



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2010-2011

(Reference: [Appropriation Bill 2010-2011](#))

Members:

MS M HUNTER (The Chair)
MR Z SESELJA (The Deputy Chair)
MR J HARGREAVES
MS A BRESNAN
MR B SMYTH

TRANSCRIPT OF EVIDENCE

CANBERRA

FRIDAY, 28 MAY 2010

Secretary to the committee:
Dr S Lilburn (Ph: 6205 0199)

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

APPEARANCES

Department of Education and Training	1568
Department of Territory and Municipal Services	1501

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Amended 21 January 2009

The committee met at 9.02 am.

Appearances:

Stanhope, Mr Jon, Chief Minister, Minister for Transport, Minister for Territory and Municipal Services, Minister for Business and Economic Development, Minister for Land and Property Services, Minister for Aboriginal and Torres Strait Islander Affairs and Minister for the Arts and Heritage

Department of Territory and Municipal Services

Byles, Mr Gary, Chief Executive

Burton, Mr Ross, Chief Financial Officer, Shared Services

Kalogeropoulos, Mr Nick, Director, Finance

Kidd, Mr Michael, Manager, Yarralumla Nursery

Trushell, Mr Michael, Acting General Manager, Capital Linen Service

Divorty, Ms Jill, Executive Director, Shared Services

Kegel, Mr Mick, Director, Operations, InTACT, Shared Services

Gaspari, Mr Roberto, Acting Director, Finance Services, Shared Services

Logan, Ms Carol, Acting Executive Director, Human Resource Services, Shared Services

Hardy, Ms Robyn, Executive Director, Procurement Solutions, Shared Services

Horne, Mr Hamish, Manager, Canberra Cemeteries

THE CHAIR: Welcome to this public hearing of the Select Committee on Estimates. The Legislative Assembly has referred to the committee for examination the expenditure proposals in the 2010-11 appropriation bill and the revenue estimates in the 2010-11 budget. The committee is due to report to the Assembly on 22 June 2010 and has fixed a time frame of five working days for the return of answers to questions taken on notice.

The proceedings today will commence with an examination of the Department of Territory and Municipal Services, output class 2, the Shared Services Centre, output classes 1, 2, 3 and 4, and the ACT public cemeteries authority.

I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the yellow-coloured privilege statement before you on the table. Could you confirm for the record that you understand the privilege implications of that statement?

Mr Stanhope: Yes.

THE CHAIR: I also remind witnesses to keep their responses to questions concise and directly relevant to the subject matter of the question. We have a great deal of ground to cover during the hearing, and I would like to maximise the opportunity for members in attendance to put their questions directly today rather than on notice.

Before we proceed to questions from the committee, minister, would you like to give a brief opening statement of no more than five minutes?

Mr Stanhope: I have no statement I wish to make, thank you, Madam Chair, but

thank you for the invitation. As always, I and officials are very happy to be here and hope we can be of assistance.

THE CHAIR: Thank you. I would like to start with a question around the Yarralumla Nursery. It plays a very important role in the ACT in the gardening and horticultural community. Could you please update us on the process the nursery follows to ensure that no pest plant species—that is, weeds—is sold through the nursery and whether education materials are given out with the plant sales to ensure that home gardeners understand the impacts of those pest species?

Mr Kidd: The nursery is a member of the Nursery Association of Australia and New South Wales, and, being part of that organisation, the mandate is not to grow weedy plants. We are also an active member of the Weedbusters group and have sat on selection committees for the selection of plants that are deemed weeds. We also have a brochure that we hand out to customers, pointing out not only the weedy species but the alternatives to grow.

THE CHAIR: Thank you. What role does the nursery play in propagating endemic endangered species for sale in the ACT?

Mr Kidd: We have an active program and some very keen senior horticulturalists who are dedicated local species experts and we do our best to introduce local species into the market. We have a list, a group of endangered species plants, that we promote through the nursery and we have a one-sheet answer for customers on that.

THE CHAIR: Thank you.

Mr Stanhope: It might be noted, too, Madam Chair, to complete the answer, that the Yarralumla Nursery plays a significant role in the germination of seed of internationally endangered trees for planting in the arboretum, which is playing a very significant international role in the protection of endangered and vulnerable species from around the world.

THE CHAIR: Thank you. You have just spoken about some sheets—

Mr Stanhope: Trees that might become extinct, except for the arboretum.

THE CHAIR: Thank you, minister. You have just spoken about fact sheets that are given out around weeds. What other educational programs or events does the nursery have to educate gardeners on other issues, such as water saving gardens and so forth?

Mr Kidd: We have over 40 one-sheet answers that are available to customers and they are on our website as well. We are involved in workshops in the new development areas like Forde and places like that. We have been involved in that and we continue to be involved in those workshops where our senior horticulturalists go out and give talks, to help people plant the correct species in the right spots and that sort of thing and encourage water-saving activities.

THE CHAIR: Thank you. Mr Seselja.

MR SESELJA: I have a question not around Yarralumla Nursery but the Capital Linen Service, or did you want to deal with other Yarralumla Nursery questions?

THE CHAIR: Were there any other nursery questions?

MR SMYTH: I have a general question. Given that the Property Group has moved out, what is left in this output class? Is it just the nursery and the linen service or are there other functions as well?

Mr Byles: Yes, it is Yarralumla Nursery and capital linen.

MR SMYTH: So that is all?

Mr Byles: Yes.

MR SMYTH: All right. How many administrative staff run the enterprise services now?

Mr Byles: Could you define “administrative staff”?

MR SMYTH: How many staff, other than the staff who are directly employed by the linen service or directly employed by the nursery, work in enterprise services?

Mr Byles: I would have to take that on notice and provide you with that information.

THE CHAIR: I note that has been taken on notice. Mr Seselja.

MR SESELJA: Just on the linen service, what is the annual turnover of the linen service?

Mr Byles: I would ask Michael Trushell, who is the Acting General Manager of the Capital Linen Service.

Mr Stanhope: I beg your pardon: are there any more questions for Mr Kidd, or is he free to leave?

THE CHAIR: I have asked, and I do not believe there are any more questions for Mr Kidd. Thank you. Mr Seselja?

MR SESELJA: My question was around the turnover of the linen service. What is the annual turnover?

Mr Trushell: The turnover for the last three or four years has been about \$11 million a year.

MR SESELJA: Okay. And that comes from which clients? Who is paying for that service?

Mr Trushell: Capital linen has about 100 clients based around the ACT region. They are a mixture of both public sector and private sector. About 55 per cent of our

business is from private sector clients.

MR SESELJA: Fifty-five per cent of turnover?

Mr Trushell: That is correct, yes, and 45 per cent is from public sector. Of the 45 per cent, 40 per cent comes from the Canberra Hospital and five per cent comes from a range of other ACT government clients, such as emergency services, the Ambulance Service, CIT and a range of those sorts of clients. In the private sector, we do hospitals, aged care accommodation, function centres, restaurants—that sort of business.

MR SESELJA: Are those services that are provided to government tendered for?

Mr Trushell: They are generally not tendered for. Basically, those clients within the ACT have got a number of options. In most cases, they will go and seek a quote. They can seek a quote from us or they can seek a quote from one of our private sector competitors. Essentially, if they ask us to quote, we will submit a quote and accept the business on the basis of that. So, essentially, they are not tied to use us; they have got choice. But there are certainly differences between the offerings of the various linen services within the ACT which are not purely around price; they are around responsiveness, timeliness of service, the quality of the product and the expertise of the organisation.

MR SESELJA: Okay. Does the linen service have any loans for its equipment?

Mr Trushell: No, it does not.

MR SESELJA: It does not have any loans?

Mr Trushell: No. We have recently finished paying off a finance lease, which was a 15-year lease based on a piece of equipment. The lease was entered into by Totalcare and was transferred over to Capital Linen Service when the business came across in 2004. So we now own that piece of equipment.

MR SESELJA: Thank you.

THE CHAIR: Mr Smyth.

MR SMYTH: Chief Minister, on page 108 of budget paper 4 is the operating statement for enterprise services. The variations tend to be somewhat large and negative, and I understand that is because various arms of the organisation were transferred to other departments. Something that is static is the resources received free of charge. What are the resources received free of charge from enterprise services?

Mr Stanhope: Thank you, Mr Smyth. Mr Byles will identify an officer that may have the answer to that question.

Mr Byles: I might ask Mr Kalogeropoulos to join the table, and Mr Trushell in the interim might be able to respond to that.

Mr Kalogeropoulos: The line outlined under resources received free of charge would generally be those resources obviously provided in kind. The resources that we have received free of charge from other ACT government entities predominantly relate to the Government Solicitor's office in terms of advice they provided to that particular output class which has not been charged for because there is no billing arrangement between the two agencies.

MR SMYTH: That is fine. Under expenses, the borrowing costs again have dropped significantly, I assume because of transfers. What is the \$10,000 worth of borrowing cost that remains? Is that vehicle leases?

Mr Trushell: I can probably help with that. One of those borrowing costs would have been in relation to the lease on an iron at Capital Linen Service. That lease ceased and there were no further interest or principal payments being made on that, so that may well be part of the reason why it has dropped.

MR SMYTH: Okay, but in the coming year there is still \$10,000 worth of borrowing costs. Vehicle leases?

Mr Trushell: They would be leases, presumably, from one of the other businesses within enterprise services.

MR SMYTH: Okay. The iron: how does something like enterprise services go about getting a loan? Do they do it through the government, or do they just go to a bank?

Mr Trushell: That loan, that finance lease, was transferred as part of the transfer of the assets and liabilities from Totalcare, when Totalcare was wound up in 2004. That lease was assigned and novated over to the territory. We certainly have not taken on any new financing arrangements since then.

MR SMYTH: All right. So as a business you go to a bank to arrange that lease or is it done through the government? What interest rate did you have on that lease?

Mr Trushell: I think it was about a 12 per cent fixed interest rate over the life of that lease. That was through—

MR SMYTH: Twelve per cent?

Mr Trushell: Yes, the National Australia Bank. That was very old—about a 12 or 15-year lease, so it was quite old—and it was entered into by Totalcare, not by the ACT government.

MR SMYTH: Okay. What was the size of that lease?

Mr Trushell: That was about half a million dollars.

MR SMYTH: Okay. Thank you.

THE CHAIR: Ms Bresnan.

MS BRESNAN: Thank you, chair. This is something the Greens probably ask you about every year. It is about energy and water use savings. I think each year it has shown progress in both those areas.

Mr Trushell: That is correct.

MS BRESNAN: Can you perhaps provide us with an update on any further water and energy use savings you have made as part of this year's budget.

Mr Trushell: We are actually still waiting on a lot of the figures. We have had some difficulty through the utility provider in actually getting up-to-date information. We are actually chasing that at the moment. We need to get that each year anyway, because we have to provide that information as part of the national pollution industry report.

MS BRESNAN: Right.

Mr Trushell: Essentially, I would expect the figures to be about the same as they were last year. We reduced our water. Basically, we use 2005-06 as kind of the benchmark year, because that is prior to when we put all the new washroom equipment in. We invested about \$2 million in new washroom and water recycling equipment. As a result, last year we reduced our water usage by two-thirds. Essentially, we were saving about 82 megalitres of water every year. The water used per kilogram of linen produced was reduced by about 66 per cent—

MS BRESNAN: That is great.

Mr Trushell: because even though the water was coming down, our actual volume of linen we were processing has gone up since then quite significantly.

MS BRESNAN: As you said, the introduction of the new equipment has really made a big saving.

Mr Trushell: That is really important. Not only does it produce efficiencies for the business, but it had very good environmental outcomes. We have reduced our electricity usage per kilo of linen by about 21 per cent and our gas usage by about 21 per cent; so we are saving about \$350,000 a year in utilities costs every year. This means that even on those savings alone, they pay off the equipment in about seven years. There is a nice connection there between both the business benefits and the environmental benefits for us.

MS BRESNAN: You mentioned the national pollution inventory.

Mr Trushell: Yes.

MS BRESNAN: Are you required to collect or gather the same data as other government agencies?

Mr Trushell: That is correct.

MS BRESNAN: In terms of savings?

Mr Trushell: Yes. We maintain a lot of the data for that whole site out at Mitchell, because there are a number of different businesses—

MS BRESNAN: So you are maintaining the data.

Mr Trushell: We have maintained the data over a number of years for that site, yes.

MS BRESNAN: Thank you.

THE CHAIR: Mr Smyth.

MR SMYTH: How do you measure the performance of the linen service? Is it an effective service? Is it a good service? Are there linen service awards that you win? How does one work out over, say, the last five years whether the service is getting better or worse?

Mr Trushell: I do not think there is any one measure. Essentially, you can look at our customer retention. We have got a very high level of customer retention. That is within a market where we have got competitors who target us quite aggressively. An indication of that was that we lost the Calvary contract this year through an open tender process to Ensign. They targeted that very aggressively. At times, we take business away from them.

Probably our major competitive disadvantage is that we are of a higher cost; so generally when somebody chooses to use us, it is because they value the quality of our service. Clearly, if you could get a cheaper price and you could get the same or better service, you would go and get that same or better service from somebody else. Clearly, if we can maintain such a large share of the private sector business in Canberra, and we are generally at a slightly higher cost, we must be doing something pretty well.

The other thing is that if you look at our productivity levels—once again, I go back to 2005-06 as a benchmark—our FTE has gone down from 110 to 99. Over the same period, the actual amount that we have been producing has increased by 27 per cent.

MR SMYTH: All right. Where would we find that detail?

Mr Trushell: It does not appear in the budget papers, no.

MR SMYTH: How would a member of the committee or the public generally know that your efficiency was getting better?

Mr Trushell: They would need to ask us, but I would be more than happy to provide the information. We would be perfectly comfortable to have that information audited, because it is independently verifiable.

MR SMYTH: Perhaps you would like to provide the committee with some assessment over the last five years of the gains that you have made.

Mr Trushell: I am certainly happy to do that.

THE CHAIR: I note that that has been taken on notice.

MR COE: Can I ask how many other private sector operators there are in this industry in Canberra?

Mr Trushell: There are two main competitors: one is Ensign Services, which is a subsidiary of the Spotless Group. That is a \$500 million stock market listed company, who operate throughout Australia. The other major competitor is AlSCO. They are part of an American multinational.

MR COE: Do you provide similar services to both those companies?

Mr Trushell: Yes, we do. There is a little bit of a difference. There is some overlap, if you like. AlSCO, for example, do not have a laundry in Canberra. They process it in Sydney and bring it down. They tend to focus much more on the accommodation and table linen area, not on the health area. Ensign cover all three, but in recent times appear to have made a bit of a strategic decision to very much target the health market. Recently they have come in and they have won that Calvary contract.

John James recently decommissioned their on-premises laundry and put that out to tender. Ensign also won that one—once again, primarily on coming in and pricing very competitively.

MR COE: This might be a policy question for the Chief Minister: what is the future of the service? Given that they are operating in a competitive private sector, does the linen service have a future in the next 10, 20 years, do you think, or, over time, will the government see this as something that they do not need to be in?

Mr Stanhope: It is probably fair to say, Mr Coe, that there would have been not necessarily active consideration but perhaps a conversation for the last 20 years within government, and I would think within all governments, about the extent to which businesses such as the linen service are a core government business.

This government certainly at different times would have given consideration to the extent to which the linen service is a core aspect of government business. It is probably fair to suggest that the last such conversation would have been held by this government around the time of the functional review. We took the decision then that we would continue to maintain and support the linen service. It provides, we believe, a very effective service, most particularly the service that is traditionally provided for our hospitals.

But it is a tough competitive world and the linen service does need to compete. We believe at the moment that it is keeping its head above water. This government has no intention of not continuing to support the linen service. I cannot pretend, and nobody would pretend, that the linen service is now an active player in a competitive world and its capacity to compete, whilst it does maintain some government support, will, at the end of the day, probably be the final determinant of its future. At the moment, this government continues to support the linen service. But it is a conversation, I believe,

that is appropriate to be held from time to time.

MR COE: Thank you.

THE CHAIR: If there are no more questions for the Capital Linen Service, we will move on to output class 1, InTACT. I want to go to budget paper 4, page 141. There has been increased InTACT expenditure of \$9.85 million. It is attributed to increased contractor expenses. I imagine this will be addressed by new employments. Can we anticipate significantly less in contractor expenses next year? Why have we got so many, and what is happening into the future?

Mr Kegel: We are having a lot of increased project work from agencies, principally ACT Health and DET. Contractors needed to do that work are, in a project management sense, on the ground; hence, increased contractors' fees.

THE CHAIR: Okay. I refer you to accountability indicator "c" on page 127. The 2010-11 target is lower than the estimated 2009-10 outcome. Was any thought given to revising the target given it seems tokenistic to have a target that is so easily met? We really should be probably putting a bit more of a challenge in there.

Ms Divorty: I am sorry, are you referring to item "d" on that list?

THE CHAIR: It is actually item "c".

Ms Divorty: Item "c", service requests made by the service desk?

THE CHAIR: That is right.

Ms Divorty: Thank you.

THE CHAIR: So you had a target of 85 per cent.

Ms Divorty: We did.

THE CHAIR: You are estimating a 92 per cent outcome.

Ms Divorty: We are. And we are keeping the target of 85 per cent stable. The service desk necessarily has churn, as people learn and grow within that role. We find that people become more experienced and then they find another challenge within InTACT and they grow within their role to another position. So we do actually use service desk as a mobility-of-training ground; so more experienced operators do move on to higher category jobs within InTACT. We find that the target of 85 per cent is acceptable and met.

THE CHAIR: Thank you. Mr Smyth.

MR SMYTH: Thank you, Madam Chair. Chief Minister, you said earlier in the week that we should today ask questions about what happened on the W drive. I was wondering whether you could give the committee an update on what is happening with the inquiries.

Mr Stanhope: With the inquiries?

MR SMYTH: Yes.

Mr Stanhope: Yes. Thank you. And it is appropriate that questions in relation to that particular incident be directed today to Mr Byles and Ms Divorty. I think I previously indicated when this issue was revealed—and I have previously indicated that it is a matter of enormous regret to the government and, most certainly, to InTACT and Shared Services that the issue did arise; it is enormously regretted—my view that it is the sort of incident which should, perhaps with the benefit of hindsight, have been anticipated and which certainly should not have occurred. And the government does not resile from that essential position. But we are all human.

I initially asked Mr Byles to treat the matter as a matter of urgency, to initiate the appropriate internal review and assessment to ensure the issue was dealt with. And I have subsequently asked Mr Byles, just for the sake of the comfort which government needs and which I believe the organisation requires, that there be an external review.

I will ask Mr Byles or Ms Divorty to actually give some detail of exactly what steps have been taken. It may be that Ms Divorty would welcome an opportunity to give some explanation of exactly what did happen and how it happened.

Mr Byles: Thanks. It was an unfortunate incident in this particular case and one that I certainly regret, as head of the department. But I suppose when you are servicing some 18,000 computer users, human errors do occur. It does appear, however, that in this particular case, our processes were not as robust as they may have been. As the Chief Minister has explained, we have taken certain steps to address those issues. I would now ask Ms Divorty to explain the background to the problem perhaps and what we have done to fix it.

Ms Divorty: Thank you. The problem arose as, I think, a circumstance that occurred over time. InTACT are responsible for the security environment in which we operate. Individual agencies are responsible for the files and folders that are created on that W drive. Most agencies are well aware of their responsibilities in that regard. But as turnover and staff move through positions, there has obviously been a gap in the knowledge of their responsibilities, and some security problems have arisen as a result of that.

Since that occurred, we have obviously secured the files and the drive in the best way that we can. We have worked with agencies to make sure that they are aware of their responsibilities for any files and folders that are on that drive. We have conducted an audit of our own security processes and we have engaged an external firm to come in and give us some help with that.

MR SESELJA: Has that audit been completed?

Ms Divorty: Our own audits?

MR SESELJA: Yes.

Ms Divorty: No, we are continuing to audit, if you like, the circumstances that led to those files having broader access than they should have. And that will take some time yet.

MR SESELJA: How much will this external review cost?

Ms Divorty: It is probably a little too preliminary to say that. We have got an estimate of the cost, which is about \$50,000. And it will depend on whether they use all of those resources that they have estimated at this time.

MR SESELJA: When it was originally brought to the attention of the government, there was a couple of days delay before the documents were taken off the W drive. Why was there such a delay?

Ms Divorty: There was not a delay as such. The files were moved immediately but they were moved to a file which, again, they thought was secure and was not. So the delay, if you like, was that we moved them to an area that we should have secured better.

MR COE: When you say “immediately”, what does that mean?

Ms Divorty: It means that, when we got the advice through our ministerial contacts that there were some files that were inappropriately available, we immediately notified our security area within InTACT, who took action to move those files and folders. They also contacted the agencies involved at that time. Some of those files were immediately secured and some were moved actually to a security directory, which was thought to be secure but was not.

MR SESELJA: When was that? When were you informed and when did this action take place?

Ms Divorty: Wednesday, 12 May, I believe.

MS LE COUTEUR: Have you been looking at other solutions? Is this indicating that we need a full-blown document management system?

Ms Divorty: I might refer to Mr Kegel on that one.

Mr Kegel: A document management system would be fantastic across government but also hugely expensive. We are looking at options. Some departments have that already. ACTPLA and parts of TAMS have got document management systems in place. But it is a huge expense for government; so it has not been rolled out across government at this point in time. It is certainly something we will be looking at as part of the review. They will come out with some recommendations on that level.

MR SESELJA: When are the reviews due to be completed, both the internal audit and the external review?

Ms Divorty: Our internal investigations through our security within InTACT, we expect, will take some time but there is actually a restoring of files and tracing of audit logs, if you like, involved. We think that will take until the end of June. The external review will probably take about the same time. There are about 30 working days allowed.

MR SESELJA: How detailed will that internal review be? You say it is going to be quite extensive. What does that mean?

Ms Divorty: The scope that we have given the external firm is quite broad. We have engaged Walter Turnbull to do that. Walter Turnbull is a firm we have used previously to do security audits, and we are quite confident of their ability to carry out a very thorough review. The scope is quite broad, in that we have asked them to look at the control framework, the access privileges, threats of attack, all of those sorts of things. And they will look at the control framework and investigate any areas of concern that they find.

MR SESELJA: Are you able to make that scoping of the internal and the external reviews available to the committee?

Mr Stanhope: The terms of reference?

MR SESELJA: Yes.

Mr Stanhope: Most certainly, yes.

Ms Divorty: Sure.

THE CHAIR: I note that that has been taken on notice.

MR COE: It sounds like a very broad review for \$50,000. How much depth are you going to get into the potential issues?

Ms Divorty: We believe our control framework is quite robust. There are obviously a couple of gaps that have developed; so I guess the cost reflects our level of confidence at the moment as to what they might find. Of course, if they find a lot then that is only an estimate.

MR COE: I am guessing you had confidence before this issue as well; so it is really a matter of unknown unknowns, I would think.

Ms Divorty: Sure.

MR COE: I find it very hard to believe that you would go to an external consultant with a scope like that and they are going to say, "We are going to do all that for \$50,000." Really, how much detail do you think you are actually going to get back from Walter Turnbull?

Ms Divorty: I think Walter Turnbull, as internal auditors and experts in the security ICT environment, have a very good idea of what is involved in actually looking at the

ACT government's IT environment. They are familiar with our environment. They have certainly worked with us on a number of cases in the past. So I think the estimate and the scope of their work are probably quite robust.

MR COE: Have you had a—

Mr Stanhope: On that, I think it is fair to acknowledge that Ms Divorty was very clear that it is an estimate and that the very point that you make is a point that, at the end of the day, will determine exactly the final scope and the final cost. Ms Divorty was very clear in her opening remarks that this was an estimate.

MR COE: Sure.

THE CHAIR: Also, what is proposed in the 2010-11 budget is a data management scoping study around current and future data requirements. There is that \$250,000 set aside. Will that have any connection to this work you are doing here?

Ms Divorty: The data management scoping study in the 2010-11 year is really about our storage facilities. So it is not a close association with this external review.

MR COE: What role did the agency security adviser have throughout this process?

Ms Divorty: Again, I will refer to Mr Kegel.

Mr Kegel: Thank you. Each agency has an ICT manager, and they have been involved with liaising with the business units on the relevancy of the files that were stored on the W drive and who has access to those and the folder permissions that each of those agencies creates.

MR COE: Does Shared Services have an agency security adviser?

Mr Kegel: They have an ICT manager, yes.

MR COE: That is the agency's security adviser, is it? Do they hold that title or not?

Mr Kegel: There is a whole-of-government security adviser which is the manager for the ICT team in InTACT.

MR COE: I go back to the issue of the files being moved to a folder on Wednesday the 12th and then not actually being secure until Friday the 14th. How does that happen? I imagine that if you get a call from the Chief Minister's office saying that there are cabinet documents open to every single public servant on the system that sort of request is taken pretty seriously. How can it be that you were creating a folder called "Security", and it is not secure? Surely there are multiple checks along the way that would mean that would not happen?

Mr Kegel: Yes, we take any such notification very seriously. The files were moved and not deleted and put into what was already an existing folder called "Security".

MR COE: A subfolder within that.

Mr Kegel: Yes, that is right. The permissions on that were not as tight as they should have been. There was public key information in there, which was why it was able to be accessed from other users as well. Again, it was a very embarrassing event for InTACT and the security team.

MR COE: Do you have any idea how many users accessed those documents since they were put on the W drive?

Mr Kegel: That is part of what our current review is trying to determine, via backup et cetera—who has been accessing those documents.

MR COE: Right. And you are confident that the backup system will allow you to find out that information?

Mr Kegel: Yes. There is a very robust backup regime.

Mr Stanhope: You will turn up there, Mr Coe.

MR COE: Very good. In terms of—

Mr Stanhope: We will know how often you were in there.

MR SESELJA: A simple thank you will be sufficient, Mr Stanhope—just a thank you.

MR COE: In terms of the monitoring that is done of computer and internet usage, do you store keystroke data? What level of monitoring actually takes place of users' activities?

Mr Kegel: We certainly do not monitor keystrokes down to that level. The amount of data we would have to store to handle that would be just exorbitant. We certainly monitor who has access to files, movements, changes, deletions et cetera.

MR COE: What about web usage?

Mr Kegel: Yes, we monitor internet use.

MR COE: How long is that stored for users?

Mr Kegel: I am not sure, I am sorry. I will have to take that particular point on notice.

THE CHAIR: I note that that has been taken on notice. Ms Bresnan.

MS BRESNAN: I have a follow-up on Ms Hunter's question about the data management scoping study. On page 129—it is also mentioned in budget paper 3 on page 154—there is the item for safeguarding government business, the data network infrastructure upgrade. I think there is over \$6 million for that. I am just wondering what exactly that money is going to be used for—probably in light of the discussion we have had this morning—and if there is any overlap or interaction between the

management study and the expenditure of this funding.

Mr Burton: That money is allocated, basically, for the replacement of core capital equipment. That is approximately 5,500 components across the data network, voice and data components—switches, routers, nodes and those sorts of things that store the data, the capital equipment. That will basically be replaced. As I said, there are approximately 5,500 items that will be replaced in the next 12 months, in the 2010-11 year.

MS BRESNAN: That is quite a large number. It is also quite a significant budget item. Is this something which would be a standard process, or is it something which is being done because there is a requirement for these facilities to be upgraded?

Mr Burton: Basically, they have reached their useful life. The equipment has about five years of life. We rolled out the private data network approximately five years ago. Just over \$16 million of capital expenditure was incurred in that year. The data network components that link all the data together are being replaced at this point in time.

This is in combination with not only the ACT government but also the education network, which InTACT has taken responsibility for now. It is about a 60-40 per cent split between the education network and the ACT government network. Those components will be split that way. It is actually replacing things in relation to schools. Macarthur House, Callum—there are over 200 locations that the equipment will be replaced across the whole of the ACT government.

MS LE COUTEUR: Education is still physically separate from the ACT government network?

Mr Burton: It is basically looking within buildings and replacing nodes, routers and switches within buildings. It is actually connected by the cable which is managed by InTACT, as such, but there are a number of switches within schools and so on. That would have been funded through the capital initiatives for the schools to build the network, plus everything outside the buildings—bricks and mortar and whatever. They have accumulated over this period and have come up for replacement at this point in time. That is what the initiative is about.

MS LE COUTEUR: But it is becoming one physical network?

Mr Burton: Yes.

THE CHAIR: Mr Burton, while you are here, I want to go to figures on page 131 of budget paper 4. It indicates that the operating result will be in greater deficit than the estimated 2009-10 outcome. The 2009-10 outcome was minus \$4.3 million, so we are looking at minus \$6.4 million. The decline is greater than the increase in depreciation and amortisation costs. Can you explain the reason for the increased negative operating result?

MR HARGREAVES: Madam Chair, on the same question, because it will be part of the same answer—

THE CHAIR: Yes.

MR HARGREAVES: can I just indicate that the 2009-10 budget was a deficit of \$8.4 million. There is an interesting sort of dip. Perhaps that can be addressed by the officers at the same time.

THE CHAIR: Yes, Mr Hargreaves.

Mr Burton: As I say, the better than estimated outcome result for this year is basically driven by a couple of factors. One is in relation to reduced depreciation because a couple of projects, like the refurbishment at Mitchell, have been delayed and they will be completed by July 2010. That has just gone over the financial year. The depreciation that was originally calculated would be incurred this year will not actually happen until next year for a full year. There were a couple of rollovers of capital works that will be completed at that point in time.

