



**LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**SELECT COMMITTEE ON ESTIMATES 2025-2026**

(Reference: [Inquiry into Appropriation Bill 2025-2026 and Appropriation  
\(Office of the Legislative Assembly\) Bill 2025-2026](#))

**Members:**

**MR E COCKS (Chair)**  
**MR S RATTENBURY (Deputy Chair)**  
**MS F CARRICK**  
**MS C TOUGH**

**PROOF TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**THURSDAY, 7 AUGUST 2025**

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**Secretary to the committee:**  
**Dr D Monk (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.

## **APPEARANCES**

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## **Privilege statement**

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*Amended 20 May 2013*

**The committee met at 10 am.**

Appearances:

Orr, Ms Suzanne, Minister for Aboriginal and Torres Strait Islander Affairs, Minister for Climate Change, Environment, Energy and Water, Minister for Disability, Carers and Community Services and Minister for Seniors and Veterans.

City and Environment Directorate

Peffer, Mr Dave, Director-General

Wright, Ms Fiona, Executive Group Manager, Climate Change, Energy and Water

Burkevics, Mr Bren, Executive Group Manager, Environment, Heritage and Parks

Clapham, Dr David, Executive Branch Manager, Office of Water, Climate Change, Energy and Water

Watts, Ms Michaela, Executive Branch Manager, Parks and Conservation Service

Tetley, Ms Melissa, Chief Finance Officer

**THE CHAIR:** Well, good morning, and welcome to the public hearings of the Select Committee on Estimates 2025-2026 for its Inquiry into Appropriation Bill 2025-2026 and Appropriation (Office of the Legislative Assembly) Bill 2025-2026. The committee will today hear from the Minister for Climate Change, Environment, Energy and Water, Ms Suzanne Orr MLA, and the Treasurer, Mr Chris Steel MLA.

The committee wishes to acknowledge the traditional custodians of the land we are meeting on, the Ngunnawal people. We wish to acknowledge and respect their continuing culture and the contribution they make to the life of the city and this region. We would also like to acknowledge and welcome other Aboriginal and Torres Strait Islander people who may be attending today's event.

This hearing is a legal proceeding of the Assembly and has the same standing as proceedings of the Assembly itself, therefore, today's evidence attracts parliamentary privilege. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of the Assembly.

The hearing is being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed live. When taking a question on notice, it would be useful if witnesses used these words: "I will take that question on notice." This will help the committee and witnesses to confirm questions taken on notice from the transcript.

We welcome Ms Suzanne Orr MLA, the Minister for Climate Change, Environment, Energy and Water. We also welcome the officials in attendance. We have many witnesses for this session. Please note that as witnesses, you are protected by parliamentary privilege and bound by its obligations. You must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. As we are not inviting opening statements, we will now proceed to questions.

**MR RATTENBURY:** Good morning. I wanted to ask about Mulligans Flat. I wanted to ask if there was any funding for the Capital Woodlands and Wetlands Trust in the

budget because I could not identify any in there.

**Ms Orr:** Thank you, Mr Rattenbury. I believe the Parks and Cons Service is just making its way to the table and will be able to answer your question.

**Ms Watts:** There was no initiative funding in the budget for Mulligans Flat or for Wildbark. However, the ACT government continues to provide maintenance funding for the building facility at Wildbark, and that is written into a deed of grant for that particular facility.

**MR RATTENBURY:** Thank you. Are there any other ongoing funding agreements between the government and the Capital Woodlands and Wetlands Trust beyond that maintenance funding Ms Watts just described?

**Ms Orr:** Sorry. Just bear with us, Mr Rattenbury. It is actually Minister Cheyne's part of the portfolio, so we might take that on notice, if that is all right, just so we can actually—

**MR RATTENBURY:** I appreciate that. I am sorry. I thought it sat in this session, but anyway, I will get it right for annual reports.

**Ms Orr:** Yes. That is fine.

**MR RATTENBURY:** Yes. No worries.

**Ms Orr:** Yes. So we will take that one on notice.

**MR RATTENBURY:** All right. I think I will put my further questions on Mulligans on notice then. I think that will be most useful. I then wanted to ask—because Sullivans Creek starts up in that wetland, right up in that area. The government last year published an options paper for Sullivans Creek re-naturalisation and the community were certainly very enthused about it. I wanted to ask what steps have been taken on that strategy since it was published—or on that options paper.

**Ms Orr:** Yes. I was going to say, it was options paper, not strategy. Mr Rattenbury, the conservator might have something to add, but I think it is fair to say you have heard me talk about the government landscape architect and the landscape plan quite a lot, and a lot of the work we are looking at is scoping work as to what would fall into the remit of that project and what would not, and this is part of that consideration. We can certainly update you as we answer the questions we are asking ourselves at the moment. If Bren would like to add anything, feel free.

**Mr Burkevics:** Thanks, Minister. Thanks, Mr Rattenbury. As you have indicated, Mr Rattenbury, for the Sullivans Creek catchment there was an options paper and some really good information provided by the former government on options for the rehabilitation and restoration of areas of that. We know it is a really important catchment in Canberra.

There has been some work by the Natural Resource Management team, NRM team, particularly up at the head of the catchment to do some restoration work. From memory,

Hackett areas and areas of that location do a lot of tree planting and restoration of sites there. So that has been a primary area of focus at the moment around restoring areas and protecting areas of that catchment at the head of Sullivans Creek.

**MR RATTENBURY:** So none of the initiatives identified in the options paper received any funding in this year's budget?

**Mr Burkevics:** No.

**MR RATTENBURY:** This work in Hackett: I am not familiar with that. Whereabouts is that taking place?

**Mr Burkevics:** I am happy to take—

**MR RATTENBURY:** Yes, that is probably an on-notice question, but—

**Mr Burkevics:** Yes, and if I am able to get, maybe potentially during this hearing, some further information of the exact location of the work that is being done there, happy to potentially circle back on it for you.

**MR RATTENBURY:** Has there been any detailed planning on the options in the Sullivans Creek options paper? Have they been costed? Has the order in which they might proceed been identified?

**Mr Burkevics:** My recollection of the options paper, which is available online, is that it included some preliminary costings as part of that work. I think there were three options presented in that paper. Those costings were flagged as estimates, and they remain helpful to ongoing consideration of opportunities for that catchment, along with all other catchments in Canberra.

**MR RATTENBURY:** Going back to your earlier observation about the role of the landscape architect, there is already a detailed options design for this catchment, so what role would the landscape architect play in the project?

**Ms Orr:** The landscape architect is looking at the whole landscape across the ACT. This would form part of it. There are a lot of projects that we will be looking at in that context—looking at how we prioritise and looking at where we need to focus in the first instance, to make sure that we are meeting the most pressing needs that we have identified. Mr Rattenbury, I am getting some advice. With the options paper, while it was an options paper, I am not aware of government adopting an official policy.

**MR RATTENBURY:** That is why I am asking you about it. I am trying to understand its status.

**Ms Orr:** That is fine. If you want to have a discussion about that, the status is that I have not taken it to cabinet for a decision. We are looking at it in a broader context. As Mr Burkevics said, the options paper is helpful and informative at a point in time, and we will look at it in the context of all of our priorities.

**MR RATTENBURY:** Okay.

**Mr Burkevics:** Minister, you are correct; there was consultation with the community via YourSay and the report was finalised for ongoing government consideration. But there is no government consideration of that report at the moment.

**MR RATTENBURY:** Minister, I have a final question before I hand over to my colleagues. The landscape architect has been referred to in the answers to many questions to you through this estimates process. Does that mean a lot of things are on hold until a landscape architect is chosen, appointed and does their thinking? You have deferred a lot of things to the role of the landscape architect.

**Ms Orr:** Certainly, the thinking we have around the landscape architect is that it will be a key and critical function, and it will be quite broad in what it could look at. When you say that a lot of things are on hold, Mr Rattenbury, I am hesitant to make broad, sweeping statements around those, because those could be taken to mean just about anything.

**MR RATTENBURY:** To be fair, Minister, I take your point. I am trying to respond. I feel that, with respect to a lot of questions that have been asked, you have said, “The landscape architect will look at that,” or “That’s dependent on the landscape architect’s role.” At our last hearing we were told that the landscape architect has not been appointed. I do not think that the recruitment process has started.

**Ms Orr:** As I said previously, we got the funding in this budget, and we are commencing that process. Mr Rattenbury, this goes to a point that you have made on a few other bits and pieces about wanting to see things move a little bit faster. You will appreciate, as you have held a number of the portfolios that come together in this, that there is a stream of work there that perhaps was set up and was ready to roll if you had come back into the position.

Where there is a little bit of a difference is that there is a new person in the position; there is some new thinking there, and there is some new prioritisation. As I am sure anyone will appreciate, there is a need to take a little bit of time, when you have new people in the role, and to go back to cabinet, to make sure that we are respecting our processes when we are putting new directions in place. That does not mean everything will radically change or shift, but it will be a little bit different; and, Mr Rattenbury, it would be unfair of me to try and say otherwise.

**MR RATTENBURY:** Minister, I respect your right in that regard. We also have a range of pressing needs in our community. I am trying to understand what your vision is. The fact is that it is now nine or 10 months after the election and you cannot articulate those visions on a range of things. That is what I am actually concerned about.

**Ms Orr:** Mr Rattenbury, when you say my “vision”, are you asking for my vision on Sullivans Creek?

**MR RATTENBURY:** You have just given me a lecture on new ministers coming in. My response to that, Minister, is that you have had 10 months, and I do not understand where a range of these things are going. All I am trying to work out is where some of these things are going. I was not going to make that point, but now that you have given

me the free lecture, I will tell you what my thinking is.

**Ms Orr:** That is fine. You can make the point, Mr Rattenbury. As I have pointed out a number of times, we are going through cabinet processes. I am not going to pre-empt those. I am sure that, when those processes are complete and I can put my vision, as you call it, on the record, you will give me your frank feedback.

**MR RATTENBURY:** Thank you, Minister.

**THE CHAIR:** Minister, you have just said that things have changed as a result of having a new minister in the role. What is different?

**Ms Orr:** Things will change, Mr Cocks. These are the decisions that I am taking to the cabinet. I need to get cabinet endorsement before I can come out with them. Mr Rattenbury was asking, “Why don’t we have a position on the table?” That is because I am taking forward positions and getting the agreement of cabinet in order to put them out as government policy. The thing that has changed is the minister.

**THE CHAIR:** Going to Mr Rattenbury’s point about how long it has been since the election, I assume that the government had a position regarding your portfolio responsibilities before that election. I am trying to find out what has changed since the time of the previous government. What direction are you taking now? Is there such a fundamental shift in position that you cannot say anything until you go to cabinet?

**Ms Orr:** If I can give you one example, in answer to your question, Mr Cocks, the Climate Change Strategy will be ending, and we need to put out a new one. I need policy agreement to go out for consultation on that. That is a standard process. That was always going to be the case. Anyone who is in my position would need to go through that process.

