



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**SELECT COMMITTEE ON ESTIMATES 2011-2012**

(Reference: [Appropriation Bill 2011-2012](#))

**Members:**

**MR B SMYTH (The Chair)**  
**MS M HUNTER (The Deputy Chair)**  
**MR J HARGREAVES**  
**MR J HANSON**  
**MS C LE COUTEUR**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**WEDNESDAY, 18 MAY 2011**

**Secretary to the committee:**  
**Ms G Concannon (Ph 620 50129)**

**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.

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## **Privilege statement**

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*Amended 21 January 2009*

## **The committee met at 9 am.**

### Appearances:

Barr, Mr Andrew, Deputy Chief Minister, Minister for Economic Development, Minister for Education and Training and Minister for Tourism, Sport and Recreation

### Department of Land and Property Services

Dawes, Mr David, Director-General

McNulty, Mr Hamish, Executive Director, Property and Strategic Projects Division

Ellis, Mr Greg, Acting Director, Land and Property Policy, Strategy and Corporate Division

Maginness, Mr Ron, Project Consultant, Major Project Development

Thomson, Mr Ian, Chief Operating Officer

### Land Development Agency

Robertson, Mr John, Chief Executive Officer

### Chief Minister's Department

Cox, Mr Ian, General Manager, Business and Industry Development

Hunt, Ms Dita, Senior Manager, Enterprise Development, Business and Industry Development

### Gambling and Racing Commission

Jones, Mr Greg, Chief Executive

**THE CHAIR:** Welcome to this public hearing of the Select Committee on Estimates. The Assembly has referred the approp bill to the committee for examination. The proceedings today will commence with the examination of Land and Property Services, output class 1 and output class 2; Business and Industry Development; and then the Gambling and Racing Commission, output class 1, gambling regulation and compliance. I remind witnesses of the protections and obligations afforded by the privilege card in front of you and ask whether or not you have read the privilege card and understand the implications. Thank you.

I also need to remind witnesses that the proceedings are being recorded by Hansard for transcription and that the proceedings are being webstreamed and broadcast live. The Assembly is also trialling Committees on Demand, which will allow the audiovisual record to be publicly accessed via the web after the hearings are finished. Are you happy to proceed? Thank you for that.

Minister, would you like to make an opening statement?

**Mr Barr:** Thank you. I thank the committee for the opportunity to appear today. As members would be aware, there are changed administrative arrangements as a result of Mr Stanhope's retirement. I am delighted to take on the responsibility of Minister for Economic Development and look forward to the opportunity to work across a range of portfolios that I have been involved in previously as well as adding some

new responsibilities in this new directorate that pulls together a number of areas in the ACT government and indeed seeks to align the government's structures with those areas of economic activity within the territory that contribute greatly to our private sector economy.

Within this directorate the former areas related to land release and housing affordability come together with tourism, sport and recreation and the business and industry development areas. It is an exciting opportunity and I look forward to working with Assembly members in this area. I know that a number of members have a great deal of passion for these areas of government administration and their interrelationship with the private sector. Having said all of that, I and my officials are delighted to take questions this morning.

**THE CHAIR:** Thank you for that. Minister, yesterday when we were speaking with the Chief Minister, Mr Cappie-Wood said that there was a spreadsheet in the documents that detailed the benefits of moving towards the new government office building. Are you aware of the document that they then provided to the committee?

**Mr Barr:** I understand that material was offered to the committee, and indeed a briefing has been offered. I have some further information I am happy to provide to the committee that I understand was promised. I look forward to the committee's deliberations on these matters.

**THE CHAIR:** Mr Cappie-Wood said that the spreadsheet was in one of the documents. Can you point to which of the documents the table is in?

**Mr Barr:** I understand that the officials may be able to provide assistance there.

**Mr McNulty:** The table which you have in front of you you will not find on the DVD. What is in the DVD, however, is this financial analysis, which was prepared by CBRE in May 2009. What that shows is that—on the assumptions page it goes along with that analysis. There is a list of the savings which are included on that spreadsheet that you have in front of you. That bit of paper is not on the DVD, but the savings that are included on that are all built into the model—what this shows.

**THE CHAIR:** What page is that?

**Mr McNulty:** It does not have a page number on it. It is an attachment to appendix 1. It is called "ACT government office financial analysis, version 16"—which is on the DVD.

**THE CHAIR:** So it is in the CBRE report, appendix 1.

**Mr McNulty:** Yes: financial analysis, version 16, May 2009.

**THE CHAIR:** Is there a reason why the entire spreadsheet was not provided?

**Mr McNulty:** When we were preparing the DVD, we were trying to put in there the work of the consultants that has led us to the government position of funding the project. Because it is all built into the models, the page was not provided separately.

But the point is that it is built into the models.

**THE CHAIR:** What additional information is in that spreadsheet that is not in this table?

**Mr McNulty:** That is really difficult for me to say. This is a 25-year discounted cash flow analysis of the project which takes account of all the events that happen during the life of the project. That is the end of leases which we currently have, so that is where the rent savings come in. It builds in productivity savings, recruitment savings and all those things that are referred to on that bit of paper you have there and then discounts them over the 25 years. You will not find in this document, for instance, the numbers 19.3 and 15.2, but all those savings are built into the model. That page is a reconciliation, if you like, of the output of the model.

**THE CHAIR:** I am not sure if you heard what happened yesterday. We were told that there was a document and there was a spreadsheet in the document that detailed all this. It was proffered up, but they could not deliver the page number. This document arrived last night. What is the provenance of this document?

**Mr McNulty:** It was prepared either by ourselves or by Treasury. I am not sure which, to be brutally honest. What it attempts to do is summarise the savings information that is built into the model.

**THE CHAIR:** When was it prepared?

**Mr McNulty:** I believe about October last year.

**THE CHAIR:** So this is the sheet that was provided to the committee?

**Mr McNulty:** Yes.

**THE CHAIR:** In October last year.

**Mr McNulty:** I believe so, yes.

**MS LE COUTEUR:** And it is based on figures from 2009?

**Mr McNulty:** No.

**MS LE COUTEUR:** Are you telling us it was a version of 2009 with no updating?

**Mr McNulty:** No. There have been a series of updates to the financial analysis as assumptions have changed as time has gone on, to make sure that the numbers are still valid. In the DVD which we provided, there is an October 2010 update of the financial analysis. I believe that they are the numbers that are reflected on that spreadsheet.

**MS LE COUTEUR:** But you just told us it was 2009. You just told us that it came from the version from May 2009.

**Mr McNulty:** What I said was that the savings are included in the original model and that as the model has been updated so have those numbers.

**THE CHAIR:** So where in these documents are those savings outlined that demonstrate \$19.3 million in net savings per annum? Where in the documents is that outlined?

**Mr McNulty:** As I said, I do not think you will find that number in the document, because that is not the way the documents have been put together. They are a discounted cash flow analysis of the project, which is then summed to the present value of the project. That page was prepared to sum up all those savings in one place.

**MR SESELJA:** Which page of the document shows that 25-year model which can be extrapolated to a \$19.3 million net saving per annum?

**Mr McNulty:** As I said, the assumption page which I referred to earlier lists all the assumptions that have gone into the model, and that includes the elements of those savings.

**MR SESELJA:** I have got the assumptions page in front of me. Do you want to talk us through which part of the assumptions page shows the \$19 million in savings?

**Mr McNulty:** If you look at the top right-hand corner, there are a series of people cost assumptions which talk about productivity gains from better accommodation, productivity gains through co-location, staff savings through co-location, transport gains, recruitment and staff turnover. And there are the assumptions that go along with that which are then built into the model. On the next page, you will see a series of events—an event summary, if you like—which have a lot of end of leases. Each time there is an end of lease event, that rent stops being built into the model. So that is where the rent savings come in. That is the way the assumptions have been built into the model.

**MR HARGREAVES:** Can I just ask a question on this one? I think this is where Mr Seselja may be headed too. In the sheet that we got last night, it indicates potential rental savings, and that is where the leases cease, adding up to \$12.7 million. Now \$12.7 million is the bulk of the 19.3. Could we get in one sheet of paper the details of the leases which are to be ceased which add up to \$12.7 million?

**Mr McNulty:** Absolutely.

**MR HARGREAVES:** That would add a bit of clarity around the big bulk of the \$19.3 million.

**MR SESELJA:** Going through those assumptions, the documents provided to the government that have now been provided draw a number of different conclusions. If we look just a couple of pages before in the CBRE on page 36, it lists the five different scenarios: scenario 1, \$541 million for the new building; scenario 2, \$562 million; business as usual, \$557 million; scenario 4, \$652 million; and scenario 5, \$520 million. How does that match up with a \$19 million net saving if, over the 25 years, on net present cost the new building is \$541 million and the other scenarios

are mostly similar? In fact, in another part of the report it concludes that they are basically within the margin of error. How do you take what is basically within the margin of error to a \$19 million net saving per annum, which would be roughly \$500 million over the life of the project?

**Mr McNulty:** These figures are the net present values of operating the project over the 25 years. As to the savings, my understanding is that, in these numbers here, the savings are below the line to demonstrate that the project stacks up without the savings.

**MR SESELJA:** So the savings are gross savings, is that correct?

**Mr Barr:** What is the definition of “gross”?

**MR SESELJA:** Well, when you look at, say, the sheet that has been provided to the committee, which says that you save \$19 million and rental savings of \$12 million, there is nothing in there in terms of your costs of going down a particular path. So there is no mention of how much interest you might pay, for instance, there is no mention of depreciation, there is no mention of the other costs that go with the building—that is, owning and running an office block. So, in that sense, from what Mr McNulty is saying, these are savings that are identified, but they are not offset with the costs that go with the various scenarios. If they were, then that would be reflected on page 36, which, presumably, takes account of all of the factors over the 25 years with all the different scenarios. There are costs and there are benefits of each decision, so are we being told now that these \$19 million in savings are, in fact, gross costs and they have not taken account of things like interest and depreciation and other costs that go with particular models?

**Mr Dawes:** With regard to depreciation, one of the key things we need to remember is that it is policy of the API, the Australian Property Institute, not to take into account depreciation. The reason that is done is because different property owners, depending on the vehicle that those properties are purchased in, depreciate them differently. So it is standard practice from valuers not to include depreciation. I think what—

**MR SESELJA:** But not governments.

**Mr Dawes:** I beg your pardon?

**MR SESELJA:** Governments do.

**Mr Dawes:** Governments do. What we have to remember here as well is, as you know—we can cite that in a number of examples—depreciation is taken into account if the project is completed in the budget cycle. This building is not being completed in the budget cycle, hence that depreciation has not been taken up.

**MR SESELJA:** But nor have the savings. The savings are not in the budget cycle either.

**Mr Dawes:** Exactly, because the building has not been completed.

**MR SESELJA:** But you have listed the savings and not the costs.

**Mr Dawes:** But just let me clarify a couple of key points there: what we need to remember is Treasury have done an analysis where they have come up with the depreciation figure of \$10.8 million—it is 2.5 per cent depreciation on the building—for a do-nothing option. That is, doing nothing. Now we do know that doing nothing to any of the buildings is not an option at all, because we have to spend money, we have to upgrade, we have to do some sort of expenditure.

This is probably why the committee should accept the offer of the briefing from the consultants, because we can actually walk you through the model. It is a live model, and you can walk through. It is a very good model that has been developed for this type of thing. It is the same model that any private sector body would do when they are looking at a project, any of the major financial institutions or superannuation funds. We have used the same consultants.

If you look at the depreciation, we know that to bring Callam offices up to B grade or B-plus standard it is \$62 million. So I know there has been a lot of banter around the \$6 million as well. Now, if you take that same analysis, we would have to spend \$62 million on Callam offices, and we would depreciate that. Now, if we depreciated that over the life of the project—40 years, which is your 2.5 per cent—there is \$1.5 million. Now, we would need to take advice. I would suggest that because of the age and state of that particular building, even after we spent \$62 million, you would not depreciate it at 2.5 per cent. But we would have to take some professional advice on that. So, all of a sudden, if it was written off over 20 years, you have got \$3 million.

So then we talk of Macarthur House, where we would have to spend in the order of \$40 million as well. There is depreciation. What we have done is compared business as usual—doing nothing—to the new building.

**MR SESELJA:** I think you are doing your best to try and confuse the situation, Mr Dawes.

**Mr Dawes:** No, I am not—

**MR SESELJA:** The highly paid consultants did the report and they came back and they looked at all of the factors, presumably, and they found \$541 million for a new building and a whole range of other costs which are similar—some are less, some are more. That was taking into account presumably all the factors. We paid them good money so that they would do a comprehensive analysis. You are now telling me that the tables they brought together in their conclusion—which show that the new building will cost you \$541 million, business as usual with minimal action, which includes maintenance, presumably, is \$525 million and there is \$557 million, \$562 million and \$652 million for others—are not relevant but \$19 million in net savings can somehow be extracted from them. Could you please reconcile for us that \$19 million in net savings versus the conclusion of the consultants, which was that there is minimal difference in the life of the project? They do not point in their conclusion to \$19 million in net savings. Are you able to reconcile those two conclusions for us?

**Mr Dawes:** We can certainly look at that. I will take that on notice, but I think what we need to remember in all of that is that—

**MR SESELJA:** With respect, there has been a lot of notice that this has been coming. In fact, we were told yesterday and the day before—

**MR HARGREAVES:** No, we were not.

**MR SESELJA:** We were told that LAPS would be able to answer these detailed questions.

**MR HARGREAVES:** The committee was.

**MR SESELJA:** Whatever.

**MR HARGREAVES:** No, it is important.

**MR SESELJA:** We were told LAPS would be able to answer these questions. You are now telling me that, despite the government claiming on an A4 sheet of paper that \$19.3 million of net savings is there, the conclusion contradicts that, and you cannot tell me why there is that massive contradiction.

**Mr Dawes:** We would have to have the model here in front of us to walk you through those particular changes. Now, one of the key things on the page that Mr McNulty pointed to is that those assumptions average over four per cent in savings on that particular project. One of the key examples and key models that we have run this scenario on is SA Water and also the ANZ Bank at Docklands. These need to be validated, but the information that we are provided with is that they have savings of eight to 10 per cent.

One of the key things that we did as we developed a particular model was that we were conservative in some of those assumptions about cost savings. It was important for us not to be too bullish, hence why we have taken four per cent. The information that we have coming through to us on those examples I just quoted are between eight and 10 per cent savings. Now, we can extract that back to that particular sheet, but I have not got the model here, unfortunately.

**MR SESELJA:** What about interest? Is interest taken into account on this \$19 million?

**THE CHAIR:** Sorry, Mr Seselja. Other members of the committee have supplementaries as well. We will work around the supplementaries. Ms Hunter, then we will go around the supplementaries on this point.

**MS HUNTER:** I want to go to the issue of the snowing that Mr Seselja has been talking about. The budget now assumes that the office building will not be completed until June 2017. I was wondering whether the government has revised the cost analysis and valuations because I assume there would be an increase in that cost. Secondly, the CBRE financial analysis talked about five scenarios. The industry briefing I believe was told there were five scenarios. But the information about one of

those scenarios was not included. It was an analysis of leased accommodation of comparable size and environmental ratings in the city. I wanted an answer to those two questions.

**Mr Dawes:** On the first issue, one of the key things is a document, which I think is also on the disk, the Wilde and Woollard spreadsheet. We have sanitised it a bit because obviously we did not want to reveal the buildings that we were benchmarking it against because one of the great things about a government office building is that it is something that happens around the country day in, day out, and we have had a couple of major buildings that have been brought to completion. Wilde and Woollard is a particular firm of quantity surveyors that has done work on most of the major offices in the ACT, Canberra being a small jurisdiction. So they are direct comparisons and you can see the cost of the building is being benchmarked by buildings that are currently under construction and were completed last year, so you can see where we are drawn on that.

We have to remember that this particular building is a lot more than a square government office building. I think we are losing sight of that. We are providing 972 car parks in the basement of this building, because that is according to code, and also the replacement car parks. Then there are a couple of hundred additional car parks being provided. It is going to be a 24/7 car park which is being made available for patrons of the theatre. We have worked quite closely with the Canberra Theatre because that was very important to them. It is also bringing together a one-stop shop approach as well for the bureaucracy. There is going to be a meeting place, a town hall. So it is not just a square box building. So we need to look at that. That particular spreadsheet that Wilde and Woollard have prepared is looking at like with like and costs as well.

One of the key things we have done in this is to build in contingencies. One of the government's key objectives is to be carbon neutral by 2020. We have designed the building to be carbon neutral and it is five stars. Our expert there is from Arup, and can I say that Arup are the lead consultant on the Nishi building that is being built for Environment, which is a six-star building not being carbon neutral. So we have the same quality consultants working on our buildings as others. I think that is an important point. We have designed it to be carbon neutral and we have had the escalators in there, so we are talking 2017 prices. I think that is an important thing. If we were quoting it in 2009 dollars or 2010 dollars they would be different. We have an escalator in there taking into account the finished product in 2017 because we thought that was fairly vital information. I will let Hamish continue.

**MS HUNTER:** So my second question does not get missed, it was around why that financial analysis of the other option was included.

**Mr McNulty:** The May 2009 analysis included the leasing option; that was scenario 2. But what that demonstrated was that there was no great advantage to the government in leasing from the private sector—it would cost marginally more—and the government's preference I think has always been to own its own building. So for that reason that option was not included in the updated analysis that was undertaken in October.

**MR HANSON:** The government's preference has always been to own its own building before it did the analysis then?

**Mr McNulty:** As has been said, 70 per cent of Australians like to own their own house. It is on that basis that the government's view is—

**MR HANSON:** The federal government does not like to own its own buildings. This is ridiculous, to say that it is because a property owner wants to own their own home. It is a different scenario from a government wanting to own its own buildings. I do not think we can use that any more. It is rubbish.

**MR HARGREAVES:** Let us go round the table.

**THE CHAIR:** Yes. Ms Le Couteur?

**Mr Dawes:** I would like to table something as well. I will read this quote as well. This comes from the devastating Auditor-General's report into the commonwealth disposal of commonwealth assets: "faced with the devastating Auditor-General's report which shows that ideology driven decision to sell much of the commonwealth's office property has been a financial disaster which in time will cost the commonwealth dearly". The editorial followed on, "the Australian Audit Office review of the sale of the commonwealth property portfolio which indicated the cost of rent exceeded the sale price after 11 years for a number of the key Canberra buildings". If you would like us to provide you with some of those examples, we can more than do that. There have been a number of commonwealth buildings that have been paid for twice.

**MR SESELJA:** It is a pity you do not have more details on the actual questions we are asking.

**THE CHAIR:** Just because it is an editorial does not make it so. Ms Le Couteur, then Mr Hargreaves.

**MS LE COUTEUR:** What I would like to talk about is the option that does not seem to have been sufficiently looked at of using some of the existing office buildings in Civic. I think we have had something of a straw man in terms of our comparisons. You have compared basically against using the buildings which the ACT government currently owns, which may or may not be the appropriate buildings. I am prepared to believe that they are not. But what you have done is certainly make public any comparison of using the currently vacant or expected to be vacant office buildings in Civic which are located at a reasonable distance from the Assembly.

Mr Dawes has said that you looked at leasing and that was too expensive. I would also propose the thought that it is possible to buy existing buildings. Saying that leasing is too expensive is putting up a straw man. It does not appear from the information that we have received, and we have been talking about this for a couple of years in estimates and annual reports, that the government has looked at all seriously at the option of any of the existing buildings and refurbishment of those, whether it be leasing or purchase.

**Mr Dawes:** One of the documents that we did not release is very

commercial-in-confidence and perhaps this might be something we might talk to the committee about in camera. Obviously we have looked at purchasing a building and refurbishing that building. It was not quite up to what we required so we have had to do some additional space. That analysis showed us, and we did that analysis with CBRE, Wilde and Woollard and a number of other consultants, that it was cheaper to build a government office. As I said, it is a document that I do not think we could release because it is owned by the private sector and I think it would be inappropriate to release that publicly. But I am more than happy to do that in camera and walk you through that particular proposal. The analysis has been done and we still did not get the requirements. We would not be able to get that particular complex up to meeting the government's policy of carbon neutrality by 2020. That is important as well. The particular complex, the particular buildings, that we looked at still only came barely to A grade standards as well, and I think that needs to be taken into consideration. It gave us nowhere near that public amenity such as additional car parking and those sorts of things that were required or one of the key elements of it in providing some key support for the theatre as well. I think that is as far as I can go on that. The analysis and the work have been done.

**Mr Barr:** I think it would be appropriate, if the committee were prepared to consider that in camera, for all that information to be available. It is a matter for the committee to determine.

**THE CHAIR:** Yes. The committee will discuss that. It is curious, though, that your case has been based on a document that is not public. It is interesting to hear that that document has now emerged. Ms Le Couteur, are you doing supplementaries?

**MS LE COUTEUR:** I can certainly keep going. Possibly one of the things that you could release publicly would be your more detailed requirements in terms of refurbishment. Did you put in constraints in terms of floor plates or things like that because, depending on how you did that, you can easily rule things in or out?

**Mr Barr:** Sure. I am certainly happy to provide that.

**MS LE COUTEUR:** Given that all the discussion over the last few years has been on the basis of not looking at alternatives, it needs to be made a bit more obvious that this is fairly looked at.

**Mr Barr:** Clearly, there is a lot of detail associated with the project and absorbing that information in a relatively short period of time is complex, but it is nonetheless important in the committee's deliberations and, in the context of this budget, future planning for the city and all of the flow-on impacts of this decision.

**MS LE COUTEUR:** With respect, Mr Barr, that is not really the question. We have asked questions about this for the last couple of years and every time the government has been very clear that we are not interested in looking at existing buildings. It is not that we are absorbing the information on this; there is not any information to absorb.

**Mr Barr:** I do not think I can accept that analysis, Ms Le Couteur, but we will work through the detail of this with the committee.

**THE CHAIR:** Ms Hunter, just as a quick supplementary and then Mr Hargreaves and Mr Hanson.

**MS HUNTER:** The CBRE analysis is very high level analysis. Are we going to be provided with the sorts of numbers and assumptions that sit under some of those areas, because it is very high level?

**Mr McNulty:** I think we could provide all that as part of a briefing, yes.

**THE CHAIR:** They cannot be provided as a document to the committee?

**Mr McNulty:** The documents we have in regard to the financial analysis you have.

**THE CHAIR:** So what else would a briefing provide?

**Mr McNulty:** The consultants can talk you through their model and how they have done it.

**Mr Dawes:** I think it is important—

**THE CHAIR:** So the underlying numbers and assumptions—all you have got is in the documents that have been made public?

**Mr Dawes:** Yes, that is it.

**THE CHAIR:** Okay. Mr Hargreaves?

**MR HARGREAVES:** Yes, thanks very much, Mr Chairman. Minister and officials, as I understand it—and I was not fully aware of it—this project will in fact increase the number of car parks on this particular site. As I understand it, for the purposes of the books of the territory, car parks are an asset. So what would happen if in fact you take an asset and increase the earning capacity of that asset, and you are actually increasing the value of that asset? What I am interested in knowing is what the value of the asset is today in comparative terms, in terms of the value of the land and the value of the serving capacity, and then what the value of the land, plus the building and the earning capacity, would be if you put this particular project together.

What I am interested in doing is seeing what the net gain is to the territory over the accumulation of a significantly greater asset. I think there is some confusion out there in the community around whether the value of the land is taken into account in the model. In fact, there is definitely some confusion around whether or not we are acquiring a significant asset at the expense of something. The thing that I learnt today—and I want you to correct me if I am wrong—is that the recurrent asset will not disappear. In fact, the recurrent asset will remain and be augmented by the presence of this building. What I want to do is get a handle on those numbers. Is that something you want to go away and come back with?

**Mr McNulty:** We are more than happy to provide that information. I think one of the key things is that in our particular model that we did on the site, which is adjacent to the Assembly, there is a value of the land. That is in the order of \$30 million. It is

29,771, or something to that extent, or, in round figures, \$30 million. All of our models have included all of the statutory payments that we would pay. Stamp duties and all of those sorts of issues have been embedded into the particular model because we wanted to make sure, again, that we would be comparing like with like. I think it is very important, in all of the analyses that we have tried to do, to compare apples with apples. As I said earlier, this particular building is a little more than just a straight government office.

**MR HARGREAVES:** I appreciate that.

**Mr McNulty:** It has got the additional car parking. Those particular car parks will be 24/7. They will generate an income, I would assume, 24/7 as well.

**MR HARGREAVES:** I understand that and I also understand that if it is, in fact, a government car park, the vehicles are safer than out in the open air anyway from the point of view of vandalism et cetera. The other part of the thing you might like to include in your response is this: as I understand the model, we would be ceasing leases but also selling buildings which are no longer required. Whilst holding a lease is regarded as an asset itself, those things are coming to a conclusion anyway. At the end of their life they just disappear, so there is no value in the asset there. But there is residual value in the asset of buildings that we own that we are going to sell. I know that they will be C and D class buildings—

**MR HANSON:** Is this a question, Mr Chair? Can I ask for your ruling on it?

**MR HARGREAVES:** Mr Hanson, when you get to be the chair you can run a committee. That will never dawn. I want to know—and I do not want the officials to misunderstand it—the value of those C and D class buildings, which is why you are going to offload them. What I would like to know is how much we are losing in that asset so that we can take that figure off the gain in asset that we are getting by building the building. So what we actually present to the community is what we gain—what the net gain in asset will be.

**MR SESELJA:** That would be refreshing, wouldn't it?

**Mr Dawes:** We could provide that additional information. We have some figures and we have talked a bit about this in the past. That is another document that we did not fully reveal in what we released, mainly because, obviously, we will be taking those to the market for sale and we did not want to pre-empt a ceiling price because we will put that out under a competitive process. We expect in the order of \$100 million for the sale of those assets. That is the figure that we have always used. They are the Dickson motor registry, Macarthur House, Moore Street, Challis Street at Dickson and the Callum offices. These buildings will provide opportunities for redevelopment, for mixed use and for residential apartments as well.

**MR HARGREAVES:** Thanks. I do not think it is necessary for you to name those individual buildings and how much you expect to get—that would be a silly thing to do—but the total amount of money that you get for this is regarded as an asset also, presumably. Cash in the bank is regarded as an asset. Whilst an amount has to come off the books, the cash that you get for that has to tack on to the end of the

\$400 million. If we could have that on the same sheet of paper it would be nice.

**Mr Dawes:** I think we need to remember that, as well, one of the options in moving forward is that the government will have the opportunity to work out whether it would like to sell the particular asset into a certain fund or something of that nature—dare I say it, put it into the ACT super fund. There are a number of different options that the government would be able to look at in terms of what it does with that particular asset. This is the new building I am referring to. There is an opportunity there to provide a long-term income for the territory with the particular asset, but also the sale of that particular asset outweighs what it is going to cost us to build. There has been a discussion in the marketplace. There is a developer's profit in this particular one and the Canberra community would be the beneficiary of any of that upside, which we could actually put back into other community benefits.

**MR HARGREAVES:** And is it the government's intention, once those figures are known and the actual benefit to the territory is known, to make that available to the public? Thank you very much.

**MS LE COUTEUR:** Could I just—

**MR SESELJA:** Isn't that net benefit figure in the report?

**THE CHAIR:** Mr Hanson is next. We will come back to that issue of selling to super funds. I know a number of members have some questions. Mr Hanson and then Mr Seselja.

**MR HANSON:** I would like to go to the issue of interest. The net cost of building this building when you sold the old assets was about \$300 million, as I understand it. If we look at an interest rate of six per cent over the longer term—I am not sure what it would be: six, seven, five per cent—

**Mr Barr:** With the government's AAA credit rating, it would be lower than the private market.

**MR HANSON:** So we are talking in the order of somewhere around \$18 million a year. I am looking at this piece of paper and I am looking at "savings", but obviously there would be an \$18 million cost across to the territory each year in interest repayments on the loan required to build the building. I am looking for where that is factored into this document.

**Mr McNulty:** The cost of borrowings is included in the feasibility analysis, which CBRE prepared and which is on the DVD. The options analysis was comparing, if you like, the cost of various options—whether you lease, whether you refurbish. That was done, the cost of those options.

**MR HANSON:** The CBRE document came out with a result that is essentially in the margin considering the various options which were looked at. What you have done then is taken the cost out in this document and only provided the savings.

**Mr McNulty:** That document was prepared to demonstrate the savings in government

operations, like staff and operating the building.

**Mr Barr:** Assuming all other things are equal.

**MR HANSON:** Even on the most rudimentary analysis, you are investing in property.

**Mr Barr:** I think you are trying to pluck out one element of a total model, assuming that there are no costs associated with a range of other actions.

**MR SESELJA:** That is what you have done. That is what this represents.

**MR HARGREAVES:** Let him finish.

**Mr Barr:** Any borrowing of money in any investment will have an associated—

**MR HANSON:** You have presented one side of the argument.

**MR HARGREAVES:** Mr Chairman, can—

**THE CHAIR:** Gentlemen, let the minster finish.

**Mr Barr:** To the extent that any action will involve some opportunity cost, some costs associated—

**MR HANSON:** You are saying to this committee—

**Mr Barr:** If you would let me finish.

**MR HARGREAVES:** Mr Chairman, there is a cacophony of sound at the moment.

**Mr Barr:** Any policy response, any investment, has an associated cost, and that is represented in the context of the model and is represented in the context of Treasury's presentation of the budget in the long run on anything that is done. So we have established, I think clearly—and I do not want to speak for the committee but I presume that the general understanding in this room is that doing nothing is not an option. So there would appear to be a series of different viewpoints coming from some committee members that their preferred option would be to make a series of investments, purchases or leasing arrangements around unused buildings.

**MR SESELJA:** This is all very interesting but it is dodging the question. You are dodging the very simple question Mr Hanson has put to you.

**Mr Barr:** The ideological position that is being put by the Canberra Liberals here is that—

**MR SESELJA:** Of costs, of including costs.

**MR HANSON:** This is about an A4 piece of paper which shows one side of an argument.

**MR HARGREAVES:** This is descending into farce, Mr Chairman.

**THE CHAIR:** Members! Minister, there was a specific question. You are not here to debate what the Liberals' policy on an issue might be. If you would answer the question.

**Mr Barr:** I am putting a context around—

**THE CHAIR:** Answer the question.

**MR HANSON:** Where is the interest, what is the interest, why is it not on this piece of paper? That is the question I am asking.

**Mr Barr:** As Mr McNulty has indicated, that is within the models that are associated with all of the options.

**MR COE:** Is that in the model?

**MR HARGREAVES:** Mr Chairman, it took seven seconds for the minister to be interrupted. I ask you to call non-members of this committee to order and to ask members of this committee to have some courtesy, please, in the exchanges.

**Mr Barr:** All of the options will involve those costs.

**MR HANSON:** And savings. Each of the options will have savings as well.

**Mr Barr:** All of them.

**MR HARGREAVES:** Eight seconds. I am timing

**MR SESELJA:** Mr Chairman, maybe you could shut down Mr Hargreaves as well.

**MR HARGREAVES:** If you stop being discourteous it might stop—

**THE CHAIR:** Members—

**MR SESELJA:** He is interrupting a lot. They are very sensitive on this. He runs interference when they look like crap. And they look like crap today. Could we just get on with the questioning?

**MR HARGREAVES:** Mr Chairman, I would request that you ask that that be withdrawn.

**THE CHAIR:** You might need to withdraw the statement, Mr Seselja.

**MR SESELJA:** I withdraw.

**MR HANSON:** Mr Chair, can I continue?

**THE CHAIR:** If members would let the minister answer. Mr Hargreaves, your

interjections are not proving to be helpful either. You are running very good interference.

**MR HARGREAVES:** They will continue while ever the bullying continues.

**Mr Barr:** We certainly are getting the full gamut of the politics on this issue today. It would appear that we are having very little on the detail or the substance. The opportunity—

**THE CHAIR:** Minister, it would help if the questions were answered. There are lengthy answers that give lots of extraneous—

**Mr Barr:** Mr Chair, I have—

**THE CHAIR:** Excuse me, minister, I am the chair. We were told on Monday and Tuesday that LAPS would have the answers to the questions. Your ministerial colleagues told us you would bring the answers today. To not answer the questions by either having lengthy explanations with extraneous information or indeed taking them on notice does not allow us to get to the detail. If you and your staff would like to provide the details, that would be good. You have had ample context. How about we have an answer to the question?

**Mr Barr:** Mr Smyth, I can barely get eight words out without the *Muppet Show* on this side of the room interrupting.

**THE CHAIR:** You have an opportunity to answer the question now.

**Mr Barr:** Again, I could not even finish eight words without being interrupted. The tone of this debate is all political—very clearly.

**THE CHAIR:** We are politicians.

**Mr Barr:** Yes, indeed.

**THE CHAIR:** Now you can answer the question.

**Mr Barr:** But if you are seeking the sort of information that you claim, if you are wanting a detailed briefing around the understandings of the model, the various options, that has been provided to you in some detail. And the opportunity to sit down with those who developed the model has also been provided.

**MR HANSON:** Mr Chair, if I could—

**THE CHAIR:** That is fine.

**Mr Barr:** And that is accepted and understood.

**THE CHAIR:** You are here to answer questions. As I said earlier, the committee will look at the option of having a briefing.

**Mr Barr:** Terrific. I appreciate that. I think—

**THE CHAIR:** I think that is the third time I have said that.

**Mr Barr:** that is the most positive thing that has come out of the 45 minutes this morning.

**THE CHAIR:** But members were told you would be prepared to answer questions today. Can you answer them?

**Mr Barr:** Indeed. And we are attempting to. But every time—

**THE CHAIR:** Answer the question.

**Mr Barr:** Every time, Mr Chair, I seek to, or my officials seek to, we are interrupted. To conclude the point I was making before, there are costs associated with all the different options. All of them have costs associated around interest because there is expenditure of money. There are questions, of course, in relation to where those costs are borne, whether they are in rent payments or in terms of the government taking the action in the budget. Either way, those costs do not go away, depending on the different models that you utilise.

So in terms of the options that the government has considered, this one, the one that we have put forward, is the one that, on balance, taking into account all of the other outcomes that we would wish to achieve in relation to this project, we have gone forward with. So I am happy with the level of scrutiny. As I indicated this morning, further information can be provided.

It is difficult, of course, for us to anticipate every question that is going to be asked. I do not think it is unreasonable for some of the detailed questions to be taken on notice and that information could be provided. A series of briefings have been offered as well. I think, in that context, it is important to recognise that there is a degree of transparency here that has not been the case, I do not think, in any other major project of this size. I recognise the significance of the project. I recognise the committee's interest. I have been minister for about 30 hours and I am indicating to the committee my intention to provide the committee with as much information as we possibly can to achieve a consensus in relation to an important project in the territory—

**MR HANSON:** But the question I have is not a complex one about the details. It is simply: why is it that this A4 piece of paper has chosen only to present the savings on the option without the costs? All of the options would have had costs and savings. We were presented with a document that is very flimsy, that does not present the whole picture. It simply provides a snapshot of the savings without the costs.

**Mr Barr:** You have been provided with—

**MR HANSON:** As a result, it does not give us an accurate picture.

**Mr Barr:** a significant amount of information that goes to the detail of that question.

**MR SESELJA:** Can I go to that detail, then, minister? I would just like to confirm Mr McNulty's answer before. It seems that what he is saying—if I can just get you to confirm that this is correct—is that the \$19.3 million that has been put out there as savings are not in any way net savings because they do not take account of interest and they do not take account of other costs that go with building a building. Is that correct?

**Mr McNulty:** That piece of paper does not purport to be a budget analysis. It is a list of the savings—operating savings—that we expect to accrue from the operation of the government office block.

