



**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**

**MONDAY, 30 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 9.31 am.**

Appearances:

Gallagher, Ms Katy, Chief Minister, Treasurer, Minister for Health and Minister for Industrial Relations

Health Directorate

Brown, Dr Peggy, Director-General

Kohlhagen, Ms Linda, Executive Director, Division of Rehabilitation, Aged and Community Care

Bracher, Ms Katrina, Executive Director, Division of Mental Health, Justice Health and Alcohol and Drug Services

Thompson, Mr Ian, Deputy Director-General, Strategy and Corporate

Trickett, Ms Elizabeth, Executive Director, Quality and Safety Unit

O'Donoghue, Mr Ross, Executive Director, Policy and Government Relations

Dugdale, Associate Professor Paul, Director, Chronic Disease Management Unit

Kelly, Dr Paul, Chief Health Officer

O'Donnell, Ms Rosemary, Executive Director, Medicine

Lamb, Ms Denise, Acting Executive Director, Division of Women, Youth and Children

Foster, Mr Ron, Chief Finance Officer

Woollard, Mr John, Acting Director, Population Health

Chief Minister and Cabinet Directorate

Centenera, Ms Liesl, Director, Office of Industrial Relations

Brighton, Ms Meg, Acting Director, Continuous Improvement and Workers Compensation, Governance Division

McAlary, Mr Luke, Director, Public Sector Management Group, People and Performance Division

ACT Long Service Leave Authority

Collins, Mr Phil, Chief Executive Officer and Registrar

**THE CHAIR:** Members and officials, we might commence the session. In baseball parlance, this would be the top of the ninth: we are in the home straight; the bases are loaded perhaps. Maybe we will not go there.

Thank you, minister, and officers, for attending this morning. This morning, minister, you start as the Minister for Health, and we are looking at output classes 1.5, rehabilitation, aged and community care, and output 1.6, early intervention and prevention. You will then appear as the Minister for Industrial Relations. Then the Minister for Aboriginal and Torres Strait Islander affairs will appear.

**Ms Gallagher:** That is not me, though.

**THE CHAIR:** No; that is not you now.

**Ms Gallagher:** And then I come back this afternoon.

**THE CHAIR:** Then you get to come back this afternoon because you love us all so much.

I remind you of the privilege card that is on the table there in front of you. Have you read the privilege card and do you understand the privileges attached to it?

**Ms Gallagher:** Yes.

**THE CHAIR:** You do indeed; thank you very much. I remind witnesses that the proceedings are being recorded by Hansard for transcription as well being webstreamed and broadcast live. And they may be found on Committees on Demand if you cannot get enough of the estimates process. Are you happy to proceed?

**Ms Gallagher:** I am, thank you.

**THE CHAIR:** That is a good thing. Members, as for the last 11 days, questions will be concise and brief. If answers could be concise and directly relevant to the subject matter of the question, that would be good as well. Minister, would you like to make a short opening statement on these two output classes?

**Ms Gallagher:** No, thank you. We are happy to proceed.

**THE CHAIR:** We will go straight to Ms Hunter.

**MS HUNTER:** We are under 1.4?

**THE CHAIR:** It is 1.5, rehabilitation, aged and community care.

**MR HANSON:** I have one, Mr Chair, if people are struggling to find one.

**Ms Gallagher:** Did we do 1.4? Are we not going to do 1.4?

**MS HUNTER:** Yes. We did ask a number of questions.

**Ms Gallagher:** We have done it?

**MS HUNTER:** I want to go to budget paper 4, page 223. I want to know about the rehab beds. How many rehab beds are currently permanently being taken by people with a disability—that is, people who, for whatever reason, cannot exit out of hospital at the moment? In fact, we may have touched on this the other day.

**Ms Gallagher:** We did; yes, we did.

**MS HUNTER:** Because we did talk about two who were still in hospital.

**Ms Gallagher:** We said there were four that were longer than—

**MS HUNTER:** Two still had ongoing care.

**Ms Gallagher:** That is right.

**MS BRESNAN:** Just to clarify that, because we were discussing—

**THE CHAIR:** The normal practice, members, is to let the minister answer the questions instead of posing questions and then answering them yourselves.

**Ms Gallagher:** I was pretty happy with that approach. I did not hear an answer to the question.

**MR HANSON:** Can I answer the questions I ask?

**THE CHAIR:** The minister is going to clarify; and then Ms Bresnan.

**Ms Gallagher:** What am I clarifying?

**MS BRESNAN:** I just want to clarify because we were talking in relation to people with ISPs. This is in relation to—with these rehab beds where people with a disability might be in that bed but then they cannot leave or return home for whatever reason. That is actually two different things.

**Dr Brown:** As of two weeks ago, we had 97 patients who had had a length of stay greater than 30 days. Not all of those would be in designated rehabilitation beds. The four patients that we mentioned last time that have had a length of stay over 365 days are included amongst that 97.

**MS BRESNAN:** I was just wondering—in output 1.5 it says that there have been longer stays expected in some rehab beds. Is that because there might be the situation where people cannot actually exit home or to another service? Would that be the reason why that is occurring?

**Dr Brown:** We will ask Ms Kohlhagen to respond to that question.

**Ms Kohlhagen:** The question is around longer stay people. There is one person who is waiting for an ISP, which Dr Brown mentioned we are negotiating. The comment about longer length of stay is that we have had people who are younger who have had significant strokes; they take more time to go through their rehab process.

**MS BRESNAN:** So the figure in the budget paper where it says that there have been some longer than expected stays in the rehab—that is in relation to those cases?

**Ms Kohlhagen:** Yes. There are two kinds. There is the person who is waiting for a package in a home, of which there are fewer than there have been in the past. But there are also people whose strokes affect them more significantly, and they are younger people.

**MS BRESNAN:** Thank you.

**THE CHAIR:** Ms Hunter, then Ms Le Couteur.

**MS HUNTER:** I want to go to the community acute and post-acute care program. In the healthcare consumers' budget submission, they talked about the community acute and post-acute care program—that it was run for only a short time and it should be reinstated. I just wanted to get some understanding of why the program only ran for a short time and why it is not running today.

**Ms Bracher:** I am the executive director of mental health, justice health and alcohol and drug services. I am answering this question in my capacity as the previous general manager for community health prior to the restructure of ACT Health. The community acute and post-acute care service, the CAPAC service, is an initiative that we have developed in consultation with general practice to provide higher acuteness services in the community and people's homes. We have developed a number of clinical guidelines in consultation with specialists at the hospital to run this service. Healthcare consumers were actively involved in the steering committee and the working groups that developed these packages.

I did not quite hear the comment that healthcare consumers made. The dilemma that we have found with the CAPAC service, though, is that the capacity of general practice to actually provide 24/7 medical support for our service has meant that our referrals have been almost non-existent. The comment that the healthcare consumers are making I would imagine comes from the fact that this program has not even got off the ground in any reasonable shape at this point.

**THE CHAIR:** So is the problem the lack of GPs?

**Ms Bracher:** I do not think it is as simple as saying it is a lack of GPs. I think it is a complex environment to provide acute care services in people's homes. It is a complex environment that we have not done lots of in the past. We have developed the pathways and the guidelines in order to do that, but GPs' referral patterns are a number. They send people into the emergency department when they feel that the person is too unwell to be cared for in their home. Sometimes a person is too unwell to wait for a GP to do a home visit, so the person goes into the emergency department and then is linked into the acute healthcare process. And then sometimes it is around a person not actually having a GP that is able to provide weekend cover or after-hours cover. We have worked closely with the CALMS after-hours medical service to try and connect the after-hours and weekend cover in principle, but in practice we have not been able to achieve that.

**THE CHAIR:** We will just follow up on that issue of the GPs. Is it that the GPs are not willing to do the work or are not willing to do the hours or is it just that there are not enough of them? Is it that there just are not enough of them to cover the turf?

**Ms Bracher:** The feedback that we got through the steering committees and the working groups was that GPs are very keen to continue the care of their patients in the most appropriate environment. They are keen to do that. I would be reluctant to say that it is just that there are insufficient GPs or that those GPs do not want to work that number of hours, because the GP task force has shown us how complex the area of GP workforce actually is.

**THE CHAIR:** This is perhaps more a question for the minister. I think I remember that in the current year's estimates there was \$12 million for GPs, to assist with GP numbers.

**Ms Gallagher:** Yes.

**THE CHAIR:** How have we gone with that, and has the money been targeted appropriately to back up in the case of this acute care in the home?

**Ms Gallagher:** The \$12 million was for a range of different programs. One was for infrastructure, supporting infrastructure improvements. Some of it was just for training, so people taking on students. Some of it was to support scholarships at ANU. And the other one was the aged care day care service. All of that is being rolled out as we speak.

**MR HANSON:** Could I ask some supps on that?

**THE CHAIR:** How successful has it been? Then Mr Hanson. Have all of those projects been rolled out, and what degree of success—

**Ms Gallagher:** All of them are in the process of being rolled out. The development fund, the infrastructure one, has been very popular. That is going out in six-monthly intervals; people are applying for that. The GP scholarships we have had more trouble with. That is around some taxation issues with the scholarship; it is not as attractive for students to take up if they are going to lose some of the money.

**MR HANSON:** How many have taken it up?

**Ms Gallagher:** I think we have had one. The money still remains with the ANU. We have been talking with the ANU Medical School about how we can better target that scholarship, but we cannot do anything that tries to get around taxation rulings, which are the main issue with the scholarship, as I understand it, from a student's point of view if they are going to take it up. The money remains. We have not removed the money; it remains with the ANU. We have just got to work out how best to target that to students.

The GP student subsidy, which was the teaching incentive payment which gives GPs up to \$300 a day for taking on students, has been very successful as well.

**MR HANSON:** Can I just ask a question? I was provided some advice that that program had been suspended.

**Ms Gallagher:** No, it was not suspended. The payments we had to work out with the commonwealth—the commonwealth have come in and provided another subsidy—

**MR HANSON:** The practice incentive.

**Ms Gallagher:** Yes, the practice incentive payment. If you get that, you are not eligible to get the teaching incentive payment. I have been in dialogue with the commonwealth about how we manage that and essentially we have restructured the

subsidy so that it does not contravene the practice incentive payment.

**MR HANSON:** So at no stage was that suspended then?

**Ms Gallagher:** We withheld payments while we worked it out with the commonwealth again. I did not want to put general practice in trouble with the commonwealth because they can get significant penalties if they are receiving funds in breach—receiving funds from another resource in breach of what the guidelines are around the practice incentive payments. We withheld the payments while we worked out the detail with the commonwealth, which we have now done.

**MR HANSON:** That has been resolved and the payments are now flowing again?

**Ms Gallagher:** Yes.

**Dr Brown:** It has certainly been resolved very recently. I need to take advice as to whether the payments have actually started. If they have not, they should be starting soon.

**MR HANSON:** So you can have TIP and PIP running consecutively?

**Dr Brown:** It is no longer called TIP; it is actually an educational infrastructure grant.

**Ms Gallagher:** So that is to take on the student.

**MS BRESNAN:** With the student scholarships, because of the taxation issues, is it going to be a viable program do you think?

**Ms Gallagher:** I am sorry?

**MS BRESNAN:** With the student scholarships, because there are those—

**Ms Gallagher:** I am not sure. The idea is good that we should be trying to support local students to stay locally and become GPs. The way that it was designed means that there is a taxation implication which does not make it attractive for students to apply. Basically, we are having ongoing discussions with ANU about how we can use that money. It might not be able to be used in scholarships. We might have to look at another use for it.

**MR HANSON:** How much have we spent of the infrastructure grants?

**Ms Gallagher:** We can get that figure for you.

**MR HANSON:** Can you provide that on notice then?

**Ms Gallagher:** Yes. I understand that those payments are flowing.

**MR HANSON:** Yes, I have heard some have. You said when you appeared here last week that there is nothing that the ACT government can do to get greater numbers of GPs in the ACT, but last year you appropriated—

**Ms Gallagher:** Did I say that here?

**MR HANSON:** Yes, you did.

**THE CHAIR:** You did indeed.

**MR HANSON:** I am just trying to reconcile those two things. You are sitting here this year saying that there is nothing that the ACT government can do about GP numbers in this town, but you have spent \$12 million specifically to encourage and support GPs, and that is all part of retention and attracting new GPs. How do you reconcile those two—

**Ms Gallagher:** The point I am making—and I think I made it when I said it—is that we do not control, essentially, the number of doctors and we do not control the Medicare system. We do not provide Medicare provider numbers. That is how you control and increase your GP numbers. You know very well that that is within the realms of the commonwealth.

The areas that the GP task force looked at—and for which our election commitments came prior to around this—were around supporting and retaining GPs who are in the system and looking at the next generation of GPs. That is why it is targeted to students. Part of the GP initiatives were targeted to students and the other part were targeted to supporting existing GPs.

**MR HANSON:** Sure, but existing GPs—keeping them in the workforce longer and keeping their practices open longer—and encouraging GPs to get students to go to medical school and take up a GP practice, either through the training incentive payments—or whatever they are called now—or scholarships. Surely that is the ACT government doing something. I just could not understand your statement last week. Moving on from that—

**Ms Gallagher:** I think it was in response to your constant criticism, Mr Hanson, that we have a dire shortage of GPs. I am trying to put some rational response to that, which is we can do what we can on the edges, which is around supporting students and trying to encourage them into general practice, but we cannot force them to do that. We are encouraging them, we are exposing them to general practice, but whether some of them choose general practice is another thing, plus it is another seven years of training.

In my meetings with GPs and the ones that work here now in the ACT—and this is most particularly a couple of years ago—they were feeling undervalued and stressed and they needed additional support, which is where the money around supporting them to take on students came, supporting them to deal with some of their infrastructure costs to look to expand. We can do those on the edges, and they have been quite successful—

**MR HANSON:** So there is something the government can do then.

**Ms Gallagher:** Well—

**MR HANSON:** You said last week that there is nothing the ACT government can do.

**Ms Gallagher:** We are already doing it, Mr Hanson. We are already doing those things. In terms of: can we find 68 extra GPs; can we control them; can we provide them with Medicare provider numbers and all of that? No. The ACT government can do nothing around that. Indeed, one of the companies which I have been meeting with lately who wants to come to the ACT, who is ready to come to the ACT, with numbers of GPs, cannot come here until there is a change in the way they are provided a rebate under Medicare. It just shows you that the ACT can only do such much because the actual levers that provide the real incentives to increase our numbers of GPs are within the commonwealth.

**MR HANSON:** I understand the difference between what the ACT government does and the federal government does, but—

**Ms Gallagher:** Really? Gee, that is good to hear.

**MR HANSON:** there is \$12 million in the budget.

**Ms Gallagher:** I will look forward to your clarifying that in the media whenever you make your media statement, Mr Hanson.

**MR HANSON:** But then you say there is nothing the ACT government can do. In terms of numbers, have we seen any fluctuation in terms of numbers since last year? Are we up, down or pretty much static?

**Dr Brown:** The overall number is around the same. I just need to confirm the actual number, but it is around 18, I believe, additional GPs, but we have had a number also leave practice.

**MR HANSON:** So it is about stable?

**Dr Brown:** Yes, but we certainly are in a position where we have at least matched the number who have left with the number who have come.

**MR HANSON:** Leaving GPs for a moment, Mr Chair, and going to bulk-billing, we saw a decline in the bulk-billing rates in the ACT, whereas I think nationally they have actually gone up a bit. Have you got an explanation as to why we seem to be going backwards and the rest of the country seems to be incrementally increasing those numbers? Do we understand why that is?

**Ms Gallagher:** People can speculate about what the reasons are, Mr Hanson. I am not sure that there is any clear answer. If you talk to GPs they will tell you that they have a right to earn an income, just like any other provider of a service, and that is the cost of running their small business. It can go to capacity to pay and what the population can afford to pay. Again, if you talk to GPs they will tell you they will bulk-bill people they know who cannot afford to pay who are on their books but they are not going to give a blanket bulk-billing approach to their practice. You can go to issues of competition. If you go to major metropolitan centres where there is no shortage of

GPs you will see higher bulk-billing rates. In the ACT, I think most GPs have full books every day. That issue is not an issue for GPs here.

**MR HANSON:** Could you provide, probably on notice, an update on where we are at in terms of the implementation of recommendations arising from the GP task force and also the Legislative Assembly health committee's inquiry? How are those recommendations, which were accepted by government, progressing?

**Ms Gallagher:** We can look at that. I am not doing another full-scale response to both of those reports, though.

**MR HANSON:** No, I am not suggesting that.

**Ms Gallagher:** Okay.

**MR HANSON:** It is just those for which recommendations were agreed to—just an update on how that is rolling out and how that is being implemented.

**Ms Gallagher:** Yes.

**Dr Brown:** We can certainly do that. Can I also add, in response to the question before in relation to GP numbers: I am aware that currently we also have 13 GPs with whom we are in some dialogue who have an interest in relocating to the ACT.

**THE CHAIR:** Ms Le Couteur, a new question? Then Mr Hargreaves, Mr Hanson and Ms Bresnan.

**MS LE COUTEUR:** The Australian Institute of Health and Welfare reports that in 2003 autism was the second highest burden of disease and injury for boys and the eighth for girls. My question is: how is this burden affected in ACT Health's spending and what proportion of the budget for children provides treatment and rehabilitation for kids with autism?

**Dr Brown:** We would not have that breakdown. We do not break down our budgetary expenditure in relation to specific disorders. Services for children with autism, as you would be aware, are provided across multiple departments—health, disability and education.

**MS LE COUTEUR:** Again, this might be a question which you cannot totally answer for the reason you said before, but what are the waiting times like for kids, or parents trying to get their kids into treatment? I am particularly aware that you need to start early on these things.

**Dr Brown:** Again, I do not know that we would have that data to be able to give you in terms of the waiting time around a particular disorder. I do not believe that we have that information available.

**Ms Gallagher:** You would collect it on what a waiting time for an appointment with a particular specialist might be, but that is—

**Dr Brown:** For children with autism who are seeking an appointment with Child and Adolescent Mental Health Services we do not keep that data based on a diagnosis. They do not necessarily even go to see a particular specialist initially, so it would be very difficult to concede that information.

**THE CHAIR:** Mr Hargreaves?

**MR HARGREAVES:** Thanks, Mr Chairman. I have got just three questions on aged care assessments. You have got the experts there. The first one really is a finance question, but can you tell me about any cost-sharing arrangements between the ACT and the commonwealth for the aged care assessment teams?

**Ms Gallagher:** I can get someone to help you.

**MR HARGREAVES:** Thank you. I do have a vested interest in this.

**Ms Gallagher:** I was not going to be so rude.

**Ms Kohlhagen:** It is a commonwealth funded program in the ACT.

**MR HARGREAVES:** Is it totally commonwealth funded?

**Ms Kohlhagen:** [Yes](#).

**MR HARGREAVES:** And is the aged care assessment team located in the hospital?

**Ms Kohlhagen:** No. The staff that provide the service are located at Mitchell at this point in time but we have what we call a hot desk in the hospital so that the staff can come in and access the computer and do the assessments in the hospital.

**MR HARGREAVES:** Does that cost-sharing arrangement allow for assessments in the surrounding New South Wales region?

**Ms Kohlhagen:** No.

**MR HARGREAVES:** It does not?

**Ms Kohlhagen:** No.

**MR HARGREAVES:** How many aged care assessments were done in, say, the last calendar year?

**Ms Kohlhagen:** Actual assessments?

**MR HARGREAVES:** Yes.

**Ms Kohlhagen:** I will see whether I have got it. Sixteen hundred and eight to 30 April.

**MR HARGREAVES:** Thank you. Does the team provide assessments to the surrounding region of New South Wales?

**Ms Kohlhagen:** I do not believe so.

**MR HARGREAVES:** I understood that one specialist used to visit Young quite frequently.

**Ms Kohlhagen:** We have a geriatrician—

**MR HARGREAVES:** —in his capacity as a geriatrician and I was wondering whether or not that extended into aged care assessment at the same time.

**Ms Kohlhagen:** Not at this point in time, no.

**MR HARGREAVES:** Nothing planned?

**Ms Kohlhagen:** No.

**THE CHAIR:** Just on that issue—

**MR HARGREAVES:** I want to, if I can, finish mine off. You said there were 1,608 assessments. Could you give me the figure for the previous period?

**Ms Kohlhagen:** I do not have that on hand.

**MR HARGREAVES:** On notice is fine.

**Ms Kohlhagen:** Yes. For the same time, for April to—

**MR HARGREAVES:** Yes and let me know the actual periods that you are counting. That would be fine.

**Ms Kohlhagen:** Yes, that is fine.

**MR HARGREAVES:** Thank you.

**THE CHAIR:** Ms Le Couteur, then Mr Hanson with a supplementary.

**MS LE COUTEUR:** While I suspect I know the answer is that it is all in the hands of the commonwealth, have you thought of putting any effort into increasing the amount of aged care assistant assessors and decreasing the time? Just looking at it financially, apart from the burden on the poor families, you often have people, like my father, sitting in hospital simply waiting for an ACAT assessment, then the ACAT assessment happens and then you organise the residential care afterwards. You could end up with people spending an extra couple of weeks in hospital easily from not being able to get an ACAT assessment in a timely fashion.

**Ms Kohlhagen:** Seeking placement is a very complex issue. There are processes of actually being assessed and then having the assessment, what they call, delegated. Then there is the process of the individual and their families deciding where they may go. And within the ACT it is not mandated that you have to go to the first or second or

third place. You have a choice of where you go and sometimes that is where the delays occur.

**MR HARGREAVES:** Could you tell us how much the commonwealth is paying the ACT for providing this service?

**Ms Kohlhagen:** I can find that out for you.

**MR HARGREAVES:** And the same two periods?

**Ms Kohlhagen:** Yes.

**MR HARGREAVES:** Beautiful, thank you.

**THE CHAIR:** Mr Hanson with a supplementary?

**MR HANSON:** Yes. Looking at strategic indicator 12 in budget paper 4, page 222, I notice that we nearly met the mean waiting time for those waiting for an assessment of two days. It looks like we are going to go to 2.1 days.

**Ms Kohlhagen:** Yes, when we wrote those budget papers. The information I have got from 30 April said that it is two at this point in time.

**MR HANSON:** It is two?

**Ms Kohlhagen:** Yes. So instead of 2.1, it is actually two days.

**MR HANSON:** It is actually—

**Ms Kohlhagen:** Yes. That may change. There have been a lot of staffing changes in the ACAT team this year, including the manager who has been seconded to other positions. A lot of effort has gone into actually what we call multi-skilling; so the staff will do that, provide that service and work in another area so that we can build up capacity in the team and train people as well.

**MR HANSON:** Thank you.

**Dr Brown:** However, we do have some data in relation to Mr Hargreaves's question around the number of assessments. In 2009-10, for the full year, it was 3,085 assessments. For the first six months of the 2010-11 year, it was 1,515.

**MR HARGREAVES:** For six months?

**Dr Brown:** For six months. Ms Kohlhagen gave you the data for the first 10 months.

**MR HARGREAVES:** So predominantly the same figure?

**Dr Brown:** It is very similar.

**Ms Kohlhagen:** That is what we are expecting—

**MR HARGREAVES:** Extrapolated.

**Ms Kohlhagen:** Yes, it is very similar.

**THE CHAIR:** That is an interesting number. If it is 1,500 for the first six months and it is 1,600 for the 10 months, why did we only do 100 assessments in January, February, March and April?

**Ms Kohlhagen:** I will have to explore that a little further.

**MR HARGREAVES:** Can I explore that, Mr Smyth?

**Dr Brown:** I suspect there might be an error in the total.

**THE CHAIR:** Yes. One of them has got to be wrong.

**Ms Kohlhagen:** Yes.

**MR HARGREAVES:** Are there still peaks and troughs in the year in terms of activity around that? I understand that some decades ago there was always a peak around Christmas time, commonly known as granny dumping.

**Ms Kohlhagen:** I have not heard that. I have certainly heard those rumours but I would need to look at the data a little more to see whether there is any validity in actually mapping that. And you would probably want to look at it over a longer period of time to actually get some validity and seeing whether it is just a one-off anomaly or a trend that is—

**MR HARGREAVES:** I knew it was the case in the early 1990s and I was wondering whether or not it was the same case 20 years down the track.

**Ms Kohlhagen:** It has not been suggested to me.

**MR HARGREAVES:** Thank you.

**MS BRESNAN:** With the assessments, I know that providers, from the ones that I have spoken to, are finding that people are being assessed now at a higher level because people are possibly not going into aged care at that lower level. Is that something we find here in the ACT? It is higher, people needing higher care places?

**Ms Kohlhagen:** I do not have that data on me either but certainly we can find that out for you, yes.

**MS BRESNAN:** Thank you.

**THE CHAIR:** And to finish there, how many staff are there in the ACAT team?

**Ms Kohlhagen:** I would have to investigate that one for you. I believe it is in the vicinity of 10 or 11.

**MR HARGREAVES:** And what is the age criteria for assessment? Again self-interest is kicking in.

**Ms Kohlhagen:** Sorry?

**Ms Gallagher:** You do not need one, Mr Hargreaves.

**MR HANSON:** That is a matter of opinion, minister. I think it is speculative.

**Ms Gallagher:** I have not spent the last 11 days with him, though.

**Ms Kohlhagen:** [Seventy](#).

**MR HARGREAVES:** Seventy?

**Ms Kohlhagen:** Yes.

**MR HARGREAVES:** Thank you. It is not far away.

**Ms Gallagher:** A few more estimates before then, Mr Hargreaves.

**MR HARGREAVES:** That is right.

**THE CHAIR:** How long does it normally take?

**Ms Kohlhagen:** Sorry?

**THE CHAIR:** How long does the assessment take?

**Ms Kohlhagen:** As in hours or minutes? I would have to ask that one. I have not worked in the ACAT team, so I would have to ask that. There is a period of doing the assessment but there is also the lead-up to actually doing the assessment. So the referring team gather all the information as well so that the ACAT person can make the assessment and then there is the official, what they call, delegation process as well. That can also happen and it would depend on whether the assessment was done on the Thursday or Friday. It might not be delegated until the following Monday.

**THE CHAIR:** An appraisal would be needed.

**Ms Kohlhagen:** Yes.

**THE CHAIR:** A new question from Mr Hanson and then from Ms Bresnan.

**MR HANSON:** If we could go back to GPs, please, I have got a question on the super clinic and whether you have received any advice on what is happening with that. And the other one is on Medicare locals and I wonder whether you could give me an update on what is happening with Medicare locals.

**Ms Gallagher:** On both of them, I cannot provide any more information than is

already out there. I met with the Division of General Practice last week and they were still unclear around any announcements being made around Medicare local. I think they were expecting something in the last fortnight and it has not come. And the super clinic—

**MR HANSON:** In terms of the super clinic, we have not—

**Ms Gallagher:** I know that there have been a number of applications or expressions of interest put in but I have not heard what their success is.

**MR HANSON:** Is there a process whereby the ACT government gets involved in that? I know it is going to be the federal Department of Health and Ageing but will they actually speak to the ACT government aged care service or the ACT Directorate of Health to seek an opinion? I have heard rumours that the university is putting in a bid. Obviously that sounds quite attractive as an option. But this is a space that you work in and we have done quite a bit of work in ACT Health locally. Knowing where and what sort of super clinic would suit the ACT would be beneficial. I am wondering whether you have written to the minister or got involved in the process.

**Ms Gallagher:** I have, yes. I have had a number of discussions with Minister Roxon about the super clinic and, certainly from my point of view, the argument that I put forward was that I wanted the commonwealth to work with existing general practice to deliver that project. I did not want to see an outcome that would have our hardworking GPs against the project, for example, if it went somewhere where there were a couple of other clinics and all of a sudden there was a competition situation being put.

We provided a letter of support around the university's application. It was an application for the health and hospital fund as well as the super clinic. And we provided some support, saying that if the proposal was to get commonwealth support we would look at what partnership we could provide, particularly through the Civic Health Centre, and some opportunities that may be there with the ANU to provide some ongoing support to that project.

Basically the commonwealth is bringing, essentially, capital funds, infrastructure funds. I understand that, for everybody involved, they want also some idea around some long-term support. I think that is the area the ACT government could be involved in. But it is very early in the process. We just said that, based on the application put forward by the university, we would be supportive of that idea.

I think the co-op may have also put in an application, and I think Winnunga as well. I know that it is in there as well. I know that there is—

**MR HANSON:** I think I have heard that too. Have we got a time line on a decision being made?

**Ms Gallagher:** Not as far as I know. The last discussion I had with Minister Roxon about it was a couple of months ago and as far as I know there has not been a decision made. My understanding is that goes to a panel, who then make recommendations to the commonwealth minister.

**THE CHAIR:** Ms Bresnan, a new question?

**MS BRESNAN:** Thank you. I want to ask about the falls prevention clinics. The number there is 420. I think that number has been fairly consistent, as an indication of demand for the service and the effectiveness of minimising falls. I am just wondering whether the clinic is dealing with the demand or the capacity that it is experiencing and how successful it has been in terms of reducing falls and I guess any sort of—

**Ms Kohlhagen:** Sorry, the question was?

**MS BRESNAN:** There is an indication there that it is an indication of demand and the success or effectiveness in terms of minimising falls. Is the clinic able to meet the demand, capacity, and how successful has it been in terms of actually reducing falls or preventing falls?

**MR HARGREAVES:** BP 4, page 233.

**MS BRESNAN:** Yes, sorry.

**Ms Kohlhagen:** Certainly the additional clinic that they have has been very successful. The demand to have an appointment in either of the two settings is two weeks, I am told. So it has improved significantly. They have assessed more clients this year than they have last year as well.

**MS BRESNAN:** So it is now down to two weeks, did you say?

**Ms Kohlhagen:** Yes.

**MS BRESNAN:** What was it before?

**Ms Kohlhagen:** I would have to get that one for you as well.

**MS BRESNAN:** That is okay. It does not have to be now.

**Dr Brown:** The waiting list for Dickson Health Centre is one week, and for the Independent Living Centre it is two weeks.

**MS BRESNAN:** And is it able to meet demands for this service or are we finding that it is able to see everyone who needs to actually come in?

**Dr Brown:** Certainly in previous years the level of demand had actually dropped and we had actually undertaken active promotion and increased the clinic. We have actually tapped into the demand but I do not believe there is a huge unmet demand.

**MS BRESNAN:** And has it been successful in terms of preventing falls? Have you got any indication or information on that?

**Ms Kohlhagen:** The wider epidemiology evidence? I think that the reasons people fall are incredibly multi-factual, and this is just one of the many activities that are

undertaken. Some of the other things that the team have done are around developing an e-learning package that other staff within the organisation can use. There are a lot of activities that include involvement in, say, seniors days and flyers for open days as well. There are also activities that the Health Promotion Unit undertake as well. So it is a combination of a broader suite of activities that hopefully will reduce the incidence and prevalence of falls.

**MS BRESNAN:** Are you finding people are getting referred by GPs or is it a self-referral process? How many—

**Ms Kohlhagen:** It is a variety. It also includes other health professionals who might get a referral, say, to do a home assessment and there is a flag then that you would benefit from having a falls assessment as well. So it has tried to broadly capture the types of people that might benefit from this service.

**MS BRESNAN:** Thank you.

**THE CHAIR:** If we could look at page 233, budget paper 4, the accountability indicators for the output class, the cost-weighted admitted patient separations. I see the target was 5,140. We only achieved 4,600. I note the notes 1 and 6. But if we go to note 2, which refers to the target for the coming year, it says that the estimated outcome is 4,922. How does that 4,922 compare to the 4,600 that is the estimated outcome for 2010-11?

**Dr Brown:** Sorry, this is 1.5a?

**THE CHAIR:** Yes, 1.5a. The target was 5,140. The estimated outcome is 4,600 for the year. And then the target for 2011-12 is 5,070.

**Dr Brown:** Yes, we have a difference in the cost weights—the version. The 2010-11 figure is using round 12 cost weights. The target for 2011-12 uses the round 13.

**THE CHAIR:** So how does round 13 convert 4,600 outcomes to 4,922?

**Dr Brown:** If you will hold on for just a moment, I will find that. I will find it in my papers. I do actually have that figure for you. I am sorry—

**Ms Kohlhagen:** I am sure we can—

**Dr Brown:** I will have to find it. I do actually have it.

**Ms Gallagher:** We will provide it through the course of the morning.

**THE CHAIR:** But how does round 12 versus round 13 lead to a change in the actual numbers? I can see how it might change the cost.

**Mr Thompson:** This is the number of cost-weighted separations, and the way that is calculated is by counting the number of raw separations and then weighting it according to the relative severity or the relative cost of providing that care. What happens when we change from one round to the next is that the weighting on each

individual separation, each individual raw separation, may change. Accordingly—and again, do not hold me to the numbers—if the 4,600 was made up of 2,000 raw separations, those same 2,000 raw separations in a new version of the cost weights could, in fact, be 4,922 which is, in fact, what has happened with the changing.

**THE CHAIR:** So it will cause the several per cent difference that occurs there?

**Mr Thompson:** Yes, because, as I said before, each round adjusts for each individual separation according to its severity.

**THE CHAIR:** If the target was 5,140 and we only achieved 4,600, firstly the question is: why did that occur? And I know part of the answer. How can we have confidence that we will achieve the growth in the coming year?

**Ms Kohlhagen:** It also lends itself to the response to the question that was asked earlier about the length of stays. If we have a number of people who are staying longer because of their level of dependency, we will actually have fewer separations. The other thing that makes—

**THE CHAIR:** Before you move off that, if you go to notes 3 and 6 then, note 3 states:

Episodes of care have not increased due to increased length of stay for people admitted to this service.

Note 6 says:

Estimated outcome is ... due to longer average length of stay for rehabilitation patients.

Is that a trend? If that is what is happening, then your target may well be ambitious.

