

**LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

SELECT COMMITTEE ON ESTIMATES

(Reference: Appropriation Bill 2003-2004 (No 3))

Members:

**MRS CROSS (The Chair)
MS MacDONALD (The Deputy Chair)
MR SMYTH**

TRANSCRIPT OF EVIDENCE

CANBERRA

TUESDAY, 6 APRIL 2004

**Secretary to the committee:
Ms Stephanie Mikac (Ph: 6205 0199)**

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents relevant to this inquiry which have been authorised for publication by the committee may be obtained from the committee office of the Legislative Assembly (Ph: 6205 0127).

The committee met at 9.36 am.

Appearances:

Ms Katy Gallagher, Minister for Education, Youth and Family Services, Minister for Women and Minister for Industrial Relations

Department of Education, Youth and Family Services—

Mr Tim Keady, Chief Executive

Ms Anne Thomas, Executive Director, Resource Management

Ms Julie McKinnon, Executive Director, Children's Youth and Family Services

Mr Rob Donnelly, Director, Budget and Facilities

Chief Minister's Department—

Mr Mike Harris, Chief Executive

Ms Pam Davoren, Executive Director, Public Sector Management and Labour Policy Group

Ms Penny Shakespeare, Director, Office of Industrial Relations

Mr Warren Foster, Senior Manager, Employment Policy and Workplace Relations

Mr Nic Manikis, Executive Director, Multicultural and Community Affairs Group

Ms Helen Hill, Director, ACT Office for Women

ACT WorkCover—

Mr Erich Janssen, Commissioner

THE CHAIR (Mrs Cross): Minister and departmental witnesses, your evidence today is being recorded by Hansard to prepare the committee's transcript of proceedings. It is therefore necessary for you to speak clearly into a microphone when you answer questions. Officers who are seated at the back of the room should come to the main witness table, if called, to respond to questions. Please do not speak from the back of the room.

For those who give verbal evidence to the committee today, a copy of the transcript will be emailed to them as soon as it is available for correction, and also so that they might identify relevant questions that are taken on notice. Please return responses to questions on notice to the committee secretary no later than Friday 16 April 2004. To assist in the preparation of the transcript, witnesses need to state their full names and the capacity in which they are appearing on the first occasion that they give evidence.

Prior to the giving of evidence I inform witnesses that they should understand that these hearings, which are legal proceedings of the Legislative Assembly, are protected by parliamentary privilege. That gives them certain protections but it also places on them certain responsibilities. It means that they are protected from certain legal action, such as being sued for defamation for what they say at this public hearing. It also means that they have a responsibility to tell the committee the truth. The Assembly will treat as a serious matter the giving of false or misleading evidence.

There have been occasions in the past when people have spoken in the gallery—and they

have made quite disparaging remarks about the committee—and committee members have heard them. I ask people in the gallery to keep quiet. If they need to speak they should go outside. I welcome the minister and thank her for coming today. I thank departmental officials and the minister's staff who have taken time out of their busy day to appear before this committee.

I refer, first, to WorkCover. On page 38, there is an amount of \$380,000 for EBAs. Given that it was already known that EBAs were to be renegotiated this year, the approximate cost of that renegotiation would have been known. Why was that not covered in last year's budget?

Ms Gallagher: After the last budget the government started considering a wage offer and I think it moved into bargaining in October. We had not received the unions' claim. Around September last year we became aware of what the unions were seeking. From my understanding of the process, once we receive the unions' log it is standard practice to consider it, to make a submission to cabinet outlining the government's position, to have it agreed to by cabinet, and to make provision for it at the next opportunity.

The money reflected in that line item is the government's offer of 3.4 per cent which, at this stage, is payable from 31 March—from the expiry of the current agreement. This financial year we have made some provision for that. We have done that across all agencies, so clerical staff would be eligible for that pay rise.

THE CHAIR: The amount of \$560,000 that has been allocated as a first payment under the agreed resolution process relates to a contractual dispute. What was that dispute?

Ms Gallagher: If you want to establish how that contract is going you should ask that question of Treasury. WorkCover entered into a contract with a company called Wizard to design, implement and manage its AIMS database. I understand that there has been a long-running dispute between WorkCover and that company. Early in 2003, or in the middle of 2003—I cannot remember the month—I met with Tony Robey to discuss the matter. I think Tony Robey met also with the Treasurer. Cabinet agreed on a way forward—to have an independent person examine the claims from both sides and to work out some sort of resolution. Once that decision was made WorkCover was removed from those discussions and Treasury and the Treasurer subsequently handled them.

THE CHAIR: It seems to me that this was an unpaid bill. Why did WorkCover leave that bill unpaid for so long?

Ms Gallagher: The original contract was for a fixed price of about \$800,000. From my understanding of this issue—and I have been involved only at the periphery—that contract was entered into in 2001. Wizard provided services, at some additional expense, that WorkCover said were not part of the original contract. The dispute has focused on the original contract and the services that were provided by Wizard. Wizard said that it provided services that cost in excess of millions of dollars. It is seeking payment for those services, even though WorkCover believes Wizard to be outside the terms of the original contract.

That is the essence of the dispute. WorkCover paid what it had agreed to pay under the original contract, but Wizard provided additional costs on top of that. WorkCover, which

did not pay those additional costs, has entered into this independent arbitration. Because of the difficulties that exist between the two parties, WorkCover has not handled this matter. It was thought that Treasury would better handle it. I have not been privy to the discussions that have been held throughout the independent process.

THE CHAIR: Do you know what is the total value of the resolution?

Ms Gallagher: I am not aware of it.

THE CHAIR: You can take that question on notice if you like.

Ms Gallagher: The Treasurer is probably the better person to answer these questions.

THE CHAIR: Given that this problem started with WorkCover, what has it done to ensure that this does not happen in the future? WorkCover received and accepted services that were provided by a vendor and it then either stopped payment or neglected to pay the vendor. Either there is a contractual inconsistency or there are serious communication issues, which have left the vendor out of pocket. What has WorkCover done to ensure that this does not happen again?

Ms Gallagher: It is my understanding—and the commissioner might correct me on this point—that Wizard is still involved in running and maintaining the AIMS database. I am not aware whether WorkCover has entered into any other contract along those lines since that time.

THE CHAIR: Has any disciplinary action been taken against the people in WorkCover who were responsible for this?

Ms Gallagher: No, not to my knowledge. The essence of the dispute relates to what services WorkCover thought it was getting. The original contract provided for the delivery of additional services, if required. Wizard's additional costs would then have had to be worked out. This is not about blame or about anyone doing the wrong thing. The services that Wizard provided were more expensive and, from the point of view of WorkCover, they exceeded the terms of the contract. That has been the nature of the dispute.

MR SMYTH: I refer to the allocation of \$560,000 this financial year. Why are those amounts not reflected in the out years, if this is only the first payment?

Ms Gallagher: You would do better to ask the Treasurer about the terms of the settlement. I have not been handling this issue. My understanding is that this is the first payment in settlement of the dispute.

MR SMYTH: But you are either asking or have made a bid for this money, or has it been foisted upon you?

Ms Gallagher: It will come through WorkCover. Treasury has told me that this is the first payment in settlement of the dispute. I did not lobby for the money. Treasury has handled this matter, but the money has come from WorkCover.

MR SMYTH: So you did not ask how much additional funding might be required over the coming year?

Ms Gallagher: No, I did not because I have not been involved in discussions about the settlement of that matter. It has been an extremely sensitive negotiation. After my meetings with Tony Robey it was resolved that WorkCover should be removed from the discussions and that Treasury should handle the matter. I understand that further payments are to come. I again request the committee to ask Treasury about these matters as it—and not WorkCover—has been handling the issue.

MS MacDONALD: So WorkCover would have no knowledge of likely payments in the out years because it has been removed from the process. Is that correct?

Mr Janssen: Erich Janssen, OH&S Commissioner. That is the case. As I was appointed only recently I am not across the full history of this matter. Treasury took on the running of this matter in an attempt to resolve the dispute. As an independent person is determining the process and there are disputes on either side about what amounts, if any, are outstanding, I am not in a position to indicate what the settlements might be.

MS MacDONALD: The independent person that you are talking about is Tony Robey?

Mr Janssen: No. The independent expert arbitrator or mediator who has been involved has some knowledge about these sorts of IT acquisition and contract arrangements.

THE CHAIR: Are there any other instances of vendors who have not been paid? I assume that these bills have not been paid for a long time, Minister?

Ms Gallagher: During the period of this dispute Wizard has received several payments along the way—payments that I believe more than cover the original contract. As this is a difficult issue and these are sensitive negotiations, the Treasurer is best placed to answer some of your questions. The dispute, which has been ongoing since 2001, has taken an enormous amount of time to resolve. It is my understanding that it is still in the resolution phase, although we are nearing conclusion.

MR SMYTH: What progress has been made in the investigation of the hangar collapse? What is the \$250,000 allocation for, and when will we see a resolution of the inquiry?

Ms Gallagher: The amount of \$250,000 is to cover increased costs incurred by WorkCover as a result of the hangar investigation. Those costs are for specialist tests, such as engineering tests, legal costs, interstate travel costs, transcription services and storage and handling of evidence. Total costs to the end of January 2004 were \$162,000 and it is expected that total costs will reach \$250,000 by the end of this year.