**MR SESELJA:** But it does not take account of operating costs?

**Mr McNulty:** No. It was prepared—well, it does not take account of financing costs and depreciation. But it does with some of the costs of operating the building, if you like—the staff costs associated with operating the building. So in terms of operating costs, yes, some of it. But the savings paper was developed between us and Treasury because as the government was considering the project—I mean, Treasury is well aware of the depreciation, well aware of the interest, and all of that was included in Treasury's budget analysis. The issue that was at large, if you like, was what the savings were for the operation of the building accruing from co-location of 3½ thousand public servants in one place for the first time.

That document was developed to clarify for Treasury and to discuss with Treasury what the savings we anticipated getting from the co-location of public servants in the government office building were. So it is not a budget analysis. It is a list of the savings which we got developed from discussions with DEGW based on their understanding of similar projects and also from an analysis of some of the expenditure across 19 or 20 government locations.

**MR SESELJA:** Mr Barr said that a lot of detail has been provided in terms of the costs, and I agree. I am going to that detail. Is it therefore reasonable to conclude that the tables provided in the analysis of Cox-CBRE, table 2 on page 11, which I think is on page 36 of the CBRE report, which comes immediately after, that shows all those costs together: \$541 million for the new building, \$562 million for option 2, \$557 million for option 3, \$652 million for option 4 and \$520 million for option 5—that they are the costs that the government is working on that take account of the savings and the costs associated with all the options?

**Mr McNulty:** As we said earlier, the Australian Property Institute valuation guidelines for this sort of analysis require that depreciation not be considered. The reason I am advised that that is the case is because different institutions that own buildings apply depreciation differently. So to get an apples and apples comparison of options, depreciation is not included in this type of analysis.

**MR SESELJA:** And also in any budgetary savings or otherwise, depreciation is included.

**Mr McNulty:** Sure.

**MR SESELJA:** But putting that aside—

**Mr McNulty:** And Treasury included it in their budget analysis.

**MR SESELJA:** But putting that aside, you paid many millions of dollars for this analysis and they have come to this conclusion that shows—with a margin of error—a little bit cheaper on option 5. We have been told by the ACT government—by both Jon Stanhope before he left, by Katy Gallagher—that the government, by going down this path, would be saving taxpayers \$20 million a year. How is it possible that you will be saving taxpayers \$20 million a year when you include the savings but you do not include the costs, including the cost of financing the project?

**Mr McNulty:** If I can repeat what Mr Dawes said earlier about the budget analysis which highlighted a difference of \$6.8 million in the depreciation, which I think is part of what you are referring to—

**MR SESELJA:** And the financing costs?

**Mr McNulty:** Sure. The budget analysis is based on building the government office block against exactly what the budget would be if you did not do that and nothing else. Okay; but as Mr Dawes has said, if we do not build this building, we then have to go and upgrade either our existing buildings or a whole stack of other buildings to get space for government employees to operate in over that 25-year period.

**MR SESELJA:** That was taken into account in the CBRE analysis, wasn't it?

**Mr McNulty:** No, depreciation is not.

**MR SESELJA:** No, all of the costs—maintenance—all the costs that you have had.

**Mr McNulty:** Yes. But the point that I am trying to make, though, is that every time you upgrade an existing building, there is a capital inflow into that building which you then depreciate, which then reduces that \$6.8 million depreciation difference. I think, as Mr Dawes said, for Callam Offices, if you depreciate it over 40 years, it is \$1.5 million. But given the age of that building and the work that you do, you would not depreciate that over 40 years. You would depreciate it over a shorter period. So if you take 20 years, that is \$3 million of depreciation a year. So your \$6.8 million is now down to \$3.8 million—that difference. If you start considering Macarthur House and Dame Pattie Menzies, that depreciation difference would disappear.

**MR SESELJA:** Okay; given that you have these big thick reports which draw certain conclusions, we have not got the government's version of events, which is an A4 piece of paper—

**Mr Barr:** That is an unfair characterisation.

**MR SESELJA:** No, it is not, and I will finish the question without being interrupted. You have paid a lot of money for these reports. There is a lot of analysis from respected people. They have come to certain conclusions that show very little net difference, if any. We have now got the government's A4 piece of paper, which

claims \$19.4 million in savings. How do we make the leap from this unsourced, undated document? How do we make the leap from this detailed analysis to \$19 million of savings? How is that leap made and why are financing costs and other costs not included in this so that it provides some sort of fair and accurate representation of what this will mean for taxpayers if you go ahead with it?

**Mr McNulty:** That document is not a budget analysis of the project.

**MR SESELJA:** So what is it worth to us?

**Mr McNulty:** No, hang on. What that document is, it is an analysis and a summary of the savings that we expect to achieve from the project—

**MR HANSON:** They are not net savings.

**Mr McNulty:** No, it is the savings we expect to get in terms of staff, travel, churn—a whole pile of staff-related savings.

**MR HANSON:** Which were included in the analysis.

**Mr McNulty:** Yes, but—

**MR HANSON:** Why are you not presenting the costs, then?

**MR HARGREAVES:** Mr Chairman!

**THE CHAIR:** No, just let him finish. Then a supplementary from Mr Hargreaves, followed by a supplementary from Ms Hunter and then Mr Coe.

**Mr McNulty:** Because it does not relate to costs. To give Treasury some information, some comfort, about the numbers we have developed around the savings so that they could build that into their analysis. That is nothing more than a summary of the savings that have been developed through the work of various consultants, including DEGW, an analysis of several executives' diaries to see how much time they spend in their cars travelling backwards and forwards between Civic and their offices, and that document was prepared to discuss with Treasury to say, "Here is our analysis of the savings"—to discuss it with them and it could be built into their budget analysis. So that is not a budget analysis.

**MR SESELJA:** But this is what the government is now claiming are the savings.

**MR HARGREAVES:** Mr Chairman—

**Mr McNulty:** It is not a budget analysis.

**MR SESELJA:** But this is what the government is now claiming are the savings.

**Mr McNulty:** That is not a budget analysis.

**MR HARGREAVES:** Mr Chairman, this is a continuing conversation. It will have to

stop.

**MR SESELJA:** Jon Stanhope and Katy Gallagher have said, “We will save \$19 million.” What you are saying is that this just tells part of the story. It talks about the savings. It is not a detailed analysis.

**MR HARGREAVES:** That is a statement—

**Mr McNulty:** It is part of the detailed analysis. It is a component of it.

**MR HARGREAVES:** That is a statement, not a question.

**THE CHAIR:** No, no, Mr McNulty—

**Mr McNulty:** It is part of the story.

**THE CHAIR:** Mr Hargreaves has a supplementary.

**MR SESELJA:** It is part of the story, thank you.

**Mr McNulty:** It is part of the detailed analysis. It is a component of it.

**MR SESELJA:** It is the government’s part of the story. This is outrageous.

**MR HANSON:** That is outrageous.

**MR SESELJA:** It is outrageous.

**MR HARGREAVES:** Come on, Brendan!

**THE CHAIR:** Mr Hargreaves has a supplementary.

**MR SESELJA:** It is outrageous.

**MR HARGREAVES:** Will you people be quiet and listen to the chair, please?

**THE CHAIR:** Excuse me, Mr Hargreaves has a supplementary question.

**MR HANSON:** It is a disgrace.

**MR HARGREAVES:** You are disgraceful.

**THE CHAIR:** Mr Hargreaves!

**MR HARGREAVES:** This document here, am I correct in assuming that this document was compiled in response to a question which said to the government, “Will you please tell us where the \$19 million came from? Full stop.” Am I correct in assuming that? It was not around what were the whole net costings around the project. This document here was produced merely in response to the quantification of a figure of \$19 million out in the public arena.

**Mr McNulty:** That document was prepared for a discussion between LAPS and Treasury on the savings that in those areas derive from the government office building.

**MR HARGREAVES:** And was it not provided to this committee in response to a question which said, “How did you get the \$19 million?”

**Mr McNulty:** I cannot answer that question.

**MR HARGREAVES:** *Hansard* will reveal that.

**MR HANSON:** Can I ask a supplementary—

**MR HARGREAVES:** Excuse me!

**THE CHAIR:** Ms Hunter is next and then Mr Coe.

**MR HARGREAVES:** I have a line here. It is a very brief one—one-fifth of the time will end up with a lot more than one-fifth of the noise in a minute. Mr McNulty or Mr Dawes, can I also ask you, through you, minister, in the context of the whole of the net cost or benefit of this particular project, am I not correct in assuming that this piece of paper is a mere small part of the total analysis and we need to be particularly careful not to take this in isolation—

**THE CHAIR:** That is the point.

**MR HARGREAVES:** but to fold it into the total amount of the paperwork provided?

**MR HANSON:** Correct.

**MR HARGREAVES:** And is it not being portrayed somewhat inappropriately as a be all, end all.

**MR SESELJA:** That is the point. Exactly right.

**MR HANSON:** Hear, hear, Mr Hargreaves!

**MR HARGREAVES:** I am not talking to you two—Wallace and Gromit. I am talking to these people over here.

**THE CHAIR:** Mr Hargreaves, come to order. Minister.

**Mr Barr:** Undoubtedly, Mr Hargreaves, those who will seek to misinterpret information will do so, as is their political campaign. It is clear already that there is absolutely nothing that can be done to convince a number of members of this committee. They have already formed their views. We will continue to provide information to the committee and work with those members of the Assembly who have an open mind in relation to this project. I look forward to that robust discussion.

**THE CHAIR:** Just to put it in context, the committee was told yesterday that there

was a spreadsheet that detailed all of this information. We asked where it was in the document. Mr Cappie-Wood undertook to give us the page number or the reference. Instead, this document appeared. So if there is confusion, it is from the answers that we are receiving. Is it possible for the committee to get a reconciliation of the savings against all those other costs that have not been included—depreciation, the financing costs, the additional operating costs, the on-costs—as a document?

**Mr Dawes:** Yes.

**THE CHAIR:** All right.

**Mr Dawes:** Can I just add, Mr Chair, that one of the things that we need to take in context is that there have been three years of work. To try and explain this in an hour is complicated. We have lived and breathed this project to a certain extent. The model is a living document. I would suggest, for the committee members who are interested, that we walk through the model, because the model is a live model, and we can actually walk you through—

**THE CHAIR:** But you have not come prepared to do that today.

**Mr Dawes:** I beg your pardon?

**THE CHAIR:** Have you come prepared to do that today?

**Mr Dawes:** It is not our model. It is a CBRE model, and we would need to have the consultants here to load and drive that model. They are prepared to provide that.

**Mr Barr:** We have certainly indicated that we need to do that. We acknowledge that, and we look forward to doing that.

**MS HUNTER:** I want to go back to some revised costs. The revised concept stage estimate was \$398 million, nearly \$399 million, and the capital works projection in the budget comes in at \$432 million. Can you explain what the difference is there, because it is a difference of \$33.5 million?

**Mr Dawes:** What we have done here with this model is that one of the key things when we started doing the five different options was that we looked at what this would cost if we were doing it in 2009 dollars. And that is what was reported. We had to look at like for like. So we had to say, “Right, if this building was built and completed today in 2009 dollars, what would it be?” We then had to look at what the cost would be for doing upgrades or even renting or whatever from the private sector in those dollars. So, again, we were trying to make sure that we were comparing apples with apples.

As we have moved through and firmed up on more of the basic design—the building is not designed completely, that will go out to the private sector—we then looked at what we would be doing by taking it up to five stars and having it carbon-neutral enabled, and we further defined the costs of the building, hence, the \$430 million.

We have also got in there the escalators for the building to be completed in 2017. So

if you look at what we did at a point in time in 2009, that was in 2009 dollars. We are now talking in 2017 dollars.

**MS HUNTER:** So you have built in those differences?

**Mr Dawes:** Yes.

**MS HUNTER:** What have you done around looking at a scenario where the building is not ready on time and you would need to roll over leases on other buildings? There could be a number of cost overruns. How have you built that in?

**Mr Dawes:** When we looked at the building being completed possibly earlier than 2017, we went out and released some of our particular buildings and we built in there a lease term with one-year options to give us that certainty and provide certainty that we would have office accommodation.

We have been very conscious of vacancy rates in the city as well, and we need to put that in context, hence why we have decided to start the building later and complete in 2017. This will allow time for property owners to adjust and to re-evaluate what they do with their existing buildings, whether they convert them potentially to residential or whether they upgrade them to office space. So we were conscious of trying to allow the industry to work out what they should do with their assets.

**MS HUNTER:** What was the response from industry when you gave that briefing on Friday?

**Mr Dawes:** Actually, the briefing on Friday was very well received. There were very few questions. I think we were very fortunate we had virtually all of our consultant team there, except for Chris Alcock from DEGW, who is overseas on an assignment, and there were a couple of clarifications from other valuers around some of the assumptions of Steven Flannery. They were delivered, and they seem to be satisfied. A number of people came up after that meeting and congratulated us on the presentation because we actually did it.

There is nothing to hide in this project, and that is probably one of my frustrations. It is a very, very good project. I think it is a good investment for the community in the long haul, because it is going to be a key asset for the Canberra community. So there is nothing to hide in it. We had the consultant team available. For example, we had Allan Fife. One of the real considerations—I know I am probably digressing a little here, but it puts it in context—is that there was a concern about our AAA credit rating, and it was very important for us to protect that. He had discussions with those bodies to ensure that we would not be jeopardising that, because what we are doing is replacing rent or government-owned buildings with a new building. So all of those sorts of things have been taken into consideration.

**MS HUNTER:** Were property owners at the industry briefing, and were any concerns expressed—which have come from the Property Council—around the office vacancy rate?

**Mr Dawes:** There were a number of property owners. I know the industry pretty well,

and the who's who were there at the briefing. No-one has at this point in time raised anything further. I have also been quite open about the fact that if there were any further issues or questions, they were to come to me and we would answer those. At the commercial advisory council meeting we had on Monday, we again offered that to the private sector. It is important that we work with the property owners to look at what they can and cannot do with their buildings.

One of the initiatives in this year's budget is if, for example, some of these assets are held in a property trust or in another vehicle, that first transaction is duty free to allow the flexibility about looking at whether some property owners might do a joint venture. So there are a number of issues. Unfortunately, they have been lost in this broader debate.

**MR HANSON:** A supplementary to Mr Hargreaves's question, we have been told that this is an internal working document that shows only the savings, not the costs, and was provided by LAPS to Treasury. It is now being used by the government to present the pretence of entire savings on the project. The reality is that—

**Mr Barr:** No, I think that is how you have interpreted it, Mr Hanson.

**MR HANSON:** Well, that is what has happened, because this is an internal working document—

**Mr Barr:** That is how you have chosen to interpret it.

**MR HANSON:** It is an internal working document that shows only the savings and it is provided by LAPS to Treasury. The reality is that if you take into account the full analysis that has been done by CBRE and look at the full net costs and savings, it says there are none or they are in the margins. So what the government has done—it is quite clear from Mr Hargreaves's question—is use an internal working document that shows only a narrow band of savings without taking into account any of the costs to present information to the community to tell taxpayers that they will be saving \$90 million a year, and that is not true.

The full cost to the taxpayer needs to take into account the costs as well as the savings, and the CBRE analysis tells you that that does not reap a \$90 million saving when you take into account all of the costs. So this is an internal working document, and I want to know from the minister why an internal working document that only shows a snapshot of savings is being used as a public document to try and deceive ACT taxpayers about the amount they are going to save in net terms.

**MS LE COUTEUR:** Is there a—

**MR HANSON:** I do not even know why this document is being used.

**MS LE COUTEUR:** Mr Chair, is there actually a question in this?

**THE CHAIR:** No, he just asked a question.

**Mr Barr:** It was a speech, and I will treat it as such. No, Mr Hanson, that is your

interpretation of that document. You will continue, no doubt, to utilise that interpretation as it best serves your political ends. I do not accept it; I think other committee members have picked up on the fact that that was just a long-winded diatribe, and it should be treated as such.

**MR HANSON:** What was the date on this document? When was it sourced? It just seems like it is plucked out of the ether. You are saying this is an internal working document that was produced last October. By whom, to whom, why is it being used in this manner? Can you answer that question?

**Mr Barr:** I find that extraordinary. If such information were not provided and such a dialogue had not occurred between agencies, that would be the subject of your outrage, Mr Hanson.

**MR HANSON:** It is the way it is being used.

**Mr Barr:** Because information was requested, Mr Hanson, and it has been provided.

**THE CHAIR:** So what is the provenance of the document?

**Mr Barr:** It is as the officials have outlined.

**MR COE:** Did we hear Mr Dawes say October? Did you say that earlier?

**Mr Dawes:** Yes.

**MR SESELJA:** Why is it not dated or sourced? It does not seem to source anything that underpins it. It is just a bunch of numbers that have been put together. There is no source for any of it. Why is that? Why are we being given something which has nothing behind it. There are no footnotes, there is not even a date, there is not a title; it just a bunch of numbers that the government has put together.

**Mr McNulty:** I guess you will understand that over the course of the development of this project there has been any number of documents prepared for discussion between ourselves and Treasury and that is one of them. My understanding is that the committee asked for the information on the savings that were developed and it has been provided.

**MR SESELJA:** It is actually not what we asked for. We asked for where in these documents—

**Mr McNulty:** I am sorry, we have pointed that out.

**MR SESELJA:** We were told yesterday by the Chief Minister that it was in these documents.

**Mr Barr:** That information has been provided.

**MR SESELJA:** We were not provided with that; we were provided with this. This is the document now that Katy Gallagher has relied on to say there is \$19 million of

savings. So you can understand why there is a bit of interest in it. It is a thrown together document that has no footnotes, no sources, no date and no title. How much credibility are we to give to it?

**Mr McNulty:** If the document had been prepared for use in a forum such as this we might have—

**MR SESELJA:** It has been used. It has been used by the Chief Minister.

**Mr McNulty:** Hang on—

**MR HARGREAVES:** Mr Chairman, for heaven's sake.

**MS LE COUTEUR:** We are going around in ever-decreasing circles.

**MR HARGREAVES:** You are going to turn into butter here in a minute.

**THE CHAIR:** Mr McNulty?

**Mr McNulty:** We prepared that document in good faith. As I said right at the start, I cannot recall whether it is actually a Treasury summary of events or our summary of events. It was one of the two. If we had realised that the document was going to be used in its current form we might have prepared it in a different format, but it was prepared in good faith for discussions between our agencies on the savings that we believe will accrue around staff operations at the new government office building. That is why it was prepared like it is.

**MR SESELJA:** It was misused by the Chief Minister, by the sound of it.

**Mr McNulty:** Hang on. Can I just say that I do not think the fact of the way the document was prepared makes the numbers meaningless. The numbers are the numbers.

**MR SESELJA:** But they only tell part of the story and it has been misused by the government.

**Mr McNulty:** No—

**Mr Barr:** It is a little bit of trivia that you seem to be absolutely obsessing about, Mr Seselja. Good luck to you on that. I think the rest of the committee would appear to want to move on.

**THE CHAIR:** On the document itself, the document that was electronically circulated to members this morning actually says this document was only created yesterday. It was created at 5.50 pm yesterday. So is this document embedded somewhere else? Is this the lift from the page reference in the CBRE annex or appendix?

**Mr McNulty:** No, it is not a CBRE document. It is a government document. I suspect the reason why it has got that date on it is because the computer from which it was

sent put that date on it.

**THE CHAIR:** No. It was created on Tuesday, the 17th, 2011, at 5.50.

**Mr McNulty:** No, the document was created in October last year.

**Mr Dawes:** I have had that document for a long time.

**THE CHAIR:** Can you take this on notice? Can we have the provenance of the document—when it was created and whether it was your department or Treasury that created it?

**Mr Dawes:** Could I remind the committee, again, that in the CBRE report, as Mr McNulty pointed out, the analysis is there. We have actually taken all of that into account. We have actually been very conservative in those estimates as well. In discussions that we have had—and I think I mentioned this as well—with South Australian Water and the ANZ Bank in particular, who have provided us with some very good information, which again is commercial-in-confidence, our numbers are very conservative. If you look at that CBRE table in the report they amount to about four per cent. The efficiencies that South Australian Water and the ANZ Bank have had are between eight and 10 per cent.

**THE CHAIR:** Ms Le Couteur and then Mr Coe.

**MS LE COUTEUR:** Continuing on this report, in the second part we are talking about the IT savings—five per cent of the IT budget. I have got a number of questions. This building is not until 2017. Why are we not making any savings in IT before that? We asked this question yesterday and Andrew Cappie-Wood indicated that basically we were going to be staying stable until then. Why are we doing that? It appears, from looking through it, that IT and many other things are not in fact included in the cost of the project—only the savings. I will go through, if we have enough time, a whole list of things which it would appear to us have not been included in the costing for staff IT.

**Mr McNulty:** I guess while ever we occupy the buildings we occupy, with the networks that are built into those buildings, unless the government is prepared to invest a lot of money in those buildings we are stuck with the IT infrastructure that exists in those buildings. The new government office building gives us an opportunity to put in the most up-to-date IT infrastructure that is around at the time. Our expectation is that that will yield significant savings.

**MS LE COUTEUR:** So you have made a decision to freeze IT from now until—

**Mr McNulty:** No, not at all. I guess what I am saying is that I think our ability to make radical savings would involve significant costs in all the existing buildings we occupy now. If the government has decided to build a government office block, you would have to say, “Is that a good investment in the meantime?” That is a choice for the government to make between now and 2017. Those will be decisions for InTACT, not for us.

**MS LE COUTEUR:** Some of the things we are talking about—

**THE CHAIR:** I am sorry; so you think half a per cent saving is a radical saving?

**Mr McNulty:** It is conservative.

**MS LE COUTEUR:** Some of the things you are talking about—providing a whole-of-government intranet—I cannot see how you need a building to put it—

**Mr McNulty:** No—

**MS LE COUTEUR:** That is one of the things you have got in your documentation as a saving—an intranet.

**Mr McNulty:** We talk about whether the building operates on a wireless basis instead of having cables everywhere. So when you move workstations around you do not have to re-cable the building. It is things like that that we are talking about.

**MS LE COUTEUR:** I do appreciate that that is a potential saving, but quite a few of the things you have got down—like the intranet and like producing, as you have said, an improved records management system—why do you need a new building for these? And why are the costs of them not included in your costing? This is one where you do appear to be having it both ways.

**Mr McNulty:** I think the issue with records management and a whole pile of other things at the moment is that we have got records spread around 19 or 20 various buildings. Having most of those people consolidated in one building gives you an opportunity to manage your records differently. The experience that we have learnt from SA Water and ANZ says those are the sorts of savings you get. A conservative estimate of those savings is what we have included in those figures.

**MS LE COUTEUR:** Can I just check that the IT costs that are included in this—

**Mr McNulty:** The cost of providing the IT in the new building?

**MS LE COUTEUR:** Yes.

**Mr McNulty:** That is in the figure.

**MS LE COUTEUR:** And the cabling?

**Mr McNulty:** Yes.

**MS LE COUTEUR:** The black water recycling?

**Mr McNulty:** There is no black water recycling.

**MS LE COUTEUR:** Okay.

**Mr Dawes:** There are not too many people that would buy buildings with black water recycling today, it being an abject failure.

**MS LE COUTEUR:** Do you include the fit-out for the cafe, the gym, the theatre and all of that?

**Mr Dawes:** I am sorry?

**MS LE COUTEUR:** Supposedly there is going to be a cafe, a gym and a large meeting room-theatre. Is the fit-out for those included?

**Mr Dawes:** Those particular items will be there. They will be provided and leased out to the private sector. They would be fitted out by themselves.

**MS LE COUTEUR:** I am sorry; is the fit-out in the base cost?

**Mr McNulty:** The fit-out of the government offices, if you like, is included in the \$432 million. The fit-out of the commercial premises which will be leased to the private sector is not.

**Mr Dawes:** And the same for potentially the childcare as well. That would actually be fitted out by an appropriate operator of the childcare facility.

**MS LE COUTEUR:** Will there be a data centre and, if so, is the fit-out actually included in the cost?

**Mr McNulty:** I do not think there is an allowance for a data centre in the government office building. I know InTACT are currently considering their data centre requirements and are looking at a north side and a south side centre. So I do not think it is included in the government office building.

**MS LE COUTEUR:** And no IT equipment is included in the costing of this?

**Mr McNulty:** No IT equipment—

**MS LE COUTEUR:** Okay. What IT equipment is included in this cost?

**Mr McNulty:** There is an allowance in the fit-out for IT.

**Mr Maginness:** I am the team leader for DLAPS. The fit-out cost includes all of the cabling required, all of the wireless networks required—basically, everything that is required—between now and 2017. InTACT, as part of their normal business, will be replacing computers. They get out of date almost overnight. So between now and 2017 it would be a business-as-usual replacement of the computer hardware, which is part of their normal business.

**MS LE COUTEUR:** Is the phone system included in the costing?

**Mr Maginness:** The phone system is included.

**MR COE:** Can I ask a quick supplementary which is directly relevant to Ms Le Couteur's question. I understand that Macarthur House does house a fair

number of government servers at the moment; is that correct?

**Mr McNulty:** There is a server farm there, yes.

**MR COE:** Surely the cost of relocating that server farm, in effect a data centre, would be extremely expensive. That sort of analysis needs to be included.

**Mr McNulty:** InTACT are currently looking at replacing that server farm in Macarthur House, irrespective of the government office. So that will happen, I imagine, before the government office is constructed.

**THE CHAIR:** In a different location?

**Mr McNulty:** Yes, in a different location. There are issues with Macarthur House.

**MR COE:** And that is included in the budget, that relocation?

**Mr Barr:** There are a variety of different models that InTACT could pursue in relation to data centres. Obviously there are a number of private companies who are in that business and who are, no doubt, touting interest in both commonwealth government and ACT government clients. One could make the assumption that, given where those facilities have tended to be located in the past has been on industrial land of lower land value, or one would anticipate, in the context of InTACT's approach—and I am not here to speak for them, other than to say that they would look at the variety of different options that are available—

**MR COE:** So it might be better for the private sector to be urging the government to lease it off them?

**Mr Barr:** That is one option in relation to data centres but there are other options that are available. You would need to do an analysis of those different options.

**THE CHAIR:** Ms Le Couteur.

**MS LE COUTEUR:** I would like to ask a question on that. Could I ask a question about the little pack that you gave out this morning, which I have been trying to speed-read. In the media release, the third para from the bottom says that everyone understands that owning your own home is far better. Mr Dawes talked about what the commonwealth has done. From speed-reading through it, it says that the government will be a tenant for the long term, 25 years. Mr Dawes talked about selling the building to the super fund. The press release says that owning is better but Mr Dawes is suggesting that you might be selling it and you might be a tenant.

**Mr Dawes:** Can I say, to clarify that, that all those options were open to the government to review down the track. The preference in the model has been based on the fact that we want to own the building for the long haul but it does not preclude those options being looked at down the track if, for example, the government decides they wish to sell the building. But at this point in time, our whole business case and analysis have been on owning for the long haul, in the long term.

**THE CHAIR:** But this is a new twist, that you may build this thing and consider selling it in the future.

**Mr Dawes:** No. I was just saying that, in context, the government has a number of options if, for example, it decides to pursue them down the track. All of our business case and the model that we have presented are for us to own it continually.

**THE CHAIR:** What do you mean by the long haul, though?

**Mr Dawes:** We will own it for 25 years.

**THE CHAIR:** Mr Coe with the next question.

**MR COE:** Ms Le Couteur touched on the issue that I wanted to raise. Surely that substantially changes the business case. If the government is genuinely looking at the long term when building a \$430 million building, you would want to have a pretty clear idea about the ownership arrangements. If, indeed, the ownership arrangements do change, whether it be from preconstruction or at the time of handover or sometime in the future, surely that dramatically changes the cost-benefit analysis because suddenly you have actually got to start paying rent, which is the very thing that you are objecting to paying at the moment. Suddenly depreciation is no longer on your books because it is now in someone else's hands. Surely this totally changes the model.

**Mr Dawes:** I am suggesting that is the case. What I have said is that our analysis has shown that we are owning the building for the long haul. It does provide opportunities. If, for example, there were different scenarios down the track—who knows?—in 2020 or 2025, there might be a different view held by a government. And that is the decision that they will make. But all of our analyses have been around the basis of our owning it.

**MR COE:** Surely that kind of uncertainty when you are—

**Mr Dawes:** I do not think there is any uncertainty at this point in time.

**MR COE:** You have mentioned it a few times today. Surely that kind of uncertainty when you are building a \$430 million complex is going to be a bit rattling to the market.

**Mr Barr:** As much as the uncertainty of the commitment to construct a building and then for that to be withdrawn. One of the advantages of the process that the government has outlined is that it does provide certainty in the marketplace in relation to our intentions and our intentions to assist the private sector in relation to current building stock within the CBD. There is a very certain path that the government has put forward here. The only organisation contesting that certain path, it would appear, is the Canberra Liberals who have indicated and, I think, are on record that they would abandon such a project.

**MR COE:** You just said that there would be consideration given to disposing of it, heaven forbid, to the ACT super fund. That is an almost direct quote. These are the—

**Mr Barr:** Mr Dawes has indicated—

**MR COE:** Excuse me, if I could finish. These are the sorts of things that should be ironed out well before you go and commit \$430 million to a project.

**Mr Barr:** Mr Dawes has indicated that those options are not precluded sometime in the future. We all recognise that our time in this place is a gift, every four years. I, for one, do not expect to still be here in 25 years. You might just be young enough to be but it will be a very long time spent in opposition if you are. It does reflect the capacity for future governments—

**MR COE:** Does that not completely defeat the purpose of whole-of-life costs if you cannot actually determine what is going to happen throughout that whole of life?

**Mr Barr:** No, it does not. I think you would be mounting the reverse argument if we were to undertake a process that locked in that outcome forever. There would be this outrageous claim—

**MR COE:** You should be able to lock it in for the whole of the life because that is what whole-of-life costs are.

**Mr Barr:** That is an interesting position that you put forward. Is that Liberal Party policy in relation to territory assets?

**MR COE:** I think it is reasonable for the government to be quite firm about what the ownership arrangement is going to be, about what ownership arrangement the government is going to have with regard to this building.

**Mr Barr:** You are making this up on the run at the moment, are you?

**Mr Dawes:** I am interested in—

**MR COE:** What you are saying is that, for the life of this building, you cannot guarantee what the ownership arrangement is going to be.

**Mr Barr:** I make the first observation that—

**MR COE:** The depreciable life of this building.

**Mr Barr:** to the extent that anyone can guarantee anything, we have indicated our position and our preference. But 25 years is a very long time. Twenty-five years ago we did not have self-government. Each member of the Assembly—

**MR COE:** Have you made a projection for 25 years? You have?

**Mr Barr:** from 20 years ago is now no longer a member of this place.

**MR COE:** If you made a projection for 25 years, surely you have also had to make some assumptions.

**THE CHAIR:** Mr Coe, let him finish, please.

**Mr Barr:** And there is a preferred position that has been put forward. But what Mr Dawes has said is that that does not lock in an outcome forever, and nor should it, because any government would want to maintain that flexibility over its assets.

**MR COE:** Therefore, that would dramatically change the economics of the case you are presenting today.

**Mr Barr:** No, it does not dramatically change the economics at all.

**MR COE:** Surely it must, because there is depreciation.

**Mr Barr:** No.

**THE CHAIR:** We will move to a supplementary from Mr Hargreaves.

**MR HARGREAVES:** Thank you very much, Mr Chairman. In the context of whether the government is wanting to own the building or not, am I correct in understanding from this collapsed document, which in fact has \$19.3 million in it and of which this is a reconciliation, that the Auditor-General's report into the disposal of assets will influence government policy as to whether to retain it or not when it is built? Secondly, you indicate in here that the QIC owns more buildings and real estate in the territory than the ACT government does. I presume that the commonwealth government also is a fairly decent sized property owner.

Does it not make sense, if the QIC is saying that they think it is a good idea to invest in commercial real estate in this city and the Auditor-General is saying you should not dispose of all your assets, if you have got a nice, big, fat one, you keep it? Is it also not the case that the Docklands experience and the South Australian experience all point to the marketplace saying that being the owner of premises of this size is a good economic proposition?

**Mr Dawes:** I think you have summed it up pretty well but I think, with great certainty, the model that we have actually presented today shows the ACT government owning it. As I said, nothing is forever. As well, it depends on what future governments may wish to do.

I think it is important to note one of the options that we had a look at when we visited the Docklands, the ANZ Bank in particular. When they first were looking at building a new head office, they were going from 12 to 14 locations within the Melbourne CBD into the one building. They were going to put it out to the market and rent. As they morphed through and worked through their particular business models, they came to the conclusion that owning it was by far the best outcome. To my knowledge today, they have not sold that particular building. They own that particular asset. It was a key asset for them.

We went through very much the same sort of analysis as we looked at whether we should rent from the private sector, put it out to the market with a pre-commitment—

all of those options. On the consulting team—and we have mentioned a number in the fact sheet there and have given you a bit of an idea of those ones—there was KPMG. Clayton Utz were part of that working team as well. We—the consultants and us—all came to the conclusion that owning the particular asset was the greatest benefit to the territory. That is actually the case that we have presented.

**MR HARGREAVES:** Following on from that, what I am seeing here is a 100 per cent government-funded project. Can you explain to me why it was that we were not going down the public-private partnership perspective in respect of this in terms of the distribution of risk and the distribution of ownership?

**Mr McNulty:** The ultimate reason is that a public-private partnership would cost more, significantly more, and the model that has been nominated is the preferred option for procuring the building, which is a design, construct, operate and maintain, has elements of the PPP model without the additional cost. So I guess in some ways, if you like, we have tried to have the best of both worlds. The DCOM model apportions the risk where it is best managed but minimises the additional cost to the government.

**MR HARGREAVES:** Is that differential available to us? Is it marginal or is it significant and to what extent?

**Mr Maginness:** We will have to take it on notice. The information is available.

**MR HARGREAVES:** I think one of the big takeaway messages that I am experiencing here is that some members are having difficulty looking at the paperwork which is provided to try and locate quickly the information that we are looking for, and some assistance in that regard is very much appreciated.

**Mr Maginness:** There is a document included on the DVD from Allan Fife which sort of summarises the various options in terms of procurement we were provided with and his analysis was that the way we are going is actually disseminating the best parts of a PPP including design, construct, operate and maintain, and a funding model, and by pulling it apart we will get a far better outcome.

**Mr Dawes:** And part and parcel of the discussion there. That was the conclusion that Clayton Utz had as well when we wrote those components. We have to remember that it is a building; it is not a tunnel or any other sort of major infrastructure and I think there have been plenty of articles around the nation about PPPs in the past. So it was considered but, as I said, as we worked through that we then picked what we felt were the best bits to make sure we delivered the best outcome to the broader—

**MR HARGREAVES:** Thank you. My curiosity was sparked because I am aware that in some cases in some jurisdictions public infrastructure has been provided through PPPs. I think New South Wales did some schools, for example, and Victoria, I think, might even have done a prison, disastrously. I am also aware that, whilst you can eliminate previously some of the cost in the whole-of-life costs over these things you can never, ever transfer the risk in this sort of thing. So am I correct in assuming that the actual fact that you cannot transfer the risk had something to do with not going down the PPP model?

**Mr Dawes:** That is correct. The advice that we had from the consulting team was to pick out those key elements and we will be able to apportion the risk to the people who are going to best manage that particular risk.

**Mr Maginness:** David, if I can just follow on, the cost of money also came into it—the cost of the money in the private sector and the ability to find it. The amount of money that is in the market is quite limited. The ramifications of the GFC are still there and our advice—

**MR HARGREAVES:** That is interesting. There were two points there that you made. What credit rating would be applicable out there in the private sector if they were going to build it? Is it AA, AA+ or something like that? The point you also made—Mr Dawes, you might take this one too—was about the availability of money, not just the pure quantity of it; presumably it is the propensity of people who have got it to hand it over to someone who does not. Can you elaborate a bit on that?