**THE CHAIR:** I understand that. You have said that things have changed. Other than the fact that someone has been there for nine months or so now, what has changed? What is the policy change that means you cannot speak to a whole range of issues?

**Ms Orr:** Mr Cocks, I do not agree with the way you are phrasing that. The issue that we have been dealing with today, Sullivans Creek, has never been to cabinet. There is not a government position on that. The Climate Change Strategy, as I said, needs to go to cabinet. Anyone would be in that position. With the government landscape architect, the policy setting says that we can do thinking around that. We can have indicative ideas on the scope of it. I still need to get policy approval from cabinet. All of these things will take time. Processes will have to be finished. I cannot give you a different answer. I cannot announce government policy before I have been to cabinet.

**MS CLAY:** Minister, I think I heard that the Sullivans Creek options paper had rough costings in it, but I have just checked, and there are not costings in there. Can we get the rough costings on the Sullivans Creek options—on notice, perhaps?

**Mr Burkevics:** We do have some rough costings available.

**MS CLAY:** Yes. Could we get those on notice?

**Ms Orr:** We will take the question on notice and see what we can do. We will have to see how rough they are.

**Mr Burkevics:** There were general estimates before the proposed works. Certainly, Minister, we can take it on notice.

**Ms Orr:** Yes, we will take it on notice.

**Mr Burkevics:** Just to add to my further remarks about the location of some work in the catchment, right at the head of Sullivans Creek, up in Mulligans Flat, there has been, of course, ongoing work up there, and a significant planting activity there. There have also been quite a range of cultural activities occurring along the catchment. There are four key projects: carving art, bridge painting, a yarnning circle, and some creek stencilling that I think is still under discussion, and that was led by the Ngunnawal community. They are just a few other things to build on.

**MR RATTENBURY:** It was the Hackett bit that threw me. Those ones sound familiar.

**Mr Burkevics:** Yes. Mulligans is the focus.

**MR RATTENBURY:** I appreciate the clarification.

**MS CARRICK:** My questions are primarily around water as well. Is your directorate on the cross-directorate working group for the Woden town centre that was a result of the motion in the Assembly a few months ago?

**Mr Peffer:** Yes, we have been working very closely with colleagues across the public service on that.

**MS CARRICK:** Is that the planning and environment side of the directorate—the environment side as well?

**Mr Peffer:** It is primarily planning at this stage.

**Ms Orr:** Planning have the lead on that particular project. We would have input, but they will lead.

**Mr Peffer:** In partnership with Chief Minister's.

**Ms Orr:** Yes.

**MS CARRICK:** Could the environment side of the directorate participate? The complaint is that it is a concrete jungle, so there is a big role regarding the environment. The creek runs straight through it.

**Mr Peffer:** I think that is a reasonable question. Certainly, environmental colleagues have been providing input into that process. There is a paper that is being prepared for consideration by—

**Ms Orr:** It is probably best, Ms Carrick, if you have questions on that, to put them to the planning part of the portfolio, as they are coordinating the project. It is fair to say that my officials and I have tried to answer questions, even if they are not strictly within our scope, but it has ended up in a lot of frustration and perhaps some comments that we are being elusive and not answering the questions. We do not want to go down that path. It is probably best to direct your questions to the people who are best placed to answer them.

**MS CARRICK:** It is a bit odd. I would think that, with the environmental issues, in the cross-directorate working group, environment would be able to participate in the conversations.

**Ms Orr:** Ms Carrick, it is not about participating in the conversations; it is that environment is not the lead, and we are not running the project. It is best if you put your questions to the people who are.

**THE CHAIR:** Minister, we have had a bit of a conversation around this across a couple of sessions with a couple of ministers. Generally, what we are looking for in this context is your portfolio's contribution to those discussions, and the way in which you are contributing, whether you are leading it or not.

**Ms Orr:** Okay. Who would like, on behalf of the directorate, to say what they are contributing to the task force?

**Ms Wright:** I can confirm that, from a climate adaptation point of view—urban heat and living infrastructure perspectives, as well as water—we have attended input sessions for those meetings. There is consultation from the climate change, energy and water side.

**Mr Burkevics:** It is fair to say, Ms Carrick, that any proposals for development across Canberra are well coordinated across the directorate. I know that there is strong and cohesive engagement between planning colleagues and me, between my team, the Chief Planner and me. I am very confident that any future development proposals are well socialised with the environment areas, and particularly that there are laws that apply as such.

**MS CARRICK:** Development proposals are a concern, but this is more about the holistic planning that includes the environment for the whole town centre, because one of the problems we have relates to the whole piecemeal nature of it—development by development by development. There is no holistic town planning, and that is what we are after—holistic town planning, which would set where the homes are, where the commercial areas and the jobs are, where the public spaces are, and where the community facilities are.

With the greening of the place, if you look at the north wall, coming out of the town square, it is just concrete. One of the businesses—a bakery, I understand—got a \$50,000 grant to put some greening outside, presumably, the bakery. Where is the public ownership of all the public spaces? This is about holistic planning and the greening of all of it.

Moving on, I will not labour the point about Yarralumla Creek. I was wondering, though, when a Yarralumla Creek options paper would commence.

**Ms Orr:** We do not have any plans for a Yarralumla Creek options paper.

**MS CARRICK:** It is on the blue-green network; that is the strategy. The implementation of the strategy includes the blue-green network. Anyway, it is not blue; it is grey. It is concrete. Also, are you working with the directorates that are looking at the northern duplication of Athllon Drive, so that there is duplication of the road between Southlands and the town centre? There is the duplication of Athllon Drive; the tram will have to fit down there, too. There is housing densification; also, there is Yarralumla Creek. There is a lot going on in that short corridor. I want to make sure that all the parties are aware of all the needs in that corridor.

**Mr Burkevics:** Absolutely.

**MS CARRICK:** Particularly the creek fitting into it, too.

**Mr Burkevics:** Absolutely. I might start with the Athllon Drive duplication. Of course, there is a significant proposed transport development for that corridor. I certainly know that there was significant and extensive engagement with the office of the conservator and me. The office and I did a walkthrough of that location, noting that there are a number of significant mature native trees, and cultural trees as well, in that area. There was a lot of significant work to ensure that those trees were protected, with realignments of the proposed corridor for the road. An agreement was landed that will allow for the duplication of the road as well as protecting some of the significant mature native trees and cultural trees. In terms of Athllon Drive, the usual statutory processes kicked in and worked very well to ensure that the requirements of the conservator, under law, were achieved.

As the minister mentioned, with the broader planning for the corridor and Yarralumla Creek, it is indeed a planning issue, but the environment is a key part of that planning. I know there is ongoing consultation with the conservator's office and, of course, through the broader environment areas of the City and Environment Directorate in relation to those matters. Statutory processes apply by default, and I am very comfortable with how those work. Certainly, with respect to the example I gave in relation to Athllon, there has been a proven result there. More broadly, with respect to the Territory Planning Authority, as the entity responsible progresses planning for town centres and other things, I would have no doubt that the environment will be a key part of that planning.

**MS CARRICK:** Are there any plans to have a look at the naturalisation of the creek and to have some ponds there? We are looking for opportunities, not just status quo, which is a concrete drain. We are looking for opportunities to bring back some biodiversity and some amenity, because there is no lake in Woden, and our creek is concrete. There are opportunities to bring something to the people.

**Mr Burkevics:** Colleagues in water would be best placed to talk about the considerations for the need for naturalisation of a concrete waterway. I am aware, through previous experience, that that floodway is significant. The size of the catchment

is large. Of course, floodwaters that are seen through there will need to be very carefully considered. Naturalisation of a concrete drain does pose some flood considerations.

There has already been some work, I think, in that corridor. As mentioned in our last hearings, we are certainly aware that Yarralumla Creek is a really important connection. It is part of the blue-green network. If you are interested in thoughts about re-naturalisation of Yarralumla Creek, I will hand over to colleagues on that one.

**MS CARRICK:** Thank you. I do not want to use up all of our time, because there are plenty of other questions. I want to know that this is being looked at as an opportunity and not just as the status quo.

**Ms Orr:** We will take that as a comment.

**MS CARRICK:** I will put that question on notice. Just to finish off this line of questioning, the water that runs off, through Yarralumla, into Yarralumla Bay and into East Basin from Telopea Park, that is another concrete drain. We get blue-green algae in the lake.

Is any consideration being given to putting in some sediment ponds? With Yarralumla Bay, there was a plan to put a big wetland there, which would filter out the nutrients before they go into the lake. It is NCA land, but it was about working with them to get that wetland in there to reduce the nutrients going into the lake—and, similarly, the Telopea stormwater drain.

**Mr Burkevics:** I might hand over to Dr Clapham to answer that question. I would remark that the consideration of wetlands really depends on an analysis of the catchment and identifying where the sources of pollution are coming from, so that the requirement for a necessary treatment can be carefully considered. I just make that remark. The first thing is: what is the problem that you are trying to fix, and what is the source and the significance of that problem? Dr Clapham might have a further explanation about this catchment.

**Ms Orr:** I think Ms Wright will take it.

**Ms Wright:** I will answer very quickly. All of the areas that you mentioned sit within the Lake Burley Griffin catchment, and a catchment plan is currently under development.

**THE CHAIR:** Minister, you said that there are no plans at the moment for the government to fund a Yarralumla wetlands. I think that was a response to a question on notice in about April. Since you came into the role, have you had any discussions with the Yarralumla community or any groups who are looking to progress that project?

**Ms Orr:** They have not raised it with me, no.

**THE CHAIR:** Have you considered that project any further? It has been on the books of potential projects since about 2009.

**Ms Orr:** Mr Cocks, I refer you to Ms Wright's previous answer. There is currently no

catchment plan being made.

**THE CHAIR:** I am asking about this project specifically. I am trying to find out whether you personally have looked at the issue or listened to the community on the issue at all, Ms Orr.

**Ms Orr:** As Ms Wright said, this project forms part of the consideration for the catchment plan.

**THE CHAIR:** Is it expected to be part of the catchment plan, or will it be considered for inclusion?

**Ms Orr:** It is being considered. The catchment plan is under development, Mr Cocks.

**MS CARRICK:** What are the timeframes for this catchment plan?

**Ms Orr:** We will take that on notice, Ms Carrick.

**THE CHAIR:** Ms Tough.

**MS TOUGH:** Thank you, Chair. Minister, I understand that moving forward with the electrification of Canberra, or really any major energy system, presents difficulties. What work is being undertaken to overcome some of these challenges?

**Ms Orr:** I will let Ms Wright run you through the detail of that.

**Ms Wright:** Thank you, Minister, and thanks for the question, Ms Tough. In the question you were talking about electrification in general. We have done quite a lot of work on modelling the impacts of policy changes and what additional demand on the electricity system may be placed by electrifying—say, getting off gas appliances. Through that work, what we did identify—and obviously this is the work of Evoenergy, which is a regulated infrastructure provider regulated by the AER—was that the main driver of increases in demand in the ACT is population growth, and, definitely, electrification and the move off gas and into electric vehicles plays a much smaller role, although there is a role that it plays.