One of the things that you learn as you go through this process is that the ACT WorkCover budget for investigations has been set at \$80,000 a year. We will examine that issue as it appears to be a very small allocation. There is no capacity in WorkCover's existing budget to meet the additional work that is required as a result of the largest OH&S investigation that the ACT has seen for some time. My understanding is that briefs have been sent to the DPP and that charges will be laid in the future.

MR SMYTH: I notice that you require only \$38,000 this year for the clerical enterprise bargaining agreement. However, next year that amount is expected to increase to \$127,000 and then the figure is expected to double to \$219,000. I assume that amount of \$38,000 is the allocation for only one-third of the year?

Ms Gallagher: Yes, that is right.

MR SMYTH: So the full year effect for WorkCover would be about \$127,000 per annum?

Ms Gallagher: Yes.

THE CHAIR: If there are no further questions for WorkCover we will deal next with Education, Youth and Family Services. I thank all those officers from WorkCover who appeared before the committee. Any further questions will be placed on notice. Minister, this year you have asked for an allocation of \$10.784 million for EBAs. The question that I ask is similar to a question that I asked earlier. The government should have known that EBAs were to be renegotiated this year and it should have been aware of approximate costs. Why was that lump sum not included in last year's budget?

Ms Gallagher: My answer to that question is the same as my answer to the earlier question. Part of the wage rise relates to the clerical EBA. Late last year the government considered the enterprise bargaining framework after being served with the unions' log of claims. This was the government's first opportunity to make provision for its initial offer of 3.4 per cent. This is the three-month effect of that. There is also a budgetary allocation for the teachers EBA—the first pay offer of between 3.5 per cent and 6.87 per cent, depending on the classification of teachers in schools and in the CIT.

MR SMYTH: The chair made a relevant point. The outcome for this financial year was meant to be a \$7.7 million deficit. In other words, on the estimates of Treasury and the government, there was no money to pay for EBAs. As a result of the strong market you have obviously received additional revenue from land sales and stamp duty, et cetera. How did the government intend to pay for that if its budget prediction of a \$7.7 million deficit is accurate? The first ask this year was for \$10 million for education. In theory, if the Treasurer's predictions were correct, that money does not exist. Were you going to cut services, or were you just living in hope?

Ms Gallagher: I think you are asking a rather hypothetical question. We are fortunate in that we are in a stronger position than we anticipated. We made decisions about a number of issues, other than wages, relating to the third appropriation with that position in mind. I have not been dealing with budgets for a long time, but I cannot see any problem with making wage provisions at the first opportunity through the appropriation process. That is what we have done.

The government considered those increases in light of the position in the territory. It is fair to say that wages pressure on the budget is perhaps the biggest pressure that we face. We are of the view that fair wage outcomes should be delivered to public sector workers. However, the initial costs that would be incurred in meeting the first wage offer would place the government in a difficult position in maintaining wages at the level that it would like to, which is not extravagant by any means.

Wage outcomes are sitting at around 4 per cent. The Commonwealth is paying anywhere between 4 per cent and 5 per cent and this government is offering somewhat less than that in the clerical EBA. Wages pressure—perhaps the single biggest pressure on the ACT budget at the moment—requires the government to make some very tough decisions.

MR SMYTH: Budget cabinet must have discussed this issue when it set up the budget for this year. You were facing a predicted \$7.7 million deficit, you knew that the EBAs had to be renegotiated, but there is no allowance for those EBAs in this year's budget. It is only through luck and a buoyant market that you have some money to expend now. What would the government's strategy have been if the budget had not gone from a deficit to a surplus?

Ms Gallagher: The government has always been conscious of and has given consideration to that wages pressure. We make those decisions as we are required to do so.

MR SMYTH: So if the budget had remained in deficit you did not have a strategy?

Ms Gallagher: Cabinet has a strategy. Those matters, which are sensitive, are discussed in cabinet. At the moment we are in a bargaining round with nurses, teachers and clerical staff. We are very conscious of those discussions.

MR SMYTH: If you were conscious of those discussions—the issue to which the chair has referred—you did not make any allowance for it in your budget. You did not put money into the budget. So your strategy was to live in the hope that you would have a surplus rather than a deficit?

Ms Gallagher: That is something that you are putting to me. Cabinet has a strategy on wage negotiations and we made allowance for the first offer in this budget.

MR SMYTH: You stated in the press release that you issued the other day that you do not expect the EBAs to be negotiated until July?

Ms Gallagher: I stated in the press release that I issued that I wanted to see a resolution to this issue by June so that pay rises could flow. The EBAs expired on 31 March and I have had briefings with the department. On Friday I became aware of the fact that the unions agreed to meet only once a week for a few hours a day—not for a complete day—until June. Taking into consideration the unions' enormous log and the fact that additional claims are being made on a fairly regular basis, discussions on the template agreement will not be able to be concluded until June.

Agencies would then have to negotiate their own schedules to those agreements, which would take another few months. If that blows out later in the year it would be a tactic that was adopted by the unions. As I am from a union I am sure that that is something that I would have considered. If things keep dragging on there is a possibility that this matter will not be resolved until December. I have urged the unions to speed up the process.

MR SMYTH: If it is your expectation that the template will not be negotiated until June

and the agencies will then have to negotiate individual components thereafter, we should be recommending that you should not get this money in the third appropriation because you will not need it until next financial year.

Ms Gallagher: You are now blaming me for providing for these increases.

MR SMYTH: No.

Ms Gallagher: We hope that that will not occur. I want to resolve these issues very quickly and I want to see those pay rises flow. If the unions choose to play a game with me—and it looks like they are starting to play—I am looking at the worst-case scenario. The unions must understand that if they are going to play that game potentially this money will be tied up, it will not be able to be spent and it will not flow on to those who need it. At the time I wrote to the unions and outlined my concerns, I urged them to get on with it.

I think they are of the belief that there are some political gains to be made if they and the government are in dispute for most of the year. I do not want to see that occur, so I will be doing everything I can to ensure that it does not occur. However, I want to resolve these issues as quickly as possible. The government has made an offer so we are aware of the costs that are involved. It is my understanding that once an offer has been made the government has to make provision for it at the next opportunity. That is what we have done in the third appropriation.

THE CHAIR: I wish to follow on from that. I am not as experienced as some of the other members.

Ms Gallagher: Nor am I.

THE CHAIR: Referring to basic budgeting and accounting issues, when one makes provisions for or one forecasts certain needs, one should include that money in a budget. I would have assumed that you would have included those provisions in last year's budget. Given that you said that you do not need the money yet—and you probably will not need it until June or July, as Mr Smyth said—I would have thought that you would have included it in this year's budget rather than asking for significant amounts in an appropriation. You are saying to me that you would like it there just in case you need to use it more quickly than you anticipated. I am a little confused.

Ms Gallagher: The point that you are making is that if we knew that these EBAs were due to be renegotiated we should have made provision for them in the budget. We knew that these EBAs were coming up.

THE CHAIR: So you had no knowledge of that?

Ms Gallagher: No, we knew that. When we are providing for wages and we are involved in negotiations we have to be careful about the way in which we present them. We are bargaining with the unions now. The point that the committee has made is why were these provisions not included in last year's budget? I outlined the reasons why they were not. Those provisions have been included in this third appropriation because we now know what they will cost.

If those provisions had not been included you could have asked the government why it had not made provision for that 3.4 per cent wage increase. I think that is the point that the committee is making. We now know what the cost of these provisions will be across the public sector. Pay rises for teachers have also been included, not because we have finished the bargaining, but we know what the cost will be of that first pay rise. We are now letting the Assembly have a look at those provisions.

THE CHAIR: Will you be budgeting for the next lot of EBAs in this year's budget instead of including an appropriation six months after the budget?

Ms Gallagher: We are considering that as part of the next budget, yes.

MS MacDONALD: Obviously not everybody has had the experience in enterprising bargaining that you have had, Minister. You are saying that you did not want to pre-empt the amount that you would have to pay, as that would weaken your bargaining position?

Ms Gallagher: These issues are sensitive.

MS DUNDAS: Why is that 3.4 per cent wage increase not included in this appropriation bill? No matter what is the outcome these decisions have to be backdated to 31 March. So there will be provision for the increase in the 2003-04 budget.

Ms Gallagher: As negotiations stand at the moment, the government has made a commitment to back pay until the expiration of the agreement—the three-month effect this financial year.

MR PRATT: What proportion of this appropriation will go to teachers as opposed to departmental, administrative and clerical staff?

Ms Gallagher: Teachers will receive just over \$9 million and clerical staff \$0.7 million. CIT teachers will receive about \$0.75 million.

MR PRATT: What productivity gains are you seeking to enshrine as part of the negotiations for this package of money, or as part of the overall ongoing EBA negotiations? Would you list those for us?

Ms Gallagher: Is that for teachers or for clerical staff?

MR PRATT: I am referring to teachers.

Ms Gallagher: Negotiations are ongoing on that front. It is a little early for me to talk about those negotiations as I am not dealing first-hand with them. The department, which is handling those negotiations, is working through a significant log with the AEU. As part of the enterprise bargaining agreements the government does not have productivity savings on its industrial relations agenda, but good discussions are occurring on a number of fronts with the AEU, in particular, concerning improvements that can be made to current conditions relating to the EBA.

