson Appeal	\$20,000
13	Australian Water Association	Annual Conference	\$2,500
14	Australian Association for Environmental Education	In-kind support for conference	In-kind
15	Calisthenics ACT Incorporated	National Championships	\$15,000

*QTON - Murrumbidgee to Googong transfer*

Asked by Mrs Dunne on Monday 17 May 2010: Mr Sullivan took on notice the following question(s):

[Ref: Hansard Transcript 17 May 2010 [PAGE 35]]

In relation to:

**MRS DUNNE:** Is it possible, Madam Chair, for the committee to receive a copy of the net economic benefit analysis for the Murrumbidgee to Googong transfer?

**Mr Sullivan:** I will take it on notice. I think we have done it but I will do it - I will have a look.

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

The latest net economic benefit analysis of the Murrumbidgee to Googong Transfer Project (M2G) was undertaken in August 2009 and is attached. The M2G is referred to as Angle Crossing in the net economic benefit analysis.

*QTON - Rhodium—estimated total losses*

Asked by Mr Seselja on Monday 17 May 2010: Mr Moore took on notice the following question(s):

**MR SESELJA:** Would it be - sorry, I apologise if you did cover all this earlier, but what are the - what are we currently estimating to lose as a result of Rhodium's wrapping up?

**Mr Moore:** This financial year, the expected loss is \$5.3 million.

**MR SESELJA:** And in total?

**Mr Moore:** That includes the expected expenses through to the end of September that we are actually recognising in this year's accounts on the accounting standards.

**MR SESELJA:** So that is total losses? Because I mean - - -

**Mr Moore:** I would have to add them back from the time Rhodium started incurring losses, I think about three years ago. But this is the biggest one by far.

**MR SESELJA:** Okay. But you can provide that detail for us on those ...(indistinct)... [11.52.25]

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

Rhodium Asset Solutions has recorded the following operating results since inception:

2004-05 (6 months):	\$0.181m profit
2005-06:	\$0.266m loss
2006-07:	\$0.442m loss
2007-08:	\$1.170m loss
2008-09:	\$1.331m loss
2009-10 (forecast):	\$5.345m loss
Accumulated:	\$8.373m loss

*QTON - ACTIA—Bushfire claim*

Asked by Mr Seselja on Monday 17 May 2010: Mr Fletcher took on notice the following question(s):

[Ref: Hansard Transcript 17 May 2010 [PAGE 58]]

In relation to:

**MR SESELJA:** How much has been spent to date defending the bushfire claim?

**Mr Fletcher:** I would have to take that on notice. It is certainly a substantial amount of money. It is covered by our reinsurers responsible for all of the legal costs associated with the claim. So the territory is not liable for any of those expenses.

**MR SESELJA:** So the entirety of the legal expense will be covered by reinsurance?

**Mr Fletcher:** Well, we would have met some of the expenses in the early stages, as the -

**MR SESELJA:** How much was that?

**Mr Fletcher:** I would have to take it on notice.

**Mr Jon Stanhope: The answer to the Member's question is as follows:—**

As at 17 May 2010, \$17,479,821 has been spent on legal fees defending a total of 2,778 liability claims against the Territory for the 2003 ACT Bushfires.

The cost to the Territory of bushfire liability claims, including legal costs, is limited to \$5,500,000, equal to the policy excess payable under the Territories liability insurance policy. All costs above excess will be met by insurers.

*QTON - Home Loan Portfolio*

Asked by Mr Seselja on Monday 17 May 2010: Mr Dowell took on notice the following question(s):

[Ref: Hansard Transcript 17 May 2010 [PAGE 283-285]]

In relation to:

**Mr Dowell:** Now, there is a difference between deferred assistance and arrears. You can have the deferred assistance and not be in arrears, the arrears is the principal instruments.

**THE CHAIR:** In arrears, obviously because those figures are not the same, I do understand that. What's the size of the average loan?

**Mr Dowell:** The average loan I believe is well covered by the value of the portfolio but I'd have to take that on interest - on notice, sorry, yes.

**THE CHAIR:** Take that on notice.

**MR SESELJA:** Could you also take on notice the value of the loans that are in arrears as well?

**Mr Dowell:** Yes.

**MR SESELJA:** Could you also take on notice the value of the loans that are in arrears as well?

**Mr Dowell:** Yes.

**MR SMYTH:** I was wondering why the agency has purchased investments valued at half a million dollars during 2009-10?

**Ms Smithies:** That is just the normal part of investing in the market. You notice on the cash flow there is a significant amount of money that is held in cash or investments, which backs against the liability; so the liability is back to back. We have got investments and the purchase of investments would just be the normal operating activity of payments if we are paying for an investment and lending out into the market. I am just trying to work out which way it was.