**Mr Dawes:** We can certainly have a crack at that. Part and parcel of the presentation that Allan Fife gave to the industry briefing on Friday was the fact that the GFC is still rebounding around the community. We know just from the local scene. Unit developers, for example, if we can just put it in that context, are still struggling to get funds, as well as many projects that would have started some years ago are only just starting now because banks are obviously cherry picking, looking at the cases that best match, but also to be able to turn those funds over because they want to get the funds out the door, obviously, and earn something, but then get it in and back out to the market. \$430 million over the life of this project was quite a lot of funds. As well, we were best placed to do it because there was a differential in Allan's discussion of about 2.25 per cent, whereas we have a six per cent capacity to borrow because of our AAA credit rating. The private sector would be providing those funds in the order of eight to 8 ¼ per cent. It is about, he felt, a two to 2.25 per cent differential.

**THE CHAIR:** We might move to Ms Hunter and then Mr Seselja and Ms Le Couteur.

**MS HUNTER:** I have one on the finance cost comparative assessment that was prepared by Fife Capital and those three options that have been mentioned already this morning—that is, the 4.5-star rating, five star, six star and so forth. Following that assessment there is a disclaimer from Fife Capital that it does not warrant the accuracy of the model nor information contained in it and so forth, so there is a disclaimer on it. I am wondering whether there has been some sort of independent audit done of the numbers to ensure that they are robust.

**Mr Dawes:** I do not believe so. That has not been done but, as we would go through to the next phase of us developing further and then looking at when you take this to the market, that would be part and parcel of what we would be doing. One of the key things with this is that it is not a matter of double checking; it is triple checking as we go through. That certainly would be part and parcel of the work we would do as a team going forward.

**MS HUNTER:** Certainly because there is a disclaimer I would assume you would want some independent information.

**Mr Thomson:** Those types of disclaimers seem to appear more regularly from most professional firms in reports that are written these days so, whilst they all say they do not warrant the accuracy, they have put their best professional endeavours in to provide those types of numbers.

**MS HUNTER:** Certainly I would accept that, Mr Thomson. That may well be the case but when you are embarking on the biggest capital works project in the history of the territory you might want to be double checking.

**Mr Thomson:** There will be work done prior to proceeding.

**Mr Dawes:** I think also when you look at the prices that we have done there has been quite a bit of rigour. We are going to use this as a model for some of the other major projects as well because there have been some very good discoveries made on this particular journey, to the point where I was also approached from the industry briefing by both the API and the quantity surveyors. They think this process has been so robust that they want to be able to use it as a case study for the university students. We will work with them to provide that as a case study because they think the robustness of what we have gone through would be an exemplar for the university students.

**THE CHAIR:** Mr Seselja, then Ms Le Couteur.

**MR SESELJA:** Can we quickly go through some of the assumptions in the top sheet, which you said came from CBRE. Are you able to point us to where in that CBRE spreadsheet in that top right-hand corner some of those assumptions and some of the numbers came from? Workforce efficiencies, the 1.2 per cent workforce reduction—where is that reflected in that top right-hand corner?

**Mr McNulty:** The attachment?

**MR SESELJA:** It does not appear to me. They seem to use a one per cent figure.

**Mr McNulty:** As we said a couple of times, this is a journey, if you like, and the numbers have been built up. As assumptions have changed over time, the models have been updated to reflect new circumstances. As I think I said, there is a May version of this and an October 2010 version. I think we have already said that as the assumptions change the models have been updated. What that savings sheet does—in October last year that was the state of play with the savings, which may well be different from the May 2009 version.

**MR SESELJA:** So the churn of \$2 million—where is that reflected? I do not see a number on that at all.

**Mr McNulty:** No, because the number is within the model. It is built into the model. The assumptions are here. You have built the numbers. The detailed model spreadsheets, which are not here because it is CBRE's model, not ours, would include those allowances.

**MR SESELJA:** Going down to the reduced attrition, it says one per cent per annum.

It says \$13,600 per person lost. The number they have in there is \$5,000. What is the rationale for the difference between those two numbers?

**Mr McNulty:** I have got the \$5,000, but I do not have the \$13,000.

**MR SESELJA:** It is on the A4 sheet.

**Mr McNulty:** I do not have that in front of me. The \$5,000—there is a recruitment cost per person. The \$13,000 I do not have at my fingertips; I cannot tell you what is included in that.

**MR SESELJA:** In terms of the other assumptions in the report on the Cox analysis, it assumes the CPRS was implemented in 2010. How does that change the figures?

**Mr McNulty:** Obviously it will change the figures. Off the top of my head, without knowing the model I cannot tell you the answer to that, but what I can say is that clearly all the options will change relative to each other.

**MR SESELJA:** Presumably the higher electricity is the more a six-star or more energy-efficient building will stack up. The green energy assumption—there is an assumption there that the government will purchase 100 per cent green energy by 2016. They are not on track to do that, and the Treasurer seemed surprised when I put that figure to her. How does that affect the models?

**Mr McNulty:** The model has been based on a five-star carbon-neutral enabled building on the basis of the government's commitment to be carbon neutral in its operations by 2020. The model allows for that to happen. The assumption in this model is that to be carbon neutral by 2020 that is one of the ways they will get there.

**MR SESELJA:** But if you are not buying 100 per cent green energy in the other scenarios, that obviously changes the relativity, doesn't it?

**Mr McNulty:** Potentially, yes. Once again, this is a set of assumptions based on what was known at the time, to compare options.

**MR SESELJA:** The original scope was much smaller. There is a press release from the Chief Minister talking about 1,500 staff being accommodated. I think it is referenced on page 19 of the Cox report—30,000 square metres accommodating more than 1,500 public servants. Why was the decision taken to change that, and what was the economic rationale or efficiency rationale that led to that change?

**Mr Maginness:** That was at a point in time going way back well before all of the agencies were interviewed. There was a point in time when it became obvious and apparent that, with leases coming to a conclusion and the amount of ageing stock that was owned, it was seen to be more beneficial to put everybody under one roof—all the administrative functions under one roof—rather than splitting up the bureaucracy.

**MR SESELJA:** Will leases have to be paid out under this scenario or will they all expire beforehand?

**Mr Maginness:** They are all due to expire. They are on hold. They are on a one plus one plus one arrangement at the moment.

**Mr Dawes:** And we have already leased, for example, Eclipse House to 2017. That is for Shared Services. That part of Shared Services was never planned to come into the government building. And we have re-leased Nara House to 2020. We do know roughly who is going to go into the building. That is to be finalised as we work through it even further, but we did need that additional accommodation.

**MR SESELJA:** The 2017 start date—does that mean that the public servants who are in D-grade offices now would not expect to be in anything better than that until 2017, when this project is completed?

**Mr Dawes:** Obviously in the buildings that we occupy—for example, Macarthur House is a C-grade building—we would be looking at doing the minimum maintenance to get us through to 2017. We need to be careful that we are not going and spending a lot of money. Obviously we need to maintain it to make sure that it is comfortable for the public servants that are in there today and beyond to 2017, but we need to be careful about what money we spend on that particular building as well. It would not be prudent to rush out and refit it out and spend \$20 or \$30 million when we have identified that Macarthur House will be sold and that those occupants will come into the government office. What we will be doing is then packaging that up to be sold in the short term, so that will provide whoever purchases that with the ability to do some master planning to look at what they might be able to put on the site with a configuration of residential and other mixed uses.

**MR SESELJA:** Effectively at this stage they will be in that kind of accommodation until 2017, will they?

**Mr Barr:** There will be a new building in Gungahlin, of course.

**MR SESELJA:** Finally, the assumptions talk about 25 years. I am interested in the short-term hit to the bottom line, particularly in those years when you are building. I imagine that would be the most difficult in terms of cash flow, because you will be borrowing money to build but you will still be paying rent and you will still be maintaining buildings elsewhere. What is the hit to the bottom line in those years leading up to 2017?

**Mr McNulty:** I do not know off the top of my head, but it is clearly in the model.

**MR SESELJA:** There is a cash flow analysis. I do not think there is a budget bottom line analysis. Is it possible for us to get that answer?

**Mr McNulty:** I think Treasury did a budget impact analysis. I presume that is in their analysis. That would be their document.

**THE CHAIR:** Are you going to undertake to get that?

**Mr Barr:** We can get that. Obviously some of it relates to outside the forward estimates.

**MS LE COUTEUR:** Last year we talked about the possibility of having some of the office workers located in Gungahlin. The Chief Minister at that time was very adamantly against it. I note that this year there is funding for a feasibility study. What has changed? And last year the Chief Minister was very adamant that everyone had to be in the same building to get these sorts of savings. Why is that no longer the case?

**Mr Barr:** In the first instance, this issue of how we define everyone has been confused a little in the public mind and in the mind of some in this place. It is important to put on the record that there are some people in the community who are of the view that there are 20,000 white-collar public servants who perform policy roles who would all be in a building in Civic.

**MS HUNTER:** We are quite clear that it is not the whole public service. What we want to know is why there has been a change.

**Mr Barr:** Governments are able to change their minds on issues. Local members are able to lobby effectively, Mr Chair, in order to see particular policy outcomes. Undoubtedly you would all be aware of our commitment in 2008 to seek to work with the commonwealth government in relation to office accommodation in Gungahlin. It is my view that the federal government still has a role to play here, but we have an opportunity, through this process, to take a leadership role. We have indicated that we will. I am very supportive of that. I am a modest individual, Ms Le Couteur, but I have been arguing for some time for this, and I am very pleased to have had a win on this occasion.

**THE CHAIR:** We will finish there.

**Meeting adjourned from 10.45 to 11.04 am.**

**THE CHAIR:** We will recommence the hearing. Welcome back, minister. Given that we have some more information or some more areas to go through, we might put an end to the government office block at this stage. I would simply ask: is it possible to get a snapshot of the assumptions? You said there were assumptions in 2009 and you updated them. Can we have that comparison of what the assumptions were in 2009 and the outcome, and what the assumptions are now and what the outcome is?

**Mr Barr:** Yes.

**THE CHAIR:** Can we say that we allocate half an hour for the rest of LAPS, then half an hour for business and then the rest for Gaming? Ms Hunter, do you have a question on a different area of LAPS?

**MS HUNTER:** I want to hand over to Ms Le Couteur first, thank you.

**MS LE COUTEUR:** Thank you. I would like to ask about supermarket policy, if I am in the right place of the world to ask that. I was a bit unsure with all the changes.

**Mr Barr:** I believe you are in the right area, Ms Le Couteur.

**MS LE COUTEUR:** Thank you, Mr Barr.

**Mr Barr:** We all love a good supermarket.

**MS LE COUTEUR:** We all love a good supermarket. I guess the question is how many of them. Given the work done in group centres around Canberra, are you actually proposing that we have the capacity for 2½ full-on supermarkets per group centre? That seems to be what is been planned in Dickson, Kingston and Amaroo. Is that in fact where we are going? When I say “half”, I am referring to Aldi as the half.

**Mr Barr:** Indeed, sure. I must say the previous policy framework effectively restricted competition in group centres. That has created a set of circumstances where I think some of the highest turnover supermarkets in the nation are located in some of our group centres. So the one I am most familiar with, having spent more hours of my life than I would care to standing in line, would be the Dickson one.

**MS LE COUTEUR:** Yes, I know that one well.

**Mr Barr:** Indeed, and I think almost anyone who has lived in the inner north over any period of time would have spent a goodly amount of time standing in line.

**MR HARGREAVES:** It was one of the reasons I left.

**Mr Barr:** There are fewer supermarket queues in Tuggeranong, apparently. One of the many blessings of living in the valley, Mr Hargreaves?

**MR HARGREAVES:** It is, indeed. No wait.

**Mr Barr:** All right. But sorry, I digress.

**THE CHAIR:** Focusing now.

**Mr Barr:** Indeed. Certainly, the interest, Ms Le Couteur, from other operators, including in relation to Dickson, has been in fact the level of turnover on that site. It has been argued that it could sustain up to four full-line supermarkets. That gives you an indication of the commercial interest within that group centre. I do not think that would apply in all other group centres.

Nonetheless, the principle of having competition, having other players in those areas, I think, is important. I am not sure it is fair to characterise 2½, as you have said, as being a one-size-fits-all approach across the entire territory. I think there are some areas, based on future planning policy and master planning outcomes, which would sustain a higher level of population and therefore would require a greater level of service. Presumably, you would also need to factor in the size of such supermarkets as well.

**MS LE COUTEUR:** Yes.

**Mr Barr:** Obviously there are different business models associated with the different providers. Nonetheless, there is that threshold issue of competition, certainly. As to

2½, and with Aldi being considered a half I presume, I do not think you can say that that is blanket policy across the board. Nonetheless, I think those competition principles are important. Full-line competition as well is also important. Whilst Aldi plays an important role, we also need to recognise that there are other competitors to the major supplier of groceries in the territory at the moment who also I think have a rightful place in enhancing competition.

**MS LE COUTEUR:** What work have you done to look at how much supermarket gross floor area there is over Canberra per capita and in the different areas? The ACT retail centre seems to have been suffering over the last year or so with a very high number of closures.

**Mr Barr:** Sure.

**MS LE COUTEUR:** We have a lot of things potentially being opened as well. Have we got over-supply?

**Mr Barr:** Yes, certainly I can say as a former planning minister that I am aware of the work that ACTPLA does—

**THE CHAIR:** You said that with so much relief.

**Mr Barr:** I think I will let that one go by, Mr Smyth.

**MR SESELJA:** We wanted you to stay, Andrew. I said that last night on the news. I wanted you to stay.

**Ms Barr:** Strangely, that bit did not go to air. Sorry, again, we digress. Look, undoubtedly there is a role for appropriate planning around the level of retail space that is made available but, equally, I think we have to recognise the intersection of the market into this policy space and also the other perhaps intangible factor, which is around entrepreneurship.

You cannot simply say that by providing a certain level of retail opportunity that that will in and of itself enhance competition or that restricting it will diminish competition, because there is another factor. In this industry in particular, you will see in some of the smaller suburban supermarkets, in fact, some significant entrepreneurship that has resulted in particular niche markets being developed that take market share away from some of the larger players.

So I am conscious that government cannot, even with the array of policy levers that we have, mandate absolute outcomes in each area. The market will certainly dictate the level of service provision, recognising though that government policy in relation to the availability of land for that purpose does impact on the market. There is an argument that you put, and I think it is implicit in your question, that there is an over-supply. In the end, I think as a policy setting for government it is better to have an over-supply than an under-supply and then the market will determine. So from time to time there will be businesses that do not succeed; that is the nature of the marketplace.

But I think a worse policy outcome would be that there was demand from the supply

side—the capacity from industry to in fact supply more—but they were being restrained by restrictive policies of government. So I think we are not in that situation in relation to retail in the territory and that over time, of course, the market will adjust. But people will take risks on retail ventures, as you would anticipate in a market economy.

**THE CHAIR:** You have more, Ms Le Couteur?

**MS LE COUTEUR:** Yes.

**THE CHAIR:** And then a supplementary from Mr Seselja on this issue.

**MS LE COUTEUR:** I have got more on this. Looking at this, has your new department cooperated with your old department, ACTPLA, in terms of the commercial zoning review? Obviously, that is very integral to supermarket competition policy.

**Mr Barr:** Indeed, yes, that is right. In relation to the intersection of these areas—the planning authority undertaking that preliminary work and then moving to the marketplace with this directorate as effectively the real estate arm of government—yes, that work and that partnership have been there. I think the changed model, the changed governance model under Hawke, will facilitate a greater level of cooperation in that area.

That is certainly something that I will be keenly focused on. Given my experience over the last four years, if you like, at the beginning of this process to now have the opportunity to work in that other space, I will bring my experiences as the planning minister into that role and certainly with the new directorate structures, the capacity to bring some of those areas together. The interaction between economic development and sustainable development directorates is critical.

I know that there has been some commentary in relation to the need to bring some of those areas closer together. The underlying philosophy of the Hawke structural review and the reforms of the public sector were around that one-government philosophy. I think I am aware of the need to demonstrate, not just to fellow politicians but to industry, that that structural change has led to a cultural change and a behavioural change in the way that government responds to these issues.

**MS LE COUTEUR:** How does your policy allow independent supermarkets to continue or even to expand?

**Mr Barr:** There is certainly ample opportunity within the marketplace for that to occur and there are many examples around the city. I go back to the point I made earlier about entrepreneurship and some niche markets developing around that context of local shopping centre provision. The commercial zones work that you have referred to I think again provides an opportunity for renewal of local shopping centres.

One of the key areas that I have highlighted and that I was keen to drive in that policy reform was to look at the possibility of more mixed use within the local shopping centres themselves. So you start to see—an example I would give there is Ainslie

where in addition to a range of commercial opportunities there is now residential within the core local suburban centre.

I think more of that is important and it is reflected in a policy change that we have discussed previously in relation to the RZ2 zone. The policy intent there was to revitalise local centres. I think the opportunity through the commercial zones code work is to enable that revitalisation to occur within the centres themselves, not just in the 200 metres around them.

**MS LE COUTEUR:** So can you confirm that there will still be some group centres that do not have a Woolies or a Coles? Is there anything really you are doing to support independent supermarkets—

**Mr Barr:** Sure.

**MS LE COUTEUR:** apart from just the raw possibility that they could be there?

**Mr Barr:** In the first instance, I think it is important to recognise that the planning system does not determine the operators—

**MS LE COUTEUR:** No.

**Mr Barr:** of particular a service. The planning system will zone it for a purpose—a supermarket.

**MS LE COUTEUR:** Yes.

**Mr Barr:** We do not dictate, and nor can we, which particular brand is on that.

**MS LE COUTEUR:** Yes, but you are not in planning anymore. You are now selling the land and you can decide who you sell it to.

**Mr Barr:** Yes, but that ultimately does not mean that you can control forever who will operate on those sites—

**MS LE COUTEUR:** No, but you can control it for a while.

**Mr Barr:** because it is a dynamic marketplace. But you can, of course, seek to introduce a degree of competition. Of course, we have overarching all of this the ACCC making decisions around competition. But we can also seek through our policy intervention, such as we have done, to provide more opportunities for competition. But the key driver of that, Ms Le Couteur, is making more sites available to the marketplace.

**MS LE COUTEUR:** Are you going to be looking at the floor space dominance test and are you going to be looking at updating John Martin's work on supermarket policy?

**Mr Barr:** Indeed, those areas I will examine. As you understand, I have had the portfolio for—

**MS LE COUTEUR:** A long time, yes.

**Mr Barr:** a matter of hours, but these are issues that I am looking at. I need to respect the different roles in terms of competition policy between the ACCC and the ACT government. We can seek to guide the marketplace, but ultimately we cannot control every outcome in the city.

**THE CHAIR:** A supplementary from Mr Seselja and then a new question from Ms Hunter.

**MR SESELJA:** Yes, on these policies you talked about guiding the marketplace and the like. I think at Casey—correct me if I am wrong—the government set out the lease conditions which any successful bidder for the site would have to sign up to. That included I think that Supabarn would be one of the tenants. In fact—correct me if I am wrong—if the vacancy rate in the centre which was built dropped below about 80 per cent, there would be a significant rent remission of around 50 per cent. Is that the case?

**Mr Barr:** Look, I would need to seek some advice from officials on the detail.

**Mr Dawes:** In that particular policy with Casey, and I will pass over to Greg to go into the finer detail, there was a pre-commitment there to both Supabarn and Aldi. When we took that to the market, those leases were in place. So whoever was the successful tenderer on that particular project would then enter into a lease with those two operators.

As part and parcel of that, as you know, the purchaser of that particular site has to hand back three sites to the territory—one for community facilities, one for a club and also an additional site for a third supermarket. But obviously before we put that out to the market we would actually again do something that Ms Le Couteur referred to. We would actually be doing a more robust test on what was required around additional competition, or additional supermarkets. Greg, do you just want to go into the finer detail?

**Mr Ellis:** The negotiations over these works were several months ago, so I apologise if I do not remember the exact percentages. The documents which govern these, as far as Casey is concerned, are public documents which are available to anyone who applies for them through the LDA, so they are public. Certainly, the percentages that would apply in relation to what you are asking, they were road tested with three valuation companies and then a fourth when we had decided on a gross dollar figure for each square metre and whether the conditions were appropriate for this kind of deal. We were advised by those market experts that they were.

**MR SESELJA:** I am just interested, minister, given you talk about entrepreneurship and the like, what is the rationale for that kind of market intervention? On the one hand you say, “We’re going to choose the supermarket,” and on the other hand you actually put in some reasonably onerous conditions for the purchaser that give a leg up to the supermarket operator. Is there a rationale for the government being that interventionist in a contractual relationship?

**Mr Barr:** I would anticipate an understanding in the community and more broadly in relation to the market failure that is clearly there and the potential for abuse of other market positions. Undoubtedly, the ACCC have made some interventions in this region in the past. So, to answer that threshold question, yes, there is a market failure; therefore there is an appropriate role for government to seek to use some policy levers to enhance competition.

In the context of this particular group centre, that has been targeted to enable and facilitate the expansion within the marketplace of the other players who are significant within the ACT market but not at the same level as the largest market player, given also, Mr Seselja, the fairly extensive presence of their competitors within the Gungahlin area. The concern would be that, without a level of government intervention, one particular provider would assume market dominance in almost every setting within the area, and I think that has significant risks in terms of competition.

**MR SESELJA:** And Supabarn would be free then to sell to a Woolworths or a Coles?

**Mr Barr:** Well, I would not like to see that occurring.

**MR SESELJA:** But they would be free to do so?

**Mr Barr:** Well, I would need to get some advice on the detail of that, but I have been advised there would be a competition test from the ACCC. But it certainly would be against the spirit and the desire of the government in its market intervention to see competition enhanced.

**MR SESELJA:** Just finally on this point—and Ms Le Couteur touched on this in terms of the independents—there is the ACCCesque rationale for excluding Woolworths and Coles on certain sites. The ACT government went further and excluded everyone else from some sites except Supabarn here at Kingston and Casey. The primary rationale that was put, I think, was that that would potentially enable a new wholesale business in the ACT. Is that happening?

**Mr Barr:** That is my understanding, yes.

**MR SESELJA:** So that is now an ongoing wholesale business? Are we talking about the large warehouse at the airport, or are we talking about a general and wholesale distribution network?

**Mr Dawes:** I understand that, for the Supabarn group, going to the airport was a stop-gap measure until they could actually have a facility that would provide the grocery lines more broadly. I understand they are currently doing a bit of work in a couple of locations and then expanding and moving from the airport into a larger warehouse facility.

**MR SESELJA:** So you expect that they will have a wholesale approach?

**Mr Dawes:** Yes, that is my understanding.

**MR SESELJA:** Within what kind of period are we talking?

**Mr Dawes:** It is my understanding that they are quite vigorously looking at something as we speak, because I understand they have to be out of the airport by August-September this year.

**Mr Ellis:** If I can just clarify something, in relation to Supabarn's obligations we built in penalties should Supabarn seek to relinquish the lease in the first 10 years. In fact, if they tried that, the lease just gets handed back to the territory. They have more scope after that 10 years, but not in the first 10 years.

**THE CHAIR:** The documents you referred to earlier you said were publicly available.

**Mr Ellis:** They are public documents.

**THE CHAIR:** Can a copy be provided to the committee for the record, please?

**Mr Ellis:** I am sure they can, yes.

**MS HUNTER:** Yes. I want to know about the role the directorate plays in facilitating the delivery of private sector developments. I also note, Mr Dawes, that you are now the coordinator-general, and I just want some idea about what that actually means. But going to the facilitation of private sector developments, what types of projects are the government currently facilitating and what criteria do you use to determine whether or not to help a private company with its development proposal?

**Mr Dawes:** We can provide you with the criteria; I am more than happy to provide criteria for you that we use. That will obviously be updated and enhanced. I think it is important that to know with regard to the particular role of the private sector that they have to seek permission or be granted that sort of status. So they apply to the Chief Minister, in this case. This will need to be reviewed in light of all the administrative changes, but, obviously, if it is going to be a key policy direction that the government wish to take, that would be it. It is not open to everyone just to apply for major project status. I think that is an important thing.

One that we do have at the present time is the Canberra university, a vital community asset to the territory. We are assisting them in a number of different ways. They are developing their master plan. We are trying to look at how we work with them to convert that plan into something they can deliver, in addition to some of the things around student accommodation as well. You saw that as part of the budget announcement where we have assisted them in getting some things up and running quickly so they can have those completed by the end of this calendar year ready for the new year.

They have also been successful in the commonwealth NRAS funding to provide student accommodation. The territory has done quite well out of that particular commonwealth initiative. They have up to 1,000 opportunities for NRAS, and we are looking at how we can do that and fast track some of that to be ready for the following year. So we are working with them there. That is the major project that we have currently on our books.

**Mr Barr:** I should indicate through you, Mr Chair, that this is obviously an area that we are paying close attention to. We intend to make a major statement to the Assembly in due course in relation to my intentions in this portfolio. One of those issues that you have raised, Ms Hunter, is central to this. It is important that there are clear criteria around what constitutes a major project and what is the appropriate size of such a project that would warrant assistance in the context that this directorate is able to apply. I think that work is important in setting a threshold and having very clear criteria around that that is clear to all stakeholders.

What I do not want to see is a situation of forum shopping, where people go about knocking on the doors of every agency and every minister within government seeking a leg-up into a particular process. Ultimately, that is counterproductive both for the proponent and for the community. So watch this space. I am very conscious of the need very early on in my term as minister in this area to establish those thresholds and make it clear to everyone exactly how this process will work. It is important that it is transparent and that we make decisions in relation to project facilitation and assistance that demonstrate clear community benefits.

Obviously I had a small role in this in relation to the call-in powers that the planning minister has. In the four years I was minister, I utilised them on a very small number of projects, each of which brought significant community benefit. The examples in my time as planning minister included the dam, student accommodation at the ANU, and the hospital car park, I believe. So I have set some pretty clear parameters around where I have sought to use those sorts of powers.

**MS HUNTER:** You talked about the University of Canberra. Any other projects?

**Mr Dawes:** That is the major project. We are working on a couple of other projects, but they have not got major project status. We are actually assisting. One of the key things that came out of the Hawke review is to provide a one-stop-shop-type approach right across the whole of the community. It is not just about building and construction; it is business or whatever as well. That may involve us just linking up the appropriate part of that agency to that particular proponent. It will be quite varied in what we provide.

One of the key things we want to be able to do is streamline some of our services back to organisations. Obviously, at the present time you can be going to a number of different places without a whole lot of direction, so we will help facilitate some of that.

**MS HUNTER:** Just on that one, the university—

**THE CHAIR:** Sorry, is it possible to get a list of all the major projects you are working on and anything that is being considered?

**Mr Barr:** Yes.

**THE CHAIR:** Thank you.

**MS HUNTER:** With the University of Canberra—you mentioned the student

accommodation, the large one—the budget includes a grant to the University of Canberra of \$6 million and a loan of up to \$23 million for this project. What is the total cost of the project, and is the loan secured to an asset?

**Mr Dawes:** The \$23 million is the cost of purchase and then the fit-out of that for student accommodation. So it is the total loan, and we have a fixed charge over that particular asset.

**MS LE COUTEUR:** So can I just be clear: the loan is 100 per cent of the cost of the project?

**Mr Dawes:** Correct. And they have to repay it over 15 years.

**Mr Thomson:** Yes, it is 14, 15 years. The details are mentioned in the back of the budget paper. I think that was explained yesterday at estimates.

**MS LE COUTEUR:** Yesterday it was explained differently. The impression I got from yesterday was that it was only part of the cost of the project, but now you are saying it is 100 per cent of the cost of the project.

**Mr Dawes:** Well, obviously, part and parcel of that was a remission of up to \$6 million.

**MS LE COUTEUR:** Maybe we will ask this on notice, because it was different yesterday.

**Mr Barr:** I think it might be an issue of terminology and what you mean by “total cost”. Certainly I have got no issue at all with providing—

**THE CHAIR:** Take it on notice, because there are different stories yesterday and today.

**MS LE COUTEUR:** Yes.

**MS HUNTER:** With the Australia Forum, a million dollars has been put in there. Is that seen as one of these types of projects? What role will the ACT government be playing in that?

**Mr Barr:** We are the landowners in relation to that particular precinct. One of the issues to work through will be—in the context of this morning’s discussion, it is quite amusing—financing models in relation to construction of such a vision as outlined in the Australia Forum. Clearly, there are a number of associated opportunities with West Basin, not just in relation to the Australia Forum convention part of the precinct but, in fact, potential in upgrading that as a transport hub, a ferry terminal, for example, and looking at some other opportunities in relation to developing that part of the precinct into a very attractive public space, and providing some greater connectivity to the peninsula. At the moment, it is quite a trek to get all the way round from the ferry terminal to the National Museum. There is a large area of land that certainly could have a much greater public purpose in time. Part of this work, clearly, will raise some of those possibilities. I think it has the potential to be a very exciting

area for the community.

**THE CHAIR:** I might ask a new question at this time, on toxic dump sites in particular. What is happening with Molonglo, north Weston pond, and in East Lake?

**Mr Barr:** It is probably best to ask that of TAMS.

**THE CHAIR:** It is TAMS?

**Mr Barr:** Yes.

**THE CHAIR:** All right. But you are the developers of the sites.

**Mr Dawes:** Actually, we do not have charge over that particular project. Our development is quite some distance away. It is completely separate from the pond.

**THE CHAIR:** All right. So we should place all those on the TAMS list.

**Mr Barr:** Yes. And in relation to East Lake, obviously that is still at the planning stage.

**THE CHAIR:** So you just walked away from that.

**Mr Barr:** I am certainly happy to provide some comment that those issues were anticipated, but we do need to work through the detail of what the consultants have found. It still remains the government's intention for that area to be redeveloped.

**THE CHAIR:** We will go with TAMS then. Moving to the land release program, how many residential blocks are expected to be released this year—the current financial year—and how many were projected to be released?

**Mr Dawes:** We are working to achieve our target of 5,000 blocks this financial year. We have got some blocks to go—we have got an auction and some other sales events between now and 30 June—but we will achieve the 5,000 blocks that are indicated in the land release program this year. The targets moving forward over the next four years are 18,500, with 5,500 next year, 5,000 the following year and then four and four as well. Part and parcel of that is to work on trying to provide an inventory in getting some planning-ready blocks so that we can respond more easily to the market.

**THE CHAIR:** How will the new arrangements affect the LDA? Are all of LDA's functions moved into the Economic Development Directorate?

**Mr Barr:** Yes.

**THE CHAIR:** And the actual role of LDA—will it be independent, as it was? Will it keep its board? What will happen there? What are the administrative arrangements for the LDA?

**Mr Dawes:** That is currently in the process of being finalised and it is subject to further cabinet deliberations. We are looking at keeping it as an authority. The

discussion will be around how the board will operate—whether it is a governing board or whether it will be an advisory board. That is something that is being considered by government currently.

**THE CHAIR:** A supplementary out of that, Ms Le Couteur. Then we will go to a question from Mr Seselja.

**MS LE COUTEUR:** Thank you. On this subject I understand that the LDA is meant to be being placed on the same sort of footing as a private sector developer, that they have to pay interest charges, and that this is going to be paid for by an improvement in efficiency. I think that is going to be \$5.6 million. How are you going to achieve \$5.6 million worth of extra efficiency?

**Mr Dawes:** I will ask John to join us from the LDA.

**Mr Thomson:** Just one—

**Mr Dawes:** Ian can start.

**Mr Thomson:** I was going to refer back to the University of Canberra and the NRAS. The thousand places are still being negotiated. It has not been fully decided. That is our expectation.

**MS LE COUTEUR:** Sorry, I did not hear you.

**Mr Thomson:** The thousand NRAS places for the University of Canberra—

**MS LE COUTEUR:** For the University of Canberra?

**Mr Thomson:** We are still in negotiations. It is an expectation rather than a fully signed deal at this stage.

**MS HUNTER:** Is that on top of the Cameron offices or is that part of the Cameron offices?

**Mr Thomson:** The Cameron offices, I believe, the University of Canberra will use for 180 spots.

**MS HUNTER:** So the NRAS is separate from the Cameron offices?

**Mr Thomson:** Yes.

**Mr Robertson:** Ms Le Couteur, you asked about savings in the LDA?

**MS LE COUTEUR:** Yes.

**Mr Robertson:** I think it is probably worth putting it in context.

**MS LE COUTEUR:** There is \$5.6 million identified.

**Mr Robertson:** Over the last four years since I have been at the LDA, under my leadership, and that of the board and the previous Chief Minister, the LDA's resources have increased by in the order of 50 per cent now and our outputs have increased by about 150 per cent. So we have gradually been building a lot of efficiencies. Over the last couple of years we have operated within our budget. You will notice from the statement of intent this year that there are the extra 10 per cent of releases for next year that Mr Dawes referred to. We are doing that with effectively fewer staffing resources than we were allocated for the current financial year.

In terms of the specific savings that are referred to in the budget, they are obviously in two strands. You may have noticed that over the last year or so we have been increasing the scale of some of the planning design contracts that we have been letting—that is most visible in relation to Molonglo—and also the construction contracts, for example, in relation to Wright. For the development of Wright, we went out to competitive tender where we tendered for the first stage of the work but part of the offer was subject to performance and other things. We could extend that to the rest of the estate. We are just going through that process at the moment—considering whether we are going to avail ourselves of that opportunity.

With the other developments that we are doing, we are doing bigger scale so there are some bigger projects and some scale economies. Also, through the other work that we have been doing, members of the committee will probably be aware of a lot of the changes we have made over recent years to our ballot processes and things. It is a much better experience for the public than it was quite a few years ago. We do not have people queuing any more; we are dealing with people a lot better and we have got a better process than we previously had. That has meant that some of the staffing resources—we have not had, particularly, the peaks on some of those events that we might have had in the past. What we have managed to do is gradually build more savings and more efficiencies.

You would be aware that recently the Auditor-General's Office, with their review of land release and development, found that the LDA had exceeded its targets and had a strong financial management focus. They did not identify any inefficiencies. That has not meant that we have rested on our laurels. As part of the current budget process, the government have picked up on some of those issues. You are aware that there is now an interest charge. They have also looked to us to continue the work that we have been doing and to pursue and deliver more savings.

So there are savings in a number of different areas that come together in the numbers you see in the budget. They are quite significant in the context of whole-of-government savings—but within the scale of the LDA's operations, being in the order of \$500 million. In fact, next year we will probably have revenues of around \$690 million; that is our estimate at the moment. In that context, we are very comfortable and confident that we will be able to achieve the savings and the challenges the government have put for us.

Let me go to some of the specific items. For example, around advertising, we do not spend a lot at the moment on advertising compared to the private sector or anybody else, but you will have noticed that now in the *Canberra Times*, for example, in "Domain", we are effectively having full-page ads with a couple of lines on each of

the opportunities, whereas in the past we might have had ads smaller in area but in total a much greater area overall with the different projects. So we have looked at a whole lot of operations.

Also—you, Ms Le Couteur, have probably paid closer attention to it than most—you would be aware from our ballots that we have quite thick little folders and booklets with all the material that we put out to people. Because of the releases that we have done and exceeding our targets over recent years, the number of people that are queued up for any particular ballot is less than it was previously, but we are also moving away from having a lot of these printing expenses, which are large. It is not necessarily visible from the outside but it is a significant component of our printing and publishing expenses in advertising. So we are going to do a lot more of that electronically. I think the market and the customers are very used to dealing with this. There are a lot of those detailed specific things, but they add up to significant savings which return to budget.