**Ms Kohlhagen:** I guess there are a couple of points to that. We have seen the inpatient costs weights—I understand that is for the whole service—and then there is the rehab component specifically. It is hard to predict. There is the epidemiology around the types of incidences that people have. They are very small numbers. So you cannot actually predict how many people may have a head injury—hopefully no-one. But the numbers are so small that if you have one or two, say, high-level spinal injuries, then the length of stays will be significantly different. And the numbers in the ACT are so small that it is very difficult to say whether that is a trend or an anomaly or whether that is the norm.

The other thing that makes it difficult to look at cost weight for length of stays in rehab units in particular is that length of stay is roughly dependent not only on the medical and health reason why you present, if you have a stroke, but also many other factors such as: do you have a house to go to? Is it a one or two-storey house? Is your bathroom on the bottom floor? Do you have a family that are able to look after you? There are a number of those factors that we need to work with the family and the clients themselves on. Often they will influence the length of stay of an individual in a rehab unit. And those things are also unpredictable as well.

**THE CHAIR:** Can I look at d then and can I compliment you on the numbers in d. They actually look like real numbers, the numbers at the end, the 4s and the 9s. How do we get to the 22,489 against the 21,000 expected this year? It says in the notes that this is because of the opening of additional sub-acute beds. How many beds did we have at the start and how many have been opened?

**Ms Kohlhagen:** There have been an additional four sub-acute beds built that are actually starting today, the refurbishment on 11A. That will add an extra four beds.

**THE CHAIR:** And the existing total is?

**Ms Kohlhagen:** There were 20 beds on ward 12B and there are 15 at RILU. And there is—

**THE CHAIR:** Okay, so 35.

**Ms Kohlhagen:** Yes, and 22 acute medical—ward 11A.

**THE CHAIR:** Sorry? There are 20 where?

**Ms Kohlhagen:** On 12B, which is our general rehab unit.

**THE CHAIR:** And then 15 in?

**Ms Kohlhagen:** Fifteen at RILU.

**THE CHAIR:** And then—

**Ms Kohlhagen:** The additional four sub-acute beds in addition to the 22 on 11A, which are acute medical beds.

**THE CHAIR:** All right. So you are effectively adding 10 per cent extra beds but the total is not going up by 10 per cent.

**Ms Kohlhagen:** There is also a period—those beds, as I mentioned, will be refurb. They have been set up in a temporary capacity to meet demand within the Emergency Department. I understand the refurbishment should be finished by the end of July; then we will have them permanently established.

**THE CHAIR:** Ms Hunter?

**MS HUNTER:** Yes. I do not think this has been covered. It is page 222 of budget paper 4. It is the one around improved hospital access times for older persons. We had a target of 70 per cent, and we look as though we are going to come in at 63 per cent. That is the proportion of patients aged 75 and older admitted to hospital in less than eight hours. What happened there that we did not reach our target?

**Dr Brown:** That particular indicator is one where we have never achieved our target. We keep it there as a somewhat aspirational target. In previous years it has been

expressed as the percentage who wait more than eight hours to access a bed. We are now reporting the indicator as the percentage of people who are admitted in less than eight hours. The previous target of 35 per cent was never actually achieved, I believe.

**MS HUNTER:** What has been put in place to try and ensure that timely service can be given to particularly older people?

**Dr Brown:** There are a number of strategies that have been put in place. One is the additional beds, as has been indicated by Ms Kohlhagen. We also have had the creation of the Medical Assessment and Planning Unit and the Surgical Assessment and Planning Unit. And then we have—sorry; and the additional beds, as I have indicated, on the ward.

**MS BRESNAN:** Just on that, it says that the indicator is likely to be replaced through the whole national health reform process. Do you have any idea about what is actually going to replace this particular target?

**Dr Brown:** The indicator in broad terms is that all persons who attend the Emergency Department need to be dealt with and admitted, discharged or otherwise referred within four hours.

**Ms Gallagher:** That gets rid of the access block.

**Dr Brown:** It is a substantially higher—

**Ms Gallagher:** Test.

**Dr Brown:** Yes, a higher mark.

**MS BRESNAN:** So basically the same as with the ED target that is going to be—it will be the same as the target?

**Dr Brown:** It is across the board, always.

**Ms Gallagher:** This is essentially an Emergency Department access block target. It fits in here. I think the issue that we have always struggled with with patients who are 75 years or older is just the complexity of their presentation. If you talk to the Emergency Department staff and the specialists, often there are a number of specialists called to consult with that patient whilst they are in the Emergency Department prior to a decision being taken about where they should head off to. It does set some particular challenges around this group, which is, I think, why we probably have a separate strategic indicator around it.

**MS BRESNAN:** Has there been any discussion in terms of that target then about those factors—that there is going to be that level of complexity where four hours might not actually be—

**Ms Gallagher:** There is.

**MS BRESNAN:** That is actually not a lot of time when you are talking about this age

group.

**Dr Brown:** There is actually a rider or a qualifier on that indicator that is being developed. It says “where clinically appropriate”. Considerable work is going into what constitutes “clinically appropriate” to be excluded from that particular definition. I should also add that, in addition, with the funding that is coming from the commonwealth around their national health reform, there is funding for the equivalent of 22 sub-acute beds. That will not be just in the geriatric area; it includes also palliative care and mental health sub-acute. But we are working at this time on how we can best utilise that funding.

**MR HANSON:** Is that the capital and the ongoing or—

**Ms Gallagher:** There is some capital and some operational.

**Dr Brown:** Operational, yes.

**MS HUNTER:** How many complaints have been received by the Canberra Hospital from relatives of patients who would be in this category who maybe have been on a bed in a corridor and waited longer?

**Dr Brown:** Again, we would not be able to necessarily give you that specific figure, because we do not classify our complaints by age—by specific complaint broken down by age.

**MS LE COUTEUR:** How do you classify your complaints?

**Dr Brown:** Mr Thompson?

**MS LE COUTEUR:** It is not just an aged care question—as we have come to it.

**Mr Thompson:** We classify about the nature of the complaint—in other words, what is the issue that has given rise to the complaint. Expanding on what Dr Brown was just saying, we will have information about complaints that are related to access—in other words, how many people have complained because they feel as though they have been waiting too long.

What we do not do, however, is then say, “Okay, of those however many people who put in a complaint about access, how many were either about or from someone who was 75 years or older?” That is the issue. We would have complaints about communication, about access, about physical facilities. Those are the sorts of things that we classify the complaints according to.

**MS HUNTER:** When you are trying to target and have indicators on certain areas, if you are not capturing a picture around the times and so forth—but also picking up trends in complaints where it might indicate another program, another set of beds, whatever—it just does not seem to match. I am wondering why—

**Ms Gallagher:** We measure—

**MS HUNTER:** How you do act on complaints and how that gets sorted.

**Ms Gallagher:** Every complaint is responded to and every complaint is viewed with the opportunities for improving processes. Access block, if that is the nature of the complaint—we capture that for every age that presents to the hospital, not just people over the age of 75. The hospital, in particular in the last couple of years, it is my experience, has put a lot of work into improving our response and feedback around concerns that are raised around any area of Health across all the areas, including Calvary and Canberra Hospital. We do look at each complaint and respond to them—and, where we can, improve processes around them.

**Ms Trickett:** I just might add to that. All of the complaints are responded to. We get back to the consumer within five days, saying that their complaint has been acknowledged and we aim to resolve their complaint within 35 days. The complaints form one part of information that we have about consumer experience from the consumer satisfaction surveys, the clinical reviews that we conduct—they all contribute to the information. It is not just one point where we get the information about the degree of satisfaction for different groups of people. They all contribute.

**THE CHAIR:** All right. Further questions on output class 1.5?

**MS LE COUTEUR:** I will defer to Ms Bresnan.

**Ms Gallagher:** I should say that we also treat compliments the same way—again, from the point of mapping the consumer experience.

**THE CHAIR:** 1.5?

**MS BRESNAN:** I have one last question. A Gender Agenda appeared before the committee a couple of weeks ago on the community group day. One of the things they raised was about access to counselling and support services, particularly for people from transgender and intersex backgrounds. Is this something which has been discussed with A Gender Agenda at all within Health or something which has been identified as being a need in future budgets?

**Ms Gallagher:** I have had some recent dialogue with the organisation. Indeed, I think they have written to me again recently, wanting to progress further discussions around this area. We have provided them with a small amount of support to provide, I think, some better understandings around what the gaps are. I think from there we can develop a service or make sure that our services are more responsive to that particular group within the community. Perhaps that is the logical next step.

The issue with A Gender Agenda, too, is that many of the concerns they have relate to private sector interactions with the health system—through general practice, for example. We can certainly make sure that the services that we run are better able to provide sensitive responses to this group, but there just is more work to be done. The survey that Helen Watchirs launched is very informative in that regard, and we will be working around how we as a service provider can respond to that.

**MS BRESNAN:** So that is something you would possibly directly target in the

budget?

**Ms Gallagher:** Sure, and I will certainly meet with A Gender Agenda to look at how we progress that.

**MS BRESNAN:** Thank you.

**THE CHAIR:** All right. We might move on to output class 1.6, early intervention and prevention. Minister, on the first day of hearings we heard from the arthritis association of the ACT, who said that they felt they were more reactive and not preventative. They told the committee that they were in contact with approximately 1,500 out of the 70,000 people in the ACT they estimate to have some form of arthritis, but, as always, the problem was the cash.

**Ms Gallagher:** The resources, yes.

**THE CHAIR:** In terms of early intervention or prevention, how does the department go about interacting with groups like the arthritis association of the ACT and assessing their need for resources?

**Ms Gallagher:** There is probably a range of different ways that we do that. I am not sure who is responsible for this area in terms of partners with non-government organisations. But we are in contact with NGOs, whether that be through me and meetings I have with—I do not recall meeting with the arthritis group recently, but I will check that. There are a number of ways.

People come to me; they tell me what they are doing, and invariably they need additional resources to do it. Or we deal with them at Health level through the line area that manages NGO contracts.

The other area where we would do it is through health promotion and through the grants program that is there, where there is a lot of work done between Health and the NGO sector about priorities, specific projects and identifying gaps and responding to those gaps. I cannot think of one community organisation that would not come and tell me they need more resources to do the work, and I do not necessarily disagree with them. Did you want any further information about that?

**THE CHAIR:** Mr O'Donoghue perhaps has information.

**Mr O'Donoghue:** As the minister alluded to, the NGO contracts management happens within the policy area of the Health Directorate. We have not infrequently been approached by community-based organisations either who have current service-level agreements with us or who are seeking service-level agreements. We are always very open to those approaches. I guess there is also the community budget submission process each year. We always would encourage organisations to participate in that and put their case forward. So there is a very significant funding program through the Health Directorate that supports community-based organisations, and we are always open to that process of review about whether there are emerging needs or whether we could do more within the budget that is appropriated to us.

**THE CHAIR:** A supplementary from Mr Hanson, and then Ms Bresnan.

**MR HANSON:** Probably on notice is best, but could you provide the committee with a breakdown of the community organisations that you provide funding to and how much; and also those that have requested funding that you may not actually provide funding to at this stage?

**Ms Gallagher:** I think that might be in the annual report, from memory.

**Mr O'Donoghue:** Yes, certainly those—

**MR HANSON:** Is it?

**Ms Gallagher:** Yes, I am pretty sure it would be.

**Mr O'Donoghue:** It is in the—

**MR HANSON:** It probably would not have the breakdown of those that have requested funding but do not receive it now.

**Ms Gallagher:** I just tick “all”.

**MR HANSON:** Tick “all”, would we? Okay.

**Ms Gallagher:** Who had requested additional funding?

**MR HANSON:** No; who had requested funding that you do not provide any to, because you might be providing a certain amount to Arthritis ACT, but there might be another group that has requested funding and you have not given them any at this stage.

**Ms Gallagher:** I do not know how we would collect that.

**MR HANSON:** I do not know if there are any. Your answer might be “none”.

**Ms Gallagher:** I am not sure how we would collect that.

**Mr O'Donoghue:** I am just concerned, as is the minister, about how comprehensive we could be in that response. Certainly, we could provide any documentation that we have on requests that have not been met. I suggest that the community budget submission would be another source.

**MR HANSON:** There might be some groups out there that you have not provided any funding to that have asked for it. It might be on a repeated occasion. It would be interesting for the committee to get that information.

**Ms Gallagher:** I guess it is just how you manage this. For example, for the grants through health promotion, we would get a lot of applications there, of which some would not proceed. I am just looking at it from a workload point of view. I do not want people going back through files for all of the grants rounds, plus anything else

that has come, to try and identify a group of people that were not successful in getting money. I am just not sure that that is a priority for the next five days, Mr Hanson.

**Mr O'Donoghue:** Almost every funding round that we would advertise is oversubscribed with applicants, so it would almost universally be the case that there were a large number of people who were not funded.

**MR HANSON:** Who were not funded?

**Mr O'Donoghue:** The funded organisations are also all on the Procurement Solutions website and all the contracts are publicly listed in that format as well. But we could provide those details.

**THE CHAIR:** Perhaps if you started with those that had applied but missed out or did not get all that they asked for. This raises the question—

**Ms Gallagher:** What do you mean? I can go to the GP infrastructure funds again. There was—

**THE CHAIR:** No, it is community grants.

**MR HANSON:** This is community groups rather than the GP—

**Ms Gallagher:** We will have a look at what we can do.

**THE CHAIR:** As a supplementary, what is the unmet demand?

**Ms Gallagher:** For?

**THE CHAIR:** Does the department do any assessment of the unmet demand from community groups?

**Ms Gallagher:** That is probably a pretty difficult piece of work to do. We would not do our own—we certainly do analysis through the work that Health does, even through the Chief Health Officer's report about emerging areas of need and how you respond to them. Community groups do their own scoping, of course, about what they believe the unmet need is in their particular areas. But I cannot think of a specific piece of work that Health does that would measure, from every health group's point of view, what we believe an unmet demand would be. We know what demand is going to be around our projections going forward across Health. I am just not sure we can be any more helpful on that.

**THE CHAIR:** Ms Bresnan with a supplementary?

**MS BRESNAN:** It is about the funding in output 1.6. Around \$64 million or so is allocated to that area. It mentions specifically chronic disease management and preventing acute admissions. Arthritis is one of those areas, as with many. What is actually being spent there—immunisation is mentioned as well—specifically around chronic health care and managing that? What is actually being spent on that?

**Mr O'Donoghue:** If I could respond in terms of the management of chronic disease conditions and I might defer to the Chief Health Officer in respect of the more preventive aspects—

**MS BRESNAN:** You have got the two aspects—chronic disease and then immunisation. What is actually going towards both of those areas? Chronic disease management is a pretty big area.

**Ms Gallagher:** In terms of the money?

**MS BRESNAN:** Yes, it would be interesting—

**Ms Gallagher:** How the money is allocated or what the services are that are offered?

**MS BRESNAN:** It would be interesting to see, within that allocation of funding that is going to chronic disease management, what services are actually being targeted in that.

**Ms Gallagher:** Yes, sure.

**Mr O'Donoghue:** Perhaps I will start with that area and then Dr Kelly can follow on. Over a series of budgets there has been a systematic attempt to build a chronic disease management system in the ACT that is modelled on international models, particularly the Wagner chronic care model, which comes out of the United States. We are starting to see that reach its maturity. In this particular budget we have the Get Healthy Information and Coaching Service, which is actually targeted at people who are at risk of chronic disease who could benefit from lifestyle coaching to improve their risk profile. That is a continuation of a service that has been offered in New South Wales for some time and we have now established a contract here.

In addition, in this budget there is a project in partnership with the Heart Foundation of the ACT and the ACT Division of General Practice that targets people at risk of cardiovascular disease and seeks to, through general practices, systematically get those people screened and referred to appropriate interventions. The last element of that chronic disease management budget initiative in this budget is a further enhancement of services for diabetes at the Canberra Hospital.

If I could just paint that picture, the Wagner model very much emphasises a patient-centred approach to disease management. It tries to engage the patient themselves in better management and a better understanding of their condition. We have been putting in a suite of interventions over a series of budgets, many of which use quite clever technologies to support people in their self-management. In the last budget we introduced a chronic disease coaching service, a telephonic arrangement, where a registered nurse is able to provide coaching and support to people with chronic disease at home.

We have a home tele-monitoring program, which uses, again, smart technology to send key indicators such as weight or spirometry via telephone from a patient's home to a registered nurse who is, again, able to monitor their situation and provide support as necessary. We have established a chronic disease management register, which is a

population-based approach to more systematically managing people with chronic disease and making sure they are meeting their clinical indicators and, again, gaining more confidence and knowledge in managing their conditions.

All of those things are, in a sense, outpatient-type services that are designed to be preventive across the continuum of care and try to keep people out of those acute episodes of illness.

**MS BRESNAN:** With that register you mentioned, how will people be picked up to be a part of that register?

**Ms Gallagher:** Can I just ask Dr Dugdale, who has been leading this work, to come and explain this.

**Prof Dugdale:** Chronic disease management is a lot about providing prevention for people who already have disease. So if you have diabetes, preventive services and action by yourself can prevent you from getting a stroke or a heart attack. So we regularly look through the patient administration system at ACT Health and talk to a range of chronic disease related services about their patients and keep track of patients with the major chronic diseases and are driving a quality of care program that emphasises better coordination and better preventive services for those people with chronic disease.

**MS BRESNAN:** So are you actually having direct contact with those people or is someone having direct contact with those people?

**Prof Dugdale:** There are about eight services in ACT Health that provide direct contact for them: things like the chronic care program, the Diabetes Periodic Review Service, the Cardiac Rehabilitation Service and so on. So we work with those services. We are planning in the next financial year to contact patients directly and offer them further services through the register and through—

**MS BRESNAN:** So who is having the direct contact with the people on the register?

**Prof Dugdale:** Services such as the Diabetes Periodic Review Service—

**MS BRESNAN:** So they would be aware that they are on the register?

**Prof Dugdale:** Yes.

**MS BRESNAN:** They are; right. It did not sound like they were.

**Prof Dugdale:** Sorry, the services or the patients?

**MS BRESNAN:** No, who is actually having the direct contact with the patients so that there is some actual involvement within this process?

**Prof Dugdale:** We have what we call the ACT Chronic Disease Management Clinical Network. This is a network of eight or nine services within ACT Health that provide chronic disease management: services including the Diabetes Periodic Review Service,

the Complex Care Service, the transitional therapy and care program and the chronic care program. These are the services that are focused on coordinating care for people with chronic disease and also providing preventive care for those patients so that they do not develop complications at rates that they do not need to.

**MS BRESNAN:** Is there going to be some sort of assessment process of the register and all of the programs in terms of seeing if they are actually having an impact on people's lifestyle and what they are doing? This is a growing area, obviously—chronic disease management—in terms of health funding as well as prevention. So what assessment is actually done to see if it is working?

**Prof Dugdale:** One of the key reasons for having a register is so that we can provide epidemiological quality data to track the services provided, the preventive care provided and the outcomes for patients. Those outcomes include death, admission to hospital and admission to emergency departments, among others. We also have a very strong relationship with the Australian National University, through the College of Medicine, Biology and Environment, that is involved in the development, research and evaluation of the chronic disease management program.

**MS BRESNAN:** I think some information was going to be given on funding. I am trying to remember what Dr Kelly was here for.

**Ms Gallagher:** Maybe immunisation or were you funding—

**Dr Kelly:** I do not think we have had a question on immunisation yet, but that is certainly part of a preventive initiative. Our involvement really is more in the primary and secondary prevention of chronic disease—I know Paul has talked about the tertiary prevention—so when people have already got the disease, preventing them getting complications of that. Ross has already talked about a number of the initiatives.

In my area of population health, it is more about preventing things before they start, so a lot of the things we have talked about on previous days around the national partnership for population health, a lot of the work we are doing with the non-government organisations such as the Heart Foundation, Diabetes Australia, Nutrition Australia and so forth—and, in the secondary area, the get healthy coaching service that was already mentioned by my colleague.

**MS BRESNAN:** I did mention immunisation, because they were the two areas mentioned, but what the breakdown is in terms of the funding for the two different areas of immunisation and chronic disease.

**Dr Kelly:** I would have to take that on notice.

**MS BRESNAN:** Yes.

**Dr Kelly:** But certainly in our Health Protection Service we have—unless John has those figures. No. In the Health Protection Service we have a range of initiatives in immunisation, and certainly we can provide those figures.

**MS BRESNAN:** Thank you.

**Dr Brown:** I might just add that the funding against output 1.6 is not just related to those two areas. There is funding from other areas—for example, within mental health—included in the overall figures as well.

**Dr Kelly:** Chair, I have just had an answer for that immunisation question: 5.1 million is the national immunisation program figure.

**MS BRESNAN:** And that is in that total?

**Ms Gallagher:** Yes.

**MS BRESNAN:** Okay.

**THE CHAIR:** All right. New questions, but from the end of the table. Mr Hanson and Ms Bresnan.

**MR HANSON:** It just strikes me that a personal e-health record would be very helpful in this space. I am wondering if there is an update on where that project is at.

**Mr Thompson:** As you are probably aware, the personal e-health record—officially PCEHR; personally controlled electronic health record—is an initiative from the federal government. The projected implementation date of that is 1 July 2012. ACT Health is working very closely with the federal government and is in fact a lead implementer for some aspects of the building blocks that are being developed for the record. So we are involved in the development and we are expecting that at the time the record is available for implementation we will be ready to implement it.

**MR HANSON:** Of the \$90 million that we have got appropriated for e-health, how much is in support of personal e-health records?

**Mr Thompson:** It is difficult to specify a certain proportion. I will just elaborate on the reasons for that. An electronic health record is drawn from the records of the services that various individuals have received. For the record to be successful, we need to have clinical information systems and support structures in place to have the information available electronically that can then be drawn into a personally controlled electronic health record. One way of putting it is that essentially all the 90 million is contributing towards—

**Ms Gallagher:** To facilitate it.

**MR HANSON:** So it provides the information and it then updates the personal record?

**Ms Gallagher:** You have to build your infrastructure, build the support systems and then have the clinical systems to feed into it, all of which is the 90 million. On the personally controlled electronic health record, the issues which are still being agitated over, such as who controls it, the ownership of the information within it and how it is actually used, I am not sure that there is going to be some—there is no easy answer to it. At the moment someone's health record is owned by the clinician that creates that

record, and there is some concern amongst clinicians about who owns the information and how it is used. It is pretty complex and it is taking time to get through it all.

**MR HANSON:** Have we got a solution? I think Calvary and ACT Health systems with a personal identifier were—

**Ms Gallagher:** The first step is to get ACTPAS, the patient administration system, into Calvary so that we have the same system that is talking about the same people across the hospital. That will be done by 2012. That work is underway.

**MR HANSON:** All right.

**THE CHAIR:** Ms Bresnan, a new question? And then Mr Hanson.

**MS BRESNAN:** No; you go.

**MR HANSON:** Okay. Diabetes—in October-November last year, there were some concerns raised by both clinicians and patients with the service model and the service that is being provided. I wonder if someone could give me an update on how we are going in terms of the service model, whether we have appointed a director and so on.

**Mr Thompson:** I will start on the director. We have advertised for the director unsuccessfully; now we are looking for alternative approaches to recruit someone. It looks as though we have potential interest in that position, but I am not in a position to give a definitive statement as to when, let alone who, we will be able to recruit to that position.

**MR HANSON:** How long has that position been vacant now?

**Mr Thompson:** It is a position that was created in the 2010-11 budget; it is a relatively new position. The activities that have been undertaken have been to scope the position and get agreement from all stakeholders on exactly what the role and function of the director would be and how the director's position would relate to other service providers, both externally and internally within ACT Health. That work was undertaken over the latter half of 2010. We advertised in March 2011 for the director. That is the position and that was the advertising that was not successful; hence the alternative arrangements.

**MR HANSON:** In terms of the model, there were some concerns about the model raised by clinicians. Has that been resolved?

**Mr Thompson:** We are working through those concerns. The focus of the concerns is around the relationship and the relative roles and responsibilities between non-government organisations and clinical services. This is, unfortunately, frequently an area of debate between the sectors and—

**MR HANSON:** My understanding was that it was a concern between bureaucracy and clinicians rather than non-government providers. I thought that was what it was.

**Ms Gallagher:** No. I think there were some issues around how clinicians felt Health

Directorate staff were managing their concerns around the model and the roles and responsibilities. Essentially it comes down to this, I think—someone will correct me if I am wrong. The Health Directorate and the NGO feel that more can be done in the NGO setting and acute-based clinicians think they need more control over what happens in their NGO setting in that they should be having more of a say, essentially. So there was some disagreement around that, and we just have to work through it.

**MR HANSON:** So we are still where we were then? We still do not have a director and we still do not have a model.

**Ms Gallagher:** I do not think that is fair. These things take time. I can think of any number of areas across the Health Directorate where we manage disagreement by clinicians on how a service needs to be managed but the service is operational. There is not a director in place. We have advertised, but you cannot force somebody into that job. Even with the clinicians that are working in the hospital at the moment you do not require them to be the director. We just have to work through these. For the service as a whole, the service is running and people are accessing treatment both in the NGO and in the acute setting.

**Dr Brown:** Ms O'Donnell is managing this area and might be able to give us the current state.

**Ms O'Donnell:** We are working with the diabetes team within the hospital to come up with a model and a structure of governance within that service. I am very pleased to say that at the meeting we had last week it looks as though we have come up with a model that will work in a kind of multidisciplinary approach with a director and a leader of allied health and a leader of nursing within that unit. I am also pleased to say that we have had some very recent interest by somebody who wants to consider the position of director of diabetes. So I believe that the service potentially is moving forward with a model that will work internally for the diabetes service within ACT Health. It is very positive.

**MR HANSON:** Obviously, diabetes is going to be a big area of growth globally. Have we mapped what that means for the ACT and have we looked at how we are going to measure performance? It might be in the budget papers, but I cannot see any performance indicators that show how we are actually tracking in terms of diabetes.

**Ms Gallagher:** It is measured in the Chief Health Officer's report. There is quite a lot around diabetes there. I thought there was an accountability—

**Mr O'Donoghue:** If I may, Mr Hanson—there is a prevalence measure in the budget papers. We have noted over a series of budgets that we are likely to see an increase of perhaps a doubling of rates of diabetes in the ACT, as we will see, most likely, nationally. There is—

**MR HANSON:** And when is that doubling by, do you know?

**Mr O'Donoghue:** It is speculative but it has been said that over the next 20 years the figures are likely to double.

**Ms Gallagher:** And there is quite a bit in the Chief Health Officer's report that goes to that, and strategic indicator 9 goes to the prevalence.

**Mr O'Donoghue:** We have also noted that there are a significant number of people in the community who are undiagnosed. Even though there is a reported prevalence of possibly three per cent, it is likely to be much higher than that. That is why it is important to have early intervention and screening for the community. In a sense, it seems counter intuitive but we would predict an increase in prevalence. In some ways that may be a good thing because we are hoping to detect more people earlier in the course of their illness and have early intervention.

While I have got the floor, if I could also make a comment on the non-government services, there was an appropriation in last year's budget to fund non-government services for diabetes. There was an expression of interest process undertaken and there were, indeed, three providers who were pre-qualified to potentially provide services. We are really waiting for the appointment of the clinical director to give effect to—

**MR HANSON:** What sorts of services are they?

**Mr O'Donoghue:** The three providers are Medibank Solutions, who are the current providers of those telephone advisory lines that I have already mentioned; Vision 20/20, and obviously there are a lot of vision-associated sequelae for diabetics; and Diabetes ACT themselves.

**MR HANSON:** I had some reports, and it was in the media as well in November, that a number of people who had particularly type 1 diabetes were going to New South Wales because they had concerns for the service here in the ACT. Are we measuring performance in terms of how satisfied people are with the service here in the ACT? Have we had any surveys conducted or have we had any kickback at all, complaints made by the users of the service?

**Ms O'Donnell:** Nothing specifically formal that I am aware of.

**Dr Brown:** We undertake a satisfaction survey across the health service at the Canberra Hospital but it is not necessarily broken down, again, by disease categories.

**MR HANSON:** Were you aware of those issues that were raised in the media and did you respond to them in any way?

**Dr Brown:** We responded at the time, from memory. We responded at the time in relation to the complaints and we did for a time track the number of interstate transfers. I do not actually have them in front of me but it was very low.

**Mr Thompson:** The other thing to talk about is that there is also a service users group called ACT Diabetes Services, and we maintain dialogue with them to understand the issues they have with the service and to see how we can increase the services.

**THE CHAIR:** Ms Bresnan, a new question?

**MS BRESNAN:** It will not be a long question. At page 233, under output 1.6, point b mentions specifically targeting “clients attending ‘Well Women’s Check’ within the Women’s Health Service”. I appreciate this might be something you cannot tell me now but does the 30 per cent CALD target that you have got there mean that these women who access that service are from a refugee background?

**Dr Brown:** Ms Lamb is going to speak to this item.

**MS BRESNAN:** It is just about that particular target. It says it targets women with different backgrounds. It is refugee women who are within that CALD target?

**Ms Lamb:** The Women’s Health Service does have an accountability indicator around CALD women. At this point in time they are not breaking down the actual different backgrounds of these women. However, they are working on group criteria which have recently changed for the Well Women’s services to target the women who do have problems in accessing, screening Well Women’s services. They will be going out and working more on the particular targeting of those groups.

**MS BRESNAN:** You have got the 30 per cent target. You are saying that specific groups were not actually within that CALD target. It was actually about attracting women from different backgrounds to come and access the service without actually targeting a particular group?

**Ms Lamb:** At this time the data cannot actually break it down.

**MS BRESNAN:** I am not asking about the data. You have got that percentage target there. Within that group, were you targeting women from any sort of background or were you attracting specific groups to come to the service, whether they be refugees or non-new arrivals or—

**Ms Lamb:** The Women’s Health Service nurses are currently doing some work with a range of different groups within the community to identify which areas of women do need increased information re accessibility to their different refugee backgrounds or they have been here for a while but they still do not actually have access to a health service. There is work being done at the moment but there is nothing specific.

**MS BRESNAN:** Do you work with Companion House?

**Ms Lamb:** Certainly the Women’s Health Service does work with Companion House, as do the Child, Youth and Women’s Health maternal and child health nurses. Often you will identify a mother there that maybe needs to increase access to certain health services.

**MS BRESNAN:** One of the things that Companion House has said to the health committee in particular is that they find that, because people do not feel comfortable coming to the service, there is a reluctance to actually access types of services. I am wondering whether you are working with Companion House around that particular issue about getting them attached to and getting them access to services that they have available to them.

**Ms Lamb:** Within the Women's Health Service? I would have to follow up on what is actually specifically happening about that. I do know that they meet regularly to try to improve that partnership between the two agencies.

**MS BRESNAN:** Thank you.

**THE CHAIR:** Mr Hanson, then back to Ms Bresnan.

**MR HANSON:** Thank you, Mr Chair. On page 234 of budget paper 4 there are figures for the years 2010, 2011 and 2012. Under "Budget Technical Adjustments" there are a number of rollovers. I would like to get an understanding of what they are. They start with "Rollover—Healthy Future—Preventative Health Program" and "Rollover—GP Workforce Initiatives" and so on. Could someone provide an explanation of those rollovers?

**Ms Gallagher:** That would be the scholarships. I think the GP workforce one is scholarships. That is what we are talking about.

**MR HANSON:** There are quite a number there.

**Ms Gallagher:** Why don't we answer that on notice? I think a lot of it is commonwealth money that probably came in early and is being rolled over. All those national partnership moneys are commonwealth moneys.

**MR HANSON:** So we are not going to be allowed to go to that then?

**Ms Gallagher:** I think there was something around the timing of those coming in, yes. We will take it on notice and we can provide a break-down of those rollovers.

**MR HANSON:** What has occurred and whatever because there seems to be quite a bit of information. The smoking legislation—

**Ms Gallagher:** Which one?

**MR HANSON:** Cafes, restaurants and so on. Have we a build-up of how that is progressing?

**Ms Gallagher:** Health obviously do not have the regulatory responsibilities to go around and do the inspections. That would be ORS. From my point of view, I think the only issue that we have had to work through is around the height of the walls, which is ongoing—the walls that need to be in place—in the designated outdoor areas.

**MR HANSON:** In the dossier?

**Ms Gallagher:** Yes, in the dossier. The other area has been about the definition of what constitutes entertainment. This is with people who are wanting to be out in the smoking area and there is a game of bowls going on underneath—but it is not like a bowls tournament, it is just a game of bowls—are they still allowed to smoke out there? There have been some ongoing issues about how we define entertainment, and we will continue to work around the walls because, in a sense, the walls in the reg are

a transitional step. We will have to get, over time, to a different height.

**MR HANSON:** Has ACT Health looked at any measures that they might be bringing forward with regard to smokers? Some of it has been a bit incremental, and I understand the reasons for that, but it also can be a bit of an impossibility for business because of the relationship. They are going to put in an air-conditioning system to deal with smoke and then they do not use it anymore, whatever might be the reason. Is ACT Health, through the government, looking at further measures—

**Ms Gallagher:** Tobacco control?

**MR HANSON:** Yes, tobacco control.

**Ms Gallagher:** Yes, we will. We will continue to look at all areas around this area of law reform but I should say that, before we do this, we do regulatory impact statements and implement fairly reasonable transition arrangements if we are going to move to a new regime, to support business. That was what was done prior to my time, with the indoor smoking, and that is what we have done with the outdoor smoking. It is also what we did with the point-of-sale display bans. My response to it is, yes, we will look at ways to further reduce the uptake of smoking in the community but we will also do so in consultation with industry and the community. I think the only area that we have got legislation coming is on smoking in cars with children, and the legislation will come forward on that.