We believe that there will be some savings for us and there will be some benefits for

teachers. Those negotiations are ongoing. Everything that is on the table is still subject to change. I do not want to suggest that anything is locked in at the moment.

MR PRATT: Has the government laid down any benchmarks relating to the productivity gains that it wishes to achieve as part of these negotiations? Why does the government not state that any agreement that the department enters into must achieve those sorts of productivity gains? Why is that not your policy?

Ms Gallagher: I am not sure that I understand the question. The negotiations relate to a framework that the department wants to see achieved. We are working through that and through the unions' log of claims. Are you asking me why the government is not seeking to achieve savings or efficiencies through that process?

THE CHAIR: Is that the question that you are asking?

MR PRATT: All of the above. Why is the government not seeking to achieve those efficiencies?

Ms Gallagher: We are looking at achieving improvements in the conditions of teachers all the time through this process. So we will require certain things of teachers and principals. When this government was elected wage outcomes in the public sector were atrocious. The wage outcomes in the clerical EBA were about 1.5 per cent per annum. At the expiration of the teachers' agreement we established that they were some way behind their state counterparts.

So much of the bargaining that has occurred since this government has been in office has been to address some of the poor wage outcomes that have been produced over a number of years. The question that Mr Pratt asked is whether, as a result of these bargaining rounds, the public sector and the teachers have to give back anything before they receive a pay rise. There is a fundamental difference between the government and the opposition in relation to industrial relations strategy.

This government is not being outrageous in its wage offers. In fact, it is showing considerable restraint in what it is able to offer. In addition, it is seeking improvements that will benefit not only teachers but also departments. That is all part of the hurly-burly of the negotiation process.

MR PRATT: I think it is terrific that you are trying to benchmark those increases against the salaries of teachers in New South Wales. Are you using the New South Wales model as a benchmark for productivity and negotiation?

Ms Gallagher: We are not. In the first instance we accepted that teachers at the top of the teacher level 1 category were quite a way behind their instate colleagues. One of the hardest things about this EBA was the requirement, which was included in the previous EBA, to negotiate a first wage offer prior to the next round of EBA discussions. That clause, which was included in the last agreement, will not be included in any other EBA because it has created such difficulties.

We have not agreed to parity with New South Wales across the board or comprehensively; we have agreed that teachers at the top of the level 1 category deserve

to be paid at that level because they were quite some way behind their instate colleagues. However, our classification structure is not aligned to the New South Wales structure. I am sure you understand that our superannuation arrangements and conditions of service are quite different. There are strong arguments to keep things local and to ensure that we have a system that meets the needs of our teachers.

There is considerable pressure from the AEU to accept parity with New South Wales. Wage parity is what the unions want. Teachers in New South Wales received a 5.5 per cent increase on 1 January and it is believed that they could get anywhere up to a 5 per cent increase in July. Cabinet must consider that issue very carefully. We would be setting a significant precedent if we accepted that teachers in the ACT should have wage parity with teachers in New South Wales, but that everything else should be determined locally. Those are the hard decisions that the government will have to make as it progresses through these EBAs.

MR SMYTH: Minister, you said earlier when referring to WorkCover that you were asking for an additional \$38,000 this year. You also said that the full year effect in the first year would be \$127,000, so it goes up by about a factor of three. You are asking for an allocation of \$10.7 million for education, yet next year the full year effect will be only \$12 million. Is that an understatement, or is there something additional in the education system?

Ms Gallagher: The department will be supplementing those figures. The figures are indexed at 2.5 per cent at the moment. The department will be contributing 2 per cent in the out years and 0.7 per cent in 2003-04 to those pay increases.

Mr Donnelly: Rob Donnelly, Director, Budget and Facilities. The other significant factor in relation to that issue is that the teachers' EBA pay rises flow from 1 October last year, which is three-quarters of a year, whereas the clerical pay rises only flow for one-quarter of a year.

MR SMYTH: What does the 2 per cent that the department has been sitting on represent in dollar terms?

Ms Thomas: Anne Thomas, Executive Director, Resource Management. From next year we will be contributing \$4.6 million.

Ms Gallagher: The department will be contributing \$4.6 million from next year.

MR SMYTH: That money has already been foreshadowed in the estimates for the out years.

Mr Donnelly: Yes. That money is part of the department's indexation that it receives from Treasury.

MR SMYTH: Is the department sitting on any money this year that it has received from indexation?

Ms Thomas: This year the department will be contributing \$3.8 million towards that pay rise.

MR PRATT: You might need to take my next question on notice. Are you able to give us any details about what the department is listing as productivity savings in its negotiations with the unions?

Ms Gallagher: I would not be happy to do that while negotiations are continuing. As negotiations are taking place between the department and the AEU at the moment I think it would compromise those negotiations if we engaged in discussions about them with the AEU. That would be a strange situation in which to be placed and one that should be resisted.

MR PRATT: So you cannot, in all confidence, tell the Assembly what are those benchmarks?

Ms Gallagher: I have tried to answer that question.

THE CHAIR: The minister has already explained that she is involved in negotiations.

Ms Gallagher: I have already answered that question. I am sure that the AEU could provide you with a log of its claims. You would then be able to see what it is asking for.

MR PRATT: I already know that.

THE CHAIR: Would you like to take that question on notice, Minister?

MR PRATT: Perhaps you could provide us with that information once the negotiations have concluded.

Ms Gallagher: Okay.

MR PRATT: Would that be all right?

Ms Gallagher: Yes, I will provide you with a copy of the certified agreement.

MS MacDONALD: You have requested an allocation of \$150,000 for Birrigai bushfire recovery. For what purpose will that allocation be used?

Mr Donnelly: I think that was in the second appropriation.

Ms Gallagher: That is in the second appropriation.

THE CHAIR: I refer to an interesting area, Minister—the allocation of \$3.265 million to support children at risk. An amount of \$465,000 has been allowed to provide for an immediate response and to dramatically increase demand for intervention and support services and child protection. The additional funding will be used to address increased substitute care, demand and employ additional staff to enable appropriate levels of intervention and support services to be maintained. Would you explain where this extra demand is coming from?

Ms Gallagher: The two significant pressures at the moment are the increase in the

number of substitute care days and the number of reports coming to family services. The number of reports requiring a full or more comprehensive appraisal has exceeded the department's expectations. As there were some increases last year we made some provision in the budget for them. We allocated an amount of \$2 million over a period of four years. As it turns out, that did not meet the significant increases that we have seen in these two areas, so we have had to make further allocations.

We do not yet know whether the report of the Commissioner for Public Administration—he is due to report on 7 May—may include findings that have budget implications. However, we are making provision at the moment for significant increases in substitute care and the need to employ more family service staff members to deal with the number of reports that the current two officers are receiving daily.

THE CHAIR: Have you established why there is this extra demand?

Ms Gallagher: These increases that are occurring here are being replicated in every state and territory. Some analysts have said that that might be as a result of an increased awareness of mandated reporting responsibilities and an increased awareness of the community's responsibility to care for children. Family service agencies around the country are responding to more reports than they would have because of these increases and because of the concerns that they have about these children. There is not any simple solution to this problem; a number of things exist on the periphery. This is something that is occurring around the country. We do not want to see these increases but we have to respond to them.

THE CHAIR: One could be cynical and ask: Why is this money being put into this appropriation rather than being included in the next budget, given the media attention that this issue has attracted over the past few months? Is this a reaction to the media because this issue has attracted attention over the past few months? If not, why has it been included in this appropriation rather than in the budget? If you need this appropriation now what would the money be spent on as opposed to what it might have been spent on if it were included in the next budget?

Ms Gallagher: When the Chief Minister and I first decided that we needed an immediate injection of funds, our decision was based on the figures that we were seeing which would have an impact on this financial year. We were seeing enormous increases in the number of reports coming to family services and the number of days of substitute care that were required were increasing all the time. We needed to respond to that.

These issues will have an impact on this financial year. Whilst the department can cash manage to a limit it would reach the stage when it would not be able to cash manage. We need to make sure that we provide for that. As we had not drawn down on the money in the Treasurer's advance, we received advice that it was more appropriate to place it in the appropriation bill to give Assembly members a chance to scrutinise it.

MS DUNDAS: To follow up on that: the statement that you put out on 15 January clearly said that the Chief Minister, as Acting Treasurer, had approved an immediate injection of \$1.8 million through Treasurer's Advance.

Ms Gallagher: Yes.

MS DUNDAS: Can you inform us why that wasn't drawn down upon immediately if it was at that point seen to be something that could be used through Treasurer's Advance? And that is \$1.8 million; we are now looking at an appropriation for \$2.8 million. What has happened in the intervening three months and where will this money actually go?

Ms Gallagher: Look, again, the \$2.8 million was to pay for increased substitute care days and staff that we wanted to see recruited. We haven't been able to recruit the staff in the time between making that announcement and this third approp being considered by government.

We still are in a position where I think we have recruited a few staff but the majority we are hopeful of getting on in the next month or so. As we had not used that money, but by the end of the year we will need every cent of that money, the advice that I got and the advice from Treasury was that the more appropriate place for that money was through the appropriation process.