**THE CHAIR:** Thank you for that. Any further questions on the LDA?

**MS HUNTER:** On the LDA?

**THE CHAIR:** On this particular question.

**MS HUNTER:** Not on this question.

**MR SESELJA:** I have something on LDA.

**MS HUNTER:** I want to go to another avenue.

**THE CHAIR:** Yes. Mr Seselja.

**MR SESELJA:** Thank you. On land release, particularly industrial land release, does the government have a policy at the moment of releasing industrial land in order to see a devaluing of prices in industrial areas?

**Mr Dawes:** No. Actually one of the key things that we have got recognition of is that there is an under-supply of industrial land. I know that the industry were calling for us not to have particular auctions because we would not sell any of that land, in particular section 26 at Fyshwick. All those blocks were sold at auction. We do not have any blocks available over the counter, but when we looked at trying to release more land we also wanted to get back to a stage of having an inventory of land there so that we can respond to the market. There is from time to time a business opportunity that may present, so we do need to have blocks of land so that we can respond to the industry—all types of blocks: small industrial to larger blocks.

**MR SESELJA:** And with those recent sales you speak of, what was the per square metre rate on those sales?

**Mr Dawes:** I would have to go back and have a look; I cannot remember every detail of every block. But if you are referring to some people that might have bought blocks of land some years ago as well, people make business decisions and go to an auction

and then can compete the same as anyone else.

**MR SESELJA:** So is land now selling cheaper in industrial areas than it was a few years ago?

**Mr Dawes:** I think there has been a levelling off of prices in industrial land.

**MR SESELJA:** We have seen a reduction. So that has been the impact of the policy, whether it is deliberate or not. Has the government done an analysis of how that might affect rates in industrial areas? If the value of the land comes down, are you anticipating a hit in revenues as a result of lower valuations?

**Mr Robertson:** Mr Smyth, perhaps I could help address one of the issues that has already been raised and assist Mr Dawes with the answer to that. The land values we have for the most recent sales in Fyshwick were around \$300 and \$310 a square metre. They were the section 26 blocks. In terms of the upcoming releases, because there was such strong demand, it is not a matter of trying to get inventory out there; the LDA does not actually have any inventory because everything that we have taken to the market has been sold.

What we have tried to do is this. The market has many different segments; “industrial” is a broad word. Between now and 30 June we have got the first of the releases of much larger blocks coming out in Hume west; we also have another five blocks in section 26 in Fyshwick. It tends to be the demand that is driving that. It is also difficult to really compare when you are just doing the crude dollar per square metre comparisons: a block of land at that Civic end of Fyshwick is going to sell for a very different price, partly because of use and partly because of location, from that of the square metres we are going to get out of Hume. I am expecting that the Hume blocks will have a lower per square metre rate, basically because they are much bigger blocks. They have got a different range of uses. Whilst they have got good locations in relation to the Monaro Highway, they are not right there in the heart of Fyshwick.

**MR SESELJA:** Mr Dawes said that the prices have come off. Has that been factored into a potential loss of revenue for the government?

**Mr Dawes:** I think what you will find—and that is under the analysis that we are doing—is that we are doing quite a bit of analysis now on a number of different fronts, and that is a work in progress. But I think what we have got to also understand is that, if there is a drop-off in that regard, the fact that there are more people and more leases out there means the status quo will be very close. It is a problem there.

**MR SESELJA:** On residential land release, the government always publishes how many it plans to release and how many it has released in any given year. The concern is often that release can mean a number of things. Are you able to tell us, say for this financial year, of the blocks that are in there listed as having been released, how many are now being built on or how many are yet to be built on?

**Mr Dawes:** I think what you need to have a look at is the lag time from when we release, whether it is an englobo parcel. For example, we are releasing Ngunnawal 2C on 8 June. That will then go to the private sector. They will have to do their planning

and lodge it. So people will not be building on that, probably for at least 18 months. I think what we need to have a look at is: when you go back in time to the land release program, by the end of this year, over a four-year period we will have released in excess of 17,000 blocks. If you look at the building starts that were achieved last calendar year, which were the largest since self-government, they were 4,800.

It takes a while to catch up. What we are endeavouring to do is get that land out there into a number of different hands. The LDA are doing some developments. We have got some in the joint ventures and we are putting some englobos out there into the marketplace to provide more competition, to provide that competition, but also to get the land to a point where people can come into either the LDA or the developers' offices and buy a block of land rather than off the plan. They can actually physically walk on it, and that is what we are endeavouring to do.

**MR SESELJA:** Just quickly then, if I am a builder and I do not have any pre-existing arrangements with the LDA or anything and I want to come and buy a block of land today, a residential greenfields block of land in Canberra from the government, how many are available now?

**Mr Dawes:** There are very few opportunities available today that—

**MR SESELJA:** Very few being none?

**Mr Dawes:** None, I would say—

**MR SESELJA:** Fewer than 10?

**Mr Dawes:** I would say if, for example, you wanted to come in and buy a block of land—I would have to double-check whether there was any—it would be a handful of blocks that were completed, ready to build on today. But the point of the exercise is to release.

I do not think we need to dwell on it. I think that the demand that we have seen occur over the course of the last four years is probably the most sustained that I have ever experienced since I have been involved in the industry. To think that we will have released 17,000 blocks by the end of this financial year over a four-year period, compared to underlying demand of 2,500 per annum, it—

**MR SESELJA:** Finally on those 17,000, is it possible for the LDA here or on notice to give us—you said over the last four years it will be 17,000—how many of those 17,000 blocks have ever been built on or are currently being built on? Are we able to get a split of that?

**Mr Robertson:** We could do that. I think that the number is closer to 16,000 than 17,000 but certainly in that order over the four years. As Mr Dawes said, the housing starts for the last calendar year were about on a par with the releases. So we are getting to that point where it is a relatively steady state but we need to remember that, as the population grows, you are talking a steady state in terms of the percentage additions we are making in the housing stock.

The other thing to remember is that a lot of what we are releasing, including in this year's 5,000, are multi-unit sites, some of which, for example Kingston Foreshore or some of the others, are mixed used sites that are coming up at some of the shopping centres around Canberra. There is an auction, probably as we are speaking, happening where there is mixed use. So there are some residences on land in some of those sites. They can be built on straightaway.

The audit office's definition is that they are shovel ready, but of course when someone buys it they then have to actually do their planning. They then have to go to the planning authority, get their building approvals and things like that. So our work might be completed on them but they cannot physically start nailing wood because of that issue that they need approvals.

**MR SESELJA:** Finally on notice, in relation to the earlier question, are you able to provide the committee, for the last half dozen industrial land releases or for this financial year, what has been the per square metre sale price?

**Mr Robertson:** Sure.

**Mr Dawes:** Certainly, yes. That is public knowledge. It is not a problem.

**Mr Robertson:** Do you mean releases or the last half dozen blocks?

**Mr Dawes:** Sold?

**MR SESELJA:** Releases.

**Mr Dawes:** Yes, we can. That is public knowledge.

**THE CHAIR:** A supplementary from Ms Hunter and then a new question.

**MS HUNTER:** Considering the concerns that came out of the Auditor-General's report into residential land supply and development, can you assure the community that you will meet the land release targets for 2011-12 and, in turn obviously, the revenue targets?

**Mr Dawes:** When we look at the underlying demand still there, we believe that the market is still quite strong. When we look at any ballots that we are putting out at the present time, we have a greater number of people wanting those particular blocks than we have blocks, and we do have that desire to get to the point whereby we do have an inventory. I think we all agree on that. We have been talking about this for a couple of years. I probably have not achieved one of my KPIs since I joined government, which is to have blocks of land ready on the market where people can go and kick the kerb. So we will be working—and we are still working—quite rigorously and vigorously to achieve that objective.

We are also monitoring the market quite closely, and it is important to be able to do that. We monitor what is coming through the private sector pipeline. If we look at what is coming through the private sector pipeline in the way of units, that is in the order of 7,000 units that are either sold and being built or yet to come onto the market

as well. So we are keeping a very strong handle, I suppose, on that segment of the market.

We meet regularly with a number of the key agencies involved in promoting and selling that particular stock and we keep a very close eye on what is being approved and what is in the system as well, to gather that data. But we believe that we will get to the 5,500 box next year and 5,000 the following year. And we will be actually producing a booklet, as we have done in the past, printing and publishing information about the land release program.

**MS HUNTER:** I want to go to—

**Mr Robertson:** Sorry, on that, your question also referred to revenue. With the land release and the revenue, it is a rolling program. I mentioned a steady state before. At this point we have on our hands about \$410 million worth of exchanged contracts which settle sometime after today. Most of that is due to settle next financial year. We also have a number of releases and auctions that are occurring between now and 30 June, most of which I would expect would be settled during the next financial year as well.

I am expecting we will carry in the order of \$400 million-plus of exchanged contracts as at 30 June, which we will collect next year; so that is getting towards two-thirds of the revenue that we are anticipating for next year, with other release events scheduled between now and Christmas. On that basis, there is no reason to suggest that we will not get to our revenue targets.

**MS HUNTER:** I want to move to Budget Paper 4, pages 130 and 132. It talks about the \$400,000 proposed for Kenny contamination remediation. What is the situation out at Kenny? What needs to be remediated? I will start with that.

**Mr McNulty:** There are a range of contaminated sites in Kenny and they cover things like rockfill in a drainage line; a quantity of asphalt covering a pipe; stockyards, possible foot bath dip structure; stockpiles of material containing timber and steel posts; concrete and brick fill; concrete; bricks; timber in a drainage line; builders' rubble; gravelly sand material in a small stockpile. There are a range of fairly minor, if you like, contamination issues this time. It is not—

**MR HARGREAVES:** It does not glow in the dark?

**Mr McNulty:** It does not glow in the dark.

**Mr Thomson:** This funding is to help provide the remedial action planned for Kenny—

**Mr McNulty:** Yes.

**MS HUNTER:** Yes, the remedial action, that is right.

**Mr Thomson:**—which is the important part before we can go forward with development.

**MS HUNTER:** So we have got a list of what is happening out at Kenny. What is the time line for the release of Kenny?

**Mr Thomson:** I think it is 2013-14.

**MS LE COUTEUR:** And is it on target for your—

**Mr Thomson:** 2012-13 is the first release of Kenny.

**MS HUNTER:** So you are not expecting to start remediating and find there is a lot more than what you had thought might be there? You are pretty confident that—

**Mr McNulty:** The estimate budget is based on an investigation of the site.

**MS LE COUTEUR:** We have been there before.

**Mr McNulty:** Yes.

**Mr Thomson:** The land release program is indicative and, if issues are found, there will be a change to the process.

**Mr Robertson:** And I think we have demonstrated over the last few years that we have had that flexibility that if there are particular issues we will re-jig them either within the relevant year or from year to year. It is not unusual, because of the history of the ACT, to find things occasionally that are normally dealt with as part—

**Mr Barr:** I acknowledge there is a track record here and we do need to undertake that work.

**THE CHAIR:** Not that it will happen in your time as minister for land, will it?

**Mr Dawes:** But I think it is an indication that we are doing far more work up-front as well, and I think that is important. Before we actually decide to do something, there are more rigorous investigations occurring so that we can prepare for that.

**MS HUNTER:** Because part of our issue is that accurate records have not been kept over the years.

**Mr Dawes:** That is correct.

**MS HUNTER:** And there were many unofficial dumping sites and so forth.

**Mr Dawes:** That is right.

**MS HUNTER:** So you are doing that up-front.

**Mr Barr:** It would appear that the era before self-government was not terrific for recordkeeping of that nature, yes.

**MS HUNTER:** What is LDA's role and Economic Development's role in Kenny?

**Mr Dawes:** Obviously we will be doing the remediation, getting all of that preparatory work done, and once that is all cleared we will be handing that over to the LDA to start doing the detailed planning and developing the EDP, the estate development plan.

**Mr Robertson:** Yes, and that work that David has referred to is also work through the new Environment and Sustainable Development Directorate. Some of the savings that I did not refer to were due to the fact that, because some of this other work would be done and is being done earlier, there is a bit more certainty about development edges and things. So we can then go to tender for planning studies or construction studies with less risk around them and, therefore, presumably less premiums, cheaper prices being bid in. But we will then treat Kenny as we have any other suburb, seeking to meet the government's housing affordability, sustainability objectives et cetera, and do our design, construct the suburb and collect the revenue.

**MS LE COUTEUR:** I might move to Molonglo now.

**THE CHAIR:** The move will be rapid because I am going to move us to economic development shortly.

**Mr Barr:** Apparently, we are going west!

**THE CHAIR:** Yes.

**Mr Barr:** A curious headline choice.

**MS LE COUTEUR:** Well, I will do a positive one. Your sustainability assessor seems like a great idea. Are you going to keep it going for all of the LDA universe?

**Mr Barr:** The LDA universe?

**MS LE COUTEUR:** Portfolio of land development opportunity, sorry.

**Mr Dawes:** Obviously, as I think we discussed earlier, this is the new initiative when we have looked at doing Molonglo.

**MS LE COUTEUR:** Yes.

**Mr Dawes:** I think—and this will be reviewed—that to date it has had such a positive effect, by assisting as many purchasers out in the marketplace as possible, that it is a bonus because it makes them more aware of how the home can be sited, what appliances et cetera can be put into the home. I think it will obviously be tested and evaluated at the end of the program, but it is there for the life of Coombs and Wright, which is before us for a number of years anyway. Obviously we will be reviewing it as we go forward. Indications to date have been very positive. I think people that have accessed the system and the process have been very appreciative of it as well.

**MS LE COUTEUR:** You have \$10 million down for water supply in stage 1 of stage

2; that is our interpretation of it. Can you tell us how this water supply infrastructure in Molonglo will be more sustainable than other greenfield developments—or will it, in fact?

**Mr Dawes:** The water supply?

**MS LE COUTEUR:** It is in BP4 at page 131, and from that we interpret that it is the first part of Molonglo stage 2.

**Mr McNulty:** Yes. This project will provide trunk water main infrastructure from Duffy to Molonglo 2, along Cotter and Uriarra roads; an extension of water mains for low and extra-low pressure zones from Coombs and Wright to Molonglo 2; extension of trunk sewer to Molonglo 2; a sewage pumping station and rising main; and a water quality control pond. So this is trunk infrastructure support.

**MS LE COUTEUR:** How does it make it more sustainable?

**MS HUNTER:** That is the key part of the question.

**Mr McNulty:** I am not sure that—

**MS LE COUTEUR:** Or does it make it—

**Mr McNulty:** the provision of trunk infrastructure has the ability to impact on sustainability.

**THE CHAIR:** The sustainability—

**MS HUNTER:** Surely stormwater infrastructure—

**MS LE COUTEUR:** That is an interesting comment.

**Mr McNulty:** It is water quality control ponds. So water mains and sewer mains by themselves are—

**MS HUNTER:** But if you are laying the foundations for how you are going to deal with water, how does it link in with a sustainability concept?

**MS LE COUTEUR:** Greywater provision, stormwater provision—all of these things, I would have thought, were significantly interrelated.

**Mr Dawes:** I think it is terminology. Our basic brief here is the basic capital works job to be carried out—that is, getting water to the estate, ready for the LDA, as it were, to plug into that infrastructure; the same with sewerage as well. Obviously, we will be doing the pond, which will have the effect of providing that filter into the river system. So that is the improvement. In a number of the different initiatives, if you look at what is being done in Coombs and Wright, the water that is being collected in the ponds there is being dispersed to some of the infrastructure. That is the question that you are probably alluding to. We are setting the framework, in effect. We are doing the front end bit of work, which allows the estate—

**MS HUNTER:** For those add-ons to be attached.

**Mr Dawes:** For the add-ons to be attached. That is the differentiation there. I think that is an important thing. Obviously, our control pond will feed into that system as well, but as we go further into Coombs and Wright that other infrastructure there is going to be the—

**Mr Thomson:** The funding also includes moneys for stabilisation of downstream river corridors, so it connects in the wetlands. So a water quality control pond, wetlands and creek stabilisation are part of the program.

**MS LE COUTEUR:** Does that mean that any decision has been made about dam versus chain of ponds?

**Mr Dawes:** No.

**MS LE COUTEUR:** That seems to be the area you are—

**Mr Barr:** Not in relation to this first part of the Molonglo development. These are the first two suburbs. Certainly, we have had this conversation in planning estimates.

**THE CHAIR:** Given the lack of time, can we have a breakdown of the money and what it is intended to provide?

**Mr Barr:** Yes, we are happy to do that. Obviously we will have the opportunity to explore this in a little bit more detail, in terms of future estimates hearings, in the planning portfolio as well.

**THE CHAIR:** Just to finish this area—

**Mr Robertson:** In terms of the sustainability impact from water, clearly there are the things that you talked about earlier with the home adviser and some of the measures that we have been putting into Coombs and Wright in our development requirements. You will still need the pipes to carry water there but the intention is that there will be less usage than traditionally across Canberra. In fact, I think to get the enviro certification we have had a very significant percentage reduction in water implied in the development.

**THE CHAIR:** Just to finish on this area, minister, section 63, what is happening at the site? Is it still under a holding lease and do you know when development will commence?

**Mr Dawes:** Section 63 is in the hands of Leighton-Mirvac joint venture. I understand that they have put in a bid for one of the commonwealth agencies, so it is pretty much in their court as to how and when they will commence that.

**THE CHAIR:** It is still a holding lease?

**Mr Dawes:** I would have to take that on notice. I have not been involved with it for

some years. We could take that on notice.

**THE CHAIR:** The remaining bid is what I think years ago was section 56.

**Mr Barr:** Are you referring to the surface car park behind the Canberra Centre?

**THE CHAIR:** Yes, indeed.

**Mr Barr:** That sits with ACTPLA too, I think you will find.

**THE CHAIR:** Thanks very much. Thank you to LAPS for that. We will now move on to business outputs. While the staff are changing over, minister, I have a question for you on the future of Summernats. What is the commitment from the owners and operators of Summernats? Is that remaining in the ACT or is there any news?

**Mr Barr:** My understanding is that they are negotiating with Exhibition Park in relation to a longer term hire arrangement. I know we have been working with them particularly around some infrastructure elements at Exhibition Park. You would see in the budget papers an initiative around temporary seating. That is predominantly for Manuka but the capacity is to be relocated to Exhibition Park for the Summernats period as it would not be required at Manuka at that time. So being able to do that and lease that to the operator I understand reduces his costs and is a useful way that we can assist in providing a better venue and some enhanced revenue opportunities for the operator. I will have to take on notice whether a deal has been signed but I know negotiations are underway.

**THE CHAIR:** I have heard rumours that potentially the operator is to take the event from the ACT. Are you aware of that?

**Mr Barr:** I have heard those rumours almost every year that I have been in Canberra, since the event started, really; that sort of stuff has been going on. That seems to be standard pre-negotiation rhetoric. That obviously remains a prospect for the operator. It is their event; they can take it elsewhere. But we would anticipate being able to offer them an attractive venue and an attractive set of arrangements to keep them here in the long term.

**THE CHAIR:** The staff are now with us. Minister, how will your time as the Minister for Economic Development vary from the previous minister's? In the context that the Chief Minister and Treasurer said when she delivered the budget that it was now time for us to stand on our own two feet, how will you drive the economic agenda? Ted Quinlan had his white paper, which was a substantial document. The document released in August 2008 has less detail in it. What are you going to do and what is in the budget for all the economy of the ACT?

**Mr Barr:** The areas where you would be familiar with my involvement—in particular, Education and Training and Tourism, Sport and Recreation—have recently released major statements of intent around future direction. The sports one was only a matter of weeks ago. Tourism, within the budget, obviously has a number of new appropriations; some work in the short term and the medium term, particularly in relation to the airport expansion—looking to take advantage of what is effectively a

once in a generation opportunity. So growth in the tourism and sport sectors are both there and are facilitated through initiatives in this budget or in the 10-year strategy that we outlined in the active 2020 response in sport and recreation.

The other major driver of economic growth and diversification for the territory over the next 10 years will be Education and Training. Undoubtedly, the facilitation within the budget of enhanced student accommodation prospects for the University of Canberra is important, noting also the ANU's expansion that I supported as planning minister through the use of the call-in powers that we discussed earlier this morning.

There is the capacity for Education and Training to continue to grow off the back of the Bradley review of higher education, the deregulation of the sector. The money that the federal government put forward in this year's budget around reform of technical and further education sent a very clear signal to the states and territories that reform of public TAFE would attract reward from the commonwealth. I think that presents some opportunities for the ACT that we are actively exploring in relation to the partnership or potential amalgamation of the University of Canberra and the CIT.

Mr Dawes spoke earlier around the University of Canberra's master plan work and its major expansion there. There is perhaps the intersection of a number of exciting opportunities. The prospect, for example, of a new north side hospital being co-located with the University of Canberra is under active consideration. Equally, we need to ensure that the policy settings we have in place in relation to technical and further education and its intersection with the universities are appropriate to ensure the long-term economic growth of that sector.

I have commissioned Professor Denise Bradley, who undertook the national work in relation to higher education reform, to undertake a short, sharp piece of work for us to define the appropriate model for an amalgamation between the CIT and UC. I think that would be the single biggest structural reform in tertiary and vocational education and training in the history of self-government, and presents some significant opportunities for expansion of Education and Training. If we look at the data now, I think the sector is about number three in terms of export income, behind public administration and defence, and I think it has the potential to grow significantly into the future.

Tourism just ticked over I think \$1.5 billion worth of contribution each year. Employment levels are approaching 13,000, which again marks it as a significant industry. Associated with our centenary celebrations, obviously, we have the potential to use that year to relaunch brand Canberra on the national and international stage. This year's budget provides resources in that area to run an appropriate national marketing campaign in addition to what we do as normal business within the tourism portfolio. So there is a significant injection of additional funds around the centenary. I have been on the public record—in fact we have debated these matters before—as saying that it is an opportunity too good to miss. I was delighted that the federal government has contributed \$6 million towards the centenary as well.

**THE CHAIR:** You would have been more delighted if it had been the \$20 million that you asked for.

**Mr Barr:** Of course we would have been more delighted if it had been a number higher than that; nonetheless that is a significant contribution and certainly will facilitate an enhanced program. I am glad the money was allocated in this year's budget. That gives us some capacity to plan in the program, recognising the need to be finalising that in the very near future.

**THE CHAIR:** On page 123 of Budget Paper 4, output class 1.2, business and industry development, firstly, is this just a direct transfer from Chief Minister's?

**Mr Barr:** That is my understanding, yes.

**THE CHAIR:** Because the change seems to have cost the area about 15 per cent of its budget.

**Mr Cox:** As to the difference in the numbers, it can be explained, if you like, as these various ons and offs in the program. Typically, our program renewal process is a three or four-year process. What is reflecting there at a sort of a headline level is that there have been some changes in the funding that was provided through the supporting innovation budget three budgets ago. I think there was \$1.1 million in that. That three-year commitment expired. It has been replaced by a different funding arrangement to Lighthouse and a smaller increase, a smaller funding envelope, to the ICon budget. The difference between those two is about \$400,000 or \$600,000.

There are things like the Shanghai expo expenditure. It was in for two years and it has now dropped out. There are, I think, some changes in the way that the rollovers have been pushed through the budget process as well. From where I sit, I have as many programs to deliver—if not one or two more—going forward. The reduction in numbers is more around the ons and offs in programming activity.

**THE CHAIR:** This is the standard question I always ask at the start. Could we have a reconciliation of the ins and outs?

**Mr Barr:** You would like a reconciliation of what is turned on and what is turned off. Yes, we are happy to provide that.

**THE CHAIR:** In a way it is misleading if somebody just picks the document up and looks at it and thinks, "That money's gone back." So if we could have the ins and outs.

**Mr Barr:** Sure. It does not appropriately account for one-off expenditures like the world expo, for example. I appreciate that.

**THE CHAIR:** Thanks for that. Ms Hunter?

**MS HUNTER:** I wanted to go to the clean economic development strategy. This thing keeps changing its name slightly. We are up to the clean economic development strategy. I wanted to know what progress has been made. I am assuming it is sitting in the business and economic development area. Yes. What coordination is being done with other relevant departments? What is the progress and what is the coordination?

**Mr Cox:** I think we had a similar conversation about annual report time.

**MS HUNTER:** But we have had a few months in between, so I am sure more has happened.

**Mr Cox:** The story thus far, as you know, is that the UC framework document was a public consultation process.

**MS HUNTER:** Yes.

**Mr Cox:** There was a request for submissions. There was a relatively small number of those received. We threw that into an IDC mix. There has been an IDC that has met once as a group and has had ongoing conversations via the usual sort of media of government. There is a fairly strong view in the IDC process that, first of all, it is almost a threshold issue to resolve, which is: what are we dealing with? Are we dealing with an economic development strategy, a business or sector development strategy, or are we dealing with something much broader than that? The view of the IDC is that what we should be doing here is actually marrying the scope to a sector development strategy. I think that was also part of the tenor of the submission that the Greens put in. That is essentially what we have done.

In the last little while there have been some fairly significant events in the space. There is a carbon tax on its way, there is a trading scheme coming in and there has been the formation of two directorates. We have deliberately slowed the process down until some of that is resolved. We have done a significant amount of internal drafting around the sector development elements of the strategy. That is where it is sitting. We are looking for, I guess, some resolution and guidance to some of those big issues over the next couple of months so we can get something out in the public domain in 2011.

**MS HUNTER:** Within the work you have done have you looked at issues such as the ACT purchasing policies? We understand from industry that a major road block or problem with moving forward is ACT purchasing policies and how they go about—

**Mr Barr:** So around procurement?

**MS HUNTER:** Yes, procurement.

**Mr Barr:** Speaking today, I can foreshadow that as of 1 July, when I have the great honour of becoming Treasurer of the territory, procurement will be an area that I will be focusing on. In the context that it overlaps with this particular agenda, Ms Hunter, I certainly intend to see these two policy fronts combined to ensure that our procurement policies are both economically and environmentally sustainable in the long term. There is a piece of work that needs to be done.

Obviously I need to have some briefings, as the incoming minister, in relation to a number of these issues. I will commence those in the context of economic development first, as I have got that portfolio now, but we will be looking to sit down with Treasury very early on in the winter recess once we get to that phase, in my early days in that portfolio, to have those discussions. I am conscious of this point. People have made similar observations to me. I certainly will be working on this area in the

weeks and months ahead.

**MS HUNTER:** Okay. There was one final point on this, and that was around the education export services sector strategy—

**Mr Barr:** Indeed, yes.

**MS HUNTER:** and whether that is being integrated into what I will call the green economy strategy but you call it the clean—

**Mr Barr:** You will forgive me for using a different title.

**MS HUNTER:** economic strategy plan.

**Mr Barr:** Indeed. It also obviously overlaps with the Education and Training portfolio.

**MS HUNTER:** Yes.

**Mr Barr:** It is an area of great passion for me. This was an initiative that I was particularly pleased about even though at the time it came through the budget process I was not the sponsoring minister. I am delighted to inherit this particular project. We undertook some work last year in China and will continue our focus on education exports. It is a critical economic driver for the territory.

I think an appropriate long-term vision is for this sector to grow into being one of the major employers in the city. That is not a five or 10-year plan. That is a 30, 40, 50-year plan, but I think we can put in place the building blocks of that in this decade and take advantage of the changed environment in relation to higher education and those new arrangements that come in place from 2012. I go back to the point I made in my opening remarks in answer to Mr Smyth's question: the opportunity for structural change in vocational and higher education is here for us. Denise Bradley is doing that short, sharp piece of work. I look forward to her recommendations in the next six to eight weeks.

**THE CHAIR:** Ms Le Couteur.

**MS LE COUTEUR:** Thank you. Budget paper 3, page 91, has the sum of \$100,000 that the government is investing in in a demand analysis of potential flight markets. Why is the government doing this, as distinct from Canberra Airport, who I would have assumed would have been doing it?

**Mr Barr:** That is actually within the tourism area. I am happy to answer it now or later. We obviously have to align our future international tourism promotion with work that the airport and airlines will be doing. This is usually a function that state tourism authorities undertake. When Adelaide Airport became international a few years back the state government there, through the state tourism authority, was actively involved in working with the airport and with the airlines to generate new routes. I think that is critical to our ongoing tourism growth but also a range of other economic opportunities that are opened up by having that direct transport link.

Part of this work will also look at questions of long-term marketing commitments because you need to fill the planes both ways. I have a philosophical view—and Mr Smyth and I often debate these matters in tourism estimates—that the government should not be subsidising the route, but we do have capacity through the tourism portfolio to take advantage of a new route being established and to commit to some long-term marketing in the area where the new direct flight will occur. That has the capacity then, if you like, to fill the back of the plane with tourists, provided of course that the route is viable in the first place. I do not believe that we should be in the business of subsidising airlines, but we certainly can be in the business of growing our tourism market.

**MS LE COUTEUR:** So this does not have anything to do with Canberra as Sydney's second airport?

**Mr Barr:** No. This is related to the airport creating its international facilities as part of its redevelopment.

**MS LE COUTEUR:** Is it going to increase the need for overnight flights and thus raise the issue of a curfew?

**Mr Barr:** The issue of a curfew has been resolved by the federal minister. I am not going to revisit this. The federal minister has indicated there will not be a curfew at Canberra Airport.

**MS LE COUTEUR:** Okay. What would be the night flights which would increase the community's interest in a curfew?

**Mr Barr:** I cannot speculate on that at this point, other than to say that the airport would seek to grow the number of flights into Canberra. Their exact timing would depend on a variety of factors. One would anticipate that passenger flights arriving at three in the morning would not be a particularly attractive option.

**MS LE COUTEUR:** Although it does depend on when they leave.

**Mr Barr:** Indeed, but those are matters that are really for airlines and the airport to determine. There are obvious issues around their attractiveness to consumers. I cannot imagine a circumstance where lots and lots of flights between one and three in the morning are going to be commercially viable—and certainly not in terms of tourism promotion.

**MS LE COUTEUR:** Talking about things you can imagine, does this strategy take into account peak oil?

**Mr Barr:** Yes. All issues in relation to the aviation industry, given its use of fuel, have to take that into account. But, again, that is a matter for the airlines. They obviously will need to respond to the changes in price and make their airlines and their aircraft more efficient. I think you see in the new generation of aircraft that they are much more efficient in their use of fuel. Ultimately, Ms Le Couteur, if the pricing relativities of different fuels change dramatically over time then the airline industry

will need to look at alternative fuel sources to power their craft. But that is certainly not something that the ACT government would be undertaking research for them on.

**MS LE COUTEUR:** So basically you are assuming business as usual, as far as this goes?

**Mr Barr:** I am assuming that the industry will have to respond to peak oil and to changes in the price of fuel and that that will have an impact if fuel prices rise significantly on the prices they charge for transport.

**MS LE COUTEUR:** Absolutely.

**Mr Barr:** That will ultimately need to be sorted out in the marketplace. But the industry is responding by developing and demanding of aircraft manufacturers more efficient aircraft.

**THE CHAIR:** Moving along: have you 10 or 15 minutes more?

**Mr Barr:** I have 10 or 15 minutes if you want to do gaming.

**THE CHAIR:** All right. We might do a couple more minutes on business and then we will try and do gaming and racing. Dot point 3 on page 120 of budget paper 4 talks about the plan to achieve “working with industry to strengthen the ACT economy”. What do you hope to achieve and how will you do that? And why only strengthen? Why not expand and grow the ACT economy?

**Mr Barr:** One can interpret words in different ways. I certainly see an opportunity in this role to expand and grow the ACT economy. I am happy to express it in that way or to strengthen; I am comfortable with either or in fact all three. We would strengthen, expand and grow. I am not going to get hung up on word games in relation to that. I have outlined some areas that clearly I have been working in previously and have an interest in. I have also indicated to officials my desire to quickly be briefed on those areas of business and industry development that I am not as familiar with.

**THE CHAIR:** Yes, because we heard the same old stuff—education, sport and rec and tourism—all of which are valid and viable.

**Mr Barr:** Certainly; they are all significant.

**THE CHAIR:** Yes, indeed.

**Mr Barr:** But I acknowledge there are other sectors and I certainly will be looking to work with them. I took the opportunity to drop by the regional development forum yesterday afternoon to speak with some of the industry leaders there. I look forward to a continuing engagement with the Canberra Business Council, the chamber of commerce—all of the major players in this area. Obviously I am familiar with the construction sector too through the planning portfolio. I will be seeking some briefings, in particular on ICT, defence industries and also science and technology—areas that clearly have a significant employment base and opportunity for growth.

**THE CHAIR:** All right. In last year's budget paper 4 on page 31 there was a strategic indicator 5 which was entitled "Improve the innovation capacity of the ACT economy". There is no equivalent or similar indicator in this year's budget. Is there a reason for that? Is that not sending a negative message to the industry?

**Mr Cox:** I cannot answer that question. I am surprised it has dropped out—because innovation remains a very strong focus of what we do.

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

**Mr Barr:** We will have a look and if—

**THE CHAIR:** And then this year's budget paper 4 at page 122 refers to "Key private sector development initiatives". What are they, and why aren't there any mentioned as a key project? In your indicator strategic objective 3 they are all government projects. Why are there no private sector projects?

**Mr Barr:** Sorry; which page?

**THE CHAIR:** Page 122.

**Mr Barr:** I think those relate to LAPS—LAPS projects within the directorate.

**THE CHAIR:** But they are all developing the ACT economy. It is not just major government projects. Why are there no private sector projects that have been facilitated?

**Mr Dawes:** It is fair to say that it was not an intention at all because this was probably about initiatives around what LAPS was doing. Obviously with the coming together of the directorate some things may have dropped off inadvertently.

**THE CHAIR:** Yes, but LAPS works with the private sector as well.

**Mr Dawes:** And I think it is absolutely crucial and I know in the new role and the capacity that I have I am looking forward to renewing the relationship I had with the business and industry development team as well so that we can deliver and work with the broader business community to drive some of the outcomes. So perhaps we need to broaden that.

**Mr Barr:** I am certainly happy to—

**THE CHAIR:** You have taken it on notice—a list of major and minors—but—

**Mr Barr:** I can undertake now to provide a further statement to the Assembly, as I think I have done when I have taken on portfolios previously, to indicate a statement of intent in terms of the areas and directions that I intend to—

**THE CHAIR:** Sure. I would have expected something like the Australia Forum to be there. That is not just a private sector initiative. There is certainly a huge cross-over with the public as well.

**Mr Barr:** Yes.

**THE CHAIR:** Ms Hunter, and then we will move on to gaming and racing.

**MS HUNTER:** It was about the Business Licence Information Service. We know that there is a significant ongoing downturn in retail spending and I was just wondering if the information service has the numbers of businesses which are cancelling business licence registrations or not renewing them.

**Ms Hunt:** No, that is not a number that we would actively have. It would come from the JACS area with the business registrations there. But we can undertake to see whether there is some information around that.

**MS HUNTER:** That would be great if you could do that. Thank you.

**THE CHAIR:** We will now move to the Gambling and Racing Commission. Welcome, Mr Jones. I assume you understand the privilege statement and its implications.

**Mr Jones:** Yes.

**THE CHAIR:** We will go to a technical question first. On page 402 in the balance sheet I notice that for accumulated reserves the budget as at 30 June 2011 was for \$4.8 million but it has dropped to \$1.6 million. Is there a reason for that?

**Mr Jones:** Yes, there is a very good reason for that. The drop in the level of cash held by the commission is outlined in the first note in the balance sheet on page 405 which indicates that \$3.9 million has been returned basically to the territory. That consists of \$2 million worth of accumulated operating surpluses over a number of years and the rest of it is unclaimed prizes of \$1.9 million. Those unclaimed prizes are unclaimed lottery prizes from Victoria which we have effectively under trust—I do not mean that in a technical sense—and we have done a risk assessment of how much of those funds we need to keep in terms of claims for prizes which come in after the years. And, given that we are only paying out between \$5,000 and \$10,000 a year in unclaimed prizes, there is no point in us keeping a large amount of money in our bank account. So based on our risk assessment we returned that to the territory where it could be better utilised.