**MR HANSON:** And that has been discussed at some length.

**Ms Gallagher:** Yes. And we did get second place in the AMA's score for the dirty ashtray awards. One year we did win the dirty ashtray award.

**MR HANSON:** Who beat us?

**Ms Gallagher:** WA and the commonwealth but we came second. That was good because we do not want to come last.

**THE CHAIR:** Ms Bresnan, do you have a question?

**MS BRESNAN:** I have not got any questions.

**THE CHAIR:** Ms Hunter has a question and then back to Mr Hanson.

**MS HUNTER:** Mine was outside of 1.6 and was just a clear-up, if you wanted to finish up on 1.6.

**Ms Gallagher:** No. We have been outside of 1.6. We have been in and outside of 1.6 all morning.

**MS HUNTER:** I think you might be right. It was on page 235 and it was around the hepatitis C settlement fund. I am just wondering what that fund was about. It is the fourth up from the bottom, about \$42,000.

**Dr Brown:** I will ask Mr Foster to respond to that one.

**Mr Foster:** That particular entry relates to the commonwealth's contribution for the health look-back programs. It is a percentage of what they contribute to the costs.

**Ms Gallagher:** It was transmission of hepatitis C through blood products.

**MS HUNTER:** We have got things in place now, so that would not occur again?

**Ms Gallagher:** Yes. Post that time screening for blood products has improved considerably—this is 20 years.

**Mr Foster:** It is a long time ago.

**Ms Gallagher:** Yes, 20 years ago.

**MS HUNTER:** That is just the end of that.

**THE CHAIR:** Mr Hanson to close.

**MR HANSON:** Thank you. On restaurants and the issue that we had with inspections and then naming a chain—have we continued to see any problems arising in the number of inspections that we have been conducting? Are we happy that things are progressing well? When would we see legislation coming forward? Is it by regulation or is it by legislation for the naming and shaming; I am not sure?

**Ms Gallagher:** There is a lot of work underway in this area, from both an inspections point of view and how we respond. I should say that it was health protection, I think, that first raised the issue with me about the penalties within the legislation being inadequate for some of the offences that they were seeing. Indeed, that led to a couple of appeals—and successful appeals, from memory—around the inadequacy of some of the fines. In a sense, some of the fines were less than it cost to retain a commercial cleaning service from a restaurant's point of view. So we started to look at this issue. There are a number of options. My preferred option is the scores on doors one which is that everyone tries to be an A and you get a grading of—

**MR HANSON:** I think New South Wales does that, doesn't it? There is a jurisdiction that has that.

**Dr Brown:** Not in Australia.

**Ms Gallagher:** I do not think in Australia. Singapore does it.

**Mr Woollard:** There is a pilot in New South Wales.

**Ms Gallagher:** I will hand over to the expert.

**Mr Woollard:** I think there were a number of questions in there, but perhaps I can start with the scores on doors. There is no jurisdiction that runs a comprehensive program across all businesses in Australia. I understand that New South Wales is

running a pilot.

**MR HANSON:** That is right; there is a pilot scores on doors.

**Mr Woollard:** I am not exactly sure where. There are a number of legislative options that we are looking at at the moment, as the minister has said. We are looking at scores on doors. In its simplest form, scores on doors is simply a process which requires all businesses to be inspected and assessed against the agreed standards. From that assessment they get a rating. They are required to display that rating on their premise. The regulator would also maintain a database on the internet that people could look at. It is increasing the transparency around the achievements or otherwise of businesses in terms of food safety.

The other areas that we are preparing some legislation for the government to look at, which I think has been publicised, is around prosecution registrations, registers—name and shame, if you like. Just to clarify, there has been some poor information in the media around naming and shaming. I think the suggestion was that all jurisdictions name and shame except for the ACT. That is simply not true. No other jurisdictions name and shame against enforcement notices, prohibition notices and those sorts of things. Nobody puts an ad in the media. They are not proved at law. The naming and shaming that goes on in all jurisdictions revolves around successful prosecutions. In New South Wales they have extended that to include infringement notices and on-the-spot fines but, other than that, all jurisdictions do name and shame in some way, shape or form.

The ACT has for some time put out media releases when we prosecute businesses to let the community know. But to formalise that the minister has asked us to prepare some proposals around formalising a register so that people can see what prosecutions have been undertaken. We have also taken the opportunity to look at requiring businesses who are issued with a prohibition order, which is a closure of their business—so it is a very bad end of things where the food standards are not up to scratch and pose a real public health risk—to display that order on the front of their business when they close. At the moment some businesses, when they close, simply put up a sign saying, “Closed for refurbishment.”

**Ms Gallagher:** “On holidays”.

**Mr Woollard:** And “on holidays”. It is about trying to improve the transparency.

**Ms Gallagher:** So we make them stick the health notice up.

**Mr Woollard:** So people know they have been closed for health reasons. The third thing we are looking at doing is requiring a business to always have on the staff and on the site someone who has defined qualifications in food safety.

**MR HANSON:** Is that reasonable with the microbusinesses out there at the moment?

**Ms Gallagher:** These are the issues we now need to work through with the industry. And for the government, too, the issue of scores on doors will require a lot more inspectors and a lot more inspections to maintain that. It comes with quite a cost, and

how do we pay for that? Does industry help pay for that or does the government budget fund it? So there is some more work to do before we get there. But I think in the short term it can be having a website where people can have a look at who has not been up to scratch and has been found guilty of that and being able to move to making them display the notice fairly quickly as well. As to how we implement the further changes, we will just need to work through those with industry and do things like regulatory impact statements et cetera around what the cost of this will be.

**THE CHAIR:** We might close with just a quick financial question from Ms Hunter.

**MS HUNTER:** Which you may want to take on notice. It is page 235 again. It is the second from the bottom. It is around the cross-border revenue that seems to be dropping from the 2011-12 financial year through to the 2014-15 financial year. Can I have a bit of an explanation?

**Dr Brown:** Mr Foster might be in a better position—

**Ms Gallagher:** So we are going from 2.3 to 1.7 to 254?

**MS HUNTER:** Yes, down to 254.

**Mr Foster:** This adjustment is in fact to reflect that the price that New South Wales pay is less than we had been originally expecting. They have improved their systems to be able to better identify their inpatient costs versus outpatient costs. The reason why it is less across the outyears than the first year is that when we were putting our forward estimates together a number of years ago we were conservative about the amount of growth there would be in cross-border. So this just reflects that the impact on price will not be as dramatic in the outyears.

**THE CHAIR:** Thank you, minister, and the officials from the Department of Health.

**Ms Gallagher:** We have got one question before we—

**THE CHAIR:** I am sure it is one answer, rather than—

**Ms Gallagher:** I am sorry; one question to answer.

**Dr Brown:** The commonwealth funding to the ACAT team in 2010-11 was \$882,000. In 2011-12 it is \$948,000.

**THE CHAIR:** All right; thank for that. Minister, if we could have questions that were taken on notice within five working days. Members, if you have any additional questions you have four working days in which to get them on the notice paper. That ends the estimates for the Health Directorate at this time.

**Meeting adjourned from to 11.15 to 11.28 am.**

**THE CHAIR:** Minister, there are enough members of the committee here to start the taking of evidence. Thank you for your attendance with your officials to look at output class 1.3, industrial relations policy. On the table before you is the privilege statement. Have you read the statement and are you aware of its implications?

**Ms Gallagher:** Yes, thank you, chair.

**THE CHAIR:** Thank you, minister. Can I also remind witnesses that the proceedings are being recorded by Hansard for transcription as well as being webstreamed, broadcast live and will be available on Committees on Demand. Are you happy to proceed?

**Ms Gallagher:** Yes, thank you.

**THE CHAIR:** That is great. Minister, do you have an opening statement in this output class?

**Ms Gallagher:** No, thank you. We are happy to proceed to questions.

**THE CHAIR:** All right. There is some federal activity, particularly in regard to contractors and the reporting of payments that might be made to a subcontractor. Have you done any assessment of what impact this will have in the ACT? My understanding is they are to start initially with the building industry and then move on to the IT industry, both of which are important sectors here in the ACT. What work have you done on that impact and have you had any comments back to the federal government?

**Ms Gallagher:** Yes, indeed. In fact, the ACT government has been leading the work nationally and led the work nationally that has resulted in further work being done around sham contracting arrangements. From the ACT government's point of view, we are very keen to work with the commonwealth around identifying sensible changes that can reduce the risk of sham contracting in particular industries. So, yes, we have done a lot of work. Indeed, I think it was the ACT government's work that originally went to the Workplace Relations Ministers Council to get further work done on sham contracting, and that is now occurring.

**THE CHAIR:** Have you done anything to quantify what the costs of the reforms will be, for instance, in housing affordability? Robert Gottliebsen, at the federal budget breakfast, made the comment that he believed that these reforms would make GST look like a walk in the park and may add up to 25 per cent to the cost of a home. What impact statements have you done as to the impact of these changes?

**Ms Gallagher:** We have not done any of that work. The work that has been done by the ACT government has been identifying the issues that are prevalent in particular industries, probably the construction industry being the most obvious one. Obviously, we do not have, through our responsibilities, responsibilities around certain areas of legislation which are impacted here, which is why the commonwealth needs to take the lead on it.

I do not know the basis on which those comments were being made—that it would

increase housing costs by 25 per cent. I think the issue here, and the issue that we are focusing on, is to make sure that people get their appropriate superannuation and workers compensation protections when they are essentially workers under the definition of industrial legislation, and that is the issue that we have been working on with the commonwealth. From the commonwealth's point of view, they are now essentially doing some further work around sham contracting.

**THE CHAIR:** Mr Hargreaves first, then Mrs Dunne.

**MR HARGREAVES:** Thanks very much. The supplementary that I have goes to the workers compensation bit referred to by the Chief Minister just now. The premiums for workers compensation are a not insignificant cost to business. I would like to know what the government is doing. Has it got any new initiatives or anything going on to ease the burden of the costs and reduce costs somehow?

**THE CHAIR:** It is not quite a supplementary.

**MR HARGREAVES:** It is—

**THE CHAIR:** Perhaps we will have Mrs Dunne's supplementary and then we will get to you. That sounds a bit—

**MRS DUNNE:** My supplementary was about Mr Smyth's original question about work on sham contracting.

**THE CHAIR:** We might have the supplementary first and we will come down the line to you, Mr Hargreaves.

**MR HARGREAVES:** All right.

**MRS DUNNE:** Thank you, Mr Chairman. Minister, I want to clarify something. You said that the ACT is taking the lead in this work?

**Ms Gallagher:** We took the lead on it initially.

**MRS DUNNE:** So what is the work that you were doing?

**Ms Gallagher:** It was around identifying the problems that exist. I think it pre-dated my time just a little as Minister for Industrial Relations, but I think it was based on what we were being told here locally about what was occurring—that there was a problem with sham contracting arrangements in particular industries. So we raised this issue at workplace relations ministers' meetings and, from there, subsequent work has been done.

**MRS DUNNE:** I am just trying to clarify. If any legislation is required, it is federal legislation. So why is the ACT—

**Ms Gallagher:** No, it is not.

**MRS DUNNE:** It is not? Okay.

**Ms Gallagher:** I said there are elements of it which fall within the commonwealth area of responsibility, but there are things such as the Workers Compensation Act and the Long Service Leave Act—things like that—which do impact on us here locally.

**MRS DUNNE:** So what you are doing is ensuring that everyone has access in some form to workers comp, long service leave, those sorts of things?

**Ms Gallagher:** If they are not true contractors. I guess the issue that has been identified is that people have—

**MRS DUNNE:** That is the \$64 question, though, isn't it?

**Ms Gallagher:** It is easy to identify a group of workers that go to the same place every day, do not bring their own tools and equipment but are essentially employed as workers. It is easy to construct arrangements that make them look like contractors; therefore, employers do not have a range of responsibilities.

This is an issue that we have been dealing with locally, particularly as our construction industry has been working at a pretty high level. Those sham contracting arrangements have been identified when those workers should be being given suitable and appropriate protections. It is not just occurring in the ACT; it is occurring everywhere.

**MRS DUNNE:** In the last calendar year or the last financial year, how many sham contracts have we identified in the building industry in the ACT?

**Ms Gallagher:** I am not sure. For a start, it falls under the ambit of Fair Work Australia, I imagine. From my understanding, there are questions about some of the arrangements that were put in place regarding the bridge collapse—some of the issues identified there.

In terms of complaints, we have had some complaints in projects that I have been responsible for. We have gone in and had a look. I cannot think of one that has been identified. There was one in the health area but we went in and had a look and the required paperwork was put forward. But I think we can collect that across—

**MRS DUNNE:** I would be interested to know—

**Ms Gallagher:** Only across our government. We only have certain responsibilities. I do not have responsibilities on other large construction sites that are occurring.

**MRS DUNNE:** I am trying to work out what work it is that your officials are doing in relation to—

**Ms Gallagher:** I am sure we can provide you with the paper, Mrs Dunne, that went to the workplace relations ministers meeting.

**MRS DUNNE:** Yes, that would be helpful, because I do not have a clear idea of what work it is that you are doing if you have not actually identified any sham—

**Ms Gallagher:** The work identified—and perhaps it is easiest if we just provide the paper that was done—that there was evidence of sham contracting arrangements operating in the ACT. So we have identified it as an issue that needs to be looked at further, and when we took it to the workplace relations ministers meeting there was general agreement around the table that, yes, there were concerns about this as well from all other jurisdictions, including the commonwealth.

**MS BRESNAN:** Are you saying essentially that it is something that would have to be dealt with federally? There would be things we could do in the ACT.

**Ms Gallagher:** In partnership with the federal government, particularly—

**MS BRESNAN:** Is it likely to be almost like a harmonisation process—that it is something all the states will do?

**Ms Centenera:** The type of work that is involved is looking at the legislation and trying to see that it is the strongest legislation it can be to try to pick up sham contracting arrangements federally. That is in negotiation with the other states and territories that are signed up to the intergovernmental agreement on workplace relations—and with the commonwealth, obviously. There are also practical measures that we are looking at with the commonwealth and with commonwealth regulators to see whether inspections that they are doing in the ACT can be better handled. Then there is the ACT layer of legislation that the Chief Minister has referred to—the workers compensation laws, long service leave and certain entitlements and benefits that should flow to people who are employees.

What they are looking for there, necessarily, is not just this: are you a sham contractor or not? They are looking at whether the entitlement is appropriate. Even if they find a sham contractor they do not do the prosecution themselves; it has to be referred to Fair Work Australia, to the Fair Work Ombudsman. They do that level of prosecution and compliance. But there are certain basic things that we can do for the ACT legislation that can feed into the commonwealth efforts in this field.

**THE CHAIR:** We might move along. I remind members that we are also doing the ACT Long Service Leave Authority this half hour. Ms Hunter and then Mr Hargreaves.

**MS HUNTER:** I want to go to budget paper 4, page 44, under “Budget Policy Adjustments”. Near the bottom it refers to the ACT public service workers compensation and work safety improvement plan. There is \$1,186 million in 2010-11 and then we go into \$1,175 million. I am wondering what that money has been spent on and what it is going to be spent on.

**MR HARGREAVES:** While you are looking and getting some assistance, I did ask a question about the workers compensation initiative. We might throw that in and I will ask a completely different question when we get to the end of that.

**Ms Gallagher:** So shall I answer—

**MR HARGREAVES:** That one will probably reveal the information I wanted.

**Ms Gallagher:** Okay. That is a bit different. I think your question was about the private sector workers compensation scheme. This is about the public sector.

**Mr Hargreaves:** It is the general words “workers compensation” that I think everybody is interested in.

**Ms Gallagher:** No worries.

**THE CHAIR:** Do we have an answer?

**Ms Gallagher:** Yes.

**Ms Brighton:** The continuous improvement and workers comp branch identified a significant opportunity to improve the health and return to work outcomes for members of the ACT public service who have been injured in the course of their employment. In order to support this work the government has provided funding over two years to implement the ACTPS workers comp and workers safety improvement plan.

In keeping with the one-service approach strongly advocated by Dr Hawke, the Chief Minister and Cabinet Directorate will lead the implementation of the improvement plan and Shared Services will support the improvement plan through the delivery of services. In essence, this improvement plan is about a one-service approach to care and support for our injured workforce and with a single, cohesive strategy executed across the service. That strategy incorporates building the capability of our case managers, who manage our injured workers, and providing them with training and support as well as implementing a new case management model across the service.

**MS HUNTER:** Thank you.

**MR HARGREAVES:** My supplementary to that—

**THE CHAIR:** Yes, Mr Hargreaves.

**MR HARGREAVES:** leads on to the private sector. Have you got any new initiatives on the go around easing the burden for that sector?

**Ms Gallagher:** As to the private sector scheme, we have started some work which saw some changes to reducing red tape around workers compensation for private sector businesses which had resulted in millions of dollars worth of savings in terms of the paperwork and reporting responses they had to do. So that change is in place.

The second stage was to look at how the scheme overall works and make sure we had appropriate compensation for people injured in the workplace. That raised the issue of thresholds and trying to align our scheme more in line with jurisdictions elsewhere. There is another piece of work that we are looking at around improving our understanding of the insurance side of workers compensation. There is some more work underway.

**MR HARGREAVES:** I understand you have got some schedules that make it easy for people entering into a sector to know how much could be expected if they are going to make these business decisions.

**Ms Brighton:** Indeed. We have for the first time in the territory released information on what would be expected to be the reasonable suggested rates that our actuaries have calculated for each ANZSIC class, each industry in the territory. We have released this information to the insurers to inform their rate making. We have also made it available to the public via the WorkSafe ACT website and also through the Work Safety Council to help policyholders understand the inputs to rate making but also to help them be informed purchasers.

**MR HARGREAVES:** Could you give us the link to that so the committee secretary can download that rate, please?

**Ms Brighton:** Sure.

**MR HARGREAVES:** At your leisure would be fine. Mr Chairman, I have got a different question, if I can—

**MRS DUNNE:** Could I just have a quick supplementary to Mr Hargreaves's question?

**THE CHAIR:** All right, a quick supplementary.

**MRS DUNNE:** There was draft legislation last year in relation to workers compensation, minister. When are we likely to see final legislation?

**Ms Gallagher:** I am holding that work back while we do some further work around insurers and the regulation in relation to insurers. This came up through the consultation process that we undertook in terms of some responses back from industry and employee representatives. We are doing some work around that.

Also, the issue of thresholds is similar to the issues contained in the compulsory third-party insurance bill which has been referred to a committee. So it is probably appropriate that I wait to hear what the response from that is around that issue. It will, in the end, come down to the issue of thresholds and whether or not the Assembly thinks thresholds are reasonable in terms of reducing costs on business and, in relation to third party, on individual motorists.

**MRS DUNNE:** Could I just ask, minister, on notice, because of the shortness of time, whether you could outline more fully what work is being done in relation to the insurance company work.

**Ms Gallagher:** Sure. It is currently before government so I am not sure how helpful I can be in the short term, other than to say that it is about improving, I think, some transparency. The view that came back through consultation was that it was not because we had no threshold in our scheme; it was because the insurers were ripping everybody off. That was the response. It is around that issue.

**THE CHAIR:** But you will give us what you can?

**Ms Gallagher:** That is answering it. I cannot answer it more fully than that.

**MR HARGREAVES:** I have a very quick question and it will be a very quick answer too.

**THE CHAIR:** All right. Ms Hunter has a supplementary, then a final one from Mr Hargreaves and then we will go to Mr Hanson.

**MS HUNTER:** This was around the accountability indicators and it is second from the bottom. It is about maintaining consultative fora within the ACT on workplace safety and workers comp. Your target is four for 2010-11 and then to 2011-12. You may want to take this on notice because of the shortness of time, but it would be good to have some idea about who sits around that table.

**Ms Gallagher:** It is the Work Safety Council—so it is insurers, employers, employees and government appointments.

**MS HUNTER:** Are there some key issues that are being discussed?

**Ms Gallagher:** What the key issues are?

**MS HUNTER:** Yes, what the key issues are. I am just wondering what—

**Ms Gallagher:** Sure.

**THE CHAIR:** All right. Mr Hargreaves to close and then Mr Hanson and Ms Bresnan,

**MR HARGREAVES:** Thanks very much, Mr Chairman. Minister, I know the government's previous commitment was to introduce some form of salary packaging for the ACT public service, perhaps to include ACTION bus fares as part of the salary package. I am interested to know where we are at with that.

**Ms Gallagher:** I think all the work has just been finalised on that. We had to wait for some private rulings, I think, from the ATO to establish new arrangements around this, but it is all poised and ready to go. I think for those employees that want to take advantage of this it is potentially a windfall of several hundred dollars a year in money not spent—savings—on their transport costs using ACTION buses.

**MR HARGREAVES:** It sounds like a reasonable exercise in trying to increase the patronage of ACTION buses as well. Mr McAlary, have you got something you want to add to that?

**Mr McAlary:** There are just a few things I might add in respect of the initiative. It is eligible to all permanent and temporary employees within the service and also the staff of members of the Assembly as well as members of the executive. We are operating on the basis of a quarterly reimbursement framework, trying to keep the

administrative costs down. For those people already participating in salary sacrificing, there is no cost. For those who are new, there is a \$2 per quarter charge. It is very much linked in with the operation of the new MyWay system.

One of the issues that the Chief Minister and IR minister referred to was the need to go back to the tax office in terms of some of the rulings in relation to the scheme. They related to making sure that the way we were structuring the arrangements as consistent with both the FBT Act and the Income Tax Assessment Act.

**MR HARGREAVES:** Thanks. I noticed you said “staff of members of the Legislation Assembly”. What about the members themselves?

**Ms Gallagher:** I think—

**THE CHAIR:** We do not count—

**Mr McAlary:** I would not think so.

**Ms Gallagher:** No, because we do not get a salary. Well, we get an allowance.

**THE CHAIR:** Exactly. Moving on—

**Ms Gallagher:** It does cover family, though, doesn't it?

**Mr McAlary:** Yes, that is—

**Ms Gallagher:** It does cover family of public servants.

**MR HARGREAVES:** Family members of—

**Ms Gallagher:** So for school as well—to a total of \$1,300 a year, I think.

**Mr McAlary:** Yes, that is correct. The ruling from the ATO says that for an ACT employee who is participating, the actual expenditure of their associate—their family member, their child—would also count. So we are looking there at travel from home to work or home to school. It is travel for recreation purposes which is excluded under the FBT rules.

**MR HARGREAVES:** You have got a screed, I take it, to advise people of it?

**Mr McAlary:** Yes, absolutely.

**MR HARGREAVES:** Could we get a copy of it for the committee. It would answer a lot more questions.

**Ms Gallagher:** Yes.

**Mr McAlary:** Certainly.

**THE CHAIR:** All right. Mr Hanson.

**MR HANSON:** Mr Chair, given the time, I will defer to Mrs Dunne.

**THE CHAIR:** All right. Mrs Dunne; then Ms Bresnan.

**MRS DUNNE:** Thank you, Mr Chairman. Minister, I noticed that on Friday the Magistrates Court (Workers Compensation Infringement Notices) Amendment Regulation came down. In the notice, it says that these infringement notices will provide non-complying employees with an opportunity to accept a reduced penalty and avoid criminal conviction. But when you look at the schedule, all of the penalties have gone up. I want to know how we came to have an explanatory statement that says something quite contradictory. And when does an increase in penalties actually become a decrease in penalties?

**Ms Brighton:** The regulation was updated to recognise the amendments that were made to the Workers Compensation Act to instil a new compliance framework. As to the specific comment, I will have to take that away and look into that. There are provisions, as you might recall from our amendment bill previously, whereby the regulator can reduce a penalty when they take into consideration an employer's specific circumstances. The penalties associated there are double the avoided premium penalty. But I will take that away with me and come back to the committee, if that is all right.

**MRS DUNNE:** Thank you.

**THE CHAIR:** All right. Ms Bresnan.

**MS BRESNAN:** Yes. It is just budget paper 4, on page 44. There is funding there in relation to OHS harmonisation. There is an amount there for 2011-12, and then it is subtracted from the years after that. I wanted to find out what is going on with that particular funding.

**Ms Centenera:** The reason for that is that as of 1 January 2012 we will have nationally harmonised laws in place. The ACT will lose, I suppose, a portion of its need to generate policy in relation to OHS—there will still be some—because the policy will be negotiated under the IGA with other states and territories rather than the ACT having to come up with its own and implementing its own. There will still be some to deal with, because there will be further codes, possible amendments to the act and possible regulations, but we will not be looking after our own legislation any more so the capacity will be less.

**MRS DUNNE:** So why—

**Ms Gallagher:** There were savings built into the seamless national economy when we signed up. There were reward payments but there were also expected gains from signing up.

**MS BRESNAN:** So basically funding will be determined through that process almost? Are you saying that we will be guided by what happens at a national level?

**Ms Centenera:** This is—

**MS BRESNAN:** Or is it just solely about the policy capacity within—

**Ms Centenera:** It is a need for less policy capacity within the ACT public service.

**MS BRESNAN:** In terms of the provisions here in the ACT, how are we going to make sure provisions in the ACT are maintained?

**Ms Centenera:** There will still be—

**MS BRESNAN:** Is it going to be totally guided by the federal level?

**Ms Centenera:** It will be guided at the federal level, negotiated by our officers with other states and territories and the commonwealth. Then we will implement into our own. It reduces some of the capacity; it is not doing away with all.

**MS BRESNAN:** Okay.

**MRS DUNNE:** Just very quickly—

**THE CHAIR:** Just a quick supp; then we might move to the long service leave board.

**MRS DUNNE:** If we are cutting back in our policy work, how do we account, in BP4, page 34, for a \$1.4 million, nearly 50 per cent, increase in the budget allocation for IR?

**Ms Centenera:** I am told that that is made up of the public sector improvement plan that was mentioned earlier by Ms Brighton and \$157,000 extra that has been given to OHS for implementing before 1 January 2012.

**MRS DUNNE:** So it is front-loaded? Okay. Could we perhaps get a breakdown of what the budget allocation for IR is and what it covers? Thank you, Mr Chairman.

**THE CHAIR:** We might finish there with industrial relations policy and ask the Long Service Leave Authority to quickly move to the table, because I know there are questions here. I will skip it. Ms Hunter, a question; then Mrs Dunne, a question. We will see how far we get.

**MS HUNTER:** My question was around the community sector scheme. Obviously it is still early days. I wanted to know how it was settling in and how community organisations had found that process. Mr Collins, can you give us a bit of a progress report.

**Mr Collins:** The community sector scheme which started on 1 July last year has been very successful. We have got over 8,500 employees registered in the scheme, with 201 active employers. The level of compliance has been very high. We did provide considerable assistance to employers in submitting their first return and paying their levy, and we provided a number of information sessions about the scheme. We believe that that work has paid off. As I say, the level of uptake or the participation in

the scheme has far exceeded initial expectations. The scheme now is a very substantial size and is operating quite effectively.

**MS HUNTER:** So do you think you have pretty much got 100 per cent of the community sector or do you think there are some pockets that you need to be working on?

**Mr Collins:** I would like to think we have got 100 per cent, but I certainly would not guarantee that as a regulator. We also liaise with Procurement Solutions so that with any organisation that tenders for a government contract in that area, and indeed in cleaning and construction as well, we are advised of that organisation. We check our database to make sure they are registered. If not, we then contact that organisation and go through the registration process with them. While I certainly could not guarantee that we have got 100 per cent, I believe we have got an overwhelming majority of employers. And, as I say, the number of employees has far exceeded expectations. That is a good indicator that we do have most of the organisations registered.

**MS HUNTER:** You said you had given some assistance for those organisations coming in. I think it was around the first levy they paid and so forth. What sort of assistance was that? We did have some community organisations concerned that they were not able to financially cope with moving into the scheme.

**Mr Collins:** I mean process assistance as opposed to financial assistance.

**MS HUNTER:** Yes; financial assistance.

**Mr Collins:** But there was a transition fund that was undertaken by the Community Services Directorate, as I think it is now. A number of organisations applied for funding under that program, but that was not administered or funded by the authority.

**MS HUNTER:** Thank you.

**THE CHAIR:** Mrs Dunne.

**MRS DUNNE:** Thank you, Mr Chairman. Mr Collins, I noticed that there are a number of references in your statement of intent this year about the refurbishment of the Manning Clark building in Tuggeranong. What sort of improvements do you need to make Manning Clark more financially viable? And, secondly, and this may be a question for the minister, to what extent do these investment properties come under threat because of the move towards the government office block?

**Ms Gallagher:** They do not. The answer to that is that they do not. It is an asset of the construction scheme, as I understand it.

**Mr Collins:** That is correct.

**MRS DUNNE:** Yes, and if all the ACT government office accommodation, or large slabs of it, is going to be centralised in Civic, have we undermined the investment of the scheme?

**Ms Gallagher:** It is not leased by the ACT government.

**MRS DUNNE:** It is not leased by the ACT government?

**Ms Gallagher:** No. It was years ago.

**MRS DUNNE:** But it is not anymore?

**Ms Gallagher:** It was education's headquarters, but they have moved.

**MRS DUNNE:** So who is it leased by?

**Ms Gallagher:** It is Medicare.

**Mr Collins:** It is now leased by Medicare Australia.

**MRS DUNNE:** What sort of improvements do you have to make to the building?

**Mr Collins:** There are a lot of improvements associated with upgrading the energy efficiency of the building, in particular. It is a fairly old building. It has a 2½-star energy rating only. Commonwealth tenants now require 4½ stars under the commonwealth legislation, and most buildings in the ACT that are energy inefficient, if I can put it like that, are faced with this issue of upgrading. We are doing that to secure the current tenant on a long-term lease. Most of the work is associated with that.

There is also what they describe as end of economic life of the building. The building is 20 years old now. It does need a fair bit of work anyway that was not associated purely with the energy efficiency requirement. So there are both of those requirements plus a small amount of money to improve the building generally to make it more attractive to a tenant. All that expenditure is required, as we say, to protect the asset and to make it more viable in terms of a long-term A-grade tenant.

**MRS DUNNE:** Thanks. More questions? Thank you. I wanted to look at these issues, if I could, Mr Collins. The construction scheme seems to be running at a deficit, and has been for a number of years, whereas the community sector scheme seems to be running at a substantial profit at the moment—\$1.2 million, which does not seem to have been invested. Can we first of all address what are the causes of the ongoing deficit of the construction industry scheme and what remedies there are in place for that. But can we also look at what we are going to do to invest the funds under the community sector scheme.

**Mr Collins:** The construction scheme is a very mature scheme. It started in 1981. It has accumulated substantial liabilities as a result of that. Numbers of workers are quite high. Historically, certainly before I came to the authority, the investment returns that the scheme were getting were quite high, and they were making up for essentially a shortfall between the levy contribution revenue and what was paid out to entitlements, to workers with an entitlement.

The global financial crisis knocked our investments around, as it did with most funds.

Being a defined benefit scheme, as we are, which is very rare nowadays, the liability did not reduce but the asset base did. That has had a negative impact on the authority or on the scheme. Also, there is the low levy rate, the levy rate of one per cent, which has been in place for many years. During times of good economic investment, that was okay, but we are now facing the issue where the levy itself does not fund the entitlement. That, combined with the drop in assets, has placed a great deal of pressure on the scheme.

**Ms Gallagher:** The statement of corporate intent, I think, flags the increase to 1.25 per cent for the levy.

**THE CHAIR:** All right. We might have to finish.

**MS HUNTER:** I have one very quickly.

**MRS DUNNE:** Sorry; the other part of my question was not answered. There is \$1.2 million in essentially cash in the public sector thing—

**Ms Gallagher:** Community sector.

**MRS DUNNE:** It was supposed to have been invested and it has not so far been invested.

**Mr Collins:** The community sector scheme—most of that money has been put into a term deposit. The authority is going to review its investment plan next financial year, as forecast in the statement of intent. That review of the investment plan will also guide where that money from the community sector fund will be invested. In the interim, the money is being placed in a term deposit.

**MRS DUNNE:** Okay.

**Mr Collins:** Which is getting a pretty reasonable return, and obviously it is very low risk.

**THE CHAIR:** A very quick question from Ms Hunter.

**MS HUNTER:** It was probably a bit of a statement too. It is just under your KPIs on page 4. You do talk about the number of visits to construction sites et cetera to check about coverage and you talk about checking the *Yellow Pages* for contract cleaning businesses, but there does not seem to be one in there for the community sector at this time.

**Mr Collins:** No. We rely basically on that contracting approach that I outlined to you earlier, and we also get feedback from the department of community services as to a new applicant or any—

**MS HUNTER:** So you do not feel there is need for a KPI?

**Mr Collins:** No. We have not felt—

**Ms Gallagher:** It is a bit of a different industry, too—mini contractors.

**Mr Collins:** And also we do not have the mobility in and out across the border which we do have, in particular, with construction.

**Ms Gallagher:** I sense a wind-up.

**THE CHAIR:** Thank you, Minister for Industrial Relations, for attendance today, and I thank the long service leave board. Thank you all. Moving right along, I will just remind you that for questions taken on notice you have five working days in which to answer. Members, you have four days in which to put additional questions on notice.

**Ms Gallagher:** Thank you.

**THE CHAIR:** We will now move to the Minister for Aboriginal and Torres Strait Islander Affairs, Ms Burch.

Appearances:

Burch, Ms Joy, Minister for Community Services, Minister for Aboriginal and Torres Strait Islander Affairs, Minister for Ageing, Minister for Multicultural Affairs, Minister for Women and Minister for the Arts

Community Services Directorate

Hehir, Mr Martin, Director-General

Sheehan, Ms Maureen, Executive Director, Housing and Community Services  
ACT

Manikis, Mr Nic, Director, Multicultural, Aboriginal and Torres Strait Islander  
Affairs

**THE CHAIR:** Welcome, minister, and officers. We are looking at Aboriginal and Torres Strait Islander affairs under output class 3.2, community affairs, Community Services Directorate. In front of you is the yellow privileges card. Have you read the card, and do you understand the implications of the statement?