The other major factor is that we have had considerable growth in the number of PCs across government, especially in Education and Health. InTACT basically base their calculations on a certain number of PCs every year. When there are more PCs out there they can actually derive a profit because there is a fixed and variable component to the charge that InTACT charge agencies for desktop support. That is another contributing factor to why we achieve a better result this year to the extent of probably close to \$4 million. There is around \$2.2 million in depreciation this year. The other one is around \$2 million-odd in extra PCs. At \$2,600-odd for a desktop support charge, like I say, it actually adds up to quite a substantial amount over an extra 100-odd PCs than we previously budgeted for.

THE CHAIR: The revenue item “non-government user charges” is expected to more than double this year. On page 134 there is an explanation. Can you expand on why the increase has come about? Is it just higher charges, or will an increased number of services be provided as well?

Mr Burton: Most of our revenue relates to our publishing services division, which basically publish documentation and so on. They have been able to obtain work from a large range of external clients like the University of Adelaide. Especially in the last six months, their services have increased in that area. They have found that there has probably been a decline in publications being done throughout government as such for this financial year, but that has been supplemented by an increase—whether it is through word or mouth or other means—in their external delivery of services to agencies, especially universities.

THE CHAIR: And with “Other revenue”, could you explain the accounting change that took place and which items the gains are now reflected in?

Mr Burton: With the “Other revenue”, it is basically our proceeds from sales of assets. Previously we used to record just the revenue up there, but now we show the net effect. We actually engage a person now to basically go out and market to get the best dollar value for the equipment that we now dispose of. About two years ago, we moved from leasing the majority or all of our IT assets—the PCs, servers and

desktops—to actually owning them. It was much more cost-effective for us to own them, because we could manage the cycle a lot better—the life of the asset. With that, basically we incur a lot more costs in relation to the fact that we now have to dispose of those assets. That is basically the accounting treatment difference: we net that off now; previously, we recorded the cost against supplies and services.

THE CHAIR: I have a general question about Shared Services; this is probably for the minister. In last year's estimates, there was a discussion around the total savings that had been made by establishing Shared Services and the savings from February 2007. Now, three years on, it is very difficult to quantify any savings and what they would be; I do understand that. But I am interested to know if any further evaluations have been done of cost savings and, as importantly, if there has been an analysis of improved efficiencies.

Mr Stanhope: In relation to savings, the savings were embedded in the bottom line; they were achieved. There is an identifiable quantity from the decisions that were taken in 2007 through the functional review. So there is an answer to that question. In relation to what qualitative or quantitative work has been done, I would defer to Mr Byles and to Ms Divorty. But in relation to an assessment of outcomes or efficiencies—

THE CHAIR: Mr Byles, I will also throw another issue in there: is there now more double handling or are there quantifiably higher outputs from Shared Services?

Mr Byles: I would like to think that we are operating in a state of optimum efficiency. However, we continually review our processes, as you do in any organisation. I can say that we will be working with Treasury as part of looking at Shared Services and their functioning. It would be premature for me to provide any quantifiable estimate of efficiencies going to date, but I would be happy to take that on notice and provide a response to the committee in due course. I might defer to Ms Divorty.

THE CHAIR: I note that has been taken on notice.

Ms Divorty: The only thing that I would add is that we are looking to continually improve, innovate and add value to government. We do participate in efficiency dividends, so not only do we contribute to efficiency dividends but, of course, agencies who are the subject of efficiency dividends then pass through less revenue to us as a result of that. So we are, if you like, achieving ongoing savings through the efficiency dividend and always looking for ways to improve our services. We work very closely with agencies to achieve that.

THE CHAIR: Where are you applying that efficiency dividend? The budget provides for an additional 40 new jobs from last year's budget, which is an additional 59 from the estimated 2009-10 outcome. Where are those jobs going and why is there a need for this significant increase? How does this fit in with the ACT public service hiring freeze at the moment?

Ms Divorty: I will defer to my CFO to some extent. Most of the new positions that are being created in the 2010-11 budget for Shared Services are at InTACT, and they are a result of very significant ICT projects that are being undertaken by other

departments, specifically major projects in Health and the department of education. That is where the majority of the new staff are. There is a small increase in Procurement Solutions and in HR services, but the majority of it is InTACT. Mr Burton, would you like to say anything more?

Mr Burton: Yes. Basically the increases are in ICT support, as Ms Divorty indicated. In relation to that, there is no doubt, and this is one of the reasons why we show a higher revenue for this year—just through ICT projects. Almost \$15 million worth of ICT projects will come through our books at this point in time. There is also a mixture of permanent employees and contractors that we have within our organisation, and that is facilitating, basically, where that staffing number is.

We believe that we have, and this work will continue—where we have had a certain increase in projects this year and we have had to employ contractors basically to get that work out. And there is also within our agreements with agencies—we come together each 12 months to discuss their service level agreements with InTACT and they come through basically to say, “This is the level of support that we need at this point in time.” Then we discuss that with them and say how we can provide that better—whether it is going to be a permanent increase or whether we can facilitate that through our contractor arrangements and basically deliver the projects that they come up with at that point in time. A lot of it is that, where we may say that we are actually increasing in numbers, it is basically that it has been driven through agencies previously because of the ICT work, but, especially in the last two years, a substantial amount of work has come through InTACT in ICT projects.

THE CHAIR: Thank you. Mr Seselja.

MR SESELJA: I have a question on some of these efficiencies. I might get you to talk a little bit more, Ms Divorty, about where you are looking for efficiencies. Some of the other agencies have come through and said that that will be part of their efficiency dividend, as you alluded to. For instance, I think ACTPLA said that they were going to save several hundred thousand dollars out of their IT budget as part of their efficiencies. Have you had feedback from agencies as to their satisfaction levels over the past 12 months?

Ms Divorty: With our services in general?

MR SESELJA: Yes.

Ms Divorty: I make a point of talking to every chief executive and quite a lot of the deputy chief executives, as well as senior members of my staff talking at various levels with agencies. So yes; we do gauge customer satisfaction. We are also starting to run more formal processes where we can do satisfaction surveys to get a broader cross-section.

MR SESELJA: What are those meetings telling you about satisfaction?

Ms Divorty: The model is varied. There is a very high level of satisfaction with our finance model. There is quite a high level of satisfaction with our HR model. The pressures are obviously on our procurement and IT models. That is because of the

level of activity that is going on in both of those units. You would be well aware of the capital program delivery targets that we have for both the 2009-10 year and the 2010-11 year; it puts a lot of pressure on the resources we have and it takes a lot of time to get experienced staff who are able to deliver against the targets that we have got. Keeping the resourcing levels at an appropriate stage is difficult.

MR SESELJA: Were you involved in discussions with some of the agencies that are looking to make savings in their IT budget?

Ms Divorcy: Not personally on the IT budgets. Mr Kegel?

Mr Kegel: Yes. We are talking to every agency about how we can do things better for them, or differently—some of the immediate savings we are realising for whole-of-government licensing, for instance. The recent whole-of-government Microsoft licence came back with some significant savings.

MR SESELJA: Will each agency save money in payments to InTACT as a result?

Mr Kegel: I will defer to Ross around that particular point.

Mr Burton: Yes. There is a substantial amount. Basically one of the initiatives that we introduced was reducing storage costs from 14c to 11c this year, and we are also now introducing tier 2 storage for all of those items; we believe that will be at 6c per megabyte. That again is an initiative that we will provide to agencies and say that if they want to save money, one way is to review their storage holdings. InTACT assists with that process to be able to do that.

MR SESELJA: What does that saving that you just outlined there, the saving on storage, amount to?

Mr Burton: We estimate that if they move from tier 1 storage to tier 2, that could be anywhere between \$400,000 and \$600,000 worth of savings across the whole of government.

MR COE: Did you say 6c a megabyte?

Mr Burton: Yes.

MR COE: Right.

Mr Burton: Because it is tier 2 storage basically. We are introducing—

MS LE COUTEUR: That is per year, I assume?

Mr Burton: Pardon?

MS LE COUTEUR: Per year?

Mr Burton: Yes. There is a four-tier program that we are looking at introducing. It is based on availability of the data, how quickly you can actually get that data from

backup or storage if it is required. Tier 1 is really front line, where you get immediate access to it. Tier 2 is not necessarily the same essential level that you need immediate response to, but you can get that information very quickly.

In trying to clarify how we go about looking at efficiencies across the Shared Services organisation, when the one per cent efficiency dividend was announced to all agencies, Shared Services made the promise that we would look at how we could deliver our services better and help agencies deliver that. We are funded through agencies, so where the calculation is based on their GPO they pay us through their GPO for our fees. So we end up looking at two per cent efficiency for agencies, which was roughly \$3.2 million. We have looked at providing that through the reduction of storage from 14c to 11c; that is basically calculated at about \$1.1 million of savings that we can deliver. That has been in play for this whole financial year.

MR SESELJA: How did you deliver that? What was the mechanism of getting from 14c to 11c?

Mr Burton: It is basically because of the way we have purchased. When we initially purchased our storage four or five years ago as the basis for it, that was the cost that we incurred at that point in time. But since the growth in storage has grown, we buy different components to add onto storage. Rather than megabytes, we buy terabytes of storage to accommodate the whole-of-government needs. That is how we can look at the way we average our costs in relation to helping to deliver that sort of thing.

As I said, storage was one area that we concentrated on. Another area was within the model that we provide to ICT support staff on-costs for agencies, like workers comp. When people transferred into Shared Services, they normally carried the workers comp premium percentage that was associated with that organisation. If they were in a rather high risk organisation, they had a lot higher workers comp premium than Shared Services encounters; there were savings in that which passed straight back to agencies. That work was about \$500,000.

The next one was in asset rental. Since we manage the process of owning the assets ourselves, there were savings derived from that that we are passing back onto agencies. There is also an initiative where, through our new IT hardware contract, we will get our PCs at a lower cost than has been incurred in the past. The average price of a bundle of PCs is around \$45 across government; our current contract indicates that we will be able to charge \$39 for a PC and monitor bundle. So there are savings of approximately \$6 across government.

MR SESELJA: What does that mean? A PC and monitor bundle? What are you paying \$45 or \$39 for?

Mr Burton: You are paying that for the equipment. You are paying \$45 a month for the use of that equipment—the rental charge for a PC and monitor. That is your standard bundle; it changes because of high specs and whatever. That is basically your standard bundle that we offer out to ACT government—part of our price listing.

MR SESELJA: Okay—

MS LE COUTEUR: Can I go back to—

MR SESELJA: I still have a couple more on the savings. ACTPLA, for instance, said there was \$360,000 in savings. Is it your understanding that ACTPLA is simply going to get roughly \$360,000 less in IT services or is it that you are going to be able to deliver its IT services more efficiently so they are paying \$360,000 less?

Mr Burton: I believe most of ACTPLA's savings are through reduced storage costs. They are a big user of our storage component, so the benefit of moving from 14c to 11c is a prime factor in their savings initiative which they have provided.

MR SESELJA: Education also, I think, suggested that they were looking to find savings. Where will education's savings come from in IT?

Mr Burton: In the first instance, in relation to that two per cent that we offer, it is against those components. It is whether it is against storage, whether it is against the on-costs that we charge for ICT support or through reduced rental on PCs. They are the three items that we came up with. I advised all CFOs of agencies back in October last year that this is their dollar figure that we calculate based on the 2008-09 assumption. They rolled that into various forms, like the efficiency dividend review group and said, "This is what savings Shared Services are providing to agencies." They factored that into their thing.

We are again going through that process now in relation to the additional efficiency dividends that have been asked of agencies and we will review our services again to see whether we can. One of them will be through that offering of trying to get agencies to move to tier 2 or tier 3 storage, depending on their storage requirements.

MR SESELJA: Is there a list—sorry, it might be something in the budget—

THE CHAIR: We need to go to Ms Le Couteur.

MR SESELJA: It might be somewhere in the budget papers already. If it is not, could you provide how much each of the agencies spend with InTACT?

Mr Burton: Yes, I can provide that information.

MR SESELJA: That would be great.

THE CHAIR: I note that that is taken on notice.

MS LE COUTEUR: I just want to go back to Mr Kegel's comment about renewing the Microsoft contract. The ACT government, I understand, in fact has a commitment to use open source software. In fact, last year's estimates committee made the recommendation that the ACT government renew its commitment to open source software and use open source software where appropriate. I note after Mr Coe brought everyone's attention to the W drive, someone in the Greens office actually discovered that Firefox was on the W drive. Of course, we no longer have access to it.

MR SESELJA: Have you been peeking too, Ms Le Couteur?

MS LE COUTEUR: After Mr Coe brought our attention to it. I think Firefox is a very useful piece of software which I use at home, of course. Can you tell us, given the Chief Minister's comments and your comments about renewing the agreement with Microsoft, what the ACT government actually is doing with its commitment to open source, particularly given also the potential cost savings with it?

Mr Kegel: We do continually look at open source products. However, business units often will choose an already existing product like Microsoft, for instance, for certain things. It is a standard offering that people are also familiar with at home. That comes into factor when we look at those sort of things. They do not want to come in and use a different word processor from the one they might use at home. Schools are in the same boat with that. We do continually look at open source where possible, of course. But open source often comes with inherent costs that are not up-front that you could see. Support for open source products is very difficult and expensive to procure. They are all factors that come into it when you look at those sort of things.

MS LE COUTEUR: So are you actually using open source? I assume you have got Linux-based services—

Mr Kegel: We have some units, some business units, that use Firefox as a specific tool that they use, but it is not a standard offering.

MR SMYTH: So how many pieces of open source software has InTACT allowed ACT government employees to use?

Mr Kegel: Sorry, I will have to take that one on notice.

MR SMYTH: That is okay.

THE CHAIR: I note that that is taken on notice. Are there further questions for InTACT at this stage, because we do need to move on to Procurement Solutions?

MR SMYTH: Yes, I have got a number.

MS LE COUTEUR: Plenty, heaps.

THE CHAIR: Mr Smyth.

MR SMYTH: If we could firstly go back to the W drive. Initially I think we were told it was one folder and then it might have been three folders. Do we know how many folders were involved in the W drive incident?

Mr Kegel: Three, was my understanding.

MR SMYTH: So it is three. How many files inside that, do we know?

Mr Kegel: There were four files identified.

MR SMYTH: How many agencies were involved?

Mr Kegel: Two.

MR SMYTH: The movement from where they were to the file called “Security”, what was the purpose of the security file?

Mr Kegel: The security folder?

MR SMYTH: Yes.

Mr Kegel: That is to store certain software and also public key was the purpose of that particular folder, hence it was assumed by the security team that the permissions on that were locked down. However, as it was found out, they were not.

MR SMYTH: Was the name a misnomer or the name a legacy from something else?

Mr Kegel: It was named what it was for a reason. I do not exactly know why, of course, but yes. It was, of course, extremely embarrassing, but it occurred.

MR SMYTH: Yes, right.

THE CHAIR: We have spent a fair bit of time going around this particular issue and I understand—

MR SMYTH: I am—

MR COE: The pay records of 15,000 public servants were on the line here.

THE CHAIR: Mr Coe, thank you. So I will—

MR SMYTH: I have just one or two, and then I have a different question. There are guidelines, the ACT protective security policy and guidelines. Is Shared Services responsible or InTACT responsible for their implementation?

Mr Kegel: Yes.

MR SMYTH: Were they adhered to at all times?

Mr Kegel: In what aspect, sorry?

MR SMYTH: Regarding the W drive, did InTACT behave within the guidelines in their handling of this issue?

Ms Divorty: I just have to say that we are still investigating the W drive incident; so we probably could not give a comprehensive response to that yet.

MR SMYTH: All right. On a different area, Mr Kegel, you spoke earlier about the need for a document management system. There was an integrated document management project—I do not know if you were around—in 2000, 2001 and 2002. What was the outcome of that project?

Mr Kegel: It was before my time, but my understanding was that it was initially going to be rolled out across government.

MR SMYTH: Yes.

Mr Kegel: It was rolled out to ACTPLA as the initial—

MR SMYTH: ACTPLA was the trial site.

Mr Kegel: department that wanted to use that, because it had the most need at the time. However, following that—the ACTPLA implementation—a review was done and it was just determined to be too expensive then to roll out across government further.

MR SMYTH: When you say—

Mr Kegel: That is my understanding of it.

MR SMYTH: Sure. When you say “too expensive”, just in terms of raw cost?

Mr Kegel: Raw cost, yes.

MR SMYTH: But had an integrated document management system been in place, would that have prevented this from happening?

Mr Kegel: That is unclear. I would have to delve into that—depending on the product, of course.

MR SMYTH: You might take it on notice. Is it possible to get the review of the trial?

Mr Kegel: Of the IDMS trial?

MR SMYTH: Yes.

Mr Kegel: Yes, sure.

MR SMYTH: Chief Minister, given what has happened with the W drive, is the government now considering an integrated document management service or system for the ACT government?

Mr Stanhope: The government’s response to this particular incident has been to initiate a rigorous internal audit around all aspects of the incident and the matter and an external audit by a very significant external agent. We will await the results of those two inquiries before we make any decisions about any additional steps that are required as a result of that.

MR SMYTH: Does the government now regret the rollout of the IDMS early in 2002-03?

Mr Stanhope: I have no regrets in relation to this particular matter, other than an enormous regret that the incident occurred. I have expressed my disappointment and regret on behalf of the government. Mr Byles has expressed his regret and disappointment on behalf of his department. Ms Divorty has expressed her disappointment on behalf of the agency. Mr Kegel has expressed his embarrassment at the exposed shortcomings. I do not know what further degree of self-flagellation or institutional flagellation you would like but, no, we regret the incident—

MR SMYTH: Well, it is just—

Mr Stanhope: No—

MR SMYTH: The integrated document management service was being proposed early in the century.

Mr Stanhope: Let me finish, please. We all regret the incident. We all acknowledge the shortcoming and the failing. We have all resolved to investigate and identify the basis of the shortcoming and we have all resolved, from me as the minister, to Mr Byles, as the head of the agency, from Ms Divorty, as head of the unit, to do everything within our capacity to ensure that it does not happen again. I am not sure there is much more we can do than that.

THE CHAIR: Ms Bresnan.

MS BRESNAN: Thank you. I have got a question. It is about some budget—

Mr Stanhope: The hairshirt is on. We all accept that.

MS BRESNAN: I have got a question on budget outlays.

Mr Stanhope: We will do our best to ensure it does not happen again.

MS BRESNAN: Thank you. In budget paper 4, page 129, there is a rollover that amounts to, I think, about \$550,000 in rolled over funds. It relates to record services at Mitchell and also safeguarding government business. You have already talked about. I am just wondering how these rollovers sit within the new projects being undertaken, including that scoping study that we have talked about today?

Mr Burton: Basically, the projects are separate projects. The Mitchell one was basically to refurbish out at Stanford Street the new site for records services and basically buildings six and seven. There had been some significant delays because of environmental issues. The last delay has also been caused because of new shelving coming in that was tendered for across in America. There were delays because of a snowstorm or something that caused delays there. But that is going to be in place, and they will be relocated early in July. It does not necessarily relate to the other project.

MS BRESNAN: What about the \$450,000?

Mr Burton: The \$450,000 relates to an initiative in relation to providing a much more robust and diverse backup and archive system, especially for the email aspect of it.

When we provided this initiative, we went out to look for software to be able to do that. We had purchased the hardware. We are looking for the software that will enable us to do this. When we went out, there were vendors, but only one that actually provided a product which would anywhere near meet the requirements at that point in time. We were advised that they are actually developing the software at this point and that more products will be available in the short term. We are asking for this rollover to allow us to wait until these products are actually available so that we can get a better assessment of which will be the most suitable and cost beneficial for the completion of this initiative.

MS BRESNAN: I have a further question on budget paper 4, page 141. It is in relation to business systems. There is an explanation in the budget papers that InTACT's total expenses include a statement that reduced expenses are in part attributable to lower business systems. I am just wondering whether you could give a bit of further explanation about that and what are the systems you are referring to there.

Mr Burton: With InTACT, basically a lot of its revenue is generated from consumption by agencies. One of the primary documents which cover about 65 per cent of the revenue is the service level agreement, which includes base services like desktop support, internet storage. But there is also then business systems support, and this is where InTACT acts pretty much as a mailbox in relation to paying bills on behalf of agencies for their business system support; so that includes software licences, anything that the agency owns, because the agency, at the end of the day, is still the owner of any application.

InTACT provides the ICT support but the costs are actually allocated out to the businesses. They actually receive the invoices, they have the contracts for the delivery of those business systems, and then what has been facilitated in the last couple of years is that—and we basically want to have an exposure to the ICT so that we know what systems we are supporting—those costs get paid through InTACT. We have found over the last couple of years that it is variable.

Some agencies still continue to pay those costs themselves, whatever, and then a lot of other agencies will allow InTACT to pay those costs on their behalf. So we do have quite a fluctuation in this one item, because it just depends on whether the agency actually provides us with the bill to pay or whether they pay it themselves.

MS BRESNAN: It is just based on that fairly simple—

Mr Burton: Yes.

THE CHAIR: A follow-on, Ms Le Couteur.

MS LE COUTEUR: It is not actually a follow-on. I would like to move to budget paper 3, page 270, under the heading “Sustainability in ICT”. Being the Greens, of course we have got to talk about this.

MR HARGREAVES: That is a big surprise.

MS LE COUTEUR: It is. There are a lot of items here and I suspect we will not have time to talk about them all. Maybe we should start with the desktop machines. You previously mentioned they are costing between \$45 and \$39 a month per agency and you are providing full PCs. Have you looked at using thin clients, which would have a number of advantages? Firstly, it would be cheaper; and, secondly, they use less power, which also means that they use less air-conditioning power. I believe the federal Department of the Environment, Water and Heritage estimates that they are getting power savings of 60 per cent by moving to thin clients. Have you looked at this as part of your strategy here?

Mr Kegel: Thin client is very big on InTACT's agenda, for a number of reasons, because certainly thin client is rapidly expanding across all departments and most business systems as well.

MS LE COUTEUR: But not very quickly, if you are still buying PCs? From what Mr Burton said, that is what you are purchasing. Could you expand on it being big on your agenda?

Mr Kegel: Because we have a lot of capacity pressures, thin client helps in that regard.

MS LE COUTEUR: But what are you actually doing with it? It appears that what you are doing is buying more desktop PCs. Where are you deploying thin clients? Maybe that is a clearer question.

Mr Kegel: Mainly for business systems and various applications. There is no specific move to use thin client for desktop machines, not at this point in time.

MS LE COUTEUR: Why not?

Mr Kegel: Because that would have a huge impact on the capacity of the network. If all the desktop machines were using thin client, we would have major capacity issues with current infrastructure, what is currently in place.

MS LE COUTEUR: Have you modelled the cost of that versus the savings?

Mr Kegel: No, we have not done any modelling.

MS LE COUTEUR: Hopefully you will do that. I note you are developing a comprehensive Green ICT strategy. I asked a question on notice a while ago, and I know that InTACT does not in fact have an IT strategy at all, from the answer to that. When is the strategy likely to be developed?

Ms Divorty: We will be starting on that in the 2010-11 year.

MS LE COUTEUR: And finish year?

Ms Divorty: To some extent, that is dependent on the agencies that we will be working with, because we will not develop it in isolation; so we will be working with each agency to understand their needs and to coordinate that across government. It is very difficult to give you an end date. We would like to finish it within the 2010-11

year, but that would depend on agency priorities. As you know, there are some very large ICT programs going on with agencies. They are independently working on things that we need to coordinate across government. So it is quite a large project, which I guess is what I am saying.

MS LE COUTEUR: Will you be looking at what the federal government has done in terms of green ICT, because they have done a lot in that regard, particularly the department of environment?

Ms Divorty: Sure. We would be trying to work with several other jurisdictions to understand where they are going in the ICT space.

MS LE COUTEUR: While we are still on desktops, are you planning to move Vista or to Windows 7 or to an open source product?

Mr Kegel: We are currently doing a Windows 7 rollout as part of our desktop refresh program. So business units are being upgraded to Windows 7 at the moment. Some were upgraded to Vista in the interim between XP and Windows 7 while that was being developed, but the current rollout process is Windows 7.

MS LE COUTEUR: Talking about upgrading the air conditioning at Macarthur House, sitting here yesterday we talked about possibly Macarthur House no longer being part of the ACT government's accommodation. What are your long-term thoughts in terms of data centres and why are you upgrading things which it seems other parts of the government are planning to get rid of?

Mr Kegel: We are currently upgrading because we have those data facilities as they currently stand, of course. As part of the 2010-11 budget, we have a scoping study, which will be undertaken to see what the capacity needs across government will be in the future. But in the interim, though, we need to keep those current data facilities operational.

MR HARGREAVES: Madam Chair, the question that I have relates to that subject, if I could, with Ms Le Couteur's patience. Can you tell me whether the ACT government's service system is located in one place or is spread?

Mr Kegel: We have a spread system, for redundancy, of course, in Macarthur House and the Callum data centre. They are the two primary locations. We have a smaller data centre at TCH.

MS LE COUTEUR: How well do you—

MR HARGREAVES: Can I continue down this little track for a second?

MS LE COUTEUR: Sorry.

MR HARGREAVES: This may be a question for the Chief Minister or Mr Byles, possibly. Are these service centres regarded as critical infrastructure for the purposes of security systems across the city, as, for example, the power station at Belconnen is a critical infrastructure and we have, therefore, security systems in place and we are

auditing that? Are these service systems regarded as critical infrastructure?

Mr Stanhope: In a security sense?

MR HARGREAVES: Yes.

Mr Byles: Absolutely. They are. Certainly, probably before my time, they would have been subject to security discussions with the other jurisdictions as part of business continuity planning and emergency management planning. I expect that they would be considered as key infrastructure nodes in future emergency planning exercises.

MR HARGREAVES: Thanks. Mr Kegel, you said that you have distributed the service system across the city for the purposes of redundancy, one of which was that it disappears overnight. Can you assure the committee that there are robust security systems in place to protect those servers?

Mr Kegel: Yes, we have a very robust security plan.

MR HARGREAVES: I do not want to know it.

Mr Kegel: No, I would not be able to give it to you right now.

MR HARGREAVES: I do not want to know it.

Mr Kegel: Sure. The critical systems across government, health systems et cetera, some of the JACS systems, are fully redundant. If one data centre is lost for some particular reason, the other will keep that system going.

MR HARGREAVES: And there is that shared data storage between them so that if one goes down—

Mr Kegel: Yes.

MR HARGREAVES: What time lag would you have if one did go down and the other one kicks in?

Mr Kegel: Theoretically instantly, yes.

MR HARGREAVES: I am happy with that. Thank you very much. Thanks, Ms Le Couteur.

MS LE COUTEUR: Thank you. Talking about data centres, I want to go into what is in them, the servers. You were talking about moving to virtualisation, which, clearly, is a good idea. Are you measuring—

MR HARGREAVES: We will have a virtual Assembly before long.

MS LE COUTEUR: Absolutely. I presume you know the number of servers that you have already got. By what number are they reducing every year and by what amount of power are they reducing every year through the virtualisation program? And what

do you anticipate in the future?

THE CHAIR: Power savings?

MS LE COUTEUR: Yes, power savings in the future?

Mr Kegel: We certainly know the number of servers that have been reduced. I do not know the number off the top of my head, sorry.

MS LE COUTEUR: Could you take that on notice?

Mr Kegel: Yes, I will take that on notice.

THE CHAIR: I note that will be taken on notice.

Mr Kegel: We certainly have not done any scoping as to the power implication of that. There are so many variables in that that we have not looked at.

MS LE COUTEUR: Would that be true for all of the things within your IT programs for sustainability? You have not actually done any measurements to know what you are using now or what you are likely to achieve?

Mr Kegel: Any potential savings? No, I do not believe so.

MS LE COUTEUR: Sorry, I did not quite hear that.

Mr Kegel: Sorry, I do not believe we have done that. I would have to take that on notice, though.

MS LE COUTEUR: Given that we are not moving to thin clients, have you looked at moving to full computers off certification for the desktops?

Mr Kegel: Sorry?

MS LE COUTEUR: You have heard of computers off certification? I will send you an email about it. It is an ACT-based group that is working on certification.

MR HARGREAVES: You are unique.

MS LE COUTEUR: I was an IT manager before I came here.

MR HARGREAVES: No, we do not believe that.

MS LE COUTEUR: You would never guess that. They are doing certification of organisations which are reducing their electricity, their power use in data. It is called Computers Off, because they are particularly certifying the desktops to be turned off. While I can say as a user that InTACT has improved considerably from when I first joined here, you still see machines which are on all night. My question was about Computers Off certification, but I guess the answer is no. I will send you—

Mr Kegel: No, I have not heard of that before, but thank you. If you could send that on, I would like to have a look at that.

MS LE COUTEUR: I will send you, via the Chief Minister, the link to the organisation.

MR HARGREAVES: Just flick the power switch every night. It is easy.

MS LE COUTEUR: It is, but not everybody—

MR HARGREAVES: In the whole building.

THE CHAIR: Ms Le Couteur, any more, because we do need to go to Mr Smyth.