**THE CHAIR:** So this was an issue of the commission. The government did not request the money?

**Mr Jones:** No, it was a volunteer thing from us.

**THE CHAIR:** How worthy—probably the first time in the history of the ACT that somebody has given some money back. So the issue is that if you have got a Lotto or a Tattslotto ticket out there, check it, because the government has now got your money.

**Mr Barr:** Yes, that is right; just check it when you are unpacking boxes, moving

houses. You never know.

**THE CHAIR:** You never know what you might find.

**Mr Barr:** You never know what you might find.

**MS HUNTER:** I want to go to your priorities and one of them is to liaise with the racing industry in the context of the legislative changes interstate. The ICRC report into the industry was released two weeks before the budget. I would like to know what the commission intends to do to follow up on the ICRC recommendations.

**Mr Jones:** We are waiting on the government's response to the ICRC report and then clearly we will fit in with the government's position on that. Obviously we have ongoing discussions from a regulatory point of view with the racing industry and I think the industry is really at a turning point in its history. Given that there is a fairly positive response to the ICRC report from the industry, we really look forward to working with the minister, the rest of the economic development portfolio and the racing industry to set themselves up for the future so they can survive in the most efficient way.

**MS HUNTER:** Okay. So as far as the recommendation about a review of administrative arrangements is concerned you will again wait for the government response before you move forward?

**Mr Jones:** Yes, we will wait for the whole-of-government response because it is a total package of reform and I think that the most effective way is to look at the package as a whole rather than sort of cherry pick individual items.

**THE CHAIR:** The response is due when, minister?

**Mr Barr:** I think about six to eight weeks, from memory. Obviously it will be subject to cabinet processes but I have had some preliminary discussions with industry obviously around the time of both the draft report and then the final report and we will continue to explore those opportunities. As a general comment, as I think I said in the media the day it was released, I think it does present a way forward for the industry and so can give broad in-principle agreement to what is outlined there and we will work through the detail in any government response in the near future.

**MS HUNTER:** I want to go to problem gambling. Last year the ANU prevalence study was released and it was a great piece of work. In your statement of intent you talk about continuing the work with the ANU. I am interested to know what research will be undertaken and what you plan to do this year.

**Mr Jones:** Sure. We already have two research projects underway with ANU at the moment. They were scheduled virtually straight after the results of the prevalence study came out. One of those reports deals with the details of problem gamblers and what interactions or features of a particular problem gambler are most striking, if you like. This is in terms of predicting who the problem gamblers are and how we can help them. So it is really identifying in detail who the problem gamblers are and what factors are the most significant interacting. We know that they are generally young,

male and lowly educated but we need to know what the interaction between, for example, age and education is; whether one is more dominant than the other. So ANU are doing a lot of digging down into the detailed information that they got from their survey. We are expecting those results out probably in the next two months.

There is a slightly more complex study also which is underway in parallel to that, and that is working out why there is such a low take-up rate for help-seeking behaviour. That is a bit more complex because the ANU needs to go and talk to some of the help-seeking services and get approvals to go and talk to some of their clients. What that will involve is, of those clients that actually go there, finding out what was the motivation or trigger that allowed them to go there. At least we can determine that and then we need a bit more of a survey of people that are or have been identified as problem gamblers as to why they have not sought help.

So those two are underway and based on the outcome of those we will do further research next year. Having said that, we have just had discussions with ANU about putting on two new PhD students which we are assisting them with and also a new research assistant which will be put on in anticipation of some additional funding coming out of the problem gambling assistance fund which commences on 1 July, so—

**MS HUNTER:** And a very good fund it is too.

**Mr Jones:** It is indeed. It will be a very useful fund, I can assure you. And there is an anticipation that perhaps next calendar year there will be some additional research projects undertaken funded from that fund.

**MS HUNTER:** Thank you.

**MS LE COUTEUR:** What additional community engagement activities are you planning with gambling operators this year?

**Mr Jones:** We have a fairly consistent approach on that. We meet with Clubs ACT on a regular basis. Clearly we talk to the casino on a regular basis. We have a consultative committee which includes some of the counselling services, multicultural organisations, ACTCOSS and a few others. We meet them once or twice a year as is necessary and topical and discuss issues that they have and give them a sort of heads-up of what is happening in the gaming and racing area. We also discuss with ANU their research projects and what is going on.

We would expect our consultation to increase significantly in the next financial year, the financial year coming, on the basis that from 1 July we will have in place our new support services organisation which is currently being selected under the tender process and funded from the gambling assistance fund again. Given that one of the primary objects of that organisation is to engage with the community, we will be working very closely with them to engage particularly with industry and the research on that. So we would expect a significant increase in community engagement in the next financial year.

**MS HUNTER:** My final one was just around audits. There appears to be a steady

decline in the overall number of breaches. Is that decline consistent across the different gambling mediums, both for the operational requirements and also around the revenue payments? Does it reflect that the breaches are actually coming down or is it that you are doing the same number of audits and maybe that is not quite matching up?

**Mr Jones:** Our audit program is probably increasing in intensity so I guess there is actually higher scrutiny. If you look at some of our performance indicators we have actually reduced slightly the number of audits we undertake in some of the lower risk areas such as minor lotteries where there is not a lot of risk associated with that. But what we have found is that increasing our education involvement with licensees, especially when there are new managers or new staff on, is proving really effective. We have increased or encouraged the communication channels between licensees and the commission—if they have issues, for them to come to us first before we find it out with our audit program, because we will find out. That is working quite well, so there is a steady increase in awareness and licensees taking their compliance more seriously than perhaps what some of them have done in the past when they know that they will be caught if they are going to breach legislation. So it is mainly attributable to our education program and perhaps the intensity of our audit program.

**MS HUNTER:** Thank you.

**THE CHAIR:** All right, and with that we might call it a day. Thank you for that additional time, minister. To you and your staff and the officials, thank you for your attendance here today. In regard to questions taken on notice, there is a time frame of five working days for the return of those answers. Members, in regard to questions you may now like to put on notice they will be accepted for the next four working days following these hearings for property services, output class 1, output class 2, business and industry, and the ACT Gambling and Racing Commission.

Minister, I note your offer of a brief, which the committee will have to meet and consider, and I note the offer of documents that might be delivered in camera at such a briefing. We will have to consider that and as a consequence there may be an additional need for a recall day. So at this stage thank you for those offers and there endeth the session.

**Meeting adjourned from 12.45 to 2.02 pm.**

Appearances:

Gallagher, Ms Katy, Chief Minister, Minister for Health, Minister for Industrial Relations and Treasurer

Health Directorate

Brown, Dr Peggy, Director-General

Thomson, Mr Ian, Deputy Director-General, Strategy and Corporate

Martin, Mr Lee, Deputy Director-General, Canberra Hospital and Health Services

Foster, Mr Ron, Chief Finance Officer, Financial Management

Kennedy, Ms Rosemary, Acting Executive Director, Service and Capital Planning

Kelly, Dr Paul, Chief Health Officer

Lamb, Ms Denise, Acting Executive Director, Division of Women, Youth and Children

Jackson, Ms Kate, Acting Executive Director, Division of Critical Care and Diagnostics

**THE CHAIR:** I would like to welcome you all to this public hearing of the Select Committee on Estimates. The Assembly has referred to the committee for examination the expenditure proposals in the 2011-12 appropriation bill and the revenue estimates in the budget. The committee is due to report to the Assembly on 21 June and has fixed a time frame of five working days for the return of all answers to questions on notice.

The committee has three sessions scheduled for Health. This afternoon we will start with the three outputs listed: 1.1, acute; 1.2, mental health; and 1.3, public health services. These might carry over to the following day, depending on how much we get through today.

I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the yellow-coloured privilege statement on the table before you. Have you read the statement and do you understand the implications of the statement?

**Ms Gallagher:** Yes.

**THE CHAIR:** That is good; thank you. I remind witnesses that the proceedings are being recorded by Hansard for transcription purposes and are being webstreamed and broadcast live as well. The Assembly is also trialling Committees on Demand, which will allow the audiovisual record of proceedings to be publicly accessed via the web after the public hearing and will be on the web until 30 June. Are you happy to proceed?

**Ms Gallagher:** Yes, thank you.

**THE CHAIR:** We have got a great deal of ground to cover today, and I would like to maximise the opportunity for members who attend to get their questions in. If we could keep questions and answers concise and directly relevant, that would be a good

thing. Before we proceed to questions, minister, would you like to make an opening statement?

**Ms Gallagher:** Thank you, chair. I will make a very brief opening statement as I am aware of members' interest in actually asking the questions. This is a very important area of the budget and of government service delivery.

This year the 2011-12 budget provides over \$1 billion in annual recurrent spending to deliver public health services to the people of the ACT. Indeed, there are new initiatives in this budget totalling around \$85 million. They are going into many of the obvious areas, and you will see a continuation of the focus of previous budgets, but they include extra capacity in our intensive care unit; extra capacity in meeting the demands of the acute system; some additional money to continue to build up our obstetrics and gynaecology services, with the development of the new women's and children's hospital; extra money for elective surgery; extra money for cancer services; extra money for radiation oncology and delivering a fourth linear accelerator to that service; more money for aged care and rehab—

**MR HARGREAVES:** Great.

**Ms Gallagher:** That is for you, Mr Hargreaves. There is some additional money to implement some other initiatives in chronic disease management; implementation of roadside drug testing; and some growth money to provide the staff for the additional capacity in the new adult mental health inpatient unit when that commences for operations early next year. There is some additional money to meet mental health growth, in both the public and community sectors, and there is a continuation of the initiative we piloted two years ago in relation to mental health training for teachers, police and ambulance workers.

They are the new recurrent initiatives. In addition to that, there is about \$130 million over four years, which I am sure we will go to at length, for continuation of the new hospital infrastructure program. That goes to extra capacity in the new integrated cancer centre; a new sterilising facility; and the progression of the new north side hospital feasibility plan, amongst other things—and including the design work for the new tower block at the Canberra Hospital, which will be designing essentially the major new part of the acute system when it is built.

I might leave it there. I am very happy to answer questions. As you can see, the place is full of eager officials waiting to assist the committee with their work.

**THE CHAIR:** Thank you very much, minister, for that. Part 1.11 of schedule 1 of the appropriation says that you are asking from the Assembly \$1,179,651,000. Given that over the last 10 years we have had issues such as waiting lists for elective surgery, wait times for elective surgery, waiting times in the emergency departments and bullying scandals, the whole Calvary renegotiation debacle, the car park, delays in capital works, whether it be the secure facility or the youth facility, and the amount of time on bypass—how can the committee have any assurance that this money is being spent well and that you will deliver on what you promise?

**Ms Gallagher:** The committee can be assured well by the fact that we have some of

the best outcomes, on any measure, delivered through our public health system. I do not necessarily agree with all of the issues that you have raised in the context that you have raised them, but managing a health system is complex; it is difficult. It involves humans, and that adds another layer to the delivery of services.

Over the time that this government has been in place, we have significantly increased the capacity—I am not talking about money here; I am talking about the level of services provided to the Canberra community—and we will continue to do that. That is not to say that there will not be problems, that there will not be issues that we need to respond to and that there will not be improvements to be made. There will always be those challenges. But on any measure, when you look at the outcomes that are actually delivered through our public health services, the community should feel very comfortable.

**MR HANSON:** Can I ask a supplementary on that?

**THE CHAIR:** Yes, you may. But after 10 years of Labor, for instance, on one measure, the elective surgery waiting lists—when you took office it was 3,488 people and it is now in excess of 5,500 patients. Given that, how can we have any certainty that the spending is actually achieving what you say? It is easy to say, “Yes, we’re delivering these things,” but at the end of the day the lists seem longer and the wait times seem longer. Are we getting the value for money and the outcomes that the community deserves?

**Ms Gallagher:** In elective surgery, if you go to the output, we are now delivering over 10,000 elective surgery procedures. I do not know what it was when you were last in government, Mr Smyth, but it would not have been anywhere near that. I imagine that it probably would have been closer to the order of 4,000. This health system is now delivering 10,000. Next year we will deliver more than that. That is 10,000 operations for the people of Canberra and New South Wales, and yet demand continues to grow. I understand that the elective surgery waiting list is now under 5,000. Governments do not have control of who goes on the waiting lists. We have no control over that. The only thing we can control is people coming off the lists.

**THE CHAIR:** But you do have control over how long they wait and how long they are on the list.

**Ms Gallagher:** Again, that goes to the issue of throughput, doesn’t it? You have to constantly increase your throughput. If you go back year by year by year, you will see that we have been doing just that, except for the year when swine flu resulted in us not performing as many operations. I am not saying that there is not room for improvement in the delivery of elective surgery; there is. There must be greater efficiencies found in that area and we have got to continue to focus on investing more in it, essentially purchasing more operations. We have got to build more procedure rooms; we have got to look at the way we structure our operating theatres to make sure that we are getting the best value for money that we possibly can. Those improvements are underway. We are leading those. But again, the thing I have control over is throughput; on any measure, you will see that there have been improvements year on year.

**THE CHAIR:** Supplementary, Mr Hanson.

**MR HANSON:** Minister, when you say “any measure”, I recognise that ACT Health is doing a lot of heavy lifting. I appreciate that there is a lot of work being done in ACT Health. But to say that on any measure there has been an improvement when elective surgery waiting lists have got longer, when emergency department waiting times have got longer, when we have fewer GPs than we had previously, when bulk-billing rates continue to decline, and when we see things like MyHospitals results which show that, on any measure, comparative to the rest of the nation, we are not doing well—I just do not see how you can say “any measure”.

I appreciate that there are ups and there are downs when ACT Health get busy, but when you actually look at outcomes in terms of how long people wait and the access people have to health, be it trying to get to a GP, trying to get elective surgery or trying to get into an emergency department, I do not think you can say that it is on any measure. On some measures, yes, but to say on any measure when we have some very poor—

**MS HUNTER:** Is there a question?

**Ms Gallagher:** Yes. I think it is a statement.

**MR HANSON:** You made a very definitive statement, and I need to—

**Ms Gallagher:** I am the witness appearing. That is what I do. You ask questions; I answer them.

**MR HANSON:** It was actually a dorothy dixer from your mate over there. But what I would like to do—

**MR HARGREAVES:** Would somebody tell me what it was.

**MR HANSON:** We have got three mates here, not two.

**MS BRESNAN:** We have not got to ask a question yet.

**MR HANSON:** Can I ask how you could say it is any measure. Do you stand by that comment, “on any measure”?

**Ms Gallagher:** Yes, I do, Mr Hanson. It goes to health outcomes. That is not to say that we do not want to see improvements in the median waiting time for elective surgery. If you asked me whether I think the median waiting time is a useful measure of the performance of an elective surgery system, my answer would be no. I have always had that view. I do not think it is an effective measure. It measures the length of time of people removed from the list. It does not measure the amount of time people are waiting on the list. Indeed, if you wanted to fudge the figures and make the figures look good, you just do not remove anyone who has waited longer than they should have; you just focus on removing people as soon as they join the list.

**MR HANSON:** Why have 15 per cent of people been waiting over a year?

**Ms Gallagher:** Mr Hanson, I am trying to answer your question. Yes, I do stand by those statements I have made. In relation to GPs, Mr Hanson, you know very well that this government has no control over the numbers of GPs in this place. For you to continue this, year on year, requires you at this point to say exactly what you would do, Mr Hanson, because what is in your control if you were in my position to improve the numbers of GPs—

**MR HANSON:** I thought you were the witness, minister. I thought you just gave me a lecture on you being the witness. Now you are asking me.

**Ms Gallagher:** You have been here for long enough now to continue to accuse the government of not being able to deliver more GPs, when you know damn well that the ACT government does not control the levers around GPs. We do control the levers around—

**MR HANSON:** You say no control?

**Ms Gallagher:** We have no control at all. We do not provide the Medicare provider numbers; we do not regulate the system; we have no control over area of need. We do not even control the ANU places that train doctors. Let us get real here. If you are going to go out and promise, you need to do that: go out and promise what you would do and how you, with the levers available to the ACT government, will fix the GP shortage. The area where we do move—

**MR HANSON:** Let us swap seats then, minister. Let us swap seats.

**MS BRESNAN:** Can I ask a question?

**MR HANSON:** If that is what you want, let us swap seats.

**MR HARGREAVES:** I will get really sick if that happens.

**Ms Gallagher:** You have got a fair bit more work to do, Mr Hanson, before you can do that.

**MR HANSON:** If you cannot answer the questions—

**THE CHAIR:** Supplementary, Ms Bresnan.

**MS BRESNAN:** Thank you, chair. I have a question on elective surgery. One of the issues that has been raised is about doctors being willing to share patients—if another specialist or doctor becomes available, they pass that patient on. That is one of the issues that have been raised through the various processes. Has there been any progress on that particular issue?

**Dr Brown:** We have revised the elective surgery waiting list policy. That has explicitly gone to this issue. It clearly states that patients are not allocated specifically to doctors, that they are on the broader list. There is obviously a preference on behalf of doctors and on behalf of patients for there to be an existing relationship et cetera.

As far as possible, we do try to respect that. But we also have put in place a very clear provision that there can be movement to maximise the efficient timeliness of surgery.

**MS BRESNAN:** Has there been, I guess, a willingness expressed by doctors that they will participate in that policy and own that policy as salaried medical officers would?

**Dr Brown:** Look, this is a difficult issue. Last year I think we held three forums—I held three forums with the surgeons. The policy has been sent out a couple of times in its different iterations. It has also been discussed at the surgical services task force. I think we moved from a position of fairly strong resistance to at least tentative acceptance of the new position.

**THE CHAIR:** Mr Hargreaves, a supplementary, then a new question from Ms Hunter.

**MR HARGREAVES:** Are not the waiting list and the waiting times a bit of a crude instrument? Does it actually tell the complete story about the differences in waiting times and waiting lists between people waiting for cancer services versus ingrown toenails and cosmetic surgery? Would it not be more helpful, in fact, if the public was actually aware of the critical waiting times as opposed to the more cosmetic type? Do you think that it is a very easy target if we use the whole global waiting list and waiting time?

**Ms Gallagher:** There are issues with how you manage performance reporting. I would go to one around the median wait time. I am looking to implement improvements in our performance reporting to make it clearer about the level of work that is underway. For example, we will report against the level of emergency surgery done in the system, whereas before the focus has just been on elective surgery. If you talk to people who do a lot of the emergency work, they will say: “Why does elective surgery get all the focus when the actual measure of a health system is how your emergency surgery is performing? They are the people that need it the most.”

In response to those surgeons’ requests, we will start reporting emergency surgery—that is, how much is done and where it is done. We will also report on the elective surgery—now that we have got just categories 1, 2 and 3—about the New South Wales patients on the list as well, what part of those procedures have been for New South Wales patients.

I think it adds some more information to the complexity of our system that is not necessarily being demanded of anyone else’s system. It is not to find an excuse; it is just to explain that 30 per cent of our elective work is from over the border. No other jurisdiction is dealing with that level of demand. If we were just dealing with our community’s level of demand, I think the pressure on the elective system would be a lot less.

We are not trying to say that we do not want to provide it to New South Wales. In many ways, we do, because it allows us to do more procedures and more complex procedures than we would be able to do if we were just a community of 360,000 in a health sense. So it is just around how we report and getting, I guess, the context of everything that is done in the health system in a way that people can understand.

**MR HARGREAVES:** In a regional context, would it be helpful if the community was made aware of the number of surgeons in a given discipline who were available to provide services to those waiting lists? For example, in a given discipline you may have quite a number of specialist surgeons in the city to be able to take care of a region of 500,000. But in, for example, cardiothoracic, I do not think we have got too many on the ground. Therefore, the list for cardiothoracic is going to be out there. Would it be useful, do you think, for the community to be aware of those sorts of numbers out there?

**Ms Gallagher:** I think information around workforce is important. You are right. If your cardiothoracic surgeon goes on leave or is unwell, that impacts on what surgery we can perform. Indeed, any absence there may result, if a patient needs it, in a transferral to Sydney, for example.

Plastic surgery is another area where the surgeons are essential to the running of your entire elective program. We have in the last year—we are in a better position now—struggled in that discipline because of the numbers of surgeons available and because of the hours that they can work for the public system. When you look at the ACT's results, when you look at Tasmania's results, when you look at the Northern Territory's results—even South Australia to some extent, although they are sort of bordering on the small jurisdiction now—you will see that all of the small jurisdictions struggle with a different level of complexity on delivery of our program. That is around workforce capacity and, for us, it is also around the cross-border flow.

**MR HARGREAVES:** Is this perspective missing from the public debate and, therefore, making the public debate a bit incomplete?

**Ms Gallagher:** It probably is, but I accept that not every member of the community wants to know and understand the ins and outs of running an efficient elective surgery program, until you need an elective surgery procedure or your family does. Then you are very interested. I do not think it is something that the community necessarily has an appetite for, but it does help explain in a rational sense some of the issues that our system is faced with. Those are not issues that will go away easily.

**THE CHAIR:** Ms Hunter?

**MS HUNTER:** I want to go to the issue of Calvary Health Care ACT. We have had a bit of a look at their audited financial statements for the financial year ending 30 June 2010. There are some issues relating to this—some to do with the ACT government—that I would like to clarify. The financial statements identified that Calvary's current liabilities exceeded its current assets by \$6.686 million. Therefore, that makes it technically insolvent.

A large part of the current liability balance relates to employee entitlements. Calvary states that they will be paid out by the ACT government if the hospital ceases to operate. Has the ACT government agreed to cover Calvary's employee entitlement costs? If not, will Calvary hospital have the ability to operate as a going concern moving forward?

**Ms Gallagher:** This is an issue that we have not resolved at this point in time.

Calvary have indicated to us that they believe that we are liable for those employee entitlements. The advice to me from the ACT government is that those employee entitlements should have been covered in the payments made to Calvary to provide a service. In a sense, I think the position we are at now—perhaps Ian Thomson can add to this—is that we are in ongoing discussions around that. Obviously, these entitlements need to be paid. Staff have earned these entitlements. We have not reached final agreement on it. But we have agreed to a process, I think, to examine it.

**MS HUNTER:** But it was your understanding, through the funding that you provided, that Calvary Health Care should be putting aside those entitlements for employees?

**Ms Gallagher:** Yes.

**Mr Thomson:** Yes, that is our understanding. I would like to clarify something so that there is no ambiguity. We are not aware of any instances where staff have not been paid their entitlements on departure from Calvary. So this is not an issue that is directly affecting staff at the moment. But we are continuing to negotiate and confirm, as the minister has advised, that the view of ACT Health is that we fund Calvary for the full cost of their service provision, and that includes the employee entitlements that accrue.

**MS HUNTER:** So what sort of process are you using to try and resolve this?

**Mr Thomson:** We have got continuing negotiations with Calvary on this matter as well as other matters.

**Ms Gallagher:** It involves some legal advice as well, I believe.

**Mr Thomson:** Yes, and as you will probably be aware, coming out of the recent announcement around the future provision of hospital services on the north side, we will be revisiting the overall agreement that we have with Calvary. Based on those discussions and the legal advice that we have, we hope to get resolution of this issue through that process.

**THE CHAIR:** Ms Le Couteur.

**MS LE COUTEUR:** Continuing along with Calvary, the financial statements until the end of the year, 30 June 2010, show a surplus of \$4.83 million. Given that the accounts are consolidated, it is not clear whether it is the result of the private or the public operations. But my question to you really is: does this result in any way from the operations of the public part of the hospital? If so, why and what do they do with it?

**Mr Thomson:** We have looked at this issue. We do not believe, and we have been advised by Calvary, that it is related to an operating surplus for the public hospital. We work with Calvary very closely looking at their expenses on the public hospital to ensure that we are not providing excess public funding for the operation of the hospital.

**MS BRESNAN:** Just on the employee entitlements, is there a reason why this has not

been met from the recurrent funding?

**Ms Gallagher:** I think this goes to the area of disagreement. When we fund additional capacity, it is largely through salaries. Those salaries are provided on 52 weeks of the year with associated on-costs. That is why we believe we have met the funding through the actual provision of that funding and entitlements should be put aside.

This is only an issue that really arose recently around a concern. It would only become a problem if everybody at Calvary was terminated at the same time, which is a very unlikely scenario. It is being managed with separations as they come and go. But if, for example, we had managed to buy and operate the hospital, it would have been an issue that needed to be resolved as part of that because there would have been issues around separation of employment. We are just going to have to keep discussing it with Little Company of Mary Health Care.

**MS BRESNAN:** Obviously I appreciate if you cannot answer this question because there is legal advice, but as an Australia-wide organisation, this is obviously about Calvary Health Care in the ACT.

**Ms Gallagher:** Yes.

**MS BRESNAN:** But I am just wondering in terms of being technically insolvent, whatever that means with that particular funding, how that relates to their Australian operations or if there has been any discussion with them about that.

**Mr Thomson:** The first thing is that Calvary Health Care ACT is the organisation that we are talking about and it is specific to the ACT. The terms of the funding that we provide to them is covered by the agreements. That is what at the highest level governs the funding that they receive. The Calvary financial statements have been audited and Calvary are obliged to comply with various legislative requirements of companies in their operation. We do not believe in any legal sense that they are insolvent and there are no issues with their continuing operation from the information that we have available to us.

**THE CHAIR:** Ms Hunter, a supplementary?

**MS HUNTER:** Yes, it was just an interesting one to me. I did see in the paper a couple of months ago, I think, that there were ads. They were promoting Calvary hospital and so forth. Is that money that is provided by the ACT government for them to do this sort of promotion or is that money that they take from another part of their operation?

**Mr Thomson:** The advice that we have from Calvary is that that was funded by the Little Company of Mary Health Care, the national body, which is the company that sits above Calvary Health Care ACT and that Calvary Health Care ACT funds were not used for those ads.

**MS HUNTER:** And you will be able to see that clearly?

**Mr Thomson:** As far as we can see it, it is seen in absence in their financial

statements. We get the financial statements for Calvary Health Care ACT—the smaller company. For the parent company, it is very unlikely that expenditure at that level would be visible in their accounts.

**THE CHAIR:** Mr Hanson?

**MR HANSON:** I have a supplementary on promotion. I was at the Canberra Stadium at a Brumbies game a couple of months back. On the banner that rotates around at the side there is an ACT Health advertisement. It was not promoting a health message; it was simply the ACT Health logo with ACT Health. I am just wondering what the purpose of that is, what the cost of it was and so on.

**Dr Brown:** The cost I can confirm, but I understand it was \$10,000 for the season for advertising. It promotes the ACT Health website, and the purpose behind it was exposure across local and national—because there are a number of games that are held at Canberra Stadium that are televised nationally. Again, I can provide the figures, but we did get a large increase in hits on the ACT Health website following that game.

**MR HANSON:** Why do we want to promote ACT Health nationally?

**Dr Brown:** Because of recruitment.

**MR HARGREAVES:** And it is a fabulous organisation.

**THE CHAIR:** So you will take on notice providing the costs and the details.

**Dr Brown:** I can provide you the costs and the number of hits within the week, yes.

**THE CHAIR:** Ms Le Couteur, have you finished?

**MS LE COUTEUR:** Yes.

**THE CHAIR:** Mr Hargreaves, a new question?

**MR HARGREAVES:** I have got quite a few, but the one that is of interest to me is the walk-in centre. I have driven past it. I have not walked into it, because I have been driving past, but I was interested to know what effect it has actually had. There has been argument put for and argument put against. There have been numbers flying around everywhere. I thought we might actually put it straight on the record now in the estimates committee: what has been the effect on the Canberra community in having such a facility available and how do you measure it? What sort of effect has it had on the ED?

**Ms Gallagher:** Indeed, today is the first birthday of the walk-in centre. I just popped in there this morning to see the staff. I am advised that we have had 13,420 people—I saw in a note—present to the walk-in centre over the last 12 months, of which over 10,000 of those would have been treated.

**MR HANSON:** Sorry, can you say those figures again?

**Ms Gallagher:** 13,420. Well, that was the figure I saw at the walk-in centre, and it was to a particular day in May. It is the latest figure I have seen.

**MR HANSON:** And the number that were actually treated?

**Ms Gallagher:** I do not have the exact figure, but it is roughly 68 per cent of that, so it would be around 10,000. Around 20 per cent are referred to general practice, and the numbers referred to the emergency department are changing as the walk-in centre develops and matures. It has been hanging around six to seven per cent. I understand in the last few months it has been about 3½ per cent.

We have had some commentary today by a Dr Drew Richardson in his capacity as a member of the College of Emergency Physicians calling it a failure in relation to easing any pressure in the emergency department. My response to that is that the evaluation is looking at the walk-in centre comprehensively. I hope that that report will be finished in June and we will be able to release that report and make some decisions from that time, not necessarily about the future of this walk-in centre, because I think it has been very well received, but about future decisions we take around the walk-in centre model.

**MR HANSON:** A supplementary: are you concerned about the cost, minister? I have done an analysis, and I think you might have seen that analysis.

**Ms Gallagher:** A study, indeed, Mr Hanson. A Liberal Party study.

**MR HANSON:** Well, it is based on the publicly released figures.

**THE CHAIR:** More than your people did in opposition, I can assure you.

**MR HARGREAVES:** Mr Chairman, we are not having a darts game here.

**THE CHAIR:** It is okay, Mr Hargreaves.

**MR HANSON:** My analysis said that, per patient treated, the cost was somewhere in the order of between \$200 and \$300 per person. Are you comfortable with that as a figure? I mean, do you think that that is broadly accurate?

**Ms Gallagher:** Well, the advice—

**MR HANSON:** And, if not, what do you think is?

**Ms Gallagher:** The advice I have is at the end of March the average cost was around \$120 per patient. Obviously, as they are seeing more patients, their costs are coming down. In comparison, the cost of treatment of someone in the emergency department is in the order of \$400. I think it is a useful measure to have a look at cost, but if we provided that as the only way of working out whether anything is a success, we would not do a lot things in the health system, I can tell you.

**MR HANSON:** And I am not suggesting that. But the figure that you used to

extrapolate the cost, is that based on the 13,000 figure that you presented—

**Ms Gallagher:** No, that would not be. It would be based on about 11,000.

**MR HANSON:** Okay. But is it based on 100 per cent of people that turned up or the 68 per cent who were actually treated?

**Dr Brown:** It would be based on the 100 per cent, and we need to confirm that all of those people are assessed. There is a triage process, and—

**Ms Gallagher:** A service provided.

**Dr Brown:** A service is provided. It is just that—

**MR HANSON:** But, essentially, that \$120 might be for someone that was told, “We can’t treat you; go to emergency,” and that cost \$120.

**Ms Gallagher:** Well, it could be. They were assessed. They were seen. It is occasions of service. This is how you measure it and cost health service delivery. At the end of March, it was closer to 11,000 occasions of service that had been provided. Now, that does not mean people do not need additional treatment. That happens with GPs. Many GPs refer to the emergency department too. Specialists will refer to other specialists. It is not an unusual system to be in operation. If we looked at cost alone, as I said, you would not do a whole lot of things.

I think part of the issue for the walk-in centre and the future of it is the scope of practice—what services are able to be provided in the walk-in centre and the protocols that drive that service. I do not know if you have been there—I have taken my children there—but it is very protocol driven. It is around the safety of the service. So the average consultation, I think, is in the order of 30 minutes. The average wait time is between 10 and 15 minutes to be seen. So 30 minutes is quite a lengthy consultation, and that is driven by the safeguards that were put in place to make sure that there were appropriate safeguards for this new model of care.

As the service develops and grows—and the role of nurse practitioners will grow because it will have to grow—some of the concern, if there is any, around cost and length of time will improve.

**MS BRESNAN:** My question is on the scope of practice. One of the reasons why potentially they might not be able to see more people than they do is the scope of practice. That was one of the issues which some medical practitioners raised. It is interesting that they are now criticising that. But, anyway, will that be something that is examined in the review or is that going to be a separate process?

**Ms Gallagher:** My understanding is that it will be covered in the review. I have had a chat with a couple of staff at the walk-in centre. I have been there probably four or five times since it opened. I think there is a genuine issue about how we develop the skills of the nurse practitioner. These are highly skilled individuals, and they are not going to hang around in a clinic that does not allow them to flourish. I think that is going to be an issue for us for the workforce.

The nurse practitioners at that level have done a four-year degree or equivalent and then have done another three years for their masters. They are extremely well trained professionals, and I think in some ways the constraint on the clinic inhibits them being able to operate as, say, they would if they were practising independently in the community.

**Dr Brown:** I think the point to emphasise there is that this was the first in Australia, so we were essentially developing this. I think we started conservatively, but I think, as the minister has outlined, there is a keenness and a willingness on the part of staff to expand that scope of practice, and we would support that if that is what comes out of the evaluation.

**MS BRESNAN:** There are examples from overseas, particularly the UK, where they have specialised, and it worked in terms of fulfilling their full scope of practice.

**Ms Gallagher:** Yes.

**MR HARGREAVES:** A couple of questions, if you will bear with me. It will not take long, unless I can spin it right out.

**THE CHAIR:** Define “long”.

**MR HARGREAVES:** Define “long”? Soon, Mr Chairman. As I understand it, 13,000—and a bit—works out at roughly 40 patients a day.

**Ms Gallagher:** I think it is around 40. Yes, it is over 250 a week.

**MR HARGREAVES:** How many staff have you got available for people to see when they walk in?

**Ms Gallagher:** They work in three shifts, as I understand it, and I think there are about four in the centre. There are about 12 staff.

**MR HARGREAVES:** So if I walk into the centre, I can see one of four nurse practitioners.

**Dr Brown:** They are not all nurse practitioners. We have a mixture of nurse practitioners and advanced practice nurses. The shifts are staggered so that we have the maximum number, which is four, at any one time in the busiest parts of the day.

**MR HARGREAVES:** And I notice that is seven days a week too.

**Ms Gallagher:** Seven days a week, 7 am till 11 pm.

**Mr Martin:** Because the numbers are changing as the walk-in centre gets busier, we are doing work around how many staff per shift and looking at the capacity and demand per shift. That has changed over the months, and we keep looking at that and monitoring that as we go forward.

**MR HARGREAVES:** These are very, very early days, and I know that in past times, in 1981, when community health had community medical practitioners on their books, each of those medical practitioners were seeing 12 to 15 patients a day, which is considerably less than these operators are seeing. When this takes off—it is early days, and it is going to take off, there is no question about it—do you have plans in place to recruit and/or train additional staff to actually take up that increased demand? My last question is: do you have a waiting list at the moment?

**Ms Gallagher:** For staff?

**MR HARGREAVES:** Your call.

**Dr Brown:** To answer one of the first parts of your question, there is still some capacity within the current staffing. I believe the current staffing could see an increased number of patients without actually increasing staffing. However, if the level of demand was to increase dramatically, then obviously we would look at the staffing resources that would be required to match the demand. We are not anticipating that within the near future. In terms of the staffing question, Mr Martin might be able to answer that.

**Mr Martin:** I am led to believe that it is about 1.5 down at the minute, and we are actively working on that. With the demand we have got at the minute, we do not actually need those staff members, but, as we increase, we are filling in for that.

The other thing you mentioned was around the time that it takes for the consultation. The nurses who are actually practising in the walk-in centre probably have access to senior consultants, advice and guidance and services that primary care might not have been able to access. So that is another thing we have to consider when we are looking at the time they spend with their patients.