We do a lot of work on assisting people in making those changes. We work with Evoenergy to share our modelling and resources so that they can effectively plan for their network and expand it into the future. We also work on the supply side of the equation and how we incorporate things such as home batteries and home solar installations into supporting the supply that is needed. There are two parts to it, obviously: the flow of electricity is one part and then the ability of the network to supply people at peak times. And as you know, weather is another big impact, and we have had a particularly cold and longer winter, so we have seen higher demand placed on the electricity network as a result of the colder weather that we have seen.

**MS TOUGH:** You mentioned the solar panels and the batteries. Obviously there has been a huge uptake of rooftop solar. How are you working to integrate the solar with the batteries for people who may already have solar and are thinking of that next step?

**Ms Wright:** You do not need to integrate solar and batteries, per se; they can both exist independently. However, I think what you are referring to is that during the peak of the day there can be excess solar generation, so obviously having batteries there—and there is a federally funded scheme now to incentivise battery uptake, which by all accounts is going very well and achieving its goals—to soak up the solar is one thing that we are doing, and we, effectively, help householders do that.

The other thing that we are doing is, on the other side of the site, is to control solar. There is some work to provide Evoenergy with some more control over the network so that if there is an emergency—which has a very small likelihood of occurring in our network—they can actually control and limit solar export to keep the grid stable.

**MS TOUGH:** How would that work? They can stop more coming into the grid if needed?

**Ms Wright:** That is correct, yes.

**MS TOUGH:** Thank you.

**THE CHAIR:** Ms Clay.

**MS CLAY:** Thank you, Chair. Minister, in the dragon recovery plan, outcome 2.1 is “successful management and restoration of the current Canberra grassland earless dragon habitat,” and there are a number of actions in there for the ACT government and the Canberra Grassland Earless Dragon Recovery Team. At estimates last week you said that your early announcement of budget funding was because the plan was released, and you knew you would need to have funding to accompany the plan, but you also said that none of the funding announced will go to habitat restoration. I am wondering: how will government implement the actions for habitat restoration without funding?

**Mr Burkevics:** Thanks, Ms Clay. You are correct on the importance of habitat for the release of Canberra grassland earless dragons—it will be really, really important when that occurs. Of course, the priority at the moment is the breeding program, and there are existing restoration programs happening all over the ACT’s parks and reserves, and in some areas in potential future release sites. I think the priority for the Canberra grassland earless dragon program is the breeding program, not only continuing the ACT’s work out at Tidbinbilla but the arrangement that has been announced with the Melbourne Zoo. That is the priority for it at the moment, whilst restoration proposals continue to be identified.

**MS CLAY:** So the key actions of habitat protection and restoration are not funded, and they are future priorities.

**Ms Orr:** Sorry, Ms Clay, can you say the plan that you are referring to again?

**MS CLAY:** The dragon recovery plan, outcome 2.1.

**Ms Orr:** The ACT plan or the federal?

**MS CLAY:** The ACT plan, I believe.

**Ms Orr:** Okay. My statement in estimates that you referred to was in regard to the federal plan that the federal minister wrote to me asking me to jointly make, which is different to this plan—

**MS CLAY:** Can you tell me—

**Ms Orr:** This plan will be ratified afterwards. Just picking up on what Mr Burkevics said, I think in the question that was answered last week it was said that there are no restoration activities. There is no specific funding line for a project around a specific restoration activity. The staffing in the FTE included in that budget proposal will go to restoration activities, particularly in the existing sites and release sites that we are continuing to rehabilitate.

**MS CLAY:** Can you perhaps tell me how much ACT government funding there is for habitat protection and restoration for the dragon? Also, since we saw you in estimates—later that afternoon—the reconsideration came out, and along with it came some funding from the Canberra Airport Group. Can you tell me how much funding is going for habitat restoration and habitat protection?

**Ms Orr:** Ms Clay, the decision of the federal environment department which has come out has certainly raised some follow-on work and discussions for us to go and have with the airport regarding that.

**MS CLAY:** Sure. Can you tell me how much funding there is, though, at the moment in the ACT government?

**Mr Burkevics:** I think it is fair to say, Ms Clay, that restoration work is occurring across all ACT parks and reserves, not specifically at a species level. It is almost like a business-as-usual practice for the Parks and Conservation Service. As you may be aware, previous budgets have included a focus for restoration, so there has been a significant effort over the last two years at Mount Ainslie and Mount Majura, and at other locations, Namadgi and Urambi Hills. I think it is fair to say that the restoration of parks and reserves, whilst it remains a priority, is a business-as-usual activity.

The proposed release sites that I am aware of are in reasonably good condition, because there may be existing populations of Canberra grassland dragon there already. So, certainly, whilst we look for additional opportunities to do restoration work, it is a business-as-usual practice that is funded from within existing base budgets.

**MS CLAY:** I might be a little more tangible: if breeding in captivity is successful, where will ACT government be releasing the dragons?

**Ms Orr:** Ms Clay, we are not actually releasing the location of the sites or identifying them in public for the simple reason that we do not want to encourage people to try and go there to spot these critters, because that will create biosecurity concerns.

**MS CLAY:** Sure. That is fine if it is not public. Do you have clear plans for where you will be releasing the dragons?

**Mr Burkevics:** There are, absolutely, plans for where those dragons are proposed to be released, and there are already some releases that have been approved by me as Conservator in some of the existing sites.

**MS CLAY:** And are you able to tell me perhaps—I do not need to know the locations—the scale of the sites, the hectares, or any information? A lot of people are quite concerned that we might be spending money on breeding in captivity and, having seen a good area of habitat now being destroyed, people are quite concerned that we may end up with dragons in captivity alone, and they do not know where the dragons will live in the wild.

**Ms Orr:** Ms Clay, we can certainly clarify that the breeding program is not for breeding and staying there; it is a breeding and release program, so the dragons that are bred will be released into the wild population.

**MS CLAY:** Is it possible to get a hectare figure on notice?

**Mr Burkevics:** If you are happy to take that on notice, Minister? We will provide as much information as we can, noting that the existing Majura Valley is habitat to the Canberra grassland earless dragon, so there are a number of existing reserves and other locations where the releases have occurred, and future releases are planned. But I am certainly happy to provide as much information that we can that also protects the security of those release sites.

**MS CLAY:** Sure. And has the City and Environment Directorate been provided with a briefing by DCCEW since the decision came out last Friday?

**Mr Burkevics:** I am not aware of any briefing, and certainly none has come for my information. I think we found out about the commonwealth's decision at the time it was made public.

**MS CLAY:** Will you be seeking one?

**Mr Burkevics:** That is something that I think we will be considering. Obviously, we have got a copy of it online, and we are looking to understand the conditions that have been put in place by the commonwealth. We do note that a number of the conditions do engage ACT government interests, and I have no doubt that if there is further information required, we will look to prosecute that with the commonwealth as required.

**MS CLAY:** Sure. One of the conditions is an additional \$1 million from the Canberra Airport Group. Will any of that \$1 million be going into habitat restoration or protection?

**Ms Orr:** Ms Clay, I refer you to my previous answer where that came up.

**MS CLAY:** Sorry, what was your previous answer?

**Ms Orr:** The previous answer was that there are considerations there that we will now need to go off and speak to the airport about, but no—

**MS CLAY:** No decisions yet?

**Ms Orr:** Yes.

**MS CLAY:** Okay. So you were not consulted on those conditions; conditions have been imposed, and you were not involved in that.

**Ms Orr:** It was not our application, no.

**MS CLAY:** No, I understand that, but some of the conditions are, for instance, to put funding into the ACT government programs, so I am interested that those are decisions that are taken entirely separately from the ACT government by the federal Labor government. Is that how that came about?

**Mr Burkevics:** I would feel it not appropriate for us to comment on commonwealth conditions that are a statutory matter for them.

**MS CLAY:** Okay, sure. I saw some media reports during the week that previously the road was said to be for internal use—for ESA staff, for VIP use, for Canberra Airport Road Group—and there were some media reports that maybe the road would be for public access. Do you have any clear information on whether this is a public road or a private road?

**Mr Burkevics:** Not information that I can categorically say is accurate. My understanding is that the road has been proposed by the airport in their master plan for some time, but in terms of its future use, I will leave that to the airport to comment on.

**MS CLAY:** Right. If we wanted to find out if ACT government had done any traffic studies on whether we needed a road there, would I ask Minister Cheyne about that, or who would I be asking that?

**Mr Burkevics:** It is a statutory matter, I think, for the NCA, if I am not mistaken. It is commonwealth land, so it is a planning matter for the commonwealth.

**MS CLAY:** All right, sure; thank you. There is a proposal from Mr Werner-Gibbings that the dragon should become Canberra's reptile emblem. Have you heard strong calls from the community or from ecologists for that?

**Ms Orr:** Mr Werner-Gibbings, I think, got very enthusiastic in the debates and wanted to put this forward as an idea. In the discussions I have had with Mr Werner-Gibbings, he is very much open to putting the question and seeing what people think. As to whether it has been put to me by other people, it has created chatter; there are various views. Certainly, I think Mr Werner-Gibbings is committed to his campaign and raising the profile of the dragon through his campaign, and what comes of it I guess we will see.

**MS CLAY:** Sure. Is it a little bit morbid to make a species that is on the brink of extinction the symbol of the ACT? That is the view that has been put to me—that people would probably prefer more efforts in breeding and habitat restoration than a symbolic

gesture.

**Ms Orr:** Having chaired a previous inquiry into whether we should have a mammal emblem for the ACT, I am quite knowledgeable on this. Ms Clay, there are actually a lot of examples where animals that are endangered, or very close to extinction, have been adopted as an emblem of a state or territory for the very specific reason that it brings a lot of attention to their plight and puts a lot of focus on recovery. I think the Western Australian—this is going to test me; was it the numbat? The Western Australian mammal emblem, for example, was very close to extinction when it was listed, and that was a reason given for it. The ACT mammal emblem, which is the southern brush-tailed rock-wallaby, is also endangered. I can Google and go through them all for you, but there are a lot.

**MS CLAY:** I do not need that, thank you, Minister. I can also Google, thank you. That will do.

**Ms Orr:** As I said, it is not something that is unprecedented, by any stretch of the imagination.

**MS CLAY:** Thank you.

**THE CHAIR:** Thank you. Miss Nuttall?

**MISS NUTTALL:** I am keen to ask about Healthy Waterways funding. I cannot see any new Healthy Waterways funding in the budget. I can see some allocation of existing funding and a reprofiling of \$944,000 from last year to this year. For anyone who needs a page reference, it is budget statement E, page 156. Can you confirm how much of this funding is unspent?

**Ms Wright:** I might just start out, but I will ask Dr Clapham to provide some further detail. The amount on page 156 is money that will go towards looking at Lake Tuggeranong and how we will improve the quality of water in Lake Tuggeranong. At the moment, we are about to publicly consult on the Lake Tuggeranong catchment plan, and that consultation will inform what further work will need to happen in that space.