**Ms Burch:** Yes.

**THE CHAIR:** Thank you very much. I remind witnesses that proceedings are being broadcast by Hansard as well being webstreamed and broadcast live and will be available on Committees on Demand. Are you happy to proceed?

**Ms Burch:** Yes.

**THE CHAIR:** Minister, would you like to make an opening statement for this very important output?

**Ms Burch:** Just a brief statement, thank you, Mr Chair. This has been another year of progress for Aboriginal and Torres Strait Islander people in the ACT. It began in September last year with a second estimates-style hearing conducted by the Aboriginal and Torres Strait Islander Elected Body. Ours is the only jurisdiction with an elected Indigenous representative body which is involved in the full spectrum of program delivery, from advice to government and the early design of services through to the review of their effectiveness. The government continues to support the Indigenous elected body; recently they have held their election, and a new board has been selected.

Earlier, a number of weeks ago, the third ACT child and family centre at west Belconnen was opened. That has a clear focus on Aboriginal and Torres Strait Islander children and their families. We continue to provide residential supported accommodation to Aboriginal and Torres Strait Islander males aged between 12 and 18 years and to assist Aboriginal and Torres Strait Islander children who are at risk. We continue to support programs such as the healthy families programs and we have established an Indigenous enrolled nursing scholarship program over the year.

In Housing ACT we are providing assistance to Aboriginal and Torres Strait Islander people by developing initiatives that have seen increased allocations to Aboriginal and Torres Strait Islander applicants, improved support for sustaining their tenancies, and

some physical enhancement to a number of properties to reduce overcrowding.

Aboriginal and Torres Strait Islander student scholarships will see six recipients from last year continuing to year 12 in 2011, and scholarships were awarded to five year 11 students earlier this year. As at the end of 2010, 120 students had participated in activities, including visits to universities, visiting ABC studios for journalism students and visiting the ANU Medical School for those interested. Support offered through this program has contributed to nine students receiving offers to universities at the beginning of this year.

We are looking to soon implement a service delivery framework for Aboriginal and Torres Strait Islander people in the ACT. This framework is setting real targets for improved service delivery across the ACT public service and supporting our commitments to improve life outcomes for Aboriginal or Torres Strait Islander people under a number of national partnership agreements.

Over the past year, through the ACT public service commissioner, we implemented the government's new employment strategy for Aboriginal and Torres Strait Islander people. This sets out quite clear targets to more than double the number of Indigenous employees in the ACT public service. Our government will continue to pursue the commitment to overcome the entrenched barriers to Indigenous economic participation and to promote job training opportunities here in the ACT.

The government has initiated through this budget a leadership grants program with funding of \$60,000 for up to 20 participants per year. This program will encourage and support the professional development of local emerging Aboriginal and Torres Strait Islander leaders.

Also in this budget is a funding amount of \$65,000 to provide resources for the day-to-day management of the Aboriginal and Torres Strait Islander Cultural Centre. We hope to see the cultural centre develop into an educational, visual and performing arts centre that will foster local Aboriginal culture, showcasing the story of traditional custodians of the area and maintaining a permanent collection of art and artefacts. We will also be providing small grants to showcase this culture, and there is a provision of \$60,000 to allow that. Continuing on the work of recovering and promoting identity and culture, we are providing two camps for Aboriginal elders. These camps will be facilitated to ensure that all traditional custodians can come forward to have a conversation on that.

I will leave it at that, but it is a shame, given that we started late, Mr Chair, that I could not tell you the breadth and depth of our program.

**THE CHAIR:** We can always stay late. I am happy to stay late.

**MR HANSON:** Let us stay late, Mr Chair. Let us stay late.

**Ms Burch:** I do not know if we are available to stay late, Mr Hanson, but we will see.

**MR HANSON:** I am sure you will make yourself available.

**THE CHAIR:** Minister, during previous hearings with your directorate we heard of the Billabong Aboriginal Development Corporation. I would like to know what contracts the ACT government has with Billabong for the delivery of services during the financial year 2010-11.

**Ms Burch:** We are progressing. They do have an Aboriginal housing arrangement for the provision of 17 houses—I think it is 17 houses—under our public housing stock. It is an agreement that all community providers must be part of the social register and be part of our central intake system. That has caused a level of concern for Billabong. We have worked through those issues over the last 12 months and, as indicated last week—

**THE CHAIR:** But they have a contract?

**Ms Burch:** we are very close to accommodating Billabong with their move to create a new entity, in which case we will contract with that new entity.

**THE CHAIR:** Do they have any contracts with any areas of your department or directorates at this time?

**Ms Burch:** Billabong?

**THE CHAIR:** Yes.

**Ms Burch:** No, they do not.

**THE CHAIR:** Have they been providing services to their community on behalf of the ACT government in that period?

**Ms Sheehan:** Billabong have been managing the tenancies in their housing portfolio. As the minister said, they have a number of head-leased properties from Housing ACT, and they have been managing those tenancies.

**THE CHAIR:** Minister, why did the government permit an external party to deliver services on its behalf without having a contract in place for the delivery of those services?

**Ms Burch:** Maureen.

**Ms Sheehan:** Thank you. Mr Smyth, the properties themselves have been head-leased to Billabong and they have tenants in place. Billabong were not wanting to stop managing the housing tenancies themselves, so Billabong continued to manage the tenancies.

The reason that the contract is not in place at the moment is that there was an ACT government requirement that any housing organisation wishing to have a contract with government to manage tenancies needed to be registered under the legislation to regulate affordable and community housing, which is part of the Housing Assistance Act. Until quite recently, Billabong did not want to become registered, so we were unable to enter into a contract with them.

However, Billabong have now, as the minister said, moved to create an organisation which will be specific to managing their housing assets. It is that organisation which has already provided the first tranche of information to the registrar for community housing or the registrar for social housing so that Billabong can become registered.

**THE CHAIR:** Are they owed moneys for services they have delivered so far this financial year?

**Ms Sheehan:** Once Billabong are registered, we will enter into a contract with them and they will be paid for their tenancy management.

**THE CHAIR:** So they will be back paid?

**Ms Sheehan:** Yes, they will.

**THE CHAIR:** So for the financial year 2010-11 Billabong has been delivering services but has not received a cent from the ACT government?

**Ms Burch:** They have not received a cent because there has not been a contract because they have not entered into the requirements of that contract.

**THE CHAIR:** If they have not entered into the requirements of the contract, why was the contract not terminated?

**Ms Burch:** Mr Hehir, I am happy for you to talk.

**Mr Hehir:** There is money to terminate the contract around the head-leasing arrangement. What the act says is that we cannot pay you for services unless you are actually there. There is nothing in the act which says that you cannot continue to provide tenancy management. The fact that they chose to provide the tenancy management without getting funding around the management services, because they were not moving ahead on their registration, was a choice that they were making. They are entitled to make that choice. In the long term they would need to make a decision about whether that was going to be a viable operation for them. We have certainly been talking to them about that. We believe they were better off being paid. There is absolutely nothing in the act which precludes them from providing tenancy management services; it just means we cannot pay them.

**THE CHAIR:** Will they be compensated for any additional costs they have incurred this financial year as a result of not being paid until this contract is signed?

**Mr Hehir:** That will be part of the negotiations. We will just have to see what they believe those costs are.

**THE CHAIR:** All right. Apart from housing, does Billabong deliver any other programs or services for your department?

**Ms Sheehan:** No.

**THE CHAIR:** Nothing at all? Nothing from Mr Manikis's area?

**Mr Manikis:** Not at all—not that I am aware of.

**THE CHAIR:** Do they deliver any training or any other services for the government?

**Ms Burch:** For the government? No.

**THE CHAIR:** Ms Hunter?

**MS HUNTER:** Yes, I have a quick one around the elections for the Aboriginal and Torres Strait Islander Elected Body. They were conducted recently and we do have a result. I want to get some idea of the percentage of eligible voters who participated and what sort of strategies and ways there were to promote the election.

**Ms Burch:** I will ask Mr Manikis because he was very involved in that promotion and communication strategy.

**Mr Manikis:** The elections were held just recently, with nominations opening on 11 April and closing on 27 April. Voting started on Monday, 2 May and closed on Saturday, 7 May. We had 15 candidates, which was three more than for the 2008 election. The vote count was conducted by Elections ACT on 17 May. We had 173 voters, significantly less than in 2008. The efforts that we went to for this—

**MS HUNTER:** And what percentage is that of the eligible voters?

**Mr Manikis:** Roughly, we would work at about 10 per cent, I would say. It is about 2,000. That is just an estimate. There are about 2,000 eligible voters over the age of 18 in that community. So I would say it is about 10 per cent.

We had more booths open for voting. That was the first step that we took. With Elections ACT, I think it went from six to eight booths around the place. We had a permanent booth in the city here, where Elections ACT is. We had 25 separate sessions leading into the election where staff went out to locations where there were high numbers of Aboriginal and Torres Strait Islander employees in the commonwealth departments and talked about the election and promoted the election.

**MS HUNTER:** Because it was only 10 per cent, Mr Manikis, is there any plan to go back and do some sort of follow-up around why it was that there was such a low turnout? Is it because of people's perceptions of the body or because they could not make it—just to get some idea about why they chose not to participate?

**Mr Manikis:** In terms of our effort, it was not just the additional booths, not just the 25 separate seminars or information sessions that we conducted. There were also two mail-outs to our Aboriginal—

**MS HUNTER:** I can see that there was a lot of effort put in; that is why it is more interesting around why people chose not to participate.

**Ms Burch:** It is part of a conversation. I am yet to meet with the new elected body

and I will do that once they are all confirmed and it has been formalised. But it is part of that conversation about how the Indigenous body goes about being connected more broadly across that Canberra conversation and what we can do to prepare for three years hence. Whether we do a formal review or evaluation of that, it will certainly be part of the conversation that I would like to have with the Indigenous body.

**THE CHAIR:** Mr Hanson has a supplementary on this.

**Ms Burch:** You asked whether the government provided any contracts through Billabong. The Community Services Directorate does not. It is our understanding that no other government directorate does either, but I am happy to confirm that.

**THE CHAIR:** A supplementary, Mr Hanson?

**MR HANSON:** Yes. Who administers the voting? Is it Elections ACT or the department?

**Mr Manikis:** We outsource to Elections ACT.

**MR HANSON:** You outsource to them.

**Mr Manikis:** So it is done very professionally.

**MR HANSON:** Is it up on their website? To be honest, I probably have not looked at it.

**Mr Manikis:** Yes.

**MR HANSON:** Does it show the votes that each person got, as it does for us?

**Mr Manikis:** We did get a report from Elections ACT containing that information.

**MR HANSON:** So that is public information?

**Mr Manikis:** I am not sure whether that is public information or not. I will need to consult with Elections ACT.

**MR HANSON:** Have a look at that because if there are 173 votes divided up amongst seven people, there are probably some people that have been elected on a very small number of votes.

**Mr Manikis:** No matter how you look at it, that would be the case.

**MR HANSON:** Yes, it is a very small number of votes, when you are talking in terms of representing a community, whatever community that is, if you have got half a dozen or a dozen votes. It is probably not for this forum but there are broader questions that I think need to be—

**Ms Burch:** Absolutely, Mr Hanson. As I said to Ms Hunter, it is part of that broader conversation that I would like to have, as the relevant minister, with the Indigenous

body, accepting their independence and their structure under the act under which they are convened and exist. It is certainly part of the conversation I want to have about that connection, about how they bring matters forward and what those matters are, and how we respond. They are quite involved through—

**MR HANSON:** How can we assure ourselves that it is representative of the Indigenous community if it does only take such a small—

**Ms Burch:** Mr Hanson, there is an election process that was clearly set out and promoted. If this is the result, this is the result which I have.

**Mr Hehir:** I think there are also parts within the legislation which would support that. So part of what we asked the elected body to do was to go out and consult directly with the community and bring those reports back. So, in essence, we are not just getting their personal views. My recollection of the last elected body was that they did more consultations than we actually had identified that they needed to do. They were quite thorough in bringing those reports back. We will work with them to do that. So, yes, they are an elected body, but part of the process is about them formally going out to the community and engaging there. I think that does ameliorate some of the issues from that.

**MR HANSON:** What are the eligibility criteria for voting in the election?

**Mr Manikis:** The eligibility criteria are that you are meant to be 18 years and over, living in the ACT for a month and be able to prove your Aboriginality.

**MR HANSON:** And are they the same criteria for standing in the election?

**Mr Manikis:** That is right.

**MR HANSON:** What was the cost of the election?

**Mr Manikis:** We have got the cost down to \$45,000.

**MR HANSON:** Thanks.

**Ms Burch:** That was our budget line.

**THE CHAIR:** We will have a new question from Mr Hanson, then we will come back to Ms Hunter and then we will go to Ms Porter.

**MR HANSON:** The genealogy projects: I think that has gone from \$150,000 to \$100,000 now. It was originally \$150,000 and it is now \$100,000; is that correct?

**Mr Manikis:** That is right, over two years.

**MR HANSON:** When is that due to report?

**Mr Manikis:** Very shortly, in the next month or so, at the end of June—phase 1. Four genealogists have been very busy over the last while interviewing families and

collecting family histories, and that is the first part. The second part will be about connecting those families to the country here, and that will be due this time next year. So the first part is coming to an end now, with collating a great deal of work—interviews with family groups and also volumes of documentation that need to be gone through, including 450 transcripts that have come from Births, Deaths and Marriages in New South Wales, who have been assisting us.

**MR HANSON:** Has the project run into dissenting views? I would imagine that is probably the way to put it.

**Mr Manikis:** At this stage, because it is one-on-ones, and families, and people do not have the other person's histories—

**Ms Burch:** We are collating and collecting the information at the moment.

**MR HANSON:** So when you publish this, there is that possibility—

**Mr Manikis:** It may or may not be published, made public, because of some privacy issues relating to families wanting to give us permission to do that.

**MR HANSON:** What is the point of doing this if it is not made public?

**Mr Manikis:** There is a point in terms of allowing us to understand the family structures as we move forward.

**MR HANSON:** Whose decision is it to make it public or not?

**Ms Burch:** I think it will rest with the government, but we would certainly be making sure that any decision is supported by those people and families and contacts that are held within the report.

**MR HANSON:** Assuming it is made public, have you thought about the implications of making such a report public in terms of the controversies involved? There are Ngunnawal, Ngambri, Ngarigu; there may be others that I am not aware of. What is the strategy?

**Ms Burch:** We need to collate the information. As Mr Manikis said, we are going through that process now. The next stage is around getting those different family trees and connection to country and, as that pans out and we become clearer, that conversation needs to be had with all of those families held within the genealogy report and families that have an interest in this region. You are right; I cannot determine the communication strategy but there certainly will need to be quite a clear process leading to the decision about publication or not and then how we share that information or the findings that we have.

**THE CHAIR:** Ms Hunter, a new question, and then Ms Porter.

**MS HUNTER:** Actually, go to Ms Porter.

**MS PORTER:** Thank you. Page 107 of budget paper 3: minister, we touched on this

when you were here the other day and we were talking about multicultural affairs. This is the amount of money that has been allocated to the office, so there is an amount of money there. I think you touched on it in your report—the elders' camps. I wondered how this amount of money here relates to training and leadership opportunities that might be in existence.

**Ms Burch:** In that line I think there is \$206,000 towards the Office of Aboriginal and Torres Strait Islander Affairs. That is broken up between a resource to support the cultural centre, leadership grants for the elected body and elders' camp. The leadership grants are something that I am very pleased to have in because it is about supporting the next generation of Aboriginal leadership. Perhaps Nic Manikis can talk more on that.

**Mr Manikis:** Thank you, minister. Over the past three years we have been conducting a traineeship program, as you are probably aware. We have now in the ACT public service through that program, including the latest recruits, about 40 young people, Aboriginal and Torres Strait Islanders, who are participating, either as full-time ACT public servants or as trainees. In that time and through these groups we have seen some remarkable leadership talent and potential through the way they support their peers and through initiatives that they take. This leadership program is about providing them and others with additional opportunities to be able to further develop their leadership skills. That is what that program is about.

Our friends over the lake there, from FaHCSIA, have already contacted us with some of the great programs that they have in this area, to be able to assist us in picking robust programs that would help. As far as the elders' camps are concerned, whilst there are funds in the budget this time round for a couple of camps, we are also looking at opportunities for linking those together. So whilst we have the elders at the camps, we also provide opportunities for the younger potential leaders of the future to get together during that opportunity.

**Ms Burch:** And there is an indicative allocation of 20 participants in the year, so \$60,000 a year, Ms Porter, to encourage 20 participants through.

**THE CHAIR:** Mr Hanson has a supplementary; then Ms Hunter.

**MR HANSON:** Just on the elder camps, can you tell me how many camps have been conducted, how many people attended and what the cost of those was?

**Ms Burch:** I think we have had two-plus.

**Mr Manikis:** We have had camps in the past, going back to 2004. They have been mainly organised through the journey of healing corporation, which is a community organisation, on behalf of the United Ngunnawal Elders Council. They have been funded from various sources around the administration. The latest camp that was held I think was to do with the bush healing farm, where the elders came together. That was funded by ACT Health in 2009. They have been very successful in terms of getting the elders from those family groups together, and there is a great deal of merit in continuing in a more certain way year in, year out and in a more structured—

**Ms Burch:** The budget line is \$36,000 and we are looking for two camps. They will go over two days. We are looking to have a very broad invitation that it is those that seek to have an interest in this conversation over two days that can come together under this facilitated elders camp. It is an important part of communication within the Indigenous community and then what they bring back to us.

**MS HUNTER:** I want to go to the leaders of tomorrow and that training. You said there were 20 places. Who will that be? Are you targeting that in any way to particular people or how are you doing your selection?

**Mr Manikis:** We are looking at options at the moment. As I said, we are talking to some of the organisations, including our federal department of families and Aboriginal community services, around the way they conduct some of their programs. What we would be very keen to do is ensure that those trainees or those ACT public servants who have come through the traineeship program, as well as the leaders that have been identified by the community sector here in the ACT, are given an opportunity to participate in the program.

**MS HUNTER:** Will the elected body and the elders council also be behind that identification?

**Mr Manikis:** They will be consulted, yes. My word, yes.

**Ms Burch:** Yes.

**MS HUNTER:** Are you planning to evaluate the program?

**Ms Manikis:** We will certainly look at ensuring that there is some sort of longitudinal information about the participants and see where they end up in two, three or four years time. I think that is the best way of evaluating a program like this.

**Ms Burch:** Noting, though, that leadership is a long, steady journey and there is participation at different aspects. It could just be increased participation. Say, for example, they come from a provider at Gugan. How are they enhanced or promoted in a career sense—but, too, how do they get involved with groups such as the cultural centre and areas like that? We will do it as we can. It is about ensuring that there is a nice mix—that it is public servants, community sector people and those that are working in various aspects of the community provision of service.

**Mr Manikis:** Good gender balance.

**Ms Burch:** Yes.

**THE CHAIR:** Any questions, Mr Hanson?

**MR HANSON:** No, other than to say that, just as a matter of interest, following up on the question I asked earlier, the full Indigenous elected body results are on the website and you can see all of those.

**Ms Burch:** So we do not have to come back with that, Mr Hanson?

**MR HANSON:** You do not, no.

**THE CHAIR:** We will finish the session there. Minister, I thank you and your officials for attending today. You have five days in which to answer any questions that were taken on notice and left on notice. Members, you have got four days to get your questions on. With that, we will finish the session and resume at 2 o'clock for the briefing on the government office building.

**Meeting adjourned from 12.34 to 1.58 pm.**

**BARR, MR ANDREW**, Deputy Chief Minister, Minister for Economic Development, Minister for Education and Training and Minister for Tourism, Sport and Recreation  
**DAWES, MR DAVID**, Director-General, Economic Development Directorate  
**SMITHIES, MS MEGAN**, Under Treasurer, Treasury Directorate  
**ALCOCK, MR CHRIS**, Principal, Space Logic Pty Ltd  
**FIFE, MR ALLAN**, Chief Investment Officer, Fife Capital  
**FLANNERY, MR STEVEN**, Senior Director, CB Richard Ellis (CBRE)  
**SCHEPERS, MR HAICO**, Senior Associate, Arup  
**SMITH, MR IAN**, Associate, Cox Architecture  
**TANNER, MR KIP**, Director, Town Planning, CB Richard Ellis (CBRE)  
**WARREN, MR DAVID**, Director, Wilde and Woollard

**THE CHAIR:** It being 2 o'clock, and enough committee members being here to commence the taking of evidence, minister, I would like to thank you and your officials for coming back this afternoon to discuss the government office block. I need to draw your attention to the privilege card in front of you and ask: have you read the privilege card and do you understand the implications of the privilege card?

**Mr Barr:** Yes.

**THE CHAIR:** For those who might not be from the government sector, we have distributed the card. Could you please read it; it is part of the formal proceedings that we ask whether you do understand your rights when you appear before a committee. For your information, as per normal, Hansard is recording this and it will be transcribed. We are also webstreaming and broadcasting, as well as having Committees on Demand for the afternoon's hearing. Are you happy to proceed?

**Mr Barr:** Thank you.

**THE CHAIR:** That is good. Members, if questions could be concise, and, minister and officials, if answers could be concise and directly relevant to the question that was asked, that would be appreciated. We will go to you now, minister. Would you like to make an opening statement?

**Mr Barr:** Thank you, Mr Chair, and I thank the committee for the opportunity to appear again today. I think it would be fair to say that this issue has been politically charged so far. I am very much hoping that this afternoon might be an opportunity for a mature consideration of the various options that are before government at this time. We are cognisant of the occupational health and safety, environmental and financial factors that we are contemplating in relation to this project.

Essentially, as members would be aware, there are really three options for government. Option 1 is to build the government office block whilst still leasing some space from the private sector; option 2 is to lease sustainable office space from the private sector; and option 3 is business as usual or a no-change approach—that is, to keep using our current accommodation and perhaps sell some of our existing buildings.

In summary, option 1 sees 98 per cent of the ACT public service accommodated in truly sustainable accommodation by 2021 and also sees a range of other benefits, such as co-location of the workforce in a purpose-built building. Option 2 would take an

extra four years to reach the same environmental milestones as option 1, without the same co-location and building ownership benefits and, of course, comes with higher rental costs. Option 3, the business as usual option, would only see 22 per cent of our workforce accommodated in sustainable accommodation and would again deliver none of the co-location and building ownership benefits.

It is the government's view that option 1, building a new government office block, delivers the environmental and workforce benefits and, as the Treasury budget analysis shows, impacts on our budget \$24.6 million less per year on average over 25 years than the no-change option and \$24.4 million less than the leasing option from the private sector. Looking at these figures, Mr Chair, the office block would pay for itself within 18 years. At the completion of construction, however, the government would have an asset. We would have full control over the occupancy costs, guaranteed tenure and full control over the environmental sustainability of the building. The alternative is that the people of Canberra would pay a great deal more for a great deal less.

I would now like to take the opportunity to hand over to some of the consultants, who have undertaken a considerable amount of work to advise government in relation to this matter, to present to the committee. It would be our view that, upon the completion of the presentation of the various aspects of the projects, we would then take questions from committee members. Thank you.

**THE CHAIR:** Would you like to bring forward whoever you want to brief us. That would be a good start to the afternoon.

**Mr Alcock:** Thanks Mr Chairman. I was the Project Director at DEG, who were the workplace consultants that were responsible for undertaking the initial assessment of the needs for a potential new government office project and what opportunities were inherent in that project.

We started in 2008 and undertook an initial assessment process which comprised, first of all, interviews with the various chief executives of each of the departments and some of the key management staff as well. We undertook workshops with each of the departments and some of the agencies that formed part of those departments. We also undertook a staff survey of ACT public servants and we did an observation study of a representative number of workplaces over a one-week period back in 2008 to observe how the space was being used.

The survey that we undertook was responded to by approximately 1,200 members of your workforce from across a range of departments. The headline issues that came out of that were really twofold. First of all, there were concerns about the quality of the workplace environment, specifically in the actual environment itself of the various workplaces across the ACT public service. The second issue was concerns about the lack of space for collaboration and the inability to effectively undertake project work in particular. They were issues that were of concern to them.

There were a whole range of issues that were actually addressed in the survey, but we also asked them a question that is relevant in the context of the project. We asked them how satisfied they were that their current workplace environment enabled them

to work as individuals productively and also to work effectively in teams. Of the 12 major sites that we were polling as part of the survey, only 50 per cent of staff in four of them responded that they were able to work effectively, in their opinion, and in the other eight sites less than 50 per cent responded that they felt they were able to work effectively in those environments.

Our observation study concurred with that finding. One of the most significant aspects of the observation studies that we did and the observations that we made within the workplace was that the ACT public service is essentially housed in very dispersed, fragmented and quite small workplaces, and even in the larger buildings, the floor plates themselves are relatively small. That is particularly an issue if you are talking about an organisation such as the ACT government which, in our experience, having done a lot of work in government, is probably unique in that it delivers a whole range of services, both in terms of policy operations and in terms of municipal functions, from within one entity with relatively small teams.

Usually in government we would find, for the range of services being provided, that it would be done on a proper departmental basis where you would have a large number of teams dealing with a small number of issues. The ACT government is exactly the opposite. One of the key issues about a workplace supporting that sort of organisation is the need to be able to rapidly deploy teams and to get cross-departmental action groups working on specific projects.

The workplace that you currently have is not well configured or set up to support that sort of working. The problem is, first of all, that you are structured as a series of departments, as if you were a state government, and those departments are quite dispersed across the city. So there is a distance issue between them. But even within those individual buildings, there is quite a deal of separation between groups. One of the most difficult aspects that we found as part of the observations that we did is when you are constantly restructuring—and, I might add, from the time since we started working with the ACT government back in 2008, two whole new departments have been created, and that leaves aside the implications of the Hawke review.

So you are an organisation that is changing and evolving all the time. Your workplace is not well set up to be able to cope with the sort of restructures that are constantly happening. I think that was one of the key motivations in our recommendation back to government—that you should consider a whole-of-government workplace; that there was a very strong case for it in operational terms; and, furthermore, that you do it in a building that was purpose designed specifically for your organisation.

The nature of that building would be that it would have very large floor plates that could be configured in such a way that you would almost plan them like an urban design approach, so you would have town centres, small neighbourhoods where teams were gathered around, but there was a focus on people interacting, working together, collaborating together and actually working as a whole-of-government organisation rather than in individual work streams within individual departments.

We found other issues as well. There is a tremendous inequality of accommodation provided across the ACT public service. Some of the examples we saw are very good, are very high quality, and some of them, shall we say, are nothing less than appalling,

and that is actually reflected very strongly in the workplace survey, where 70 per cent of the staff that responded from Callam Offices in particular responded with great dissatisfaction with the ability to work productively in that building. Those were the extremes. There is great inequality in the quality of space, the quality of the work environment, the amount of space that people are given and the access that they have to facilities.

The other issue related to that, which is equally significant, is that we were surprised by the lack of collaboration spaces in all of these workplaces—very few meeting rooms, almost no informal gathering spaces. I know that in some applications that has been fixed since, because these were observations that we did back in 2008. But it was an issue that if people wanted to work together in project groups or in teams to come together quickly, it was extremely difficult to be able to find the space or the facilities to do that, particularly at short notice.

Our recommendation was that there was a very significant benefit to be gained by the ACT government considering a project such as is now being proposed. The benefits that we see potentially that will flow from this are, first of all, one of future proofing. At the moment you are in legacy workplaces, for the large part, incorporating furniture, work practices and work processes that were substantially configured around the way that work used to be done, which was basically process driven. Increasingly, the services that are provided by government, both here and elsewhere, are more about knowledge-based activities, where you are responding to particular needs of the community; and that taps people's experience and brings in an alliance with external partners to be able to come up with the best possible solutions.

You need very flexible space to do that. You need space that has a lot of collaborative space, with project space attached to it, none of which currently exists and is difficult to create in the current configuration of space, simply because nearly 80 per cent of your floor space is given over to individual work points, individual desks, which means that effectively your workplace is set up for people to work on their own, not work together.

The second opportunity is that there is significant potential benefit by bringing everyone together in terms of operating costs—first of all, from a reduction in the duplication of services and facilities. The idea is that, rather than providing one big meeting room in each of the 12 buildings, you provide six superbly equipped, large meeting rooms in one facility that are shared by everybody. You reduce space but at the same time you get better services and facilities by consolidating and aggregating those sorts of facilities.

There is also significant benefit potentially flowing in terms of reducing or eliminating the cost of churn. Churn is moving people around. At the moment, if you want to pull a team together, you have to find space; quite often, the space has to be reconfigured; and virtually any workplace move involves some form of building works. The new building, consistent with the approach that has been current in workplaces not only in government but also in the commercial sector, particularly in the work that has been done by the banks for the last couple of years, is based on the concept of zero cost churn; in other words, an ability to be able to move people quickly without actually incurring any real cost other than the cost of moving their

personal effects.

You do that by providing a large workplace with a kit-of-parts modular approach to furniture that is lightweight and that can be configured any which-way to suit individual staff members in the way that they need to work, or teams, and an IT infrastructure as well that supports that instantaneous move capability. I refer, by way of example, to Westpac Place in Sydney, with 72,000 square metres, a project with 5,500 people. They are able to move, and have in fact regularly moved, teams of up to 300 or 400 people in a weekend, virtually at no cost, simply by moving people around the building. That would be a tremendous benefit to an organisation such as yours where you need to be able to reconfigure quickly, to respond to the changing circumstances of government and community needs.

Another significant opportunity of this project is in the context of creating a healthy workplace. There is increasing evidence emerging, both in terms of academic research and in in terms of real-life, real-time experience, on the benefits of providing an environmentally appropriate environment for people to work in. I am talking about two different aspects. First of all, there is productivity in the context of people's ability to concentrate and stay focused, for which university laboratory studies have been done that prove that productivity gains are possible when you improve the environment that people are working in. The second is the reduction of the impact of illness in the workplace. There have been recent projects.

South Australia Water is a recent example where they have experienced significant reductions in sick days as a result of providing a workplace environment that has a substantial component of fresh air in the ventilation system rather than what you would normally find in traditional environments where air is constantly being recycled. So there are the two different aspects of how an environmentally appropriate workplace can in fact help productivity.

The next potential benefit is the ability for getting interdepartmental teams together for collaboration and providing what we call "joined up services"—being able to access, quickly and easily, people to work together on specific community initiatives. The other aspect of that is also one of flexibility—simply being able to respond to change quickly in the context of the way that government is structured and the way that government operates.

It is interesting that there has been significant work done in this area, particularly in the UK, in the last three to four years. There are very well documented examples of benefits that have flowed to government when a workplace is looked at in more than just the context of a container of activities and a cost to be managed. There is a big shift happening now in government in the UK, and it has been happening in Australia for some time, about looking at workspace as being a tool for an organisation to use to innovate and effect change and not just be a container of activities and costs to be managed.

**THE CHAIR:** That is great. Without being rude, and I do not want to hurry you up, but—

**Mr Alcock:** I just finished.

**THE CHAIR:** Fantastic. I think we heard a lot of that from officers previously. Part of what you offered, minister, was a briefing on the model and the numbers and I was wondering whether we might move on to that.

**Mr Barr:** Absolutely.

**Mr Tanner:** I have been primarily working on the preparation of a model to look at the net present value of the building options. CB Richard Ellis has created this dynamic model to compare the net present value or costs of various options of accommodation for the ACT government. We began our work back in 2008 and continue to be engaged in the project. The purpose of the model is to allow the cost of developing this purpose-built office building for the ACT government to be compared with alternative, business-as-usual scenarios. In each case a time frame of 25 years has been adopted.

The model has been extensively tested and has been proven to be robust under various circumstances. It takes into account a long list of considerations, including the value of the existing assets, buildings and land, which are used to reflect the opportunity cost of the capital tied up in those assets, plus the value returned to the territory in the event that they are sold. It includes existing lease commitments, rent reviews and associated costs. It includes the cost of periodic capital expenses, such as partial or full refurbishment of owned and leased space.

It includes the cost of making good buildings when you leave, the cost of moving and the costs of fitting out the new space that you would move into when you vacate a building. It includes the cost of renting or tenanting space if you do not move into the new building. It includes the improved spatial efficiency that we would expect to receive in new fit-outs, reflecting the government's target of 15 square metres per person.

It includes escalation rates for costs and asset values relative to CPI. It includes a separate cost-escalation rate for electricity to allow for the planned transition to 100 per cent purchase of green power and the rate that electricity is going up differentially to CPI. Obviously it includes a discount rate to reduce future costs to a net present value.

It includes the cost of churn within the current accommodation portfolio, which was just talked about. It includes the capital and operating costs of the proposed new building and, obviously, the operating costs of the other buildings which are occupied. It includes the cost to upgrade existing owned buildings to meet environmental standards in the scenario where we consider that alternative. It includes different occupancy scenarios that would occur depending on the policy decisions, such as vacating the existing stock in anticipation of moving into the new building or staying in the existing accommodation for longer periods.

It includes cost of procurement and insurance on capital purchases. It includes the consequent cost of moving out of some of the existing, specialised buildings; for example, the cost of replicating the truck inspection bays at Dickson motor registry if that building is vacated.

So this model that we have got focuses on the quantifiable costs of accommodation but, depending on the assumptions that we make, there are also staff-related benefits that could be derived. For the purpose of our exercise, these benefits could be expressed in terms of salary. As an adjunct to the model, the potential staff benefits are calculated and can be considered in addition to the portfolio costs.