**MR HARGREAVES:** Within the cohort of the nursing staff in the hospital, and most of the qualified nurses in the ACT are predominantly within there and Calvary—allowing for the John James-type smaller operators—do you have an idea that you might like to train up a few of those people in the greater cohort so as to avoid the possibility of the professional drain we saw with radiotherapists? We thought we had enough and then all of a sudden, bang, we did not have enough and it blew out. We cannot have that happen with the walk-in centre. Have you got that sort of thing in train?

**Dr Brown:** There is already a contingency plan in place. Because we work with small numbers per shift, for example, if someone is sick we need to replace them. So we have staff available within the hospital to undertake that backfill type of operation. That is a short-term thing; it is not necessarily a longer term thing. Obviously, to practise at the level of nurse practitioner needs the qualification—likewise, advanced practice nurse. Staff need to want to take themselves in that direction for their career if they are going to do that in the longer term. I think there is a degree of interest within our staff, and indeed nationally, in this way of working. I think there has been a lot of interest from staff about this career option for nurses.

**MR HARGREAVES:** My final question, Mr Chairman, on the issue of the walk-in

centre is this: is there any appetite for this sort of service in the private sector?

**Ms Gallagher:** There is, if you are prepared to pay for it. There are already nurse-led clinics in the private sector. There has been an application to operate some here, but I do not think they have actually proceeded. I do not think they have opened, have they?

**Dr Brown:** No.

**Ms Gallagher:** No, Ronnie is shaking her head at me. There is an appetite because there is money to be made. From memory, at the one in WA it is \$60 a visit.

**MR HARGREAVES:** \$60 a visit?

**Ms Gallagher:** Yes.

**MR HARGREAVES:** As compared with \$80 at the CALMS service at the hospital. It is only 20 bucks less. That is pretty good, isn't it?

**MR HANSON:** Or \$180 at the government one.

**Ms Gallagher:** And there is no Medicare; there is no rebate.

**Dr Brown:** Can I say that there is no cost to anyone attending our service, the walk-in centre. I was having a conversation a week or two ago with someone from Medibank Private. They actually operate nurse-led clinics in the private sector—and he was speaking specifically about Queensland—and their cost is upwards of \$180 per visit.

**MR HARGREAVES:** In Queensland it is \$180 a visit, compared with the \$80 it costs if you go to the doctor at the CALMS service in the hospital, versus nothing at the walk-in centre. It does not take a rocket scientist to know where to go, does it?

**Ms Gallagher:** In relation to your question around nurse practitioners, I am advised we have 15 nurse practitioners working in ACT Health across different areas. Probably four years ago we had maybe two, so this is an area of growth. I think there is one working in the private sector. It takes a lot of time to train to be a nurse practitioner. At the moment you have to approve positions and go through the development of a scope of practice and have that all approved before a nurse practitioner can take up a position. But they are working in areas like wound management, sexual health and aged care. They certainly fill a great need in the continuum of care and options available.

**THE CHAIR:** Mr Hanson, a supplementary and then Mr Hargreaves has the next new question.

**MR HANSON:** As a supplementary, part of the—

**MS LE COUTEUR:** It must be Ms Bresnan as the next new—

**MR HANSON:** I have not had a question yet.

**THE CHAIR:** No. It is a supplementary to the original question for Mr Hanson. If Mr Hargreaves says that is his new question, then it is Mr Hanson then Ms Bresnan.

**MS LE COUTEUR:** Then Ms Bresnan; thanks.

**THE CHAIR:** Yes.

**MR HARGREAVES:** I just thought I would lead the way in honesty, Mr Chairman.

**MR HANSON:** Professor Richardson is saying that part of the problem with the location of the Canberra Hospital is that it is attracting people to emergency. I heard you say that you recognise that problem and one of the aspirations may be to have walk-in clinics in the suburbs, which would perhaps alleviate that as an issue. Depending on what the report finds—and the evidence that I have looked at in terms of presentations at the emergency department did not suggest that there has been a significant increase in the last 12 months.

**Ms Gallagher:** It is not necessarily attributable to the walk-in centre.

**MR HANSON:** Not necessarily, but we will wait for the review. If you are going to start putting walk-in centres into the suburbs, do you see them replacing the current walk-in centre or do you see them as an adjunct to that, an addition? Will you relocate the one at the Canberra Hospital? If the model is successful, based on the report, but the location might be wrong, do you see that that is a matter of relocating or do you see that if you get away from them in the community health centres that they are open whilst we maintain the one at the Canberra Hospital? Have you given any thought to that?

**Ms Gallagher:** I think all of those are possibilities. The issue in terms of moving out to the community will be that the GPs will not welcome them. So it will not be an easy decision. It may be very clear on the evaluation and the emergency physicians might say that that is the right thing to do, but the GPs will have a different view about that. We are building capacity for walk-in centres in the Belconnen, Tuggeranong Gungahlin centres—walk-in centres or clinical rooms, in a sense. But that will not be an easy decision. Indeed, in order to get the support of the AMA and the division for the walk-in centre to commence, it was conditional on it being in the hospital. The doctors required it to be in the hospital. The emergency physicians college do not want it there.

**MR HANSON:** When you say “permission”, I appreciate that they have a view, but isn’t the decision yours to make? I appreciate you have to engage with a range of stakeholders—the division and the AMA—but ultimately it is your decision.

**Ms Gallagher:** Yes, and it is a decision I took. It was very clear in my mind that if we had the major medical groups openly saying, “This is not a safe model of care,” the walk-in centre could have been finished before it started. Let us not underestimate the influence the AMA and the Division of General Practice have. They are highly respected organisations. I think you see this when you introduce new models of care anywhere in health: if you do not have the support of the professional bodies, you will

struggle to make that service a success. I did not want people concerned around a campaign that the walk-in centre was not a safe model of care.

The AMA and the Division of General Practice wanted assurance—they wanted the clinical governance structure of Canberra Hospital to oversee and to sit above the walk-in centre, and that is what the location at the Canberra Hospital provided. I think there are ways to provide that clinical governance whilst providing a service outside of the Canberra Hospital campus. But I think then we will inflame concern from existing GPs who are practising in those areas that we are essentially setting up competition to them. So there is more work to be done there.

**THE CHAIR:** All right. Just to finish off on the nurse practitioners—the review, the report, is due in June?

**Ms Gallagher:** I have not spoken to the consultant lately. I last saw her in January, I think. She indicated to me at that time that she felt it would be finished very soon after the one-year anniversary. I have already made very clear commitments that as soon as I get it I will release it.

**THE CHAIR:** All right. The terms of reference—can the committee have a copy?

**Ms Gallagher:** Sure. I think they were on the website or something, from memory.

**THE CHAIR:** They are on the website?

**Ms Gallagher:** I think we released them with the media release, but, certainly, yes.

**THE CHAIR:** And it started when—in January?

**Ms Gallagher:** No, it started really at the commencement of the service. It has been monitoring it over the first year.

**THE CHAIR:** So who is conducting the review?

**Dr Brown:** The primary health research centre from ANU.

**THE CHAIR:** How much is the review costing?

**Ms Gallagher:** I am sure we can get that for you.

**THE CHAIR:** A new question from Mr Hanson and a new question from Ms Bresnan.

**MR HANSON:** Can I go back to elective surgery?

**Dr Brown:** I am sorry, can I just respond to that? \$16,000 is the cost of the evaluation.

**MR HANSON:** I go back to elective surgery, budget paper 3, page 19. It says that 306 additional elective surgeries are going to be—

**Dr Brown:** I am sorry, I stand corrected on that. I am sorry to interrupt. It is \$68,000.

**MR HANSON:** It sounded a bit reasonable.

**Ms Gallagher:** Yes, bargain basement.

**MR HARGREAVES:** One of us got really excited there for a minute.

**Ms Gallagher:** What page, sorry?

**MR HANSON:** Budget paper 3, page 19. It talks about the additional elective surgeries that are going to be completed for 2011-12. There are 306 elective surgeries. I just want to understand how that is going to be completed, who is completing it, exactly when and what is the cost. The range of questions I have is: what specialities are those surgeries going to be conducted in? Is it orthopaedics or what? Who is doing that? I am aware that we are putting some contracts out to the private sector. Who is completing that? What surgeries are they completing? What is the price? So if you can give us a range of—

**Ms Gallagher:** Yes.

**Mr Thomson:** I will answer the last question first. The price that we are putting it out to the private sector is what it would cost us in the public sector, with the very clear objective there that it is not more expensive from the perspective of use of public money going out to private—

**MR HANSON:** Where do you get that price from?

**Mr Thomson:** That price is based on the independent assessment that is made by the Australian Institute of Health and Welfare in terms of a cost-weighted separation. The way it works is that there is an average cost-weighted separation that is calculated for procedures. The individual procedures have a particular cost weight associated with them and, therefore, if the average price is \$4,000, which it is not, by the way—I am just using it as a round figure—the cost weight of the procedure is 1.5, and the price that we pay for that procedure is \$6,000, if you understand the maths. So that is the pricing side of things.

In terms of who does it and working with the private operators, what we do is develop work orders for the private operators and actually seek interest in who is available to do it. We are not in a position at this point to say exactly who of the private operators that we are currently working with will do all of the surgery, but—

**MR HANSON:** Have you signed any contracts yet?

**Ms Gallagher:** Calvary, John James and Aspen Medical.

**Mr Thomson:** And Capital Day Surgical Centre.

**Ms Gallagher:** Yes.

**Mr Thomson:** So we have—

**MR HANSON:** So there is a bit of a spread around.

**Mr Thomson:** Exactly. And that is the reason why at this point we are not saying exactly who is going to get them.

**MR HANSON:** Can you provide me with a breakdown of who is performing what? Is that feasible?

**Mr Thomson:** Yes.

**MR HANSON:** Quantities of, say, someone is doing a certain number of knees and someone is doing a certain number of—

**Ms Gallagher:** It is not that many. It is around 100, I think, 100 procedures.

**MR HANSON:** So the rest, I assume, then, is taken up by ACT Health.

**Ms Gallagher:** Or Calvary healthcare.

**MR HANSON:** And are we confident that we have got the capacity to do that? Some of the blockages before, if I remember, in urinary procedures were because we had a shortage of staff?

**Ms Gallagher:** Sorry?

**MR HANSON:** Some of the delays in prostate surgery were because of a shortage of staff?

**MS BRESNAN:** It is urology.

**MR HANSON:** Urology.

**Ms Gallagher:** Urologists.

**MR HANSON:** Have we got the staff now to—

**Mr Thomson:** We do. The idea of using the private sector is as a short-term measure to address a slightly higher level than what will be the steady-state operation of the surgery once we have gone through the next couple of years.

In terms of the public sector operations, what we are doing is splitting them between both Calvary and the Canberra Hospital. The targets that we agree with each of the hospitals are very clearly based on the availability of surgeons, operating time, beds and so on. And, for that reason, given the emergency surgical pressures that the Canberra Hospital has, a lot of the growth is going to Calvary at the moment, and we expect a similar pattern next financial year as well.

**MR HANSON:** And in terms of the lists, although we may be doing more surgery,

there are more people coming on to the lists. What will this actually mean in terms of reducing the lists? Does this exceed demand then?

**Mr Thomson:** What we are looking at is meeting the obligations that we signed up to with the commonwealth around long waits. This is not about no waiting list. And that is not an objective that we are working on. What we are doing is looking at reductions in the number of long-wait patients, and the experience of this financial year has shown that we have had a significant reduction in the number of people who are waiting longer than the recommended waiting times.

**MR HANSON:** And in terms of total lists, is it going to start to bite into that?

**Ms Gallagher:** It has already, I think, come down by about 1,000. I think in the year that we had the swine flu, where we reduced some of our capacity, it rose to above 5,500. It is now under 5,000. There have been big decreases.

I do not know whether you have got the figures on the urology wait—areas we have been watching pretty closely, such as urology, plastic surgery, ENT, all areas where there is high volume; maybe I can take neurosurgery out of that but high-volume, long waits—we have now got our numbers for long waits down to 567 people waiting longer than a year, which is the lowest it has been since 2003. So, yes, in urology, there has been a 68 per cent improvement in the number of people waiting longer than recommended, that is, 592 people down to 189.

**MR HANSON:** What has brought that about?

**Ms Gallagher:** It is basically extra work. We have had extra capacity with the surgeons. There have been some changes, some additions, to the surgical teams. There have been some changes. Some of the urologists are doing additional sessions in order to do that work.

**MR HANSON:** And obviously we had the Auditor-General's report.

**Ms Gallagher:** Yes.

**MR HANSON:** Am I right to go into that, Mr Chairman?

**THE CHAIR:** Yes.

**MR HANSON:** Where are we at in terms of implementing recommendations from that Auditor-General's report?

**Ms Gallagher:** I am sure we can provide you with a very comprehensive answer to that. A lot of work has been done on implementing recommendations, in addition to those others things that Health are already working on. Do you want to go to that, Peggy or Ian?

**Mr Thomson:** Yes, we have already touched on some of the work that is underway in terms of developing a revised waiting list policy that Dr Brown was referring to earlier. We have also been looking to standardise the documentation across both

public hospitals to make administrative processes easier. We have undertaken a number of audits around some of the issues that the Auditor-General's report referred to; for example, the timeliness of requests for admission forms coming in from surgeons. We are undertaking audits to ensure that those requests for admission forms are coming in in a timely fashion. The results of that are very encouraging.

We are also undertaking audits of our own internal clerical processes to ensure that all the documentation is complete and accurate, as was referred to in the report as well. And the other main area that we are focusing on, of course, as we have just been talking about, is the increased capacity in the system to ensure that additional surgery is being provided. I am happy to expand on any aspect of the report if you have got some more specific questions.

**Dr Brown:** I might just add that the surgical services task force oversees progress on those recommendations and the implementation of those recommendations. Each time we meet, we have that on the agenda.

**MR HANSON:** And that is making a difference obviously, some of the recommendations for improvement?

**Dr Brown:** Yes.

**THE CHAIR:** A new question from Ms Bresnan.

**MS BRESNAN:** It is—

**Ms Gallagher:** I do not think it will deliver an extra elective surgery procedure but, in terms of making sure our processes are robust and transparent, there will be improvements that come out of this.

**MR HANSON:** But are they assuming it makes the system more effective and more efficient and in that sense it will prevent people dropping off the list or being double-booked or—

**Ms Gallagher:** I do not think anyone was dropping off the list.

**MR HANSON:** —being managed inappropriately?

**Ms Gallagher:** As I said, I do not think the outcomes and recommendations will deliver one extra procedure. But I think, in terms of expectations of our staff about how to manage it appropriately with improved processes between surgeons and the hospital, private VMOs and the hospital, in terms of contact between the hospital and the patient, there have been improvements.

**MR HANSON:** This is the last one. I refer to the situation where we had people who were deliberately, it would seem in some cases, put down as category 1 because it was the only way that they could get their surgery in time. That was the case that was mentioned. That practice has stopped as far as you are aware?

**Dr Brown:** I think that is a very difficult question to answer in some ways. Different

surgeons will place a different priority, depending on how they assess it. Across the country this issue of classification, in terms of the categories, has been identified as an issue in terms of getting standardisation of that. But certainly we are working with the surgeons to ensure that this system works more efficiently and effectively and that patients are getting their surgery in a more timely way. I think that reduces the need any surgeon might feel to elevate the classification unnecessarily.

**THE CHAIR:** Ms Bresnan, with a new question.

**MS BRESNAN:** It is slightly related. There has been quite a bit of discussion obviously in terms of elective surgery about making use of Queanbeyan hospital as well. I could not see anything specifically in the budget about it. Is it included somewhere else in the budget? We have also got the cross-border health category information that is included in budget paper 3. Is that something which is figured into that or is it actually included in some of the other figures in the budget around general elective surgery?

**Mr Thomson:** There is no specific allocation for Queanbeyan as far as where any funding that could be used for surgery at Queanbeyan sits within the budget is concerned, and it is within the provision we have for additional elective surgery. The issue is—

**MS BRESNAN:** So it is within that provision?

**Mr Thomson:** Yes.

**Ms Gallagher:** It would be more like we do with Calvary, John James, Aspen and Capital Day Surgical Centre. It would be an arrangement similar to that. That was what was envisaged. There is a barrier, not at governmental level. I think there is an agreement that as a region we should work out how to use all our hospitals.

The issue, as I understand it, is that at Queanbeyan hospital GPs provide the anaesthetist cover. So they are GPs/anaesthetists, whereas in the ACT specialist anaesthetists provide anaesthetist cover. And it has been made very clear to me from doctors who work in our system that that is the standard that they would continue to operate under, that they would not want to see specialist anaesthetists not providing cover. So that is a barrier that I am not sure there is an answer to necessarily.

**Dr Brown:** We were advised, in fact just earlier this week, that Queanbeyan now does have an anaesthetist. So that is progress on their part. But there are still other issues that need to be worked through.

**MS BRESNAN:** So that is not a process where there has been an agreement reached as yet because of those particular barriers?

**Ms Gallagher:** Now that there has been governmental agreement, it is really between ACT Health and New South Wales health to sit down and work out how the mechanics of that will work and then get approval from our health professionals that that is something that they will agree to.

**MS BRESNAN:** Just to follow from that, one of the issues that has come up previously through annual reports and budgets is about the arbitration process with New South Wales over money that was owed to the ACT. I think it was around about \$31 million or something like that. Has that been resolved? Again, I could not see anything specifically—

**Ms Gallagher:** It is ongoing.

**Dr Brown:** It is ongoing.

**MS BRESNAN:** So it is something that still has not been resolved?

**Dr Brown:** It is still in process. It is not resolved yet.

**MS BRESNAN:** Okay.

**Dr Brown:** Not finalised.

**MS BRESNAN:** Are we in a situation where that amount continues to increase, or are you going to have to go to arbitration again to recover another amount of money once that \$31 million is agreed to?

**Ms Gallagher:** The cross-border agreements usually end in arbitration, because it is big money.

**MS BRESNAN:** Yes.

**Ms Gallagher:** New South Wales like to make sure that they scrutinise very closely what they are paying the ACT. So there is an audit underway into a specific set of data that there is disagreement on. That is underway, and hopefully it should be finished fairly soon. I do not know if anyone has got a date on that? No. And then there is what happens post the agreement that is in place.

**MS BRESNAN:** Does that get recorded within the territory's accounts?

**Dr Brown:** We accrue.

**Ms Gallagher:** Yes.

**MS BRESNAN:** So it just gets accrued?

**Ms Gallagher:** Yes.

**MS BRESNAN:** Thank you.

**THE CHAIR:** Rather than starting back with me, we will go back to the health shadows. Ms Bresnan, have another new question.

**MS BRESNAN:** Okay.

**THE CHAIR:** And then Mr Hanson.

**MS BRESNAN:** It is in relation to the hospital school. In budget paper 4, page 169, there is initial funding allocated for the women and children's hospital. Is any of that funding going towards the hospital school? There have been some concerns that the new school will only have one classroom rather than the two it currently has. That will obviously impact on the number of students they can see and the students that go there now. Is there any provision within the budget to make sure that the hospital school keeps the current standard?

**Mr Thomson:** The advice I have on this is that the total floor space that is being provided for the hospital school is in fact greater than is currently available. But it is in one room, not two. This, in large part, relies on advice that I have received from the Department of Education and Training—the issue is about supervision of the children and ensuring that there is good supervision given the fluctuating number of children of different age groups. But the Department of Education and Training believes the space can be used to appropriately separate children into different age groups to ensure that they get age-specific and appropriate teaching while at the same time providing the capacity for high levels of supervision that is not possible within two separate rooms.

**MS BRESNAN:** I appreciate that this is a cross-department issue, but do you know if there has been any consultation with the staff that are currently there about this to make sure it is something they feel they can accommodate?

**Mr Thomson:** Is this the actual teaching staff?

**MS BRESNAN:** Yes.

**Mr Thomson:** I do not know that for certain. I would need to take that on notice, but I believe so.

**MS BRESNAN:** Okay. That will be good to find out. Obviously they will need to have an input in terms of whether they can accommodate that, because they are the ones running it.

**Ms Gallagher:** I cannot believe that. There has been so much staff consultation around the development of the new women's and children's that I cannot believe they would have been excluded from that. But do you want us to—

**MS BRESNAN:** Yes, it would be good. Because it is one of those cross-department ones, it does not really fall within one department. Obviously they want to be included in that process.

**Ms Gallagher:** Yes.

**MS BRESNAN:** Because it is a critical service that is offered in the hospital.

**Ms Gallagher:** Absolutely, yes.

**MS BRESNAN:** Okay.

**THE CHAIR:** Just as a supplementary on the issue of the women's and children's hospital and the additional funding for more beds and the burns unit, this project is not that old. Why is it that we now find ourselves in the situation where we have to increase the bed numbers?

**Ms Gallagher:** This has come essentially through the work that has been done around the model of care and what should be provided in this women's and children's hospital. These are extras, in a sense, in terms of building the best women's and children's hospital we can. I could have not approved this and said, "No, no, just work with what we originally scoped." But I think the opportunity is here to put in these extra facilities through the consultations we have had with staff post the appropriation of this money, and I think it is a sensible additional investment.

**THE CHAIR:** I do not disagree, but I am just asking: how many extra beds do we get?

**Ms Gallagher:** Well, it is a range of different things in the new money. So it is going from 26 to 30 beds in the women's and babies' inpatient unit and a burns bath in the paediatric unit.

**THE CHAIR:** All right. So, again, I ask the question. This is a relatively new initiative. Why are we increasing the capacity now? Why was this not scoped properly—

**Ms Gallagher:** Well, because we are building it now. I mean, we could do it when it is finished—

**THE CHAIR:** But why was it not scoped properly in the beginning?

**Ms Gallagher:** Well, it is not really that it was not scoped properly. This is an issue which I was talking with officials about this morning, and it will be something that has to continue in the health rebuild overall. What happens is, we appropriate money on the scope of a building. We then go out and consult through the next stage up to the design of the building. We consult with staff around appropriate models of care and how they would like to restructure their workplace to deliver the care they need in a new environment. That work actually informs the design of the building.

With every project that I have been involved with in health, there have been additional requests or the budget has been exceeded, so a value management exercise has been implemented to sort of bring it back to where it was. I have had a look at this women's and children's, and these are ideas that have come through that work with staff. I think they are sensible additions to put into this project.

**THE CHAIR:** All right. On page 95 of budget paper 3, there is also an additional \$1.5 million and then \$2 million in the outyears for the women and children's hospital operating costs.

**Ms Gallagher:** Yes.

**THE CHAIR:** Is that for existing services—

**Ms Gallagher:** Staff.

**THE CHAIR:** or is it to cover this increase in beds in the outyears?

**Ms Gallagher:** The project itself increases the capacity. Those operational staff would come anyway. They are not necessarily attributed to this additional capital injection.

**THE CHAIR:** Right. So this was known money, so why was the budget not increased previous to this if you knew this was coming?

**Ms Gallagher:** Because it is not operational. And it is the same with the adult mental health unit. You will see the growth for staff come through that.

**THE CHAIR:** Yes, sure. Mr Hanson with a supplementary and then Mr Hanson with a new question.

**MR HANSON:** When are we going to see the women's and children's hospital open now?

**Ms Gallagher:** I was out there today, Mr Hanson, having a look. Stage 1, they have had some rain delays with the wet weather. I was talking to the team out there—Leighton's—today. They are a bit behind, but certainly in the third quarter of this year for stage 1. So I think we had flagged September. I think it might be October or November. Having a look at them today, as they said, with the dam and things, they have lost some days. So they are a bit behind. Then stage 2 will be about a year later.

Stage 1 is essentially all of the new buildings, so the three sort of fingers that come out towards the Garran primary school, and additional new facilities on the side of the existing building. Stage 2 is the existing building. So all the people move out of the existing building into the new building and we move paediatrics into the new building, and then they refurbish and redevelop the existing building once people are relocated.

**MR HANSON:** I look forward to visiting.

**MR HARGREAVES:** Can I just ask a question on that?

**Ms Gallagher:** I will arrange a visit for you, Mr Hanson.

**MR HANSON:** Thank you, if you could. That would be good.

**MR HARGREAVES:** Just a little quick one, if I may, on the rebuild. Something has sparked my curiosity in respect of the tower block. Is that going to be just refurbished or are you going to drop it and put another one there?

**Ms Gallagher:** The decisions are currently before the government around how we proceed with the major redevelopment. There are two schools of thought and they are

about knocking it down. This budget puts in design money to build a new tower block, which will go on the top of building 3; I think it is building 3, isn't it—the flat building in the middle? That has been identified as the area where you would build the new tower block and sort of put the majority of your inpatient services in that. Some advice is that after that is built we should knock down the existing tower. There is also a view that you could refurbish and redevelop it for office accommodation.

**MR HARGREAVES:** Okay.

**THE CHAIR:** Mr Hanson on a new question and then Ms Bresnan.

**MR HANSON:** The \$4 million in the budget to scope what we are doing essentially up north, that is, both the Calvary expansion and also a sub-acute hospital. I would like to go into quite a bit of detail about that if we could. The first question I have, though, is with a sub-acute hospital. Obviously that is now going to service sub-acute across the ACT—

**Ms Gallagher:** Yes.

**MR HANSON:** Why is it being slated for the north of Canberra?

**Ms Gallagher:** I guess it does not necessarily have to be in the north of Canberra but we have a big hospital in the south of Canberra.

**MR HANSON:** The press release that was put out by the Chief Minister about the sub-acute hospital specifies that it would be on the north side of Canberra.

**Ms Gallagher:** Yes, and that is where we are going to look for the new hospital. What I am saying to you is that in order to have a sub-acute hospital it does not have to be on the north side of Canberra. However, we do believe there are opportunities on the north side of Canberra for a large public workplace like this.

**MR HANSON:** I accept some of those opportunities, be they co-location with Calvary or the University of Canberra or whatever it might be.

**Ms Gallagher:** It could be. Yes, exactly.

**MR HANSON:** But it seems that we found the solution before we started looking. There are a number of locations that I think you are going to be examining. I am not sure if they are all on the north of Canberra. But I would have thought that if you have now a new facility that is going to service the entire Canberra region, including New South Wales—we draw a lot of people from the South Coast—I just do not understand the logic of saying it is going to be on the north side of Canberra, predicating that it will be. I would have thought that central would be the answer, perhaps co-located between the two hospitals that we have got.

**Ms Gallagher:** Yes. There is certainly an opportunity for some partnerships in this and University of Canberra is one of those places. It has a large amount of land. Its health science faculty is developing and would provide a great opportunity for students and patients to have those linkages. There are also opportunities on the

Calvary site. I think it is sensible to have it relatively near to an acute hospital. There is not any land near Canberra hospital of the size that you would need for a facility like that. I think the opportunities exist on the north side. If you have got a block of land in mind, Mr Hanson, I am happy to throw it in for consideration.

**MR HARGREAVES:** There is a data centre site we are not using.

**MR HANSON:** I just want to make sure that the logic is based on the optimal site—

**Ms Gallagher:** Yes.

**MR HANSON:** It just seemed that we would be caught up in the argument about a new north side hospital because the acute needs to go north side and then somehow the sub-acute got caught up in that as well. It really needs to be a sub-acute that best services Canberra rather than the north side. I just wanted to explore that point before I moved on.

Also there are two, I guess, separate projects now. One is the expansion of Calvary and one is the new sub-acute hospital. Shall we deal with Calvary first?

**Ms Gallagher:** Yes.

**MR HANSON:** Can you give me an update on what you are planning in terms of additional infrastructure; what that means in terms of staffing, the cost of that, exactly what we get in terms of beds? I assume that you can release that now that it is not cabinet-in-confidence anymore.

**Ms Gallagher:** What I would say is that work will be finalised this year as part of the \$4 million provision. There is a master plan that needs to be finished in consultation with Calvary Health Care. The response I have received from the chair of the Little Company of Mary Health Care is, yes, let us proceed to finish that piece of work and reach agreement around where best to build on the site.

We have also asked for some information about their private hospital plans because they are reducing the size of their private hospital. Reducing the size of that private hospital frees up capacity for public beds in the existing building. Once those details are more clear we will be able to make some decisions about what capacity there already is to provide some more beds within the Calvary campus. So that work is underway.

**MR HANSON:** Sure. And that, I assume, will come as a package. You are not just looking at Calvary in isolation. I understand there is a move to make Calvary in some ways the centre of excellence for elective—

**Ms Gallagher:** Elective surgery, yes.

**MR HANSON:** And Canberra as the emergency.

**Ms Gallagher:** Yes.

**MR HANSON:** So you are looking at that. Are you going to be able to present as part of that master plan a view of the end state—whatever that is in 2010 or whatever time frame—“This is the number of beds in a category”—

**Ms Gallagher:** I think so, yes.

**MR HANSON:** We sort of talked about that before. When is that body of work likely to be finalised?

**Ms Gallagher:** That will really be determined by the master plan, the decisions taken around the sub-acute. In a year’s time that work should be complete. It also depends heavily on agreement around role delineation. If we do not get agreement on role delineation it will be almost impossible to deliver what you are asking for.

**MR HANSON:** Right. When you say “this time next year” are we then looking to start putting funding in the budget to start that development?

**Ms Gallagher:** Yes. At this point what I can say is there will be money for a car park for sure—

**MR HANSON:** Got to start somewhere.

**Ms Gallagher:** which is the first thing that you have to do. So this budget has \$800,000 to do the design of the new car park. Then the car park will come. There is also some money which we are using to expand the emergency department, the capacity. So there will be some work done this year in the ED, the car park being designed. Then we will start the car park. But there also may be some existing capacity within Calvary, particularly around their private hospital beds, which might not involve large capital expenditure at this point in time to provide those extra beds—

**MR HANSON:** Yes.

**Ms Gallagher:** And then take it down the track from there. But the key to this is role delineation. I cannot say it enough.

**MS HUNTER:** I want to pick up on that issue of role delineation. We recently had a motion through the Assembly. Have you already undertaken some work in this area of role delineation and how far into the future have you planned? Where are you up to on that issue?

**Mr Thomson:** We have undertaken the preliminary work and we have had quite extensive discussions with Calvary.

Providing a little bit of context, we established some time ago a role delineation statement for Calvary hospital that Calvary agreed with, and that is still extant, so it is not a new concept. However, it was a fairly broad role delineation statement. What we are trying to do is now add a degree of specificity to that statement to resolve some of the questions that still exist around the roles of the two hospitals, as well as looking to the future and understanding what the future roles of those two hospitals will be. It is

particularly around the issue of concentrating emergency surgery, for example, at the Canberra Hospital and focusing on elective surgery more at Calvary and those sorts of issues.

**MS HUNTER:** So have you got any documents that outline this work? Are we able to have any access to any of them?

**Mr Thomson:** We do not have any documents that are complete at the moment on that. We are in the process of drafting up the early stages of those documents.

**MR HANSON:** The—

**THE CHAIR:** Just returning to your questions on Calvary?

**MR HANSON:** Yes. This is continuing on with Calvary. What sort of time line are you looking at?

**Ms Gallagher:** For the master planning and—

**MR HANSON:** No, for the completion. I appreciate that some of this will be rolling—in terms of when you expect the big body of work to be complete, so the beds are open, the staff are there and patients can go and have surgery and stay the night. When does that happen?

**Ms Gallagher:** It will happen incrementally. I would be surprised if there was not construction activity happening at both hospitals for the next eight years. It is going to be a long period of time.

**MR HANSON:** We have got the tsunami coming, so I assume we want to get the—

**Ms Gallagher:** The capacity in place?

**MR HANSON:** capacity in place to meet the tsunami. What is that time line—is it 2018, is it 2020?—to make sure that we meet that tsunami? Have we worked out when we have got to have this work done if we are going to meet that volume of demand?

**Ms Gallagher:** The time frame really is between 2018 and 2022.

**MS BRESNAN:** On the subacute, have you looked at whether some of the services which might traditionally be thought of to be located with the acute hospital could be placed better with subacute, whether it is a mental health facility, a birth centre or other services like that. Will that be figured into what you are looking at in terms of the configuration?

**Ms Gallagher:** Yes, it will, and I am sure there will be a lot of ideas about what constitutes subacute. When you have got the opportunity to design a new building, there will be a lot of people that want to be part of the subacute; all of a sudden the subacute will be the new thing to be. It is going to be the area of significant bed growth; I think we are predicting about 164 new subacute beds that need to come into

the system. The opportunity is that you would remove some subacute from Canberra Hospital, some subacute from the existing Calvary hospital and provide your additional bed capacity.

There are some constraints. A birth centre I think would be almost impossible. I know that you will have a view about that, but my experience with obstetricians is that they all like to be very close to an operating theatre should they need one, and that will probably dictate the debate around that one. Also Calvary have their private obstetrics unit and I do not think it is sustainable to offer three obstetric services. We have got the public obstetric unit and the private obstetric unit there and our public one. I think you would be starting to compromise issues around patient safety there.

But certainly mental health: ward 2N is not classified as subacute, but it is a lower acuity than PSU. People speak very favourably of 2N—and we understand that because PSU is inadequate—a more homely feel around a hospital setting. I think there are opportunities there.

We will have to deal with the issue of family planning. Whilst it would probably be a little unusual to have a subacute hospital with a family planning clinic, I think that is something that we need to explore. The women of north Canberra deserve access, as I have heard you say on the radio, to a full range of health services. I think we should be able to do something innovative around that because it is not possible on the Calvary site.

**MS BRESNAN:** And that is something that is being examined, hopefully?

**Ms Gallagher:** Yes.

**MS BRESNAN:** Good.

**THE CHAIR:** Ms Hunter has a Calvary supp; then we will return to Mr Hanson. Then we can go to a new question from Ms Bresnan.

**MS HUNTER:** I want to look around this issue of a fully integrated network of hospitals. I understand that work may have been undertaken to ensure that Calvary is more integrated with the rest of the public health system. What are the key areas of work that need to be prioritised under this and what do you see as some of the major challenges?

**Ms Gallagher:** I think it is the role delineation that is going to dictate whether we have an integrated system or not—if we can get agreement about who does what where. It sounds very easy, and it is not. It is also the biggest challenge, because it is all very well until it is someone's speciality that is going somewhere else. Everyone thinks it is a great idea. In fact, one of the doctors at Calvary in one of my meetings with them said, "We should be just doing this here." I thought, "Yes, that is good." But I did see a couple of his colleagues sort of go, "Well, that is all right for you, but what about my specialty, because I am comfortable here too?" There are doctors that choose to stay at Calvary because it is close to their private rooms and all of that. So it is harder to deliver than it sounds. But it is essential. We just need to make sure that everyone understands everyone's role, that there is agreement, and also that the

community understands that, so the workload can be shared fairly and in the most safe and efficient way.

**THE CHAIR:** All right. We will return to Mr Hanson. We will wrap Calvary up shortly. We will go to Ms Bresnan for a new question before afternoon tea.

**MR HANSON:** On the costings, there was some data that you did not release because it was subject to cabinet-in-confidence discussions. That was, if you recall, back in the inquiry into Calvary hospital. It was about what beds comprised the 400 or so. You would not release that information. Will you now release that?

**Ms Gallagher:** I will have a look. I will have a look at what information you are after.

**MR HANSON:** I just want to get access to as much as possible. There seemed to be disagreement also from Deloitte Access Economics about the methodologies used by ACT Health. Their document says:

There are numerous fatal flaws in data and methods that preclude any reliance on the costing analysis.

It may be more of a Treasury question, but what are we doing to make sure that we are comfortable that ACT Health has got it right—that that \$800 million is the right view? I heard someone—I think it was the chairman of the Little Company of Mary; I do not want to misquote him—saying basically, “We will do it for less and take the risk.” There were those sorts of expressions. It is a lot of money.

**Ms Gallagher:** Treasury have written to Deloitte clarifying a number of inaccuracies in their report. They have had some correspondence back, as I understand it, and there has been some further correspondence entered into. I have also written to the chair of the Little Company of Mary about some significant areas in their report. It does stand as an outstanding issue to be resolved.