**Mr Dowell:** Yes, there are two aspects with the home loan portfolio. One is where we have got the payments coming in from people with mortgages and the other bit is that we have invested the money that we have borrowed from the commonwealth; so the purchase of investments is with that savings. Currently, the reason it is set up that way is that we actually earn more interest on the investment than we would by repaying the commonwealth loan, which is at a lower rate.

**MR SESELJA:** In relation to the loan scheme that was announced by Ms Birch—I think that was a while ago—there was some stuff in the media today about helping people in public housing to purchase their own home. Has there been any consultation with

Treasury and the home loan portfolio and do we know how that will be similar to what goes on in the residual loans that you have?

**Mr Dowell:** It is totally separate from the home loan portfolio.

**MR SESELJA:** So it is not borrowing from any of the principals that have been used for it.

**Mr Dowell:** No.

**MS BRESNAN:** I am not sure if this question was asked in terms of questions taken on notice. Do you have any information about the size of the deferred assistance debt?

**Mr Dowell:** It was not.

**THE CHAIR:** It was I think.

**MS BRESNAN:** That was taken?

**THE CHAIR:** Yes.

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

As at 30 April 2010, there are 27 loans in arrears, with a collective arrears balance of approximately \$70,000. Therefore, the average arrears value per loan in arrears is approximately \$2,600.

As at 30 April 2010, the value of the 27 loans that are in arrears is approximately \$977,000, (inclusive of the \$70,000 arrears). The average loan balance of these loans in arrears is approximately \$36,200.

As at 30 April 2010, the value of the deferred assistance outstanding is approximately \$693,000. There are 22 loans receiving deferred assistance.

*QTON - ACTTAB—sponsorships and promotions*

Asked by Mr Seselja on Monday 17 May 2010: Ms Snowden took on notice the following question(s):

[Ref: Hansard Transcript 17 May 2010 [PAGE 74]]

In relation to:

**MR SESELJA:** And the estimates outcome for this year in that category?

**Ms Snowden:** In our sponsorship?

**MR SESELJA:** Yes, yes,

**Ms Snowden:** Can I take that on notice?

**MR SESELJA:** Sure, that is fine. Also, what is budgeted for 2010-11.

**Ms Snowden:** I will take that on notice, as well.

**MR SESELJA:** That would be great. That recent campaign you referred to, Mr Quinlan, what was the cost of that?

**Mr Quinlan:** I cannot tell you. More on notice.

**MR SESELJA:** Okay, I will take that on notice.

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

The estimated outcome for expenditure on sponsorships for the 2009-10 financial year is \$840,000 and the 2010-11 budget is \$835,000.

The cost of the 'Bet Local' marketing campaign was \$61,702.



*QTON - Change of use charge*

Asked by Mr Smyth on Monday 17 May 2010: Ms Gallagher took on notice the following question(s):

[Ref: Hansard Transcript 17 May 2010 [PAGE 78]]

In relation to:

**MR SMYTH:** You just mentioned you were not sure whether or not—whether the new arrangements had actually started to be applied. Have they been applied?

**Ms Gallagher:** Again, I think that probably is a question Minister Barr can answer. It is under his office, ACTPLA's operational control. The letter I read over the weekend indicated that rectification action has started, so, you know, early May is my best guess.

**MR SESELJA:** Are you able to check that for us?

**Ms Gallagher:** Yes, sure.

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

Yes.

The Chief Planning Executive, Mr Neil Savery, wrote to the Australian Valuation Office on 30 April 2010 instructing them to ensure, with immediate effect, that site by site market valuations are undertaken in accordance with the *Planning and Development Act 2007*, for the purposes of determining the Change of Use Charges applicable for dual occupancy, townhouse and unit developments.

*QTON - ACTTAB Licensing fee*

Asked by Mr Smyth on Monday 17 May 2010: Ms Smithies took on notice the following question(s):

**MR SMYTH:** Well, I have many questions still to go. The 10 per cent increase, or expected increase, in the ACTTAB licence fee, what is that based on?

**Ms Smithies:** The licence fee is based on a percentage of the capital value of the licence less the GST. So I imagine it is based on—

**MR SMYTH:** Yes, I have read that. What does it mean?

**Ms Smithies:** It is based on a formula, yes.

**THE CHAIR:** Would you like to take that on notice?

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

I am advised that the increase in ACTTAB's licence fee is predominantly due to an expected increase in ACTTAB's sports licence fee due to an expected increase in sports betting turnover in the 2010-11 financial year.