**MISS NUTTALL:** Got you. Is any of the funding there yet unallocated to projects?

**Dr Clapham:** I have read and acknowledge the privilege statement. Thanks for the question, Miss Nuttall. I think the answer is no. It is allocated to staffing to undertake, as Ms Wright said, the catchment planning for the Lake Tuggeranong project, largely, and associated works with that, so I do not believe there is an unallocated portion. There is also, in the Healthy Waterways Program, a behaviour-change, community engagement element, so I guess it is possible that there are still decisions to be made around engagement activities around that behaviour change, but there is not a large portion that is sitting unallocated.

**MISS NUTTALL:** In terms of behaviour change, is this about leaf litter, grass clippings and—

**Dr Clapham:** Exactly, yes, and helping the community. That is likely to be a large

feature of the Tuggeranong plan and, in general, for catchment management: understanding the activities the community undertakes, especially around organic material, leaf litter and grass clippings, and how that makes its way into the catchment and the impacts that has on waterways and lakes. There is a large program to engage with the community and to help them understand the kinds of things they can do better to improve the health of the waterways.

**MISS NUTTALL:** Just to confirm, there is no unallocated funding and no new funding; is that correct?

**Ms Wright:** That is correct. All funding is allocated.

**MISS NUTTALL:** There is one project not initiated—

**Dr Clapham:** If I could add, there is an initiative in the budget in relation to Lake Tuggeranong, if that is new funding—

**MISS NUTTALL:** But that is rolled over from a previous year. That is the \$944,000?

**Dr Clapham:** I think you are correct, yes.

**Ms Wright:** Yes, that is correct.

**MISS NUTTALL:** There is one project not initiated in stage 2, according to the website, which is, I believe, reconnecting the old creek line at the Tuggeranong Homestead in Richardson. I understand you have the catchment plan coming for Lake Tuggeranong and that would be part of the catchment. Does that particular project, reconnecting the old creek line, remain unfunded?

**Ms Wright:** I believe that remains unfunded.

**Ms Orr:** Miss Nuttall, we might need a minute. We might have to come back to you in this session. We will take it on notice and, if we can come back to you in this session, we will do so.

**MISS NUTTALL:** Okay. I have a last bit on water. The funding for Lake Tuggeranong in the budget says that it will continue a position in the Office of Water. Is there anything else in the funding that is Tuggeranong-specific that it will go towards?

**Ms Wright:** I will clarify something. The Tuggeranong Homestead work is not in scope, and we are waiting to consult on the Lake Tuggeranong plan to inform further work in the Tuggeranong catchment area.

**MISS NUTTALL:** Is that position in the Office of Water unfunded from next year onwards?

**Ms Wright:** I think there are two positions. Yes, basically, we would be following the consultation on the Lake Tuggeranong plan and finalising the plan. We would then put forward further business cases.

**MISS NUTTALL:** You are not sure at this stage whether that position will continue or not?

**Ms Wright:** That is correct.

**MISS NUTTALL:** That is helpful to understand. With the chair's indulgence, may I briefly ask about the local food strategy?

**THE CHAIR:** Yes.

**MISS NUTTALL:** That is extremely kind; thank you, Chair. On the Local Food Strategy, I am confirming that there were no initiatives funded in this budget to implement the strategy; is that correct?

**Mr Burkevics:** There is ongoing work to implement the strategy and a number of studies that have been progressed. Whilst there was not any specific funding in this budget to support the need, there are previous measures that are supporting implementation of that local food strategy.

**MISS NUTTALL:** Two actions that were initiated that I am aware of from the last budget were a review of land management agreements and a local food supply chain study. Where are both of those up to?

**Mr Burkevics:** With respect to a review of the LMAs, the land management agreements, they are a statutory instrument signed by me as conservator. A review was done several years ago, as part of a response to an Auditor-General's report into land management agreements. That has helped to inform quite a way forward and some improvements in our land management practices.

Certainly, with respect to my interest as conservator, any new land management agreement has to be signed by the rural lessee and me. I am very keen to ensure that there is robust ecological information in that. I would certainly like to make the LMAs more user friendly. The feedback that I get from the other signatories to the LMA is that it is at times a difficult document to read. One of the areas that we are looking into is how we could make it more user friendly to both parties.

I am very confident. I know that, when LMAs are being reviewed, often we will have teams on the ground looking at the existing ecological values, reassessing those and ensuring that the most recent information is included in the LMAs for signature.

**MISS NUTTALL:** Is that review that you mentioned publicly available?

**Mr Burkevics:** Yes. It is on the Auditor-General's website. It is several years old now. There would be a government response to that.

**MISS NUTTALL:** Is that what the funding from the last budget was for, in terms of a review of land management agreements, just to track back? It was done a few years ago. I am wondering what—

**Mr Burkevics:** Could I confirm the budget initiative in the last budget that you are

referring to about LMAs? I am not—

**MR RATTENBURY:** If I might assist, Miss Nuttall is familiar with the review by the Auditor-General, but under the local food strategy there was a review initiated to look at the role of land management agreements and how they might operate differently in that context.

**Mr Burkevics:** Separately, in relation to supporting—

**MR RATTENBURY:** I think that is the one Miss Nuttall is specifically asking about.

**Mr Burkevics:** The one in the strategy?

**MR RATTENBURY:** Yes.

**Mr Burkevics:** Thank you for that clarification, Mr Rattenbury. It is fair to say that, at the moment, the priority for the team on the local food strategy is the food study, so I am not aware of any forward progress on the LMA at the moment. That is a downstream priority, noting the work that has already occurred on the LMAs as a result of the Auditor-General's work.

It is fair to say that we continue to have regular engagement with our rural communities about supporting their needs to promote agriculture in the ACT and look at farm diversification. I know our natural resource management team have done a considerable amount of work in relation to that matter. I think it is related, and it is feeding that action under the food strategy. But it is one of the priorities for later.

**MISS NUTTALL:** On that local food supply chain study, is that completed?

**Mr Burkevics:** That one is still underway, from memory.

**MISS NUTTALL:** Is there a view as to when it might be completed?

**Mr Burkevics:** If the minister is comfortable, we can get some further information on timeframes for that one.

**MISS NUTTALL:** That would be awesome; thank you.

**THE CHAIR:** I will jump back to the discussion around the Healthy Waterways, because I do not think we got to a completely clear space. On page 156 of budget statements E, we see the \$944,000. That is an additional spend in 2024-25, reducing the allocation for 2025-26. That is right, isn't it? It is a positive number in 2024-25 and a negative one in 2025-26. That would seem to indicate that it is money spent earlier than expected.

**Ms Tetley:** What happened was that the spending in the prior year was accelerated. To help with that, we have brought the funding forward and reduced the funding in the forward. It is all within the same amount of the program allocation.

**THE CHAIR:** So that is a bring-forward of expenditure into—

**Ms Tetley:** Yes; that is right.

**THE CHAIR:** That is useful to know. Page 107 of the budget outlook has \$327,000 to continue the Healthy Waterways project under the measure “Improving Lake Tuggeranong”.

**Mr Burkevics:** Correct.

**THE CHAIR:** That has \$150,000 in offsets. Can you tell me what those are? That is separate to the reduction in spending.

**Ms Tetley:** Yes, that is correct. Lake Tuggeranong, which is a new initiative for this year, has two resources. One of them was within existing resources, so the offset is an existing resource.

**THE CHAIR:** When you say “two resources”, is that two FTE?

**Ms Tetley:** That is two FTE.

**THE CHAIR:** That is useful. It is entirely FTE—one new, one existing—and that is clearly offset from something else. What was that resource previously allocated to that is not being done so that they can do this?

**Ms Tetley:** It is part of our Healthy Waterways FTE base funding—one of our ongoing FTEs within Healthy Waterways.

**Ms Wright:** I might add, Mr Cocks, that Healthy Waterways has been a long-running program. As you would appreciate, we have achieved several projects over the years. Now that the focus turns to Lake Tuggeranong, that is a resource that will be applied to the Lake Tuggeranong work.

**THE CHAIR:** So it is not really a \$327,000 measure; it is a \$177,000 measure, because Healthy Waterways is going on, anyway. That resource was previously working on Healthy Waterways. Now they are going to be working on this part of Healthy Waterways.

**Ms Wright:** Yes. However, each initiative for which we seek funding is time bound. That resource was ongoing in this period. You are right; that was already allocated for this period, that \$150,000. That is why it is shown as an offset.

**THE CHAIR:** You said each resource is time bound, so all funding under Healthy Waterways relates to non-ongoing measures?

**Ms Wright:** There is a mix, but most is ongoing.

**THE CHAIR:** Could you provide me with a breakdown, maybe on notice, of what is ongoing and what is non-ongoing, and when they drop off for this program?

**Ms Orr:** Mr Cocks, we can take that on notice. The ongoing and non-ongoing nature

is partly tied into the initiative, and there are certain projects that need to be delivered.

**THE CHAIR:** Yes, I understand that.

**Ms Orr:** And the ongoing is to be continued.

**THE CHAIR:** If you like, I am happy for you to identify it, break it down by which initiative is going off and on, and at what time, if it is more useful. With the two FTE that you are talking about for this program, can you tell me what those FTE will be doing in relation to Lake Tuggeranong?

**Dr Clapham:** Those FTE that are set out in the initiative are running the program to develop the catchment management plan for Lake Tuggeranong. In the first instance, that has been a program of research, options development and engagement across government and, I believe, with community, and there is more community consultation to go. As we have said, we are at the precipice now of having a proposed set of options to improve water quality in Lake Tuggeranong for government to consider. We hope that that will be able to be consulted on more broadly in the community, and lead to a finalised plan for Lake Tuggeranong, with a business case attached. Those two resources relate to writing that plan, undertaking that analysis, developing those options, undertaking the necessary work to present that to government, and seeking decisions.

**THE CHAIR:** The outcome of this funding is a plan for government to consider for future funding. There is no delivery of actual changes or—

**Dr Clapham:** Correct. In this initiative—

**Ms Wright:** In terms of delivery for this initiative, further to what Dr Clapham has said, predominantly, the work is in developing the plan, but there is also the behaviour change that we outlined.

**Dr Clapham:** Element of the program.

**Ms Wright:** Yes.

**THE CHAIR:** Presumably, the only success indicators are whether a plan is presented to the government?

**Ms Wright:** That would be the primary success.

**THE CHAIR:** Okay. Will that plan be essentially the government's consideration of actions to improve that catchment for the next period of time, and for how long will that last? For how long will that plan last, and is that going to be dedicated to actual improvements to—

**Dr Clapham:** There are future government decisions here, obviously. We are presenting options. It will be a government decision as to the investments that are made, the options that are taken up and the timeframes. But the plans that we are developing take a medium-term look, a 10-year horizon, and a range of options that we have

confidence will reduce algal blooms and increase water quality in Lake Tuggeranong. But there are still government decisions to be taken under that broader election commitment to develop a plan for Lake Tuggeranong, as to exactly how that is configured. I do not want to obfuscate, but it is difficult. I cannot commit the government to that at this stage, either.