MS LE COUTEUR: I could keep on going, but I will let Mr Smyth go.

MR SMYTH: Chief Minister, I notice on page 123 of budget paper 4, the third dot point under output class 1.1, InTACT, it says that InTACT will provide “management of the whole of government data and communications network”. Does that mean that, for instance, InTACT staff will be involved in the new mobile data solution project for the Emergency Services Agency?

Mr Stanhope: Thank you, Mr Smyth. I will ask Ms Divorty to respond to that.

Ms Divorty: Sorry, I will actually defer to Mr Kegel on that one.

Mr Kegel: The ICT team at emergency services is involved in all projects that go on at ESA.

MR SMYTH: Right. What is their involvement particularly in the data mobile project?

Mr Kegel: The specifics?

MR SMYTH: Yes.

Mr Kegel: Certainly in a project management sense any ICT component of that project will be managed through an ICT project manager who works through InTACT to the ESA.

MR SMYTH: So the ESA officers would ask for advice, or would InTACT head that project on behalf of ESA?

Mr Kegel: Projects are always business driven. It will be a business owner that drives any particular project, so it is a business project, not an ICT project. It may have an ICT component where InTACT will come in and do the ICT part of that.

MR SMYTH: All right. Was InTACT involved in the FireLink project?

Mr Kegel: Sorry, that was before my time, but I can take that on notice.

MR SMYTH: All right. Could you take on notice what was InTACT's involvement in FireLink, and what advice they gave the then ESA on the purchase of FireLink?

Mr Kegel: Okay, I will take that on notice.

THE CHAIR: I note that is taken on notice.

MR SMYTH: Just another question: InTACT supplies mobile phones to the ACT public service?

Mr Kegel: Yes, that is correct.

MR SMYTH: Yes. How many are there out there?

Mr Kegel: A good question. I will have to take that particular number on notice as well.

THE CHAIR: I note that is taken on notice.

MR SMYTH: All right. I understand, or I am told, there is an agency charge of \$1,450 per handset for access to data services. Is that correct?

Mr Burton: That is the current charge for a Blackberry.

MR COE: Is that just data cost and rental of the phone? Is that correct?

Mr Burton: I believe so, yes.

MR COE: That is excluding telephone calls?

Mr Burton: Yes.

MR SESELJA: Why is it so expensive?

MR COE: How does that tie in with output 1.1a on page 127, which says "costs compared to peer organisations' costs, as benchmarked by an independent organisation" are within five per cent? I think you could go to any phone shop in Australia and you would not just get the phone rental for that; you would probably get a year's worth of unlimited calls for that, and you would be able to keep the handset after the 12 months.

MS LE COUTEUR: I think we have all done that comparison.

Mr Burton: In answer to that question, when you talk about within five per cent for that benchmark that we use, we look at overall services. We are not individually looking at one item within our catalogue of services. Benchmarking that is done with InTACT is across its four or five main business services. It does not include project management and it does not include voice services. Basically, it includes desktop support, service desk, Unix and Windows-based operations, and that is basically

where that benchmarking has been derived, across that type of level there.

In a lot of the support costs that we provide—they are like the desktop support costs that we incur—someone may say that we can incur that cost further, but there are certain arrangements, support costs, that InTACT does incur, being the ICT provider, in relation to whether it is a security acquisition of that, asseting those assets as such, invoicing for those services back to agencies through the SLA process. There are additional support costs that will come into that. There is a costing model in relation to this specific item, the costing of a Blackberry.

MR COE: But more than \$100 per month for phone rental and data services is a lot of money—a huge amount of money. Surely there are other cost recovery things in there not just related to the telephone. I find it very, very hard to believe that the variable cost, even spreading the fixed costs, for the telephone is \$100 a month. I know that the agencies do not have a choice; they have to go through InTACT to get a Blackberry that is linked to the ACT government system.

THE CHAIR: Your question, Mr Coe?

MR COE: I would like to know whether InTACT are actively looking at this and whether they are looking at cheaper ways of doing business, because every single Blackberry in the government system is getting charged \$1,450 per year.

Mr Burton: I think the Blackberrys also represent, at the moment, 60 or 80 phones, like I said, where there is desktop support. There are probably 10,000 to 12,000 desktop phones alone within the ACT government, so it is a small portion of the business that is provided by InTACT as such. But each of the costing services that we provide has a costing model which is established before that service is actually offered. InTACT has a pricing and service committee and quite an extensive governing structure can put in place a cost associated with any item that we provide.

MR COE: Mr Burton, does that output class indicator 1.1a that I just mentioned include the 6c per meg data cost?

Mr Burton: Storage is not included in the towers that we actually get benchmarked.

MR COE: Right, okay.

Mr Burton: We get provided with advice, through our provider, on storage and basically asset management. So they—

MR COE: Right. I actually use a similar service, and I pay 10c per gig per month, and that is about 1,000—or 100 at least—times what you guys are charging.

Mr Burton: Again, if you are looking at the overall model, we can provide you with the model which is the cost that we incur across the whole of government to provide storage.

MR SMYTH: Would you make the model available?

MS LE COUTEUR: Yes, that would be interesting.

THE CHAIR: We note that is taken on notice.

MR SESELJA: How much does it cost InTACT to acquire the Blackberrys?

Mr Burton: I am not sure of that detail, so I would have to take it on notice.

THE CHAIR: I note that is taken on notice.

MR SESELJA: You said that there are other handsets at different prices. What are some of those?

Mr Burton: We provide two desktop support phones. We have two versions; one is the standard and one is an executive, which basically has more functions. So there are two of those offerings that we currently provide, through our current arrangement with the provider. The provision of communications is under a tender process at the moment.

MR SESELJA: What cost is that provided at at the moment to agencies?

Mr Burton: Like I said, I do not know the actual dollar value. It is on the catalogue of services, which basically is open for all ACT government employees to have a look at in relation to the Shared Services website. So it is on the catalogue of services there, this pricing.

MR COE: One clarification on a point made earlier, Mr Kegel: did you say that there were two agencies involved with files on the W drive which were sensitive?

Mr Kegel: Yes, I believe it was ACT Health and TAMS.

MR COE: Would you please be able to check that and get back to the committee as soon as possible?

Mr Kegel: Yes, sure.

MR COE: Thank you.

THE CHAIR: I note that is taken on notice.

MR SMYTH: Another clarification: I do not think you have been noting all the questions take on notice. Mr Kegel said he would table a copy of the review of the IDMS, and I do not think you noted that one. I just want to make it quite clear.

THE CHAIR: I note the review of the IDMS is taken on notice. That seems like a good time to break for morning tea.

Meeting adjourned from 10.27 to 10.46 am.

THE CHAIR: We will resume this public hearing of the Select Committee on

Estimates. I want to move to budget paper 4, page 127. Indicator “c” is being discontinued. The justification provided is that there is diminished opportunity for these types of contracts. Given that a key role of shared services and procurement services was to improve economies of scale and coordinate territory procurement, has any consideration been given to a replacement indicator that would reflect the cross-agency procurement coordination undertaken by procurement support services?

Ms Hardy: As you rightly point out, since the centralisation of procurement and the development of the centralised whole-of-government unit, we have put in a fairly large number of whole-of-government contracts. In fact, we have come to almost the end of the point where we can leverage out more. Not all contracts can be whole-of-government ones. We have got all the obvious ones—the fleet, the stationery. There is electricity, of course, and we have got lots of EAP recruitment services and audit services. We have got Postbillpay banking, hire car, internal audit and training. We are coming to the end of the time when we can leverage it.

There may still be a couple of opportunities. However, we felt that using that as a measure now was probably not appropriate. Going forward, we are now thinking of different kinds of measures of our performance. That might be in the level of savings, for instance, that we may be able to make. We are able to deliver some savings in terms of whole-of-government contracts through providing advice to agencies about their stationery procurement, for instance. We are being able to say to people, “You are buying this amount of paper. What are you doing to think about that?” Providing evidence of what people are buying drives thinking about what you are buying, and, therefore, whether you can reduce it, and also thinking about how it can be bought in terms of green and that sort of thing.

We are also attempting to drive savings in that people will now order their stationery in bulk rather than getting a new order every week. That drives transport costs. If you get a bulk load of stationery come in, it is more efficient, more effective, better for the environment and so on and cheaper in the end. We are looking at ways we might be able to capture that sort of information. You have to capture that as you go to tender in a contractual format in the reporting from the contractor back to us. You gather statistics on what everyone is buying, when they are buying it and how much it costs—that sort of thing. Those are the kinds of things we are looking at.

THE CHAIR: Ms Hardy, I note that the accountability indicators do not particularly seem to reflect the listed outputs. Is there further work on the indicators that you will be undertaking?

Ms Hardy: Yes. Up until now, because we had disparate IT systems in procurement—we had more than eight, as I recall, because we were brought together from various agencies—we were not able to get any data on the number of procurements we were getting in, how long it was taking to do things—those kinds of performance indicators. I think I was asked about that last year. Quite frankly, the only way I could do that was in a manual way—doing an audit on a sample in a manual way.

We now have a new system and we believe that, over time, we will begin to gather the sort of data about the time an agency asks us to do something to how long it actually

takes us to develop the statement of requirements with them, the procurement plan, tender it out and get it into contract et cetera. We are thinking now that there may be a way of categorising on our system a simple procurement—because not all procurements are the same they do not all take the same time to develop—one of medium complexity and a complex one. The complex ones often take many months. For example, if you are putting in place a whole-of-government banking contract it involves talking to every single agency about its needs. The complexity of that means it cannot be done within a couple of weeks. Our new system is capable. We will be able to institute reporting mechanisms where we capture the data as we put in the procurement and then begin to gather the stats as we go. We think we may be able to do this in future.

THE CHAIR: Going to the balance sheet on page 132—and there are some notes to that on page 136—and looking at the intangibles, the significant change in this item from the budget to the outcome and the reduction in this budget is explained as coming about due to the increase in value of the new procurement system. Could you explain what this is, how the significant increase in value came about and why it would lose three-quarters of its value in one year?

Ms Hardy: I will defer to our CFO.

Mr Burton: As to the actual intangible assets, we have two assets—the procurement system, which is approximately \$3.2 million, and chris21, the payroll system. This was basically transferred from CMD. It has now come to the end of its accounting life, as such. Its final depreciation is roughly \$1.6 million per year. That will not be repeated next year. The PBS system has just come on board this year, being capitalised at about \$3.2 million, and will be depreciated over the next five years. There is actually no decrease in the procurement system. It is a new system. The actual decrease is because of the accounting term for the chris21 payroll system.

THE CHAIR: You have just explained that the chris21 payroll system is coming to the end of its life and being depreciated out. Is this system still being used? When will it be replaced?

Ms Divorty: There are no current plans to replace chris21. It has come to the—

Mr Burton: Five years—

Ms Divorty: It is an accounting life rather than a useful life.

THE CHAIR: Okay. How many more years have we got on that system?

Mr Burton: On the chris21, it is finished as at 30 June this year. So in accounting terms—

THE CHAIR: In accounting terms.

Mr Burton: Yes.

THE CHAIR: In life terms?

Ms Divorty: In life terms, we think it has still got quite a few years left. We are still investing in chris21 in terms of upgrades, so we have no current plans to replace chris21.

THE CHAIR: Thank you. Mr Seselja.

MR SESELJA: Thank you, Madam Chair. What kind of due diligence does Procurement Solutions undertake in relation to major contracts entered into by the ACT government's agencies?

Ms Hardy: Due diligence in terms of a quality assurance system in the first place. We have a pre-qual system. The pre-qualification system covers construction contractors, architects, weed spraying and cleaning. We have two contracts with search organisations. We do ASIC searches as well as what we call financial and company background searches to look at financial viability, company structures and the correct ABN et cetera—identification of the companies. We also in the tender process ask questions which go to the teams that the company will be offering to undertake whatever project or procurement you are doing. That is the kind of due diligence that we do.

MR SESELJA: What assessment did Procurement Solutions make of Akron when it contracted to the ACT government prior to its collapse?

Ms Hardy: I understand Akron was pre-qualified under the system and the normal assessment was done. Akron would have been required to fill out an application form. That includes the provision of their company structures and the quality systems that they would have had. It would have included examples of projects which they have undertaken. It would have included referees. It would have included their financials for a number of years. The financials are then sent off to an independent assessor company called Kingsway for their evaluation and report back to us.

MR SESELJA: When was that last done with Akron?

Ms Hardy: I would have to take that on notice. It is done annually, but annually as they apply, if you see what I am saying. If someone applies for a pre-qualification today, they put in their forms and the forms are then sent off for assessment. The financial statements that they would provide as of, say, today, which is May, would probably be for the previous financial year. They may actually provide some management accounts, if they have them, to today, but management accounts are less accurate. It is at the date they apply. They are refreshed annually. They then have to provide evidence of their insurances and those sorts of things. So there is an annual refresh.

MR SESELJA: Given that delay, or given the fact that that data is potentially a year old, how do agencies keep up with the potential for collapses in entities that they are contracting with?

Ms Hardy: It certainly is an issue. Across Australia, there is consideration of looking at companies. The financial systems and financial accounts are annual accounts. Six

months down the track, quite frankly, someone's financials could have moved considerably. The only other way that you can do it, basically, is to ask for another set of financial assessments at the time that you tender, and you would do that on a risk basis. You would consider whether or not you believed there was any evidence of an issue, whether or not the level of risk of the size of the project warranted it. But if you are entering into really large projects you may then ask for another set of financials. Of course, contractors believe that asking for extra information yet again is quite onerous on them, but that is one of the methods.

The other method, really, is that during the management of the contract itself you are actually managing the payment of invoices; you are watching the work in progress. So because you are managing on the ground you know how the company is travelling. Because you attend what we call project control group meetings you know that issues will come up in the agendas of those project control group meetings about things that might be happening. You may be gaining some intelligence about how things are travelling.

MS BRESNAN: One of the things with Akron, the process you have just explained, was that those other contractors going down the line were not receiving payments. How was that monitored in that instance? I appreciate your saying that they were pre-qualified and they were a large company, but one of the issues was that those lower level contractors were not being paid. How was it being monitored in that instance?

Ms Hardy: It was not being monitored by Procurement Solutions because that was not one of Procurement Solutions' projects.

MR SESELJA: That was my next question. Does Procurement Solutions provide any ongoing advice to agencies or only when you are acting as the project manager?

Ms Hardy: When we are acting as a project manager we will be providing advice. Agencies might come to us if they have got an issue, but they do not necessarily have to. If we are engaged to manage a project on an agency's behalf then we will be speaking to them frequently about their project.

MS BRESNAN: Were you in regular contact about that particular project?

Ms Hardy: The particular project that I think you are talking about was an LDA project.

MS BRESNAN: Yes, it was an LDA project. Did you provide that advice to them? Did they seek that advice?

Ms Hardy: No. In normal circumstances, they would not, because they have their own project managers.

MR SESELJA: Just on that project management role, the Property Council have been a bit critical in saying that Procurement Solutions currently command up to four per cent of the project value in fees, which is well outside the industry standard for project management services. They believe that around Australia it is between 1.5 and three

per cent. How do you respond to that?

Ms Hardy: I am not sure that they are not comparing apples and oranges. I am aware, for instance, that the Western Australian public works department—I am not quite sure that is their correct name—receive a fee of 4½ per cent for the work that they do, which is exactly what we do. Their model is relatively centralised. Of course, they are doing slightly different things to us because, as a state, they do not do the local government functions that we do. They probably do not do water services and those sorts of things. Western Australian public works do the sorts of things that we do—roads, bridges, buildings and that sort of thing. They have a published model. It is on their website. There is literally a document in there which documents how they came to land at 4½ per cent—that it was an appropriate figure for project management or directorship services by a government agency.

In terms of how people see project management, I think there is a difference between what we might be undertaking in a private sense and what we do in government. The kinds of activities and processes that government project directors and managers have to do are certainly more onerous and different from what the private sector would have to do.

MR SESELJA: What kind of feedback are you getting from your government clients on the project management services that are being delivered?

Ms Hardy: Like all things, we have ups and downs. We certainly have some successes, and we have some excellent projects that have been delivered well on time and within budget. We also have issues, and in the same way that contractors have patchy delivery of projects, I have difficulty in always achieving what I believe would be 100 per cent best practice. I know we occasionally have challenges. However, I think, although my agency colleagues are quite demanding of my service because, after all, it is the agency that holds the budget and they are, of course, under pressure to deliver services to the community, and we are part of that supply chain, it is extremely important to them that whatever road, bridge, school or hospital wing is being built is built to supply the service, in the end. So they are quite demanding and, of course, I get good and bad and I get brickbats and bouquets.

MR SESELJA: Are you aware of any concerns that are expressed by agencies in relation to Procurement Solutions' handling of, I think it was, the procurement of solar panels at Canberra Stadium? Was Procurement Solutions involved with that?

Ms Hardy: I would have to take that one on notice, I am sorry. We have about 500 capital works projects and between 400 and 600 goods and services projects. I am not across the detail.

MR SESELJA: Sure.

THE CHAIR: I note that that is taken on notice.

MR SESELJA: I accept that you will not know the detail, but I might just put to you what we have from an FOI and then you can tell us whether or not this is something that would ordinarily happen or would be a rare thing. This was in relation to the

Canberra Stadium. This was an email from someone in climate change implementation reporting in TAMS to Procurement Solutions. They were expressing concerns about the level of support they have been getting from Procurement Solutions. The big concern seemed to be they needed someone who was available on a full-time basis so that they can be responsive to their contractors. They say: “Currently, we are experiencing delays because the project manager is working one week and then not the next.” Is that a rare thing or is that something that does come up in terms of the resourcing of Procurement Solutions to be able to have people on full time as project managers?

Ms Hardy: Each of my engineers, architects and project managers is managing many projects. Of course, the skills that they have are quite in demand. We suffer the same challenge as industry have in trying to attract and retain them. Recently, I have lost, I think, five to retirement and also to private industry because they are quite valuable and they actually pay more. So we do come under pressure for staffing to handle the load. Of course, we do have sickness, just as everyone else does, and we have family issues, just as every other organisation has. It is pressured, because of the load that we are carrying. At times we have had difficulty meeting that load.

MR SESELJA: I accept that. In terms of the week on, week off, that is not illness; that seems to be some sort of structured thing where the person is working on another account or something. When you are struggling with resources, is that how it is managed? Will project managers sometimes split their time like that?

Ms Hardy: They always split their time between each of the projects. For instance, I know that one of my engineers has about 60 projects. They are little ones but there are about 60 of them. So they will split their time between each of the projects. Of course, they are all at different stages. Some will be in defect, some will be ramping up to procurement, some will be in valuations, some will be actually under construction. They will all be at different stages.

But if we have someone away—if, for instance, someone goes on leave—we have a formal handover to another project officer to take over. So they are holding their load and someone else’s load. We often attempt to get people who might have recently retired to come back and assist us, because we know that they can walk in straightaway and literally hit the ground running and help. We cannot always do that. We are attempting to hire extra contractors but it literally takes almost two to three months to get them up to speed.

MR SESELJA: Could I get you to take this on notice? I will provide you with this email. There are a number of concerns raised there. Perhaps you could respond on notice to why that happened—the week on, week off. There were issues with financial updates. If you could respond to each of those on notice, that would be very helpful.

Ms Hardy: Absolutely.

MR SESELJA: Thank you.

THE CHAIR: I note that that is taken on notice. Mr Smyth.

MR SMYTH: On page 127 of budget paper 4, output class 2.1, procurement support services, indicator “b” shows the number of category 1 non-conformance findings. Less than two was the target and less than two was the outcome. How many did you actually have? Was it zero or one?

Ms Hardy: One.

MR SMYTH: Okay. What was the reason behind that case not conforming with the standard?

Ms Hardy: It was in relation to the training on our new system. Unfortunately, the anniversary of our recertification and our next audit under our QA system came in, I think, in January, as I recall. It was very unfortunate timing because we had only just brought our system into play. Each of our officers was then not up to speed, basically, in using the new system. We were in the process of doing more training, and it was just a timing issue, really.

MR SMYTH: How many staff does Procurement Solutions have?

Ms Hardy: At present—it depends on whether or not we have full FTE—I think it is about 110 and 117. I think I have half a dozen on maternity leave, numbers on secondment to other agencies and a couple who are on long-term sick leave.

MR SMYTH: What is the FTE?

Ms Hardy: The full-time—

MR SMYTH: Yes.

Ms Hardy: I think we have budgeted it at—

Mr Burton: There are 108, and two contractors. That is what it is budgeted for, and it is roughly running at about 110 at the moment on actual people in jobs, FTEs.

MR SMYTH: So FTE is 108?

Mr Burton: Yes.

MR SMYTH: If we go to your operating statement on page 139, government payments for outputs has gone up about 23K and user charges have come down. But if we go to employee expenses, your employee expenses have dropped four per cent. Does this mean there is a reduction in staff this year?

Ms Hardy: We have lost some staff. As I said previously, we have lost a number of staff to retirement and we have lost a couple to private industry. And we lost some to the commonwealth. We have only just recently been able to recruit replacements. It is quite difficult to replace qualified and experienced engineers, architects and project managers.

THE CHAIR: I would like to add to that. The employee expenses have gone down

four per cent but the superannuation expenses are actually going up five per cent.

Ms Hardy: I might defer to the CFO.

Mr Burton: With the employee expenses, the reason for that discrepancy is that, to a certain extent, where people have come on board, there has been a larger program this year that has gone through Procurement Solutions in relation to that. It is estimated that about \$405 million worth of direct capital works has actually gone through. In the previous year it was about \$246 million. So a substantial amount of work has actually gone through Procurement Solutions, and there has been, on average, a high level of staffing throughout that year to accommodate that. But in maintaining that program, as with anything, you gain efficiencies in relation to the way you do your work. We believe that the current staffing of about 108, as budgeted for 2010-11, will basically suffice.

The super one is an interesting mixture because it is the CSS and PSS contributions and also the fund of choice. Procurement is one of those interesting different organisations which actually has seen a bit of growth in CSS-PSS contributors—as Ms Hardy has indicated, getting people back into Procurement Solutions or whatever. People retire but we actually seem to attract people who have previously worked for Procurement Solutions, who have gone out to private enterprise and who come back into the organisation and have been in the CSS or PSS. So whereas across government there has been a significant decrease in CSS-PSS contributors, and that has been reflected in an increase in fund of choice contributors, in Procurement Solutions that has not been as dramatic. So there has actually been an increase, and pay increases and that sort of stuff have been factored into the budget. That is why there is an increase in superannuation budgeted for 2010-11.

MR SMYTH: What was the FTE? If the FTE for 2010-11 is 108, what was it for 2009-10?

Mr Burton: About 112 I think is the average that we calculated currently.

MR SMYTH: Right, so you lose four staff. If you look at the supplies and services, it is going down five per cent. It is about \$170,000. What will you spend less on?

Ms Hardy: Could you tell me where you are referring to?

MR SMYTH: Budget paper 4, page 139.

THE CHAIR: It is the operating statement.

MR SMYTH: In the operating statement.

Mr Burton: The costs of supplies and services for Procurement Solutions are pretty much our administration costs, accommodation costs at Dame Pattie Menzies and also computing costs. As Ms Hardy indicated, there has been a new system introduced. There were some costs in training incurred initially in the base of that program, but then that cost will reduce over the next five years or whatever. So there is a reason why we had a slightly higher cost in relation to this year.

MR SMYTH: And then it goes back to normal?

Mr Burton: Yes. This year, basically, we have our licensing costs and our support costs in play; those costs will even out over the next period of time.

THE CHAIR: Ms Bresnan, then Mr Hargreaves, and then we will need to move on.

MS BRESNAN: Thank you. Could we get more of an outline about how procurement services works with other agencies—in particular, LAPS, the Chief Minister’s Department and the procurement board—in the rollout of the commonwealth stimulus and also the capital works program. How do you work with those agencies in the rollout of those programs?

Ms Hardy: We have provided project director, project management services for the capital works under the building the education revolution program. I have a whole team, managed by a senior architect/engineer, and she has her team based and embedded with the department of education. They have worked with the education officers to deliver the program.

MS BRESNAN: That was your senior architect, was it?

Ms Hardy: Yes, a senior architect/engineer. I think she has both qualifications.

MS BRESNAN: And what about in terms of the rollout progressing?

Ms Hardy: They have undertaken the same role that they do with normal procurement and capital works—that is, to manage the contracts with the capital works contractors, to scrutinise the invoices and pay the invoices. The department of education has handled essentially the education principals’ side. So they have done the role which is speaking to principals about decanting, speaking to principals about design requirements, and then articulating that in statements of requirements for us to then tender and manage through the contracts. So the same role has occurred but, in this particular case, because the program is quite compressed and it was also very large and it was across very many numbers of projects, the staff were embedded down there with them, so that they could work closely and provide real immediacy, as it were.

MS BRESNAN: Did you also have a role in the housing projects?

Ms Hardy: No, we did not.

MS BRESNAN: So you did not have any direct role in that? Did any advice or assistance that was provided—it was primarily with the department of education?

Ms Hardy: Yes. The department of housing, I understand, had a panel—I am not sure; you would have to ask them—for them to roll out residential housing. We have not, to date, got very involved in project managing residential housing.

MS BRESNAN: And how are you involved with the other capital works program?

Ms Hardy: The way we work is that each agency receives a budget and seeks, through the budget system and business cases, to undertake capital works. When the budget comes down in May, conversations are held between offices and agencies, between the period of May and onwards into the financial year, and briefs are developed by agencies which are then given to Procurement Solutions officers to develop into tender documents or quotation documents, then to be marketed out.

We then manage that on a fee basis—the four per cent fee basis for those agencies. We manage the contracts with them. We attend meetings; we resolve contractual issues; we assist them in design issues that might arise. We assist them in other project issues and planning issues that may come up. And we receive invoices, scrutinise the invoices that come in and then pay the invoices, essentially out of our bank account, and then seek recompense from the agencies. At the end or the completion of the project, we have a handover and practical completion with the agency.

Then we also manage it right through the next 12 months of defect liability. Whilst a project might be finished in some people's eyes, it is still going on for another 12 months in our eyes and being washed up contractually. Just because a project is complete, it is not necessarily contractually complete. There may be variations still to be washed up, or there might be defects in the way they have built it or something. We have got to resolve that for them.

MS BRESNAN: Are there any agencies you are not involved with in terms of the capital works or just for any agency that has charge of a particular project you are associated with?

Ms Hardy: Not that I can think of. It depends. Some little agencies do not have much capital work, so we would rarely deal with them.

MS BRESNAN: Yes.

Ms Hardy: But with the larger organisations—TAMS, education, Health—we are very closely involved in helping them deliver their capital works programs.

MS BRESNAN: Thank you.

MR COE: With the DHCS stimulus package work, the housing work, did they contact Procurement Solutions and ask for advice or ask for anything along those lines?

Ms Hardy: As I said before, we do not tend to get involved in delivering residential housing. However, representatives of the department of housing, I and other senior people from Procurement Solutions participated in the coordinator-general's working group and task force during these projects. At the beginning, there were lots of high-level interactions between each of us about the strategies that we were going to bring into play to deliver both of the programs—because there was not just housing: I think there was some road stimulus; there was some other minor stimulus funding as well. But with the coordinator-general and her team, we had to develop strategies. In that

sense, yes, there was discussion between us about how we would deliver these programs in a procurement and project management sense.

MR COE: At the moment, there are changes to the Spotless contract within DHCS. They are quite serious changes, especially for the subcontractors. In terms of the framework and the conditions for the contract, how much rests with Procurement Solutions as opposed to DHCS?

Ms Hardy: Nothing rests with Procurement Solutions. In terms of goods and services, what we do is assist agencies by doing the procurement, the tendering and the contract formation and execution. Then we hand the contract over to the agency to manage. I understand that DHCS have a unit which manages that contract. They would be managing and undertaking any variations and amendments there. They would come back to us again when they are ready to retender it.

MR COE: Do you give advice about market conditions and about what is a reasonable price?

Ms Hardy: Yes; we can.

MR COE: Have you given advice about market conditions in regard to the Spotless contract?

Ms Hardy: I would have to take that on notice. I do not know. I have not even been asked that question.

MR COE: Could you take on notice both whether you have been asked and, if so, what your advice is?

THE CHAIR: I note that has been taken on notice. Ms Le Couteur.

MS LE COUTEUR: Thank you. You said earlier that the project management you do was more onerous than private sector project management. Could you elaborate? What do you do that they do not do?

Mr Stanhope: Appear at estimates.

MS LE COUTEUR: Apart from appear at estimates.

Ms Hardy: I often speak to project managers in private industry through my involvement in the Australian Procurement and Construction Council, the contractors associations and the Chartered Institute of Purchasing and Supply. They are not subject to the same laws and framework that I am subjected to. Private industry do not have to load their contracts to a public website. They do not have to provide reports to assemblies about the things that they do. They do not have to follow procurement processes because the law requires that you must follow procurement processes.

A Telstra or a BHP do not have to tender anything. They would do it if they believed it was commercially viable, and in many circumstances they may do, but they may not do. I and all agencies are governed by a government procurement act and the

regulations, which say that under certain circumstances I must open tender and I must use quotation. I am also obliged to use contractual models developed by the Government Solicitor's office. I am bound to a lot more processes, probity and ethical behaviour than private industry is. That does not mean that they are unethical, but essentially I am bound to follow a lot more practices, because I am dealing with public money, than private industry is.