A description of the model was published by CBRE in April 2009, which I think has been distributed, that report. At that time five accommodation scenarios were being considered. They were scenario 1, a new building in section 19 in the city, which involved moving from much but not all of the existing owned and leased accommodation into the purpose-built building. Scenario 2 was to lease a new building in Civic from the market, which assumed the same relocation timings as the scenario 1 alternative but moving to space that was rented in the open market rather than the government building a building. Scenario 3 was our business-as-usual, current-practice scenario, which involved a gradual relocation from existing owned and leased portfolios as leases expired or as properties were sold, but it did not involve the co-location to a single building. It was just replacing the existing space in the market.

Scenario 4 provided business as usual but upgraded the owned buildings. It is the same gradual relocation from the existing owned and leased portfolio over the 25-year period as in scenario 3, but moving to rented space, with green upgrades to the owned buildings that were earmarked for retention in the longer term, like Macarthur House being upgraded to the green option. Then we had a scenario 5, which was a minimalist change. It represented, as far as possible, remaining in the existing portfolio of owned and leased buildings for the full 25-year period, undertaking only those refurbishments absolutely necessary for the buildings to remain habitable and functional.

The model focused on office space within the ACT government accommodation portfolio. While that portfolio consists of more than 40 buildings and more than 100,000 square metres, the model focused on five owned buildings and 10 leased premises which represent about 80,000 square metres in total that currently accommodate the majority of the administrative staff. Some key notes from the modelling exercise were the fact that the total area of the portfolio modelled will reduce over time as the improved spatial efficiencies are realised in the new fit-outs, which results in a saving that is realised much sooner in the scenarios where we move out of the old stock. Another important thing to note is that the ACT government has this aspiration for its staff to occupy high-quality office spaces, and that aspiration is obviously realised much sooner in the scenarios that move out of old building stock.

So the conclusion that was drawn in 2009 was that the construction of the new office building represented the best opportunity for the ACT government to achieve its aspiration to occupy green buildings within a reasonable time frame and at no cost beyond business as usual. The modelling also identified that if savings associated with workforce benefits were included in that calculation, then the option to construct the new building became increasingly favoured. It also demonstrated that refurbishing the existing owned buildings did not represent good value for money.

Following the initial modelling exercise, the ACT government made two key decisions. One was that upgrading the existing building stock to meet the targeted environmental standards was not a viable option; so that ruled out scenario 4 from further consideration in CBRE modelling. It also made the decision that, should the decision be made to consolidate the ACT government office functions into a single building, the ACT government would prefer to own that building. This decision was based on economic and practical reasons, particularly security of tenure; so that ruled out scenario 2 from further consideration in the CBRE modelling.

In October 2010, the model was updated to reflect those decisions and to reflect the market and lease agreements that had been made since 2009. The details of the updated model are described in the CBRE report dated October 2010. In that updated version, there are three scenarios which are considered. Scenario 1, very similar to the original scenario 1, is a new building but carbon neutral enabled. In this scenario the new building is designed and constructed to achieve five-star NABERS and five-star green star, plus be readily modified to achieve carbon neutrality. To do that, the building includes displacement air ventilation and there is a cost associated with that. We had a scenario 1(a), which was the new building only being designed and constructed to achieve 4.5-star NABERS and five-star green star but not expected to be carbon neutral enabled.

Then we had scenario 3, which is our business-as-usual scenario and most likely business-as-usual scenario, which represents the most likely situation in the absence of the proposed new building. We maintained our scenario 5, which is the absolute least-cost model, which represents the minimum cost option where the current accommodation is maintained wherever possible, pretty much ignoring the ACT government's aspirations to occupy green accommodation.

The conclusion was drawn that, taking into account the expected benefits, the proposed new building could be delivered and realise considerable cost savings compared to business as usual. Also, the sensitivity of the outcome was tested in relation to several key variables, and in many cases the variables make the new building increasingly attractive.

So our model shows that the most significant discretionary variable is the inclusion of the gains related to salary costs, which are the productivity, participation and efficiency of the public service. This is because the capital cost of the building is in the order of \$280 million plus fit-out and project costs. The annual cost of employing the people in the building would be more than \$450 million. So over a 25-year period, the cost of the workforce is far greater than the cost of the building and small gains in productivity or efficiency have a very significant effect on the net present value.

CBRE's modelling allows us to conclude that if the benefits of productivity and efficiency are excluded, there is not a significant difference in the NPV of the scenarios. But if we take the most conservative productivity and efficiency benefits and include them, the option to build the new building represents a significant saving to the ACT government, with a net present value that is in the order of 20 per cent cheaper than the most likely business-as-usual scenario.

That analysis does not include other benefits that are likely to arise due to the reduced

interagency travel, the reduced workforce attrition, the increased coordination across business agencies and the increased participation et cetera. If we apply conservative assumptions and include them to recognise those savings, the net present value of the new building scenario, when it is carbon neutral enabled, becomes in the order of 25 per cent cheaper than the most likely business-as-usual scenario. So on that basis, there is a clear benefit to constructing the new building, with the likely outcome realised being in excess of those that we have modelled.

**THE CHAIR:** Thank you for that. Mr Flannery.

**Mr Flannery:** I have been principally involved with commercial valuations over the past 20-odd years. My role was, as requested, to look at three key market factors, if you like. One was the market rental value of the building as proposed, including both base building and car parking. The second was the as-if-complete value, as if the building had been completed in the marketplace. Again, that is the base building and excludes the fit-out. The third was the value of the site itself.

The key parameters on which the ACT government office strategy is based and the aspirations around the building relate to some key variables obviously, when we are working out these projects. They include building efficiency in the order of 88 per cent. For design and construction contingency, we have allowed 12½ per cent. We, I guess, have approached the valuation in the sense that we were a developer, if you like, in the street and what would the market's reaction be to some of the other variables. We have included things like stamp duty rates and land tax provision, those styles of costs that would typically be found.

We have then gone on to, as I said, treat the building where we have applied what we deem to be a market rental rate for both the building itself and car parking and retail accommodation, as per the latest plan, which was a Cox plan of, I think, August 2010. The feasibility was based on the Wilde and Woolard cost plan of that similar time.

In order to assess the market rental value, we have gone through the market and researched rentals of comparable buildings in the CBD, where possible, or necessarily outside the CBD, whether they be 4½-star NABERS or five-star green star or even aspirations as a new lease in the market for six-star, which is a rental in excess of \$500 per square metre. So the feasibility was based on, as we say, market rentals, research from the marketplace. In terms of the assumptions in preparing a feasibility of this nature, it is appropriate to allow or assume a long-term occupation of a building such as this; so we have assumed a long-term commitment by the ACT government, in this instance, in order to derive the value as if complete today.

In doing so, as I said, we have applied a market rental to each of the components. We have then prepared a development feasibility analysis based on what we deem to be the market rental, the returns expected in the marketplace generally. The costs associated were provided in line with the design and the costings, which, at the end of that analysis, derived an as-if-complete value of the building if it was there today of \$405 million. As I say, that is very much from an independent person in the marketplace trying to interpret how the market would react to the various feasibility inputs.

I guess it is important to make a distinction that the \$405 million is my view of the market value of the asset rather than the sum of the parts or inclusive of fit-out and other things that are separate calculations, and I would just make that point.

In terms of the value of the site, in this situation it is typical that the market would treat it as a residual land-value analysis whereby you had the end product. We have just gone through what we thought that was worth. You work backwards then for the cost inputs and the associated cost of funding, profit, risk, allowances, those types of key elements, in order to derive a residual land value, which in this case we have assessed at \$30 million, which indicates approximately \$435 per square metre of GFA potential, which again we then test in the marketplace against other sales that have occurred. Conscious of time, I think I will pull up there and then—

**THE CHAIR:** Why don't we leave it there? We might move to questions because I am sure there will be a number of questions. As part of your brief, were you detailed to come up—

**Mr Dawes:** Excuse me, Mr Chair.

**Mr Barr:** I think there is one more.

**THE CHAIR:** One more?

**Mr Dawes:** Yes.

**Mr Barr:** One more.

**Mr Dawes:** And that actually wraps that all together.

**THE CHAIR:** All right. Who else is coming?

**Mr Dawes:** Allan Fife.

**Mr Fife:** My firm was engaged on two bases with respect to advice to the ACT government in connection with the proposal to co-locate staff. We looked at the preferred procurement models that would be employed and we also looked at options with respect to funding and the continuing post-development ownership of the property. In considering the two delivery and retention issues, we covered a number of project-related arrangements and risk management alternatives as well, particularly financial risk management issues.

The preferred model that we have recommended to government is a permutation of the more traditional PPP delivery arrangement—public-private partnership arrangement. The permutation is called a DCOM. That is a design, construct, operate and manage arrangement. Its derivation from a more conventional PPP structure enables a number of important flexibilities for government. It allows the pricing benefits desirable for government-sponsored funding to be transferred to government with a lower consequential occupancy cost. It provides for greater pricing flexibility and service specification requirements between key facility delivery and facility management providers, so it essentially breaks up the basket of inputs. And it gives a greater

pricing transparency to delivery and ongoing service provision, again as part of that break-up.

By way of example, there are aspects of the proposed building which are not characteristic of more conventional office buildings. It is not surprising in itself, as it is intended that the building provide considerably more than pure office accommodation. I appreciate that this defies some attempts at cost comparison with more conventional configured office buildings.

It also adds some risk revenue streams which, irrespective of the funding model deployed, be it government related, private sector related or whatever, will impose ultimate responsibility on government. There were a series of presentations made to industry during the course of the development of the model, and this came through loud and clear from those discussions. One related to the additional car parking over and above the typical level of car parking that would be provided in a building of this scale. The second that came through was the addition of child minding facilities, which you would regard as non-core expense, and therefore non-core risk, but nonetheless are quite an important part of the overall structure.

The DCOM model has certain key characteristics. The design of the building can be separated from the delivery process. The delivery process or the construction can be framed in a manner that allocates risk to the contractor, with the contractor also responsible for design development and any inconsistencies that emanate through the design process. And then the operation of the building can be separately defined and ensure that the targeted environmental outcomes can be achieved. With that separation of the processes, you have got quite clear pricing cells that can be followed.

The management of the building can either be administered by government or outsourced. There are options available to government. By removing the funding, which is typically the fifth pillar of a PPP structure, from the delivery regime and segregating the selection process for all of the other constituents, we concluded that government would be better served. A more cost-efficient delivery process was available, and without a substantial increase in attendant costs.

Other models that we looked at included the conventional PPP with the funding in. We looked at BOOT-style delivery processes where there would be build, own, operate and transfer. The nature of those processes is that government would not own the facility initially but, through essentially a financial amortisation structure, would ultimately have the building.

A third that we looked at was a sale and lease-back structure. Within that, there were two permutations. One was a sale and lease back where the government owned the land and sold an entitlement to the land, typically a long-term lease; a purchaser of the land built a building to government specifications and then leased it back; and then at some point in the future the land would revert, on the expiration of the ground lease, back to the government.

Another alternative was simply to sell the right to develop. So in fact there would be two tiers of equitisation. One would be the landownership, which would remain with government, and government would pay a rent essentially on the land. And then

overlaying that again was another structure, which would be the financing of just the building. That gets very close to the BOOT structure. So you will see that in almost all of the delivery alternatives there are only relatively fine differences in permutation between them. Then we also looked at government delivery, where the government would just develop and hold and then develop and dispose of the asset on a lease-back basis.

As to the primary factors that excluded some of the options for the higher delivery cost—so in almost all, but not all, of the cases—it was the delivery cost differential that excluded those other alternatives.

Our preliminary report was prepared and presented to government in 2009. The key funding conclusions at the time were that there was considerable refinancing risk associated with a conventional PPP or any structure that transferred the funding into the private sector. This was partly due to the financial crisis that was just tailing off at that time, and there were significant deficiencies in long-term funding. The expectation was that the extent of certain term and cost funding was about five years to the private sector at that stage. There was also a significant pricing premium for non-government debt. At the time, the differential was in excess of 300 basis points. In some cases, it was not available at all. And the third was simply the quantum of debt that a for-profit private sector operator would be incurring. At the time, most banks were limiting their lending to approximately \$100 million per borrower, so this would have involved a syndication of debt. And the syndication limitations that prevailed then continue to prevail now, except that most of the major banks in Australia are lending in excess of that amount.

Whilst that was 2009 and we have moved on, there are still some of those issues remaining. There is certainly less pricing risk, but the pricing risk or the repricing risk during the term of financing—whilst it has abated, it has abated principally because of the level of equity that is now being used in the PPP structures, so that more equity and less debt is being used. Equity is at the higher price, so yes, it is available but at a significantly higher price. Secondly, there is certainly greater borrowing capacity within the marketplace. And, as I said earlier, the banks are lending in excess of that \$100 million ceiling that they had imposed. But there is still very little interbank or co-ventured funding by banks. That is largely due to mistrust. And then the third is that there remains a material marginal difference in the cost. That is, the margin at which government can secure funds versus the margin at which the private sector can secure funds is significant.

It is those differences that principally drove our recommendation. In our assessment we gave particular consideration to the government's overall borrowing position and we gave consideration to the potential impact of this level of borrowing or this level of increased indebtedness on the government's credit rating. Rating agencies are risk neutral as to how accommodation cost is met. Essentially, they are ambivalent as to whether the government borrows funds to do this or whether the government pays rent. As far as the rating agencies are concerned, accommodating your executive and staff is a recognised cost of government.

The initial ownership model, and I stress "initial", is being proposed as one of the lowest cost arrangements available to government. ACT Treasury has been involved

with us in this and we have found them to have been particularly innovative with respect to funding alternatives. To our knowledge, no final funding option has been adopted by government. And we would recommend to government that they remain flexible with respect to the long-term funding arrangements, because we believe that the options available to government will continue to improve. However, the government's use of amortising-based government bond offerings, for instance, certainly provides enormous flexibility for the ongoing funding of the project. I might leave it at that.

**THE CHAIR:** That might be a good place to stop. Thank you, Mr Fife, and thank you for the three or four presentations. I assume that members will have a range of questions across the three presenters. Mr Fife, would you stay there, and perhaps the other gentlemen might come back to the table as well.

**MS LE COUTEUR:** Is this all the presenters, Mr Chair?

**THE CHAIR:** I assume that is all the presenters. We might move to questions. I have a question for Mr Flannery. Were you asked to model what would be the effect of this building on the market, given such high vacancy rates in the ACT as we have at the moment?

**Mr Flannery:** No, not specifically. I do research on that issue, and in fact have done so for probably 10 years, in terms of doing the vacancy studies. But this is an evolving project, and the point in time at which I did the work was, I think, November 2010 so—

**THE CHAIR:** What is the likely impact of this amount of space coming onto the market and freeing up the other buildings?

**Mr Flannery:** The vacancy levels at this point in time are historically high. That said, there are a number of these buildings which are owner occupied, so it is a question of whether they are otherwise available on the marketplace. It will increase the vacancy, potentially, but then the usability of the space that they come out of and the re-adaptation are probably not dissimilar—or in most cases not dissimilar—as if we had a Mac house or something like that in other parts of the market.

**THE CHAIR:** Mr Tanner, in his presentation—and it was some of the words that you said—spoke about the savings. One of you said that most of the models were very close to their outcome except when you took into account the efficiencies that might come to the workforce. Wouldn't the efficiencies be equally applicable to a privately owned building?

**Mr Tanner:** A lot of the efficiencies are to be gained through the co-location and through the high-quality environmental factors that were spoken about before I spoke. In particular, to get the carbon-neutral enabled building with the displacement air ventilation requires a structure of a building which is just not available in a lot of the old buildings that we currently occupy. So a lot of those savings cannot be realised.

**THE CHAIR:** But does it have to be a government-built building to achieve those efficiencies? I think it was you who stated—

**Mr Tanner:** No.

**THE CHAIR:** No, it does not. Therefore, if you had a private owner who was willing to build the building to the dimensions that the government want, the supposed savings would still be there.

**Mr Tanner:** Yes.

**THE CHAIR:** So you could therefore go either the DCOM model or the private leasing model?

**Mr Tanner:** Yes. You would get those productivity savings, but you do not then get the benefits that Allan was just talking about.

**THE CHAIR:** Can you run us through the total savings? We have seen a sheet of paper that has total operational savings of 19.3 million and total efficiency and productivity savings of 15.2 million. Are they your numbers? Did you come up with this total?

**Mr Tanner:** Those numbers are a compilation of numbers from various subconsultants. A lot of those numbers are in my model, but not all of them are included in all of the scenarios that we are talking about. I understand that there is a question on notice which is already being answered which gives a detailed description of where those numbers have come from.

**THE CHAIR:** On this table, which are your numbers and which are not?

**Mr Tanner:** The rental savings are directly reflected in the model that CBRE has. There is workforce efficiency of 4.6 million in the CBRE model for the new building. The churn number is a number which has come from the property group, which we have applied a saving to for the new building, based on the work of Arup. The office consumables, IT savings, travel costs and attrition numbers are not included in the CBRE modelling. They are in the model, but we do not claim them in most of the scenarios that we run. The reduction in electricity, water and gas is in the model, because we have those numbers written into the model. The absenteeism and the coordination and travel time in the bottom boxes are in the model, but we do not claim them in the results that we have been presenting; they are below the line. And similarly for the technology utilisation.

**THE CHAIR:** From the work that you did, what is the total operational and total efficiency savings that the government could expect?

**Mr Tanner:** Because my model is designed at preventing a net present value outcome over 25 years, each year the savings are quite different—year-on-year costs and savings. They go up and down, because there are expenses that are incurred in particular years. It is not really appropriate for me to tell you a specific number, because it goes over such a long period.

**THE CHAIR:** So is it possible—

**Mr Barr:** Treasury may be able to assist.

**THE CHAIR:** Is it possible to get the savings over each year for the 25 years?

**Mr Tanner:** Treasury have a budget impact assessment, which I think is probably the answer you are seeking.

**Ms Smithies:** Let me put this in context, because there has been a bit of conversation around the savings. What the CBRE model does is take the savings on rent and savings—sorry. There are a number of different savings for a number of different circumstances. They have got a number of savings that they are building into a model. Their model is a 25-year model. They have direct savings to the budget of \$4.6 million per annum, which are associated with the reduction in workforce to do with security et cetera. And then they also have a 1.5 per cent per annum increase in efficiency, which is workforce productivity, and that is what they have used for their modelling.

What you have in front of you is a piece of paper which has brought out a number of possible savings which was put together at a point in time during a project conceptualisation process, which unfortunately brings a number of savings that are used in a number of different scenarios together. So while the CBRE model also takes into account changes in rent, changes in consumption of utilities et cetera—so they are implicit in the CBRE model—there are savings that would or would not be implicit in a budget model, and they have been put into budget modelling.

It is not an easy question for CBRE to answer in this perspective, because essentially there are a number of things that have been taken into account in a number of different scenarios and appropriately used in a number of different parts of the modelling and the analysis.

Certainly from a Treasury perspective, when we look at savings, it is always a question about what you are looking at savings in comparison to. Are we looking at savings in comparison to one option to the next option or are we looking at savings in comparison to what we have hard-wired into the budget versus what the new expenses would be et cetera?

I just wanted to give a bit of an outline as to why, when you ask these questions, they are apparently not a simple issue to answer. These things also, when you send them out across 25 years, do tend to change as you move out across those years. So the CBRE modelling—

**THE CHAIR:** You have just used the words “possible savings”. Can you detail for the Assembly over the 25 years what the possible savings are each year?

**Ms Smithies:** The CBRE model takes into account better accommodation, reductions in staff savings through bringing everyone together—so 4.6 per year—and then another \$7 million or \$6.9 million per annum, indexed, in better accommodation, which is an issue with the way the building is designed and the way the airflow is designed et cetera. That is a benefit. It is a benefit by way of productivity. It is

legitimate to take that into the modelling that CBRE has done because there is an upside to the project. It means, ultimately, that there will be better services and people available more to actually do work. We have not included that in the budget. The reason we have not included that in the budget, for example, and to really simplify it, is that it is not as if we would necessarily take one day's sick leave off a person—you cannot necessarily quantify it by taking those off in dollar terms. In the budget when we talk about the 9.2, we actually refer to it in base years and we—

**THE CHAIR:** Is that 9.2 million or is it—

**Ms Smithies:** I am sorry, 19.2—the 19.3 that you are asking about in terms of what we have put in the budget to, I guess, reconcile that number. There is \$12.7 million in annual rentals. This is in the base year. There is the 4.6 that is sitting in the CBRE model by way of reduced security, reduced staffing, and there is \$2 million in running costs which has obviously, again, been thrown from the CBRE model. Amongst all of the three—

**THE CHAIR:** No. They just said it is from the Property Group model.

**Ms Smithies:** It is implicit in their modelling, though.

**THE CHAIR:** All right.

**Ms Smithies:** As part of their modelling they have obviously taken all of the operating costs—I believe they actually said “churn”—from the Property Group. They have got all of the operating costs of the three different scenarios across 25 years put into their models.

**THE CHAIR:** On notice, can we have a breakdown of the savings over the 25 years? A number of people now have said the savings vary year from year. Can we have a breakdown as to what Treasury's figures are—all the savings per year for the next 25 years?

**Ms Smithies:** They also vary from analysis to analysis.

**THE CHAIR:** Can you take that on notice?

**Ms Smithies:** Yes.

**THE CHAIR:** Thank you.

**Mr Tanner:** Just as an example, we have allowed in our model for even the new building to be refurbished in year 15 after occupancy. So if you happen to pick that particular year there is a lot of money involved in that refurbishment. That is why we say that the bottom line goes up and down into the future.

**THE CHAIR:** That is okay. We will just move around the room quickly. Members, if you could keep your questions short and if answers could be just as short that would be good. Ms Hunter?

**MS HUNTER:** Yes. My question was for Mr Tanner. When you were talking about the model you said that it was robust and it had been tested. Who tested the model?

**Mr Tanner:** It has been tested by Treasury, as much as anybody, in asking us to test different scenarios, different discount rates. We have tested the sensitivity of the model to different rental changes in the marketplace. What happens if rents go up by \$10 a square metre or down? We have tested it. We have done an awful lot of testing internally as well just to put zero values in to make sure that the answers that we get are in accordance with common sense and expectation.

**THE CHAIR:** Ms Le Couteur?

**MS LE COUTEUR:** My question is about some of the options which I do not think you have considered—the option of refurbishing existing buildings which the government does not currently own but could own. I appreciate the statement about the government wishing to own the building, although I point out that the government has also been talking about selling it once it has been built. So I am not quite sure what it really means. There does not seem to have been any consideration of the fact, as Mr Smyth mentioned, that there are a number of existing buildings which are unoccupied or are expected to become unoccupied in the relevant period. It appears that no consideration has been given to the alternative of using some of those buildings.

**Mr Barr:** I think Chris is the appropriate person.

**Mr Alcock:** There are two answers to that. The first is that the benefits in terms of operational flexibility and being able to get joined up services coming across departments really require large floor plates. We need to be able to get a large number of people together. The second component of it is the way in which they interact. If you simply took a building with 3,000 square metre floor plates as a hypothetical and built it over 15 storeys then that is not going to give you the desired result in terms of the connections between the people.

I mentioned before the concept that the whole project is being based on is very much geared to connecting the teams within departments. So you need not only a very big building but also a building that is designed to be low rise with a lot of connections vertically and horizontally within it. None of those attributes you would find in any privately developed building because the buildings that are typically built in Canberra are for a completely different demographic—smaller organisations with a much more vanilla approach, if you will, to how the workplace is configured—simply because you do not know whether you are going to lease it to the tax office, a local accountancy firm or whatever. So you just build space and then make it available to whoever takes it. That is the issue with the refurbishment of any existing building. It does not give you the right skeleton, if you will, to build a truly efficient structure for the ACT government.

**MS LE COUTEUR:** I am still not really sure why refurbishment could not do that. Is it possible to provide more detail on notice, because it is not clear to me what is so wrong with the existing building stock?

**Mr Alcock:** It is literally a matter of not having the right bones. Buildings are not big enough in the context of what we need them to do. Even if you had the buildings with sufficient floor plates, which at the moment are really only available from the commonwealth, they are not going to give the sort of environment that would be appropriate for the ACT government.

**Mr Flannery:** Just to follow on from Mr Smyth's question in relation to the vacancy levels that exist currently, whilst there are a number of buildings which are currently vacant and—I understand the question—could theoretically be occupied, Chris's point is that those buildings are probably in the order of 5,000, 6,000, 7,000 square metres. We would need something like 10 of them to accommodate the requirement. You then lose other efficiencies that we have mentioned previously. That is not to say that it could not be done. It is just the cost associated with bringing back some of the buildings which will be faced by any of these buildings and their owners across the market as well. It is a piece of work that could be done, but it has not been exhausted in undertaking the valuation work that I have done. Certainly, others have a view about the—

**Mr Smith:** Could I jump in? We have actually looked at a particular facility near the Assembly building which is a unified complex near the scale that you might be talking about. We looked at what you would need to do to that facility to upgrade it to the sort of facility we are talking about here in terms of highly connected A-grade space, trying to improve its environment credentials.

What we found was that it was not feasible, basically, to upgrade that facility to a building that was (a) big enough and (b) to an adequate standard; it would end up being highly compromised in terms of the structural spans that it has, the floor-to-floor heights. We could not achieve anywhere near the environmental outcome that a new facility could achieve. It was going to be more expensive to upgrade and expand than a new facility would be. Looking at it realistically, it was just not a viable alternative to building a new facility.

**THE CHAIR:** We will move along. Mr Hargreaves?

**MR HARGREAVES:** Yes, thanks very much, Mr Chair. I have two rather quick questions. If the private sector were to build it, could it do it cheaper than the government? As part of that I thought I heard Mr Fife say that the quantity of money that would be required to build a project of this size would be an issue for anybody to get their hands on. You also said, I think, that at this stage of the game there are no inter-institutional investments, so there is hardly likely to be a bunch of people coming together as a partnership—banks anyway—to lend that kind of money. Are we looking at the possibility that, even if on paper the private sector versus the government sector were pretty much lineball, they could not get the money anyway?

**Mr Fife:** No, I think that they would be able to get the money now, but it certainly would be significantly more difficult than it was prior to the GFC. It has remained difficult, partly because of this apparent reluctance by the banks to actually underwrite and then syndicate down their facilities. That has pretty much gone, but the banks are partnering now. They are just an extraordinarily tedious process to put in place and they are quite expensive. They have expensed it out rather than cancelled it out.

**MR HARGREAVES:** My question requires simply a yes or no answer from each of you. It is very simple. What I am seeing are firms with international reputations in this particular game. In each case, in each firm, you have been given between four and five options to look at. You examine them and you put your report down. Do each of you believe that this is the best option available to the people of the ACT? A simple yes or no?

**Mr Fife:** I certainly do, yes.

**MR HARGREAVES:** Thank you, Mr Fife.

**Mr Flannery:** Yes.

**Mr Tanner:** Yes.

**Mr Alcock:** I will say yes. I also want to say that I think the potential savings have been underestimated, in my opinion.

**MR HARGREAVES:** Thank you.

**THE CHAIR:** Mr Hanson?

**MR HANSON:** Yes. I notice scenario 2 was ruled out very early in the piece in terms of the modelling—an option that does not require the government to go out and borrow the money required for this investment. Can you provide me an answer on how much you estimate the government will need to borrow in order to build this building and what is the interest rate that you assumed for that borrowing?

**Ms Smithies:** I think we have already answered the question that the government has already put borrowings into this budget. Those borrowings at the moment are attributed to the hospital work and Majura parkway. The government is obviously using its balance sheet to fund this project. Certainly, for the first two years of it, it put it into the budget. This, to us, is an issue of cost capital. We have used cost capital at six per cent for our budget modelling. Either we borrow at six per cent or we lose the opportunity of spending that money at six per cent on something else. For this particular option, on average, the cost of capital over the 25 years of the project is \$20.4 million. That is on average over 25 years at six per cent.

**MR HANSON:** That is a per annum figure of 20—

**Ms Smithies:** That is a cost of capital worked out for the project. Indeed, when we look at any capital projects that come through the budget process we always indicatively put in a cost of capital. It does not necessarily mean that the government is borrowing; it simply means that we are including the cost of capital in relation to the investment decision.

**MR HANSON:** Was that factored into the work that you did, that cost of capital, because obviously when you looked at the savings you also looked at the costs. I assume that you—

**Mr Fife:** Not in the discounted cash flow modelling, but certainly in our recommendation that was factored in because the alternative, which would be a private sector borrowing, was considerably higher.

**MR HANSON:** But if you were to compare option 2, and I assume that you did a comparative model—did you run it through the model—

**Mr Fife:** Yes.

**MR HANSON:** That would not require the \$20 million a year, would it, in terms of that capital?

**Mr Tanner:** The \$20 million a year is in the CBRE model only.

**MR HANSON:** Only? I am just trying to make sure that we comparing oranges with oranges here. It just seems that option 2 seems to have been discounted early in the piece. If you run that through the model you might find that that comes out significantly cheaper if you do not have that cost of capital incorporated.

**Mr Fife:** No. It would actually work out the other way because it was the most deficient of the models. It would actually function arithmetically as an accelerator, so it would diminish it further. If you changed the escalated cost of capital, you would make it deteriorate at a more rapid rate than the other models.

**MR HANSON:** But if you were leasing the building would you incorporate the cost of capital?

**Mr Fife:** No. If you are leasing the building in whatever respect you are paying that cost. The private sector will not lease that building to you at a loss.

**Ms Smithies:** So you are paying for that in rental costs that have been built into the—

**MR HANSON:** So that comparison has been done between the rental and the cost of capital?

**Mr Fife:** Correct.

**MR HANSON:** And the rental, you think, comes out above the cost of capital or—

**Mr Fife:** It has to, because there has to be a margin in there.

**Mr Dawes:** Allan, the differential between the government's borrowings of six per cent and the private sector is something in the order of 200 to 250 basis points. Would that be correct?

**THE CHAIR:** We will go to—

**Ms Smithies:** A couple of things are happening in the private sector. We are borrowing at a AAA credit rating. We are borrowing at around six per cent. What we are comparing it to is the private sector looking for a return in rent and risk. They are

more than likely borrowing at a slightly higher rate. Allan mentioned equity chases a higher return. They are looking at getting it at 10—

**Mr Fife:** They have got to get it at 11 per cent internal rate of return, which is what they would allocate for growth and that allocating yield is against their costs against their capital combined, which is their internal rate of return. They would be seeking 11 per cent plus. An important issue with this particular building is that this is not a mainstream building. This is a special purpose building. They would be expecting the government to take an extraordinarily long lease, probably at least to the extent of the economic life of the structure. You might have a different view on that but that would be my assessment. Secondly, they would be wanting it at least inflation indexed in their rent.

**MR HANSON:** I thought option 2 was looking at leasing an existing building, not necessarily the purchase of a building, was it?

**Mr Fife:** That would remain the same because of the types of modifications that you would need to make to an existing structure.

**THE CHAIR:** We will go to the non-members. Ms Bresnan, Ms Porter, Mr Rattenbury, Mr Seselja, Mrs Dunne?

**MS BRESNAN:** Thanks. My question is in relation to this as well. You have talked about the difference between government owning and leasing and the major differences of cost of capital. Were there any other costs that you considered that led you to the conclusion that it is better for the government to own?

**Mr Fife:** Yes, it was actually the cost of flexibility. For the government to enter into an agreement today with the private sector, it would actually have to have resolved all of its requirements and it would have embedded in it an inflexibility. In other words, it would pay a price for a change in its arrangements. And whilst we have not factored in a specific price for that, flexibility then would come at cost. Inflexibility would come at an operational cost.

**MS BRESNAN:** There is not a specific cost in relation to those things you have just mentioned?

**Mr Fife:** We have certainly not allocated one, no.

**Ms Smithies:** It is also useful to remember that at the moment the analysis has been done on 25 years but it is a long-life asset for the government. It is an asset where we have security of tenure for a significant proportion of ACT government employees. Looking at it as a project and as an employer, the build option or option 1 is about owning a significant asset that will be held on the balance sheet for many years, conceivably well past the 25 years of the analysis.

But it also does have in it a leasing of around 14,000 square metres of office space to the private sector as well. This is not an all-or-nothing approach. This is an approach that says that it makes sense to consolidate a large number of ACT government employees in one place for the purposes of co-location and for all the reasons that you

have heard. But it still has other parts of the accommodation portfolio that sit outside that building. The conversation so far has been about it as a building but this is part of the greater strategy for the government portfolio.

It is an office building plus 14,000 square metres in comparison to the—what is it?—83,000 square metres that we currently have and really it is about getting the best options for government over the long term on what is an extraordinarily complex series of moves, a complex series of numbers of bits of real estate that we now own or rent and how to actually configure those for the best configuration for the government moving into the next 25-year period, if not well beyond that.

I just said that because we keep on talking about it as just a government office block. It is part of a large strategy for the government.

**THE CHAIR:** Ms Porter, Mr Rattenbury?

**MS PORTER:** Yes. You have been talking a lot about the environment, the environment that the workers will work in as opposed to what they are working in now. There is a larger question, is there not, about the carbon totality and the footprint that these existing buildings have now on our environment and what this new building will have on our environment? We are talking 25 years into the future here and we are talking about how important it is to lower our carbon footprint. Could we have a little more information about where we are at the moment and going to this new building?

**Mr Fife:** I have to hand over on that one.

**Mr Schepers:** I have been looking at the environmental and sustainability impacts of the proposed development. Originally, very early on in the piece, 2007 or something like that, the first study we did was actually to look at the existing accommodation and compare it to an alternative, which is the new building. In that study we looked at the carbon impact of that particular scenario, of just refurbishing the existing buildings compared to a new build.

At that time there was not a lot of information on the energy use of the building; so we took a relatively conservative view of what is called a two-star building and looked at upgrading it to 4½ stars, which was the government minimum standard. We did that study in terms of its carbon impact and energy payback, together with AECOM who looked at the buildings in specific detail, what needed to be upgraded for those particular buildings compared to the new building.