**THE CHAIR:** Are you telling me you do not have a plan for the plan yet?

**Dr Clapham:** No. We definitely have a plan for the plan, but it is being considered by government.

**THE CHAIR:** On behalf of the committee, I thank you for your attendance today. If you have taken any questions on notice, please provide your answers to the committee secretary within five business days of receiving the uncorrected proof *Hansard*. The committee will now suspend the proceedings and reconvene at 3 pm.

**Hearing suspended from 11.02 am to 3.00 pm**

Appearances:

Steel, Mr Chris, Treasurer, Minister for Planning and Sustainable Development,  
Minister for Heritage and Minister for Transport

Chief Minister, Treasury and Economic Development Directorate

Campbell, Mr Russ, Under Treasurer, Treasury

Austin, Mr Scott, Acting Deputy Under Treasurer, Budget, Procurement, Investment  
and Finance, Treasury

Pirie, Mr Mitch, Acting Deputy Under Treasurer, Economic, Revenue and  
Insurance, Treasury; and Coordinator-General for Housing, Treasury

Maclachlan, Mr Hugh, Acting Executive Group Manager, Economic and Financial  
Group, Treasury

**THE CHAIR:** We welcome the Treasurer, Mr Chris Steel MLA. We also welcome the officials in attendance. We have many witnesses for this session. Please note that, as witnesses, you are protected by parliamentary privilege and bound by its obligations. You must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. As we are not inviting opening statements, we will now proceed to questions.

My question is to the Treasurer. Treasurer, throughout these hearings we have heard a range of evidence across all sorts of portfolios that give me some concern about the forward estimates and the reliability of the projections that we have, including, in particular, the bottom line. We have heard repeated discussion about programs that have short-term or time-limited funding. The clear expectation seems to be that people would expect funding would continue in some way or to some degree, but it is not currently factored into the budget, including for programs that are four-year limited and two-year limited. We even had an instance of a program that has received a six-month extension, with the expectation to come back for a budget process that, it seems, would not kick off until after the funding expires. Treasurer, what I will try to find out from you is: how can we have confidence in those budget projections, given the track record of missing projected surpluses and all of the uncertainty that we have heard about throughout these hearings?

**Mr Steel:** We had this discussion in prior estimates hearings. The government has responded to a very large increase in both demand on the healthcare system and costs in that system, not just by investing more in Canberra Health Services to respond to that demand but also by taking action through an adjustment to the fiscal strategy—to address fiscal pressure by taking expenditure savings initiatives but also revenue initiatives. That is in contrast to other states and territories that have been responding to some of the same pressures in their healthcare system through extra investment. They have not necessarily taken action to the same extent that the ACT government has in our budget. We have demonstrated action to address the fiscal pressures that we face and we have adjusted our fiscal strategy accordingly.

**THE CHAIR:** One of the other discussions we had was about that fiscal strategy. You essentially argued that we do not need to have any measurable way to track progress against it.

**Mr Steel:** No. I did not say that at all.

**THE CHAIR:** There is no need to benchmark. I think that was the discussion.

**Mr Steel:** No. I did not say that at all. In fact, what I pointed out is that the fiscal strategy outlined in the *Budget outlook* does have quite measurable goals.

**THE CHAIR:** But it does not have a timed benchmark.

**Mr Steel:** It does. We have talked about this before. It is clear in there. I will open it to the fiscal strategy page and go through it again.

**THE CHAIR:** I am happy for the committee to look at—

**Mr Steel:** It says:

- returning the Headline Net Operating Balance to surplus over the forward estimates ...

That is a very clear timeframe. It goes on to say:

- returning the Budget to operating cash surpluses over the forward estimates period ...
- to extinguish the Territory's unfunded defined benefit superannuation liability over the next decade ...

**THE CHAIR:** Mr Steel, I think the benchmarking discussion was in terms of tracking progress across the forward estimates, if I recall correctly. I could be wrong. I am happy to go back and look.

**Mr Steel:** And we will be, through each budget review, where we report on the actuals. We also report in each budget on the estimated outcome of the previous financial year. As well, we provide the budget for the financial year of that budget and estimates over the forward years.

**THE CHAIR:** Given those comments and given the concerns, does that mean that, in the *Budget outlook* as it stands at this budget, the outyears that you have projected will reflect the reality when we hit those years?

**Mr Steel:** You will be able to hold us to account, because we will be reporting transparently on that at every single budget and budget review.

**THE CHAIR:** That is not quite answering the question, Mr Steel. The question is: when we get to 2027-28, do you believe we will have the fiscal position, in terms of revenue and expenditure, that is outlined in this budget?

**Mr Steel:** That is what is estimated in the budget, based on the decisions that we have made. But we also had a discussion in the previous hearing, that every budget is made in a different context. We saw that with the pandemic, which I do not think any of us expected to happen. As a result, the budgets during the pandemic had to respond to

exceptional circumstances that were outside of the government's control. We do not know what will come up. At every budget, there will be new issues that we need to address. The Treasury makes best estimates and forecasts in the budget papers that take into account the decisions that the government has made through the budget process. That is what we are showing in the budget paper. Of course, we will track that, and we present the historic data on the headline net operating balance in the budget papers so you can look back at the historical data. We will continue to publish, in forward budget reviews and budgets, the numbers which will reflect on whether we have achieved the outcome that was budgeted.

**THE CHAIR:** Are you committed to achieving the numbers that are in this budget, which currently assume no additional infrastructure will be committed over the forward estimates, other than what is already in the budget, and no program extensions will occur that are not factored into this budget?

**Mr Steel:** Each infrastructure project is up to a different stage and each budget obviously brings in a new financial year that we will need to consider, and that may provide opportunities for more projects and programs. But we have set out the fiscal strategy in this budget that has been adjusted. The fiscal strategy that we have presented is different to previous budgets. We have set out delivery of a range of election commitments that we made, and we will continue to make decisions in further budgets, but those decisions have not been made yet. They will be considered in future budgets and in the context of future budgets. That does not just mean more expenditure; it may mean that there is more headroom in the budget to move as a result of a range of circumstances. I would not just assume that there is more expenditure. Potentially, more commonwealth revenue that we were not expecting will come to us in the future. Each budget will have its own context. We look at both the expenditure side and the revenue side to understand what the budget position is every year.

**THE CHAIR:** In the absence of a federal government bailout, how are you going to afford the range of additional infrastructure spend that would be necessary to deliver the full suite of infrastructure promises that have been made over time?

**Mr Steel:** We have an existing infrastructure program that we are delivering on, and every budget we—

**THE CHAIR:** But it is not fully in the budget, is it?

**Mr Steel:** Of course. It goes over 10 years of the infrastructure pipeline, and we will need to manage that in the budget each year and consider the context of the budget in making decisions.

**THE CHAIR:** How do you actually achieve your projected surplus and therefore start to rein in interests costs and the level of debt that is accruing to the ACT at the moment?

**Mr Steel:** By returning the budget to balance over the forward estimates, which is what we have outlined in the budget as the fiscal strategy.

**THE CHAIR:** Are there any supplementaries on this line?

**MS CARRICK:** I am wondering whether you have done any sensitivity analysis of increasing interest rates and the impact on service delivery. If the current trends in interest payments continue and if interest rates continue to rise and you need to borrow more money because you have committed to filling up the infrastructure pipeline, what impact will that have on service delivery,? Have you done any modelling?

**Mr Campbell:** We have not. No. In the budget, we have the central projection and then we have a range of sensitivity analyses. I am not sure about the particular page I could take you to. There is sensitivity analysis around the interest rate as well, just to give you a sense of the quantum.

**Mr Austin:** It is in appendix J of the budget. Appendix J talks through some sensitivity scenarios.

**Mr Steel:** It is on page 313.

**MS CARRICK:** It talks about interest rates, the Wage Price Index, the Superannuation Provision Account, and some super stuff. In the budget, the revenue was three per cent lower than the estimated outcome. The expenses were three per cent higher—from the budget to the estimated outcome for the last financial year. So, if your expenses and your revenue are out by three per cent and you add the infrastructure spend to the pipeline—because it drops off seriously, and we would assume that there would be announcements as the years progress—what does that do to borrowings and interest rates?

**Mr Steel:** You are making a range of assumptions about trends which are not necessarily the case. Obviously, the Treasury makes the best possible estimates and forecasts of various metrics and the economy. Of course, variances are reported on in the budget, as to whether revenue forecasts and so forth were achieved in the previous financial year. Sometimes more revenue comes in, not less, or vice versa. They budget to the best of their ability, but obviously there is a range of factors across the economy, and that means that the numbers move around slightly. It may not necessarily be a trend. I do not know whether that has any basis in evidence.

**MS CARRICK:** Do you not do a worst-case scenario and a best-case scenario for the estimates?

**Mr Campbell:** Not in that way. Both on the expense side and the revenue side, the estimates are made up of two factors. You have the base growth and the parameters themselves, and then you have policy decisions. They are all together in the numbers. If you were to make a scenario analysis, which is effectively what you are talking about, you would have to make a suite of assumptions around future decisions of government which have not been taken. That is why you go back to the sensitivity analysis, to say: if you move the bottom line by one or two per cent, it gives you a sense of the quantum that changes. But, to actually do scenario analyses, you have to make assumptions about future government decision-making. We have not done that.

**MS CARRICK:** You would not need to assume particular projects, but you could assume that a target amount for infrastructure expenditure: \$1.2 billion or \$1.4 billion. Presumably the property sector, Master Builders, would have some idea about the target

for public expenditure. If one were to assume some sort of annual target for public infrastructure investment, you could model that out and see what happens.

**Mr Campbell:** You could, but I do not know what it would tell you, because you are making assumptions about future government decisions and whether they are realistic. Ultimately, it is a government decision about whether those decisions are taken. It becomes a bit circular, unless you are basically saying, “We’re doing this independent of any future government decision-making,” which again would be problematic.

**Mr Steel:** On page 39, there is HNOB sensitivity analysis based on a revenue increase plus expense decrease of one per cent and an expense increase plus revenue decrease of one per cent. The information in there at a higher level may not go to the scenario based discussion.

**MS CARRICK:** Thank you. I will do some analysis and see what happens.

**MR RATTENBURY:** I want to ask about the Treasurer’s perspective on health funding. The National Health Funding Pool distributes hospital funding nationally. The 2023-24 annual report shows that the commonwealth’s contribution to the ACT’s share of the Health Funding Pool was joint bottom with the Northern Territory, at 32.4 per cent. I am sure you are familiar with this. New South Wales was 45.6 per cent and Victoria was 41.9 per cent. Given that we saw that the health minister needed to ask for an additional appropriation of \$332 million in March this year and this budget is impacted by, broadly, a billion dollars of additional health funding over the forward estimates, does our discrepancy with other states and territories worry you? And what analysis have you done of the impact that it is having on us?

**Mr Steel:** We have presented some of that data in the budget papers, because it has had such an important impact on the fiscal position.