MS DUNDAS: To follow up on that then: so in between January and now, with the increased costs of the inquiry, the increased staff providing information through the Public Service Commissioner and the ongoing demand for substitute care days, the pressures have been there for the last couple of months. Has that been met through efficiencies in the department? How have those ongoing costs been met?

Ms McKinnon: Julie McKinnon, Executive Director, Children's, Youth and Family Services. Because at this stage the division is only three-quarters of the way through the year, we are meeting those costs, the full costs, through the total divisional appropriation.

Mr Keady: Tim Keady, Chief Executive, Department of Education, Youth and Family Services. It is just a quicker draw down on available cash basically.

MR SMYTH: The point though, isn't it minister, that you have just said you won't need the dollars in the next month or so or until the next month or so. There was great

brouhaha made about the immediate need for this money and going straight to the Treasurer's Advance, and there was even greater brouhaha when the Assembly sent this bill to this committee and had a reporting date in May rather than the government's desired date in March. You, the Treasury and, indeed, one of the unions claimed that the Liberal opposition in the Assembly was standing in the way of urgent, immediate expenditure on behalf of children. But the reality is you haven't spent an extra cent out of this \$1.8 million since you put out your press release in December.

Ms McKinnon: That's not correct, Mr Smyth. Money has been spent but it's simply the funding has been taken from—

MR SMYTH: How much money has been spent, Ms McKinnon?

Ms McKinnon: I think at this stage in terms of the substitute day care, we are well and truly running—I am not sure of the exact amount at this stage of the financial year—approximately 50 per cent over in the first quarter of the year in terms of our estimated costs. So we are—

MR SMYTH: Which is how much in dollar terms, please? The government is crying poor. You are saying there is no money to spend on urgent child need. They are blaming the opposition and this committee. How much have you actually spent?

Ms McKinnon: As at December we've spent \$8.3 million on substitute day care out of a total annual budget of 12, so for six months we have spent three-quarters of the allocation. By now we have probably exceeded the year's allocation in substitute day care terms.

MR SMYTH: But you don't know that; you can't tell us whether you have or not?

Mr Keady: If I could add to that, please, Mr Smyth.

Ms McKinnon: I haven't got the March figures yet.

MR SMYTH: Minister, aren't you concerned that the department is asking for money

and they can't tell you what they have spent?

Mr Keady: Well, perhaps I can assist. The total budgeted number of days, which in dollar terms equates to just on \$12 million, was 82,743. I understand—and I would have to confirm this figure—that we had consumed 80,000 days by the end of February.

THE CHAIR: Speak up, Mr Keady.

Mr Keady: I'm sorry, I thought it was amplified. Just to repeat: the total number of substitute care days budgeted for was 82,743. In dollar terms, that is worth \$12 million approximately. As of the end of February—and this is a figure, as I said, I would need to confirm—I think we consumed close to 80,000 days, so that the rate of take-up or the use of the available budget was well in excess of our capacity to pay.

MR SMYTH: Mr Keady, why don't you know what has been expended and how many days have been provided to the end of February or to the end of the March quarter? I mean, you have asked for more money.

Mr Keady: I thought I just gave you a figure to the end of February.

MS MacDONALD: It sounds like he does know, Mr Smyth.

Mr Keady: And I will give you a figure. I think the average cost of a day care is \$146, so it's 80,000 by \$146.

THE CHAIR: So, Mr Keady, can I assume then that what you are saying is that there has been an excessive demand, you have almost reached your budget—

Mr Keady: Your annual quota at the end of February, that's correct.

THE CHAIR: of the 80,000. So what I don't understand is—and, again, forgive me for my naivety—if there is an urgent need, if needs have increased and there is a dramatic increase, can you get this money off Treasurer's Advance? If there is an urgent need for money and you can't wait, and you don't want to have to go through this process, why

not just get it elsewhere?

Mr Keady: Well, it depends on a range of factors, including other pressures on the Treasurer's Advance, which I am not really able to comment on. But there were pressures coming through both to increase staff, which would have led to a known budgetary outcome; there was this considerable overrun in substitute care; and I assume, because I wasn't here at the time, that the decision was that these ought to be brought to the Assembly for a normal appropriation.

THE CHAIR: And what do you think this sudden increase is attributed to?

Mr Keady: The pressure on day care. I am still trying to find out—I haven't been there that long myself. But, as the minister has said, my understanding is this is a national phenomenon. We are talking about a significant increase in kinship care, paid kinship care, respite care. There are a number of components. I don't know whether, as these things are occurring, one can totally analyse the reasons for demand or whether it's something that you need to go back with some retrospective judgement, but it's been a very rapid and unanticipated increase.

MRS BURKE: I am still a little confused with some of the dates here that are going around. The \$1.8 million—we still, I don't think, have had a satisfactory answer about what that was used for, and it went through a Treasurer's Advance.

Ms Gallagher: We haven't used it. It's in here.

MRS BURKE: You haven't used it, that's right.

Ms Gallagher: No, that's why it appears in here as the 1.8, as part of the 2.8.

MRS BURKE: So that's 2.8 now?

Ms Gallagher: Yes, as part of the 2.8; 1.8 is made up of that.

MRS BURKE: Right. On 31 October last year, Minister, you put out a media release

stating that you were going to be calling for more case aid workers. You recognised there was a pressure on the system. You talked to the Chief Minister and the Treasurer. On 15 December again there was an urgent call for \$1.8 million. On 12 March still nothing has happened. We seem to be very blurred and confused here about messages we are getting from you and your department about where the money has gone, what has been spent, what more is needed.

I understand the exponential increase in child case reports, which was in your media release last October—that the signs and warnings were there, that you were going to need more money. I am just not sure about the lines of delineation. If there are any, it's a blur. And I am sure that's coming across to other members here, too, in our line of questioning, that you can't tell us what you have spent, what you have spent it on. Can you perhaps expand on this whole area. The second question would be: what is the \$0.465 million on capital?

Ms Gallagher: \$465,000. Going back to your question: I think 31 October would have been when some of the quarterly reports were done and it was clear from that that we were seeing reports increase at a rate faster than we had anticipated. I did have a discussion with the Chief Minister and the Treasurer at the time alerting them to these figures and outlining my concerns about the department's capacity to meet. At that time it was more about their requirement, their ability, to meet the requirements under the 21-day and 14-day reporting requirements. It was less about the urgent cases.

MRS BURKE: I am more about the remarks you made about the funding, the resourcing that was needed then, and then we had some urgency.

Ms Gallagher: Yes.

MRS BURKE: And then we got accused of holding the process up to release money. But what money did you want and for where?

Ms Gallagher: Well, at that time they were just discussions. I wasn't seeking money at that stage. I had discussions with the Treasurer saying that I did not think that this year's budget would allow us to meet the increases that we were seeing. They were very early

discussions. From my memory, the Treasurer asked me to go back and have a look at what we were seeing and whether we thought those trends were going to be sustained. That was the discussion I had.

I am not sure what you are alluding to on 15 December—any statement I made about more money being needed.

MRS BURKE: The \$1.8 million after 11 December—an announcement by yourself—

Ms Gallagher: Well, that was in January, not in December.

MR SMYTH: If I can interrupt, I think the difficulty there is the bottom of your press release where it actually says 15 December 2003 and it talks about the \$1.8 million funding.

Ms Gallagher: Right.

MR SMYTH: But it was faxed on 15 January. I think it is actually a clerical—

Ms Gallagher: Okay, so it was just a date. Sorry. Yes, okay. It is the date there.

MRS BURKE: But, again, I think that there's a blurring of lines of the question what has been spent and how much. You know, 1.8 is now into the 2.8.

Ms Gallagher: Yes. Again, if there is any question about whether the department will spend this money, I can assure you that this money will be spent.

MRS BURKE: I think in October it was needed, so I agree with you.

Ms Gallagher: Well, that was the early indication, that we would not be able to. And it was not so much about needing more staff—well, it was a little bit about needing more staff at that time—but it was just in terms of meeting those requirements to report on time that I was concerned about at that stage.

MRS BURKE: And that was in October that you knew?

Ms Gallagher: That was in—

THE CHAIR: Minister, to make this easier: are you able to give the committee a breakdown on where this money is going to go, exactly where you are going to spend it?

MRS BURKE: Can I just finish my line of question, chair?

THE CHAIR: Yes.

MRS BURKE: Am I allowed to hear the minister's answer back?

THE CHAIR: Mrs Burke, we are wasting time. We have only got half an hour. I am trying to seek clarification here to make it easier on the minister and on you. I am seeking a breakdown on what I think you need, and we want to know where this money is going.

MRS BURKE: That is fair enough. I just would like to hear the answer.

THE CHAIR: Please continue.

MRS BURKE: Thank you. If you can just continue with the answer, Minister.

Ms Gallagher: I have lost track. But the Treasurer's Advance and then knowing that we were going to have a third appro, happened around the same time. Because the department was cash managing the situation, as Ms McKinnon has outlined, Treasury's advice was that it was more appropriate to put this money in the appropriation and allow scrutiny, and that the department cash manage until that money becomes available. There is no question about whether this money will be spent, and we can provide you with that information. I am happy to do that, chair.