What we found with that study was that we were getting paybacks of between 15 and 20 years because there were a variety of different buildings that we were looking at environmentally in terms of their embodied carbon payback. The new building will use a lot of new materials, and there is embodied energy and carbon associated with that, whereas with the existing buildings there is a lot of structure in them and you have already paid for that carbon effectively.

The reason that the payback varies is that you need to do a series of different things to different buildings to improve their energy performance. Some buildings are easier than others, and the moment that you start to change paths of the structure or the

moment that you have to start looking at altering parts of your facade, the outside of the building, you are investing a lot of embodied energy in that change.

If you can do a very simple change, which is just to the mechanical equipment or the mechanical plant to get your energy efficiency, then you tend to have a very low investment in embodied energy, whereas the moment you have to start really looking at your facade and the moment you have to start putting more lifts in to get the required performance out of the building, then you are investing almost two-thirds of the embodied energy of a new building at that particular point. Sorry to take up—

**THE CHAIR:** No, you are right. I am sure you could talk about this all afternoon. If we can get through the questions. Ms Le Couteur has a sup—

**MS PORTER:** Sorry, just for clarification, you are saying that in the end the new building ticks the box?

**Mr Schepers:** Yes, the new building over 25 years has a better carbon output than refurbishing the existing buildings that you are actually—

**MS PORTER:** Thank you.

**THE CHAIR:** My supplementary is: if I have read this right, the building you designed had an efficiency of 82 per cent. I understand it was later changed under instruction from LAPS to adopt an 88 per cent building efficiency. What is the difference in that efficiency and why was that change made?

**Mr Flannery:** Sorry, that is in relation to the NLA versus GFA efficiency and that is something that exists in my valuation and it is a refinement of the design from Cox. It has yet to be established. Maybe they can talk to that point. It is not necessarily in relation to the energy efficiency of the building.

**THE CHAIR:** Thank you.

**Mr Smith:** We are working up what is called a reference design which is—

**THE CHAIR:** I think you are all part of the *Guinness World Records* entry for the number of people attending an ACT committee meeting. It is a very—

**Mr Barr:** We should be in the chamber, shouldn't we?

**MR HARGREAVES:** It is not often we are totally outnumbered.

**THE CHAIR:** Mr Smith.

**Mr Smith:** It is a reference design which is intended at some point will go to the market as a design solution that satisfied the government's brief for the building, and that is a work in progress and it is still being undertaken. So for the purposes of a feasibility analysis or what have you, we would always be targeting NLA to GFA efficiency of around 85 to 90 per cent. For the purpose of Steve's analysis, given that the building design did not really exist yet in detail, that is the figure that he has put in

his document. That is different to some sort of energy performance efficiency or other measure.

**THE CHAIR:** You said this is a work in progress. Has the 88 per cent actually been achieved and been designed, or is that aspirational still?

**Mr Smith:** We are working on the scheme. It has not yet been achieved but it will be, because all buildings of this nature achieve that level of efficiency.

**MR SESELJA:** As a supplementary, in the CBRE analysis it says that, based on your design, the building achieves 82 per cent. That seems not quite to match with what you said earlier. It says that you achieve 82 per cent and that CBRE has been specifically requested to assume the target of 88 per cent will be achieved. You have got a design at the moment that does deliver 82 per cent, and you are told you will deliver the 88 per cent. Is that the case?

**Mr Smith:** We will do it in refining the detail, because we need to work through the detail of mechanical plant, servicing the building et cetera, and in that process we will improve the efficiency of the scheme.

**MR SESELJA:** The design at the moment delivers 82 per cent; is that correct?

**Mr Smith:** We have not measured the design in the last week or so. At the time that Steve did his feasibility assessment, the scheme measured 82 per cent. But for the purposes of the feasibility, we input a figure of 88, which is a middle-ground number.

**MR SESELJA:** Because CBRE has been instructed by the government that that is what will be achieved, even though that is not what has been achieved? Is that right?

**Mr Smith:** Do you want to jump in?

**Mr Dawes:** What Ian is saying is that buildings that are being designed and built today are achieving 88 per cent. One of the things that we needed to do was to err on the side of conservatism during this particular process, and we based it on 82 per cent. But based on what has actually been delivered in the marketplace, it is a lot closer to 88 to 90 per cent. That is actually what we were asked to do, to look at that sensitivity.

**THE CHAIR:** But are the efficiencies and the costs of the building assuming 82 per cent or 88 per cent? I am not sure who can answer. I do not care who answers as long as—

**Mr Warren:** I put together the estimate for the project. Yes, the costings were based on the 82 per cent but we are confident, through working with the architect, that we can maintain the costs within the budget, as we have done, by looking at the scheme and looking through how we can keep the costs to what is budgeted—

**THE CHAIR:** The costing of \$432 million is based on an 82 per cent efficiency, yet the savings the government is claiming are based on an 88 per cent efficiency of NLA to GFA. So if it is not achieved, either the cost blows out or there is a reduction in the useable floor space?

**Mr Smith:** It will be achieved.

**THE CHAIR:** I appreciate your confidence but you have not got it at this stage, have you?

**Mr Smith:** We have a commission to prepare a reference design for the building and it is in progress.

**MRS DUNNE:** What is that going to do to the added cost of the building?

**Mr Dawes:** Can I just add—

**THE CHAIR:** We will go to Mr Dawes to add something, Mrs Dunne has a supplementary, and then we might move on to Mr Rattenbury.

**Mr Dawes:** I think we need to clarify the building. \$432 million: we have been quite deliberate in not actually putting out all of the breakdowns, because obviously we have to go to the market. We have to get a designed design and then we will go out to the market to tender for this. But we have to remember that, in today's terms—and that is actually part and parcel of the spreadsheet that you would have received as part of your package, when Wilde and Woollard went through and did the cost breakup—it is a \$281 million building. I think we need to recognise that. There is \$88 million in there for fit-out, there is around \$30 million in green initiatives to ensure that it can be carbon neutral enabled, and then we have the escalators and other things that go along with that, because obviously it is taken out to 2017.

I think we need to focus on that, and it actually gives you a very good indication. We have actually compared that with a number of buildings that have just been completed. We have heard about that building over in Rudd Street and Marcus Clarke Street that compares to that particular building. I think Wilde and Woollard were involved in the costing of that particular building and we actually compared what the fit-out costs for those buildings are with the cost of our particular building, and it actually rates there. As I said, we then built the escalators.

I think the \$432 million is a total end cost, a project cost, but we need to ensure that we have not provided all the in-depth information, because obviously we will go to the market in a number of years time and it will be competitively bid.

**THE CHAIR:** What was the number you quoted for the cost of the building?

**Mr Dawes:** If you look at the Wilde and Woollard chart, it is \$281 million. There is around \$30 million—these are approximate, and you will see that there—in the green initiatives. There is another \$30-odd million for escalators and some of the other costs that we will have, and then there is \$88 million for the fit-out.

You will recall Mr Flannery stated that, when he valued it, he looked at the building in 2010 dollars, it being completed at \$281 million, and the value, again in 2010 dollars, at \$405 million. I just think we need to be careful about how we compare the numbers; that is all.

**THE CHAIR:** Mr Rattenbury, a new question; then Mr Seselja and Mrs Dunne.

**MR RATTENBURY:** The term “carbon neutral enabled” has been used for this building. Can someone explain what that means, please?

**Mr Schepers:** Yes. The term “carbon neutral enabled building” comes from the desire to implement any technologies in this building that have a net present value that is equivalent to buying green power over the same 25-year period. So it is effectively saying, “Only install in this building technology that competes in the open market to the cost of actually going carbon neutral,” if you decided to go and build a wind farm or use some other form of green power or renewable power. Does that make sense?

**MR RATTENBURY:** I will think about it; I will read the transcript later.

**MR SESELJA:** I have some questions for the gentleman from CBRE, Mr Tanner. In relation to the net present value, I have a couple of questions around that. Could you briefly tell us what was your conclusion in terms of net present value in terms of the cost differential between the current scenario, scenario 5, I believe it is referred to, and scenario 1.

**Mr Tanner:** I have to be careful here because we have produced two summary reports of the modelling that we have done to date. In the 2009 summary report we concluded, based on the modelling, that there was not a significant difference in the net present value of four of the five scenarios. Scenario 4, which was the one which included refurbishing our existing stock, was clearly more expensive, but the other four scenarios were not significantly different, bearing in mind that at that time, and in drawing that conclusion, we did not include any of the benefits that we are talking about in terms of productivity, co-location et cetera.

**MR SESELJA:** So how do you get from there, which I believe had the new building at \$541 million, and the scenario 5 at \$520 million, in net present value terms; how do you go from there to saving \$20 million a year? Could you explain that to us?

**Mr Tanner:** In the 2010 modelling, where we looked at three core scenarios, we then chose to include the productivity benefits because additional subconsultancies had been done which made it absolutely clear that some of the productivity benefits were significant and real. So they were included in the later 2010 modelling.

**MR SESELJA:** So on your numbers, and if you could point us to the report, can you show us where you find that net saving of \$20 million a year over the life of the project?

**Mr Tanner:** I do not think that the \$20 million came from CBRE.

**MR SESELJA:** Okay, so—

**Ms Smithies:** Can I—

**MR SESELJA:** What is the number then according to CBRE, because CBRE

obviously did the most significant analysis?

**Mr Tanner:** Let us remember that it is a net present value analysis, so it is—

**MR SESELJA:** Presumably it takes into account costs and benefits.

**Mr Tanner:** Yes. But in a net present value, you are not talking about annual savings; you are talking about savings that are discounted over a 25-year period.

**MR SESELJA:** So the overall costs of the project; the overall savings from the project presumably are reflected in that value?

**Mr Tanner:** Yes.

**MR SESELJA:** Okay.

**Mr Tanner:** The base case modelling from our October 2010 report talks of the net present cost for the new building being \$582 million, whereas the business as usual scenarios, which are in scenario 3, which is the most likely one, is at \$632 million, and the nil action business as usual scenario is at \$600 million.

**MR SESELJA:** So there is not a \$20 million a year saving; there is roughly a \$1 million a year saving on that particular conclusion; is that correct?

**Mr Tanner:** No, that is not the right way to do the maths because the benefits get accrued after the building is occupied, so you cannot just divide by 25 years. Also, because they are being discounted into the future, you cannot just divide it by the number of years.

**MR SESELJA:** So what is the number then?

**Mr Tanner:** We would have to take that on notice. We have already agreed to give you the savings per year. For example, in year 20, the new building scenario represents a big cost in that year because you are refurbishing at 15 years after occupancy.

**MR SESELJA:** One of the assumptions you make in your savings sheet is on rental savings. We were told in a previous hearing that that was based on the spreadsheet at the back of your report, so the back of the 2009 report, I believe. It has a spreadsheet which goes through and shows all of the buildings which the ACT government occupies. One of those buildings in the analysis is 25 Brindabella Park, at the airport. I am not aware that the ACT government actually occupy that building, do they?

**Mr Dawes:** Tourism.

**MR SESELJA:** Tourism occupies that building currently, do they? Okay. I am interested to know, probably from Ms Smithies, how we get from the scenarios that have been found there in CBRE to your \$20 million a year in net savings. Are you able to explain how you take us from that figure, that is reflected, to the \$20 million in net savings per annum?

**Ms Smithies:** Sure. We have made a number of copies of the budget analysis that the minister has agreed we can table here. I might talk briefly to that and then we can go back to those assumptions.

**MR SESELJA:** This summary has not been provided to the committee?

**THE CHAIR:** Sorry?

**MR SESELJA:** This has not been provided to date to the committee; is that right?

**THE CHAIR:** Sorry, I did not hear what was being tabled.

**Ms Smithies:** No, this is a new piece of paper.

**THE CHAIR:** This is a new document.

**MR SESELJA:** So at 3.35, and 10 minutes from the end of the session, we get the budget analysis.

**THE CHAIR:** We are going to have to move along.

**Ms Smithies:** Yes, I will go quickly. I think this provides some of the context for the analysis. We have obviously had an awful lot of involvement in the CBRE model. We were satisfied with the reasonableness of the assumptions and robustness of the model. In some respects, to us, we think that the model is probably conservative, in the sense that it uses a discount rate of seven per cent, which is quite high, and it discounts the future costs of option 2 and 3 quite heavily. So it crunches down the relativities between the first option and the second two.

We have provided the budget analysis. I think this is a useful way, without having to discuss MPVs, which is why we have done this. Our analysis shows, if we turn to the first page, that obviously there will be a cost to government in doing this. This has always been about a net present cost, and this has always been about trying to do the low cost option.

Within this analysis there are savings, there are reduced costs, there are things that we need to take account of that are not budget-included, in terms of escalation factors, across and outside the forward estimates. And there is an issue about what is relative in terms of what is in the budget. So what this analysis shows is that option 1, which is the option in the budget which is 98 per cent of staff in green spaces by 2021, will have an annual average cost—and remember this is a 25-year project, so we have used it on annual averages—of \$8.9 million. That is on our front page.

The next two pages relate to option 1, the cash flow and the capital movement. If you go to the next page, which is the first page of option 2, which is the generic leasing accommodation option—

**THE CHAIR:** I might interrupt there. An explanation of a document at 3.35 is kind of interesting, but it would have been more beneficial had it been delivered either

before the hearing or at the very start, so that members might have had at least a chance to look through it. Could you give a 30-second summary because there are a stack of questions.

**Ms Smithies:** Okay. If you go to the third page, the budget impact of option 2 is \$33.3 million of costs per annum to the budget across 25 years. If you go to the sixth page, which is the first page of option 3, again, there is a budget impact over 25 years of \$33.5 million per annum.

This, in a way, replicates in a budget sense the CBRE modelling. It says that option 1 is the least cost over the life of the project to the budget, and then there are options 2 and 3. It also demonstrates that option 1 obviously is a large asset left on the government's balance sheet when compared to the other options. But your question was around the savings, so if you go down the first page, the pink column down in the bottom right-hand corner shows the incorporated savings that are cash savings that have been put into the base models.

If you head into the base costs, there are also \$4 million worth of reductions in depreciation. This model also shows the cost to capital, the cost of running the government office block and it also shows the differential costs of leasing accommodation in comparison to the other options and with respect to what is already in the budget. This is a complex set of analyses, so I can understand the number of questions that we are getting. Mr Smyth, I think this answers some of the questions around the savings; it outlines the savings for you.

**THE CHAIR:** I might cut you off there. Thank you for the document; it may well have been useful if it had been distributed before the hearing or at the very start. It might have saved us questions—

**MS HUNTER:** When was this document put together?

**Ms Smithies:** We have put it together drawing on what we have done over the last months and years in relation to our work, and with CBRE.

**THE CHAIR:** When?

**Ms Smithies:** This was put together in response to the questions that have come out of the committee—pulled together to answer—

**THE CHAIR:** What date? A week ago, a day ago?

**Ms Smithies:** Over the last week, yes.

**THE CHAIR:** Mr Seselja to close. Mr Hanson has a supplementary. Ms Bresnan has a supplementary. Mrs Dunne has not had a question yet.

**MR SESELJA:** Ms Smithies, given that we will need time to analyse this document, are you able to point us in this document to the net \$19 million a year in savings that you get from various situations?

**Ms Smithies:** On the base year on the first page, the cost savings—the base years have—the 19.3 that we have been discussing is the 12.7—sorry; it is easier to show it down the end here in pink, the last four columns, so the 12.7—

**MR SESELJA:** They are not nets or anything; they are just some savings of some things. Where does it reflect—

**Ms Smithies:** The 12.7 is a gross saving. It is rent that we will not have to pay to the private sector in the base year. There are workforce reductions of the 4.6, which we have talked about quite a lot. And then there are net savings of the running costs of 5.7, which is up above the line, and the 5.5 and the 7.5—so net in operating costs.

**MR SESELJA:** So what is your net number now?

**Ms Smithies:** The issue here is that you keep on asking for savings in many different forms. What I have been trying to do is make the point that there are lots of ways that you can quantify and identify savings. I have told you how we have quantified the 9.3—sorry, the 19.3. We can—

**THE CHAIR:** I am worried about 9.3, but we will come back to there.

**Ms Smithies:** Sorry: 19.3. We know that there is part of the CBRE analysis which does an NPV across 25 years of what is \$11.6 million.

**MR SESELJA:** What is your number then? Is it the minister's number of \$19.3 million in net savings per year?

**Ms Smithies:** There is 19.3 of savings.

**MR SESELJA:** That is not net savings, though, is it? That is not taking account of costs.

**Ms Smithies:** There are costs to this project as well. If we had done nothing, there would be even more costs, so cost savings in relation to what?

**MR SESELJA:** We are talking about a net cost benefit. The number is the eight million—

**THE CHAIR:** Sorry, Mr Seselja; we are going to have to stop there. Mr Hanson has a supplementary, Mrs Dunne has not had a question yet and we are running out of time.

**MR HANSON:** I just want to go to the comments made by a couple of members that this is a document that has been specifically produced for this committee after questions have been asked. It has been produced this week and a number of copies on the table have been produced for that purpose. To provide it to us at this point of the hearing is most unhelpful. I just want to make that point.

The question I have is actually going back to the original question from Mr Seselja to Mr Tanner. You talked about the productivity savings as part of the \$19.3 million, but according to the sheet of paper that was previously provided to us, the workforce

productivity savings in the productivity subtotal are actually not included in the \$19.3 million?

**THE CHAIR:** No; that would be right.

**MR HANSON:** This is the original piece of paper, but we got been given the 10 sheets of Excel spreadsheets. You were just saying that the productivity savings are a part of the savings that have been incorporated, but according to this sheet the productivity subtotal here is actually not part of the 19.3; it is part of the 15.2. It is a separate saving that has not been incorporated. There is a discrepancy there. Have you included productivity in your savings—but they are not as part of the 19.3—

**Ms Smithies:** We have not included productivity savings in the budget analysis.

**MR HANSON:** Mr Tanner said that you had included it.

**Ms Smithies:** Mr Tanner has included 1.6 per cent—1.5 per cent productivity in the economic analysis, quite rightly. It is a benefit to the project and it relates to the productivity of having a healthier workforce and a number of other things that we have gone through. It is there in his analysis. We have not included it in ours because we have not got to the point where we feel that we can actually take those savings off the budget. That is not because they cannot be realised—and I am sorry but I should not have used the word “savings”: they are benefits; you cannot take one day of sick leave off.

**THE CHAIR:** Yes, we have heard that before. Ms Bresnan, a question. Then Mrs Dunne to close.

**MS BRESNAN:** What did you actually include in the productivity benefit? I am trying to get a sense of what is actually included in that.

**Mr Tanner:** In the 2010 modelling that we presented, we included a benefit of 1.5 per cent productivity gain in the new building if it is carbon neutral enabled, and we translate that as a salary saving.

**MS BRESNAN:** But what is seen as the productivity—

**MS HUNTER:** Is it a reduction in absenteeism? What makes it up?

**Mr Tanner:** That 1.5 per cent that we included in our model is primarily based on a healthier workplace environment and fewer sick days productivity.

**THE CHAIR:** Could you provide a written explanation for all of that? Thank you very much. Mrs Dunne, a question.

**MS BRESNAN:** Is that a standard measure that is used or is that something you have used? Is it a standard measure that is used across the board in terms of looking at productivity benefits?

**Ms Smithies:** I think that it is an increase in productivity that has come out of Arup,

and it is a conservative measure at that.

**THE CHAIR:** I think the best way to handle this is to give a written explanation of what is included in the 1.5 per cent. We will go to Mrs Dunne. We are rapidly running out of time.

**MRS DUNNE:** Thank you. Ms Smithies, I want to go back to the question about what is net and what is gross. This may be stuff that you have to take on notice. On the first effective page on this sheet that you just gave us, there is—you keep saying, “Look at the little red column down at the bottom.” First of all, can you point the committee to where those figures are derived from?

**Ms Smithies:** Sure.

**MRS DUNNE:** Because from a quick look—correct me if I am wrong—I cannot see the rental savings of \$12.7 million anywhere else on that spreadsheet. I would like some indication of where they are derived from. But just going to the average cost over 25 years, the gross total expenses are \$46 million and the gross position is \$34 million, leaving a net deficit of \$8.9 million. How do you reconcile that with the 19.3 in savings, net or gross?

**Ms Smithies:** I would reconcile it from the perspective that, again, it is a long-term project. It is a significant investment in property. If the government does nothing, the government will be paying \$33.5 million on average, so—

**MRS DUNNE:** But these scenarios do not match.

**Ms Smithies:** Yes, they do. Sorry; with respect, they are all fit for purpose for this particular analysis. If the government does nothing and people stay in their current accommodation at current environmental ratings, at current accommodation ratings, even notwithstanding that under those scenarios there is still work that gets done on the property portfolios, the cost of operating the accommodation that the government has will increase, and increase significantly, over time. This is around trying to curtail those increases, bring people together and actually make some other savings, improve the environmental outcome of the building and do a number of things at once. In that sense, the savings do stack up, because the do nothing option is a significantly higher cost option than what has happened here.

I think I have answered the second part of the question first. But to answer the first part of the question, if you have a look down at the base year cost and savings, down into the savings part, you will see 12.7 in rental savings. You are absolutely right, Mrs Dunne, that, if you look across the columns, as we do have in the budget capacity to index—we are saving \$12.7 million from not renting from the private sector, but that, in year 6 terms, is \$15.6 million. So there is a hiatus in the—not a hiatus; this is a strategy. Obviously it is going to take a few years to build the building, and by that stage we will be paying \$15.6 million per annum to the private sector.

This is part of the complexity of this whole issue of long-term investment decisions: your costs grow at different rates over time and under different scenarios. And under the different three scenarios, the treatments of those costs as they grow over time will

have different financial and environmental outcomes. That is why we are all looking around the questions with respect to what—when we talk about savings and with respect to where and point to those figures.

**MRS DUNNE:** Can I go back to the second part of my question, Mr Chairman?

**Ms Smithies:** That is part of it. You can see the \$9.6 million in workforce reductions in that base year column. They kick in when the building is fully finalised and fully occupied, so by year 6 you get a cost saving of 5.4. These are savings that you will not get if you do not do this particular option. That probably helps you navigate those spreadsheets, but it does underscore the complexity of what is being done through this whole process. This is why these answers are not simple.

**THE CHAIR:** All right; the final question?

**MRS DUNNE:** The second part of my question, Ms Smithies, is: can you explain the numbers, which are minus \$43 million and minus \$8 million, in the last column?

**Ms Smithies:** Yes. Under option 1 there will be an annual average increase of \$43 million. That includes—over the life of 25 years on the property portfolio there will be a number of fit-outs to the building, but there are also a number of make goods and exits from the existing buildings as there is a whole series of events that happen between year 1 and year 25, which are all made up of those particular costs. So that is the annual average cost of option 1, and I do think you need to have a look at that in comparison to other scenarios.

Then there is also the annual average value of the savings, which is the positive 34, which provides an annual average cost of \$9 million to the budget, being the smallest cost option of all of the options that have been put on the table to achieve the government's outcomes, which are to move a significant part of its workforce into environmentally acceptable standards and also reap significant benefits in productivity, which we have not taken into these analyses, and therefore I will say that this is conservative.

**THE CHAIR:** All right. We will finish the questioning there. I would just like to close with this. Why were rental incentives not included in the assumptions of the feasibility? If you are going out to rent in the market, there are normally a range of incentives, which you speak about often, Mr Flannery, at Property Council breakfasts on the state of the market. Why were they not included, and what effect would it have on the results of this analysis if you were bidding in a competitive market?

**Mr Flannery:** The situation is that, as I outlined, the key parameters for the governmental strategy did not include an incentive. The reason for that is simply that—as an owner-occupier of this building, on paper do they pay themselves an incentive? That is—

**THE CHAIR:** But were incentives included in renting a privately owned building?

**Mr Flannery:** In assessing the market rental, they have had regard to what happens with the market rents and incentives, so to that end that is fine. I just want to clarify

one other point: the 88 per cent efficiency that I spoke of earlier relates to— understanding that I am trying to value a building assuming it is as if complete today in the marketplace.

**THE CHAIR:** Okay. The other thing is this. Perhaps it is a question for the minister. Minister, one of the charts attached to attachment 1, on page 15, has the government leasing 25 Brindabella Park at the airport. What government department is out there?

**Mr Barr:** Tourism.

**MS HUNTER:** Tourism.

**THE CHAIR:** And they are still out there now?

**Mr Barr:** Yes.

**MS HUNTER:** Yes. That was asked by someone else.

**Mr Barr:** I think you signed them up to a long-term lease.

**THE CHAIR:** I remember them going out there. I thought they had all moved back. There you go. With that, we will finish the session here. Minister, thank you. Thank you to you and your officials and guests today. If any questions were taken on notice, you have five working days in which to respond. Members, if you have additional questions that you would like to put on notice you have four working days. We will finish the session at this point.

**Meeting adjourned from 3.52 to 4.10 pm.**

Appearances:

Gallagher, Ms Katy, Chief Minister, Minister for Health, Minister for Industrial Relations and Treasurer

Chief Minister and Cabinet Directorate

Cappie-Wood, Mr Andrew, Director-General

McAlary, Mr Luke, Director, Public Sector Management Group

Brighton, Ms Meg, Acting Director, Continuous Improvement and Workers Compensation, Governance Division

Lasek, Mr Jeremy, Executive Director, Culture and Communications Division

**THE CHAIR:** There being enough members here to take evidence, I now welcome the Chief Minister to the closing session of estimates for the 2011-12 estimates period.

**Ms Gallagher:** Is this the final session?

**THE CHAIR:** This is it.

**MS HUNTER:** The final public hearing.

**MR HANSON:** There may be a recall based on what we went through just before, I think.

**THE CHAIR:** In baseball parlance, we are at the bottom of the ninth. This is it; we are almost home. Chief Minister, I need to ask: have you read the privilege card that appears on the table before you and do you understand its implications?

**Ms Gallagher:** Yes, several times.

**THE CHAIR:** Thank you very much. I need to inform you that, as per normal, we have Hansard recording this for transcription purposes. It is also being webstreamed and broadcast live, and we are trialling Committees on Demand. Are you happy to continue with such wide coverage?

**Ms Gallagher:** Yes, thanks.

**THE CHAIR:** Thank you very much. Chief Minister, do you wish to make an opening statement?

**Ms Gallagher:** No, I am happy to just go straight to it.

**THE CHAIR:** Lovely. Given some of the information that has just been revealed to the committee with regard to the government office project, Chief Minister, I have to say there that we started the hearing at 2 o'clock and at 3.35 there was a document tabled, which was a budget impact analysis of the government office accommodation. I was just thinking, in terms of helpfulness, that getting it 10 minutes from the end when so much of the time had already been used made it next to useless. I am sure members will go away and there will be questions on notice. If people are going to do the work we might as well get the benefit of the work instead of getting it late.

**Ms Gallagher:** Sure. I did not see the last session, but—

**THE CHAIR:** Well, it is a Treasury document.

**Ms Gallagher:** I have seen the document and I think Treasury were trying to assist the committee. I am sorry if it was not useful.

**THE CHAIR:** When did you first see the document?

**Ms Gallagher:** I have seen it in various forms all the way through this project.

**THE CHAIR:** All right. I know there are a range of questions to be asked and a number of areas to get through, but just on the government office building, I see in this morning's *Canberra Times* there are reports that it will also have the ministerial offices. What is the intention of the government in designing it this way? How much is the cost of having the ministerial wing located in the government office building?

**Ms Gallagher:** Thank you, Mr Smyth. I think at the moment it is quite useful to have this discussion, as I am in consultation with the Speaker about where to put the new member of the ACT Assembly due to the actual size and capacity of this building. I think there is opportunity—and this is subject to final designs of the government office building—to locate ministerial offices in with government employees, particularly those that we work very closely with. I think you will see it is a model that is replicated in a number of other jurisdictions.

Indeed, this Assembly is at the moment bursting at the seams. I heard Mr Seselja on the radio saying that was not the case, but I think any sort of rational acknowledgement would be that pretty much all the space that is utilised in this building is utilised for a purpose. I do not think it is unreasonable, when we are looking at how we accommodate our future public service in six to seven years time, to also look for opportunities about how we create linkages between this building and that building.

**THE CHAIR:** All right. So the estimated cost?

**Ms Gallagher:** We can provide that to you, Mr Smyth.

**THE CHAIR:** All right. In discussions with the Speaker, what discussions have you had already and what will be the implications for the Assembly of building the sky bridge from the ministerial wing to the—

**Ms Gallagher:** I have not had any discussions with the Speaker about the government office block and any linkages. It is not unreasonable, again, to believe that if you are going to locate thousands of public servants close to the Assembly building—and one of the benefits of that could be improved linkages between public servants and elected members of the Assembly—you would look at some way of linking the building. I support the comments made by the Deputy Chief Minister this morning that it is not a priority and it is—

**THE CHAIR:** It is not a priority?

**Ms Gallagher:**—subject to the final design, obviously, of the building, which is still to be done.

**THE CHAIR:** All right. I note the design only has room for a Chief Minister and four ministers. One of the complaints has been the small size of the ministry. Indeed, the Hawke report talks about the need for a larger Assembly which, one would assume, means there would be a larger ministry. Is there extra capacity for further ministerial offices built into the plan?

**Ms Gallagher:** It has not been at this stage because we are dealing with the Assembly that we have got.

**THE CHAIR:** But is it short-sighted to build the new ministerial building when it is already at capacity?

**Ms Gallagher:** We are trying to play the long game here on the office block and we are being criticised for that, Mr Smyth. Is interesting to now say we are being short-sighted because we are not building it with capacity for more politicians. I do not think that is a—

**THE CHAIR:** You yourself have mentioned in the last three weeks the need for more ministers.

**MR HANSON:** No, one of the—

**Ms Gallagher:** I do not think that is a comment supported by your leader, Mr Smyth.

**MR HARGREAVES:** Hang on. Mr Chairman, you said at the beginning that there should be one speaker at a time. Could you please enforce that, otherwise I will make it four speakers at a time.

**THE CHAIR:** Mr Hargreaves posing as the voice of reason. Minister, what—

**MR HARGREAVES:** You can go to your grave now—it is over.

**THE CHAIR:** Yes, I am impressed. How can you say that we need a larger Assembly and not build extra capacity? You opened your statement here today by saying you need to find a room for the new member. Are you assuming that there will only ever be five ministers in the ministry of the ACT Assembly?

**Ms Gallagher:** No, Mr Smyth, I am not. I hope that indeed one day in the future this community will accept that for good government we need a larger Assembly for all of us who are members of this place to do our job properly. At this point in time, and of course as this project rolls through, there will be opportunities to refine the design. The design has been built around, as best we can predict, the size and taking into consideration the size of the current restrictions on the ministry. Can you just imagine the field day Mr Seselja would have if we had built capacity for seven ministers in the government office block?

**MR SESELJA:** You should not worry about me when you are designing policy.

**Ms Gallagher:** I could not predict the fun that Mr Seselja would have with that.

**MR HANSON:** Is he shaping your policy, minister?

**Ms Gallagher:** No, not at all.

**THE CHAIR:** Mr Hanson, a supplementary, Mr Seselja, a supplementary, and then we will go to Ms Hunter on a new question.

**MR HANSON:** I turn firstly to the issue of a new member in the Assembly. Given that we have still got 17—we have effectively lost a minister but gained a backbencher—I would have thought that having a ministerial suite rather than a backbencher's office would create opportunities rather than the other way around. It actually goes against your argument in the longer term. Moving to the new building, could you explain to me what a ministerial crisis room is?

**Ms Gallagher:** Thank you. It has the capacity to be the emergency centre should an emergency arise. I do not know whether there are further details we can provide on that facility.

**MR SESELJA:** What is it replacing? What is used now if an emergency arises?

**Mr Cappie-Wood:** I might be able to shed some light on that. Currently the emergency coordination committee meets at JACS. There is a large room there that serves that purpose. It is a multi-function room, as you would anticipate, just as I would anticipate this would be a multi-function room as well. I am anticipating that it would fulfil the same purpose that the current room does at JACS for those purposes. It would be also where the cabinet could receive briefings from SEMSOG members, which is the emergency management group, in the event of an emergency, as well as the coordination of activities and the coordination of media and communication activities in the event of such emergencies.

**MR HANSON:** I have a question on the skybridge. Given that the chamber is on the ground floor, if ministers were coming across from the building for a vote situation, which I would assume would be the most frequent and the most urgent reason needed for them to come to the building, why would you look for a skybridge that would take them across to either the first or second floor of the building with the requirement to come down? Why would you not simply walk across to the ground floor of the building?

**Ms Gallagher:** These are all matters that will be refined in the final design. As I said, the skybridge is not a priority, Mr Hanson.

**MR HANSON:** What else in the building is not a priority?

**Ms Gallagher:** In terms of the fun you are trying to have with this project, I can certainly say to you that the skybridge is not a priority. Again, you are trying—

**MR HANSON:** Is the reading room a priority, perhaps?

**Ms Gallagher:** You are trying to make light of what this government is attempting to do about our government accommodation overall. The design of the building will be refined over the course of the rollout of this project. The reason it is in the budget at this point in time is to give a clear indication to agencies around their future accommodation needs and indeed to give certainty to industry about a further big project in the pipeline. Decisions around the final design will be taken as the project progresses.