**Mr Austin:** It is on page 192 in the *Budget outlook*.

**Mr Steel:** We have presented that in the federal financial relations section of the budget papers.

**Mr Campbell:** It goes to the issue of the impact on the ACT if we were able to achieve the national cabinet agreement of 45 per cent—to give you a sense of the difference that we are currently facing. Hence, that brings forth the critical importance of the future negotiations around the national health agreement—to recognise the implications for the ACT as a smaller jurisdiction with lack of capacity to spread economies of scale across multiple hospitals, which is possible in the larger jurisdictions, but also recognise, as I think the health minister previously said, the challenges of attracting key specialist staff to the territory. We are in a competitive market with New South Wales and Victoria pretty immediately. There are those challenges. But also, fundamentally, regarding the way the agreement is currently struck, there are caps on growth and volumes that will be provided. We need to talk with the commonwealth about whether we can come up with a better arrangement where a more reasonable share of hospital funding comes from the commonwealth.

**MR RATTENBURY:** Thank you. I think you started to touch on my next question.

What does Treasury understand to be the reason the gap is so large for the ACT? Is it the growth caps or are we not doing enough activity or we are not making enough bids?

**Mr Austin:** I do not think it is that we are not doing enough activity. I think it is the opposite. The soft caps have probably hit us, particularly in the last financial year. You may remember we had assumed that some of the other jurisdictions might not deliver the activity they did and we would pick up some of that funding.

**MR RATTENBURY:** That was the \$105 million in the midyear—

**Mr Austin:** That is right. It is a question of those soft caps that basically limit what we can do. As I understand it, a lot of work is being done in the health directorate to claim some of that funding from the commonwealth. The DHR, the Digital Health Record, will help us do that. It is a question, as the Under Treasurer said, of what the new arrangements will look like and what we and all the other states and territories can negotiate with the commonwealth. This is not isolated to the territory, obviously. Just about all jurisdictions have—

**MR RATTENBURY:** I think the Northern Territory is in about the same place we are.

**Mr Austin:** Yes; that is right. All budgets since that budget review have reflected this increase in funding. It is a question—

**MR RATTENBURY:** There are two issues. Everyone is facing health budget pressure, but the ACT has a particular gap that makes it relatively worse for us. I am trying to understand the role the Treasury can play in helping to bridge that gap.

**Mr Campbell:** I am very conscious that I do not want to talk to some of the detail of the health data. The health department—

**MR RATTENBURY:** I am conscious that you are not the health folks. I am just interested in the budget management point of view. This is a real gap for us all.

**Mr Campbell:** Absolutely. We work very closely with the health department about what we can do on the small jurisdiction issue. We are working with them on what we can present to the commonwealth on that, as well as better recognition of our current levels of activity, which the Digital Health Record is better at capturing, which is good, but we have to make sure that is captured in the dataset that is used for distributions going forward. That will also be critical.

**MR RATTENBURY:** What is the ACT doing differently than, say, New South Wales or Victoria, as to why we are in this particular situation?

**Mr Campbell:** As in the size of the contribution from—

**MR RATTENBURY:** Yes. In New South Wales, it is 45 per cent. Why are we at 32 per cent?

**Mr Campbell:** There is a very significant issue around the size of the jurisdiction. The small jurisdiction factor is a significant—

**Mr Steel:** And the cost of the delivery is higher for the activity. It is about the volume of activity and having that activity recognised, which is an issue. And there is the cost of the delivery for each unit—

**MR RATTENBURY:** Because we are above the national—

**Mr Steel:** Growth has been above the 6.5 per cent cap. Victoria had a 14 per cent increase in healthcare expenditure in their budget year to year. Ours is at 11.7 per cent. They are starting to really jump up in terms of investment. So they are facing some of the same issues. As a small jurisdiction, the issue is around the cost of delivering healthcare service. It has been above the caps that the commonwealth has set. That is a challenge. And then there is recognition of the activity. Now that we have a better handle on the level of activity occurring in the healthcare system, the conversation with the commonwealth is about recognising that activity and the funding arrangements.

**MR RATTENBURY:** Thank you. Perhaps I can come back to a point that Mr Cocks raised before. The committee was quite shocked to hear evidence the other day from the Victims of Crime Commissioner—that their Intermediary Program has only six months of funding allocated in the budget. I was particularly surprised at this. I have not seen this before, where people get time-limited funding while evaluations or whatever occur. I am interested in whether you can explain to me how the six-month timetable works. They will run out of money on 31 December and there are no more appropriations before then. What will happen with that line item of funding? Will that program simply grind to a halt or will something else happen?

**Mr Austin:** From my understanding, that come-back is subject to a review of the program. If there is no supplementary appropriation, there are options through the Treasurer's Advance, if the government decides to continue that. That is my understanding of it. We can check on the details of that.

**MR RATTENBURY:** Thank you.

**Mr Austin:** There is a review of the program to subsequently extend the funding. That would be considered through the budget review process. But you are right: if there is no supplementary appropriation and the government decided to fund it, we would have to look at funding sources.

**MR RATTENBURY:** I was particularly surprised by the six-month timeline. Having been in these processes, I have seen many where things get provisions, subject to evaluations and the like. That is a relatively normal procedure, but to have six months of funding is a most unusual procedure, particularly given the supplementary budget does not normally come until February.

**Mr Austin:** The details are not front of mind at the moment, but that is my understanding. I have just been told the six-month funding is approximately \$1.4 million. It is the sort of thing that could be covered without a supplementary appropriation.

**MR RATTENBURY:** Through TA or some other process?

**Mr Steel:** It is a policy question for the Attorney-General.

**MR RATTENBURY:** Sure. I understand the policy. I have been meaning to ask you about the process because I am unclear. I think Mr Austin has given me the answer, which is that the government will be in a position to potentially take a decision through Treasurer's Advance or some other mechanism.

**Mr Steel:** There may be another mechanism.

**Mr Austin:** That is right.

**Mr Steel:** The use of existing funding with the portfolio.

**MR RATTENBURY:** I have one last question. We have had a lot of evidence, particularly on community day—and we should have asked about this earlier, Treasurer, but I forgot—that the way the budget is landing now is very late in the financial year or very close to the new financial year. Are you considering bringing the ACT budget timing forward in future years?

**Mr Steel:** Yes, we will consider it, but there is a range of factors that we will need have a think about. There are two public holidays that occur, in late May and early June depending on the time of year—for a particular year, they may change slightly in their timing—but there is also the federal budget timing, which is also critical. Obviously, this year the federal budget was much earlier, which is not the usual case; it is usually the first Tuesday of May. So we will need to think about that.

The issue has been in the past, when we had an earlier budget date, that we were not able to take into account a lot of the financial reporting and economic reporting from the commonwealth in the ACT budget, which was problematic, and, most importantly, we were not able to consider it in decision-making in the ACT budget—so in actually thinking about what decisions the commonwealth government made that may have needed to inform decision-making in our own budget. Hence the reason why it was pushed back slightly to June.

But we certainly acknowledge that, for the many community organisations that currently have a grant, contract or deed in place from 1 July every year, it is a very short timeframe, if they are looking for funding in the budget, to be able to make decisions, particularly around employment issues. I have discussed that with ACTCOSS. It is something we will consider for the next budget process. But there will be a real challenge in pushing it back too far, because otherwise we will not be able to take into account the commonwealth budget outcomes, and we run into those public holidays. I cannot imagine that I would want to deliver a budget on a Tuesday, the day after a public holiday on a Monday. I do not—

**MR RATTENBURY:** I think the Assembly would be happy to go for a Wednesday to Friday in a sitting week, if that is the barrier.

**Mr Steel:** And the sitting weeks would also have to be adjusted as well—the sitting program—which is, obviously, done with the agreement of the Assembly. There are a

few considerations that we will have to make in relation to this. But we have attempted, particularly through this budget process, to make early announcements where possible regarding, particularly, community sector funding so that ahead of the budget being delivered they have got a heads-up about what is coming. Changing the budget day is only one option; another option is to adjust the contract dates that we have with some of the community sector organisations so they do not occur on 1 July.

**MR RATTENBURY:** Yes.

**Mr Steel:** That might give them a bit more certainty going forward, whether that is midway through the financial year—but then that has the risk of running into the Christmas period—or perhaps at the beginning of quarter 2, or something like that. Obviously, there is a lot of commissioning work going on at the moment; that might be one of the considerations that is made by the Health and Community Services Directorate.

**MR RATTENBURY:** Thanks.

**THE CHAIR:** Is it usual practice, Treasurer, to have significant programs, such as those that community services are funded under, not have a continuing appropriation so that there is no opportunity for a decision before the day of expiration of the contract?

**Mr Steel:** That is probably a question for another directorate, and you might be able to ask them at a supplementary hearing or on notice. I do not have great visibility of the number, but certainly there would be programs that would come up from time to time. There are certainly programs that are funded for one or two years, especially where it is a new program, and it may be running as a pilot and may need an evaluation to occur before the program is then extended, for example. Procurement is also a relevant consideration, where often programs will go out for a period of time—four or five years—but then under government procurement guidelines, there may need to be a procurement undertaken.

**THE CHAIR:** It sounds like the decision sits more in policy areas as far as you are concerned.

**Mr Steel:** Yes, I think that is right, but the idea of potentially adjusting the timeframes is a good one to consider.

**MS CARRICK:** On Mr Rattenbury's question about the timing: could it be that you commit to letting the community organisations know by the midyear review what the funding for the next year will be so that at least they have got four or five months? I just thought that might be a way of doing it. So instead of waiting for the budget, do it at midyear review.

**Mr Steel:** Midyear review does not come out before the end of the calendar year. It comes out early in the new calendar year, so as a result that may not necessarily address the problem in terms of—

**MS CARRICK:** Okay, it just gives a bit more time. Instead of a week, it gives four or five months.

**Mr Steel:** The other thing is that midyear review is typically only for urgent matters and unavoidable matters. It is not meant to be a mini-budget process. The budget is the place for making major decisions. But there is no reason why decisions cannot be made in the budget that have a lag effect or provide notice, but that is a contractual arrangement that would need to be worked out between directorates and the organisations that they contract.

**MS CARRICK:** It is just making the commitment to them that you will fund for the following financial year.

**Mr Steel:** Yes, but that may mean a shifting in their contractual arrangements and that is something for the directorates to have a think about.

**MS CARRICK:** Really, the commitment can be made at any time. Anyway, on to my substantive question. The appropriations are to the directorates, and then you report at output level, so it is a very high level. For example, the ACT Local Hospital Network is \$2.2 billion. My question is: how do you manage what is in the directorate's budgets? How do you know the programs or the potential savings or what is in that bucket? Do they report at a lower level? I would call it a programs level, whereby you know the purpose of the program and then evaluate the program. And I know there are some programs that cross portfolios—the women's statement. It seems to me that the budgeting and reporting is at a very high level.