THE CHAIR: Thank you.

Ms Gallagher: The additional one million which is in there to turn it into \$2.8 million: I guess we had more understanding of the days that have substitute care that we think we will need over this year.

MRS BURKE: When did you understand that, Minister?

Ms Gallagher: We haven't got the March figures in yet.

MRS BURKE: Okay, fair enough.

Ms Thomas: It was clear in December, Mrs Burke, that we were significantly over trending on the use of substitute care days—up to, I think if you look in our performance report, 55,000 days. So this is significant.

MS MacDONALD: But it has been clear, as time progresses, that that trend has continued quite substantially.

Ms Thomas: Yes, I realise that.

MR SMYTH: Just for clarity: when you talk about substitute care, you are not talking about child care? This is tied up in the child protection process.

Ms Gallagher: Yes, it's foster.

MR SMYTH: This is where a child at risk is sent.

Ms Gallagher: Yes, that's right.

MR SMYTH: Okay, that's fine.

Ms Thomas: It's foster care and kinship care and payment of workers if there is protective care.

MR SMYTH: If we go back to—

MS MacDONALD: Can I just ask—

THE CHAIR: Can I just let Mr Smyth finish his question.

MRS BURKE: I would just like the minister to finish her reply, too. She is trying really hard.

THE CHAIR: Sorry, there is one chair here, Mrs Burke. Mr Smyth.

MR SMYTH: If we go back to the injection of \$1.8 million to address immediate areas of need within the child protection system, there apparently was a clear need for urgent action on 15 January. You are saying now that none of that was spent. You actually got that money from the Treasurer's Advance.

Ms Gallagher: No.

MR SMYTH: Well, that's what the press release said. The press release says it had approved the immediate injection of \$1.8 million through the Treasurer's Advance to address the increase in demand for child protection services. That money was never drawn down.

Ms Gallagher: No.

MR SMYTH: It was never accessed?

Ms Gallagher: That's right. The department—

MR SMYTH: It wasn't needed at that time?

Ms Gallagher: It was being cash managed at that time. It will be needed. It was more a matter of the department was meeting it out of their yearly allocation, but that is going to run out and we will be in a situation where there is no money because they have drawn down on it faster, earlier this calendar year, than was anticipated. And again, as I said, I

think I am getting a bit grief here for not spending Treasurer's Advance, but I am placing it so that the Assembly can have scrutiny of it through this process. So I'm not sure what—

MR SMYTH: Well, the grief might be more about giving the impression to the public that you needed \$1.8 million urgently to spend on child protection—

Ms Gallagher: It was urgent.

MR SMYTH: but not a cent of it was spent. You actually didn't need it urgently. You had adequate resources in the department.

Ms Gallagher: At that time that that media release went out, the expectation was that it was going to be met through Treasurer's Advance.

MR SMYTH: Are you happy with the advice you are getting from your department that said we need money now, only to find out three months later that you didn't need that money at all, that not a cent of it has been spent and—

Ms Gallagher: Well, we have spent it.

MR SMYTH: that there was time to put it through an appropriation bill?

Ms Gallagher: We have drawn down. When you look at your budget you get an allocation in this area. In Children's, Youth and Family Services I think it is about \$50 million, is it?

Ms McKinnon: For child protection—

Ms Gallagher: Yes, but all up for Children's, Youth and Family Services. You divide that into monthly allocations. So one-twelfth is a month. We have spent more than whatever it is now. What month are we in of the financial year? We have spent more than—

Mr Keady: And it is unsustainable.

Ms McKinnon: Three-quarters.

Ms Gallagher: Yes, three-quarters. I am trying to think of where we are in the financial year. And it's unsustainable. We will run out of our budget.

Mr Smyth: But that's now—that's now at the start of the tenth month. But at the start of the seventh month you said—here is your press release; I remember the interview—"We need \$1.8 million urgently," and the reality is you did not. The reality is that you had cash and you didn't need the Treasurer's Advance.

Ms Gallagher: Well, no.

THE CHAIR: Did you just change your minds?

Ms Gallagher: No. I mean, you are just twisting it, Mr Smyth. We are saying that—

MRS BURKE: I don't think so.

Ms Gallagher: Look, we are saying that we needed the money, we do need the money, and it will go to pay for all the things that we have paid for by drawing down on our cash earlier. Between the approval of the Treasurer's Advance and moving into the third approp discussions was a relatively short timeframe and the view was that this money be open to the scrutiny of the Assembly through an appropriation process. It is a large amount of money. The department was able to cash manage. We would have liked that money freed up earlier, it is fair to say.

MR SMYTH: But you had it and you chose not to use it.

MRS BURKE: Yes, you lumped it in with this.

Ms Gallagher: We didn't take it as Treasurer's Advance.

THE CHAIR: I might just bring the discussion back to this appropriation. I take Mr Smyth's and Ms Burke's point. I find it confusing but we are talking about the third appropriation. Ms Burke, would you like to continue.

MRS BURKE: The second part of the question was the \$465,000 capital administered.

Ms Gallagher: Yes, I can answer that. That is fit-out to take into account the extra staff that we will be employing.

MRS BURKE: The case aid workers or—

Ms McKinnon: It is fit-out and extra space, particularly for both the northern and southern regional offices.

MRS BURKE: So it's office space, not staff.

Ms McKinnon: Yes. It's not staff.

MRS BURKE: The minister said it was staff.

Ms Gallagher: No, that's for the extra staff; it's a capital cost, the \$465,000.

MRS BURKE: Right, thank you.

MS DUNDAS: Not to take it back a step but to clarify the questions that have been asked: can you provide us, possibly on notice, with how much has actually been drawn down out of the cash; how much cash has been drawn down that meant that you didn't need to access Treasurer's Advance? Is that possible?

Ms McKinnon: I'm just wondering about the question, Ms Dundas, because the issue is that nobody needs Treasurer's Advance probably in any department in the first half of the year if you take a global enough view and you look at total departmental funds.

MS DUNDAS: Well, let's go from 15 January 2004, where the statement was made that

we needed urgent money and there was a figure of \$1.8 million put on that that was going to cover from January through to the end of end of June.

Ms McKinnon: And that was for Family Services. I have drawn money out of my other areas in the department to ensure that we have kept going.

MS DUNDAS: In Family Services.

Ms McKinnon: At the end of the year we will be approximately \$3 million overspent if this appropriation isn't passed. I'm going to have to go back and look for Treasurer's Advance.

MS DUNDAS: Well, the question is: how much cash has been drawn down over the last quarter?

Ms McKinnon: What is our spending in the division or just for Family Services up to March, when we get the March figures?

MS DUNDAS: Up to March. And the question was then: where is that money coming from, so from which areas of the division?

Ms Gallagher: Look, we can do that.

Ms McKinnon: We can do that.

THE CHAIR: So you'll take that on notice?

Ms Gallagher: We will provide you with those figures, yes.

THE CHAIR: Mrs Burke?

MRS BURKE: Well, I guess again, having gone full circle: why was the decision to lump in the money then, given Ms McKinnon's response to Ms Dundas' question? Why was it lumped into this appropriation and not, as Mr Smyth had asked, separated out

because you needed the money urgently, given that you are going to be \$3 million over? When you knew that, why was it separated out?

Ms McKinnon: Public scrutiny.

Mr Keady: Look, my understanding—and this predates me—is that when it became clear that this function was overspending its budget because of increased demand, particularly in the area of substitute care days, the initial view was that an adjustment by providing additional budget could be made through Treasurer’s Advance. So that would have coped with the otherwise deficit that we would have reached at the end of the financial year.

Because at around about that time the government was giving consideration to a third appropriation bill, the decision was made not to proceed with Treasurer’s Advance but instead to provide the department with the additional money through a third appropriation bill, which would have given the Assembly the opportunity of both being aware of and considering it.

MRS BURKE: But nobody would have blocked, Mr Keady, with respect, monies needed for child protection, and for it to be lumped into this process is being ridiculous, may I say.

Mr Keady: And in the meantime the overrun was managed by a global budget that the department had been provided—in other words, we were drawing down funds which in normal financial planning would have lasted us 12 months at the rate of spending; probably would last without additional funds being provided for, say, 10 months. So we have just been burning cash faster than we had originally planned for and been budgeted for, hence the need for this appropriation.

MS DUNDAS: One last question from me on this minister. In the ministerial statement that you made to the Assembly on 10 February, you stated that the work of the four-point plan had been complemented by an injection of \$1.8 million into the area to provide the additional resources to meet the day-to-day demands. Are you now saying that that

injection was met by cash movement rather than an actual supplementary injection?

Ms Gallagher: At the time of making that statement I believed that the Treasurer's Advance was going to be used—that was going to be the way that the cash was made available. Through discussions I was advised by Treasury that the more appropriate place for this money was in a third appropriation, considering the government's decision to go forward with a third appropriation. So at the time I made that statement that was what I understood the situation to be. It changed after that to be placed in the appropriation.

MS DUNDAS: I understand about moving it from Treasurer's Advance to the appropriation bill. But the statement was quite clear that it had been complemented already—it was done in the past tense; the \$1.8 million had already been injected into the area to meet the substitute care problems. It looked like it was a past tense statement, that between the press release of January and the statement of February, money had already been put into the area. So I am asking the question: was that money made through those cash draw downs?