MS LE COUTEUR: What percentage would you estimate that that costs? We were talking about the different percentage costs of project manager costs. What percentage do you think your public sector extras cost you?

Ms Hardy: I have engaged a couple of private contractors to undertake a couple of projects for me because they are highly skilled, they have been available and I have had insufficient resources at the time. That particular contractor is twice as expensive as what I am paying an equivalent engineer in my office. So when you say that private industry is less expensive, when I am engaging one I have got him working very, very hard because he is twice as expensive. That was simply because I was unable to attract a really senior engineer with the kind of experience I needed for the complex project that I needed—that I had at the time.

I could not possibly estimate that, because I do not believe there is a comparison anyway. My experience with private contractors, from the Hudson marketing report on project directors in engineering, construction and mining, is that at the moment those people are getting somewhere between \$150,000 and \$300,000—and further: \$400,000—in salaries. I do not get that kind of salary, and I certainly cannot pay my engineers those kinds of salaries. So if you go into the likes of the Hudson site and look at what project directors are being paid in private industry to do the service that my guys do, they are getting paid a lot more.

THE CHAIR: Thank you. We will now move to human resources.

MR SMYTH: Chief Minister, when the chris21 program was implemented, it had a few teething problems. Is it now fully operational? Have all those problems been rectified?

Mr Stanhope: I will ask Ms Logan to answer that question.

Ms Logan: In terms of the chris21 payroll system, yes, it is fully functional. It is a stable environment. We pay salaries and deductions for approximately 17,000 ACT government employees fortnightly, and we have rolled out an employee self-service module, which is a component of the chris21 payroll system.

MR SMYTH: Are there any other modules that are to be added to the system? If so, what are the timetable and the cost?

Ms Logan: With the employee self-service module, we are at looking upgrading that and moving to a further rollout across ACT government agencies. At this stage, that is the extent of planning for additional modules.

MR SMYTH: When is that likely to occur, and how much will it cost?

Ms Logan: The upgrade of the employee self-service HR21 module is due to commence in July. I would need to take on notice the cost factor involved in that particular upgrade.

MR SMYTH: Okay. Are there any other modules that were originally considered that have not been implemented and are likely to be implemented in the long term?

Ms Logan: In terms of the chris21 system, there are additional modules that are available with that particular human resource management system. The ACT government is not taking up those additional modules other than the HR21 employee self-service module which I mentioned.

MR SMYTH: Thank you.

THE CHAIR: Ms Bresnan.

MS BRESNAN: Thank you, chair. Just on budget paper 4, on page 140, under revenue, under “User charges—ACT government”, the estimated outcome for 2010-11 is pretty much the same as 2009-10. I am just trying to get an understanding of how or if the hiring freeze has impacted on this. It appears that it has not had an impact there on revenue. I am just getting an understanding of that and also, more generally, how the hiring freeze has affected or been handled by HR Services?

Mr Burton: I can comment in relation to the fees setting. When financial services were formulated back in February, there was a fee schedule set based on a schedule of charging. They calculated those costs per agency. That is what HR and financial services are allowed to charge the agency. That is pretty much a set schedule, which has increased by a factor of CPI and wage increase every year. The only difference that can occur within a year is—for example, when the LAPS department was created, that created additional work in financial service because an extra set of financial statements had to be created and monitored, so there was an additional charge in relation to that. But for HR Services that fee schedule has not changed from the budget, and that is what we charge agencies for the full year. That is why there is no difference between the estimated outcome and the budget.

MS BRESNAN: So the hiring freeze has no impact on that because it is something that is set?

Mr Burton: Yes.

Ms Divorty: If I could just add something, the only real impact of the hiring freeze on HR Services has been that there is reduced activity in our recruitment area. That has meant that we have not needed quite as many staff in that area as previously, so we have temporarily redeployed a small number of staff in that area. That is really the only impact on HR Services.

MS BRESNAN: Where have they been redeployed?

Ms Divorty: They have been redeployed to various agencies.

MS BRESNAN: So from your agency to other agencies across government; okay.

MR SMYTH: To follow up, employee expenses go up \$830,000. If you are redeploying people, are those costs not apportioned to the new agency?

Ms Divorty: Not at this stage. We are actually redeploying on a month-by-month basis, because we have no idea, of course, as to what the levels of activity will be from month to month. We are just being reactive in terms of the recruitment freeze. So at this stage, we have just redeployed in order to give agencies additional capacity to deal with the recruitment freeze at their end. Obviously they have to go through a certain process of managing their own staff during this period. If the recruitment freeze or if that impact on our recruitment area continued, then, yes, we would talk about more permanent arrangements of transfers.

THE CHAIR: Chief Minister, could I clarify: how long is it intended for the recruitment freeze to be in place?

Mr Stanhope: This financial year.

THE CHAIR: So through to 30 June?

Mr Stanhope: Yes.

THE CHAIR: Of this current financial year?

Mr Stanhope: Yes, the year we are in, another one month.

MR SMYTH: The FTE for human resources for 2009-10 was?

Mr Burton: Around 204 people.

MR SMYTH: And the FTE for 2010-11?

Mr Burton: I think it is around 204.

MR SMYTH: It will remain at 204?

Mr Burton: Yes.

MR SMYTH: What is the extra cost? Why have your employee expenses gone from \$14.2 million to \$15 million?

Mr Burton: Sorry, the estimated outcome is 203 people for HR services and the budget is 204.

MR SMYTH: He or she is a very expensive person, for an extra \$830,000. What is the difference in employee expenses?

Mr Burton: Again, you have a wage increase basically, and it is allocated against that.

It depends on the mix of staff we have too. In relation to payroll services, when Shared Services actually formed, a lot of people transferred across. In relation to turnover, we actually get a lot of the younger people come in basically to start in the payroll services area, which is the biggest area within HR services. There are about 100-odd people within there.

It is just a matter of managing that staff level, what people come in and come out basically, and whether a position is going to be high level or low level or whether they start with an increment. At the lower levels, from ASO1 to ASO4, there are five increments. If people have been there for a while, they are at the fifth increment. Basically if they come in brand new, they start at the lower increment. So there is a substantial bit of dollars that actually flow through there.

The other factor that has affected those figures for our estimated outcome for this year is that we also, especially within HR and finance, inherited a number of staff with excessive leave balances, large leave balances, and both organisations are managing that by basically trying to reduce those balances, whatever, without actually employing more staff at that point in time. So it actually comes out as a reduced cost because those benefits flow through the P and L.

MR SMYTH: Could you take on notice the \$830,000 extra and give us a breakdown of what the components are? It is a six per cent increase. With 2½ per cent wage increases, it still leaves a fair amount.

Mr Burton: We basically then have, like I say, one more staff member that has been employed. As I said, there is also the issue in relation to the long service leave and annual leave where people have taken more of those than basically we actually budgeted for. Employees normally budget four weeks but they may take six weeks. That provides you with the benefit in that financial year. As I said, \$14,342 million was our original budget and the actual cost will come in at \$14,238 million, which is only about \$100,000 difference. Due to falling staffing levels throughout that period and taking into account that long service leave thing, that will give us a figure of about \$15,068 million.

MR HARGREAVES: On that point, Mr Burton, you made the point earlier that incremental advancement can have a significant effect. You were also talking about 100 people in business, just payroll. If each one of them got a \$1,000 incremental rise, that would account for your \$100,000, would it not?

Mr Burton: Yes. That is correct. We budget for the people. We try to budget for people based on what our actual staffing is and to give us that capacity. As I say, there is turnover and people do move up. That is all part of the budget process where we are trying to evaluate those levels within our staffing. As I said, when we first started, we incurred a lot of people at the top-level increments. There has been turnover since then, and Shared Services has benefited from that aspect.

But it has also been able to manage HR and finance, particularly in relation to there having been a growth over and above what was actually scheduled, like the CPI thing. At payroll services, when we first started in February, we paid about 15½ thousand. We are now close to 17,000, 18,000. That is a lot higher. We have had to gain

efficiencies from within our own business to be able to do that. That is tinkering around the edges of the budget in relation to that. We say, “All our staffing is not at the highest increment,” and our budget is set accordingly.

MR HARGREAVES: And in the context of the recruitment, because yours is a fairly, I would imagine, reasonable turnover, what would you have, seven, six per cent, somewhere like that?

Mr Burton: HR and finance is definitely a lot lower percentage turnover than procurement and particularly InTACT as such, because it is pretty much, like I say, a processing type of job. People basically get very familiar with that type of thing. Like I say, payroll is a little different because people do actually start and they get used to that process. Young people want to move on. They actually do that. Other people come in to replace them, but the other ones are pretty much set in relation to their work.

MR HARGREAVES: Are you experiencing very much in the way of recruitment where you are recruiting above the base level?

Ms Divorty: Do you mean particularly in HR services?

MR HARGREAVES: Yes.

Ms Logan: It is fair to say that in the tactical areas of HR services, which include areas such as training and development, employee relations and health and safety teams, market pressure and skills shortages are still very apparent. To attract and engage people in those areas in particular, sometimes we do have to recognise the current marketplace. In some of our other areas, there are not the same market pressures or skills shortages. So it does vary across.

MR HARGREAVES: Yes.

Ms Divorty: Sometimes.

Ms Logan: Yes, at times.

MR HARGREAVES: Yes. Mr Burton, I would expect, then, that if you had in fact budgeted in previous years for people to come in at the base level and you actually had to recruit someone midway through an increment or sometimes, not infrequently, near the top, that is going to have a budget pressure also, which is very difficult to contemplate. Is it a difficult issue to go back and quantify what those effects might be, given the numbers of staff that you have and the number of staff hours you would have to apply to such a task?

Mr Burton: Yes, it would be quite a detailed analysis to try to get.

MR HARGREAVES: It would take quite a number of days of somebody’s time to drag all that information out?

Mr Burton: Yes.

MR HARGREAVES: That is all I need. Thank you.

THE CHAIR: I want to go back to the staff freeze that is in place this current financial year. Chief Minister, what will be happening from 1 July?

Mr Stanhope: I might take that question on notice. It is an issue that has been dealt with more directly by the Treasurer. I am Acting Treasurer and I will seek some clarification. But my understanding and expectation is that the freeze will entirely fall in the financial year that we are in. I would appreciate an opportunity to consult with Treasury in relation to statements or advice that the Treasurer has given previously, to ensure that I am consistent with the position that she has taken. I am relying on an understanding on an issue that I was not 100 per cent directly involved in. But I am more than happy to report back.

THE CHAIR: I note that is taken on notice. We do need to move on to financial services. Mr Smyth, a final question.

MR SMYTH: Ms Logan, on page 125, the second dot point, human resources looks after the recruitment services. Do you do all the recruiting process for all of the departments?

Ms Logan: Yes, we do recruitment services for all of our client agencies. It is fair to say that some agencies, the very small ones, may undertake their own services, because they are not necessarily a client of Shared Services and, indeed, never have been.

MR SMYTH: Do we have the average costs, say, for the recruiting of an SES officer, an executive level officer, a senior officer and an ASO? Has that been averaged out?

Ms Divoraty: We can take that on notice.

Ms Logan: Precisely. I will take that on notice

MR SMYTH: Thank you.

THE CHAIR: I note that has been taken on notice.

We will move to output class 4, finance services. I want to move to page 128 of budget paper 4, the accountability indicators. There is a new indicator “c”, which is the fringe benefits tax return submitted to the ATO in accordance with the ATO deadline. Could you please explain some of the reasons why deadlines would not be reached and are there financial penalties applied by the ATO for failing to meet deadlines?

Ms Divoraty: Thank you. We do generally meet our deadlines and, in fact, we have just achieved the FBT return deadline for this year. Of course, not everything is within our control. It could be that we are faced with some delays at an agency level that might cause us to be late. So we do expect and try to achieve 100 per cent compliance. But you are right. We have left a five per cent gap there just in case we do face some

problems either with resourcing or with actual communication. I might get Roberto to talk about any penalties that might apply if we are late.

Mr Gaspari: If there is a late lodgement, it depends on whether there is a payable as well to the ATO. If that is the case, there could be interest penalties applying and late lodgement penalties. But history—last year, this year and the year before—shows that all FBT returns were lodged by the due date for some 17 agencies.

THE CHAIR: In this financial year, you have not had to pay not just FBT but fees for late lodgements?

Mr Gaspari: For FBT, no, because we met all the deadlines. So there are no late lodgement penalties applicable.

THE CHAIR: Any late lodgement penalties—

Mr Gaspari: Late lodgement penalties can apply also to the BAS returns. To the end of April, all BAS returns, we have got 100 per cent lodgement rate at the moment.

THE CHAIR: If there was a late fee that was applied, I guess that goes back to the agency that has to cover it. Whoever was late in the process would be given that particular penalty?

Mr Gaspari: Yes.

THE CHAIR: Thank you. Mr Smyth.

MR SMYTH: What is the FTE for financial services for 2009-10?

Mr Burton: One hundred and thirty.

MR SMYTH: And for 2010-11?

Mr Burton: One hundred and thirty.

MR SMYTH: So the four per cent increase is as you explained before?

Mr Burton : Yes.

MR SMYTH: All right. Thank you.

THE CHAIR: Ms Bresnan.

MS BRESNAN: I thought you would have some more questions.

MR SMYTH: I have got more, if you want. I can take up more time.

MS BRESNAN: No, that is all right. I will go.

MR SMYTH: I am happy to.

MS BRESNAN: No, I have got a question. On page 128, output 4.1, we have got the new indicator “f” regarding Oracle. Can you give us some more detail about the Oracle system following its first 12 months of operation and give us a better sense of how the new process is working.

Mr Gaspari: Since the implementation of Oracle in October 2008, the system worked well. We got through the transition of moving control balances from the old system to the new system, survived audit, and survived an internal audit control process as well. Moving into this year, we have had no problems with the Oracle system.

MS BRESNAN: So it is all working as planned?

Mr Gaspari: Yes, it is going quite well.

MS BRESNAN: And you survived the audit?

Mr Gaspari: Yes. It has been quite good. Having one instance across several agencies means an easier chart of accounts to understand and we can gain further efficiencies through one instance.

MS BRESNAN: Thank you.

THE CHAIR: Mr Smyth.

MR SMYTH: Did the ATO place any requirements on Shared Services or the ACT government in terms of improving its performance with their FBT returns?

Mr Gaspari: No. Basically, FBT is a statutory reporting requirement. We do liaise with the ATO on several matters—BAS and FBT matters—but there are no specific changes as to lodgement dates.

MR SMYTH: The ATO has not raised any concerns about the way you are handling any of the transactions or dealings with the ATO?

Mr Gaspari: No. We do have tax compliance audits; they are internal audits. We also have spot ATO audits. To my knowledge, so far, there have been no issues raised by the ATO—no significant matters.

MR SMYTH: Thank you.

THE CHAIR: I want to go to the operating result. The operating statement is on page 141. It is similar to a question I asked earlier: the negative operating result is greater than depreciation provided for in the budget. I do note that it is better than the budgeted operating result outcome for this year. Would the minister like to provide some information about why there is an ongoing deficit operation within Shared Services?

Mr Burton: What each business unit budgets to basically is recovering depreciation on equity or government-funded assets plus movement in employee entitlements. If

there is a long service leave or annual leave increment then we do not recover that in our charging through to agencies. Each of the business units includes internal trading, so they trade with each other. InTACT will obtain financial services from the financial services division and the HR service division, and procurement and things like that. So there is a fee charging aspect to it, too.

What is presented in the budget paper is excluding the internal trading. So if we added internal trading to these figures, you would see that it equals depreciation for each of those business units on equity-funded assets. Most of those assets are things like the private data network that provided storage, the Mitchell accommodation, refurbishment of Allara, and Eclipse House. Where there is a budget bid put forward, for example, the \$6.119 million for the new initiative this year, the depreciation on that will hit the bottom line and will not be recovered from our charging to agencies.

THE CHAIR: Okay, thank you. Mr Smyth?

MR SMYTH: No, that is fine.

THE CHAIR: Ms Bresnan?

MS BRESNAN: No.

THE CHAIR: Thank you. We will now move on to ACT Public Cemeteries Authority. BP4, page 433, obviously lists the objectives and also the priorities. I will start with a general question around contemporary community needs. I understand it is the practice in the funeral industry to charge extra if people are unable to pay their funeral home bills within 21 days of the burial. Is the authority aware of any allowances or policies for cheaper burial options for low income households who need to bury family members who do not have some sort of insurance?

Mr Horne: As far as I am aware, the DHCS runs a program to support those in the community who cannot afford to have a burial of their choice. The cemeteries authority is, of course, self-funding and, in that respect, we are not expected to absorb those costs. So that is run by a separate agency.

THE CHAIR: That is information that you also make sure people are aware of?

Mr Horne: It very rarely gets to us. Usually, people go to funeral directors. Funeral directors are fully aware of the services available and the funding available, and they make the appropriate forms and paperwork available to families, if needed.

THE CHAIR: I want to go to the income expectations. Has any modelling been done on the expected revenue increases from providing cremation services at the proposed southern cemetery?

Mr Horne: Yes.

THE CHAIR: Are we able to have a look at that modelling?

Mr Horne: I assume so, yes. We can make that available.

THE CHAIR: Take that on notice. How does that stack up against the costs associated with providing cremation services?

Mr Horne: In terms of other suppliers' cremation services?

THE CHAIR: Yes.

Mr Horne: It is pretty much on par.

THE CHAIR: Comparable? Okay. Mr Seselja.

MR SESELJA: Thank you. With the new southern cemetery, where is the process up to? Has the business case been developed?

Mr Horne: Not fully at this stage.

MR SESELJA: When are we expecting the business case to be finalised?

Mr Horne: A basic business case has been put up in terms of what might happen, but at this stage of the game a decision has not been taken as to whether or not the cemetery will go ahead on the particular site.

MR SESELJA: On a particular site?

Mr Stanhope: In the context of the process that has been engaged in, the identification through the consultative process, the government has not yet formally agreed that there will be a cemetery on that particular site. My expectation is that it will make that decision, but the final decision has not yet come to cabinet for the purposes of making a decision about a new southern cemetery and, as Mr Horne has been alluding to, to exactly what services would apply.

We are in a process. We all know what that is. We have identified a particular site through an extensive consultation process. A whole range of issues have been raised through that consultation. For instance, I was speaking with Mr Horne just now about the new learning for the authority, the government and perhaps the community in relation to some strong support, for instance, for a natural burial capacity. We have taken the opportunity through the broad consultation, for instance, to listen perhaps more closely at the inception stage for a new cemetery to the views of other faiths, particularly people of Muslim faith, in relation to specific requirements that they have. But none of those decisions have yet been made.

I am not entirely sure what the time frame for that matter coming back to the cabinet is. I would have to take that on notice in terms of the time frame for a final submission to cabinet incorporating all of the issues, aspects and potential incidents—for instance, issues around natural burial and issues around whether or not the site should incorporate a crematorium. We have not yet decided to proceed with the project.

MR SMYTH: Just to clarify, is there an in-principle decision for a new cemetery in southern Canberra or has that decision itself not been made?

Mr Stanhope: I do not know whether there is a formal, in-principle—yes, there must be, because the government requested the work that has been undertaken. That was on the basis of an in-principle decision that there be a new—

MR SMYTH: So there is a decision that we need a cemetery in southern Canberra?

Mr Stanhope: Yes.

MR SMYTH: The question now is where?

Mr Stanhope: Where, and exactly what services it will provide.

MR SMYTH: Yes, okay.

THE CHAIR: Ms Bresnan.

MS BRESNAN: On the current crematorium, and this is in relation to the decision as to whether a crematorium will go on that site, what capacity does the current crematorium operate at?

Mr Horne: I cannot tell you precisely. There have been a number of figures bandied about, but our estimation is that it is somewhere between 50 and 60 per cent.

MS BRESNAN: Would you be able to provide that figure to the committee?

Mr Horne: I cannot because it is commercial-in-confidence. They do not release that data.

MS BRESNAN: Okay.

Mr Horne: They are a private company.

MS BRESNAN: So you think that the current crematorium operates at between 50 and 60 per cent?

Mr Horne: Approximately.

MR SMYTH: Just to qualify that, though, the problem is not with the actual use of the crematorium; it is the ability to run multiple ceremonies?

Mr Horne: That certainly seems to be the major issue, yes.

Mr Stanhope: In terms of community feedback and response, yes, there is a community concern about the adequacy of the facility where there are multiple requests for use on a particular day.

MS BRESNAN: So it is actually the use of the chapel?

Mr Stanhope: Yes.

MS BRESNAN: Is that what the main problem is? I know there has been a lot of discussion about building on the capacity of chapels and having that rather than having to build a new crematorium.

Mr Horne: We have done business modelling to that effect and it does not stack up.

MS BRESNAN: In what respect?

Mr Horne: The cost of building a chapel and the fee you can charge would mean it would take you a lot longer than is appropriate to pay it back. However, when you have a crematorium—there is a whole stack of issues and a whole lot of synergies around having a crematorium on a cemetery and having an established crematorium in its own right. With respect to the modelling that we have done, the business model that we have had done for us demonstrates quite clearly that when you provide a holistic service which includes all of the chapel function, the crematorium function and then the memorialisation function, there are synergies with all of those, and together they make a very solid business case. Any one in isolation does not stack up nearly so well.

MS LE COUTEUR: Are we going to have access to that modelling?

Mr Stanhope: Yes.

MS LE COUTEUR: Great.

Mr Stanhope: Ms Hunter asked for that to be provided, and we have agreed. Let me just provide some context. Mr Horne and Mr Hargreaves are very familiar with the issue—and it is a significant issue for the cemeteries authority—of the long-term maintenance of our cemeteries. It is a business, and a self-funding business. In the current business model, we will reach a point, probably sooner rather than later, in relation to the number of people interred in our cemeteries where the cost of maintenance simply will not be able to be met without exorbitant increases in the cost of a funeral.

The business model that Mr Horne refers to in relation to a crematorium is being presented in the context of a crematorium in a new southern cemetery that would provide some support to the cemeteries authority in relation to the long-term maintenance of our cemeteries. If one were to see the current business cases or projections under which the cemeteries operate, one would see that there is a point at which we simply will not be able to maintain cemeteries to the standard that we believe the people of Canberra would expect without very significant increases.

MR HARGREAVES: I am assuming that we are talking about the provision in the business model for the perpetual care liability?

Mr Stanhope: Yes, it is the perpetual care liability, which we have accepted here. Other places around Australia have very different models. They do not have a perpetual care model, a model where we undertake at the point of interment to maintain and care for that grave.

MR HARGREAVES: In your model, does it say what the dollar extent of the perpetual care liability would be? If we are talking about a significant figure here, I think it would be useful for the committee to be aware of the size of that. As I understand it, there are only two options: one is a significant capital injection that the taxpayers of the ACT would have to throw at it; the other is to do it over time through a cross-subsidising business model which addresses a community need at exactly the same time.

Mr Stanhope: That is very much the thinking. And a third is to charge an awful lot more for interment. There is probably a third model, which is to simply raise the charges to what would be an unacceptable level for the government to make a capital injection, probably equivalent to the price of building a crematorium—or to build a crematorium, which probably would need to be repeated. Or to build a crematorium and for that business to be directed at maintaining the perpetual care responsibilities of the cemeteries trust.

MR HARGREAVES: Does it also include the impact that another crematorium in the marketplace will have on the price, having regard to some community concern that it can be cheaper to go to Broulee than it can be to go to Gungahlin? Is it in the model that there may be some prediction of the impact on the pricing structure across Canberra with the inclusion of a second service?

Mr Horne: The model generally assumes that the price will not change.

MR HARGREAVES: Right.

Mr Horne: We do not anticipate that there would be a price war, if you like to put it that way. There is not really enough competition in the market for that to occur.

MR HARGREAVES: I have got one last question on the cemeteries trust, if I can just throw it in, Madam Chair, and I will sit back and listen. In the context of the emissions at Norwood Park, do you know, or would you be able to find out, whether they were any different from the emissions that came out of the clinical waste burner at the health services supply centre at Mitchell? You might recall that there was a chimney at Mitchell and they had clinical waste burnt out there. And just up the road, there was the stack from the crematorium. In terms of the particular emissions from that, do you know if there is any difference?

Mr Horne: I do not believe any study has been done. I am certainly not aware of it.

MR SMYTH: Can we go back to the site selection, chief minister. You said that no decision has been made. On page 74 of budget paper 3, there is, though, an initiative, advance tree planting for the southern cemetery. It says:

This initiative will deliver tree planting to provide landscape amenity which will benefit the potential future development of a cemetery in this area.

If we do not know where it is going, how are we going to start planting trees in advance?

Mr Stanhope: They will be down the road.

MR SMYTH: Down the road?

Mr Stanhope: Essentially screening Mugga Lane from the entire site.

MR SMYTH: So we have decided that it will go on Mugga?

Mr Stanhope: No. That is why I was very careful. I do not normally proofread the descriptions provided in budget papers, but I specifically requested the word “potential” to be included in there, anticipating this question at estimates.

MR SMYTH: But if it does not go on that site—

Mr Stanhope: I am not being facetious about that. The word “potential” was included in the budget papers; I think it is the only word that I asked to be included in the budget papers. I asked that the word “potential” be included in relation to the advance tree planting to signal that it is a potentiality and that, in relation to the rate at which trees grow, it is probably a good idea to get them in now. In advancing that particular budget bid, I took the decision that, even if we do not proceed, I am more than happy to plant trees down—is it Mugga Lane?

MR HARGREAVES: And Long Gully Road.

Mr Stanhope: Long Gully Road and Mugga Lane. But the trees essentially—

MR HARGREAVES: Is it also the case that you have got money in the actual budget?

Mr Stanhope: Mugga Lane and Long Gully Road. Even if a cemetery does not go ahead, we will still call them cemetery avenue, or something like that, for historians to mull over in 100 years time.

MR HARGREAVES: Chief Minister, is it not true, though, that, if you do not put the provision into the budget right now, when cabinet makes the decision there will be no funds to put any trees anywhere?

Mr Stanhope: Exactly. It means, though, that they will be put off.

MR SMYTH: We could always build the new cemetery at the arboretum.

MR HARGREAVES: That thought did cross my mind.

Mr Stanhope: I like planting trees, particularly street trees. I am committed to it, absolutely.

THE CHAIR: We know of your love of trees, Chief Minister, yes.

Mr Stanhope: Street trees, particularly.

MR HARGREAVES: Ms Le Couteur wants the cemetery at the arboretum.

MR SMYTH: It will be the only set of street trees in the budget this year.

MR HARGREAVES: Ms Le Couteur wants a Le Couteur drive cemetery reach at the arboretum.

MS LE COUTEUR: What Ms Le Couteur would actually like to first ask about is the modelling you did. Did that include natural burials as one of the options?

MR HARGREAVES: The ultimate recycling.

MS LE COUTEUR: I particularly bring that up in the context of, as Mr Hargreaves says, the ultimate recycling.

MR COE: Reincarnation would be—

MS LE COUTEUR: I will leave reincarnation for today. I raise that particularly in terms of the fact that the long-term maintenance costs are considerably less with natural burial. Have you looked at how that could possibly address your long-term perpetual care cost issues?

Mr Horne: We have not specifically modelled natural burial, simply because to do that we have to have a better idea of what the balance is—how much space we are going to set aside for that and what style of natural burial we will employ. There are, in this case, various shades of green in natural burial. Depending on which particular model you choose, the costs vary quite a bit. While in our planning and our thinking we have notionally given conscious thought to incorporating natural burial systems of some kind in our master planning process, and therefore delivering that service eventually, we have not done any particular financial modelling because, until we decide what that is going to be and what the quantum of it all is going to be, it is very difficult. It is almost impossible.

THE CHAIR: What do you mean by “different shades of green”?

Mr Horne: Natural burial, if you like, comes as a whole range of green-type burials. For instance, you can use a natural burial area to regenerate a forest where a person is buried firstly and the memorial might be a tree planted above them. Of course, in that scenario, the space is used only once, so once you have done it, unless you cut the trees down, you cannot get it back.

MR HARGREAVES: That could be done, though?

Mr Horne: No—

MR HARGREAVES: What happens when the tree dies?

Mr Horne: Good question.

MR HARGREAVES: You have to do it all over again.

Mr Horne: The other style of natural burial is where you set up a natural burial space where you expect to recycle or reuse the spaces over time. That is obviously a completely different model. The cost structures are completely different and the way you manage the land is different. The types of memorials you allow are completely different.

In some cases, at the most natural or greenest end, if you like, there are no memorials; there is simply a burial space and the people are buried somewhere. You do not even identify where the sites are. Then you come back to more traditional forms where you allow some kind of perhaps biodegradable monument that is made of wood that, over time, disappears. In some cases, you could have a simple rock with a plaque only. Various places are using RFID and magnetic technology to identify where individual graves are. There is a whole range of ways you can attack it, and the cost structure is different in every case.

MS LE COUTEUR: Have you looked at it from the perspective that in some cases it is not planting a tree but regenerating the natural ecosystem, which is not always going to be a tree situation.?

Mr Horne: That is another way of doing it; indeed.

MS LE COUTEUR: I thought you said that you had not made any decision and you did not know what you were going to do. How are you going to make that decision as to what amount of natural burial and what sort of system you would use? How is that going to happen?