**MR HANSON:** In terms of making light, I think that is a bit disingenuous.

**Ms Gallagher:** Well, you are.

**MR HANSON:** No, you are putting up \$19.3 million of savings per annum, which you are asking us to sign off on, essentially, if we are going to vote on this, but we are seeing now that there are elements of the building which are just a concept and you are not wedded to. It seems to be rubbery. It is rubbery in one sense when it suits you, because you do not want to be wedded to it, but when it comes to the \$19.3 million in savings you are asking us to lock those in and you present us a—

**Ms Gallagher:** Mr Hanson, just to pick you up there. The savings are not subject to the appropriation bill. So if we—

**MR HANSON:** No, the—

**THE CHAIR:** It is the expenditure of \$432 million—

**MR HANSON:** The rationale—

**Ms Gallagher:** Just to be clear, you are saying, “You are asking me to sign off on \$19.3 million.” I just point out—

**MR HANSON:** As justification—

**Ms Gallagher:**—for your information, the relevance for the appropriation bill that we are supposedly being subject to estimates on is around two years of capital funding for this project and two years of sales of capital assets.

**MR HANSON:** So if you are not wedded to the skybridge, is it still \$432 million? What else is there that could be discounted?

**Ms Gallagher:** We have made two years allocation. The \$432 million is what we expect, over the course of the project, the construction costs to be and that will be finalised as we make further appropriations.

**THE CHAIR:** I think Mr Seselja has a supplementary and then back to Ms Hunter.

**MR SESELJA:** Yes. Just on the costs of the ministerial crisis room, presumably the

fit-out for a room like that would be more than for an average part of the building. Is there an estimate for that, Mr Cappie-Wood, in terms of how much that would cost?

**Mr Cappie-Wood:** I have not seen any detailed costings on that. However, the differentiation between that and a normal multi-function meeting room would be the extent of additional media linkages, telephone and other communication ports for the purposes associated with that. I am sure that there are some industry standards about what the extent of that would be.

**MR SESELJA:** So are you able to provide us with the current estimate on that?

**Ms Gallagher:** So you are now going to poke fun at the cabinet actually having an appropriate meeting space as well for emergencies.

**MR SESELJA:** I just want to know how much it will cost.

**Ms Gallagher:** Okay. I will take that—

**MR SESELJA:** Is that okay?

**Ms Gallagher:** I will take that as genuine interest, Mr Seselja.

**MR SESELJA:** Is it okay if we ask a question about how much things cost, minister? Is that okay with you? Are you comfortable with that?

**Ms Gallagher:** That is fine. I am just noting the cheap politics that you are playing with the office block.

**MR SESELJA:** All right.

**Ms Gallagher:** And I look forward to you explaining to the community, Mr Seselja, how you intend, if you were Chief Minister, to deal with government office accommodation.

**MR SESELJA:** Presumably, we will have that taken on notice, will we? Is that a yes? Okay, thank you.

**THE CHAIR:** You will take it on notice. Thank you. A new question from Ms Hunter.

**MS HUNTER:** Yes. I want to go to post-Hawke. I was noting the Chief Minister's—

**Ms Gallagher:** It is not a question on the output class, Ms Hunter, do I sense?

**THE CHAIR:** Capital works questions are entirely appropriate, Chief Minister.

**MR SESELJA:** A \$430 million spend is not worth asking a few questions on, you do not think?

**Ms Gallagher:** Absolutely. I am happy to come back and keep talking with you about

the office block as much as you would like.

**THE CHAIR:** We might take you up on that offer.

**MR HANSON:** You did not seem to be that way about two minutes ago, minister.

**MS HUNTER:** Excuse me, I thought it was my question!

**THE CHAIR:** Yes, excuse me. We may take you up on that offer on another recall date, thank you, Chief Minister, if the committee so desires. A new question from Ms Hunter.

**MS HUNTER:** Thank you, chair. I was going to the 2011-12 priorities. The second one down was about instilling cultural change across directorates in order to achieve greater collaboration and innovation in the delivery of government priorities. I guess cultural change is quite a difficult thing. I wanted to know what exactly was envisaged here. How are you going to go about this sort of cultural change? What sort of cultural change are we talking about?

**Mr Cappie-Wood:** Thank you. As Allan Hawke pointed out in his report, the culture change can be achieved in a number of ways. I will move beyond his recommendations about government office blocks and about that forming a fundamental part of it and talk about some of the issues about having one service and the implications for that for better service delivery, better direction setting and better accountability.

Our particular desire was to make sure that, as was reported earlier today, the highly fragmented public service, at least physically, can work better together, making sure that we have clarity of direction and work better together in terms of policy formation. We see that most of the issues facing jurisdictions across Australia or internationally are not solved by individual agencies by themselves; they require linked-up thinking and responses.

Hence, one of the key aspects under Hawke was the establishment of the strategic board that is to have the directors-general of each of the directorates not as representatives of the directorates but effectively as the peak minds of the public service around a table to deal with the issues that are confronting us and quite often require multiple responses rather than just individual directorate responses.

The strategic board is meeting and meeting regularly. It is dealing initially with the strategic start-up issue associated with the administrative changes and making sure that they are in place. It is also looking at the issues, working through the Hawke review. Mainly its work is now going to move into how we work as one on the issues confronting us—be they in urban service delivery or longer term directional aspects associated with the Canberra plan. All of these are saying: how do we want to work differently?

We have been talking a lot across the public service—and we need to do a lot more—talking to people about how they see the opportunities for building innovation and thinking and operating in different ways. One of the great issues that we face in any public service is how we can introduce thoughtful risk taking—an interesting

concept—because innovation requires people to think differently and to act differently to achieve results to some of the tricky questions. A linear hierarchical model is not necessarily the most effective way of looking at innovation. So it is not only the strategic board; it is also how we can have teams working across government on some of the difficult issues to explore innovative mechanisms.

**MS HUNTER:** Does that link, Mr Cappie-Wood, with the establishment of strategic task forces, which is under the strategic objective one?

**Mr Cappie-Wood:** Yes. That is what I referred to as some of these whole-of-government teams, to start looking at them. We are obviously looking at potentially one of these being established for Northbourne Avenue, for instance, where there is a combination of redevelopment, transport and Civic regeneration.

**MS HUNTER:** So has that been established yet? What is the plan?

**Mr Cappie-Wood:** We are currently looking at that and looking at advice within the strategic board as to how that might potentially operate. Here you see at least four of the agencies or directorates are involved in such a matter and it would be a useful point to look at. There are—

**MS HUNTER:** So will that be the first cab off the rank as far as these strategic task forces are concerned?

**Mr Cappie-Wood:** Potentially. We are looking at others, but we have to be responsive to changing needs. They are not necessarily permanent structures. I would prefer the model to be short and sharp rather than necessarily almost blending into a permanent structure. The intent is for them to be much more focused upon the potential solutions rather than necessarily being the delivery mechanisms themselves—and to be able to think through carefully about how we are going to do things differently, to try to cut down some of the communication and silos that might have otherwise built up in the traditional linear hierarchical models.

We see the aspect of communicating as one government—seeing how that can operate within the public service. There is a lack of communication across the public service in terms of some of the broader views, which I think we can improve upon—with some of the aspects which we are doing, such as the equity and diversity mechanisms et cetera. We see this as a whole-of-government response. Our internal communication mechanisms are not as good as we would like and we see that as part of the change strategy. It is about being able to tap into people's views inside the public service about ways of improving things. Again, if you ask people about how to improve things, the front line has some very useful ideas. We have to make sure we have got mechanisms in place to be able to do so.

**MS HUNTER:** Thank you.

**MS LE COUTEUR:** I have a fairly simple question. How are we going with the process of appointing a new Auditor-General? I assume this is where it comes?

**Ms Gallagher:** Good, Ms Le Couteur. In fact, I think we are just in the process of

getting a letter to the committee.

**MS LE COUTEUR:** So that should happen in the next—

**Ms Gallagher:** It should happen this week.

**MS LE COUTEUR:** Thank you. We talked a little about the new government information officer before, but I would like to talk a bit more about that. I am not quite clear how we are going to relate between InTACT, the directorates and the new CIO. My understanding is that some of the departments at present have some small levels of IT capability. How is the three-way relationship going to work or not work?

**Mr Cappie-Wood:** It is very interesting, because the chief information officer will be responsible for trying to tie some of those elements together. Yes, there is embedded capacity within agencies, depending upon the size. But Health, as you would anticipate, does have quite an internal capacity as it looks at e-health and other initiatives. The intent of the chief information officer is to be able to pull together across government the whole-of-government ICT plan in accordance with and in support from each of the individual agencies as well as InTACT. InTACT, as you are well aware, is primarily a service deliverer. But it is about how you say what that service should be and how you shape that service.

I think we see the information officer as helping improve the strategic rather than necessarily the tactical response to the ICT area and to be able to blend that with a look at how government manages its information or its knowledge management, if you use the current jargon. Do we have a framework for that? The answer is currently no. So we see that one of the key critical outcomes for this is: do we have a knowledge management framework that can intersect with the ICT strategic plan?

We do not see the chief information officer necessarily as delivering the ICT strategic plan but more as a whole-of-government means of bringing that together and giving it focus and bringing all parties to bear on what those strategic directions should be. Be that platforms, be that new applications, be that management of the ICT environment, procurement or otherwise, we have to be more strategic in what we do. It is a fairly large expenditure and we have got to make sure that we use that as effectively as possible.

**MS LE COUTEUR:** And when is the ICT strategic plan likely to be finalised and will it become public when it does?

**Mr Cappie-Wood:** It is certainly intended to be made public, because we have to make sure that the public sector knows about it, appreciates it and understands it and we want to be able to make sure that the industry understands it as well, because we want to send as many signals to the industry as we do internally. The answer to that is that it is anticipated to be released very shortly.

**MS LE COUTEUR:** Very shortly, is that months, weeks?

**Mr Cappie-Wood:** As in a couple of weeks.

**MS LE COUTEUR:** And will that include a sustainability plan, an ICT sustainability plan?

**Mr Cappie-Wood:** One of the things that it has flagged is that that sustainability component is a key way of moving forward. It is literally a high-level start, because we are starting the engine up rather than necessarily having it completely refined on the first turn of the wheel. I share your concerns about making sure that that ICT investment is sustainable, that we are not only purchasing well, we are recycling, but also we are making sure that redundancy factors are built into our thinking.

**MS LE COUTEUR:** On that note, we talked to Shared Services ICT a few days—

**THE CHAIR:** Is it still InTACT?

**MS LE COUTEUR:** I am happy to vote for keeping the name InTACT because we all know what we are talking about and we can pronounce it. That is—

**THE CHAIR:** I can see the stickers. “You have been SSICT-ed.”

**MS LE COUTEUR:** We talked about replacement of computers and they said that routinely they replaced the screens and the keyboards at the same time as they replaced the CPU unit. The reasoning they gave for this was that from a labour point of view it was cheaper. How much are you looking at the environmental impact of what you are doing? As you may be aware, the major environmental impact of IT is the production and the disposal, it is not the using of it. It appears that we are disposing of perfectly useable equipment, which will last for, almost certainly, many more years.

**Mr Cappie-Wood:** Mind you, I would have to say that there are balancing stories as well about people having to replace their mouse or their keyboard much more frequently than the monitor and the computing elements themselves.

**MS LE COUTEUR:** A mouse, you have to.

**Mr Cappie-Wood:** Yes. I was discussing this briefly with Shared Services ICT the other day. Perhaps the most effective way of doing this is to provide you with a robust brief in this regard in response to that question, because I would like to be able to give you something that is fulsome rather than necessarily passing over the topping.

**MS LE COUTEUR:** Yes.

**THE CHAIR:** Mr Hargreaves, on a new question?

**MR HARGREAVES:** Thank you very much, Mr Chair. I draw your attention to budget paper 4, page 37. This does relate to output class 1.1. In the targets, sections h and i talk about the scoping study on opportunities for electronic service delivery and the release of the across-government ICT strategic plan. Could you please talk a little about what you see that scoping study doing and delivering and how that will fit in with the strategic plan and when you expect to release it?

**Mr Cappie-Wood:** It will not be in this current round of the ICT strategic plan, which we want to get out there as quickly as possible to start that engine rolling. But just looking at that scoping study, which was just a one-year \$125,000, we will use it wisely to look at the details associated with how we are utilising this. We have Web 2.0 and other online service capacity in terms of our direct service delivery offerings.

One of the key factors that we need to look at is: how is our service offering changing over time as technology changes? We have got a very good and useful Canberra Connect system there. How are Canberra Connect and other means taking on board Web 2.0 activities? We have recently seen it stepped up in terms of fix my street, which is quite a good feedback mechanism. What other interesting feedback mechanisms can we build into the service offering and how can we make sure that that reasonably small amount of money is spent as effectively as possible?

Things are moving so fast here that we have to make sure that we are able to provide push-information in terms of service availability et cetera. How could we potentially have a variety of apps that would be available on smartphones? The committee has heard about this already about a variety of circumstances where we would be able to provide information more extensively.

This is a scoping study, not a delivery aspect, and it would tie in to try to look at how we can improve our overall service offering through the use of Web 2.0 arrangements. We have had some very effective responses to our initial toe in the water there in terms of fix my street and I think we can look to other means of improving the service offering as we explore this further.

**MR HARGREAVES:** Do you think it could extend into areas of where the community will connect with government in terms of electronic box-ticking for approval to do X, Y and Z? At the moment we have to tramp into a government department, get a pro forma, tick the boxes, get someone to stamp it. Is it envisaged that you could possibly do some of that really easy stuff online?

**Mr Cappie-Wood:** It is interesting that most of the strategies that I have looked at in this area and that others have been exploring go to saying: how can you make it easier for people to have services delivered to them in the channels and access that they see as most appropriate? This aspect looks obviously at a particular online approach. You cannot divorce that from your total service strategy offering and what that looks like, and you have to balance that out. But certainly there is the prospect of being able to have what I would call an enhanced capability online rather than having to have people always come into the office where they have that capability.

**MR HARGREAVES:** The last question on that is: last time I looked, and it was a long time ago, part of the data centre information collection and security was at Callum Offices. One, is that still the case? And, two, will this scoping study consider where that might be better placed in terms of the security of the building infrastructure? That place looks like an out-of-date space module.

**Mr Cappie-Wood:** Certainly the question of government data storage requirements is a major issue for government as we look to increase data holding right across the board, be that CCTV, be that particularly the opportunities through e-health et cetera.

Our data holdings will expand, and every jurisdiction is facing the same issue. We are currently internally looking at the question about where our data holdings should be held and how we can have a hot site if one goes down. All of these are standard operating procedures now across every jurisdiction, and currently we are looking to see where we could have that in the future that is not only better environmentally but is also in a slightly more secure location than the wonderful Callum Offices.

**MR HARGREAVES:** Climb in and just blow it up.

**Ms Gallagher:** I think it is heritage listed. Is it?

**MR HARGREAVES:** If it is heritage listed, just blow up most of it then and keep a bit. I am sure you could give it to the museum if you kept a really little bit.

**MR SESELJA:** Is that the government's new policy?

**MR HARGREAVES:** No, that is mine. I have always been one out; you know that.

**THE CHAIR:** A new question, Mr Hanson?

**MR HANSON:** Thanks. My question is about the new government office building. And I will draw on experience from previous projects that have been completed under this government. I think almost exclusively we have seen a blow-out in budget, in time and a lot of projects delivered under scope. I can give you some examples: the GDE, the jail, the dam—although that is not, as I said, directly a government project—the women's and children's hospital and so on. Given the impact of the fact that so few projects have been completed on time and on scope—and I actually asked Simon Corbell this question and he could think of one, which was, I think, phase 1 of a road somewhere that had been completed on time—why should we actually believe that this project will be delivered with its price tag of \$432 million on time and on scope? No other project has been in the 10-year history of this government.

**Ms Gallagher:** I do not accept that. I do not accept your proposition that no other project has been built on time or on budget. Indeed, I can think of several off the top of my head that have and, indeed, have come in under budget. This is thoroughly analysed and detailed—and you have a number of the reports around this project—and this has construction cost, escalation cost built into that figure. Whilst the final design might change, our specifications for accommodating staff and accommodating staff in the most efficient way will not change. So based on all the advice to government and indeed the advice provided to you, I have no doubt that those capital costings are rigorous.

**MR HANSON:** But we have heard that before. Just last week we saw the Auditor-General's report on the north Weston pond. We saw the debacle of the fire shed that has been built and the doors will not open to let the fire trucks in. It seems that repeatedly this government has delivered projects which are, as I said, over budget, under scope and over time. I have seen nothing that is substantially different in this project that gives us the confidence that it will be delivered as promised. Is it not going to be more like \$500 million or \$600 million by the time it is delivered? That is the track record.

**Ms Gallagher:** Again, Mr Hanson, I do not agree with that. Indeed, I can think of a number of projects, as I said, that have come in on time and in some cases under budget. I do accept that we need to be constantly improving our own processes around how we scope and deliver all of our expenditure, whether it be capital or recurrent expenditure. So I accept that there is room for improvement.

But I have to say that, on the government office block, the work that we have done, the work that we have done with the private sector in trying to scope and get as detailed an analysis as we can in order to make some decisions around the future accommodation needs of our public service, has been extremely detailed, extremely detailed from both the public and private sectors' point of view. That would be my answer to that.

I do not think anyone has found any errors with the costings—or, if there are, I have not heard of any—through the detailed analysis that you have been provided. Whilst the building itself will only cost \$280 million, we have accepted that the total project will be more than that. So we are being very up-front about other additional costs outside of the building, the physical building itself. And I think that has been an attempt to make sure that there is trust and rigour around those numbers. If you have got a different view, if you do not believe any of the costings that have been provided, if you do not believe it is going to cost \$281 million, then—

**THE CHAIR:** We have only just been given the update. We have only just been given the budget analysis.

**MR HANSON:** I made the point that the rigorous—

**Ms Gallagher:** No, that is ridiculous. You have had a detailed breakdown of those for some time.

**THE CHAIR:** No, it is not ridiculous.

**MR HANSON:** No, the rigorous analysis that we were told about, which was a cost-benefit analysis which was meant to be rigorous, was provided to us and it was a page, of which only half actually went to the \$19.3 million of costings.

**Ms Gallagher:** So you are telling me you do not have a document that broke down the costs of the \$432 million?

**MR HANSON:** We received this about half an hour ago, which was 10 minutes from the end of the briefing that we were meant to receive.

**Ms Gallagher:** That is not about the cost; that is about the savings, the one-page one.

**MR HANSON:** You asked if we have been provided with the costs. Yes, we have, about half an hour ago, and this has been going on for some period.

**Ms Gallagher:** No, that is ridiculous. You have been given other reports that have detailed the costs.

**MR HANSON:** Which contradict the \$19.3 million figure.

**Ms Gallagher:** No, they do not.

**MR HANSON:** Yes, they do.

**Ms Gallagher:** They do not. And prove it. This is all getting very silly. If you disagree with the office block, I would rather spend the time here today talking about what other options you believe should be considered by the government and investigated further about accommodating our public service in six years time.

**MR HANSON:** I think there are a number of other options, if you want to hear my view, that could have been considered, and I think that perhaps should have been considered more fully. Maybe that is something we can save for another day.

**THE CHAIR:** That is perhaps a discussion for another day.

**Ms Gallagher:** I did not know you were an expert on that, Mr Hanson.

**THE CHAIR:** We might move to Mr Seselja with a new question.

**MR SESELJA:** On the government office block, we were told about the environmental standards that will be delivered. Most recently-built commonwealth buildings in the ACT have delivered very high environmental outcomes. The commonwealth for several years has had a policy about the delivery of such buildings. I am wondering what is special about this proposed office block. If you look at the costs of some of these recently delivered commonwealth buildings, you see, for instance, the department of health, 46,000 square metres for a total of \$190 million, the ATO, 60,000 for \$230 million, and DEEWR, \$170 million for 39,000. It seems that we are talking about a fairly luxurious model here. What is it that is so much better about this building that it has cost so much more than these commonwealth buildings which have very high energy ratings?

**Ms Gallagher:** I will have to look at the figures you have just given me to see whether they have the other costs that we have included. Presumably they would have the fit-out costs, the procurement costs, included in that figure.

**MR SESELJA:** Yes, they have the fit-out costs, the capital expenses and fit-outs. That is what I am trying to get to the bottom of. It seems that what we are talking about—and maybe it is because of that previous experience—is a very expensive model. What is it that it is better than these recently delivered commonwealth buildings?

**Ms Gallagher:** Thank you, Mr Seselja. My understanding is that this will be higher. Again, I have not looked at those projects, the ones that you have just talked about. But from an energy rating point of view, my understanding is that it would be higher than those, and I will stand to be corrected on that. This is a six-star energy rating project. There are also associated costs with the additional car parking that is required. It also has some additional space for retail and childcare facilities provided in it.

Again, I would imagine they are things that we would welcome here—childcare, certainly in the centre of town.

I am happy to compare like with like. It also has escalation costs built into that. Let us remember this is a project that is to start in two years time, so I am not sure how you would measure the dollar value of projects that have already been completed with projects that are due to start in two years time and not be completed for several years after that.

But the intention is not to build anything glamorous, Mr Seselja. Yes, there is a desire to have a significant civic building in the town that we can all be proud of, as a place where our public service delivers for our community. So, yes, the idea is that you would have it as a significant building, but certainly it is nothing over the top or extraordinary from any point of view.

**MR SESELJA:** What consultation has taken place with other agencies regarding the decisions they have made over the last couple of years in relation to their stock? ACTPLA, for instance, told us last Thursday, I think, that they were upgrading Dame Pattie Menzies House to a 4½ star NABERS. How was that decision made at a whole-of-government level and how did that fit in with the plan to get rid of these buildings and move to new office accommodation?

**Ms Gallagher:** Indeed, this is why the government needs to make a decision on this project. This is why you cannot keep these decisions not taken for political convenience, because agencies are going to have to make decisions about their own accommodation—and they will. They will enter into leasing arrangements and they will seek to upgrade their own buildings if there is no certainty around what their future is.

That is exactly why, Mr Seselja, this is in the budget for the final two years—to provide that certainty to agencies. That is exactly the point: we cannot go on doing nothing and we cannot allow individual agencies to try and make improvements to their own workplace in order to provide a decent level of accommodation for their employees without the certainty about what is going to happen in the future.

**MR SESELJA:** So was that a good investment for ACTPLA and the ACT government to make?

**Ms Gallagher:** Let us just remember, Mr Seselja, that this government office block will not be ready for several years. I do not believe that we are asking agencies to not spend anything on their accommodation over the next few years as we move into this project. Yes, we would want them to be restrained but I do not think there is anything unreasonable about making appropriate decisions around accommodation. I am not across the changes that have been made in ACTPLA at Dame Pattie Menzies House, but I would also expect that there are things that need to be done, whilst this project is being developed and constructed and before accommodation is taken up, for a number of our public servants who are currently accommodated in substandard environments.

**MR SESELJA:** Will other agencies' buildings be upgraded to a 4½ star NABERS before the government office building is built?

**Ms Gallagher:** I am not aware of any that would be, Mr Seselja, but I am also not going to say—again, whilst it might be politically convenient for me to say that nothing is going to be spent, I am not going to say that either.

**MR SESELJA:** So how much will we spend?

**Ms Gallagher:** Over what time frame, Mr Seselja? Until the office block is accommodated?

**MR SESELJA:** Before it is built, yes. Six years, I think you are talking about.

**Ms Gallagher:** Right.

**MR SESELJA:** So how much will be spent?

**Ms Gallagher:** I will see what information we can provide to assist you with that, Mr Seselja.

**THE CHAIR:** Minister, the whole-of-government office accommodation strategy is where?

**Ms Gallagher:** We have discussed this, I think.

**THE CHAIR:** No—

**Ms Gallagher:** And it is being finalised. I have not seen a final draft of that.

**THE CHAIR:** When do you expect it to be finalised?

**Ms Gallagher:** As soon as it is finalised. I have not even had the opportunity to have a thorough briefing with my department on it, so I am not going to speculate. But it will be finalised and it will be released, and everyone will enjoy reading it.

**THE CHAIR:** Why is the Assembly being asked to make a decision that will commence the work on the program for \$432 million when the government has not finalised its own office accommodation strategy?

**Ms Gallagher:** I can certainly indicate that co-located government accommodation will be part of the whole-of-government accommodation strategy.

**THE CHAIR:** So the one building is now writing the strategy?

**Ms Gallagher:** No, it is not, but it will form part of it.

**THE CHAIR:** There is not much left, is there, when you take out the nurses and the teachers?

**Ms Gallagher:** There is not much left of what?

**THE CHAIR:** There is not much other accommodation required, so in effect this building is becoming the government's office accommodation strategy, even though the strategy has not been written?

**Ms Gallagher:** It will form a part of the whole-of-government office accommodation strategy, Mr Smyth.

**THE CHAIR:** The public accounts committee tabled an interim report on government office accommodation—

**Ms Gallagher:** Yes, we have not responded to it, I do not think.

**THE CHAIR:** back on 19 February. The response is normally within three months, which would be 19 May. Where is the response to the committee on this important issue?

**Ms Gallagher:** I understand that it is being finalised, Mr Smyth. Probably the changeover has delayed our response there, and I am sorry about that. We will get it to you as soon as we can.

**THE CHAIR:** Soon is what? Is it tomorrow, next week, next month?

**Ms Gallagher:** Again, it is not being managed by this department, so I cannot answer that.

**THE CHAIR:** Who is managing the material?

**Ms Gallagher:** The former Land and Property Services.

**THE CHAIR:** Has the government been negligent over the last 10 years by not having in place a strategy to properly accommodate the public servants that were administered mainly through output class 1.2, and is it the fact that because of your government's negligence we are now faced with this one size but fits all option?

**Ms Gallagher:** No. The answer to your question is no. In fact, it is because of the government's desire to have a long-term solution to our government accommodation that we have put all the effort into the work that has gone on and the options that have been examined through this piece of work that has led to the government office block being the preferred way forward. Indeed, I would flip your question on its head and say it is because of our planning that we are faced with the opportunities that the project delivers for us.

**THE CHAIR:** How many public servants are currently in A-grade accommodation?

**Ms Gallagher:** I am not sure. I would be surprised if it was any large number at all. My understanding is that another minister has taken that question on notice, so it will be answered.

**THE CHAIR:** But doesn't that make the point: after 10 years in office, you cannot name a single organisation under your control, now as Chief Minister, that is in A-

grade accommodation. In a 10-year period there would have been at least one refurbishment or two refurbishments in most departments. Why has the government not previously taken the opportunity to move ACT public servants into A-grade accommodation?

**Ms Gallagher:** We have where we have been able to. I think if you go to Moore Street, that would be probably the highest standard of accommodation that I can think of where we have leased. That was the new leasing opportunity. We have sought out high-standard accommodation; indeed, the Health Directorate and Community Services Directorate are in that building.

So again, no; I would not agree with your question. I would say that it is exactly what the government office block is all about—providing long-term security for the accommodation needs of our public service, our community's public service. It is not my public service; it is our community's public service—to be accommodated at the standard that they should be accommodated in and provide that long-term security for governments of the future.

**THE CHAIR:** Are you proud of the fact—

**Ms Gallagher:** In a sense we are here arguing about a project that will be of benefit for governments of another day, which should show you that—

**THE CHAIR:** Are you proud of the fact, though, that under your government it will be 16 years of Labor government before a single ACT public servant is in A-grade accommodation?

**Ms Gallagher:** I would say that it was because of the project that we are doing that we will have many of them in A-grade accommodation at the end.

**THE CHAIR:** At the end of 16 years of government? Your outstanding achievement as a government will be at the end of 16 years?

**Ms Gallagher:** I have got your point, Mr Smyth. I have got it.

**MR HARGREAVES:** Mr Chairman, could we move to the output classes?

**Ms Gallagher:** I do not accept it, but I have got it.

**THE CHAIR:** We have been patient with each other, Mr Hargreaves.

**MR HARGREAVES:** I just think that an hour—pretty good.

**Ms Gallagher:** I would just point out that we are being criticised for planning an A-grade government building. Your colleagues just had a go at me, saying that it is basically blue ribbon and over the top. Now you are saying that we should be ashamed of the fact that we have not planned for it.

**THE CHAIR:** Would you point to anywhere where I have said we should be ashamed of it?

**Ms Gallagher:** Of what?

**THE CHAIR:** You just said—

**Ms Gallagher:** You just accused me. This is the conversation that we have just been having.

**THE CHAIR:** No. I am asking when they will get into the accommodation.

**Ms Gallagher:** So you are supporting A-grade accommodation. Mr Seselja does not support A-grade accommodation.

**THE CHAIR:** No. You are very good at twisting things when you do not like the questions that you are being asked, but it is a fact that—

**MR HARGREAVES:** Come on, Mr Chairman.

**THE CHAIR:** it will take 16 years.

**MR HARGREAVES:** Let us move on.

**MS HUNTER:** Children!

**THE CHAIR:** It is under output class 1.2, public sector management, Mr Hargreaves. I do not see—

**MS HUNTER:** We did not realise we had moved on.

**THE CHAIR:** I am asking.

**MS HUNTER:** Oh, thank you.

**MR HARGREAVES:** We would like to line up for a question in that case.

**MS HUNTER:** We were waiting to move on.

**THE CHAIR:** I do not know why you are surprised that we have moved on. In fact, I was going to move to 1.4 and ask a question on the centenary of Canberra.

**MS LE COUTEUR:** We were hoping to go to 1.2 first.

**THE CHAIR:** Why don't we have a broad-ranging discussion for the rest of the afternoon. Moving on to the centenary of Canberra, we have recently had the decision that the federal government will put \$6 million into their part of the delivery of this, which, with the \$20 million the ACT government has put in, is \$26 million. My understanding is that we had hoped for a total of \$40 million. What will we be cutting back or what will we be missing out on because the federal government has not funded their share of the centenary celebrations, or does the government intend to put the missing \$14 million into the budget?

**Ms Gallagher:** I will start and then I will hand over to Mr Lasek. The planning for the centenary is well underway. One of the discussion items I had with the Prime Minister last week was around allocating the \$6 million for centenary projects that has been outlined in addition to the \$20 million that has been provided to the arboretum. Her advice to me was that she is happy to take recommendation from the ACT government around how best to allocate that funding. I just noted that on a brief today that Mr Lasek would not have seen yet. The work now is to identify what the opportunities are for that money from the commonwealth to make sure that it flows and works alongside the work that we have already done.

**Mr Lasek:** We were always hopeful of a windfall amount from the federal government. I guess the \$20 million for the arboretum was somewhat unexpected but certainly welcome, and the \$6 million for additional programming—we had never actually factored in any amount from the federal government, because it had been made very clear over the last 12 months that the budget was going to be tight and the opportunity to expect anything was perhaps a little hopeful.

So \$6 million we saw as a terrific contribution. We have subsequently had two meetings, one an intergovernmental working group between the ACT and the federal government where we had initial discussion on the \$6 million. I think that meeting was only two days after the budget announcement, so it was very early. And following up from that, we have met with representatives from the commonwealth just to get a sense of what they see as priority areas, perhaps, across regional Australia—Indigenous cultural events and so on. They have asked us to do some more work on how that \$6 million might blend in to the program that Robyn Archer has already put together so that there is a neat fit.

The feds have acknowledged that the money has come later than we probably would have all liked, but, that being said, we are very confident that we can use the money very well and broaden the program and add to the existing ACT government program.

**THE CHAIR:** The previous hearings of estimates committees and annual report hearings have heard that the size and scope of the budget of the centenary for Canberra celebrations were dependent on the federal government to fund it. You seem to be now implying that you had only ever planned for \$20 million and that the \$6 million is somehow a bonus.

**Mr Lasek:** No. I think I was trying to say that we were always hopeful, and we had been bidding over several years for an additional amount, but we never banked on anything. What I think we were saying previously was that we could not determine the size of the program till we knew the size of the federal contribution. Now that we know the size of the federal contribution, we are in a position to start finalising the program.

**THE CHAIR:** When will we see the final program?

**Mr Lasek:** I think we have said previously that the intention is to make some announcements on the 99th birthday of the city; that is next March. A full-blown program will be released a little bit later in the year than that. We have discussed this

with business, the convention market and tourism. I think that they now understand—we have just received \$6 million we did not know was coming; if we had announced something earlier it might have looked like not a half-baked centenary but certainly not the final product. We would like to be confident we know exactly what we are going to deliver before we start making any big announcements.

**THE CHAIR:** So the announcements on the full calendar will be out by Canberra day next year?

**Mr Lasek:** [Correct](#).

**THE CHAIR:** Previous hearings both on estimates and on annual reports have heard that it would be announced in December this year. Why is it being put off by a further four months?

**Mr Lasek:** I do not recall anything about December this year, but I can check that.

**THE CHAIR:** The National Capital Attractions Association has said that what has been proposed is lacking in interstate appeal. Minister, how will the government address this perceived lack of interstate appeal in what has been planned so far?

**Ms Gallagher:** I have not heard that criticism or seen that criticism. From my meetings with the creative director, I think a lot of work has gone in to having a good balance of local—allowing the local community to celebrate our city in the way we want to—and looking at how we attract visitors to Canberra to share the centenary. It is a national celebration. I would have to look at what they are criticising. I know that a lot of work has gone into balance in order to attract people to Canberra but also to allow us to have our community celebrations that run alongside it.

**Mr Lasek:** If I could add to that, I think part of the challenge about broadening the scope of the project was about the ACT, until a month ago, being the only jurisdiction that has provided any money. I think it just made sense that for the ACT its focus needed to be on a good, strong, local celebration—with some greater breadth, and Robyn Archer was providing that. The focus with the federal money will be to broaden that program. The NCAA spokesperson, I think, was speaking prior to the federal money coming in; we are now working very hard to give as much breadth to the program nationally as possible.

**THE CHAIR:** All right. On page—

**Ms Gallagher:** And the centenary marketing fund, which I am sure you have discussed with Minister Barr, is specifically designed to let people who do not live in Canberra know what is on in Canberra for that year in the lead-up to the centenary and in the centenary year—which I am sure you would welcome, Mr Smyth.

**THE CHAIR:** All right. On page 45 of budget paper 4 there is a rollover of 779,000 for the centenary of Canberra. Why is it rolled over and what does it cover?