Ms Gallagher: Well, as it turns out, that is what has happened. But at the time of making that statement, I understood that money was made available through the Treasurer's Advance.

MR SMYTH: Minister, weren't you aware whether you had got the money or not?

Ms Gallagher: Well, as soon as that money was approved by the Chief Minister as Acting Treasurer, I believe that money was made available.

MR SMYTH: But we now know that not a cent of it had been spent.

Ms Gallagher: It has been spent. I mean, we can keep going around this. At the end—

MR SMYTH: No, the money of the TA has not been spent, you yourself have said.

Ms Gallagher: No, that is in the appropriation. But we have spent the money. As at the end of February, Family Services has exceeded its budget by \$1.5 million. So the money

is being spent. It is in the third appropriation.

MRS BURKE: Where does the money come from?

Ms Gallagher: Because they are cash managing, Jacqui. It hasn't come from anywhere. They are drawing down. At the end of the financial year, if this money isn't approved, Family Services will have a deficit.

MR SMYTH: Yes, but that's the point Minister.

THE CHAIR: Can I ask the members to go through the chair?

MR SMYTH: Sorry, Madam Chair.

THE CHAIR: Mr Smyth.

MR SMYTH: That's the point. Ms McKinnon said that she had approximately \$50 million to spend. At the end of the financial year she expects to be \$3.2 million over that expenditure.

Ms McKinnon: Approximately \$3 million.

MR SMYTH: Approximately \$3 million. That means the rough spend per month is \$4 million. So the department actually had the ability to cash manage this crisis up until the last month of the year, so there was no urgent need, there was no immediate need, for a Treasurer's Advance of \$1.8 million in January. And I put it to you that it's just politics and a sham to show the government finally acting on something they had known about for several months and had been caught not acting.

Ms Gallagher: Well, you can have your view on it, Mr Smyth. The money has been spent. Mrs Burke's point was why is it being bundled up in here. I mean, I constantly hear in the Assembly about the need for the Assembly to be informed and have the opportunity to have a say about things.

MRS BURKE: This is a serious issue, Minister. Give us credit, please.

Ms Gallagher: Well, Mrs Burke, it is a serious issue, which is why we are bringing this money forward and you have the opportunity to scrutinise it. If it wasn't in here—

MRS BURKE: But you have already told us that you have spent it. We already knew what you were going to do with it.

Ms Gallagher: We are over budget.

Ms McKinnon: This is a larger amount of money than the Treasurer's Advance as well. I mean, it certainly was Treasury's advice that we not take up the Treasurer's Advance and we pursue it this way.

MS DUNDAS: So between Treasurer's Advance being available on January and this appropriation bill coming down in March, when did—and I am assuming a process—Treasury officials say to you, “Cash manage it, don't draw down the Treasurer's Advance,” because there's a month between the press release and the Treasurer's Advance being available, the minister's statement and then another month before the approp bill was tabled.

At what point did you say, “Well, we won't draw the money out of Treasury's appropriation, we'll draw it out of the department's appropriation instead”? Who is managing the cash management process and making that decision?

Ms Gallagher: My understanding was it was in February. I remember a cabinet meeting where I was told by Treasury officials, and that was in February.

MS DUNDAS: But after 10 February, after your statement?

Ms Gallagher: It would have been after that that I had made my statement, yes. I would have to check back when we had a budget cabinet meeting, because Treasury officials were there.

THE CHAIR: Ms Dundas read out a statement earlier about that money. Could you read out that quote, Ms Dundas, because you have actually got that there. I just want it for clarification.

MS DUNDAS: It was:

That was complemented by an injection of \$1.8 million into the area to provide additional resources to meet the day-to-day demands of ensuring child safety and to meet the increased costs associated with increases in substitute care demands.

THE CHAIR: Thank you, Ms Dundas. I am assuming that this speech had been written for the minister, and I am not going to make the minister feel uncomfortable here. She is here to help us out with this appropriation. Do you believe that someone has written this for you, giving the indication that this money has been injected, because it does say that, and in fact it actually hasn't been injected?

Ms Gallagher: I wrote that speech, and I can tell you that at the time I gave it, no department person was involved in the writing of that speech. I wrote it. At the time that I gave that statement, my understanding was that money was being made available through the Treasurer's Advance.

THE CHAIR: On the advice you were given by your department?

Ms Gallagher: No, it wasn't on advice: it was on the fact that the Chief Minister had approved a request for that money as Acting Treasurer.

THE CHAIR: Okay. Mr Smyth.

MR SMYTH: Will you be coming back into the Assembly to apologise for having misled the Assembly?

Ms Gallagher: Well, if you really want me to, Mr Smyth, I will have a look at that statement and—

MR SMYTH: No, it is called ministerial responsibility, Minister. You have said the money was injected. The money was not injected.

Ms Gallagher: Yes, I understand. I will have a look at what I said. I stand by the statement I gave. You can politic with this as much as you like, but we want to get this money made available so that we can make sure that we do not have a budget overrun in this very important area of government service delivery.

MR SMYTH: But you had the money available. You had \$1.8 million from the TA and you didn't take it up.

THE CHAIR: We need to move on because we have only got 12 minutes left. I don't want to politicise this appropriation. Ms MacDonald has a question.

MR SMYTH: Well, it is political.

MS MacDONALD: So, Minister, you are going to check back on the budget cabinet. I am assuming that the circumstances have changed from that point, when you actually made your statement to the time that it was drawn down from other areas other than the Treasurer's Advance.

Ms Gallagher: Yes. At the time I gave that statement, I didn't in any way mislead the Assembly. My understanding was that was the way the money was being made available. I remember it was a week or so after I gave that statement in budget cabinet, where I was told that the money would be better placed in the third approp and that the department would be able to manage that through their yearly allocation.

MR SMYTH: I have another question. On the day after you made your statement there were a number of union spokespeople on the radio saying that the Assembly was holding up the expenditure of this money. Was the union briefed by anyone from the government—by a minister, a minister's staffer or somebody from the department—as to the delay?

Ms Gallagher: No. I can tell you, quite comprehensively, no, nothing. That union, the union in family services, has been very active, to say the least, over the past couple of months and they really run their own show.

MR SMYTH: How many extra staff would the appropriation provide for?

Ms Gallagher: The figures I have are about 36.

Ms McKinnon: Because it's based on the last quarter usage of the staff, it's somewhere between 30 and 40. And we're in a recruitment campaign at the moment. Since December we have actually employed 15 staff but we have certainly had some staff that have left as well. We are looking to recruit approximately 35, 36, out of the current round. We have also employed case aids to assist the teams and we have employed other assistants in relation to specific areas of work in the last few months.

THE CHAIR: Just moving on a little bit, I would like to ask a question on page 207. I notice that employee expenses go down. I am just wondering why employee expenses would go down in the out years. They go down and then they go up again. How did you forecast that?

Ms Gallagher: Can we take that on notice, Mrs Cross? I'm sorry about that.

THE CHAIR: Yes. I think Mrs Burke had a question, but I'm not sure. Mr Smyth, did you have another question?

MR SMYTH: Yes, sure. Of the \$2.8 million, how much of it is for staff costs? Is it all—

Ms McKinnon: Approximately a million dollars. The \$1.8 million is for substitute care.

MR SMYTH: Are there any other? It is just broken down to the two—the substitute care and employment of more staff? There is no other intervention activity, there is no education, there are no awareness raising campaigns?

Mr Keady: Not at this point.

Ms McKinnon: Not out of these funds. Certainly we are undertaking those activities and we are doing that out of normal funds, and we are doing extra training.

MS MacDONALD: I wanted to ask this question before, but we moved onto other things. It's just my ignorance. Would you explain to me what kinship care is.

Ms McKinnon: Kinship care is the care by a member of that person's family—extended family. Frequently they are grandparents. So it is substitute care but it is not foster care. It is a part of the child's extended family.

THE CHAIR: Mrs Burke.

MRS BURKE: Thank you, chair. We addressed increased substitute care demand. Earlier somebody said that you don't know. I think it was Mr Keady who alluded to the fact that you don't know the reason why the demand or the exponential increase. But yet you are putting in for 2.8. Can you explain that a little bit more? Is it unmet demand that you are working on or are you working on increased substitute care? Are you waiting for the March quarter numbers to come through?

Mr Keady: We are working on trends. My previous answer was in relation to the question why is it happening, why is this sudden and dramatic increase occurring, and I don't know that we have a total understanding of that. It's not a local phenomenon—it's occurring nationally.

MRS BURKE: How do you know what to budget? How do you know what money you need?

Mr Keady: Well, we are watching trends. We are budgeting on trends and trying to forecast on the basis of a trend.

THE CHAIR: National trends?

Mr Keady: Well, our local trend in the case of this budget.

Ms McKinnon: It is how many days we actually spend per month, compared with what we estimated and how that has risen. As I said, it has increased dramatically in the first

three months of the year, the first six months of the year. We haven't got the March quarter's yet but almost in the first three months we had spent 50 per cent of our allocated days.

MRS BURKE: I don't know if I got an answer to that. The case aid workers that you were using, not the specialised qualified staff: how far has that come along? And the second part to that, the additional staff. I realise you could have a national search for people. Is this money covering that expenditure and how much are you anticipating of the money being used for those purposes?