But this should not be a battle of the consultants. Deloitte were hired to do a job; I understand that. Indeed, I asked that my officials meet with Deloitte as part of that work. Mr Thomson and Mr Ahmed met Deloitte. I was prepared to give them, with the signing of confidentiality, access to the data that we used for our costings—until it became very clear that they had been hired to do a particular job. The feedback I was given from the meeting was that it was aggressive and hostile. I took the decision then that I was not going to provide them with that additional information.

**MR HANSON:** Will you provide us with that additional information?

**Ms Gallagher:** Certainly. There is no problem. The costings have been independently reviewed by two or three senior health planners to say that the costings are robust.

**MR HANSON:** I am particularly interested, as I said before, in what the beds comprise. That would be very useful.

**Ms Gallagher:** Yes.

**MR HANSON:** The final question I have is on the ownership. We are building it now at Calvary to be operated by Calvary, but is this going to be owned by the ACT government or is that still under negotiation?

**Ms Gallagher:** It is under negotiation, but we have got in-principle agreement around that. I think I heard you, Mr Hanson, saying, “So nothing has changed and we are back to where we were.” But the issue is we are not back to where we were; indeed, we have got a significant win on the table. In the discussions previously there was no agreement around land or about land being provided free of charge. That is the agreement we have reached in principle with Calvary now.

**MR HANSON:** Yes. My comment was essentially around the fact that what we are doing in developing Calvary is essentially where we could have been 2½ years ago.

**Ms Gallagher:** The major difference is that we were going to have to purchase every piece of land and renegotiate all of those—

**MR HANSON:** If we went along with \$400 million in development money there was always an opportunity for an improved deal as such.

**Ms Gallagher:** If we get this deal over the line I think it will be an improved outcome for the people of the ACT. We will have access to the land at Calvary, it will be at a peppercorn rate, we will enter into a lease arrangement with them and we will then release the buildings back to them to operate.

**MR HANSON:** Yes.

**THE CHAIR:** All right. Ms Hunter has a last question on Calvary.

**MS HUNTER:** This is the last on Calvary. It was around budget paper 4, page 225, strategic indicator 19.2. This is the one that looks at the proportion of people separated from ACT public hospitals who are readmitted to hospital within 28 days of that separation. It could be due to complications with their condition. Calvary had a target of, I think it was, less than one per cent. They actually came in at 1.14 per cent, which is higher than last year. I think they came in at 0.8 per cent. So it seems to have gone up a bit. Do we have any explanation? What is going on there?

**Dr Brown:** Essentially, it is higher. The previous year it was 0.82 per cent. This year it is 1.14 per cent. It is not, however, statistically significant.

**MS HUNTER:** Okay.

**Dr Brown:** It has got a small denominator.

**MS HUNTER:** Okay. So there is no concern?

**Dr Brown:** No.

**MS LE COUTEUR:** Have you looked at the breakdown in age of those people—at the ones who are being readmitted? I know that in some other jurisdictions—

**Ms Gallagher:** That is part of—

**MS LE COUTEUR:** they have that specific indicator.

**Ms Gallagher:** Yes, that is part of the collection of that data. It would be.

**MS LE COUTEUR:** So is it generally the older—

**Ms Gallagher:** Do you want to see whether it is older persons?

**MS LE COUTEUR:** Yes. I have looked at some jurisdictions which specifically have re-presentations—

**Ms Gallagher:** Okay.

**MS LE COUTEUR:** by older persons and I—

**Ms Gallagher:** Well, that is something—

**MS LE COUTEUR:** am personally slightly interested in.

**Ms Gallagher:** Yes.

**Dr Brown:** It is something that the patient safety unit actually looks at. But I do not have the details of the breakdown of that.

**Ms Gallagher:** But we could take a look at that when we report.

**MS LE COUTEUR:** Thank you.

**THE CHAIR:** Ms Bresnan, a new question.

**MS BRESNAN:** Thank you. It is good to see that there is funding in the budget for a Parkinson's nurse and also a prostate nurse.

**Ms Gallagher:** Two happy groups.

**MS BRESNAN:** They are. It is very good.

**MR HANSON:** I saw the prostate cancer support group—

**Ms Gallagher:** Yes.

**MS BRESNAN:** They are very happy.

**Ms Gallagher:** Yes.

**MS BRESNAN:** So the Parkinson's nurse is included in this growth in demand for acute services. I am just wondering if it is possible to get how much funding has been

allocated for each of those positions.

**MS HUNTER:** And the full-time equivalence of that.

**Dr Brown:** I will have—

**Ms Gallagher:** Yes. I am sure we will be able to do that during the course of the session.

**MS BRESNAN:** Just on those two, I guess it is early days because obviously funding has just been allocated. But will they be sort of based on a community nurse-type model?

**Dr Brown:** Yes. Sorry, it is one full-time equivalent for each and, yes, it is a community-based coordinating-type role.

**MS BRESNAN:** Okay.

**Dr Brown:** So the funding, essentially, is around about the \$100,000 to \$125,000—whatever the costing of that one FTE is, indexed.

**MS BRESNAN:** Thank you.

**Ms Gallagher:** We have got a paper here saying that there was significant consultation with DET staff on the user group for the women's and children's hospital.

**Dr Brown:** That was around the classroom.

**Ms Gallagher:** Yes.

**Dr Brown:** There was significant consultation.

**THE CHAIR:** More, Ms Bresnan?

**MS BRESNAN:** No, that is it.

**MS HUNTER:** Could I go to budget paper 3, page 97? I refer to the top of the page. An amount of \$12 million is shown under the heading "Recalculated funding envelope: achievement of benchmark". There are some very confusing paragraphs underneath it.

**Ms Gallagher:** That is successful then. Well done, Ron!

**MR HANSON:** It was not just you, Meredith. It was not just you. That got me too.

**MS HUNTER:** Could we have a bit of an explanation around that one?

**MR HARGREAVES:** And is it connected to the \$16 million or so—

**THE CHAIR:** Welcome, Mr Foster, to the table.

**Ms Gallagher:** Ron is winning the estimates medal at the moment.

**Mr Foster:** I did not write this, by the way.

**THE CHAIR:** The disclaimer is noted.

**Ms Gallagher:** In short, in 2006-07 we took a decision to provide growth funding to the health department, ACT Health—or the health directorate as it is now known. Built into that growth envelope was an efficiency measure which sought to improve our overall costs. So we were running at about 124 per cent—it might have been 120 per cent in 2006-07—of the national cost of providing similar services.

We set ACT Health the challenge of getting to 110 per cent. So we removed from their appropriation, essentially, the difference of each year achieving that benchmark. So we said, “We are going to fund you at 6.2 per cent growth but we want you to improve you processes all the time and bring down your costs overall.” What Health have done, and they have done it very well, is get their costs now to about 104 or 103 per cent of the efficient price. So they have brought down their costs and we did not remove the efficiency. They did what we asked them to do. We have now said, “Okay, we are readjusting your budget for that.” That is it in short. Do you want to add to that, Ron?

**Mr Foster:** No.

**Ms Gallagher:** Was I right?

**Mr Foster:** Correct, yes.

**THE CHAIR:** There speaks an honest man.

**MR HARGREAVES:** Can I ask, Mr Chairman, can I ask—

**THE CHAIR:** No, Mr Foster is going to answer.

**MR HARGREAVES:** Sorry, Mr Foster, I would like you to incorporate the answer to my question into your answer. Further down the line, on page 234, budget paper 4, it talks about the “Recalculated funding envelope: achievement of benchmark” and the amount is \$12 million. A little bit further down the page there is the offset of those funding envelopes for 2011-12 of minus \$16,271,000 there.

**Ms Gallagher:** That is just the growth.

**MR HARGREAVES:** Given that they are both about the funding envelope—

**Ms Gallagher:** Yes, that is the growth coming off, yes.

**MR HARGREAVES:** I think it would clarify the thing if you made a complete picture out of it.

**Mr Foster:** Because of the funding envelope that was put together in 2006-07, which gave us certainty across the forward estimates of funding for growth and price indexation, when we announce each year how we are going to spend that money—as you will see, those items there we are showing include increased critical care, acute et cetera—we actually have to put in a negative item there which balances the Treasury running sheet because the top line is the built-in forward estimates. We were announcing things that had already been funded there. Then we had to put a negative line in there just to balance.

**MR HARGREAVES:** That is the \$16 million?

**Mr Foster:** Yes.

**Ms Gallagher:** That was factored into our bottom line.

**MR HARGREAVES:** I would not want anybody to think you are losing \$16 million out of the Health budget.

**Ms Gallagher:** No. It is just that those costs are offset by the provision made.

**MR HANSON:** Are you imposing an efficiency dividend on Health?

**Ms Gallagher:** Yes.

**MR HANSON:** And how is that going to be met?

**MS GALLAGHER:** My Treasurer has.

**MR HANSON:** How are you going to meet your efficiency dividend?

**THE CHAIR:** She hates herself in the morning!

**Ms Gallagher:** I give with one; I take with the other.

**MR HANSON:** You will find it easy to do until Andrew Barr takes over and then you will be full of grumbling about it.

**MR HARGREAVES:** She will still be the boss, mate.

**Ms Gallagher:** There have been some—

**MR HANSON:** It is odd, is it not? The Chief Minister is the Treasurer.

**MR HARGREAVES:** She will still be the boss at the end of the day.

**Ms Gallagher:** There have been some positives about being Treasurer and health minister at the same time. Yes, there is an efficiency measure put in place. Health were exempt from the additional efficiency dividend that was put in place last year. But this year the cabinet decided that we needed to keep the focus basically on all our agencies to be as efficient as they can be. You will see in BP4, 234, there is a savings

initiative line there. It starts at \$5.6 million.

**MR HANSON:** And has the directorate a view on how you are going to meet that?

**Dr Brown:** Yes, we have met and we have had some discussions about that. We will be having some further discussions. But we will be looking at a range of operational areas—travel, accommodation, recruitment, printing, stationery, those sorts of things. We will also look at workforce and streamlining and efficiencies that might be available to us there.

**MR HANSON:** What does that mean?

**Dr Brown:** We look at how we undertake activities currently and whether there are ways to undertake them more efficiently without losing any service delivery. And we believe that there are some savings that we can make in that way.

**MR HARGREAVES:** Would that include such things as having an imprest system for medical surgical supplies where imprest systems did not exist hitherto?

**Dr Brown:** Yes.

**MR HARGREAVES:** I thought so. Thank you.

**THE CHAIR:** So Health is not subjected to the efficiency dividend?

**Ms Gallagher:** They were not, in last year's one per cent and the 0.5 per cent. They were not included in that.

**THE CHAIR:** But they are included in it this year?

**Ms Gallagher:** In this year, yes.

**THE CHAIR:** Where does that occur in the table on 1.5.1 on page 26 of budget paper 3?

**Ms Gallagher:** Which page are you on? I found it in BP4.

**THE CHAIR:** Budget paper 3, page 26, the efficiency dividend.

**Ms Gallagher:** That is the one that we put in place last year. So that is the one that they are exempt from. The additional savings—

**THE CHAIR:** But in 2011—

**Ms Gallagher:** Yes, that efficiency dividend flows through. So they remain exempt from that decision of last year.

**THE CHAIR:** That is what I just asked. You said that you had applied that.

**Ms Gallagher:** Yes.

**THE CHAIR:** So their efficiencies are being saved in other areas than in table 1.5.1?

**Ms Gallagher:** Yes. Theirs is in the additional savings.

**THE CHAIR:** It being a quarter to four, we might suspend and resume at 4 o'clock. Thank you, minister.

**Meeting adjourned from 3.45 to 4.03 pm.**

**THE CHAIR:** We might resume at this stage for the Health Directorate estimates. Dr Brown, you look like you are desperate to saying something.

**Dr Brown:** I am; thank you. I have a response to the question around the advertising at Canberra Stadium. The total cost was \$15,000 for this financial year. It has generated to date an increase of extra visitors to the website of 36,513, or a 26 per cent increase compared to the same period last year.

**THE CHAIR:** How do you know it is a consequence of the advertising?

**MS LE COUTEUR:** That is the obvious question.

**Dr Brown:** We cannot. We actually had a figure of the increased hits within 48 hours of the first game. I do not have that response to you. We have had a substantial increase in the traffic to the website, and that was our intent.

**MR HANSON:** Is that a commentary on whether the Brumbies and Raiders have been worth watching this year or not?

**Dr Brown:** We were speculating about whether it would go up or down depending on whether they were playing well or not.

**THE CHAIR:** Advertise this Saturday night; it is the Raiders and the Bulldogs. I have a question from budget paper 4, page 237, on rollovers. There seems to be about \$80 million worth of rollovers in the financial year. Is there an explanation as to why so much rollover has occurred?

**Ms Gallagher:** Yes; there is an explanation for everything.

**THE CHAIR:** Let *Hansard* show that the minister is looking for that explanation—

**Ms Gallagher:** No. I have got them. It is just—

**THE CHAIR:** and somebody is coming to the counter.

**Ms Gallagher:** Meghan Cahill would know.

**THE CHAIR:** No, she has gone.

**Ms Gallagher:** Yes, but I was looking for Rosemary.

**THE CHAIR:** I went looking for Meghan Cahill as well and she is not there.

**Ms Gallagher:** Yes, she has moved—

**THE CHAIR:** The private sector has snaffled her.

**Ms Gallagher:** Yes, unfortunately.

**THE CHAIR:** There is no loyalty anymore.

**Ms Gallagher:** Rosemary Kennedy has been doing a great job.

**Dr Brown:** Is there anything specific that you want to inquire about?

**THE CHAIR:** \$80 million is a lot to be rolling over. I am just wondering specifically—

**Ms Gallagher:** It is all around the timing of the projects and the timing of the payments.

**THE CHAIR:** It is always about the timing, minister.

**Ms Gallagher:** Yes, that is why they are rollovers. The projects are all underway. I am sure if there is a particular project that you are interested in—

**THE CHAIR:** All right. Health's capital program for the year was how much?

**Dr Brown:** New money or total?

**THE CHAIR:** In 2010-11 how much was the total capital program for Health? What percentage does the \$80-odd million represent?

**Dr Brown:** I think the total expenditure at that stage was \$515 million or thereabouts.

**Ms Kennedy:** The total capital budget for 2009-10 was \$148 million.

**Ms Gallagher:** But for the whole program?

**Ms Kennedy:** For the whole program to date it is \$510 million.

**THE CHAIR:** All right. So we are talking about one-sixth of that being rolled over. What is the reason for such a large percentage as a rollover?

**Dr Brown:** We can go through it project by project if that is how you would like to approach it.

**THE CHAIR:** Rather than use up the time, is there a document that can be tabled that details each of the rollovers?

**MR HANSON:** There is a summary in BP3, I think.

**THE CHAIR:** Yes, there are summaries.

**MR HANSON:** The account has \$63 million in it.

**THE CHAIR:** Yes.

**Ms Gallagher:** If you want an explanation against each of the rollovers that can be provided. It would have been provided to Treasury.

**THE CHAIR:** All right.

**MR HANSON:** What would be very useful as well, as it seems that some of these projects are subject to rollover year on year—and I might have asked you this before, but I never seem to get it—is when a project is first scoped, and the women’s and children’s hospital is a good example, when it is first in the budget and will be delivered—in 2009 or something? It seems to slip and slip and slip and then, when the project is finally is delivered, it is said, “Here we go; we’ve delivered it on budget, on time.” But that is only because that was the last budget and the last time frame.

**Ms Gallagher:** No, the women’s and children’s was always, from the beginning—it was originally funded in the 2007-08 budget, I think—due for completion within 2011.

**MR HANSON:** Sure. I was just using an example.

**Ms Gallagher:** Yes.

**MR HANSON:** But what would be very useful, if we could, for each of the capital works in the program at the moment would be, by phase, essentially, because the women and children’s hospital has a number of phases—

**Ms Gallagher:** Yes.

**MR HANSON:** When it was first put in the budget, what was the expected delivery date—September 2011 or whatever it might have been—what the anticipated cost was and then what is in the new budget. What we get in the budget is what we roll over from the previous year.

**MR HARGREAVES:** The capital works program is there—

**MR HANSON:** But the capital works program does not show you what was originally put in 2006-07. It is difficult to get a grasp of what was in the program and what was not and what changes have been made progressively over the years. So we can only look back 12 months.

**Ms Gallagher:** Yes.

**MS HUNTER:** Yes, that is very true.

**Ms Gallagher:** We will see what we can come up with that will assist you there.

**MR HANSON:** If you could, that would be good. It would be very useful so we can get a view of where we are going well and where we are not going so well and where we can focus so we are not going through all of the projects. Three months into the project is not such an issue, but we can see now since its inception in the budget five years ago it is still not there.

**MS HUNTER:** I am particularly interested in the mental health young person's unit and what is happening with that particular project.

**Dr Brown:** I can respond to what is happening with that. We actually have a site for that facility on the campus of the Canberra Hospital. There was some delay, whilst we sought legal advice, in relation to the issue of having adolescents and young adults within the same facility, although they will be in separate parts of the facility. That caused a delay, as I said, while we got some legal advice.

We have now resolved that. There were then some issues about whether the site that was available would accommodate the model of care that had been put forward. Again, as a result of the most recent discussions in relation to that we believe that the site can accommodate that and we will be proceeding now. We have funding for the forward design and we will be proceeding with that.

**MS HUNTER:** So this time next year a forward design should have been delivered with some sort of sign off?

**Dr Brown:** That is right. That is the intention.

**THE CHAIR:** Also on page 237 I note some are listed as rollovers and others are listed as revised funding profiles. What is the difference?

**MS HUNTER:** For instance, the enhanced community health centre at Belconnen is one of those examples.

**Dr Brown:** That is the phasing, I think. It is my understanding that in the previous budget papers the total amount was split over different financial years and this is just a re-phasing of the dollars.

**THE CHAIR:** So how is that different from a rollover?

**Ms Gallagher:** With rollovers you might not necessarily re-phase the profile of the cash.

**THE CHAIR:** So if you combine two years into one or split one year's funding into two, you would say it is a re-profiling; if you just roll it from one year to the next, it is a rollover?

**Dr Brown:** That is exactly what the answer is. If it goes from one year to the next it is a rollover. If it goes over more than one year it is a re-profiling. That is what that reflects.

**THE CHAIR:** I do like the inventiveness. I have a couple specifically. I appreciate that you are going to give us the full list of all the projects on page 237. The Aboriginal and Torres Strait Islander residential, alcohol and other drug rehabilitation facility—where is that in terms of its progress?

**Ms Gallagher:** That has taken a long time to get to this point. We have, I think, finalised the model of care with the community, with the reference group that has been involved with this project. My understanding is that it should move to the next stage of construction fairly quickly.

**THE CHAIR:** Is the site still the same site?

**Ms Gallagher:** Yes.

**THE CHAIR:** And the concerns of some of the residents have been addressed?

**Ms Gallagher:** I have not been contacted by any of them with concerns.

**THE CHAIR:** Most of them had assumed that it had almost gone away, because they have not heard anything about it.

**Ms Gallagher:** No doubt I will be hearing from them if they are still concerned, but we have never said we would not be building this facility.

**Dr Brown:** The next stage, as the minister has indicated, is to progress with the design—there will obviously be consultation around PSPs and FSPs as part of that—before we go to construction. So there will be an opportunity for further input by the community.

**THE CHAIR:** The other one is on the e-health future. It is now a revised funding profile because it is split into two years. What is the delay there?

**Mr Thomson:** It is not a single delay. That is a program that has a number of different projects underneath it, so in terms of a re-profiling of the funding there is not a single reason associated with it: it is about the timing of a couple of the projects within the overall program.

**THE CHAIR:** There will be a fuller answer when you provide the list. Ms Hunter.

**MS HUNTER:** I want to go to the issue of midwives. It says on page 95 of budget paper 3 that funds have been allocated for obstetrics and gynaecology. Can you tell us how much of those funds will be spent per annum on midwives?

**Ms Gallagher:** The vast majority of them. I think it is 10 additional staff. I am just looking for the nursing numbers. The majority of it is nursing—sorry, I should say midwifery. There is a component in it for registrars and additional medical support. The figure I have seen is 14, but I cannot identify that figure.

**Dr Brown:** There was funding in last year's budget as well, you will recall. The 2010-

11 budget was two million for obstetrics and gynaecology, and that provided for some additional medical staff. I think there were seven additional midwives as part of that, and then there are some further midwives as part of this year's funding. We might ask Denise Lamb to give us the detail on that.

**Ms Lamb:** As previously described, in the budget initiative from 2010-11 there was money allocated to additional midwives—seven towards the new continuum of care model and then four others that are part of the team leader program in the delivery suite. And also one for the gynae triage position.

**MS HUNTER:** What steps is ACT Health taking to see more midwives operating in Canberra under the Medicare model provided by the federal minister for health? These are commonwealth funds rather than ACT health funds. What are we doing to get at those funds, to be able to use those funds?

**Mr Thomson:** In broad terms we obviously want to support this. The particular issues are associated with clinical privileges to operate within hospitals. We are at the moment looking at what arrangements would need to be put in place to provide those clinical privileges. We have not got a full answer, but we will. As we have discussed previously, this is something that we are examining quite closely. That is the primary issue that we need to overcome to support—

**MS HUNTER:** Mr Thomson, we have had this discussion with you and others in health. What sort of timing have we got on these discussions?

**Mr Thomson:** At this point I do not have a particular time frame in mind. The issue is associated with some quite complex clinical governance and professional interaction responsibility issues. As always when we are dealing with these matters, we need to be sure that (1) we have safe arrangements in place and (2) it will be an effective addition to the way the particular service operates and not cause difficulties in terms of the operation of the services. It takes a bit of time to work through these issues.

**MS HUNTER:** Are you confident that it will be possible to work through issues? Obviously there are particular cultures in place that take a long time to change. Is there a real commitment to working through this process and seeing what can change?

**Mr Thomson:** There is undoubtedly a commitment to working through it. I do not want to make a commitment as to when I think it could happen, but there is definitely a commitment to working through it.

**MS HUNTER:** Because they are significant commonwealth dollars that we are not accessing at the moment.

**MS LE COUTEUR:** I have a follow-on question about commonwealth dollars. Budget paper 4, page 235, has a rather large amount. We have got an increase of money for commonwealth grants for preventative health for a new policy proposal. It was 40,000.

**MR HARGREAVES:** That is for—

**MS LE COUTEUR:** I apologise; Mr Hargreaves has told me that this is a national partnership, not a new policy proposal. But whichever it is, the point that I am wanting you to explain is this. There is a dramatic increase in funding from 40,000 in 2010-11 to 3.8 million. What is this money going to get spent on, what is your strategic direction for it and what is the process for—

**Ms Gallagher:** Which budget paper?

**MS LE COUTEUR:** Budget paper 4, page 235. It is four down from the top.

**Ms Gallagher:** And this is the preventative health NPP?

**MS LE COUTEUR:** Yes.

**Ms Gallagher:** That is what you are interested in?

**MS LE COUTEUR:** I said it was a new policy proposal, but I have been informed that in fact it is a national partnership.

**Ms Gallagher:** Yes. It is a national partnership payment, I think.

**MR HARGREAVES:** New policy proposals went out of vogue in about 1985, Ms Le Couteur.

**MS HUNTER:** When you left Health?

**MR HARGREAVES:** When I left Health.

**THE CHAIR:** Members. I am sure the minister can answer the question, Mr Hargreaves.

**Ms Gallagher:** I am just inviting the Chief Health Officer, Dr Paul Kelly, to come and enlighten the committee.

**Dr Kelly:** This is a very welcome initiative from the federal government around preventative health. They have really taken that seriously, and there is a whole range of proposals on that. We in the ACT are very prepared and ready to use this money into the future, based on previous budget initiatives. We have had the healthy futures initiative over the last couple of years and there is a whole range of preparatory work that has gone into that to prepare us for this new funding. Essentially it is related to the whole range of issues around obesity, alcohol and tobacco. They are the three issues that are related very much to the new preventive task force that has now gone into the new agency at a national level. There is a whole range of activities that will be done in conjunction with the national program.

**MS LE COUTEUR:** You said it was related to obesity. Does this mean you will be talking to other government agencies in terms of the active lifestyle agenda that the Heart Foundation, among others, has been putting forward?

**Dr Kelly:** Definitely. That work is already happening. My predecessor, Charles Guest,

introduced it in the Chief Health Officer's report and it was put to cabinet at the end of last year. The minister asked for a response from all of the other directorates in the ACT government as to what their response was to the Chief Health Officer's report. We have now undertaken that work and we have a good baseline to see what other directorates are doing in this area—for example, to do with obesity, active living, active transport and so on. That is certainly part of the agenda.

**MS LE COUTEUR:** Given the significant increase in money, was all of the consultation as to what is done with it outside the ACT government? You indicated just within the ACT government consultation.

**Dr Kelly:** Particularly our Health Promotion Branch within my division has very active and ongoing relationships with a range of non-government organisations, the Heart Foundation being one that you have mentioned. We have a number of initiatives that we are doing with them or that they are doing on our behalf on a contractual basis. That is certainly there. And other links into the community are also very strong.

**MS LE COUTEUR:** But you are not planning this sort of formal consultation about your strategic direction on this?

**Dr Kelly:** That has happened already. There are some things that are already in play.

**MR HARGREAVES:** I want to refer you to BP 3, page 97. Something has got my interest up here on the mental health training line—2011-12: 300,000, growing incrementally to 323. It talks about the work the Health Directorate has been doing with the Education and Training Directorate, the Justice and Community Safety Directorate, and the police and ambos. It seems to be the continuation of a pilot. What I wanted to know was this. Clearly it is not the ending of a pilot, because we are now in the second year of it and you have made provision in the outyears for it. It would indicate on its face that the pilot was a successful one and it is worthy of funding going into the outyears. I would be interested in knowing what you have actually achieved in the pilot—what is indicating that it is a successful program and where you think it will go into the outyears.

**MR HANSON:** Mr Chair, can we seek some clarification, please? I believe that we are on acute services. This is a mental health area. According to the program, that is on tomorrow morning. There is still a lot of acute services questioning to go.

**MR HARGREAVES:** I thought it was all over the place like a mad woman's make-up.

**MR HANSON:** According to the program, that is on tomorrow morning.

**THE CHAIR:** Mental health is on tomorrow morning.

**MR HANSON:** And there is still a lot of acute.

**MR HARGREAVES:** I can do that today or tomorrow. I can do it whenever you like.

**Ms Gallagher:** I understood that we were still in general questioning.

**MR HARGREAVES:** I thought this was a general session.

**Ms Gallagher:** We have moved all around the place this morning.

**MS BRESNAN:** That is what I thought too.

**MR HARGREAVES:** This is just in the general Health Directorate—

**Ms Gallagher:** Just quickly, this is part of one of our grant commitments with the ACT Greens in the parliamentary agreement. Both of these items—the Magistrates Court forensic mental health court liaison team and the mental health training. In my understanding, these programs have not been evaluated formally, but we had to take a decision about whether to stop them or continue. They received only two years funding two budgets ago, so a decision had to be made. My understanding is that they have been very successful—and very successful is the feedback I get—particularly around the training for the Emergency Services personnel and the extra support in the forensic mental health court liaison team.

**Dr Brown:** I can perhaps provide a bit more detail. In terms of the ambulance services personnel, paramedics, in their diploma, do undertake mental health training—there is a current module—and this funding has provided for an enhancement to that training module for paramedics, who obviously do deal with mental health incidents on a reasonably frequent basis.

In terms of the funding to education, the funding that has been provided has supported a liaison officer position. That particularly is supporting the KidsMatter and the MindMatters programs, which are in the primary schools and secondary schools respectively. It has also provided some grants to schools to cover teachers' release to undertake training around social and emotional wellbeing. And it has supported some of the other initiatives that have enhanced the implementation of KidsMatter and MindMatters in the schools.

For the police, there are a few things that we are doing in that area. Currently, there is a four-day training program that is delivered to ACT police on a monthly basis. We are enhancing the mental health input, with staff from Mental Health ACT and the community sector and experts from interstate delivering some of that training. In addition to that, we have developed a new service that is being called Capit; it stands for CATT and the police mental health intervention team. There are two elements to that. One is that we have two clinicians actually embedded in the police operations centre from Thursday evening to Sunday evening.

**MS HUNTER:** When I visited it was on those nights. It was on a Saturday night. It worked very well, the police said.

**MR HARGREAVES:** Did they deal with you appropriately, Ms Hunter?

**THE CHAIR:** Mr Hargreaves.

**MS HUNTER:** I was well looked after, Mr Hargreaves.

**Dr Brown:** And those staff have access to our clinical information system and can support any interventions that the police might need to take. And then, in addition to that, there is a third mental health worker who has been seconded to work with ACT police on a full-time basis. It says that they work closely with both agencies—police and Mental Health ACT—to address the increasing pressures on the system from mental health clients and to promote greater awareness and acceptance, particularly within the police and community. Again, that is felt to be a very successful intervention.

Now those last two initiatives have been essentially more recent initiatives. They started a couple of months ago. But some of this funding is supporting the training, and there have been resources from within police and from within the general mental health budget that is also supporting that work.

**MR HARGREAVES:** Can I just follow on that line there, with respect to Mr Hanson's point of order? Will this program, if continuing, have an effect on the acute mental health services, and what sort of an effect would you think it might have? Just to link it for you.

**MR HANSON:** That is all right. I think we have decided we are all over the shop, mate, so we are right.

**THE CHAIR:** It is actually listed for hearing this afternoon.

**MR HARGREAVES:** But it is an acute service I am interested in now.

**Dr Brown:** Look, there is no doubt that the police are a front-line service in terms of responding to a number of mental health clients who are in an acute or crisis situation. Our anticipation is that this will provide (a) greater expertise for the police who are responding and (b) will reduce the number of inappropriate referrals to somewhere like the emergency department. So it certainly should impact on those acute numbers.

**THE CHAIR:** Ms Hunter just wants to ask a question, then a new question from Mr Hanson and Ms Bresnan. Members, we might stick with 1.1, if we can, so if we can finish that first.

**MS BRESNAN:** Can I ask a mental health question?

**THE CHAIR:** You may.

**MR HANSON:** It is out of the bag now, Mr Chair, I think.

**MS HUNTER:** It is just to get 1.1 done, so it is out of the road.

**THE CHAIR:** You may apply your makeup in any way you want, following Mr Hargreaves's analogy.

**MS BRESNAN:** Thanks, I will do that.

**MR HANSON:** We can always come back to 1,1 if we—

**THE CHAIR:** We can.

**MS HUNTER:** It just gets a little confusing. But anyway, maybe it is just me. Budget paper No 4, page 231, around the dental waiting times, under the accountability indicators, it shows that the mean waiting time for clients on the dental services waiting list is 12 months. It did get down to about nine months two or so years ago, but we seem to be creeping back up. So why have the dental waiting times increased? I guess another question I want to know is: do these waiting times include children, and what is happening around a dental school program?

**Dr Brown:** In terms of responding to the time frames, I do not have the figures for two years ago. Certainly in March this year the mean waiting time was 11.86 months. In March 2010 it was 11 months, but it has averaged close to the 12 months most of the time. So I am not sure that it is increasing in any substantial way, but I would need to go back and actually look at the figures year on year.

**Ms Gallagher:** It did go down to eight months when we put in new money. That saw it reduce from, I think, 18 to eight, but that was better than we had expected. We had set the target at 12 months. We went a bit better, and now it has reverted to what we believe is the normal wait.

**Dr Brown:** Yes, and certainly 12 months compares very favourably around the nation, in terms of restorative wait times.

**MS HUNTER:** So children are part of the waiting lists?

**Dr Brown:** I would need to be advised on that. No is the answer I am given.

**MS HUNTER:** So these waiting times do not reflect any children. And what about some sort of dental school program? Is there any talk about a dental school program? Is anything happening in that area?

**Ms Gallagher:** I think this is an issue that is being looked at nationally by the federal government and also Health Workforce Australia, which we are partners in, essentially.

**MS HUNTER:** So this is part of the national health reforms and so forth, ways forward with health?

**Ms Gallagher:** Yes.

**Dr Brown:** And there is funding in the federal budget for dental internships. That is not specifically targeted to a school program, but it will enhance the resourcing available around the nation.

**MS HUNTER:** But, minister, is this something you feel should be taken up and pushed in ensuring that all children have access to being able to see a dentist?

**Ms Gallagher:** Well, they do up to 14—I think it is 14. I use the public dental program for my little ones. It is a very good program. I do not know how many Canberrans know about it and know that it is universally accessible. But they have specially trained children’s therapists, dental technicians and dentists, and if you book, there is no real wait, if you plan your booking.

**MR HANSON:** Particularly with the health minister.

**Ms Gallagher:** No, I do not get any special treatment. I just ring on the community intake line. My children are treated like any other children.

**MS HUNTER:** Yes, I am aware of that. I am also wondering how many parents, though, are aware that the program exists.

**Ms Gallagher:** Yes.

**THE CHAIR:** We could advertise it at the Brumbies.

**Ms Gallagher:** It is one of those things: do you advertise it or do you not?

**Dr Brown:** Well, our services are listed on the website, so if they go to the website they will be able to access that information.

**MR HANSON:** I have heard it has crashed. It is just overuse. There has been a surge.

**THE CHAIR:** All right, moving right along. Mr Hanson, I think, and then Ms Bresnan.

**MR HANSON:** Yes, a mental health question, now that we are on that area. In last year’s budget, output 1.2, mental health services were there by themselves and the amount appropriated was in the order of \$74 million. This year justice, health and alcohol and drug services have been wrapped up in there. Can you tell me what is the discrete amount for mental health services so that we can see whether we are spending more or less?

**Ms Gallagher:** It is more.

**Dr Brown:** It is definitely more.

**Ms Gallagher:** That name change reflects the new structure in place for the Health Directorate. The Health Directorate has undergone a restructure.

**MR HANSON:** I suppose what I am trying to find out is that figure from last year seems about—

**Ms Gallagher:** How do you compare the 74—

**MR HANSON:** It was 105, it was 74, it is now 11. What is being spent or appropriated for this coming financial year with mental health separated out? It is page 229. And you can see the comparison there in the table on 228.

**Mr Foster:** In relation to the mental health component, the mental health expenditure estimated in 2011-12 was around \$90 million, which is 7.9 per cent of the total health expenditure plan for 2011-12.

**MR HANSON:** So it is \$90 million, and that is 7.9 per cent?

**Mr Foster:** Yes.

**MR HANSON:** And what was it last year, because last year it was \$74 million, so what was that as a percentage?

**Ms Gallagher:** I think it was 7.6 per cent.

**Mr Foster:** 7.6 per cent.

**MR HANSON:** So it has gone up 0.3 per cent.

**Dr Brown:** So the estimated outcome for 2010-11 was \$81 million.

**MR HANSON:** Sorry?

**Dr Brown:** The estimated outcome for this current outcome for this current financial year—2010-11—is \$81 million, and that is 7.6 per cent. And 2011-12 is \$90 million—\$90.4 million.

**Ms Gallagher:** So we started, I think, back in 2001, where it was 5.8 per cent of the mental health budget. We are now at 7.9.

**MR HANSON:** Have we worked out in coming years as we are looking at the forward estimates whether that is a trend that is continuing? That seems to be 0.3 per cent in that year, but is that going to be an ongoing incremental increase, or is it going to plateau?

**Ms Gallagher:** It is all dependent on the health budget overall; that is the issue—so if you see large growth in other areas. In a sense, in one year I think we put more into mental health, but our percentage went backwards by 0.1 per cent. So it depends on the overall growth of the health envelope as a total. But my expectation is that there will be more money every year for mental health.