**Mr Steel:** In terms of CHS, it is probably not the best example, because they have just gone through quite an extensive process of moving to activity-based funding. I think Minister Stephen-Smith probably in her hearing would have talked about the bottom-up budgeting work that they are doing, as well, in health, which actually has given them a lot more granular data about where the activity is that is being funded in the healthcare system and the number of NWAU units and so forth that are being delivered. There is quite a good level of work that is being done in CHS in particular in relation to this. But we certainly take your point. We have had this discussion before; you come from the commonwealth, so I understand you are used to the commonwealth budget reporting by program. We obviously have the higher-level output classes, although we have, I think, since 2014 been tracking initiatives—

**Mr Campbell:** It is 2018.

**Mr Steel:** Since 2018—tracking initiatives. But I certainly understand that, for those areas that are not being tracked by initiatives, they fall into the funding base. It is not something that can be changed overnight. What you are talking about is a massive reform project that would have to occur to change to a commonwealth level of program reporting across government. The output reporting currently does provide a range of flexibility to be able to respond to a range of different needs, which are quite diverse across the ACT public service within directorates. But that is not to say that there could not be improvements to the visibility of budgeting within agencies going forward. It is something I have been talking to Treasury about, and certainly we are taking the learnings from the CHS work in bottom-up budgeting. I know the finance minister has been thinking about this as well, having been familiar with that work and how it might be applied across other directorates.

**MS CARRICK:** Yes, because it seems to me that the outputs are very high, but the initiatives are very low, and a lot of those initiatives have got the same title at the front and then a dash “something”. Grouping them all up into whatever they are being attached to in the directorate could form programs out of them. It is a lot to track, from what I can see. I will leave it at that.

**THE CHAIR:** Ms Tough?

**MS TOUGH:** We have spoken a lot about housing, through the estimates process, and it was mentioned in the Pegasus report, as well—about the commitment to enable 30,000 homes. Pegasus mentioned that it is achievable and that housing affordability continues to improve. What steps has the budget taken to further these commitments and support that work and to support housing affordability?

**Mr Steel:** It is probably the most significant budget for housing that I have certainly seen in my time in the Assembly, with a major direct investment in building new homes but also through the planning work and the investment in skills. I think it really does establish the foundation of what is required to be able to meet the five-year target that we have, which is 21,000 under the national housing target. We have committed to deliver more than our share, which is the 30,000 to 2030. It really does tackle the issue from all sides.

That is not to say that there is not more work that is required, and there is an ongoing piece of work with industry looking at streamlining planning and building processes through the construction productivity agenda. Even at the national level—I am meeting with planning ministers and building ministers tomorrow—we are discussing other new initiatives that could be brought forward, potentially in additional measures to what we have committed to in the National Planning Reform Blueprint, to address other things that are coming up as we progress with our reforms.

A lot of the investment we are making is not just in housing directly but in the things that are required to support housing—so enabling infrastructure. I think we certainly recognise that you cannot just build the homes and then not have the road connections and the investment in public transport that is required to be able to support new residents. There are also the benefits in being able to provide that infrastructure for existing residents as well. There is quite a significant investment in the budget in those things, but we are going to have to continue to look in every budget at the opportunities to support housing.

The Housing Supply and Land Release Program, I would say, in this budget, was a relatively new construct in the way that we designed it, and there are further improvements that can be made to it. Whilst land for 26,000 homes has been identified, there is further work that, clearly, we need to do to continue to identify surplus land, and underutilised land, for development, and not just for housing but for community facilities and for commercial facilities as well. That work is getting underway. We are hoping, through that document, we can also report on progress towards meeting our housing goals so that just like the budget provides a yearly update on how we are meeting our budget outcomes, we can also do the same from a housing point of view and in our reporting to the commonwealth through the Housing Accord as well.

**MS TOUGH:** You mentioned that meeting that you are having tomorrow with the planning—

**Mr Steel:** Ministers, yes.

**MS TOUGH:** I note the commonwealth has got the economic reform and productivity round table. Has that got work in it about improving the housing supply?

**Mr Steel:** Productivity is firmly on the agenda for those two meetings, and that is the framing in which we will be having a conversation about whether there are new initiatives that need to be considered. The commonwealth has put a range of programs on the table in recent years which we have been tapping into in some circumstances, like the Housing Australia Future Fund, in particular, to support new direct investment in social housing, in particular.

I would note, though, that we are concerned about the eligibility for the ACT in a number of the programs that the commonwealth has put forward—like the Housing Support Program, for example—where we have not necessarily been successful in the rounds that have been announced thus far. In fact, some of our proposals have not even gone to the merits review stage because we have not been deemed eligible because of our status as a territory, noting that a lot of local governments have been successful and some state governments, but we sit in between as having both functions. I will be raising the issues around those guidelines not necessarily providing a good pathway for the ACT—to be able to participate and receive funding to be able to accelerate housing delivery or enabling infrastructure—as being key issues that needs to be addressed.

**MS TOUGH:** Yes. And that would be affecting better housing supply. How is our supply tracking compared to population?

**Mr Steel:** The budget outlines this. If you look just at overall dwelling numbers, certainly Treasury's view is that the housing supply, as you look back historically, has been tracking—it is page 19—along with population growth. It is page 19 of the budget outlook. It shows that supply is generally tracking with population, historically, but going forward, with the population growth we are expecting, and 700,000 people living in the territory by 2050, we really need to continue the work to support more housing supply. We cannot rest on our laurels.

It is also important to point out that the supply that is referenced in this chart includes a lot of multi-unit residential as well. We are really concerned about making sure that there is housing choice for the community and that there is the opportunity to potentially choose missing-middle homes, town houses, terraces and those sorts of homes in the mix as well. This overall supply figure may mask the mix of dwellings that may be available to someone when they are purchasing a home or, indeed, renting a home in the ACT. There is a lot of work to do to make sure that the positive trend that we see in this graph continues and that there is a genuine mix and genuine choice for people in housing typologies.

**MS TOUGH:** Thank you.

**THE CHAIR:** Ms Castley, your question.

**MS CASTLEY:** Thank you, Chair. Treasurer, I have got some questions about the Financial Management Act. Section 11(6) requires you to make a statement to the Assembly when the budget departs from the principles of responsible fiscal management. Have you made a statement?

**Mr Steel:** Not to date, but certainly through the budget itself, we report on fiscal management of the territory.

**MS CASTLEY:** To clarify: you have not made a statement to the Assembly stating that the budget departs from the principles—

**Mr Steel:** Not outside of the budget.

**MS CASTLEY:** Does your statement—or the one you are going to make—clarify whether you have departed from the principles of responsible fiscal management?

**Mr Steel:** No, I have not made a statement.

**MS CASTLEY:** Section 11(7) talks about the liabilities of the territory being at prudent levels. Can you confirm that our total liabilities are at prudent levels?

**Mr Steel:** The ACT government is well-placed to meet our liabilities, and we have made statements like that in the budget. We have shown through both the figures presented in the budget and estimates over the forward years that we will be returning to surplus over the forward estimates and that we expect it to return to an operating cash surplus over the forward estimates.

**MS CASTLEY:** Do you believe that the liabilities—

**Mr Steel:** We think we are in a good position to be able to meet the ACT's liabilities.

**MS CASTLEY:** You would use those terms? So that is a yes. That section also talks about the total territory sector, which I think is the table in appendix E of the budget outlook, at page 281. Is that right—total territory sector?

**THE CHAIR:** Table E.1?

**MS CASTLEY:** Table E.1, yes.

**Mr Austin:** That looks like it is correct, yes.

**MS CASTLEY:** Thank you. Can you confirm that the net operating balance in that table shows a deficit across the forwards?

**Mr Austin:** The UPF?

**MS CASTLEY:** Yes.

**Mr Austin:** That is correct.

**Mr Steel:** We have had this discussion before about the difference between the headline net operating balance reporting and other forms of reporting that we also provide in the budget.

**MS CASTLEY:** I understand. I am interested in this particular line. It looks like the last time we had a surplus was way back in 2007-08, and we will not have one for another four years. How long will it take you to bring us out of deficit on this measure?

**Mr Steel:** I will correct the record there. I understand that the last surplus was in the 2017-18 financial year; that has been reported.

**MS CARRICK:** Not from the consolidated financial statements.

**Mr Austin:** We will have to take it on notice.

**Mr Steel:** We will take that on notice, yes.

**MS CARRICK:** Not from the budgets; you cannot look at budgets for outcomes.

**Mr Steel:** I reiterate, Ms Castley, that you are clearly working off one particular metric, but the metric that we use is the headline net operating balance, which provides an adjustment for the superannuation adjustment.

**MS CASTLEY:** I understand that is the metric you use. I am asking how you are going. How long will it take you to bring us out of deficit on this particular measure? Do you have a plan?

**Mr Steel:** Yes. I refer you to page 287. The headline net operating balance for 2017-18 was an \$80.8 million surplus.

**MS CASTLEY:** I am talking about the net operating balance, Treasurer. That is the measure I am asking you about in this particular line of questioning.

**Mr Steel:** Yes, sure.

**MS CASTLEY:** How can you justify 21 years in deficit?

**Mr Steel:** We have seen a significant investment in this budget in health, which has responded to the healthcare pressure that we are facing in our hospital system. That has meant we have had to invest significantly in the health care of Canberrans. I believe that that is justified and it was required, and the alternative to that is to cut healthcare services that Canberrans rely on. I do not think it is socially acceptable to do that. We have also taken action to address the fiscal pressure that we have faced. You may disagree with those measures, but you have not put up an alternative, other than to cut the healthcare services that Canberrans rely on.

**MS CASTLEY:** I am talking about 21 years. Twenty-one years is a bit unreasonable, Treasurer, wouldn't you say—21 years of deficit? We are not just talking about this

health spend.

**Mr Steel:** I disagree with the premise of the question. I just pointed out that we have had a surplus within that period, based on the—

**MS CASTLEY:** On the net operating balance?

**Mr Steel:** Based on the HNOB position, which is the preferred position that we take as an ACT government.

**MS CASTLEY:** I know that you want to talk about your preferred position, Treasurer, but I am asking the questions today, and I am asking you about the net operating balance and the fact that we have had a deficit for 21 years. Would you agree that that is unreasonable?

**Mr Steel:** I think it was reasonable for us to respond during the pandemic by providing support for businesses at a time when they could not operate. I think it is reasonable to have provided Canberrans with an excellent healthcare service during the pandemic and in the period that has followed, with a major increase in growth and demand in our hospital systems. When someone shows up at hospital, they deserve to be treated immediately, as fast as they can, if it is an emergency. That is what we have done.

**MS CASTLEY:** We do not disagree there.

**Mr Steel:** It seems like you do disagree—

**THE CHAIR:** Mr Steel.

**Mr Steel:** because you are suggesting some sort of alternative path.

**MS CASTLEY:** I do not disagree.

**THE CHAIR:** Mr Steel. Treasurer.

**MS CASTLEY:** Treasurer, I am not asking you about the—

**THE CHAIR:** Treasurer, you have suggested that Ms Castley has proposed cutting health services. I would like to give you the opportunity to correct the record, unless you have something specific that you are suggesting.