Ms Gallagher: The case aid workers have been in place. I have been out on a visit to both the north and south offices in recent weeks and the case aid workers seem to be very highly valued members of the team. They work usually with a team of around seven child protection workers and provide administrative support to those areas. I think they are a very useful position and probably ones we would like to see more of.

MRS BURKE: How many of them are there? Two?

Ms Gallagher: We can get back to you on that. I met at least five, I think, on my travels. I don't know whether they were all on duty on that day, so there might be—

MRS BURKE: This 2.8 covers the costs of those case aid workers?

Ms Gallagher: No. My understanding is those staff have been in place prior to January. They would have been met out of the money that was provided in last year's budget, the \$500,000 that was provided—the \$2 million over four years. The money in this allocation is to employ from senior practitioners to Family Services level 1, I think they are called.

MRS BURKE: So this is intervention and support workers you are talking about?

Ms Gallagher: These are qualified child protection workers from Family Services level 1. I think there are professional officer classifications in that as well.

MRS BURKE: So that money covers their recruitment?

Ms Gallagher: Yes, what we hope is in the end about 36—around that figure.

THE CHAIR: So the number of workers has increased from what to what?

Ms Gallagher: There have been fluctuations. It's hard to manage. I think we began with 60—well, we had funding for 60—child protection workers. We lost some child protection workers or some workers in Family Service—Julie will correct me here—to the commissioner's audit team. I am not certain about how many that was. It was about seven, from memory. And we have employed 15, as Julie said, so it is fluctuating at the moment. There were some vacancies at the time—in those 60 there were vacancies. My understanding was there were about 13 vacancies of those 60 full-time positions as well.

THE CHAIR: Can I just follow on. You said earlier, Ms McKinnon, that you had reached 82,743 days, which equated to \$12 million or that was—

Ms Gallagher: That's the target.

THE CHAIR: That's your target. But you had actually already used up 80,000 days as at February.

Ms McKinnon: Yes.

THE CHAIR: Given that you have reached or surpassed the target that you normally would have at that time of the year, I would assume that you would be looking at increasing your caseworker numbers to match the demand. What are you doing to match that demand or to meet that demand?

Ms McKinnon: That's the additional workers.

Ms Gallagher: Well, that's the additional million dollars.

THE CHAIR: That's your recruitment.

Ms Gallagher: That's the money that we have—

THE CHAIR: And is it working?

Ms McKinnon: We haven't recruited everybody yet. The recruitment campaign has just finished. We interviewed last week and we are expecting to take them on, as I said earlier, in the last quarter of the financial year.

MR SMYTH: Just following up on that: if you have used—

Ms McKinnon: We have taken some on as casuals in advance.

MR SMYTH: If you expected to use 82,000 days of care and that was going to cost you approximately \$12 million, and you have already used 80,000 days in eight months, that would surely be 120,000 days for a full year if the trend doesn't slacken. Surely you need at least an extra \$6 million to provide this care—

Mr Keady: We may do.

Ms Gallagher: We may do.

THE CHAIR: So you might put that in the budget?

MR SMYTH: or have you internal resources that you have been using up inside the department and what are they being diverted from, and what programs are you cutting to cover that?

Mr Keady: These figures were put in place some time ago and, like any area of activity which is on a rising curve, we will just have to manage as best we can through to the end of the year. It may be that, by the end of the year, depending on where we end up and what capacity we have internally to shift surpluses around the department, we may need to call on, for example, Treasurer's Advance.

THE CHAIR: Well, if you are being consistent with the trends that you have mentioned earlier, you would have to do something like that because you said to the committee a few minutes ago, Mr Keady, that the trends indicate such and such, and I am looking at the trends for the days that you have used up so far. I would have assumed that probably—and I am not the expert like you are—I would have looked at the 80,000 days and thought, “Jesus, we’d better do something about this immediately because it looks like the we are going to surpass the target.” Does that make sense?

Ms Gallagher: We are—we are going to surpass it.

Ms McKinnon: That’s what the 1.8 million—

Ms Gallagher: And that’s what we are doing and there is a possibility that we will need more. The decision I have taken is that I need to consider the figures and see whether the trend is maintained but also what the Commissioner of Public Administration’s findings are because I think there is some view that they will have budgetary implications as well. I don’t know what the extent of this will be.

THE CHAIR: One more minute to go, Mrs Burke.

MRS BURKE: I know we seem to be going around in ever-decreasing circles, but I just don’t feel I am getting the answers that I need. It seems to be more complicated than ever now, that money is being used and re-used. Left doesn’t seem to know what right is doing. Maybe it’s not a question, more a statement, but I hope that, given the fact that we calculate that \$6 million will be needed—

THE CHAIR: What is your question?

MR SMYTH: Why haven’t you asked for \$6 million?

THE CHAIR: Just ask the question.

MRS BURKE: Yes. Why isn’t \$6 million the figure, knowing what you know on trends? That is what I was trying to say earlier.

Ms Gallagher: Well, we don't. The thing is, I have taken the view that we will seek appropriations when we absolutely know what sort of money we need. I think there is some uncertainty about whether these trends will continue and what the commissioner will find in her analysis of the way that Family Services work.

I don't think it is a particularly difficult situation which we are describing to you here—that Family Services will overrun their budget by several million dollars by the end of this year. We have sought \$2.8 million through this appropriation to offset that deficit that we see emerging. It is not that difficult at all to understand what is going on here. We are over budget, we are managing it within resources but we need this money to make sure that we come out equal at the end of the financial year. That's it. There is no conspiracy, there is nothing going on other than that.

MR SMYTH: Minister, would you provide a chart of the days used with a month breakdown and a trend line for the projections for the rest of the year?

Ms Gallagher: I will see whether the department can do that; I imagine we can.

Mr Keady: I'm not sure we can project for the rest of the year. In terms of the days consumed to date—

MR SMYTH: Well, it's easy on a Microsoft chart—you pile them up and it does a trend line for you. It is not real hard. If the trend is going up you will be short of significant funds at the end of the year—I estimate close to \$3.2 million dollars, which is 3.2 plus 2.8 equals 6. And the question is: why aren't we asking for all that money now and getting it right instead of having uncertainty? But if you could provide a chart, that would be appreciated.

THE CHAIR: Are there any more questions? Minister, thank you very much for appearing before us this morning. Thank you to all the departmental people who are here and the minister's staff. We will close this morning's proceedings.

Meeting adjourned from 11.02 to 11.36 am.

THE CHAIR: Today is the first hearing relating to the Select Committee on Estimates inquiry into the Appropriation Bill 2003-2004. I welcome Ms Annette Wade, other witnesses and the public. You should understand that these hearings are legal proceedings of the Legislative Assembly protected by parliamentary privilege. That gives you certain protections but also certain responsibilities. It means that you are protected from certain legal action such as being sued for defamation for what you say at this public hearing. It also means that you have a responsibility to tell the committee the truth. Giving false or misleading evidence will be treated by the Assembly as a serious matter.

ANNETTE WADE was called.

Ms Wade: I apologise for not presenting the committee with a written submission earlier. I simply didn't have the time, as I'm a sole worker. I've since put together a very brief written submission that I've given to the secretary. Do you have a copy of that?

THE CHAIR: Yes.

Ms Wade: I propose to talk briefly to that. Our submission relates to the portion of the bill that allocates the \$33.2 million for housing services. We don't have expertise in or knowledge of any other part of the bill. We commend the government for making the additional allocation of capital funding. We look forward to budget time and are hoping to get an additional allocation from surplus moneys. It's not an understatement to say that there's a serious crisis in affordable housing in Canberra. In some areas the market is running hotter than Sydney.

Recent REI figures that I've quoted in the submission look at the three-bedroom medium rental price and Canberra is outstripping Sydney. We're second to Sydney in two-bedroom properties. We've had a marginal improvement in the vacancy rate. I'd suggest that that comes from the supply of unit apartments that are coming onto the market around the Braddon, Turner and Kingston areas. These are not targeted for the group I represent, which is low to medium income earners, and they are certainly not suitable housing for families.

The medium purchase price at December 2003 was \$332,000, which is considerably high—it's out of the reach of many people. So we're talking about an extremely tight market. We commend the government, as I said, for making this allocation. However, what we would like to talk to the committee about is how the government is going to apply the money should the bill be passed. We urge the Assembly and the committee to support the bill. The department has split the allocation into two categories. Twenty million dollars will be allocated to public housing and \$13.2 million will be allocated to community and indigenous housing. We support that; it's a good mix of the funds.

We're concerned that part of community indigenous money—I think it's \$3.4 million, I don't have the exact figure—is targeted towards an Aboriginal hostel. That is a recommendation from the homeless strategy. We've asked the department to go back to the indigenous organisations and undertake further consultations because we're not sure that that's the appropriate housing response. That's not to say a hostel is not needed in

Canberra but whether that's a long-term housing response is debatable. We'd like the indigenous community to tell us that.