Mr Horne: To a certain extent, that will be determined by the site itself. The site will obviously have certain parameters in terms of what the soil is like there, what the current land form is and what rare and threatened species, for instance, in terms of flora and fauna, might be on the site. There is a whole range of issues that need to be considered, and they will be site specific, necessarily.

MS LE COUTEUR: From the consultation point of view, have you done all the public consultation you are planning to do? I am particularly concerned with the crematorium, because I am aware of a significant amount of opposition to it from people in Tuggeranong.

MR HARGREAVES: No; people in suburbs in Tuggeranong.

MS LE COUTEUR: People in the suburbs of Tuggeranong—

Mr Stanhope: We did quite exhaustive consultation and polling. I do not know whether Mr Horne has it here, but there is, and I think it has been made available, very detailed assessment, analysis and polling.

MS LE COUTEUR: I have seen it.

Mr Stanhope: The cemetery consultation model really is a model for all other

agencies to follow in terms of its expansiveness and the level of engagement that was achieved and received. Indeed, the community response to a south-side crematorium was overwhelmingly strong. There were, as Mr Hargreaves said, some areas that were less accepting, but overall the degree of support for a crematorium on that particular site that is being discussed was, in the context of community response, very strong. We will never get unanimity on anything, but in the context of what might be regarded or described as very strong community support, a crematorium on that site has received very strong community support.

MS BRESNAN: Is it more that the cemetery has received support rather than that the crematorium has received support?

Mr Stanhope: No, they were polled separately. There was separate polling. There was a separation in the level of support, but it was strong support—a high level of support. From memory, it was somewhere in the order of 80 per cent.

MS LE COUTEUR: But there was only a limited range of options given to people. For instance, the option of a chapel without—

Mr Stanhope: No, I do not think that is fair, Ms Le Couteur. I think it was a process that actually invited people to propose the nature of burial or cemetery that they would support. It was in that context that there was very significant consideration given to natural burial. Similarly, there were specific issues of concern for other faiths. Similarly, there was a secondary and separate consultation on a crematorium, which received very strong community support. My memory is somewhere in the order of 80 per cent of respondents through a statistically valid poll indicated they would like a crematorium on that site.

MR HARGREAVES: Mr Horne, can you tell the committee what percentage of funerals at the moment are interments versus cremations?

Mr Horne: It is about 70 per cent cremation and 30 per cent standard burial.

MR HARGREAVES: Which shows, actually, the depth of concern about their not being able to access the service.

Mr Stanhope: I think that is right. To be fair, I am sure there is nobody in this room that has not attended a service at Norwood where—I do not wish to be critical. They run a valuable service, but we all know that there are significant enhancements to that service that we would all appreciate. In the context, Ms Le Couteur, of an assessment or analysis of the research, the polling and the community feedback that is associated with the southern cemetery, Mr Hargreaves's point is well made.

At the moment, 70 per cent of all Canberrans choose to be cremated. I think any discussion around a second crematorium and its location and siting has to take account of the fact that the majority of us wish and choose to be cremated and are cremated. I think it is relevant in a discussion around what this community is saying it wants. This community, by and large, wishes to be cremated. That might change over time, but that is the current position.

THE CHAIR: As you say, a majority of people do choose cremation. But through work we have done, there is a growing number of people who would like the option of natural burial. What is your view?

Mr Stanhope: I would like to provide them—

THE CHAIR: Not personally; what is your view with moving forward with that option?

Mr Stanhope: I am going to be buried at the Hall cemetery in the Catholic section. Lovely little cemetery.

MR HARGREAVES: Not if you are resident there, Chief Minister.

Mr Stanhope: Pardon?

MR HARGREAVES: Not if you are a resident there.

MR SMYTH: You probably do not care, do you, John?

Mr Stanhope: It is the only cemetery in my electorate, Mr Hargreaves.

MR HARGREAVES: That is actually not so. Actually not so, Chief Minister.

MR COE: What about Evatt?

Mr Stanhope: Pardon?

MR COE: Evatt?

Mr Stanhope: I am not sure I would gain access to that.

MR COE: You may not be able to.

MR HARGREAVES: There is one at the top of the hill on William Hovell Drive. There are about eight guests.

Mr Stanhope: Anyway—

MS LE COUTEUR: Guests?

MR HARGREAVES: Yes, guests.

MS LE COUTEUR: Residents, surely.

Mr Stanhope: Ms Hunter, quite seriously and genuinely, it would be my expectation in relation to a new southern cemetery that we ensure all consideration is given to the creation and design of spaces for natural burial and that natural burial be fully supported. I think Mr Horne gave some description of the range of possibilities. Certainly, a lot more work would need to be done on the range of possibilities that

could be supported at that site.

But I am more than happy and prepared and willing to commit to that work being done among the range of possibilities or options so that in the context of natural burial we can provide a service that essentially people that wish that form of interment actually have the capacity to choose how they might best wish to be buried.

THE CHAIR: Is that something that would also be looked at in the context of all or any of Gungahlin, Woden and Hall?

Mr Stanhope: I do not know. I must say that at this stage I think there is a real opportunity for us, because we are starting with a new site and new possibilities. I would have thought that there perhaps would be some difficulties in Woden. This is not an urgent task yet, but we expect that Woden has somewhere in the order of another five years—or is it seven years? How many more years use do we expect at Woden?

Mr Horne: Somewhere around seven years.

Mr Stanhope: Seven years, yes. We anticipate seven more years of capacity, assuming Mr Horne can keep to his targets in interments. And he has failed miserably this year.

THE CHAIR: I believe he is under at the moment.

Mr Stanhope: Five per cent under, I must say, in the context of performance indicators. To be five per cent under in interments represents an issue that needs to be investigated.

MR SMYTH: What solutions are you offering? Are you going to help the death rate?

MS BRESNAN: Yes, it sounds ominous.

MR COE: I hope you are working through the backlog.

Mr Stanhope: Mr Horne is paid to meet targets. It is an issue for Mr Horne. But this is a serious subject. The point, Ms Hunter, is that I think it would be hard now to provide for natural burials at Woden, but I would have thought that there was capacity at Gungahlin. Certainly, as we move forward, there is an opportunity for us from the outset to create in a new southern cemetery with a designed capacity for natural burials.

MR SMYTH: You mentioned some polling earlier. The results of the consultation, if I remember rightly, are on the web?

Mr Horne: Yes, they are.

MR SMYTH: Is there more data that is not posted yet? The Chief Minister mentioned some polling—

Mr Stanhope: That was part of it.

MR SMYTH: So it is all about southern cemetery?

Mr Stanhope: I am going from memory here in terms of numbers.

MR SMYTH: That is okay.

Mr Stanhope: Even the 80 per cent—my memory is that it was around 80 per cent.

MR SMYTH: Yes, Mr Horne made a guest appearance at the Tuggeranong Community Council.

MS BRESNAN: He did, indeed.

MR SMYTH: He had a wonderful evening out in southern Tuggeranong. Chief Minister, on page 435, on the balance sheet, I notice you are holding about \$6½ million of cash and cash equivalents. What is the necessity to have so much cash on hand?

Mr Horne: The majority of that cash is actually fees received in advance from people who have purchased reservations. The vast majority of that is invested in term investments.

MR SMYTH: Normally in accounting terms when you have got cash or cash equivalents as current assets, that is cash that is accessible at less than 12 months. Are you saying that these are on short-term deposits?

Mr Horne: Generally speaking, yes.

MR SMYTH: I notice that of your investments which are generally long-term investments, you have only got about \$718,000 at the end of this year. Why would you not have more longer term deposits?

Mr Horne: Up to this point in time—when our cash levels started to rise, we put some in those long-term investments. But they have actually performed at a much lower level in terms of returns than our other investments have.

MR SMYTH: So there is a deliberate strategy to keep it in the short term because at this stage the short term is providing a better outcome?

Mr Horne: Certainly, at this point in time, yes. Of course, we are limited in terms of where we can place long-term investments. The Financial Management Act only allows us to use investing in major banks, in simple terms.

MR SMYTH: On page 438, the ninth dot point talks about corrections of prior period errors. What are those prior period errors? I assume they came to light in some of the audits. What sort of money is involved?

Mr Horne: That related to one account that the audit office deemed to be a

non-current asset rather than a current asset, or the other way around. I forget now; sorry about that. It was simply an accounting treatment. The total value, the total bottom line of the balance sheet, did not change at all. It was just shifted to a different accounting treatment.

MR SMYTH: Right.

MS LE COUTEUR: Going back to the business case you were talking about before, what sort of difference do you see in price between interment and cremation in that?

Mr Horne: Sorry, can you repeat the question?

MS LE COUTEUR: You talked about a business model for the new southern cemetery. What sort of price differential are you seeing between interment and cremation in that model?

Mr Horne: Look, the modelling for interment used—the cost of interment used was essentially what the current interment costs are. It has not been modelled specifically for the site.

MS LE COUTEUR: So what were you using?

Mr Horne: Our standard is around 3½ thousand to four thousand—I cannot remember the exact number—compared to less than \$1,000 for cremation.

MR HARGREAVES: And that excludes provision for a perpetual care liability as well, does it not?

Mr Horne: The cremation side of it does, yes. Yes, look, I have to say—

MS LE COUTEUR: Presumably, the interment has perpetual care.

Mr Horne: If you add interment on to that, there is an issue. It is a little bit complicated, but not everybody who gets cremated has their remains interred or memorialised.

MS LE COUTEUR: Yes, and that is a separate cost as well?

Mr Horne: Yes. So if you add that on to it, you are looking at around \$2,000 to \$2,500 for a package of cremation plus interment, roughly speaking. So the difference between the two would be that, roughly speaking.

MS LE COUTEUR: Have you any idea of how significant the price differences are in terms of people's considerations about what they do?

Mr Horne: On price, everybody is different. People choose cremation over regular burial for a whole range of reasons and often price does not come into it. Certainly, of people who choose burial, price is a lower factor—a low priority factor.

THE CHAIR: Are there any more questions?

MR HARGREAVES: No, we are all dead.

MR COE: Perpetual care liability of someone who is interred, does that include the actual maintenance of the headstone itself?

Mr Horne: No, it does not. Each headstone is privately owned.

THE CHAIR: Thank you. As mentioned at the commencement of the hearing today, there is a time frame of five working days for return of answers to questions taken on notice at this hearing. In relation to questions given on notice, these will be accepted for three working days following today's public hearings for TAMS, output class 2, Shared Services Centre and ACT Public Cemeteries Authority.

Members, please provide any questions on notice pertaining to TAMS, output class 2, Shared Services Centre, output classes 1, 2, 3 and 4, and the ACT Public Cemeteries Authority by close of business on Tuesday, 2 June 2010.

On behalf of the committee, I would like to thank the Minister for Territory and Municipal Services and officials for attending today and, in advance, for responding promptly to questions taken on notice and given on notice.

This afternoon, we will move on to the Department of Education and Training. This public hearing is now adjourned.

Meeting adjourned from 12.21 to 2.01 pm.

Appearances:

Barr, Mr Andrew, Minister for Education and Training, Minister for Planning, Minister for Tourism, Sport and Recreation and Minister for Gaming and Racing

Department of Education and Training

Watterston, Dr Jim, Chief Executive

Collis, Dr Mark, Director, Aboriginal and Torres Strait Islander Education and Student Support

Wilks, Ms Trish, Director, Learning and Teaching

Whybrow, Mr Mark, Director, Finance and Corporate Support

Stewart, Ms Tracy, Director, Measurement, Monitoring and Support

Baird, Ms Linda, School Network Leader, Belconnen

Copland, Mr Ian, Manager, Student Wellbeing and Behaviour Support

Carroll, Dr Bruce, Director, Governance

Bateman, Mr Michael, Director, Human Resources

THE CHAIR: Welcome to this public hearing of the Select Committee on Estimates. The Legislative Assembly has referred to the committee for examination the expenditure proposals in the 2010-11 appropriation bill and the revenue estimates in the 2010-11 budget. The committee is due to report to the Assembly on 22 June 2010 and has fixed a time frame of five working days for the return of answers to questions taken on notice.

The proceedings this afternoon will continue with the examination of the Department of Education and Training, output class 1.3, public secondary college education; 1.4, special education in public schools; and 2.1, non-government education.

Can I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the yellow-coloured privilege statement before you on the table. Could you confirm for the record that you understand the privilege implications of the statement?

Mr Barr: Yes.

THE CHAIR: Can I also remind witnesses to keep their responses to questions concise and directly relevant to the subject matter of the question. We have a great deal of ground to cover during the hearing and I would like to maximise the opportunity for members in attendance to put their questions directly today rather than on notice.

Before we proceed to questions by the committee, minister, would you like to make a brief opening statement of no more than five minutes?

Mr Barr: As we are continuing, let us get into the questions.

THE CHAIR: Thank you. I want to start with a question. I note that on 21 May the Auditor-General released a report into student support services for public high schools. I do realise that we are starting out with an output class around colleges but I guess

the Auditor-General's report was around student support services, around counselling services and so forth. And some of her findings were around schools failing to keep their obligations under the safe schools policy, leading to the risk that policies were not being implemented as intended; that most schools had failed to meet requirements to publish their school plans on websites.

Can we start with that issue around what the safe schools policy includes and what is being done to rectify this issue, if the department believes it is an issue.

Dr Collis: Sure. The safe schools policy is a suite of policies including anti-bullying, harassment policies and safe schools policies. The auditor's recommendation—

THE CHAIR: Sorry, to clarify, does that include the circumstances under which students are suspended?

Dr Collis: The policies—

THE CHAIR: And the suspension policy?

Dr Collis: No, it does not include the suspension policy. That is a separate policy which is currently a transitional policy. It is out for consultation at the moment and the consultation period finishes today.

THE CHAIR: But obviously while that process is going on there is a suspension policy?

Dr Collis: There is a suspension policy. It is called the suspension transitional policy, which is actually the policy that is out for consultation and which takes into account the amendments to the act.

The auditor's recommendation was with regard to how the department actually looks at compliance with the safe schools policy, which includes recommendations that schools have their behaviour management plans and that these behaviour management plans are on the web. And we took on board that some of those were in fact not on the web and were not current. That has been immediately addressed.

The other part of that recommendation, which is compliance with the policy, is a little bit confusing from our point of view as those policies are actually subject to our own internal audit procedures. In fact there had been, in 2009, a significant audit process that had been undertaken and that had indicated some noncompliance. That was an audit of 30 schools. The actions out of that audit were that the schools' directors—as they were then and later, in the new organisation, the school network leaders—were to take those matters up directly with the principals, which did happen, and those schools are now brought into compliance.

Without going through the details of that compliance of audit, the levels of compliance were around procedural matters. They were not around major issues of not having policies and so forth. So the confusing thing, from our point of view, is that this is really part of an ongoing internal auditing process, which is quite rigorous, in our terms. In regard to that recommendation, we of course agree that we should be

doing that but we are agreed because we already have that process in place, we believe.

THE CHAIR: It is said here that the department has agreed to improve its performance indicators, its communication of support services, which includes a specific assessment of the delivery of school counselling services, in its annual risk management assessment. That is what you are talking about?

Dr Collis: No. That is a separate recommendation. What I am talking about is in fact the specific recommendation around the finding that the safe schools suite of policies themselves had not been audited or in fact there was no compliance process around that. So we are looking at—and I have not got the policy or the summary of those directly in front of me—that recommendation in particular to do with the safe schools policies.

THE CHAIR: And the others I just mentioned, what are they in relation to? What are you planning to do around improving communication, improving your performance indicators?

Dr Collis: The process will fall into line with our general business planning process, which will be the performance indicators for the branch and then the section business plans. We will have risk assessment and risk mitigation strategies around that.

THE CHAIR: And how do you plan to improve the communication of support services? I am assuming that is improving the communication to families, to students?

Dr Collis: The body of the report indicated that was more around schools having access to information with regard to community services and teachers having an understanding of the services in the community. Again, it is a bit of a puzzling recommendation, given that there are community agencies which actually do that. We disseminate that. We are part of partnerships with the Youth Coalition and so forth who actually prepare documents which are up to date and timely in regard to all of those. And we disseminate and ensure that those are actually put before our pastoral care coordinators, our school counsellors and our schools on a regular basis. An example is the red book, which is in fact—

THE CHAIR: The big red book?

Dr Collis: The big red book, yes, which is quite a comprehensive document. It is kept up to date. We are a little puzzled as to how knowledge about those partnerships did not make it into the audit report. But of course we agree if there is feedback that comes from staff that says they are not aware of those kinds of things then we will ensure that those documents and those processes are put in place.

THE CHAIR: And you are also satisfied that unregistered and unskilled counsellors are not operating within any of our public systems?

Dr Collis: Again, this probably goes from puzzling to really puzzling. I can say today that all school counsellors in our system are registered psychologists, currently registered psychologists. They were last year; they will be next year. There is no way

of employing a psychologist through our system without that check happening. For new psychologists who come into our service, they are interns. We sign a contract. They cannot advance through our pay system without completing that internship and becoming a registered psychologist.

I can only assume that the auditor means by this that there is a possibility in the future that one of our school counsellors might stop paying their registration to the health registration board and become unregistered. That would seem highly unlikely because we have a supervision process which guarantees eight hours supervision minimum a week for experienced officers. It has not happened in the past. It has not happened now. Yes, we will take it on board but it seems to be an unusual recommendation, I believe.

THE CHAIR: A final one was around how counselling services are allocated. Currently, it is on school population. I guess the argument then put is that may not be the best way to allocate your counselling services. It should be more around where we are having a lot of suspensions or behavioural issues or whatever that we should be targeting resources?

Dr Collis: And you will see we agree with that. That is, I think, a good point. Can I suggest, though, that, from the baseline, the allocation of school counsellors is not done solely on a pro rata basis. There is a needs-based formula which is applied. The needs base we use is the number of students on special needs programs within a school. There is some allocation for particular programs that are of significance. For instance, we liaised the service into connect 10, the colleges that hosted connect 10 programs, because of the recognition of that need. That decision was made by a panel of students, support staff and eight principals who made that recommendation.

The recommendation that the auditor made that we should include soft kinds of measures, like measures associated with economic disadvantage, we acknowledge and understand what that means but would disagree with that because in Canberra that is not a very sensible way of allocating resources such as this. There is not a big spread of socioeconomic disadvantage and it is not a very sensible way to actually articulate support and resources such as school counsellors. The reference group of principals last year had recommended the further paid allocation of school counsellor model which was actually more locally based.

Since then, we have had a reorganisation and we went into school networks which actually describe a qualitative shift in how school improvement happens. The allocation model that we are exploring at the moment will be one that will align to that new school improvement process.

So what we are looking at doing is having the principals of the schools in the network, who know their communities best and know their goals and their school improvement best, actually work together within their network to determine where best it would be that we would target our school counsellor resources. We consider that a much more timely way, a much more effective way, of allocating resources than simply if we were to do it on a basis of a measure associated with economic disadvantage.

MR DOSZPOT: A supplementary, Madam Chair, on that?

THE CHAIR: Mr Doszpot and then Mr Seselja.

MR DOSZPOT: Recommendation 6 is that the department should update its student policy. And you have responded on the website that improvement documents have already been updated to reflect that the department employs psychologists without teaching qualifications. Can you tell us whether the department has looked at or would be considering employing people who are board-certified behavioural analysts, BCBAAs, or board certified associate behavioural analysts?

Dr Collis: I need to have explained what professional organisation that is; so I would have to take on notice, firstly, who those boards are. They are not ones that I recognise as ones that are recognised by the health registration board in the ACT or any other jurisdiction in Australia. So the answer is, I guess: no, but I will be happy to take it on notice if I could clarify who that board is.

MR DOSZPOT: Sure. It is related to autism. I asked the same question of the people from the Disability, Housing and Community Services area and I was told that they are not employing any such qualified individuals. I am wondering whether, from an educational aspect, you would be considering that at all.

Dr Collis: No, we are not considering that. We employ psychologists and we employ autism specialists. They would be trained within that but we are not considering that.

MR DOSZPOT: Thank you.

MR SESELJA: The Auditor-General's report also found that there was no evidence the department followed up with noncompliant schools in a timely manner and found that a lack of compliance reduces accountabilities of schools to key stakeholders. How do you respond to that part of the report?

Dr Collis: I will respond again to the fact that this was subject to an extensive audit in 2009, that 30 schools were audited, that there was an audit plan around that, that that plan had mitigation strategies in it. All of those mitigation strategies have been reported on on a three-monthly basis since that report. The compliance of those schools is there and we are moving towards an ongoing audit of compliance with safe schools policies. So that is how I would respond to the first question. The second question?

MR SESELJA: It was around whether the department was engaging in timely follow-up and how that related to accountability to the key stakeholders.

Dr Collis: In terms of the follow-up, the appropriate people to follow up there are the school network leaders who have that information and are using that as part of their meetings with the principals of the school and have done. So that is the follow-up to the safe schools suite of policies compliance.

In terms of key stakeholders, is that a reference to the safe schools policies, Mr Seselja, or is that a reference to—

MR SESELJA: I am not sure who the auditor was referring to in that, but it is in one of her key findings.

MR HARGREAVES: Madam Chair, I am sorry to interrupt Dr Collis, but can I just ask a question of the minister that is related to Mr Seselja's question. This is an Auditor-General's report to the parliament. Has the minister responded to that report to the Assembly yet?

Mr Barr: Not to the Assembly but obviously there is a departmental response containing—

MR HARGREAVES: At the moment we are talking about a departmental response. I guess my concern goes to the fact that this is a report by the Auditor-General to the Assembly and the government has not formally responded to that yet. I am just wondering whether it is appropriate that officials from the department of education be asked to respond to an Auditor-General's report without it being ticked off by the minister at this particular time. Is it a bit premature to be going down this track about looking into this report?

Mr Barr: Obviously, the department has responded to the specific findings. It has largely accepted them, although queried the basis of some, as we have heard. I am comfortable with this discussion continuing.

MR HARGREAVES: Okay. The only point I make for the record, Madam Chair—and I note the minister's comfort with going down this track—is that I thought it was a little unusual. These reports are an automatic referral to the chamber for investigation by a committee, so we could consider in fact that the matter is before the Assembly and has not been resolved at this point. Sometimes it is inappropriate that we continue down that track until that process is completed. So I would be urging caution in this regard with the questioning. I just want to make that point.

THE CHAIR: Thank you for your comment, Mr Hargreaves.

MR HARGREAVES: That totally confused you, didn't it?

MR SMYTH: If we are doing questions a little broader than normal, with the report on teacher librarians are you satisfied with the level of library services offered to ACT education?

Mr Barr: Yes, very much so.

MR SMYTH: And we do not suffer from the lack of qualified teacher librarians in any of our schools?

Mr Barr: Obviously, the decisions around employment within schools are made by schools. They are decisions that are made at a local level through school-based management, so it is a decision for each school to take.

MR SMYTH: Ms Wilks, is the level of service being provided to our students in our school libraries adequate?

Ms Wilks: As the minister has said, this is a school decision. There has been no reduction in resources for teacher librarians over the last 20 years. Teacher librarians are part of the staffing points and it is a principal's decision as to how those points are allocated.

MR SMYTH: But the submission to a Senate inquiry yesterday: are you concerned that it would highlight this lack of teacher librarians?

Dr Watterston: I think the point being made by both the minister and Ms Wilks is that schools have the autonomy to make the decisions about the profile of their staff. While the submission was made to the Senate yesterday and the questions are being asked, each school has a choice as to what speciality areas and which curriculum areas they broaden. So, within a specific school, they are looking at an opportunity to provide physical education teachers, literacy support, languages other than English, music, different levels of the arts, both visual and performing, technology and ICT. So obviously this gets into a whole range of elements which bear on the decision, notwithstanding the size of the school. Obviously, smaller schools have to make different decisions from larger schools, and the larger the school the more opportunity they have to broaden their curriculum and broaden their specialist areas.

So it is a sensible and logical decision for schools to identify priorities and then go with those priorities. When we talk about teacher librarians in different eras, 20 years ago most schools had a teacher librarian. But, with the elevation and the evolution, I guess, of information technology, some of the needs around what those teachers did 20 years ago no longer apply to a school. So it is an eminently sensible decision for some schools that feel that they have other priorities to choose to select specialities, if you like, other than teacher librarians.

The other part about this is that schools do not leave libraries vacant. The non-teaching staff have the capacity to manage the technical aspects of libraries and teachers have the capacity to conduct elements of their literacy program through the use of the library. So, when we talk about the lowering of numbers of teacher librarians, that is not the whole picture. The story is about the ways schools go about doing their business. It is a more complex situation than just talking about straight numbers.

MR SMYTH: I can accept what you say there, but we have just heard that there is no reduction in the standard of library services. How do you ascertain that? Have you reviewed the provision of library services throughout ACT government schools? Is there a report that you can point to that confirms what you have just said?

Ms Wilks: I do not believe that we have said that there is no reduction in teacher librarians in schools. We have said that it is a school-based decision how staffing points are allocated. It is certainly true that not every school now has a teacher librarian and that is a decision made by the school principal.

MR SMYTH: I think I started by asking if you were satisfied with the level of services in school libraries and the answer I thought I heard was that, yes, you were satisfied with what is being offered. How do you confirm, for the sake of the

department, that you are happy with what is being taught about how to use libraries, how to do research—not googling? I assume there is still some use for the old catalogue box and manual searches and actually browsing books on shelves and reading, and the use of libraries to reinforce reading. If we are happy with the way things are in schools, what have we got to prove that the standard has not slipped?

Dr Watterston: What we have is a range of data sets but, because the focus is there, the NAPLAN literature results are indicative of a range of elements that make up holistic literacy, but one of those elements would be capacity to use libraries and what was termed in the past “library skills”. There is no evidence from the ACT performance that there has been a lowering—

MR SMYTH: But NAPLAN does not test library skills, does it?

Dr Watterston: It does not test library skills, but, of course, you need literacy skills to be able to use a library, so from our perspective, of all the data sets that we use, we have not been able to discern that through a perceived lack of library services or teacher librarians our results have dropped at all. But, again, your question was: how do we oversee that process and make sure that there has not been a loss of skills within a school? Dr Collis just talked about our school network leader model. We have four school network leaders that look after 21 schools each and their role within set criteria is to oversee and make schools accountable for all aspects of their performance.

It talks about the actual staffing profile, the outcomes that are retained through the resources that are put into the school and so it is a system of support and accountability that enables schools to be able to demonstrate to the network leaders that their standards are high and the way they go about implementing strategies to achieve those standards within expected parameters, I suppose.

We have strong processes in place in terms of managing that accountability. As I just said a minute ago, that also includes the way schools are staffed. Those decisions that schools make about which speciality teachers they employ are based on priorities which are discerned through evidence and so it would be difficult for us to justify changing a school’s profile when in fact there are clear reasons why they choose, especially, teachers that they have.

MR SMYTH: But there is not a report or an outcome from the group leaders that says, “Yes, I have looked at library skills and the way we are teaching the library skills to students that convinces me that things are okay”? There is no specific test review, KPI, that looks at library skills in our government schools?

Dr Watterston: Not within the whole gamut of what we are asking them to do in terms of looking at the whole school performance; but that would just be one small slice of the total process, I guess, in terms of developing that accountability mechanism. But that is not to say that the school network leaders are not providing specialised and specific advice and feedback to each school, based on the processes that they employ to oversee that program. So, no, we do not take a slice of teacher librarianship or library skills across the whole system; but that is not to say that within each school aspects of that work are not being looked at, as are many other aspects of

a school's—

MR SMYTH: But you have not got any data to support that? I appreciate what you are saying—

Dr Watterston: Yes, I understand.

MR SMYTH: and I do not doubt what you are saying, but there is no hard evidence to say that it is being looked at.

Mr Barr: There is no evidence either way.

MR SMYTH: That is my point.

Dr Watterston: That is the point—

MR SMYTH: Yes, that is the point. So how will you rectify the fact that there is no evidence either way?

Mr Barr: It is whether it is a priority to gather evidence in that area.

MR SMYTH: Do you consider library skills important, minister?

Mr Barr: Not ahead of about 400 other things that we are doing in education at the moment.

MR SMYTH: Okay, so 400 other things come before libraries—

THE CHAIR: One at a time, please?

MR SMYTH: I am quite serious.

Mr Barr: The only reason you are pursuing this line of questioning is because of an appearance yesterday before a—

MR SMYTH: No. The reason I follow this is that I was the libraries minister, I worked at the National Library and I understand the value of libraries in education and in life skills. It is a serious question: how highly do you rank library skills?

MR SESELJA: 401, apparently.

Mr Barr: Not more highly than a range of other areas in education.

MR SMYTH: Would you like to take that—

Mr Barr: Not that I am—

MR SMYTH: Would you like to take that on notice and tell us where library skills rank in the department?

Mr Barr: No. I do not think there is any point pursuing that line of questioning.

MR SMYTH: Why not?

Mr Barr: Because, Mr Smyth, I am not going to be in the business of ranking from one to 400 each priority in education. I am just saying I do not believe this is a high priority at this point in time.

MR SMYTH: Dr Watterston, will you take on notice and see what work has been done inside the department on ascertaining the level of library skills in ACT government schools?