**MR HANSON:** That is a fantastic thing. That is good, and I commend you on it. But the percentage figure, now I know there is a target of 12 per cent that is talked about by community groups and so on.

**Ms Gallagher:** Yes.

**MR HANSON:** The point you just made, though, is that you might have an increase in mental health spending that is quite substantial, but you spend extra money somewhere else. And maybe it is a capital injection, it may be building a new hospital. All of a sudden—

**Ms Gallagher:** It is measured in the recurrent spending.

**MR HANSON:** Okay, but you might be spending money on elective surgery or something, and suddenly it looks like it is a worse spend on mental health. So is that 12 per cent figure still valid? Is it still an appropriate figure? As the health budget grows as a whole and the mental health budget is still growing, and it is growing incrementally, but do you still think 12 per cent is a valid figure to be aiming for, given what you are saying in regard to the increasing size of the health budget?

**Ms Gallagher:** I think it is, and it is an important figure in the sense that, particularly for the mental health community, it gives recognition that, in an overall pool of spending, there should be adequate resourcing to the mental health sector, whether that be in the public sector or the community sector. And whilst we are seeing periods of enormous growth in the acute setting, it is the expectation that that will ease off at some point into the future. I hope it will, otherwise it will consume all of our budget.

**MR HANSON:** Will it, though, with the ageing population?

**Ms Gallagher:** Well, it will. Particularly if measures around smoking reduction, some of the health promotion and prevention and chronic disease management services that we are establishing at the moment start impacting, yes. And, therefore, I think it is reasonable to set yourself a target, because it certainly keeps us focused around what we are doing in mental health. And it is not a figure that we are going to walk away from.

**THE CHAIR:** Just a supplementary to the funding, what percentage of mental health is now going to the community sector?

**Dr Brown:** 14.2.

**THE CHAIR:** And what is that from last year?

**Dr Brown:** Sorry.

**THE CHAIR:** What was it last year, and what will it be this year?

**Dr Brown:** 13.5.

**Ms Gallagher:** And, again, another commitment under the parliamentary agreement is that 50 per cent of the growth money in mental health should go to the community sector for community services for people with mental illness. And that will happen with about \$2 million, I think, in this budget.

**MR HANSON:** I have a further mental health question about the—

**MS BRESNAN:** I have got a question.

**THE CHAIR:** If it is a new question, we should go to Ms Bresnan.

**MS BRESNAN:** It is a new question.

**MR HANSON:** It is a new question. Mine is a new question. So I think it is Ms Bresnan.

**MS BRESNAN:** It is, indeed. Thank you, chair; thank you, Mr Hanson. My question is in relation to the secure mental health facility.

**MR HANSON:** So was mine.

**MS BRESNAN:** Well, there you go. I beat you to the punch there, Mr Hanson. Obviously we have got in the budget papers that it is listed as a saving, there is \$40,000 there.

**Ms Gallagher:** Well, yes, it has been returned.

**MS BRESNAN:** Getting back to exactly what has happened here, the Human Rights Commission in 2007 said you could be using Quamby or the BRC. Quamby would probably be preferable over BRC as a site because there is such a need there. What is actually happening out at this facility?

**Ms Gallagher:** The answer to it is that the money has been returned to the Treasury whilst the government has to make some decisions about this project. What had happened was that when we took the decision to not co-locate it with the adult mental health inpatient unit, which was a decision that was welcomed, I think by all, we selected the former Quamby site as the site. We had about \$11.4 million appropriated for a, I think it was, a 15-bed facility.

We then went and did the model of care for that project, and that model of care work has been underway for the last year. That work finished just prior to the budget, towards the commencement of the budget. The model of care and some of the early designs for the building put the project at a cost of \$30 million, in the order of \$30 million.

I had a discussion with Dr Brown about it. It is three times more than we had allocated. I always knew it would be more, because the \$11.4 million was budgeted on the sharing of facilities with the adult inpatient unit. So I was prepared to accept there would be additional cost. I was not, and I am not, satisfied that I have a full grasp of all the issues that have led it to be now scoped at in the order of \$30 million to \$33 million.

Essentially, we are having another look at it. Included in that figure are some very large outdoor areas and a lovely amenity. It would be a lovely building for 15 people but I just wanted to have another look at the total cost of the project, basically.

**MS BRESNAN:** What is going to be the time frame for this? At the moment we have got—and it has been noted in the Hamburger report—people spending time in the crisis support unit there.

**Ms Gallagher:** Those people would not necessarily be in the forensic mental health

unit.

**MS BRESNAN:** No, but there may be some people who have been placed on a long-term basis when a forensic unit would potentially be where they would go instead of being in prison.

**Dr Brown:** I do not think we can automatically assume that because someone is in the crisis support unit they would—

**Ms Bresnan:** No, I am not saying that but there was a situation that—

**Dr Brown:**—go to the security unit. What has happened, as the minister has indicated, is that the initial plan for which the budget was appropriated was to build a co-located facility. When we then got the architects on board and they scoped it up and when we realised we did not have sufficient space on the Canberra Hospital campus to build both the new acute facility and the secure facility, we then had to find another site.

There are additional costs arising from the different site that was selected because it is a different topography. But in addition to that, there were other factors around the additional facilities that were required to be built on a separate site.

At the same time we have had some other things happening. For example, New South Wales has built and opened a couple of new secure units. One of the issues originally was that we found difficulty accessing secure units in New South Wales because they had a shortage of beds. They have now opened new facilities.

We have had some people admitted from AMC to PSU and there will be an even greater capacity within the new adult acute unit but perhaps not as many as we originally thought there might be, because the planning was undertaken prior to the AMC opening. For a range of reasons, we thought that we needed to just go back and re-examine the demand and the requirements and provide that information back to government.

There was a consultancy report undertaken by Professor Paul Mullen from Forensicare in Victoria back in 2004. He looked at the options for providing secure beds in the ACT and talked about one option being a unit that was co-located with the prison. He did not promote that as a desirable option because of the stigma and the culture issues that would arise from that.

He talked about a separate option being a stand-alone facility but he mentioned in that instance the cost of running a stand-alone facility and indeed some of the staffing issues. He then put the third option as the co-located option. That was the one that he was advocating and that was the one that we wanted to adopt but the circumstance was such that we were prevented from going there.

We did move to the stand-alone option but we have run into a range of these issues. So we thought it was prudent, given that, to go back and just assure government that this was the right thing to do.

**MS BRESNAN:** To get that clear, are you saying now that this facility might not go

ahead because you say we do not have the demand for it?

**Dr Brown:** No, what I am saying is that the initial planning was based on a level of assumed demand because the AMC was not yet opened in the ACT. It was based on a level of assumed demand and, I guess, based on the availability of secure beds and acute beds both in the ACT and New South Wales. There have been changes on both of those sides and we just need to go back and, I guess, re-examine both factors, the level of demand and the level of beds available to service that demand, and that will inform whether indeed we need to build a stand-alone secure unit in the ACT or whether we should be looking at meeting that demand via some other option.

**MS BRESNAN:** We have a prison now here in the ACT. We do know anecdotally there are probably people in the AMC that should not actually be there. A secure facility would probably be more suitable for them. Now that we have a prison here in the ACT people are going to get sentenced there. Is it adequate or appropriate to be saying that we can potentially send people to New South Wales instead? We are not listed as being a need identified in the past for this sort of facility here in the ACT. Do we now say, “No, we do not think that we will send people to New South Wales or look at whether or not we actually need it here,” when we know this is something that will be important for a number of years here in the ACT?

**Dr Brown:** There is an economy-of-scale issue in running a facility like a secure mental health facility. They are very expensive facilities to run and certainly my advice to the minister is that I think we need to look at the current demand and capacity to serve that demand. It is not saying do not build it, it is saying let us re-examine that and give the assurance to government that this will be money well spent.

**MS BRESNAN:** I understand. My concern would be that it is an expensive facility to run but it is also about people being placed in highly inappropriate settings when they should not be in them. We do know that there are people in the ACT prison who should not be there. They should actually be in a secure facility.

**MS HUNTER:** We have had magistrates making this comment too.

**MS BRESNAN:** That is right and we know that is a cost. But what are the other costs and the social costs?

**Dr Brown:** I know that very well. We have, however, had fewer comments from magistrates in the last couple of years than we had in the years preceding that, and I think that reflects the level of other services that we have put in over that time, with the community and forensic teams, the expanded teams to the courts, the services to the prison et cetera.

**MR HARGREAVES:** Dr Brown or minister, could you comment on the availability of people who are trained and skilled in forensic mental health services and whether or not we have an issue in actually getting the right number of people to staff such a facility here, and would we have trouble in maintaining those particular staffing levels?

**Dr Brown:** In terms of specialist or sub-specialist staff, as they are—we are talking

about mental health staff, forensic psychiatrists, nurses, forensic mental health nurses, forensic psychologists et cetera—I think it is fair to say that there is probably a shortage around the nation. Particularly when you are talking about staffing an inpatient unit in nursing, numbers are a real issue.

There is no doubt that other secure facilities around the country—many of them; I will not say all, because Forensicare in Melbourne does not have that problem; but most of the others do—have problems in terms of securing a full staffing complement when it comes to nursing staff. We would certainly have to invest heavily in recruitment and retention, a range of retention strategies, if we proceed with this unit; so yes, there are issues around staffing such a unit.

**MR HARGREAVES:** Has having such a conversation with New South Wales to build a joint facility perhaps near Queanbeyan so that we could both share the cost and share in the staff availability been considered?

**Dr Brown:** That has not been a discussion that we have had. New South Wales has, as I have indicated, built and opened additional secure mental health facilities in recent years—one in Orange, one in Sydney. I am not aware that they were planning to open further secure beds. If they were, I am not sure that they would want to locate them here because it would not seem to be a natural drainage for them to come in this direction but I guess—

**MR HARGREAVES:** Would there be, for example, any recruitment zone for clients and patients out of Cooma, Goulburn and the district in addition to perhaps the cross-border feed from the ACT that you could imagine, having regard to the mental health of the region? Would you have a view on that?

**Dr Brown:** I think it is a discussion that we could have with New South Wales Health but it is not one that we have had to date.

**MR HARGREAVES:** Thank you.

**MS BRESNAN:** Do you know when there will actually be a decision made on this?

**Ms Gallagher:** There is some work to be done basically. We need to really run the ruler through the costings of the \$30-odd million. It may be in the end that it costs that much and that is what we have to live with, but I just need to be guaranteed that that is money well spent. It has gone from \$11.4 million to \$30 million and—

**MS BRESNAN:** But you did say you expected that might actually happen.

**Ms Gallagher:** I expected some increase. I must say that the \$30 million was a bit of a shock. It is almost three times what we had originally planned to spend on this facility. It is more than what the 40-bed adult inpatient unit is costing at Canberra Hospital. I think it is fair that we go back and have a look at it but I do not want to delay the decision either. I think we do need certainty and if we are going to build, we need to get on and build it. I just need to be guaranteed that that is an adequate price for the facility that we are going to build.

**MS LE COUTEUR:** Are you still looking at the same site for it?

**Ms Gallagher:** It remains the preferred site. It is a bit of a problem in terms of the topography of it. The fact that it is—

**MS LE COUTEUR:** Is that the former Quamby site?

**Ms Gallagher:** Yes, and it has got a building that needs to be demolished and a few other constraints. But when you look at its location between the AMC and TCH, it is well suited to meet the needs of the clients that would use it.

**MR HARGREAVES:** It has got infrastructure there too.

**Ms Gallagher:** I wish it was a bit flatter and did not have anything on it. That would reduce some of the costs. But some of the other sites that we looked at for this facility were out in Gungahlin. On a measure of a range of competing assessments, the Quamby site was the preferred option. I have to say that the community has been very supportive of that site, which is another thing that works in its favour in that we do not have any great level of community angst about a facility like this. Let us face it, these are hard buildings to accept.

We have done a couple of community meetings. There is certainly a group there that are not happy. They include the neighbours, essentially, who would be the neighbours on Mugga Lane, I think it is, but we are going to find that wherever we go with a facility like this. I have to say that in the surrounding suburb of Red Hill there has been no significant major community concern about this facility. These are probably the most controversial facilities you can put anywhere. In a way, they are more controversial than jails.

**THE CHAIR:** Members, it is almost 5 o'clock. If we can focus on output class 1.1 and finish off acute services at least today, that might be beneficial.

**Ms Gallagher:** It might be because we have got quite a few people here that could then not come back tomorrow.

**THE CHAIR:** Not all of them have to come back. Have you got any more on output class 1.1?

**Ms Bresnan:** I am happy for you to go to Mr Hanson.

**THE CHAIR:** Mr Hanson, ask your question.

**MR HANSON:** In relation to emergency departments, the strategic indicator there, as we know, had some declining statistics in terms of wait times in our emergency departments. Can you give me an outline of where we are at currently with the money in the budget and the redevelopments at Calvary? What is expected in terms of addressing some of the problems that we see now in our emergency departments? Particularly, I notice that the "did not waits" have gone up now to a figure of over 6,000. That seems to be a significant increase from last year as well. That was recorded in the latest quarterly report. The "did not waits" at emergency departments

are over 6,000 a year. That seems to be a significant figure and I would be interested in why people simply are not waiting in emergency departments.

**Ms Gallagher:** It is basically the emergency department performance and timeliness against “did not waits”.

**MR HANSON:** With the “did not waits”, I am particularly concerned about that increase. It is over 6,000 people now that did not wait in emergency departments. It seems to be an extraordinary high number. I think about five years ago that figure was about 2,000; now it is 6,000. It seems to have gone up disproportionately.

**Dr Brown:** Can I just come in on that? I think we need to read that number in relation to the denominator. The presentations to the emergency department have increased substantially over recent years as well.

**MR HANSON:** They have, but they have not gone up by 300 per cent.

**Dr Brown:** I stand to be corrected. Our percentage of “did not waits” generally averages at around 10 per cent. Sometimes it goes below; sometimes it goes slightly above.

**MR HANSON:** I did this analysis and went back through previous quarterly reports. The analysis I did—this was a little time ago; this was when the quarterly report came out—indicated that the “did not waits” had increased in the last five years by a factor of 300 per cent. I am happy to—

**Ms Gallagher:** In the last five years?

**MR HANSON:** The last five years, yes. Since you have been minister was what I was actually looking at, but anyway—

**Mr Thomson:** Sorry to jump in, but the other point to bear in mind is that we have also increased the options for people on site at the Canberra Hospital for alternative forms of care. CALMS probably is around the five-year timetable but we have definitely done a lot of work to try and promote that and, equally, the walk-in centre. Although we are looking at how we can get better information on this, we do not currently interview people as they leave.

**MR HANSON:** Sure.

**Mr Thomson:** And so, yes, you have got to remember that more easily accessible alternative forms are—

**MR HANSON:** Someone might have been told, “There is the walk-in centre. Go to that.”

**Mr Thomson:** Yes.

**Ms Jackson:** In addition to that, we have just undertaken a project in the emergency department examining our “did not waits”. We acknowledge that they remain at a

level higher than we would prefer although, as Peggy notes—

**MR HANSON:** Has it grown to the amount I am saying?

**Ms Jackson:** No. Our activity year on year for the last couple of years has increased at six per cent per annum at the Canberra Hospital. Our percentage of “did not waits”—I will confirm that figure for you on notice after this session if you like. As part of the project examining our “did not wait” patients, we undertook to cold call 500 patients who had elected not to wait in the emergency department. That highlighted a number of strategies that we can look at.

The major reason was about waiting time. However, a percentage of that, and it was around 12 per cent, actually left because they had received the treatment that they had been seeking on arrival. Patients that had come, perhaps with gastroenteritis and who had received an anti-emetic or something to treat their nausea and some hydration and subsequently felt better, and left prior to being seen as a doctor are captured as a “did not wait”. That removed 12 per cent of the patients in that study. There is a number of other strategies, particularly around reducing our waiting times, that were identified and making that waiting time more comfortable.

I would just like to add something on the back of the diversion strategies as well. It is nice, on the anniversary of the opening of the walk-in centre, to see that for the first month since the opening referrals from ED to the walk-in centre were larger than the number of patients referred to the emergency department from the walk-in centre. So that is a good figure to note.

**MR HANSON:** On the issue of armchairs rather than beds, I have had quite a few constituents address that issue to me. They are not happy with it. Could you explain how many armchairs we are using instead of beds and what the process is?

**Ms Jackson:** As we move towards our new department, which is planned to come on over the next few years, one of the things we were struggling with with our increases in presentations was actual physical space in which to treat patients. So we have in our acute treatment area 20 treatment spaces, which were trolleys. We removed three treatment spaces and replaced them with five recliner chairs.

We had the area assessed by infection control and by injury protection and management. The rationale behind that was that not every patient that is seen in an emergency department setting actually needs a bed or needs to lie down. That is supported by the patients that we are managing to see through those chairs in a 24-hour period.

On average, through a bed in a 24-hour period in the emergency department we would see 3.7 patients. For the chairs, we are seeing 5.1 patients. They would admittedly be selected out because there is a certain cohort of patients that are suitable to be seen, assessed, treated and discharged from a chair. There is obviously a larger cohort of patients that cannot. But it is strategy that we put in place to increase our treatment options. We also increased our staffing profile to account for the increase. That gives us what is nationally benchmarked very well as a one-to-three in acute staff-to-patient ratio.

**MR HANSON:** On emergency departments still, under the national health reforms I believe the target you have got to meet is four-hour access block. The reporting in the budget I think is still eight hours. Are you starting to capture the four-hour target and measure against that?

**Ms Jackson:** Yes, we have. It is a phased target; so as of 2011 we are reporting against our triage category 1s and subsequently triage categories 1s and 2s for 2012. It is ones, twos and threes for 2013 and so on until all five triage categories are captured. So we are currently reporting on our triage category 1 patients being seen and discharged or transferred from the emergency department within four hours.

We have done a large amount of work around working with the national body to identify a definition for patients who would be considered a clinical exception to that definition and therefore not counted in that number and have gone from a percentage of around 44 per cent of category 1 patients leaving the emergency department within four hours in January to 81 per cent in April.

**MR HANSON:** Thanks very much.

**THE CHAIR:** Ms Bresnan?

**MS BRESNAN:** Thank you, chair. My question is in relation to some commonwealth grant funds. I know quite a few of them are NPP-related funding, which are ceasing or ending. You were probably expecting this question. In budget paper 3 we have the national health reform at \$3.357 million listed as the saving as well. I am just wondering what is actually happening with some of those funds. Why have they ceased? Why in particular is that \$3.357 million listed as a saving and what does it actually involve?

**Ms Gallagher:** What paper are you on again?

**MS BRESNAN:** It is in budget paper 3, page 212. The reference is “National health reform—ACT Health (\$3.357 million)” as a saving. There is that one and also in budget paper 4, pages 234, 235, you have got listed the number of NPP-related grants that are finishing or ceasing. There are quite a few there. There is aged care assessment, there is elective surgery, waiting list reduction and a few others.

**Ms Gallagher:** The answer to that question is that those national partnerships were only for a specific period of time—

**MS BRESNAN:** So it is just because they are finishing, yes.

**Ms Gallagher:** So they do have an end date whereas the SPPs are ongoing. Health ministers are discussing this with the federal health minister around the cessation of a number of those NPPs. It may be that they continue or it may be that other priorities are identified.

**MS BRESNAN:** There seem to be quite a lot. They are all finishing up at the same time.

**Ms Gallagher:** There are. Everyone is focused on those.

**MS BRESNAN:** Yes.

**Ms Gallagher:** For example, in elective surgery, there will be less elective surgeries if that funding is not continued.

**MS BRESNAN:** And with the waiting times, if all emergency department times are being listed as a category.

**Ms Gallagher:** Yes. In relation to the national health reform saving, it is a capital injection and I am not entirely sure what it is. But I am sure someone can provide you with an answer.

**MS BRESMAN:** So you say it is a capital injection?

**Ms Gallagher:** Yes, it is from the capital works program, I am pretty sure.

**Dr Brown:** Yes, we just need to clarify the detail on that and we will come back. We will take that on notice. We think that it could be that the commonwealth provided that funding as capital funding and we are seeking to vary that, but we will actually confirm that.

**MS BRESNAN:** Okay, because it is listed as a saving.

**Dr Brown:** Yes, we will confirm that.

**MS BRESNAN:** Okay.

**THE CHAIR:** Ms Hunter would like a question and then we will go back to Mr Hanson and then Ms Bresnan.

**MS HUNTER:** I want to go to the issue of transition of people from hospital and back home or back into the community. And a couple of years ago there were some funds made available to assist individuals who remained in hospital despite being cleared for discharge.

**Ms Gallagher:** Long-term people, yes.

**MS HUNTER:** That is right. There were about eight people or so. I am wondering how many are currently in hospital who have been cleared for discharge.

**Ms Gallagher:** Of those original eight, I am pretty sure all of them—with maybe an exception of one—actually transitioned into a home-based setting. I think this budget has more money in it appropriating to DHCS to continue that program. I am sure we can confirm how many we have.

**MS HUNTER:** How many you have at the moment and how many have been there for over a year. It would be good to take on notice.

**Ms Gallagher:** Certainly.

**MS HUNTER:** And, as you said, there has been money given over to DHCS to use around individual support packages and so forth. It is probably one I could ask DHCS, but from this end, are you able to let the committee know how many are still in there—

**MR HARGREAVES:** And why.

**MS HUNTER:** Why they are still in there and whether they have an ISP assigned to them or not.

**Ms Gallagher:** This is the issue. This is the issue that is very difficult to deal with. And I am sympathetic to Disability ACT and I am sympathetic to ACT Health. Many of these people have high needs because of a catastrophic event, and often unplanned. In a sense, the intensive care bed or the high dependency bed or the ward bed is there and funded and available, and yet we know that that is a high cost but also that Disability ACT cannot take them unless they have funding, which they do not have. So we are doing some work—with my Treasurer's hat on—around appropriately costing disability and disability growth to try and provide them with a similar rationale.

The problem is everyone wants it, you know—TAMS wants it, education wants it. Everyone wants a growth formula. They love them, and I can understand why. So we are doing some work on that. I think, in a way, some of the initiatives in additional spending for disability is recognition of those increasing costs. But it is not easy; it is not easy to predict what is going to happen to people and what their needs are going to be. It is also not easy to locate people in the community often with various significant medical needs, because finding staff in the community sector or in the community-based sector to care for people is very hard as well, whereas we know that if you are in hospital you are going to have access to that level of clinical support.

**MS HUNTER:** That obviously also intersects with some people ending up in nursing homes when they are relatively young people and that issue about—

**Ms Gallagher:** Well, Disability ACT have had a very good program there, and I think there is probably more good news than bad in that area. I think there are a couple that I am aware of who would choose the security of a nursing home environment. It is hard to fit everybody in to one who are younger—

**MS HUNTER:** Disability is about having a choice, is it not?

**Ms Gallagher:** It is having a choice. That is right; it is. I do not know how you predict and forecast for this. I mean, this is where a national disability insurance scheme, I think, would be a very welcome initiative.

**MS HUNTER:** And I am assuming that the cost of keeping them in hospital is a lot higher than—

**Ms Gallagher:** It tends to be. Depending on—it does tend to be.

**THE CHAIR:** Ms Bresnan has a supplementary to this question, and then Mr Hanson with a new one.

**MS BRESNAN:** Just quickly, so there were the eight people. Have there been other people who have now ended up in hospital?

**Dr Brown:** Yes.

**MS BRESNAN:** Do you know how many people that is now?

**Dr Brown:** I do not have the actual number at the moment. I know that in recent months there has been discussion of at least a couple of people coming from interstate.

**MS BRESNAN:** Okay. So there could be around about three or four?

**Dr Brown:** I am just looking to see whether we have got a number, but I think it is probably about three. But we will get that and confirm.

**MS BRESNAN:** Okay, thank you.

**MS HUNTER:** And also that question that you took on notice from me around how many have been there over 12 months—

**Dr Brown:** Over 12 months, yes.

**MS HUNTER:** And how many have got ISPs.

**MR HARGREAVES:** And why.

**THE CHAIR:** All right. Mr Hanson, a new question?

**MR HANSON:** Well, yes. Just going back to my previous question about the “did not waits”, and I look back at my statistics and back at all your reports, and I am looking at one from 2005-06 for “did not waits” where the figure was just over 2,000 so it was about the 2,000 mark five years ago.

**Ms Gallagher:** We will have a look at it and see.

**MR HANSON:** It is now 6,000-plus. Now, that is an increase of 300 per cent, whereas I was advised that the increase had been six per cent per annum. So—

**Mr Thomson:** As I understand it, the advice that Ms Jackson was talking about was the increase in presentations as opposed to the increase in “did not waits”.

**Ms Jackson:** That is correct.

**MR HANSON:** Well, this is “did not waits” ED presentation.

**Mr Thomson:** Yes, sorry, we are talking about two separate statistics here.

**Ms Jackson:** We were talking about the increase in the denominator, as Dr Brown had advised. There has been six per cent year-on-year increase in presentations. I accept that, and I would need to go back and check our percentage of what our “did not waits” are as a percentage of that increased presentation rate.

**MR HANSON:** Okay. But if I can just confirm that there has been an extraordinary increase in the “did not waits” and it is in the order of about 300 per cent. Would you agree with that?

**Ms Gallagher:** Well, I think that is what—

**Dr Brown:** We will have to check the figures.

**Ms Gallagher:** Yes, I think that is—

**MR HANSON:** All right. Anyhow that is—

**THE CHAIR:** Do you have a new question or—

**MR HANSON:** I will go to a new question, yes, if I could.

**Ms Gallagher:** In the emergency department or—

**MR HANSON:** No, not in the emergency department. And this is the increase in the growth and demand for acute services, budget paper 3, page 95. Growth and demand for acute services is about \$4 million a year. What is that specifically?

**Ms Gallagher:** It is essentially additional bed capacity. So it roughly works out at 20 beds or bed equivalents, so increased in-patient beds.

**MR HANSON:** Right, so it is—

**Ms Gallagher:** We are not necessarily saying this will deliver 20 beds. We are going to have some flexibility around looking at current beds and their utilisation and whether they can be increased.

**Dr Brown:** For example, we spoke before about the Parkinson’s nurses. There will be savings on acute bed utilisation by having care delivered in the community and better coordinated care. So it is not actually a physical bed, but it is a bed equivalent capacity.

**MR HANSON:** Right, okay. And the increased critical care capacity, is that—

**Ms Gallagher:** It is intensive care beds.

**MR HANSON:** So that is two more beds?

**Dr Brown:** It is up to an additional two beds. That is the flex capacity when the

demand is there. It is also providing outreach services for our intensive care staff to consult with staff in the wards, so that it will either prevent people deteriorating and being transferred to intensive care or, indeed, will support their transfer post discharge from the intensive care unit.

**MR HANSON:** Okay. And most of that, I assume, is salary, is it?

**Ms Gallagher:** Yes.

**THE CHAIR:** Can I just clarify something? You just used the term “bed equivalent”. How many bed equivalents do we currently have in the system?

**Dr Brown:** Look, I would have to get you the exact number but, for example, with the HITH service—the hospital in the home—we talk about bed equivalents. So it is about the capacity that is provided in the community that would, if it was not there, have to be serviced by a bed in the hospital.

**MR HANSON:** When you report on the number of beds in the hospital system, do you include bed equivalents as part of that number?

**Dr Brown:** Generally not. If we talk about “beds”, we mean “beds”. If we talk about the “equivalents” we specify those.

**MR HANSON:** Right.

**THE CHAIR:** Ms Bresnan, a new question on acute care?

**MS BRESNAN:** I do not have an acute care question, but I do have a mental health and drug and alcohol question.

**THE CHAIR:** We have got 10 minutes. If there are any further questions on acute care that we can bring on it would help us not bring back a number of people tomorrow and we recommence with mental health in the morning. Are there any other questions on acute care? Mr Hanson, are you done on acute care?

**MR HANSON:** I have got some questions about the outage that occurred. Is that in acute or somewhere else?

**Ms Gallagher:** It is business and infrastructure; it is across the lot—the hospital. Didn’t I write to you about that?

**MR HANSON:** You did.

**Ms Gallagher:** Yes. I thought that was a pretty comprehensive answer.

**MR HANSON:** It is a matter of interpretation, isn’t it, minister?

**Ms Gallagher:** It resolved matters for me, that letter, but I am happy to answer that.

**MR HANSON:** Let us ask about it then.

**MS Gallagher:** Yes.

**MR HANSON:** I am particularly interested in the diversion procedures. Once the power went down at the Canberra Hospital, how long did it take to notify Calvary hospital that there was diversion?

**Ms Gallagher:** The Chief Health Officer leads the health emergency management committee, or whatever it is called, which was put in place to deal with this situation.

**Dr Kelly:** Thanks for the question. There is a queue of people to answer parts of this. I think Adrian would be the best person to talk about how the outage was handled. My role in those circumstances is in the health emergency coordinator position. We were notified by the Canberra Hospital very early in this incident and we were asked to assist in a range of functions, including the bypass aspect. Things happened very quickly. I cannot answer exactly the time when the bypass was notified, but there were a number of issues that were resolved.

**MR HANSON:** I ask this question because I have been advised—and I do not know whether it is accurate or not—that it took some 2½ hours before someone from the Canberra Hospital advised a Calvary hospital nurse that there was a diversion in place. The ambulances started diverting and Calvary then responded to that.

**Ms Gallagher:** Calvary would be told before the ambulances were diverted.

**Ms Jackson:** Within 15 minutes of the power going down and our understanding the extent of the services that were affected we had requested what we call a bypass or diversion of normal ambulances from TCH to Calvary. Our admitting officer notified their admitting officer via the phone within those 15 minutes, and we also had one of our executives speak to their executive. So they were notified early in the piece.

**MR HANSON:** And it all happened within 15 minutes?

**Ms Jackson:** We have actually got that documented in the notes that we kept as part of our disaster management communications.

**MR HANSON:** All right.

**Mr Martin:** I think the confusion might be around the second call. When you are standing down the incident there is a check that we do that all services are running. Even though everything is back to normal, you wait a length of time to make sure everything has settled down. That is custom and practice in an emergency situation. In our discussions with Calvary, they thought that that time was a bit longer than it should have been. Because of the nature of the patients in the building at that time, we extended that. So that could be your 2½ hours. Once the incident has finished the staff ring around everybody to make sure that there are no other codes going off, the patients are in theatres and everything is settled before we actually lift the code back up. There are procedures for that.

**THE CHAIR:** In terms of the bullying reviews that were done, can you inform the

committee what the impact and recommendations have been? Has there been an increase or a decrease in the number of bullying incidents that have been reported?

**Ms Gallagher:** In bullying overall or recommendations around the obstetrics review?

**THE CHAIR:** Firstly, how the recommendations are going and what is the effect.

**Dr Brown:** If I talk about obstetrics and gynaecology, we had the two reviews there. We had the clinical services review. We have got a working group that is meeting on a regular basis. The recommendations arising from that review are being implemented. There are a couple that were scheduled for a longer term time frame that have not yet commenced, but the majority are being actively implemented. I think there has been good progress made in relation to those recommendations.

In relation to the recommendations coming out of the second review, the public interest disclosure review, which was around the bullying and harassment, again those recommendations have been actively implemented. Many of them had an interface with the work that was already underway in government around the respect, equity and diversity framework. ACT Health, in conjunction with that, have revised our bullying and harassment policy. We have a dedicated educator who has been undertaking training across the service in relation to that. We have also established a network of contact officers from within the staff level for employees to go to as a first point of contact, someone who is not management who they might feel they can freely express what they are experiencing to. I do not have the exact numbers of bullying and harassment claims, but certainly there has not been a large number in the last six months or so. I can get the numbers for you.

At the beginning of last year, with the media coverage, I guess, and a lot of discussion, we did have a spike in the number of cases reported. In part I think that was because people actually felt they were able to bring forward their issues. We have not had a continuing level of increasing complaints. As I say, there has not been a large number at all, but we will get the figures for you.

**MR HANSON:** I have a supplementary, Mr Chair.

**THE CHAIR:** Ms Hunter and then Mr Hanson.

**MS HUNTER:** How is morale in that unit? There was a lot of media focus on it. I also understand there were a lot of upset staff when their unit, I guess, was being questioned in a lot of different ways. So how is staff morale?

**Dr Brown:** Overall I would say that it is good at the moment. I think we need to acknowledge it was a very difficult year for staff in the maternity services arena—there is no doubt. But, as I said, the recommendations arising out of those reviews are well in progress in terms of implementation. There has been recruitment to medical positions, there has been recruitment to additional nursing positions and there has been recruitment to allied health positions. There have been some changes in management. We have a new executive director who will come on board later this month.

Overall I think there has been a lot of work done to support the staff there. I would particularly like to commend the clinical director, the acting executive director and the director of nursing. I think they have been outstanding in their leadership through a difficult time. I think the staff have responded to that and overall I think the morale is good.

**MR HANSON:** Minister, you previously described a 10-year war in obstetrics. Does this mark the end of that war or it is still ongoing?

**Ms Gallagher:** I think there will be ongoing issues around the nature of VMO involvement at the Canberra Hospital. There are mixed views amongst the clinicians about what the level of VMO involvement should be. That is the nature of the dispute that occurred many years ago. It is a dispute that is not easy to resolve.

**Dr Brown:** Can I add to that?

**MR HANSON:** Yes.

**Dr Brown:** Having said that, however, we have advertised VMO sessions. I think we have 10 VMO sessions that are commencing or have commenced in recent times. There has certainly been substantial progress, again, on that front.

**MR HANSON:** My understanding is that during that process in the order of 11 obstetricians resigned for various reasons. Have we been able to recruit to bring that number back up or are we still running below where we need to be?

**Dr Brown:** I think the number that you refer to included obstetricians and registrars.

**MR HANSON:** I think that is right.

**Dr Brown:** As I think we have explained in previous arenas, registrars do tend to move for completion of training as part of their training requirements et cetera. In terms of do we have a full complement of staff, my understanding—and I will get this confirmed—is that we have one vacancy in terms of registrars. No—consultants. We have a full complement of registrars. Indeed, Canberra Hospital is still seen as a desirable place for registrars to come and train because the quality of the training is thought to be very high. In terms of the consultant obstetricians and gynaecologists, we have undertaken a recruitment campaign. From memory, it is 2.4 FTE that we have recruited but, as has just been indicated, we have one vacancy remaining.

**MR HANSON:** One vacancy remaining.

**Dr Brown:** And we have a new clinical director due in June or July from overseas.

**MR HANSON:** Who is that and where do they come from?

**Dr Brown:** He will be coming from the UK. I cannot recall his name. I will have to check.

**Ms Gallagher:** Via Victoria.

**THE CHAIR:** All right, minister. It being 5.30 we might finish there. I think the chair's award today goes to Mr Adrian Scott, who neatly executed a twostep—where he got to the table, went to get his name, got back to the table and left without saying a word. So well done, Mr Scott.

There is a time frame of five working days for the return of answers to questions taken on notice at this hearing. Members, in relation to questions to be put on notice, these will be accepted for four working days following this public hearing. So they should be provided to the secretariat by close of business on Tuesday the 24th, and that is for output class 2.1. Minister, in the morning we will not require staff to cover output class 1.1, but we will start at 1.2 with mental health. There are some more questions and we will work our way through.

**MR HANSON:** Mr Chair, might I just make a brief comment? I had a complaint earlier that I had not made my annual commendation for nurses and health staff. I had better make sure I do because I know that there will be some staff not here in the morning. I want to make sure I make that note for those people waiting for it. Thank you very much to the staff.

**THE CHAIR:** Thank you, Mr Hanson. Thank you, minister, and thank you, officials.

**The committee adjourned at 5.28 pm.**