**Mr Steel:** I have clearly outlined what the alternative is, which is that if you do not invest in the healthcare system that Canberrans rely on, the alternative is to cut—

**THE CHAIR:** Treasurer.

**MS CASTLEY:** Treasurer, the point of the question was not this deficit. The question was about the 21 years and whether that was reasonable. I think you have answered that. Section 11(5)—

**Mr Steel:** This year is part of the 21-year period that you are talking about. The

COVID-19 pandemic was absolutely within that 21-year period. These are the investments that we have had to make that have contributed to the budget positions that we have had in the past, but they have been absolutely justifiable based on what was required to respond to those major challenges.

**MS CASTLEY:** Section 11(5) of the Financial Management Act says that the budget must be prepared according to “the principles of responsible fiscal management”. The second principle says that operating expenses of the territory must not exceed income levels “on average, over a reasonable period of time”. But we just heard that expenses have exceeded income not just on average but for 21 years—clearly, an unreasonable period. Treasurer, why are you in breach of the Financial Management Act?

**Mr Steel:** I disagree with the premise of the question. We have clearly set out in the budget the fiscal strategy. We have made adjustments to that in the budget. It is a responsible approach. It is also a responsible approach to invest in the health care of Canberrans that they expect. It is not responsible to ignore the particular context of our ACT budget and the investment that we have to make in meeting our superannuation liabilities through the superannuation adjustment, which is exactly what you have been suggesting.

**MS CASTLEY:** Based on section 11(5) of the FMA, and the principle that says that operating expenses of the territory must not exceed income levels “on average, over a reasonable period of time”, how are you not in breach of the act?

**Mr Steel:** We are clearly showing a return to the cash operating balance over the forward estimates and the HNOB balance over the forward estimates as well. We have adjusted our fiscal strategy responsibly to address the fiscal pressures that we face, whilst we also make a significant investment in health care. We have made difficult decisions in the budget, which have also demonstrated a responsible approach, particularly on the expenditure side, in making savings to ensure the efficiency of the public service and reducing the level of growth in the public service. On the revenue side, we are ensuring that, as we make this additional investment in services, that is funded through additional revenue measures as well.

**MS CASTLEY:** Treasurer, before publishing the budget outlook, did you take any steps to ensure that you were fully compliant with the act?

**Mr Steel:** The budget is in alignment with the act. In fact, section 11 is part of the proposed budget that you referenced. We have clearly outlined the position that we have taken, the adjustments that we have made to the fiscal strategy and all of the measures contained in the budget which address those areas under the Financial Management Act, as well as our broader responsibility to Canberrans to deliver services.

**MS CASTLEY:** Did Treasury provide you with any advice about your obligations?

**Mr Steel:** Treasury has been advising me throughout the budget process on what is required to be delivered in the budget. I think it is a comprehensive document that addresses those issues and the risks that the territory budget faces.

**MS CARRICK:** With respect to the general government sector aggregates, on page

287—the aggregate history—would you please confirm where those numbers are coming from? I cannot get them with the consolidated financial statements. Being history, you would think there would be actuals.

**Mr Steel:** It is also important to note throughout that period that we have run positive cash operating surpluses, so that is—

**MS CARRICK:** Can we stick with where the numbers are coming from? This is the history. Could you also tell me where the super adjustment is in the consolidated financial statements? Where is HNOB reflected in the consolidated financial statements, to reflect the aggregate history? You are telling us that we had a surplus—

**Mr Steel:** I think we already had that discussion, but Mr Austin can talk about it.

**MS CARRICK:** You are telling us we have a surplus and I cannot see it. I want to clarify the data source.

**Mr Austin:** Thank you, Ms Carrick. That was a question that we took on notice. The team has checked those numbers and they can track them back through the consolidated financial statements.

**Mr Steel:** We already took this on notice in the last hearing and we are providing a response. We will do that.

**Mr Austin:** Yes. The HNOB is not reported in the consolidated financial statements because they are audited, and it is not consistent with Australian accounting standards. But it is consistent, as we put in the box on page 40, with the circumstances of the ACT, with the defined benefit liabilities.

**MS CLAY:** Treasurer, states and territories have to provide most of the services like health, education and transport, but we do not have much power to raise taxes. Our primary source of revenue comes from the commonwealth's allocation of GST to the states, but over the last few decades GST has not kept pace with either population growth or GDP growth. The Australia Institute reported that in 2023-24 the effective loss of GST to the states and territories was \$22 billion. What are you and the other states doing about this?

**Mr Steel:** We do not have the power to change GST by ourselves. Obviously, this will be a matter that may be discussed by others at the productivity roundtable that is upcoming, that is being led by the commonwealth. We have a representative that is attending through the Board of Treasurers and New South Wales Treasurer Daniel Mookhey MLC, who will be attending that.

States and territories will be talking, in the lead-up to the productivity roundtable, about some of the challenges that we face, where there are similar issues, health being just one of those, and around the pressures that we face in our health system that need to be funded. That is mainly a discussion for the National Health Reform Agreement negotiations. Whether we put up a specific item on GST has not yet been determined. As to whether we are expressly specifying a particular reform to GST, that is a discussion amongst states and territories that is yet to be had.

**MS CLAY:** Have you or any other state or territory put up a proposal in this space that is under discussion?

**Mr Steel:** Not on GST. We are yet to have those discussions, but we will be having a discussion. My office has met with the Australia Institute to talk about that matter, as well as others. Ultimately, it is up to the commonwealth to decide what revenue measures it wants to take to fund both its own services, the tax and transfer system, and what it may do to support and supplement states and territories for the delivery of our services.

We are very keen to get a better deal on the National Health Reform Agreement. Quite frankly, it does not matter, from my perspective, whether the commonwealth chooses GST or another form of revenue to be able to provide that funding. It may not decide to choose any new additional revenue source at all. Clearly, that is an area where we need more funding, and there will be a range of options that will be put forward. I know the private sector has been putting options forward for taxation reform as well. Ultimately, we need to see more funding for our hospital system.

**MS CLAY:** Understood. That is about health. I am sorry; we are very short of time. Has Treasury modelled this 20-year trend in which our GST is growing slower than our population and our proportion of GDP? Has Treasury modelled that to see where that gap is going?

**Mr Campbell:** I do not think we have explicitly modelled the national pool. We would keep a monitoring role in relation to the actual pool, but the pool and the modelling architecture on this sit within the commonwealth. We would liaise pretty extensively with them on their projections, but we do not have our own independent modelling capability on GST.

**MS CLAY:** When you say “projections”, who is making these projections?

**Mr Campbell:** Over the next four or five-year period, with the commonwealth budgets set.

**MS CLAY:** Commonwealth projections.

**Mr Campbell:** Yes.

**MS CLAY:** But you are not doing any modelling of your own to see where this is going?

**Mr Campbell:** We do not have that capacity.

**MR BRADDOCK:** My questions are about the Sustainable Household Scheme and some of the changes there. Firstly, in terms of the change to the three per cent interest rate, did Treasury model the impact of that, in terms of the take-up of the scheme?

**Mr Pirie:** I am conscious that this program sits with the Minister for Finance, but we can talk to it. In answer to your question, no, we did not model take-up rates.

**MR BRADDOCK:** You did not?

**Mr Pirie:** No. I will go to Mr Maclachlan to provide a bit more detail.

**Mr Maclachlan:** I have read and understand the privilege statement. Some independent modelling was undertaken by what is now the City and Environment Directorate, in looking at different options around the Sustainable Household Scheme, mainly around potential financial impacts, as well as some uptake impacts.

**MR BRADDOCK:** I am confused. I have been told there was not any, but you are saying that there was some done by the directorate?

**Mr Maclachlan:** That is right; not by Treasury, which I think Mr Pirie was addressing, but by the City and Environment Directorate. There was some independent modelling undertaken.

**MR BRADDOCK:** You may or may not know this: did that include modelling the impact of the changes to the scheme on the uptake of EV vehicles in the ACT?

**Mr Maclachlan:** My understanding is that it modelled a range of possibilities that may have been considered in terms of the scheme evolution and parameter change, but I do not have the details at hand around the specifics that went into the different product categories that were modelled and how they were done.

**MR BRADDOCK:** Was any consideration given to how the three per cent interest rate compared to the accessible loans from major banks, in terms of how it does?

**Mr Maclachlan:** Yes, certainly.

**MR BRADDOCK:** What was found as a result of that comparison?

**Mr Maclachlan:** So that I understand your question appropriately, Mr Braddock, do you mean—

**MR BRADDOCK:** Is a three per cent interest rate sufficient to incentivise the behaviour change that the government wishes to see in terms of uptake of these sustainable household products versus what is available via commercial loans?

**Mr Maclachlan:** I would probably say that, in considering an interest rate which is nominal when compared to the market interest rate for similar loans or products, that was balanced against incentivisation and the outcomes for the scheme that the government is focused on.

**Mr Pirie:** Three per cent, in Treasury's view, would be a highly concessional rate. If you compare that to other interest rates that are available for personal loans, car loans and things of that nature, three per cent is highly concessional. Zero per cent is very concessional; three per cent is highly concessional.

**MR BRADDOCK:** If there is a reduced uptake as a result of this change in the interest

rate, will the scheme return to zero interest in the future?

**Mr Maclachlan:** I would not be able to commit to that in this session, Mr Braddock.

**Mr Campbell:** That would be a policy matter for government.

**MR BRADDOCK:** I know the Sustainable Household Scheme review, which was conducted, I think, in 2024 or 2023, looked at e-bikes, but it did not look at cargo bikes. Has any consideration been given to cargo bikes being incorporated under that scheme?

**Mr Steel:** I think there has been in the past, but mainly around electric bikes. I believe bikes have been previously considered and ruled out.

**MR BRADDOCK:** E-bikes have, but cargo bikes are different, in that they are usually far more expensive and they are more likely to be a replacement for a vehicle. That is why I am asking whether there has been consideration of that, because the emissions reductions you would get out of such a transition would be fantastic.

**Mr Steel:** Noted. I think there has been previous discussion around some of the evidence around that, having previously been responsible for active travel. But I would not want to comment further, given I am not the responsible minister.

**MR BRADDOCK:** Fair enough. Finally—and I am happy to put this one on notice—is it possible to get the modelling from the City and Environment Directorate that they did on that three per cent interest rate for the Sustainable Household Scheme?

**Mr Campbell:** We will take that on notice.

**MR BRADDOCK:** Thank you.

**THE CHAIR:** On behalf of the committee, I thank you for your attendance today. If you have taken any questions on notice, please provide your answers to the committee secretary within five business days of receiving the uncorrected proof *Hansard*.

On behalf of the committee, I would like to thank our witnesses who have assisted the committee through their experience and knowledge. We also thank broadcasting and Hansard for their support. If a member wishes to ask questions on notice, please upload them to the parliamentary portal as soon as possible and no later than five business days from today. This meeting is now adjourned.

**The committee adjourned at 4.04 pm.**