Dr Watterston: I would need a little more clarity about what I would be taking on notice. Let me just help with the explanation a little bit. What I am inferring from your questioning is a belief that library skills are not taught in ACT government schools, and that is in fact not the case.

MR SMYTH: No, I have not said that. Almost like the minister, I am neither there nor not there. I would like to know what the state of play is in regard to library skills and their teaching in ACT government schools.

Dr Watterston: I will get Ms Wilks to elaborate on the answer to that. Can I just assure you and all other members that are here today that library skills are taught. For me, the question is more about who is teaching them. There were in the past teacher librarians who specialised in that; the teacher would take their children to the library and leave them with that teacher. Libraries are still utilised just as much as they have ever been but the classroom teacher now incorporates that into the teaching and learning program.

MR SMYTH: And you will note I have not asked that and I do not doubt that.

Dr Watterston: I am just clarifying that those skills—

MR SMYTH: And I do not doubt that you have to have a dedicated teacher librarian, although I can see some advantage in that.

Dr Watterston: Sure.

MR SMYTH: What I would like is a summary of what is being taught around library skills in ACT government schools.

Dr Watterston: I guess the point I am making—and I will take the question on notice; I think I understand what you are driving at now—is to reiterate that, from my observation, and I think I am quite close to it, I have not seen any change in the capacity of schools to deliver library skills.

MR SMYTH: All right; that is fine. I would like a validation of that, please.

Ms Wilks: We have moved from library skills. It is now called information literacy and it is an aspect of literacy. You would know the emphasis that all schools are

placing on literacy, so this is just one particular aspect. It is no longer library skills and something that is done by teacher librarians; it is something that permeates across the curriculum.

One piece of evidence of this would be the sample testing on ICT in year 6, because that is an aspect of information literacy. Increasingly, information is found online. So the ICT skills are an important aspect of that. The department also, to decrease the administrative requirements of running school libraries, is moving to a centralised data set. That will reduce a lot of work that would previously have been done by teacher librarians, so that the resources can be used in the classrooms.

MR SMYTH: Sure. Just to finish—

THE CHAIR: Thank you. We will need to move on.

MS BRESNAN: I have got a new question.

MR SMYTH: I hear that but in terms of information literacy, that may well be a different set of skills from library skills. I have a few friends who are teachers and one showed me a project the other day. This poor student's research was to go to Google, they had photocopied or printed off eight pages, stuck it on a bit of cardboard and said, "There's my library project."

MR HARGREAVES: Don't dob your staff in like that.

MR SMYTH: This teacher had concerns as well that some of the old library skills were disappearing. That is simply my concern.

Ms Wilks: Again, I would not say they were library skills. That is information literacy, and that is how you get information and what you do with the information that you have got. As I say, that is built into a literacy program.

MR SMYTH: And I understand that. I hope you hear what I am saying.

THE CHAIR: A supplementary from Mr Doszpot and then a new question to Ms Bresnan.

MR DOSZPOT: Thank you, Madam Chair. Dr Watterston, I have had the pleasure of seeing a number of libraries recently. Thank you for the access to the schools that I have had. I think there is some very significant expansion to some libraries that have been reconditioned. What we are trying to get across is that federally there are some concerns relating to the way libraries are manned, whether it is technology or staff. It would be interesting to know whether you think that, with the federal perception that is happening at the moment, we are falling behind the expectations that people are getting from this new age of utilising technology and the way that the libraries are expanding. Are we on track with having enough trained people to take advantage of the great growth that has happened in the usage of libraries? I think that is a fair question on which I do not think we have had a totally good answer at this point.

Dr Watterston: The two bits I heard in your question were the federal perception and

what I think. I am not really aware of the federal perception in that sense. I am certainly aware of the Senate inquiry. I am not at liberty to comment on whatever the federal perception is. But in terms of what I think about the capacity of students within ACT government schools to use libraries, from my observation and from conversation and dialogue around this with our network leaders and school principals and teachers, I am absolutely convinced that the capacity of students in the ACT to use libraries and to be able to integrate the different mediums of information sourcing is probably at the forefront of the literacy improvement process that we have got going.

We do not live in the same era that we did 15 or 20 years ago. Information comes from a whole range of sources—some that are reliable and some that are unreliable. Part of the work now is to integrate that part of the curriculum into the classroom teachers' programs so that children are interacting with information at all given points during the day. So it is no longer just appropriate to go to the library for an hour on Thursday afternoon and do that bit of work. It is a very complex situation to teach the critical analysis to kids to be able to determine what information is going to be relevant, what information has got a factual basis. It is a difficult thing for children in this day and age to navigate. I think we are doing that really well and I think our schools are alive to that.

MR DOSZPOT: That is exactly the point I was trying to make—

Dr Watterston: Sure.

MR DOSZPOT: and you just qualified that. This is a difficult age, for children to make sure that Google is not the bible of everything. There have to be ways of learning and researching, and trained librarians in the past have given the correct directions in that.

You also mentioned that, because of the ability for schools to implement their own plans in this, you are not totally aware of whether there would be any shortages in those areas. What we are asking is: is it time for the department to have a look at this to see whether, from a strategic point of view, we have enough development in the new librarians coming into the system or upgraded librarians? That is what we are trying to get at.

THE CHAIR: Mr Doszpot, are you trying to find out if there are enough teachers, teacher librarians or librarians who are trained in, I guess—

MR DOSZPOT: The use of technology.

THE CHAIR: research through the internet and also ICT?

MR DOSZPOT: Correct.

Dr Watterston: My answer is consistent with what I have already said. I think that work is at the heart of every classroom teacher's work. So no longer do I consider that to be the domain of the teacher librarian. I think the idea of being able to teach children to be critical analysts of all information fits into every element of the school

curriculum. My personal opinion is that I appreciate the evolution that has happened and I like the fact that we no longer have a specialist taking that particular corner of the curriculum. I like the fact that this critical analysis, if you like, and this ability to discern what information is required and where I can go to source that information is in the domain of the classroom teacher and it is part and parcel of every learning situation that children are involved in. So I think the evolution is a natural one and it goes with contemporary 21st century learning.

THE CHAIR: Thank you. Ms Bresnan?

MS BRESNAN: Thank you. My question is in relation to something that was in the media last week. It is about the funds which schools had in the bank. I notice that the secondary colleges had some of the largest amounts there. I am assuming that schools have discretion over the spending of those funds. If so, I am assuming that the spending has to be through a formalised process, whether it is through school boards or any connection it has with the department of education in terms of expending those funds?

Mr Whybrow: Under the Education Act, the responsibility for financial management of the school rests with the school board. School boards set budgets annually. Within that budget the school makes local decisions, like any organisation does. That is the process for setting the budgets and the expenditure.

To give you an indication within a particular school—and these are ballpark figures, if you can take them as that—as to the total cost of running a school, you would say that somewhere in the order of 80 per cent plus is met by the department. I think the figures that I have done in the past show that the school-based management grant relates to approximately seven per cent of the total cost. That is for things like utilities, text books and photocopying at the school.

A large component of a school's operations, in a financial sense, is the collection of funds for excursions. There is also the collection of voluntary contributions and donations from the P&C—but that is all held locally. Those schools, by having their own bank accounts—as you can see—have the capacity to hold that and to earn interest on it. There are some requirements under the Education Act that any information that is set in reserve, and you would have seen in that article that there were things called reserves—

MS BRESNAN: Yes.

Mr Whybrow: This is the school saving up for a future period. They have to identify what those funds are for and when they are going to be spent. That is incorporated in their school board report which is published on their website annually.

THE CHAIR: I would like to go to that because I know that every couple of years we seem to have a shock, horror article in the *Canberra Times* about the millions and millions being held by schools. You are saying, Mr Whybrow, that if there are reserves the school is clearly identifying, for example, that it is replacing all its hot-water systems in a couple of years or it is building something new?

Mr Whybrow: If I can just clarify that: generally, those sorts of things are managed by the department through either its minor new works program—

THE CHAIR: So what is legitimate for these reserves? What is seen by the department as being legitimate? Do you have some idea around how much funding you think it is legitimate to hold?

Mr Whybrow: We provide schools with something that we call a recommended working capital balance, which says to them: “Like any other business, you have a cash flow requirement. You need to keep money in the bank to make sure that you can meet the ongoing expenses that you incur or if you have individual issues.” We have, for example—and we have touched on it in this chamber earlier—issues about vandalism and the insurance coverage. There is an exposure to schools and the department in that. We provide that information to schools. Schools can use those funds for a range of things. Under our staffing arrangements, schools even have the capacity to increase their staffing levels in the short term and use their funds for that. Some of our schools actually do that.

As to the issue about building capital structures, obviously we have a range of planning issues in place. Those things get checked through our capital works area. We consider issues where schools have raised their own money to mitigate the cost of work that is going through our minor new works program. It is a partnership arrangement. My only concern is that every time something gets put in the paper about bank balances all that happens is that we see an immediate reduction in our voluntary contributions in schools. That is my concern. I actually see this as a partnership of schools. Some people use their time; other people provide financial support for schools.

MR SESELJA: Minister—

MS BRESNAN: I have got a follow-up question.

MR SESELJA: didn't you arrange for it to go in the paper? Didn't you give it to the media, minister?

Mr Barr: Well, it is publicly available information.

MR SESELJA: So you gave it to them?

Mr Barr: It is publicly available information.

MR SESELJA: Mr Whybrow is expressing concerns about it being published.

THE CHAIR: Ms Bresnan, you need to follow up.

MS BRESNAN: Thank you. I have got a follow-up question.

Mr Barr: It is on the public record, Mr Seselja.

MR SESELJA: But you arranged for it to go to the paper.

MS BRESNAN: I am asking a follow-up question. Erindale college—and I am just thinking of other activities which colleges do—

MR HARGREAVES: Don't you bag Erindale college!

MS BRESNAN: I am not bagging it at all.

MR HARGREAVES: Good.

MS BRESNAN: They manage the adjacent leisure centre and also the theatre, and do a very good job.

MR HARGREAVES: An excellent job.

MS BRESNAN: Looking particularly at the colleges, are those sorts of things encouraged?

Mr Whybrow: Yes. I guess what you will see within our college bank balances is that our colleges would be the largest area that deals with international students. International students' money is on-passed to the colleges themselves. As I mentioned before, there is a capacity for schools to buy additional staffing resources. That is the funding mechanism for them to meet the requirements of international students.

MS BRESNAN: So, for the colleges, that is one of their—

Mr Whybrow: That is why you will see that they generally have higher bank balances. Annually they will be making payments back to the department for those additional staff members that are provided through that international students program.

MS BRESNAN: So while they are getting the fees from international students, there are those other, probably higher, costs which they have to cover, in a way, to provide those services as well?

Mr Whybrow: That is correct, yes.

MS BRESNAN: Thank you.

MR DOSZPOT: Madam Chair, a supplementary?

THE CHAIR: A supplementary; yes, Mr Doszpot.

MR DOSZPOT: This is going back to the financial management ability provided by the school boards to the various schools. A few months back, minister, you were very concerned about attracting enough members onto school boards, even to the extent of having to pay them to perform that function. Regarding the publication of these figures on how much schools have got—and I thank you for providing the information to me—as soon as I got the information it was also in the papers. It is strange how that all happened.

MR HARGREAVES: It is usually the other way around.

MR DOSZPOT: Yes. As you can see, we did not divulge any information to the papers, but apparently your minister has, Mr Whybrow.

MR HARGREAVES: That is his prerogative.

THE CHAIR: Mr Doszpot, your question?

MR DOSZPOT: The question I have is: what is the situation with the ability of schools to attract members to the board who can provide the financial management that might be required?

Mr Barr: I am pleased you asked the question, Mr Doszpot, because had you read the government response to the school-based management review you would be aware of a number of recommendations about—

MR DOSZPOT: This is pedagogy, is it? You are teaching me about—

Mr Barr: Yes, about training and assistance for school board members and also giving school boards the capacity to seek ex-officio expertise in areas such as financial management. This is an important area that I acknowledged earlier in the process as being one we had concerns about, one that we specifically asked to be addressed through the review of school-based management. Recommendations have been made and accepted by government as part of our response to the school-based management review.

THE CHAIR: I think we talked about this in the hearings last week.

Mr Barr: We did, yes.

MR HARGREAVES: Can I have back pay then, minister, for my service on the board?

THE CHAIR: A supplementary, Mr Smyth?

MR SMYTH: Minister Barr, did you or your staff provide this information to the *Canberra Times*?

Mr Barr: We advised the *Canberra Times* that the question on notice had been asked by Mr Doszpot and that the information would become public. I determined that, rather—

MR DOSZPOT: So the information would become public from me—is that what you are saying?

Mr Barr: Answers to questions on notice are in *Hansard* and are on the public record.

MR DOSZPOT: Okay, thank you.

Mr Barr: I made a determination, given previous experience with these questions ending up in the papers with a particular emphasis on “Isn’t it outrageous how much money schools have and are they not managing it appropriately?” You would see from my comments in that particular article that I said it showed that it was a snapshot in time and it showed good management from our schools. I sought to present what I anticipated, given past experience on this issue. As Ms Hunter indicated, it has been in the paper seemingly every couple of years. Rather than provide the opportunity for the information to be presented in a negative light I thought I would seek to cast it in a positive one. I know it has upset you. It is very disappointing that it has upset you, but this line of questioning just confirms that.

MR DOSZPOT: You are totally misguided, Mr Barr.

MR HARGREAVES: Life’s a bitch and then you die.

MR SESELJA: Minister, some of these amounts are quite large, larger than one would expect—\$1 million for Canberra college and \$950,000 for Narrabundah, for instance. What is the rationale for there being that much money in there? Obviously there are incomings and outgoings for a college, but \$1 million does seem at the very high end.

Mr Barr: Are you aware that Canberra college, for example, recently won a major national prize for their CC cares program at the National Australia Bank? I think it was something in the order of three-quarters of a million dollars.

MR SESELJA: So that explains it for Canberra college.

Mr Barr: I think not in this instance, because that grant came after this particular time, but—

MR SESELJA: Okay, so it does not.

Mr Barr: But sums of money of that amount can be won by schools.

MR SESELJA: That would be a pretty rare thing, I imagine. I imagine that most schools are not getting three-quarters of a million dollars coming in from prizes.

Mr Barr: That is right, but if you look at the detail on the list—

MR HARGREAVES: Are you saying that our schools aren’t up to that kind of prize?

Mr Barr: most schools do not have \$1 million in their—

MR SESELJA: No, but even this—

Mr Barr: But that is an explanation from time to time for larger than average bank accounts, because they can—

MR SESELJA: A pretty rare one. Just talk us through it. Canberra college, \$1 million. This is aside from the 750, as you say, that came after. It does seem at the high end.

What would be the rationale for a school having that much money in the bank?

Mr Whybrow: That particular school, as the minister said, does have the CC cares program. In its reserves, it has already identified a number of programs for the CC cares programs. My understanding is that the total participation has been steadily increasing in that program.

I spend some of my time having discussions with schools about why they have certain amounts of reserves in their accounts and whether they are managing their money efficiently. In the Canberra college case, the vast majority of the reserves, which I think were in the order of \$500,000, directly related to individual programs of the CC cares program, either updating the facilities there, at C block at CTL—they have done a lot of work for themselves there, with support from the department—and also expanding programs at that site.

They work in partnership with, I believe, ACT Health and Disability, Housing and Community Services. At that particular school, those are reserves and they should be available. As I said, all the reserves need to be documented in the annual report as to what they are for, and when they are due to be spent should be in the board report, so any of those schools should be—

THE CHAIR: CC cares is an award winning program which is around supporting—

Mr Whybrow: Young mums.

THE CHAIR: students who are parents to remain in school and to get their qualifications.

MR SESELJA: How does that program work in terms of the incomings and the outgoings? Presumably money would be paid out under that program and they would have reserves there to pay it, so that still does not quite explain the high balances.

Mr Whybrow: They had particular enhancements to that program. Really, I need to point you back to their website with their annual report but, for example, they have purchased, I think, two buses recently, because one of the biggest issues about getting people from that particular background—

THE CHAIR: Young parents, yes.

Mr Whybrow: an education is actually getting them there. There were significant purchases for things like that.

MR SESELJA: Based on that, though, would we expect then to see these balances be much lower as we go through this financial year? As I look down the list of colleges, for instance, the lowest are around the 350 or 360 mark, but most are well above that. If the issue is that you need a certain amount of cash and you have got big outgoings and they are coming up, you would expect to see some colleges with very little and some with a lot, but what we are seeing is that most of them have quite significant reserves. It does not quite explain why they need it.

THE CHAIR: Could I clarify, Mr Whybrow. You did say that in their school report each school needs to document quite clearly what this money is being pegged to and when it will be spent, and that all of those reports are up on each school website.

Mr Whybrow: That is right.

THE CHAIR: So anybody can go and check to make sure why they are holding so much money; then they can question it. If they need clarification, they can take it up with the school.

Mr Whybrow: Yes. But that is in relation to reserves. We should point out that at any point in time, a large amount of the bank balance that is held by schools relates to things that are held in trust. The largest component of that is when someone has prepaid for an excursion and the excursion has not happened yet. Those funds are held in the school's bank account. I believe that level of detail was published in the paper that identifies that a large component of the total bank balance relates to external parties' funds.

THE CHAIR: So when you are looking at these moneys the reserves are only going to be part of what is in a bank account—

Mr Whybrow: They are only a portion of it.

THE CHAIR: which you would need for cash flow and so forth to run the school.

Mr Whybrow: Yes. You have your discretionary amount, which is really what we are talking about—that working capital amount to pay your bills as they come in. You also have the money that effectively is someone else's that you are holding for services yet to be rendered. And generally in the school environment that is—

THE CHAIR: The school camp or whatever, yes.

Mr Whybrow: Yes; school camps and those sorts of things. And then you have effectively their plans for larger purchases going forward.

THE CHAIR: Thank you. Mr Hargreaves.

MR HARGREAVES: Thank you very much, Madam Chair. Mr Seselja has indicated that it is not uncommon for a school to have about the \$300,000 mark in reserve. From my own memory and from working in the department, I would say that that is not a recent happening; it has been going on for a number of years—and quite reasonably so, in my view. But it is true that in any one year you have got 300 grand lying around. What happens to the 300 grand? Is it invested and the return put into educational programs and social programs within the school itself? Is that the way it happens? And if that is the case, what direction does the school get on how they can maximise return on that 300 grand?

Mr Whybrow: There are interest earnings on those accounts. The ACT schools are a special case in the ACT financial framework in that they do have the capacity to earn interest. We are using the same government contract for the whole earnings of the

department, so our individual schools actually get an interest rate in line with the total for the ACT government. The only difference is that it is discounted because we do not pay fees on our cheques.

MR HARGREAVES: What happens to the interest? Is that retained by the school?

Mr Whybrow: It is retained and earned in schools.

MR HARGREAVES: When is it reflected in the accounts that we can see?

Mr Whybrow: The line that it will come through, if I refer you to the operating statement on page 329, is “Other revenue”. That other revenue includes interest earned by the schools.

MR HARGREAVES: Right.

Mr Whybrow: Sorry; I have pointed you to the wrong one. It is actually the interest line above. The “Other revenue” includes the voluntary contributions and the transitory moneys, mainly for excursions.

MR HARGREAVES: Yes. I understand that; that is prepaid and you cannot do anything with that. What I guess I am getting at is this. Looking at these numbers, the school earns a fair amount of money across the system, but if you divide it by the number of schools it is not mind-blowing; it is significant, but not mind-blowing.

Mr Barr: Worth having, I think. The schools think it is worth having, yes.

MR HARGREAVES: It is certainly worth having. I have to tell you that I would rather them have it than you guys have it. I just wanted to know what the funds are applied to.

Mr Whybrow: It is—

MR SMYTH: Minister, given that Mr Tardif is not here to do the water, it is your job to keep that glass full. I notice that the level is very low for Mr Whybrow.

MR HARGREAVES: Let her rip, mate.

THE CHAIR: Is that up to each individual school to make those decisions?

Mr Whybrow: It is within the financial management of the school. The school set its budget. There are elements that relate to schools’ SBM. They will be setting their own voluntary contribution rates; they will be identifying an appropriate revenue earning from their bank balances. That forms part of their revenue stream. They will be then looking through their expenditure. It is in that normal budget process. As we said, under the act, the financial management responsibilities sit with the board. The school prepares those accounts, they get presented to the board and the board makes decisions on priorities.

MR HARGREAVES: I just want to go down one little point; Madam Chair, please

indulge me here. The support to the board comes from the school, unless things have changed dramatically since I was around, so the school management actually provides the support and the advice as to how to apply those funds. With respect to the individual school board managements, expertise in the investment of these sorts of funds to maximise the interest return on them is a bit much to ask of some of the staff in the school, I would think. What advices come from the departmental experts like your good self, Mr Whybrow, on how that can be maximised?

Mr Whybrow: In relation to that, I think I have mentioned that we already have a framework. There is not capacity for individual schools to invest money outside the existing framework.

MR HARGREAVES: But you tell them how much they are getting and then they go and do it?

Mr Whybrow: We already have an arrangement, which is consistent with the whole of government's banking arrangement, which earns us a market rate which I do not think schools could achieve individually, because it gives you a market rate on your daily funds as well as those funds that are held.

MR DOSZPOT: Can you give us an indication of that market rate you are talking about?

Mr Whybrow: Those rates are published annually in our annual report.

MR DOSZPOT: What I am asking is whether it is on investment. Is it the short-term loan market rate? Which market rate are we talking about? There is quite a difference between them.

Mr Whybrow: The best place for me to refer you would be ACT Treasury, because it is the same as for the rest of the whole of government.

MR DOSZPOT: Okay.

Mr Whybrow: They manage that contract on behalf of government. In relation to our department, we provide that information in our annual report annually, about those levels of funds and the interest earnings—the weighted average interest for the year, which is your best source of information to say what those earnings are.

THE CHAIR: Thank you, Mr Whybrow. I want to move to the ACT school census that came out in February this year and to the college enrolments. I note that, according to the census, there are 5,941 students in our colleges as of February. There is at least one college that has very low numbers in year 11 and 12. I am just wondering whether this is of some concern to you, minister, and what you might be doing to encourage. This school has a new model; it is combined with a high school that obviously gives it some extra viability. But I am wondering whether this is assisting to get more of those students flowing from year 10 into years 11 and 12 within that school.

Mr Barr: That was certainly one of the key priorities that led to the decision to

amalgamate the 7 to 10 with the 11 to 12 component. That had an impact. The old Melba high and Copland college were about 300 metres apart on the same road—maybe 400 metres apart on the same road, but in very close proximity. It certainly was identified back in 2006 as being problematic in that the number of college-age students in that part of Belconnen was less than had been the case when the school was established. There is, as I understand it—

THE CHAIR: There were less college-age students in the area or there were less college-age students going into that school?

Mr Barr: Yes, both.

THE CHAIR: Right.

Mr Barr: The demographic changed in that part of Belconnen from when the school was established, as the folklore goes, as a temporary facility. That is always the way with temporary facilities; 35 years later or thereabouts they are still there. That certainly is the folklore in relation to Copland, but it clearly was identified as a problem, particularly in anticipation of Gungahlin college opening.

The decision to amalgamate was one based on an attempt to capture a greater proportion of the high school students in the area going on and also having continuity of curriculum, having the opportunity for teaching staff to teach across that senior secondary band from seven to 12 to provide a point of difference. The college I think also took up the national baccalaureate program to provide another point of differentiation—certainly the north side colleges. There was a considerable amount of thought put into that particular approach.

THE CHAIR: And how is that all going? Have you retained students from year 10?

Mr Barr: Certainly, the evidence appears to be, subject to other competitive factors, such as other colleges in Belconnen, for example, responding to—

THE CHAIR: Who have got quite respectable numbers.

Mr Barr: Yes. If you look at the snapshot of 2006, my old college, Lake Ginninderra, had a smaller student enrolment than it does now. Clearly, there has been movement, as tends to be the case, over a four to five-year period in terms of enrolments. I would have to go back and check year on year to see exactly what percentage of students in year 10 at the old Melba high were then going on to Copland and then check that against the current position. I certainly know that from the initial stage of the transition there was an increase. I might get Linda to advise if she knows whether that trend has continued over the last year or two.

Ms Baird: The college is currently offering transition programs for the students from year 10 on the Melba campus to Copland college. That is going to continue. Currently, there is no movement out of the high school site when it gets to college. With the new Gungahlin college, there are several students in the high school site who come from Gungahlin. When the new Gungahlin college opens, there will be some of those students who exit who go to the new Gungahlin college. Those numbers are not yet

known.

THE CHAIR: Do you have any concerns that there might need to be further initiatives put in place?

Mr Barr: I think we will certainly have to monitor enrolments across and the impact of Gungahlin college that we discussed last week. We recognise that there will be a growing college-age cohort in Gungahlin itself. Over the next decade, as the rest of the suburbs are populated in that area, you will clearly see sufficient local enrolments for Gungahlin college, such that even out-of-area enrolments may not be possible; so Melba Copland would then benefit from potentially losing fewer enrolments from its priority enrolment area to an outside college.

But clearly, it is a challenge. There are, of course, new suburbs going in in the Belconnen area. The suburb of Lawson will be closest to LGC, but equally will increase the population in the Belconnen area. This is an interesting issue that we will have to grapple with, but the long-term population projections are that Canberra will have the population to sustain the ninth college and—

THE CHAIR: So you are still committed to the college?

Mr Barr: Yes, and certainly the compelling case for a college in Gungahlin has been there for some time. It was always going to be constructed. But we did make the change in 2006 to Melba Copland for this very reason. People would recall that this issue and this option was put up in the 2006 reform package.

THE CHAIR: Yes. It was just to check your commitment to Melba and Copland secondary schools. Mr Seselja.

MR SESELJA: Thank you. We are now going to talk more about college education, aren't we?

THE CHAIR: Yes, indeed.

MR SESELJA: In terms of class sizes in colleges now across the ACT, there was a commitment before the election, I think, for an average of 19. Could you just talk us through over the last couple of years where we have seen class sizes go across the system? Have they stayed steady, gone down, gone up?

Mr Barr: They have come down, of course, with the additional teachers recruited. The change in the 2006 EBA increased the number of face-to-face teaching hours for college teachers from 18 to 19; so the total number of hours taught increased. Then that was offset, obviously, by a reduction in the number of teachers through that change, but the total class sizes were not impacted by that, because teachers would teach. It was a productivity measure that teachers were teaching that extra hour.

The additional staff that were put in as a result of last year's budget initiative has led to a reduction first semester on first semester, acknowledging that in college, obviously, the classes change from first to second semester. So we will not have a full year's data on the impact of the extra teachers until the August census this year. But

our first semester on first semester does show that in colleges the extra teachers in there have made a difference.

It is a moving feast because obviously the nature of college education is very different from primary schools where students are in one class.

MR SESELJA: What are those numbers, semester 1 to semester 1? What are the numbers that we have?

Mr Barr: Have you got that, Tracy?

Ms Stewart: Yes, I have. For colleges, a semester 1 average class size for 2009 was 20.0 and for 2010 it is 19.5.

MR SESELJA: It is 19.5. Do you also have that for high schools and primary schools?

Ms Stewart: I do have some data. We are still working through some of our high school data, because it is quite complex in trying to analyse classes. With respect to our primary school data, I can tell you that for 2009 the average class size was 21.5 and for 2010 the average class size was 20.9, again based on first semester data. One of the things we are also looking at that we are trying to correspond what is happening with our class sizes are the national measure of class sizes or equivalent, which is student-to-teacher ratios. That is published by the Bureau of Statistics each year. We get cross-jurisdiction comparison with that data.

We have not yet got the 2010 data. That will not come out until March next year, but for last year it was showing that our class sizes or our student-to-teacher ratio is the second lowest in Australia, behind the Northern Territory, and it has been steadily reducing year on year. We would be expecting to see a reduction when the data comes out next year.

MR SESELJA: Do we see a significant divergence between schools that are in the primary sector or in the college sector in terms of those averages?

Ms Stewart: We do, particularly with the student-teacher ratios, yes. We actually see lower ratios. Because we are comparing nationally, it is a secondary ratio. It is a combined high school-college ratio. But across the board, the secondary ratios are lower than primary. In the ACT we were quite a bit lower in our high school-college ratio than we were in the primary ratio.

MR SESELJA: Sorry, I might not have been clear with my question. In terms of individual schools, the average in colleges is 19.5 now across the board. Are there colleges that have averages significantly higher than that and therefore some that have significantly lower?

Ms Stewart: They do vary a little. I would have to go and check the actual numbers. I do have them in front of me, but it would take a while to check. But my memory is that they do have some variation, but not significantly.

MR SESELJA: And what about the primary schools?

Ms Stewart: I would have to check. I would have to have a look.

MR SESELJA: Could you provide those figures on notice, because that is one of the things obviously that the AEU expressed to us, I think, when they were here. Averages are fine, but they are concerned about whether or not at individual school levels we see significant divergences.

Mr Barr: Certainly, one of the questions I asked was whether the impact of additional teachers would mean that there would be no classes over 30 in our primary schools. The answer to that is that there are not now any classes in the first semester of 2010 with over 30 students; so that is one element where the new additional staff were able to address that particular issue.

MR SESELJA: Okay, good. Ms Stewart, could you come back to us at some point with the breakdown of those averages across the schools?