**Mr Lasek:** I think the rollover was partly in response to our awaiting the federal money or contribution, whatever it was going to be. To some extent, I think we put

the brakes on some of the programs and projects we were looking to undertake because we needed to know whether they would be jointly funded by the commonwealth or not. We now have that information, and we can press on. We just did not want to jump ahead of the game.

**THE CHAIR:** How much have we spent to date on the centenary of Canberra?

**Mr Cappie-Wood:** I think it would be appropriate to take that on notice, because it is a complex, multiyear factor.

**THE CHAIR:** If you take it on notice, that is fine. And could you give us a breakdown on what it is being spent on. The final one, minister, is this. On page 44, there is the community centenary initiatives fund—just over a million dollars. What is involved in that and how will it be distributed?

**Mr Cappie-Wood:** That community initiatives arrangement for the centenary is to make sure that where there are bona fide local initiatives that can be identified—what we are seeing is that the community is really embracing the centenary, and in so doing they are coming forward with a range of community-based initiatives that they would like to see the ACT government partner with. It was intended that there would be that capacity, and it is over two years, as you can see—that capacity to be able to invest in some of those and to be able to enhance the local community effort. We do not see ourselves fully funding all of these, but they would certainly be for some of it. There has already been some early consideration of what that might go to initially, but there will be clearly a governance arrangement around it to make sure that it is aligned with the themes that are coming forward and that there is an approval process which is transparent.

**THE CHAIR:** All right. A new question, Ms Hunter; then Ms Le Couteur.

**MS HUNTER:** I wanted to go to budget paper 4, page 32. It is around strategic objective 4—“Improved satisfaction with Community Engagement”. That is a great thing to be measuring, but I do note that the graph you have there is actually a general social survey from the ABS from 2006 which seems to be a little out of date for actually measuring where we are up to. There are a couple of things there. Are you intending to get a more timely measurement under that strategic objective? Have you talked to Tasmania about why they have been so successful?

**Mr Cappie-Wood:** The ABS series only comes out, I think, once every four years. It is one we have relied upon the ABS for because it is a time sequence. To that extent, it is a third-party proviso for that. I can check on the time sequence and provide that advice to you. In terms of having feedback about how successful or otherwise people feel that the engagement process has been, when we look at how we can embed that in all of our engagement processes and to what extent—because usually if you ask the people who are actively being engaged they will say, “Yes, we think this is wonderful”—how do you actually get the people who you might have otherwise missed? How do we actually judge that? We have got to be able to take a broader base in terms of what we tap into.

I have spoken to people in Tasmania. They spend a lot of time and effort associated

with this. They use a variety of their own sampling techniques. Some of them are literally just feedback from websites where, as soon as you click on the website, it says, “Are you happy with this website?” It is the same sort of thing. When they do some of their online and web 2.0 activities there is an automatic feedback loop in there. Most people will give you positive feedback because they are positively seeking information. So you have got to be a bit careful about how you actually do some of the sampling.

**MS HUNTER:** Just going back, you thought it came out every four years. It would be interesting to see whether, if that was the case, there was a more recent one.

**Mr Cappie-Wood:** I said I would confirm that. I will confirm that.

**MS HUNTER:** I guess my thing around Tasmania was not so much the ongoing activities they do around feedback and evaluation; it was more around the fact that it seems to be a high satisfaction rate around how they are engaged. It was more about whether there had been some communication with Tasmania about the particular strategies that they employed in engagement. If we could just get some of that information?

**Mr Lasek:** Our community engagement unit has been talking to Tasmania. Some of their techniques were used in the Time to Talk rollout. So I guess there is some learning there for us. Mr Cappie-Wood is right: these are not as recent as we would like, but our understanding is that, by next year’s budget papers, we expect there will be an updated version. Hopefully the ACT goes a little bit higher still and closes the gap to Tasmania. We are using techniques that are used in Tasmania, but we are also looking at best practice in all other jurisdictions.

**Mr Cappie-Wood:** I might add to that that one of the aspects of the recent distribution of the community newsletter was to do a follow-up as to what form of engagement people preferred and was written better than necessarily other forms—radio, TV or online? By and large, people preferred written communication and they preferred it frequently.

**THE CHAIR:** Ms Le Couteur, a new question.

**MS LE COUTEUR:** Just continuing on different ways that you engage with the public. My partner recently took part in a telephone survey about buses, which I believe was funded by you guys. How often do you do these sorts of surveys—assuming that I am correct?

**Mr Lasek:** I think it is fair to say that now we are engaging more than we have ever engaged. I think we have recognised that it has been perhaps a weakness in the past and we have got to do it better. We are using the Time to Talk website, which had lots of new social media adaptations, to roll out the sustainable transport engagement this year in terms of sustainability for the city broadly. I think the Australian Federal Police, ACT Policing, are going to use the same website. So in a way we have found a way that we can communicate, certainly through web-based communications, with the community.

That website itself now has a very strong recognition through Time to Talk. I think we had 25,000 people engage through the website. It just seems to make sense to not only use that as the base for future engagement but also roll it out through other major communications that we are doing across government. You will, I hope, have noted in relation to the Yarralumla brickworks a much broader engagement than we have ever had in the past with lots of face-to-face social media and regular opportunities for people to provide feedback. That is something we did not do as well in the past as we would have liked. It is something we now recognise we need to improve on, and I think we are improving.

**MS LE COUTEUR:** With the Time to Talk website, you published all the results from that, which was really good. Would you do the same for other things? I am particularly thinking, as I said, of the telephone surveys. Will you provide those to the Assembly?

**Mr Lasek:** I think in our community engagement guidelines and modelling that is the important part of our closing the loop in the engagement. We see little point in doing the engagement and then not letting people know what the outcomes were. I think that is the standard practice now for all of our community engagement. I assume that if there has been a survey on ACTION buses those results will come through.

**Mr Cappie-Wood:** I might add to that there was a survey around the cemetery, for instance, and choices around that. The extensive telephone survey was publicly available. We are looking at every opportunity to provide that feedback so people can see where their discussion point is in the totality. If there is clear survey data, you provide that survey data so that people can interpret it—not just us.

**THE CHAIR:** Mr Hargreaves?

**MR HARGREAVES:** Thanks very much, Mr Chairman. Minister and officials, does the community engagement unit fund the community councils?

**Mr Lasek:** Yes, it is the funding source. It is not a large amount of money. A small amount goes out to each of the community councils, but we also provide whatever support we can in terms of their admin needs and so on. That has been the situation since that function transferred from the former DHCS to Chief Minister's Department about 2½ years ago.

**MR HARGREAVES:** Thank you. I understand that, in the main, community council meetings are fairly poorly attended and, indeed, at their annual general meetings they are particularly poorly attended. In some of our town centre areas where you may have as many as 65,000 to 80,000 adults, you would think that the engagement of fewer than 40 or 50 was a bit on the poor side. Is it the government's intention ever to have a review of those arrangements that we are in with the community council system?

**Ms Gallagher:** I have given some thought, just in the last few weeks, to how we engage with the community, obviously as I take up this new role. One of the first things I am going to do is arrange a meeting with all of the community councils. In fact, I spoke to the chair of the Tuggeranong Community Council at an event I was at

within the last week about hosting a meeting like that to talk about ways that we can improve their connections to their communities and also have some high level engagement between them as a group and the government.

They have recently started the intra-community council forum where they all get together, which I think is a good way. I think the former Chief Minister attended that last forum, as I am sure other members did. I think there are obviously opportunities to continue to look at the ways we engage and the way they engage with us and look at ways to make it better. As you say, particular people go to the community councils. So they cannot be the only way that you engage with the local community on particular issues.

**MR HARGREAVES:** I am aware that some community council constitutions are different from others. The last I looked, for example, at the Tuggeranong Community Council they precluded members of political parties from being members of their executive. I know that other community councils do not have that—

**Ms Gallagher:** Obviously it does not apply to Gungahlin.

**MR HANSON:** Not in Gungahlin.

**MR HARGREAVES:** They do not have that clause in their constitution.

**THE CHAIR:** Perhaps it should.

**MR HARGREAVES:** Is there a case, in fact, for encouraging the community councils to have a consistent constitution so that there is an equal approach to this across the territory—or do you think we should leave it in the hands of those few who constitute a community council?

**Ms Gallagher:** I think it would be very difficult for the government to get involved in rewriting the constitutions of community councils. I know how contentious they can be from community organisations. It is not a bridge I would like to cross.

**MS LE COUTEUR:** Can I just continue on community councils: what are the requirements the government has for funding? What do you require the community councils to do? As someone who goes to an awful lot of community council meetings, I have heard various commentaries about—

**Ms Gallagher:** Too much red tape?

**MS LE COUTEUR:** Actually, that is not what I have heard. I have heard comments about making public commentary on things. Some of the community councils are much more inhibited than others, let's put it that way.

**Mr Lasek:** I think it is a case of the government being convinced that the group created is representative of a section of the community. The inner south has recently—in the last 12 months—formed a council. My recollection was that, at its request, we put a brief to the former Chief Minister. It was seeking to become a recognised community council. In the end, I think the decision is for government. But

our impression was that this group was representative of a group of Canberrans and perhaps legitimately justified in being recognised as a community council in its own right. So that has taken place.

**THE CHAIR:** So had they been funded or not?

**Mr Lasek:** My recollection is that they have.

**MS LE COUTEUR:** They have been funded. They have told me that they have been funded, so I imagine they have been. Taking Mr Hargreaves's comments, although I do not totally agree with him about not being totally representative, have you looked at—

**MR HARGREAVES:** What—40 people out of 60,000?

**MS LE COUTEUR:** Have you looked at things like, say, having annual general meetings included in community engagement notices saying, "This is the date, if you are interested." I think there is an issue for the community councils in getting out to their community.

**Mr Lasek:** I think to some extent, having formed a group, they have some responsibility to look after their own needs. We are certainly happy, through our community engagement website and so on, to put notices like that up which can be followed up by the broader community. I think that if the government were to start running advertisements for community councils there would then be an argument put that there are other worthy groups within the community that the government should start promoting.

**MS LE COUTEUR:** Just following on from that, does that mean that there are different amounts given to different community councils for different functions?

**Mr Lasek:** I will take that on notice, but my understanding is that there is a flat amount that that every council—

**MS LE COUTEUR:** And for the same services?

**Mr Lasek:** Yes.

**Ms Gallagher:** I think it recognises there are some fixed costs regardless of how many—

**MR HARGREAVES:** As a follow-on, I understand that—unless things have changed in the financing arrangements—the councils get a certain amount out of community engagement and they also get some money out of planning. I think ACTPLA actually give them money so they can run community engagement or enter planning issues which may occur in their region. Would it be possible for you to get those figures from ACTPLA so that we can see a total picture?

**Mr Lasek:** Yes, absolutely.

**MR HARGREAVES:** And how budget savings can be achieved therein?

**MS HUNTER:** Going back to the centenary. Around the centenary fund it talks about supporting new and existing festivals. Could we get a bit of an idea of how much of the fund is going to new festivals, or new initiatives, and how much is going to existing festivals? Can we have a break-down?

**Mr Lasek:** I do not think we have a break-down. I think what we are going to do, with the Chief Minister's approval, is probably run some ads in the community notice board in the next month or so and, hopefully, open that fund on about 1 July. We would expect the fund would be open for a period of about 12 months. We will probably get knocked over in the rush for the first month, but we do not want to spend all of that million dollars immediately in case there are other—

**MS HUNTER:** So it will be opened up and people can apply?

**Mr Lasek:** With some criteria against it. I would think there would be a great mix of existing and new ideas coming forward.

**THE CHAIR:** Mr Hanson, a new question, followed by Mr Seselja.

**MR HANSON:** Thanks. My question is about the new office government building. It is not, actually; it is about something completely different.

**Ms Gallagher:** There you go. I was just nodding, going yes, yes.

**MR HANSON:** The Majura parkway—we spoke about that on another occasion before the committee. The front page of the *Canberra Times* did not seem to quite match what your comments have been in terms of going it alone. Can you confirm—

**Ms Gallagher:** Yes, I understand that too. The headline was different from the content, yes.

**MR HANSON:** It seemed to be a bit different from my recollection of the committee meeting—

**Ms Gallagher:** I think my comments were the same, though.

**MR HANSON:** I thought you might have said something separately to the *Canberra Times*.

**Ms Gallagher:** No.

**MR HANSON:** Can you confirm then, based on the media and also your conversation with the Prime Minister, where we stand with the Majura parkway, just to clarify exactly where we are at?

**Ms Gallagher:** My position on it has not changed. I agree that the headline did not necessarily relate to the story. The story was around the letter I had sent which had indicated a preparedness to talk about them coming in at the later stages of the

project—I think we had already had the conversation here.

The status of the project is that—pending the passage of this budget—funding for \$144 million. It is a 50 per cent share of the road. I have to meet with the commonwealth again this Wednesday to continue discussions around how we bring this project together in the next few months. I think it is due for construction to begin on 1 July, or around that time. It is funded not in this coming financial year but in the financial year after that. We will need to have a solution in place several months before that so that we can get the tender documents out and ready to go.

**MR HANSON:** You are now dealing directly with Minister Albanese; is that correct?

**Ms Gallagher:** That is where the Prime Minister has referred me to, yes.

**MR HANSON:** Have you had communication with him yet?

**Ms Gallagher:** Yes. I have had ongoing communication with him in the last year over this. I have had several meetings with him over the Majura parkway. Indeed, I met with him, the federal Treasurer, the now Prime Minister, and I have met with Mike Kelly around it as it impacts on his community as well. I have another meeting arranged with Mr Albanese this week.

**MR SESELJA:** What happens if the commonwealth does not fund half?

**Ms Gallagher:** That is always a possibility. I am not concentrating on that; I am concentrating on getting the money from the commonwealth. If the commonwealth does not fund it, in the worst-case scenario, we would have to look at how we deliver that road. But I think it would be a very unfair situation to put the ACT community in if they would have to fund 100 per cent of what is a national piece of infrastructure.

**MR SESELJA:** On another issue, the centenary funding in terms of the arboretum, I am interested in whether any levels of ACT government lobbied the federal government at all for that money as a present for the centenary.

**Ms Gallagher:** I am not aware of any lobbying for arboretum funding.

**Mr Lasek:** I think the ACT government put a number of ideas forward for possible funding. The arboretum was one of a number. I am only aware of it happening at the intergovernmental working group, when they were casting the net broadly for what sort of things the ACT government might be interested in.

**MR SESELJA:** So the ACT government did ask for that to be a potential centenary present?

**Mr Lasek:** The federal government was, I think, looking for some ideas.

**MR SESELJA:** And we gave them the arboretum?

**Mr Lasek:** We gave them a number of ideas, I believe.

**THE CHAIR:** What were the other ideas?

**Mr Lasek:** I will have to get back to you and look at the discussions that were had, but certainly the arboretum was one.

**MS HUNTER:** At the intergovernmental working group?

**Mr Lasek:** Yes.

**MS HUNTER:** So who—

**Mr Lasek:** That is an officials group of ACT government and federal government.

**MR SESELJA:** When was that put to the intergovernmental working group?

**Mr Lasek:** I do not know exactly, but that group has been meeting for at least 18 months.

**MR SESELJA:** Would you take that on notice for us, please?

**Mr Lasek:** Sure.

**THE CHAIR:** So you have taken it on notice and you will give us a list of what was asked for, what was suggested as potential gifts?

**Mr Lasek:** I will check the minutes, yes.

**THE CHAIR:** Thank you.

**THE CHAIR:** On the federal funding, the money for the Griffin legacy which was rolled into the announcement of the arboretum to make it sound like it was a much bigger negotiation, when the Howard government originally funded that it was also to include the upgrade of the Parkes Way intersection. When will that be funded?

**Mr Cappie-Wood:** The initial proposals around Constitution Avenue included the entire length of Constitution Avenue from Vernon Circle right the way through, down to Reid. With the available money, because it has changed over time in terms of the cost, you will see that that has varied between the original and what is there. The commonwealth government are aware that they are uncertain of what is in the ground, when they dig up Constitution Avenue. So they are giving some thought to and making provision for that in the amount available. The focus on this will be on making sure that, where there are single-lane areas, that is duplicated first. We are currently in discussions around this very issue with them in terms of what this now looks like, the sequencing and how far that money can go. But we are wanting to make sure that we can deliver as much as possible along the lines of the original intention that the Griffin legacy moneys were there for. But it has to be re-scoped and re-costed.

**THE CHAIR:** But the initial intention also included where Coranderrk Street meets Parkes Way.

**Mr Cappie-Wood:** Yes.

**THE CHAIR:** That intersection is very busy and, I am told, past capacity. So the funding was to rectify that intersection as well. When will that happen?

**Mr Cappie-Wood:** In terms of the moneys made available, it has not been mentioned within the scope of the moneys made available from the commonwealth government. However, I will have to take advice about what now happens with Coranderrk and Parkes Way.

**THE CHAIR:** Can you take on notice what an updated price would be on Coranderrk and Parkes Way—

**Mr Cappie-Wood:** Yes.

**THE CHAIR:** and the updated cost of doing the whole of Constitution Avenue. Chief Minister, is it still the intention of the ACT government to take Constitution Avenue through to Vernon Circle?

**Mr Cappie-Wood:** That certainly was in the original intentions. The commonwealth government, when they were looking at potentially funding this, were considering what they could deliver within the moneys that they were potentially having available. Whether that was taken from London Circuit through to Vernon Circle was one of the things on which they were saying, “Can we afford to do that within the scope of moneys?” So we will still have to scope it and see how far the moneys go.

**THE CHAIR:** The federal government apparently still owes us a bit of money on the Beijing torch relay. Did we pick that up as well or have we written that one off as a bad debt?

**Mr Cappie-Wood:** As far as I am aware, they have not opened up that line of generosity yet.

**THE CHAIR:** Ms Hunter, a new question?

**MS HUNTER:** Yes, I want to move to public sector management, 1.2, and particularly to the accountability indicators in budget paper 4, page 38. Indicator f is about finalising public interest disclosure legislation and it was not completed. The reason given in the note below is the diversion of resources towards enterprise negotiations. Could you explain what the connection is there. Were the negotiations an extraordinary event? I would have thought they were commonly part of the work agenda. I am just trying to get some sense of what was going on there as to why we have not achieved that particular time frame.

**Mr Cappie-Wood:** Just on the public interest disclosure legislation, because we are looking at what the commonwealth will be bringing in, in terms of their new legislation, one of the things which has been commented upon in terms of *Whistle while you work* is that there is a complete lack of uniformity across Australia in this regard; hence when we are looking at the impact in terms of the ACT’s potential new

laws, it is about making sure that we know what is in the commonwealth government legislation, wanting to make sure that any new whistleblower arrangements here would conform with some national consistency.

We understand that the commonwealth will be in a position to be able to have that publicly available shortly and we would use that as a basis of assessing our position and to see how we would address that in the considerations we would put into any draft legislation.

**MS HUNTER:** So is the note not quite right then when it refers to the release of the exposure draft having been delayed due to the diversion of resources towards enterprise negotiations? You have explained that you want to wait for the federal legislation.

**Mr McAlary:** Perhaps I can help in this regard. Certainly Mr Cappie-Wood is correct in terms of there being other developments; for example, what is happening at the federal level that we would like to see and that would inform the development of our position. However, the fact that the 2010-11 industrial agreements were of a short duration meant that, in terms of the capacity within the public sector management group to focus fully on the work related to developing the new legislation, that was reduced because we were doing the preparation for the current round. So I think it is actually a combination of those two factors and I suspect it is probably just brevity in the context of the note which has led to that confusion.

**MS HUNTER:** Thank you.

**THE CHAIR:** Ms Le Couteur with a new question?

**MS LE COUTEUR:** Thank you. I am talking about workers compo and work safety improvement. Has CMD taken a projected savings analysis of what will be achieved across government by investing in the workers compensation and work safety improvement plan and, if so, what are the expected savings?

**Mr Cappie-Wood:** I might ask Meg Brighton to go into that in a little detail, but the overview is that, clearly, the investment of this sort of money in there is to try to achieve a reduction in the government's premiums in terms of workers compensation contributions from the public sector and that, in the business cases put forward, there was consideration of some savings during the first two years of the implementation of this. I ask Meg Brighton to provide some details.

**Ms Brighton:** The savings are best characterised in terms of a percentage reduction off the premium rate, and we anticipate with this improvement plan that we will achieve a percentage reduction of 0.2 off the expected insurance rate. So we have got a targeted trajectory of where we are at or will be at in a couple of years.

**MS LE COUTEUR:** My understanding was that you usually are charged things like one or two per cent—

**Ms Brighton:** Yes.

**MS LE COUTEUR:** You are not going from, say, two per cent to 1.8 per cent? You are, say, taking 0.2 per cent off that \$100?

**Ms Brighton:** You were in fact correct. If the premium rate was two per cent, it would take us to 1.8 per cent.

**MS LE COUTEUR:** That is much more exciting.

**Mr Cappie-Wood:** Yes.

**MS LE COUTEUR:** One of the things—and you may not be able to answer this—is that we noticed that JACS have been given initial funding for the next two years for workers comp. Is that normally how it is done?

**Ms Gallagher:** No. I can speak with my Treasurer hat on here. In the past, we have been able to deal with the premium increases by reallocation of some funds across government. For example, Health have been doing extraordinarily well in the last few years, so we have been able to meet some of the areas where the costs of their workers comp has gone up and we have had to provide additional funding.

This year this became a real budget pressure where JACS would have had to find it from somewhere else within their operational budget, which would have required savings in addition to the savings we had already done. What we have done is provided them with two years but on notice that they need to get their savings. And this works into the work that Meg's area will be doing in terms of improvements around workers compensation.

I was not happy to give them four years ongoing funding, because I do not think it drives improvement. I think it is too easy. So we have given them two years. It aligns with this project that has been run across government, and the government is sending the message we want to see continued improvement in workers comp.

**MS LE COUTEUR:** Is it the intention of CMD that all case management resources are going to be in Shared Services? And if so, what are the projected savings and efficiencies that this would mean?

**Ms Brighton:** The improvement plan is focused on a one-service approach and a new case management model. There are a variety of mechanisms by which that case management model could be implemented. The most efficient mechanism would be a co-location in one area of Shared Services for the delivery of services. Co-location can help build immediate culture, peer support and a change in how the case management model runs. But the implementation of the improvement plan is going to the strategic board for their contemplations and their decisions, and they will be making their decision in the next month or so.

**MS LE COUTEUR:** So have any savings from this been factored into directorates' budgets as yet or is that going to be part of next year's budget?

**Ms Gallagher:** Yes. It has not been. In a way, it is about managing the emerging risks that come with additional costs more than trying to find savings or take savings off

people.

**Ms Brighton:** And the savings are more in premium costs. The savings are not in staffing or FTEs. In fact, the government has invested in more FTEs in this space. So with the implementation of the model, it is about building the capability for service.

**THE CHAIR:** Mr Hargreaves, a new question?

**MR HARGREAVES:** I think these guys are doing such a great job that I do not have to ask any. Thank you very much, Mr Chair.

**THE CHAIR:** Good lad. Mr Hanson?

**MR HANSON:** I will defer to Mr Seselja.

**THE CHAIR:** Mr Seselja?

**MR SESELJA:** Thank you, chair. My question is around the ACT executive. Minister, you have got four ministers now. How will this affect the costs for the ACT executive? Are we going to see costs come down in the next financial year, given that we have got one less minister to service?

**Ms Gallagher:** It depends when the next minister is appointed.

**MR SESELJA:** So you are planning on appointing another minister?

**Ms Gallagher:** I think I have been clear about that.

**MR SESELJA:** So you are not going to stick with four, there will be five?

**Ms Gallagher:** It is unreasonable to expect the government to continue with four ministers for any serious length of time. It is just too much work for people.

**MR SESELJA:** So what is a serious length of time, and when do we expect to have a new minister?

**Ms Gallagher:** I will be determining that in the near future. I do not have a date in my head, but I think it is preferable that the cabinet be a five-member team. Indeed, I think the executive has been operating under budget for a little while now, so I do not expect to see any huge change.

**MR SESELJA:** And I am not sure whether this question has already been asked, chair, in terms of the break-down of that budget: obviously we can see the staffing levels and the amounts for each year.

**Ms Gallagher:** What page are you on, Mr Seselja?

**MR SESELJA:** Page 15 of BP4 is one place where it is looked at. Are you able to put a price on the breakdown of the costs of the ACT executive for this financial year about to end and projected costs for the next financial year?

**Ms Gallagher:** I do not see why not.

**MR SESELJA:** Thank you.

**Ms Gallagher:** In relation to Mr Seselja's question about the centenary, I should make it clear that the commonwealth did make it clear that they wanted to provide funding for something for the nation and that that was around their requirements around what allocation they were going to make. They wanted a gift for the nation. Mr Lasek has gone to check on what ideas were provided.

Going back to Mr Seselja's point, there was no active lobbying for the arboretum. But we are not ashamed of the arboretum, nor do we think this is not a good idea. I do not think it would be fair to portray that there was lobbying for the arboretum for the centenary project.

**MR SESELJA:** We asked this question, from memory, the last time you were here and we were told that this was not something that the ACT government asked for and now we are told that in fact it was. So why were we—

**Ms Gallagher:** No. I do not think that is fair, Mr Seselja. I think in response—and I am happy to check the record—if my memory is correct, I was answering that certainly from the government's point of view, indeed the former Chief Minister's point of view, there was no request for commonwealth funding for the arboretum. And that stands as a correct response to your question.

**MR HANSON:** Can I read from the transcript from the last meeting we had?

**Mr Lasek:** I just checked with my staff and the only—

**MR HANSON:** I will just read the transcript:

**Ms Gallagher:** There were discussions and letters and meetings, as far as I understand, between the Chief Minister and all the way up to the Prime Minister about getting them ... in genuine partnership with the ACT government over the centenary celebrations.

**MR HANSON:** Specifically to the arboretum?

**Ms Gallagher:** Ultimately the commonwealth decided that the arboretum was an opportunity to provide—

**MR HANSON:** Did we provide a list of what we wanted as a priority, and did that—

being the arboretum—

form part of that list?

**Ms Gallagher:** Not that I am aware of.

**Ms Gallagher:** That is right. And that is true. Indeed, I think the earlier part of your question was “Did you or the former Chief Minister in letters and correspondence ...”, and that is correct as well. I do not know if Mr Lasek can answer.

**Mr Lasek:** I have just checked with my staff on the minutes of the intergovernment working group, and the only reference to any gift was in the March meeting this year, a proposal for some contribution to a national space museum at Mount Stromlo as a gift connected with the Smithsonian. So I do correct what I said earlier.

**MR HANSON:** You have the Chief Minister planting a tree, the tree of knowledge, which is a Labor icon, and on the same day the Prime Minister announces this gift to the arboretum. You have got to agree that that it does look a bit dodgy.

**MR HARGREAVES:** No; not at all.

**Ms Gallagher:** I do not think it looks dodgy at all. I do not think it looks dodgy. Indeed, I planted a golden oak with the President of Cyprus last week.

**MR HANSON:** Did he give you \$20 million?

**Ms Gallagher:** I have to say that he was very—

**MR HANSON:** It sounds like a great golden oak; let’s do that.

**MR SESELJA:** You plant a tree; you get 20 million bucks.

**MR HANSON:** You plant a nice Labor tree for the Labor Prime Minister and you get a \$20 million gift.

**MR HARGREAVES:** At least you do not get it out of the Liberal Party when you do it.

**Ms Gallagher:** I think the point is that the arboretum, as much as you like to deride it, is becoming a very special asset to the people of the ACT—so much so that many international visitors and dignitaries seek to have some involvement with the arboretum. The Cypriot President, and I do not think he would mind me saying this, was extremely impressed with the arboretum.

**MR HANSON:** So it is more of a priority in Cyprus than it is in Tuggeranong these days.

**Ms Gallagher:** Again, Mr Hanson, what would you have done with an area of burnt out space? This is something that this government has done about providing a vision for this city into the future, again to benefit future generations. We are proud of it. That is not to say that you take your eye off everything else you do, but we can have a beautiful attraction in the centre of Canberra that generations in the future will be proud of and I do not think we should be embarrassed by it. I am not embarrassed by it at all. I think it is a suitable present from the commonwealth on behalf of the nation to the capital for the celebration of the centenary. But if you are going to go out and portray that we sought \$20 million from the commonwealth for the arboretum, you

are misleading the community and you are incorrect.

**MR SESELJA:** We are getting some contradictory answers here, and maybe Mr Lasek can clarify? He has now told us that the minutes do not say that there was a request for arboretum funding, but just a few minutes ago you told us that in fact there was. Is that your recollection—that there was?

**Mr Lasek:** I came back to correct what I said, which was that I thought we had discussions on a gift. We did have discussions on a gift. I wrongly said I thought the arboretum might have been part of those discussions, but the only thing discussed was a contribution to a national space museum at Stromlo, so I was wrong.

**MR SESELJA:** So it is now not your recollection—it was your recollection a few minutes ago—that you had actually asked for an arboretum?

**Ms Gallagher:** Mr Lasek has done the appropriate thing for an official who has given evidence. He has now come and corrected the record based on his recollection of a meeting. Mr Seselja, that is how the professional public service responds. That is what they have done. I think the matter rests. If you want to put out a media release all excited about what you had previously heard, all good luck to you, but the record has been corrected and we leave it at that.

**MR SESELJA:** You seem obsessed with our media releases, but we are just trying to get a clear answer here.

**Ms Gallagher:** I saw the excitement on your face when you thought you had got something on the arboretum. I know you well enough to know that, Mr Seselja.

**MR SESELJA:** We are getting a different story all the time.

**MR HANSON:** Can I just ask a final supp?

**THE CHAIR:** Order! Order, please! I will ask the question. How did the federal government determine that the gift to the centenary of Canberra would be the arboretum? Apparently nobody asked for it.

**Ms Gallagher:** I do not know. You will have to ask the commonwealth government.

**MR SESELJA:** We are back to them guessing.

**Ms Gallagher:** You will have to ask the commonwealth government how they determined that. I can certainly say to you that we had no idea that it would be for the arboretum and we had no idea how much money it was for up until—just prior to, I think—the Prime Minister's visit to the arboretum.

**THE CHAIR:** Was the suggestion of the space museum an ACT official putting forward a suggestion or was that the ACT government's official nomination for the centenary of Canberra?

**Mr Lasek:** Neither. It came from externally. I think some correspondence came to the

meeting of officials and so it was just discussed. The federal government at the time, I think, sought our views on it. We said, “It’s your gift and we have got no idea what money you have got to give to us, so it is a bit hard for us to ...”—

**THE CHAIR:** So who questioned the Chief Minister? The government never suggested to the federal government what they thought would be a reasonable gift to the ACT for the centenary of Canberra?

**Ms Gallagher:** I can only answer for myself. I know that the former Chief Minister has had a number of discussions with both Prime Minister Rudd and Prime Minister Gillard around appropriate involvement in the centenary celebrations, of which I am sure a component was about a centenary gift. I do not think we are going to sit here and apologise for seeking appropriate funding from the commonwealth for the centenary.

**MR HANSON:** You did seek it then.

**THE CHAIR:** But apparently you did not put it forward.

**Ms Gallagher:** I know that the former Chief Minister had a number of discussions with both Prime Minister Rudd and, I think, Prime Minister Howard, because I think this all started under Prime Minister Howard—

**Mr Lasek:** The committee was established under the former Liberal government, yes.

**Ms Gallagher:** and Prime Minister Gillard, about a suitable acknowledgement from the commonwealth government for the centenary. We did not dictate how much they should give; we did not dictate where they should give it. We have now an outcome which has given \$20 million to the arboretum and \$6 million for ongoing centenary projects, and we will spend that money wisely.

**THE CHAIR:** A final question to shut the estimates public hearing process down for 2011-12.

**Ms Gallagher:** How appropriate that it finished on the arboretum.

**MR HANSON:** I reckon I can combine the two.

**MR SESELJA:** The arboretum looks better the more we look at the government office building. It is looking like high priority compared to the office building.

**Ms Gallagher:** In fact, if the Liberal Party could tell me a tree that they would like to plant, we might even get Zed out there.

**MR HARGREAVES:** With the same wood that Pinocchio was made out of: big long noses come out of it.

**THE CHAIR:** Minister! Mr Hargreaves! Mr Hanson, a final question; then we can all go home.

**Ms Gallagher:** If the Liberal Party has a tree, we will welcome you up there to plant it, Zed. It would be a moment, wouldn't it?

**MR HARGREAVES:** What sort of wood was Pinocchio made out of?

**Ms Gallagher:** Do you have a tree?

**MR SESELJA:** It can go under the sky bridge.

**Ms Gallagher:** You do not have the tree of knowledge, do you? No.

**MR HANSON:** Has any analysis been conducted to see whether ministers will be able to view the arboretum from the sky walk?

**Ms Gallagher:** Very appropriate.

**THE CHAIR:** With that, we will draw this public hearing of the estimates committee for 2011-2012 to a close. Thank you, Chief Minister, and I thank your officers for their attendance. We look forward to the answers to questions taken on notice today; ensure that we have them within five days. Members, you have four working days in which to get your questions on notice. Members, I have to say that I think it is the best attended estimates I have seen since I have been here. There were 20 people at the table today—10 members and 10 visitors—so well done.

I would like to thank Dr Lilburn and all her staff for the work they have done in making the committee work so smoothly. I particularly thank Ms Concannon for her job in reshuffling the daily program almost daily after the departure of the former Chief Minister. And the award for the day goes to the man they will now know as Tinker Bell—Ray: he who stirs his cup vigorously with multiple spoonfuls of sugar, which has provided no end of amusement to Ms Hunter and myself as we tried to work out who the culprit was. On that note, Tinker Bell, you may turn off the recording device.

**The committee adjourned at 5.52 pm.**