THE CHAIR: Thank you. Ms Bresnan.

MS BRESNAN: I refer you to budget paper 4, page 315. I seek clarification on some figures there. I am sure there is probably a simple answer. The total cost there estimated for 2009-10 was \$90,410,000. Then we have got the payment for outputs shown as \$75 million. We have got the same for 2010-11—\$96 million and \$81 million. Could we get clarification on those figures?

Mr Whybrow: Certainly, yes.

MS BRESNAN: It is just a bit of a reduction in the actual figures—

Mr Whybrow: Definitely.

MS BRESNAN: and I am sure, like I said, there is a simple explanation.

Mr Whybrow: I refer you to page 329. You will see that there is an operating loss for the department in total. The second series of numbers that you were talking about, which are in the order of \$15 million less, relate to the government payment for the output line, which is only one of the elements of funding that is available to the school. The expenditure includes all elements of funding.

It is also worth noting that under the ACT financial framework, the department does not receive funding for its depreciation. That is provided to the department through a capital works program as a capital injection. Basically, what I am saying there is that the technical way we do our accounting is that we show an operating loss because our assets are depreciating and then the government injects new money.

I should point out that in the last couple of years that is significantly more than the amount of the depreciation. In this year we are talking about, we are talking about \$196 million of the total capital works program. You are looking here at depreciation in the order of \$40 million to \$45 million. Does that—

MS BRESNAN: Yes, that does. So the capital works will essentially make up for that depreciation?

Mr Whybrow: Yes, the capital works are provided through a capital injection rather than a recurrent funding allocation.

MS BRESNAN: Is that capital injection across all of the colleges?

Mr Whybrow: Across the entire ACT government.

MS BRESNAN: We are specifically looking at colleges here; so it would have been across all the colleges?

Mr Whybrow: Yes. If you look at pages 314 through, in each of those areas, you will see there is a significant difference through all of them.

MS BRESNAN: There is, yes.

Mr Whybrow: One relates to expenditure; one relates to only one element of revenue.

THE CHAIR: Next question to Mr Smyth, then Mr Doszpot and then we do need to think about moving on to special education.

MR SMYTH: Minister, on page 321, budget paper 4, output class 1, accountability indicator “a”, I see that 87 per cent of students moved from year 10, it says, to public secondary college education. I assume that means the year 12 schools.

Mr Barr: Sorry, in?

MR SMYTH: I am assuming that includes the students that stay in their years 7 to 12 schools, or is this strictly to college?

Mr Barr: Yes. There is only one years 7 to 12 school. That would be students who are in year 10—

MR SMYTH: Year 11 or 12, yes.

Mr Barr: Yes, who then proceed on to year 11 or 12 in a public college.

MR SMYTH: Of the 13 per cent that do not, do we know what is happening with them? Where are they going? How many are going to CIT or TAFE? How many are going to a non-govie and how many are not continuing their education?

THE CHAIR: You will get some of that information in the school census, but—

Mr Barr: Yes.

MR SMYTH: Thank you.

THE CHAIR: I would be interested to know how many go into—

MR SMYTH: I am intrigued that you are answering the minister's questions, Madam Chair.

THE CHAIR: Only because I have been studying this document.

Mr Barr: Chair, if you want to move over—

MR SMYTH: But the question is not to you. If you want to move over and assist the government, go and sit on their benches.

THE CHAIR: No, it is just that I know there are some important questions to get through.

MR HARGREAVES: All right. You got it.

MR SMYTH: You got kicked off them, John.

MR HARGREAVES: Sorry.

THE CHAIR: Mr Smyth, there are some important questions to get through. It is just to get to the point.

MR SMYTH: They are all important questions, Madam Chair. You are not here to answer the questions for the government.

THE CHAIR: CIT, I would be interested in.

Mr Barr: Ms Stewart, would you like to provide some information to Mr Smyth in relation to the percentage of students who are not captured by this data set and where they are captured, in terms of alternative pathways beyond year 10 other than going on to a public secondary college? I think that was the question.

MR SMYTH: That is probably the question.

Ms Stewart: Thank you, minister. I have to say at this stage that actually we do not have a lot of data on where they go but we are in the process of collecting more data. But they are actually a match of those who leave year 10 public schools and then do not proceed on to year 11 public schools. Anecdotally, we believe that most of those have in the past been leaving the education system, but we do not have the data on that at the moment.

MR SMYTH: When you say “at the moment”, when would it be available?

Ms Stewart: We have some plans underway. They are not final yet, but we have been considering expanding our school movement survey to collect broader information about leavers at all levels of school and not just at particular transition points of schooling. That may be an option in the future for us.

MR SMYTH: When would a decision be made on that, minister?

Ms Stewart: I have to say that it is only under consideration. We are having a look at what the costs might be, whether there are alternative ways to collect that information, whether that would actually capture the information we want; so we are having a look at a whole range of options in relation to that and we have not progressed our thinking very far around what the best option would be.

MS BRESNAN: In relation to that and with the earn or learn policy that is being pursued, that would make that data fairly important as well, to see where those kids are going?

Mr Barr: Indeed, yes.

Ms Stewart: Yes.

MR HARGREAVES: Are we basically saying you have got no idea how many kids are running away to the circus?

Mr Barr: No, that is not it.

MR SMYTH: We know exactly how many have left. We are not sure where they went. But the point—

MR HARGREAVES: We are talking about those people who are leaving the secondary school system, who are not going on to some other sort of training but going off—

Mr Barr: No. This data set just says who is in year 10 in a public school and then who goes on to year 11.

MR SMYTH: We know who goes on.

MS BRESNAN: Yes.

Mr Barr: So the question is—

MS BRESNAN: We are not sure where they are going.

Ms Stewart: Public school.

Mr Barr: Into a public school. Yes, so the question then is, into the future, with the earn or learn requirement that increases the compulsory participation in education, training or employment, our expectation is that the pathway, other than going on to year 11 at a public college, will be to go on to year 11 in some other setting, be that an access—

MR HARGREAVES: Shock, horror, they might go to Marist!

MR SMYTH: They may well do.

Mr Barr: That would be one option. Some—

MR HARGREAVES: And they could end up like Mr Smyth.

MR SMYTH: They may well go to CIT or they could end up like you, Mr Hargreaves.

MR HARGREAVES: I did not go to Marist PS, you did.

Mr Barr: Some students clearly do switch from public to private. The evidence would appear to be, though, that the majority are going the other way, because if you look at market shares it is the case that—

THE CHAIR: But the point I was making before about this is that you have got some idea about that. The critical ones are around who is going into employment or who is going into some other training.

Mr Barr: That is it, yes. That is what I was trying to get to, but I keep getting—

THE CHAIR: And that is what I was saying before, when I was—

Mr Barr: You keep getting interrupted. Yes, but that is okay. That data will be very important to us in terms of being able to track individuals up to the age of 17. But then of course remember that some people turn 17 during year 12.

MR SMYTH: Given that it is under consideration, could you perhaps take on notice and, if it is available following discussions, give the committee some indication of when it might start, what might be collected and what cost is attached to it?

Mr Barr: Yes. Obviously, there are other overlaying data sets that come from elsewhere, nationally et cetera; so yes, I am very happy to do that. It is an important project.

THE CHAIR: One of the issues I want to raise about the accountability indicators too is that we have got overall satisfaction rates in the primary school area and the high school area but we do not seem to capture satisfaction rates in the college sector. Why is that?

Ms Stewart: I am not exactly sure of the history—and I am happy to be corrected if this is not the case—but my understanding is that we used to only collect college satisfaction on a periodic basis, because of the number of colleges, and we only used to collect them every three years; so we did not have them in as an accountability indicator because we did not have information on an annual basis to report on. As I mentioned last week, we have now moved to a different model for recording our satisfaction and, as a result, our college teachers, college students and college parents will be covered each year for their satisfaction.

THE CHAIR: Thank you.

Mr Barr: Yes, we will have that in there in future budgets.

Ms Stewart: It is, yes.

THE CHAIR: Thank you, Ms Stewart. Mr Doszpot and then we will move on to special education, if we have time. We might break for an early afternoon tea and come back to special education. That is probably more logical.

MR DOSZPOT: Minister, you mentioned in prior estimates hearings that you studied the Tasmanian polytechnic model. What in particular did you like about the Tasmanian model?

Mr Barr: What I found interesting about the Tasmanian experience is their attempts to address education and training provision for those students within their jurisdiction who were not engaging currently with an academic or vocational path, in that they have a much higher percentage of students than the ACT who drop out earlier; so a lot of their reforms were targeted at increasing their level of participation, for working with those students who are hardest to retain in the education and training system.

I thought, given that their problem is four or five times in terms of the magnitude of students and percentage of students to ours, it was interesting for a jurisdiction of their size, similar to the ACT, to be taking on such a reform task. If you are, like I am—and I believe you are too, Mr Doszpot—a passionate believer in the value of education and training, then looking at what other jurisdictions are doing to address exactly the same problem that you are confronting, in particular jurisdictions that have a similar education model in that they have their senior secondary college model very similar to us, they have a population very similar to us, it was certainly worth looking at their reform experience.

So I did go down to Hobart and have a look at one of their skills academies and the relationship that was struck between their TAFE and the skills academy to enable quality vocational education and training programs to be delivered for students of that age. The concern I have at the moment with our years 11 and 12 VET provision, with every college being a registered training organisation, is that the quality of the VET programs that we are offering at the moment are not of a universal standard. We have difficulty attracting teachers in particular areas. I suppose there is also a question of the capital infrastructure that is required.

The example I have used before is automotive. We have a world-class facility at CIT Fyshwick. We have partnerships with Toyota, for example, where the students at CIT Fyshwick are now working on hybrid engines; they are working with the latest technology.

There is no way we can replicate that in every public college in the ACT; so one of the things that are motivating me here is to see how we can improve the quality of those years 11 and 12 vocational education and training courses within our colleges. I realise there was controversy and there were issues in relation to the local implementation in Tasmania, but the concept and the policy idea of having TAFE more involved with vocational education and training delivery in years 11 and 12, I believe, is something worth exploring further. That is why I wanted that debate to

occur in the ACT, why we have that debate now in the ACT.

Every now and then, in order to achieve change, you sometimes have to come out with somewhat of a controversy in order to stir some thinking, stir some innovation. My experience in this sector can be that even organisations who perceive themselves to be progressive are very conservative. The Australian Education Union is one organisation that falls into that category.

MR DOSZPOT: Minister Barr, I am glad to hear you say that you are interested in the same aims that I have got for education—

Mr Barr: I think you are interested in my aims—

MR HARGREAVES: Let us draw the line somewhere here, guys.

Mr Barr: Before we have a break-out of bipartisanship, I am sure you are going to ask me a narky question now, so come on—out with it.

MR DOSZPOT: I am not sure about it being narky, but the whole point is that you talk about change, and I am all for change; I am all for progress. But going back to the 60s is not my idea of progress, nor is it the idea of many educators in the city, and that was the controversy about your suggestion about going Tasmania's way. You are obviously aware that, as of yesterday, the Tasmanian model has now been classified as a failure, and it is not exactly the model that I would use if I was to look at implementing change.

MR HARGREAVES: Better scrap it now then, minister, because Mr Doszpot won't use it. It has got to be rubbish—toss it out.

Mr Barr: As I have said on more than one occasion, Mr Doszpot, I was interested in their reform experience. I did not say that we were just going to photocopy Tasmania and bring it to the ACT. But they were grappling with many of the issues that we are going to grapple with—

MR DOSZPOT: Correct.

Mr Barr: and looking at their reform experience was going to be important for us. They are a similar sized jurisdiction, they have a similar education structure and they were seeking to grapple with a problem that they have that is in fact much larger than the problem we have in terms of the number of students who are not going on to year 11 and 12. At no point have I said we were just going to photocopy the Tasmanian model. But, surely, you would want to look at the experience of other jurisdictions?

MR DOSZPOT: Correct.

Mr Barr: Surely you would.

MR DOSZPOT: Surely I would, yes. You are absolutely right.

Mr Barr: Surely you would not want to rule out looking at what has happened in

other jurisdictions. It was not just Tasmania, but it was one that was engaging in that reform process at the time, and the particular story that appeared in the *Canberra Times* was because the Tasmanian Premier happened to be addressing the National Press Club on that day and was asked a question by the *Canberra Times* journalist.

All I indicated was that I was interested in this discussion, interested in the reform experience in Tasmania, and I remain interested in the reform experiences in Tasmania because there are lessons clearly to be learnt in terms of implementation. The broad concepts, the idea of involving TAFE, in our instance involving the CIT, in the delivery of high-quality vocational, education and training programs in partnership with our senior secondary colleges is one that I believe has considerable merit and I want to see it explored further.

MR DOSZPOT: In broad terms, I am fully behind you, but I do not intend to pursue educational reforms that really go back to the 60s, and I caution you regarding the implementation methodology that you are looking at at the moment.

Mr Barr: Sure, but the—

THE CHAIR: Have you got a question, Mr Doszpot? There might be another question in it. I am just wondering if you want another question.

Mr Barr: The issue, though, Mr Doszpot, surely is that you would want to draw on experience, recognising that it is—

MR DOSZPOT: But not on failure.

Mr Barr: now 2010, that the context and the environment in which we are dealing is different, but there are lessons from the 1960s. There are lessons from—

MR DOSZPOT: There are lessons from 2010, the lessons of Tasmania.

Mr Barr: Indeed. That is right, and you would want to learn from them, surely. And, surely, engaging and going and talking with people, visiting, looking at the issues, asking the questions: what went right, what went wrong, what would you suggest, if you could do it again would you do it differently? All of those things are important things to be doing. Surely, in what I have indicated was going to be a year-long conversation about how we might go about making changes but looking at their experience, as I say, in a similar sized jurisdiction, facing similar issues to us, looking at their experience, is a worthwhile exercise—just as it is worth while looking at what other states and territories in the country are doing. We take from that experience and look to mould our own policy framework, and that is what we are doing.

MR DOSZPOT: I could not agree more and, Madam Chair, I will finish on that. But the cautionary statement I would just like to make is that, looking ahead in this discussion that you want to have with all of the education sector, I draw reference to “all” of the education sector. The initial meeting that was held did not have all of the education sector, which we have spoken about before.

THE CHAIR: I just have one more to check on page 315 of budget paper No 4,

under output class 1.3, public secondary college education. We have a figure there of \$90,410,000. The estimated outcome for the financial year is just over \$75 million. Am I correct, Mr Whybrow?

Mr Barr: That is the difference between government payments for outputs; the other being the total cost. So there is other revenue that is—

THE CHAIR: Okay, so you are doing okay. I just wanted to check those outputs.

Mr Barr: Yes. If you compare GPO 2009-10 to GPO 2010-11, you will see the total increase and the total cost increase as well.

THE CHAIR: And that is in the statements?

Mr Barr: Yes.

THE CHAIR: That is fine. Thank you very much. We will now go to afternoon tea. and we will resume again at 3.45.

Meeting adjourned from 3.29 to 3.49 pm.

THE CHAIR: We will recommence this public hearing of the Select Committee on Estimates and move to output class 1.4, special education in public schools. Ms Bresnan, would you like to start?

MS BRESNAN: Yes. My first question is in relation to the Shaddock review. Can we get some indication of when the government is expected to make a detailed response to that? In terms of this budget, there has been some allocation in relation to disability. When we spoke to the education department, we learnt that there is some ongoing work in relation to some of the recommendations. What can we expect in the forward years or in the next couple of budgets about what funding will be allocated in relation to what is in Shaddock?

Mr Barr: We will, of course, be awaiting the recommendations of the education committee inquiry into this matter as well. Having referred the Shaddock review to the committee as part of that investigation, we will, of course, before responding to both, wait for the committee's recommendations and respond. However, we have already, through a number of measures, been able to respond to some of the elements of Shaddock and put in place an initial response immediately. There are some areas that require further consideration and some, of course, on which we will await the recommendations of the committee of inquiry.

I will also answer the second part of the question before I perhaps get Dr Collis to talk a little about what we have done so far in response to the Shaddock review. I would indicate that, yes, I would anticipate that we closely monitor demand. We have observed an increase in demand for special education services. We will need to make annual adjustments to the budget similar to what we have done this year.

The experience over the last four or five years has been incremental growth in the number of students identified with special needs. The budget has needed to grow to

respond to that. I would anticipate further appropriations will be required but it is appropriate to monitor this on a year-by-year basis. I would anticipate that we will be having this conversation again next year in relation to growth—just the growth in the number of students.

Then there is a secondary issue which will relate to any costs that go with the recommendations that come from the committee and equally might arise out of the cultural change that is required in response to Shaddock, recognising that the Shaddock review was not about resources. The Shaddock review was principally focusing on pedagogy and focusing also on the necessary cultural changes that need to occur and approaches that we need to look at in terms of how we deliver special education. It was not a case of go and benchmark the dollars we spend now and then tell us how many extra dollars we need to spend. That was not the purpose of the Shaddock review.

MS BRESNAN: No, but there were a number of recommendations to think about.

Mr Barr: There were some in the Shaddock report that were—well, not recommendations; they were options.

MS BRESNAN: Sorry. Yes, he called them options, not recommendations. That is right, yes.

Mr Barr: He was quite clear about that. Some could have resource implications the government will need to consider. But the budget measure this year is largely to deal with growth, as it is outlined in the budget papers. But I will get Dr Collis to talk about what we have done so far in response to a number of the Shaddock options. They are things that were either already in train or things that we have been able to respond to immediately.

Dr Collis: The Shaddock review had 68 specific options outlined for public schools. They were organised around 10 general themes. One of the initial findings of the Shaddock review in regard to public schooling and provision for student disabilities in public schooling was actually to commend the department for the broad array and depth of programs that we have in existence currently. The flipside to that was the notion that the breadth of programs or number of programs that we had held an inherent problem in terms of maintaining a coherent direction for the education of students with disabilities.

One of the themes was very strongly for us to develop what is called in the review of special ed a business plan. We are terming it a strategy. But the very first theme was that we should get a business plan or a strategy together which ties all of these programs together philosophically and gives a direction to how we need to meet them in the future.

We started in work in the department right there. We used the options that Professor Shaddock and his team had provided to us. We used them as a basis for crafting a way forward in terms of the response to the Shaddock review. We have started that. In fact, the disability education reference group, which is a reference group of parents and community providers, has had already one workshop. We have sent that material out

for consultation. We are getting that information back and we are going to move forward, albeit taking into account the minister's point, which is the outcome of the Assembly inquiry into the needs of students with disabilities. It might provide information, and probably will provide information, that we might take account of moving forward. So we might not be able to wrap that up for some time until that report is received.

I turn to specifics with the precise number of options and what we are doing with those. Overall, of the 68 options, we can actually arrange those around 62 because one of the options was about tertiary engagement. We just collapsed that into one option. Of the 62 options that are available currently, in the disability education strategic plan that we have as a draft, we have actually addressed 31 of them. We are moving forward and taking on 31 of those options.

We already have put in place nine of the options. This might alter our reporting into the future—or will alter our reporting in the future, I assume. The nomenclature around special education is moving to disability education. That was one of the recommendations. We are actually looking at using the recognised national-international nomenclature around disability education. That is an example. So we have largely adopted that. The branch of which I am a director has a disability education section. It is no longer special ed and so forth.

We are still considering 13. You will appreciate that the review report is probably one of the most extensive review reports I think I have ever seen—even just in size. Having read that is one thing, but the references to key documents in there—for example, best practice around how to use what we call learning support systems in schools. There are books and articles which we have been directed to go to to look at those models. So it is a very complex set of options.

Thirteen of those recommendations we are actively pursuing to find out what they would look like in our system. How do they fit culturally with our way of doing business here? How does that fit into the new school recruitment model that we have? How does it fit with the other ways of developing assistance to all students who need additional support? We have found eight that at this point we think immediately we either do not support or we would think would need to be majorly changed if we were ever to adopt them.

MS BRESNAN: Which ones are they?

Dr Collis: Can I give an example of that?

MS BRESNAN: Yes.

Dr Collis: An example would be conducting trials into the learning support coordinator model of operation. The review has recommended that we engage in a trial around this model. There are a number of issues around that. We have had a number of major reforms in terms of our numeracy and literacy strategy in the department over time, which is putting people with expert knowledge about literacy and numeracy in place.

There are already extensive trials happening of this model in Western Australia and New South Wales. The reports that we have received from those models from those jurisdictions is that they have not achieved the outcomes they had hoped for. So at this point in time we would be loath to use valuable resources to go down the route of following the learning support coordinator model.

Things could change in the future if we could identify what went wrong in those other trials, but we would not recommend that that model be a model that we would utilise at this point.

MS BRESNAN: The 32 that you said you have already addressed in your strategic plan, is that something that you have set out in the strategic plan? Have you said that you have addressed these? Or are you saying that the strategic plan actually already addresses these?

Dr Collis: Sure. If I said 32, I will correct—

MS BRESNAN: Sorry, I think I have probably got the wrong number.

Dr Collis: It is 31.

MS BRESNAN: Thirty-one, sorry. It was close.

Dr Collis: Those 31 are actually in the strategic planning with an action plan around them and a time line for implementation already. They would be things we would be moving on. An example would be key professional learning programs that we have already started putting in place around that.

MS BRESNAN: I appreciate that a response is coming, but instead of saying that you have already done 31, I think people need to actually see that you are actually addressing the 31.

Dr Collis: We have not completed 31, no. That is—

MS BRESNAN: No, you are addressing 31.

Dr Collis: We have actually planned how we would move forward to implement 31 of those options in the strategy plan. We have completed the intent of nine of those options.

MR DOSZPOT: Supplementary to that, Dr Collis, could I just ask—

Dr Collis: Do you mind if I finish the—

MR DOSZPOT: All I want to do is ask a question that relates to what Ms Bresnan asked you. It is a simple question. Would it be possible for you to give some clarification—not now—when you are providing your response on the nine options that you are currently considering? We are not asking you to do that now, but in detail and also the eight options—

Mr Barr: We will do that as part of the government response. I am not going to do two government responses. We will do one and you will see that.

MR DOSZPOT: No, that is fair enough. Thank you.

Dr Collis: For the people who are having difficulty with arithmetic, actually it was eight that we were supporting, not nine. If people are counting, we get to 62 at the end. One of the options is actually not applicable for us, and that was an option around what the University of Canberra needed to do in print service. It was in fact not within our scope to actually achieve although, as I understand it, it is probably highly likely that it will be implemented.

MS BRESNAN: There is one thing in particular, and I think we have already asked Dr Watterston about this. It is the SCAN process. There was an indication about moving from, I guess, that sort of deficit-based approach to one that is actually looking at the needs of the student and how they can get outcomes. There was an indication that that was something that would be examined as part of the process. The indication I seemed to get was that that was something the department would move towards doing. Is that going to be a formalised review process, or is it just going to be a matter of actually reworking how the SCAN process is actually done?

Dr Collis: This is a major element of our strategy plan. We have put a bit of planning into how this might look. Across industrialised countries over time there has been a number of ways of targeting resources or getting the targeted level of resource to students and schools. The SCAN model is an example of what is fairly common across all Australian jurisdictions. It is based on an appraisal of the need of the students.

In a sense, the SCAN model already takes into account the needs of a student in a particular way. I think the review told us that the actual process of implementation would often leave schools and families feeling quite negative about the process, because it was all about what can't a student do.

MS BRESNAN: And that is very much what I am hearing from parents. That is what they have all said. Significantly, they have said that.

Dr Collis: Yes, and that is the feedback we have received over time from our own feedback mechanisms as well. We think this recommendation is timely. What seems to be happening in this arena across the world is moving to a process where instead of supporting what we think is a need, usually based on the diagnosis of a young person's disability, the idea is that when we are looking at targeted funding, we actually target actions that teachers and schools have to put in place within classrooms. Rather than looking at the arbitrary need of a student—for example, a student who has a social skill deficit—and say that X amount of learning support time needs to go in, it is a case of saying, “Okay, if we identify that there is a social skill learning need for that student; what is it that the school has to do to address that?”

If that is to run a small social skills group, maybe extra reflection time after a student comes in from the playground, coaching of the student in there, we would ask, “In those activities, what is the resource we need to do this?” We are actually resourcing

what the schools need to do as opposed to an abstract view of what a general need might be.

This kind of funding is following what we call learning adjustments, because each time we do that, what we are doing is adjusting the curriculum so that a young person with a disability can access things. Therefore, it becomes more transparent. We are saying that the resourcing that goes in behind that student, the supplementary resourcing, is going to go to this activity and so on. We have two processes at the moment, which is SCAN and the individual learning plan process. The individual learning plan process actually identifies those activities.

MS BRESNAN: But it does not always get implemented.

Dr Collis: But it does not always get implemented. So the plan, and the option that the special education review provided for us, was to put those two processes and then this would have a couple of effects. One was to make sure that in the valuable time schools spend planning about individual students we did not have two separate processes and double up on that whole issue but focused on what needed to happen for that student and we would actually make the individual learning plan process more accountable and more effective for all the people involved. So that is the solution we are working through.

THE CHAIR: Dr Collis, does that also start to address the other issue that some parents have raised, which is this idea that the child has had this assessment and so many dollars have been attached to what is needed and then it does not stay with that child; it goes into the school and then their feeling is that their child is not getting access to what was the dollar amount that was decided at some point?

Dr Collis: Sure. “Partially” would be my answer. What I would say is that one of the cultural problems we strike is that we think that dollars actually lead to learning outcomes for young people. Actually, good, explicit teaching and appropriate planning leads to learning outcomes for students with disabilities.

This is a cultural issue. Many parents would believe that the funding that comes out of the SCAN is essentially directed to the student in particular, whereas in fact the funding is attracted into the school, for the principal to make appropriate decisions around how that might best be deployed to achieve the outcomes of the individual learning plan. It is quite curious. I believe you will find in the special education review that this cultural feature is not uniform across the ACT; it is more likely to be found in the public school system than it is in, for instance, the Catholic school system, where the culture is very much that the funding, even though they use exactly the same SCAN process, is acknowledged by the families in the Catholic sector as supplementary funding going into the school for them to make decisions about the ILP.

I hope, and I believe, that this process will lead to transparency in what it is about. What I hope families will say at the end of this will be, “We have been through this process; we were part of a planning process that said that these are what we want to achieve; these are how we wanted to achieve it,” and that they will see that the school has actually engaged in activities to achieve that. So we are tying that process up.

MR DOSZPOT: Dr Collis, I am just trying to get some clarification here, to make sure I understood this correctly. The disability education task force has been established to look into these issues you are talking about?

Dr Collis: The Special Education Reference Group has been rebadged “disability education reference group”, so we are working through that consultative body to get views.

MR DOSZPOT: And the membership of that group is?

Dr Collis: The membership of that group includes members from the P&C council. I might ask Ian to help me here, in case I miss any, but there are representatives of Autism ACT, Therapy ACT and Disability ACT. There are representatives of the University of Canberra and from the Australian Association of Special Education. Principals are represented on there and the Deafness Resource Centre are represented on there as well.

MR DOSZPOT: Thank you. We did hear from Tony Shaddock at a different review about his vision, and you spoke at the outset about the very definition of disability needing to be looked at and clarified. One of the points that he brought up in point 3 about clarifying the vision was:

How the definition of disability contained in the ACT Disability Discrimination Act (1991) might guide eligibility for additional funding support for students with a disability in ACT Public schools.

How does that relate to what Mr Barr said before about there being no funding elements of this? Is that a contradiction there, or are we looking at changing some of the definitions, which will suggest that other funding for disability may have to come about?

Dr Collis: The adoption of a definition for disability—first things first: the funding we are talking about is what I will call targeted funding, so it is funding that we would put in, in addition to whatever else would be happening, to support young people. So our students with disabilities have literacy and numeracy needs and they will be getting that kind of support throughout the program.

We are confident currently that the provision that we have meets all the requirements of the disability discrimination legislation. Indeed, we are very confident of that because we have recently looked at our processes through the disability standards in education 2005, which interpret what that disability legislation means for schools. So we are confident about that.

However, there is a really important point that I think needs to be addressed here, and this is being addressed at a commonwealth level as well. I know the ministerial council has been looking at the notion of a standard definition across Australia. Will that mean an increase in resources that will need to be targeted? In short, I do not know, but my best guess would be that I hope not, because I would hope that we are getting resources to the young people to support the programs that are needed now.

How we organise the deckchairs, if you like, in terms of that, might allow that to flow differently. I think there are advantages to simplifying the definitions.

We spend a lot of time in disability education jumping through diagnostic hoops around things and we would like more to target our efforts into the delivery of programs and delivery of ILP outcomes and actions in classrooms, rather than frontloading a whole lot of diagnostic tests and so forth for young people, being fully aware that for some young people those tests are really essential and we need to do that regardless of what we do.

That is where I think the change in disability definition will make a difference. It will, hopefully, simplify over time. But there are a lot of things that have to be put in place there. I know that there is a view which says that, if you just opted to move towards a broader definition of disability, everyone would expect to have targeted resources there. Not everyone needs targeted resources and I think perhaps in the inquiry we talked about the notion that we are adopting in student support—to understand the resourcing needs of young people as universal resources, that is, resources that should be in place for all students at all times that our students with disabilities need to access—things like social skills programs, as I mentioned before.

There are selected resources—resources that are to support common groups of needs of students. For example, a young person with a mild intellectual disability might have very similar needs in terms of literacy to other students in the school and there might be, in that school, reading groups that are formed around that, so that would be selected. And then, as you move down, there are things which can be achieved only if you target a specific resource to that—things like interpreters, braille and so forth.

MR DOSZPOT: I think we are talking along the same lines, but what about attention to ADHD and dyslexia, which obviously fall outside some of those definitions at the moment?

Dr Collis: Sure. In terms of the interim definition of disabilities adopted in the ACT, there is no reference to ADHD and dyslexia in that.

MR DOSZPOT: Is it possible to have that picked up under this—

Dr Collis: The broader definitions tend to be much more functional. Rather than asking what name we call it, they say, “What’s required in terms of the educational adjustment that’s needed?” If we look at attention deficit and organisations like SPELD and so forth, it is really quite interesting. The bulk of the recommendations about what happens for attention deficit disorder in young people are universal and selected, if you look at my previous description. But certainly a broader definition might pick up really extreme cases of those elements, dyslexia and ADHD. What we would say at this point in time is that we have the capacity to support those students right now in schools, without diagnosing them as having a disability.

THE CHAIR: Just on that matter, I was speaking to a parent recently who has a child who has dyslexia. She was saying to me that this child went up a year, went to another year, and she got a call from one of his teachers. She was chatting to him about her child and asked, “Have you heard anything from last year’s teacher about him?” She

was meaning any sort of handover. The teacher mentioned, “Yes, I’ve heard that he can be a little difficult” or something along those lines—a statement about behaviour. She said, “Yes, but did she also tell you that my child has dyslexia?” And there was silence on the other end of the phone. No, that had not been handed on. My point is: how do we ensure that quite critical information about students, particularly within the same school and the same staff room, is handed on, to ensure that when you start that school year you know who is in your classroom and you know how you are going to approach that job?

Dr Collis: Yes, it is an element that we need to do work around. I think there are a couple of areas that we need to work around here, formally. If there is really a significant delay in the progress of learning and achievement of a student, we ought to be looking at the student’s having an individual learning plan, irrespective of whether they have a disability or not.

THE CHAIR: That is right. And I have to say that, with so many parents I have met who have students with a disability, individual learning plans do not get a good rap. They are seen as being filled in but just not implemented; and there is a view that there is no testing, that there is not some way to see if it has been achieved or that some progress has been made at the end.

MR DOSZPOT: Or, if they are testing, there are various tests. I think there has got to be a common testing pattern, as Tony Shaddock referred to as well. That is what I was getting at.

MS BRESNAN: Yes, that is the other thing, too.

MR HARGREAVES: So the question is?

THE CHAIR: I know you have already mentioned that you are changing your model. I guess the question is: how are we going to see that there has been improvement in that area? What is going to show us that? You certainly do not have an indicator here that says how many parents were satisfied that their child’s ILP was followed or whatever. What is the indicator and how do we know that things have moved forward and are improving?

Dr Collis: In regard to the students with disabilities, you will see an indicator in there about satisfaction with special education programs. Within that survey, we used the opportunity to drill down and ask some of the questions that you have given feedback about here, because we get that feedback as well. There has been a concerted effort by student support over this preceding 12 months in terms of getting into schools and raising the profile of ILPs and doing training around the use of ILPs.

What we discovered—I can get the specific data for you, but I do not have it with me—is that about three-quarters of our families are saying that ILPs are useful and that they are included in a planning process—even higher than three-quarters, I believe, for that. Where we come slightly lower is that only about 70 per cent of our parents are saying that they can see them being used in regard to the program within the classroom. So that is what we are working on. We know where that is. That is a real professional learning project for us which is going to fall out of our strategy plan

to raise the capacity of teachers and schools to engage in that process and use it as an important process.

THE CHAIR: What is the time frame on that?

Dr Collis: In terms of the ILP?

THE CHAIR: The professional development.

Dr Collis: We are already acting to provide professional learning around ILPs at this moment. In relation to the ILP process, we are looking at guidelines by the end of this year. Bearing in mind the discussion I had about bringing the SCAN and ILP process together, that is much more long term. We are probably two years away from being able to fully implement whatever that is, because we have not got the precise model and there are a lot of things we need to model around that process before we implement.

But in terms of raising the profile, raising the skill level of ILPs and ensuring that ILPs actually form an essential part of how we deliver programs in schools, that is a key outcome for us in student support right now.

Dr Watterston: Could I just go back to one point you made that we may not have addressed fully. You mentioned that a parent had spoken to you about the handover and not having an understanding. I think it would be fair to say that that is one experience, but in general, though certainly my time in the ACT has not been as long as Dr Collis's, my understanding is that it is an aspect of school transformation at the end of each year, or transition at the end of each year, that it is important and it is done well. It is certainly a recognised activity in each school, though I feel certain that there are some that do it better than others. You might be aware that we have recently been trialling the VLE or connected learning community, electronic media by which teachers are going to be not only storing student results and outcomes, but using digital resources in terms of the way they plan their lessons and student homework and a whole range of other initiatives that will work through this facility.

It is our expectation that this kind of transition that students make from one year to the next will be enhanced by this process. It is another feature of what probably has not been considered well in the media this week about a huge boost and a beneficial tool for teachers, students and parents that is going to improve a range of aspects related to that issue.

THE CHAIR: So what you are saying there, Dr Watterston, is that there could be an area where that sort of information is able to be recorded.

Dr Watterston: Certainly, student progress and issues about the way they progress will be part of that system. In terms of transition and sharing information, I agree with you that you would think there would be a fundamental guarantee in every school. I think it is done well, but this will certainly enhance the capacity of the school internally, and externally when they move to another school, to share information in a way that is far more relevant and easy to use.

MS BRESNAN: Would that progress be something parents would be able to see? One of the things which have been of concern to us is that the parents say, “We fill in these surveys, but we don’t then see what the results are and we don’t really know ourselves how our child is progressing.” They do not really have a great idea about how they are progressing.

Dr Watterston: Again, Dr Collis is the expert on this, but in terms of my experience with ILPs and the way we work, there is a certain amount of information that is going to be confidential and that you would not want to put into a medium that everyone can access. In terms of the outcomes and the progress that students are making on an individual ILP, I think this is an opportunity for parents to be aware of that.

I think Mr Doszpot spoke earlier about a standardised test. That test exists already in terms of NAPLAN. There are other measures and specific elements that really need to be measured in an individual learning plan for a student. There is a national test that provides standards and guidance in terms of where a student sits against national minimal standards. Even students with disabilities can be measured in that way. As I said before, it is one measure, but it provides some comfort to parents in knowing where their children are achieving at a consistent and a national level.

MR DOSZPOT: I was not referring to NAPLAN, by the way.

THE CHAIR: You are right, Dr Watterston—they can do the NAPLAN testing. It is interesting that a parent with a child at one of the special schools does not automatically get the information about how to participate in that. The parent was putting to me that you have to really push or go and seek that information. Obviously, it has to be done in a way that says, “We’re not saying you have to, but we’re saying that the option is available if you would like your child to participate in that process.”

Dr Watterston: The option is available, sure.

MR DOSZPOT: I was not referring to NAPLAN, by the way. I was talking about testing for disabilities such as ADHD and dyslexia. There are various methodologies. That is what Shaddock was referring to. He was recommending the single testing regime. Can I ask the minister a question on the budget that was brought down by the Treasurer—\$1.6 million over four years for the implementation of the Shaddock review for government schools. That is what the Treasurer said, minister.

Mr Barr: If you refer to the budget papers you will see that it is a growth initiative.

MR DOSZPOT: I am referring to the budget papers that the minister presented. It is in writing in her budget papers—not in BP4 or BP3 but in her speech. She referred to a specific—

Mr Barr: We will go to page 69 of BP3.

MR DOSZPOT: Okay.

Mr Barr: Ask your question.

MR DOSZPOT: The question is: according to the Treasurer, \$1.6 million has been allocated to education for the implementation of the Shaddock review. What I am asking is: was the Treasurer wrong in saying that? Has \$1.6 million been given for the implementation of the Shaddock review? If so, \$1.6 million over all schools over four years is not a very big amount. Secondly, that is designated only for government schools. I understood the Shaddock review was across the government and the non-government sector. I would like some clarification as to how all of the schools in the ACT will be treated in this regard.

Mr Barr: I refer you to budget paper 3, page 88. It outlines the initiative—“provides support to students—

MR DOSZPOT: That makes no mention of it.

Mr Barr: with a disability in ACT public schools”. When you asked this question last week, I indicated that additional support was provided to the non-government sector in last year’s budget and that continues—

MR DOSZPOT: But how is that relevant, minister?

MR HARGREAVES: Hang on—hear the rest of it. Keep going.

Mr Barr: The initiative for additional support for students with a disability in non-government schools was provided in last year’s budget and that carries on into the outyears. It is in the base for non-government schools. So they have a funding boost that is ongoing to provide additional support for students with a disability.

MR DOSZPOT: So what you are saying is that non-government schools are getting \$1 million a year and government schools are getting \$1.6 million over four years. Is that what you are saying?

Mr Barr: No. What I am saying is that in this year’s budget additional money has been put in for students in public schools. In last year’s budget additional money was put in for students in non-government schools. I flagged, in response to Ms Bresnan’s question, that this is a matter that we will return to every budget in order to monitor the growth of enrolments.

MR DOSZPOT: Prior to the Shaddock review recommendations coming down, you already had a vision about how much you were going to allocate?

Mr Barr: As I have indicated, Mr Doszpot, the Shaddock review is not into funding. How many times do I need to remind you of that?

MR HARGREAVES: Twice more.

MR DOSZPOT: So how does that explain what you are saying?

Mr Barr: How many times do I need to remind you of that?

MR HARGREAVES: At least another two times, minister.

Mr Barr: We are talking about the same pot of money. The totality of money for disability education is in the order of \$54 million.

Dr Collis: The total expense—that is exactly right—54.248 GPO.

Mr Barr: Some of that money, as Dr Collis has indicated, is already being utilised to implement elements of the Shaddock review. We have already outlaid some of that money, but we are yet to respond fully to all elements of the Shaddock review and to the committee inquiry. As I have indicated, we will return to this matter each budget. In fact, I would anticipate that if the growth in student numbers continues as it has over the time that I have been minister—when I became minister there were, I think, 16,098 students in our system with special needs. It has now grown to 18,070, or thereabouts. So there has been a growth of about 170 additional students.

MR HARGREAVES: That is your fault.

Mr Barr: No. Thank you, Mr Hargreaves.

THE CHAIR: Minister, have you finished, because we do need to move on?

Mr Barr: I just want to observe that the budget has grown. We have put additional appropriations in and we will need to return to this matter next year and, I would anticipate, the year after. We will monitor it on a year-by-year basis to ensure that we are providing additional funds to address that growth. If there are any recommendations that arise out of the committee inquiry that require additional funding, that go through the budget cabinet process, that have become endorsed as policy and that require additional appropriation then you will see that in future budgets.

But to address the initial point, though, we did recognise there was a need to provide more support in the base budget for non-government schools, and we did that last year, and more support in the base budget for government schools, and we have done that this year. But we will return to this matter in future budgets.

MR DOSZPOT: Minister, the other question I had was: what is the time frame for your responding to the Shaddock review?

Mr Barr: I answered that in response to Ms Bresnan's question, but I will repeat it again.

MR DOSZPOT: You answered the fact that there is another committee and—

Mr Barr: That is right.

MR DOSZPOT: the Assembly report is underway.

Mr Barr: Indeed. We referred the Shaddock—

MR DOSZPOT: How many reviews do we need? We need a review of a review now,

do we? Well, do we? We have got a review by experts in the field—

Mr Barr: Mr Doszpot, the Assembly—and you voted for this—

MR HARGREAVES: I wouldn't bet on that.

Mr Barr: Well, no, he did. I am aware that he did vote for this one. The Assembly committee process was established for a purpose. We have referred the Shaddock review to that committee—

MR DOSZPOT: Just to waste time, I should imagine. Minister, the Shaddock review has been out since last October.

Mr Barr: And we have indicated this afternoon what we have done already.

MR DOSZPOT: Well, why can't you give us a progress report on that, which is what I was asking Dr Collis for?

Mr Barr: What do you think Dr Collis did for the last half an hour? Were you asleep?

MR HARGREAVES: Hello, Madam Chair. Hello, can we move on?

MR DOSZPOT: I was asking Dr Collis—

Mr Barr: Were you asleep, Mr Doszpot, during that?

MR DOSZPOT: No, I was not asleep, Mr Barr, but I think you were, because I was asking Dr Collis to give us an indication of which of the points that have been accepted so far they are working on. That is all I was asking for—not a definitive overall review of the Shaddock review.

Mr Barr: And you were given that, yes.

MR DOSZPOT: And you said, “No, we were not going to provide two separate reports.”

Mr Barr: That is right.

MR DOSZPOT: Come on.

Mr Barr: We will respond—

MR DOSZPOT: Who is asleep, Mr Barr? Who is asleep?

Mr Barr: We will respond, Mr Doszpot, as I said before.

MR DOSZPOT: When you wake up. Okay.

MR HARGREAVES: That is really not very nice, you know, Mr Doszpot.

Mr Barr: You are sure you want to leave that on the record, are you? You would like your comment, your professional comment, as the shadow minister in this—

MR DOSZPOT: My professional comment, minister—

Mr Barr: It will be that, will it?

MR DOSZPOT: is regarding the fact that I am asking—

Mr Barr: That is what it will be, will it?

THE CHAIR: We do need to move on.

Mr Barr: That is how you would like it to be retained on the public record?

MR HARGREAVES: I have got a question on non-government schools.

Mr Barr: Well, thank you, Mr Doszpot.

MR DOSZPOT: Thank you, Mr Barr.

Mr Barr: May you never sit in this seat because you would be a disgrace to the portfolio.

THE CHAIR: Could we please move on, members? Order!

MR HARGREAVES: Let's move on.

THE CHAIR: And minister, please. We need to get to some final questions. Mr Seselja, you have the final question on special education; then we will need to move to non-government schools.

MR SESELJA: Hopefully, the minister can answer this one professionally. Minister, in relation to some of the accountability indicators on special ed, I want to ask a couple of questions around the reduction in the cost per student per annum. There are obviously three possible scenarios. One is that we are doing it more efficiently. Another is that we have got less complex issues. The other is that there is less funding to go around or a reduction in services. Can you talk us through what is the explanation for those numbers?

Mr Barr: Sure. Obviously, there is a range of factors that contribute. There is the question of fixed costs and average costs, of course: there are some costs that are fixed; and if the total number of students increases, which it has, those fixed costs are spread across—

MR SESELJA: Hence giving us efficiencies per student.

Mr Barr: Indeed, yes. There is an additional appropriation, clearly, in the budget in order to address growth. And then there is the question of more efficient delivery. As you can see, the difference is marginal—54,281 to 53,744.

MR SESELJA: In real terms it is probably not marginal. It is noticeable in real terms, obviously, because you would expect it to grow.

Mr Barr: Indeed, yes. And it does reflect an increased number of students. There is an increased appropriation in this area. Some of those fixed costs are spread across the increased number of students, as I have observed. That increase has been reasonably significant over the period. As I say, this is an area that we will need to return to each budget, particularly if the growth in student numbers continues, to make an additional appropriation in this.

MR SESELJA: Sure. But you are confident that those numbers per student, with those efficiencies taken into account, will not see any reduction in the level of service to students with special needs?

Mr Barr: Not a reduction in the level of service, no.

MR SESELJA: This will probably lead us into the next area of non-government education. Do we have numbers for the level of funding per student with special needs in non-government? If so, what is that?

Mr Whybrow: We do not have average costs for individual schools in the non-government sector. I could refer you to the total. There are public reports. Unfortunately, the most recent data is 2008 data. That is the national report on schooling in Australia. That provides average costs by sector in the non-government sector for Catholic and independents across all jurisdictions. I do not believe, though, that it provides average cost per student with a disability. So the average is in total.

MR SESELJA: It is partly about the average cost, but it is also about the average level of funding from the government to kids with special needs in non-government. We would know how much is given for those particular purposes, and we would presumably know how many kids with special needs there are in non-government schools in the ACT?

Mr Whybrow: Yes. In relation to ACT source funding and assessment of need, as Dr Collis said earlier, we use the exact same process, which is the SCAN model. It is important to recognise, though, that the funding sources for the non-government sector are a tripartite arrangement which is split between the ACT government, the commonwealth government and parents. If I refer you back to the last review—unfortunately, it is old; it is the ACT inquiry into ACT education funding, January 2003—that report identified that for non-government school funding the ACT's proportion was in the order of 17 per cent, with equal splits between private provision, from parents, and the commonwealth.

MR SESELJA: So we do not have any updated figures?

Mr Whybrow: I have data. My hesitant nature in this is only—we have data by schools, and we have particular rates by schools for the level of need.

MR SESELJA: Yes.

Mr Whybrow: To give you some context, though, while we fund, on average, 17 per cent—and for this year that average is 17.8 per cent—

MR SESELJA: That is across the board?

Mr Whybrow: That is across the board.

MR SESELJA: For non-government?

Mr Whybrow: Yes. The equivalent match between the SCAN model is in the order of 44 to 48 per cent—

MR SESELJA: Of the needs of kids with special needs.

Mr Whybrow: Students with a disability. So over that period of time, there have been a number of targeted budget initiatives from the ACT government which have increased the focus on students with disabilities. That is why you will see that variation between those two totals.

MR SESELJA: Are we able to get those numbers of the level of funding per student with special needs?

Mr Whybrow: Most definitely. I can give you those by category.

MR SESELJA: Yes.

Mr Whybrow: But I would not be breaking it by school, because it could identify.

MR SESELJA: That is fine.

THE CHAIR: I note that that has been taken on notice. We will move to output class 2.1, non-government education. Mr Doszpot.

MR DOSZPOT: Minister, it does not seem as if there is any new funding this year for non-government schools in the budget. Given that non-government schools make up approximately 43 per cent of enrolments in the ACT, hasn't your government ignored almost half the student population in the ACT?

Mr Barr: No, and I refer you to budget paper No 3, page 88, and the ACT teacher quality institute, which is an initiative for all students in the ACT.

THE CHAIR: Mr Hargreaves.

MR HARGREAVES: Thank you very much, Madam Chair. Minister, earlier on we had a discussion around the amount of cash reserves held by schools in the public sector. I am a bit concerned that any public discussion around the retention of cash reserves by institutions would be ill served by concentrating on just the public sector. In fact, the conversation could be well served if we had an indication of what cash reserves were held by the non-government sector. My question is: does the

government or the department—one and the same thing—have any information around the amounts of cash reserves held by the non-government sector, particularly the two types of non-government sector?

Mr Barr: We certainly will have that information publicly available on the My School website by the end of this year. That is the expectation. The commonwealth are taking carriage of that project through ACARA. But this is an area of great public interest—to be able to ascertain the level of resource available to schools across Australia. There is a need to ensure consistent methodology in preparing that data, and that is a challenge. In fact, it can sometimes be more acute in the public system, as we have to split costs such as central offices across a range of schools.

But it is highly likely that we will have that information publicly available by the end of this year. That will present a rich evidence base for where future funding in education should be directed. That would tend to indicate, if you were to overlay that level of information with the level of information around how schools are performing—certainly in the ACT, and this would appear to be the case in the rest of the country—that there are some schools in the Catholic system and some schools in the public system that will be in need of additional targeted resources. That is where new money in education should be directed, but we will get the full picture later in the year.

MR HARGREAVES: I am also interested in this. The public school system is a subset of the whole of the department of education. Of course, there is the regime about the extent to which schools can retain certain levels of cash within there, because they have submitted programs to use that or, as Mr Whybrow said, they have already got commitments and liabilities which will not be satisfied until later. I am just wondering whether the same relationship exists with the Catholic Education Office and some of the schools within that system. If that is not contained in the My School information, perhaps your good office might be able to see whether those comparisons can be made. What I am concerned about is that, when the general public start to consider this particular issue—because I can smell a story here—the total picture is provided to the general public so that they can make their comparisons.

MR SESELJA: What story can you smell, Mr Hargreaves? Do you want to elaborate?

MR HARGREAVES: I can smell your media release, mate. I can smell a dead cat in a room. That is what I can smell.

MR SESELJA: Can you smell a hit list, maybe? Is there a hit list you can smell?

MR HARGREAVES: No. If there is a hit list, mate, you are right up on the top of it.

MR SESELJA: It is a matter of which schools are on it, I suppose; that is the question.

Mr Barr: In the context of the federal review of education funding, certainly it will provide the ACT with an opportunity to examine its own allocation of our own education budget. I am on the public record as indicating a desire to move away from

funding systems to funding schools. You see that in our response to the school-based management review.

MR HARGREAVES: Yes.

Mr Barr: The commitment that I have given is the same commitment that the Deputy Prime Minister has given—that no school will have a cut in funding. But the question really is about where new resources in education should be directed. The My School website, particularly the financial resourcing of schools, will present a very clear evidence base as to where that new funding should be directed.

From the results of NAPLAN for 2008 and 2009, we can see a clear evidence base building around where additional resources need to be directed in the ACT. We have seen those resources flow through the national partnerships. This year, with the 2010 NAPLAN data, we will get a sense of the value add, the progress. The same students who were tested in 2008 are tested two years later; we will see their progress from year 3 to year 5 and year 7 to year 9 and be able to get a sense of the value that schools are adding. That will present another level of data and another level of evidence about where new funding should be directed in the education portfolio. That is, I believe, a significant change—

MR HARGREAVES: I agree.

Mr Barr: in terms of how funding should be directed into the future. The evidence on the results side so far in the ACT is that there are schools in the public system and some schools in the Catholic system that clearly need additional resources. That money has been provided as part of the national partnerships, and we will closely monitor the impact that that has.

MR HARGREAVES: One of the reasons why I was going down that track was that I am aware that, in the distribution of funding supports to the non-government sector, we have got individual schools, even within the Catholic system, and then we have got systemic schools, larger schools. For example, we have spoken year on year on year about the extent to which, say, support will go to Marist, Merici or something like that but different supports would go to St Clare of Assisi or those sorts of schools. I am very concerned that, if the government is going to be scrutinised on the degree to which it allows self-determination within those schools, the private sector, through the overarching authority such as the Catholic Education Office and any Anglican diocese that might have a finger in the pie, might be subject to the same scrutiny in the public arena. That is really where I am wanting to make sure that those in the media listening in will get the message. Thank you.

MR DOSZPOT: Minister, further to your comments there, do you have any plans to increase the government's per capita funding to non-government schools under the current arrangements?

Mr Barr: Other than the initiatives that were outlined in last year's budget that flow into the base of non-government schools, initiatives from previous budgets have increased the amount of indexation for non-government schools over a four-year period—no, there will not be any more systemic increases in funding.

It is my view that we should move away from system-based funding to fund schools. At the end of this year, we will have the data available to us in relation to the resources available for schools and those schools that need additional funding, so new funding in education, at both the federal and territory level, should be directed to those schools that need it most. We will have the evidence base to achieve that. From my initial examination of that data, those schools are in the public system and in the Catholic system, overwhelmingly. That is not to say that there are not any schools outside those two systems that would get extra funding, but the predominance of new funding will need to go to schools in those systems.

MR DOSZPOT: What is the present indexation factor in place to maintain the real value of the current funding?

Mr Whybrow: For 2010-11, it is 3.2 per cent. That is being provided in the indexation to non-government school grants by the ACT government.

MR DOSZPOT: Thank you.

Mr Barr: And the CPI?

Mr Whybrow: It is 2.5 per cent.

Mr Barr: So it is in advance of CPI.

THE CHAIR: Do you have any more questions, Mr Doszpot?

MR DOSZPOT: Yes, I have. I would love to. What is the level of per capita funding provided by the government to preschool students attending non-government schools?

Mr Barr: There is no funding.

MR SMYTH: Is there consideration of that?

Mr Barr: No. There is support through a national partnership with the Catholic Education Office or the establishment—

MR DOSZPOT: It is a one-off payment?

Mr Barr: Yes, for the establishment of preschool as part of the move to 15 hours for provision of early childhood or preschool education. That national partnership has the capacity to extend over a period of time to childcare providers, for example, who offer preschool education. So it will extend beyond government preschools and beyond the current trial with the Catholic Education Office, but in terms of a blanket provision for everyone, that program is for universal access, not universal provision.

We are obviously working to a program to ensure that across the ACT there is universal access to 15 hours of preschool education. The government system will provide that overwhelmingly, as it is the case that 90 per cent or more of enrolments in preschool education are in the government preschool sector. There is also provision

from community-based providers through childcare and a very small provision through some non-government schools. But our responsibility under the national partnership is for universal access, not universal provision.

MR DOSZPOT: Thank you. I am sure you are aware that organisations like the Non-government Schools Education Council have been calling for funding support levels at 50 per cent. How do you react to that?

Mr Barr: Fifty per cent of what?

MR DOSZPOT: Fifty per cent of the cost.

Mr Barr: For all education?

MR DOSZPOT: No; I am talking about preschool.

Mr Barr: For preschool education. That is good, but there is no money to provide that.

MR DOSZPOT: Okay.

Mr Barr: There is national partnership money that we are rolling out. They are welcome to call for whatever cost they want, but it is not coming in this budget and it will not be forthcoming in the future.

MR DOSZPOT: Minister, how regularly does the Government Schools Education Council meet With the Non-government Schools Education Council to discuss issues relevant to both organisations?

Mr Barr: I understand that they have had a number of joint meetings. I will have to take the detail of that on notice, but I am aware that they have met more than once together. There is someone coming forward who might have an answer.

Dr Carroll: I missed the beginning of that sentence. Could you repeat it?

MR DOSZPOT: Sure. How regularly does the Government Schools Education Council meet with the Non-government Schools Education Council to discuss issues relevant to both organisations?

Dr Carroll: I will need to take that question on notice. I do not know how frequently they meet collectively.

THE CHAIR: I note that that has been taken on notice.

MR DOSZPOT: Thank you.

Dr Carroll: I have been advised that it is generally once a year, but I will check and inform you.

MR DOSZPOT: Thank you; I would like to know that. What are some of the relevant issues that make it pertinent, minister, from your point of view, for both

parties to meet?

Mr Barr: They have had discussions in relation to some of our safe school policies. They have discussed the national curriculum and the ACT curriculum. They have discussed issues around teacher quality. They have discussed issues in relation to the rollout of many of the national programs. There are ample opportunities for collaboration across the sectors; we are seeing that, and it is good to see.

MR DOSZPOT: You have mentioned the ACT quality institute that is underway. What sort of involvement will the non-government school sector have with the ACT teacher quality institute?

Mr Barr: All teachers in the ACT will be required to be registered, so non-government teachers will participate in that. There will be a role in the governance of the organisation for the non-government sector and an ongoing role in the operation of the institute. I am not sure if anyone would care to comment further? Mr Bateman can talk about the teacher quality institute.

THE CHAIR: We are coming to the end of our session, so, Mr Bateman, it will be a concise answer.

Mr Bateman: All sectors are represented on the current body that is setting up the institute. It is envisaged that similar representation will be maintained when the final board is set up. So both the Catholic sector and the independent sector are represented.

MR DOSZPOT: Thank you. I would like to ask the minister for permission to have a closer chat to Mr Bateman on this.

Mr Barr: We can provide a briefing for your office, yes.

MR HARGREAVES: There you go.

MR DOSZPOT: I can meet with Mr Bateman?

Mr Barr: We will provide you with a briefing. That is appropriate.

MR DOSZPOT: Okay.

Mr Barr: I advise in relation to NGSEC and GSEC that I understand they have a joint meeting planned in July to discuss disability education policy.

MR DOSZPOT: Thanks for that. That is not the first meeting they have had?

Mr Barr: No. They are talking about the teacher quality institute as well.

MR DOSZPOT: Good to hear. And you will get us a copy of how many meetings they have had.

THE CHAIR: As mentioned at the commencement of the hearing today, there is a time frame of five working days for the return of answers to questions taken on notice

at this hearing. In relation to questions given on notice, these will be accepted for three working days following today's public hearing for the Department of Education and Training, output classes 1.3, public sector and college education; 1.4, special education in public schools; and 2.1, non-government education. Members, please provide any questions on notice pertaining to these output classes by the close of business on Wednesday, 2 June 2010.

On behalf of the committee, I thank the minister and officials for attending today and, in advance, for responding promptly to questions take on notice and given on notice.

As this is also the final day of estimates, I also thank all of the other ministers and officials who have attended over the last 12 days or so. On behalf of committee members and others, I am sure, we thank our staff for the enormous support they have given to us. Also a special thanks to Hansard. This is not exactly the easiest hearing to have to transcribe; I know that we all give them our heartfelt appreciation for the incredible work that they do. At the end, I also give very special thanks to the committee office and the secretariat that we are provided with. Dr Lilburn, could you pass on our best regards to all of your staff.

MR HARGREAVES: One more, Madam Chair, please.

THE CHAIR: Yes, Mr Hargreaves.

MR HARGREAVES: I would also like, on behalf of the committee, to thank Karen and Lainie for the magnificent feed they put on twice a day.

MR SESELJA: Hear, hear.

THE CHAIR: Certainly we also thank the attendants, who have done a magnificent job with morning and afternoon tea.

The committee adjourned at 5.01 pm.