The Coalition of Community Housing Organisations in the ACT, or CCHOACT, is undertaking consultations with its member organisations, which are the community housing providers, to look at providing guidelines to the department on how funding should proceed for the community housing allocation. That leaves us with the public housing allocation. We have been told by the department that they intend to spot purchase properties from the general market. That's of considerable concern to us because we see it will drive prices up further—and I've already described a very, very tight rental market.

The department argues that it can't construct properties because the procurement guidelines, costs and processes are lengthy—and that too much money is spent on procuring contracts et cetera rather than constructing properties. Our argument is that it's within the government's control to change those things. In fact, the Affordable Housing Taskforce makes a number of recommendations that could improve the procurement situation for Housing ACT but they have not been implemented.

We're hopeful that some of those things will come forward during the budget process. The bushfire recovery was a good example of where we can, if we have political will, change procurement processes. We have acceptance from the Chief Minister and from the government that there is an affordable housing crisis in Canberra. I don't know the scope of this committee but we would like to see a recommendation that the department look at a construction program rather than a spot purchase program, as the latter will drive the market up. That's the basic thrust of our submission.

THE CHAIR: In your recommendation you mentioned that you would like the government to review the money it has allocated for an Aboriginal hostel. You say it is not that you don't agree with it but you feel that the money could be better spent. You also say that the government should go back and consult with the indigenous community. Do you feel that the government has not consulted with the indigenous community on this money it has allocated and that it has made this decision in an arbitrary fashion, or do you have information to indicate otherwise?

Ms Wade: It has consulted with an indigenous reference group for the development of the homeless strategy, which is a very different approach. The question is different for that group. The question was: how do we assist indigenous homeless people? A hostel may well be an appropriate response, but then perhaps the money for that should come from the homeless strategy funds and not for this long-term capital allocation. The indigenous group the government consulted during the homeless strategy was not an indigenous housing provider. It consisted of people from a number of government departments and a few community members, but they weren't people like Billabong Aboriginal Corporation and others that provide housing. We would like to see them go back and test that question again with those indigenous housing providers.

THE CHAIR: Am I safe in assuming that usually an appropriation is for money that's needed fairly urgently?

Ms Wade: Yes.

THE CHAIR: The amount of, roughly, \$3.4 million has been allocated for an Aboriginal hostel, and you're indicating to the committee that you don't regard that as urgent. Where would you consider the urgency lies?

Ms Wade: I don't pretend to speak on behalf of the indigenous community. That is why I think they need to go back and ask the question of them.

THE CHAIR: I know, but for you to make that suggestion you've obviously been discussing it with somebody; you didn't just make it up.

Ms Wade: Certainly the indication we have got from indigenous providers is that they need more long-term housing.

THE CHAIR: Which indigenous providers?

Ms Wade: People like our members—Billabong and other organisations. We certainly got the feeling from CCHOACT, which works with those organisations, that it may be better spent in long-term housing. I don't have the definitive answer to that; I'm just suggesting that the question hasn't been asked.

THE CHAIR: You also say that you consider spot purchases to not be as useful as a construction program. Can you elaborate to the committee as to why you think that's the case?

Ms Wade: That is taking existing houses out of the market when currently we don't have enough houses for the people who live in Canberra. If we take additional properties out of the market we're tightening the market even further and driving prices up.

MR SMYTH: Do you want to elaborate on why people see the procurement guidelines and the procurement processes that the current government has as too hard?

Ms Wade: It's the government itself that tells us they're too hard.

MR SMYTH: Housing told you that their own process is too awkward?

Ms Wade: They've got only a limited number of registered builders. There are a number of recommendations in the Affordable Housing Taskforce that look at those sorts of issues. But it's the ability to get contractors and the fact that they pay full rates for every aspect of construction even though they're paying the money to themselves. There's a whole raft of issues in the Affordable Housing Taskforce recommendations that look at balancing or evening the field. The costs are higher for government than they are for anybody else.

MR SMYTH: The problem is that we've got a concentration of stock in inappropriate areas, and inappropriate types of stock. There is still high demand in areas like Belconnen, Weston and Tuggeranong. Is it not reasonable to meet some of that demand through spot purchases?

Ms Wade: Perhaps a mix of it. We've also got a lot of properties in the Weston area, for

example, where particularly older tenants who don't want to move from the area would be delighted if they could have some dual occupancy-type developments done on existing land—they call them the dustbowl yards. They would move to a unit behind or in front of their house and allow a family to take the house. So there are a number of options we could look at. I understand the urgency the government has in getting more housing. It is a crisis; we do need housing on the ground but we also need to benefit the broader community.

MR SMYTH: So the government's guidelines that now limit dual occupancies are adding to the crisis that we're facing in housing?

Ms Wade: They could be. But until we have an assessment of those properties there might be some that fall within those guidelines. I'm not clear on that, but I know there is a demand from tenants themselves that we do some dual occupancy development.

MRS BURKE: The chair has already alluded to the \$32 million with regard to spot purchases versus construction. What would you like to see? You've mentioned dual occupancies. That's one aspect I've obviously been investigating, too, with certain families. Have you and your stakeholders, who I know meet regularly, got an amount of money? Have you discussed that with a broader group of people? How have you come to that conclusion?

Ms Wade: I've come to that conclusion in analysing the data and knowing, as we do, the needs of the Canberra community, although we know them only in an anecdotal sense. The process the department is looking at in determining need is analysing the express demand, which is via the waiting list. At the moment I suppose that's the only thing we have but, in terms of a planned approach which would look at allocating certain approaches and parcels of money to it, we don't actually have that process. That's a recommendation from the Affordable Housing Taskforce that looks at developing—all housing needs studies. Again we're supportive of that because, at this stage, I wouldn't be able to say how much of that money should be spent in a particular way, and we don't have the processes to do that.

MRS BURKE: I just wondered if you had an idea of the increase of stock. I realise there are a lot of people on the waiting list but not all of those are first-time allocations, of course.

Ms Wade: About two-thirds of them are first-time allocations, or new allocations. About 1,000 of them are transfer allocations but those people will never transfer. In fact, today they make themselves homeless, enter a SAAP service and come back in as first home allocations under category 1, because they can't transfer.

MR SMYTH: At the top of page 2 of the Shelter submission it says that people stay far too long in crisis accommodation and assisted accommodation. How far will the purchase of the 60 homes go to addressing that crisis?

Ms Wade: It would certainly assist.

MR SMYTH: On the assumption that those in the shelters actually get access to the homes.

Ms Wade: One would think that they would be in early allocation category 1. If they're in a crisis service they're in the highest priority needs area. One would think that that would move 60 people, or close to that, out of crisis and move some more people in. We think the amount of money allocated to homelessness in last year's budget is good and sufficient. We're not in support of having a huge empire of crisis accommodation.

We've got families now that are living in emergency accommodation for 12 months. The kids are in school and people are developing networks. You're better off changing the tenancy and giving the emergency housing service a new house, rather than changing the family—uprooting them and putting them somewhere else. A crisis accommodation stay, depending on the support needs, should be no more than six to eight weeks while people find a bond, or find whatever they need to move on, unless they've got high support needs. We've got people there for 12 months. That's choked, in our view.

MS MacDONALD: Throughout your submission you've talked about the costs of and timelines for construction and you've said that the department should look at utilising the allocation for construction rather than spot purchases. I understand the reasoning you're putting forward for that, because that would just add more heat to a market which is already overheated. Have you been in discussions with the department in relation to this for the upcoming budget, rather than for this particular appropriation?

Ms Wade: No. For this particular appropriation we had a briefing with Colin Adrian in the department. They said they were going to spot purchase 60 properties.

MS MacDONALD: When was that?

Ms Wade: Two weeks ago.

THE CHAIR: March.

Ms Wade: I'll tell you exactly when, if you like.

MS MacDONALD: No. That's all right. I don't need the exact date. I just wanted to know the timeframes.

Ms Wade: It was about two weeks ago.

MS MacDONALD: When you're talking about construction—obviously we've got a pressing need now—it's my assumption that in the short term the department is trying to partially overcome that problem by spot purchasing, because of the length of time it takes to go through the processes to make application for as well as to construct the houses, even if you have a situation where the planning processes are facilitated or streamlined to make sure the applications go through faster. So, while I understand and agree with what you're saying, in my mind I think it would possibly be a better idea to look at doing it in the budget for the out years rather than for this particular appropriation. What's your comment on that?

Ms Wade: We don't see a lot of construction happening anyway. If the budget gives us a favourable outcome in utilising perhaps stamp duty surpluses, then I might agree with

you that we could target that further into the future. I suppose my other concern is the amount of vacant stock that's sitting around at the moment—drive down Northbourne Avenue and look at the vacancies there. We're supportive of the short-term use of Currong Apartments for students. They will be vacant for a long time, and Fraser Court in Kingston will have a number of vacancies for a long time. We've got so much stock already out of the system, that isn't being built now, that it puts greater pressure on the system. I wonder about the wisdom of the department in relocating tenants at that early stage. I understand that they were probably doing it by attrition but I just wonder, with so much vacant stock, whether that was wise.

It seems to me that we need to kick-start something off. When we saw \$20 million—at the time we thought it was \$33.2 million—for public housing we were ecstatic. We saw it as new money, one-off money: "Let's do something new with it." I appreciate the pressure on the department; we live with it every day. But we also want to see some long-term outcomes. We don't want to see people in private rentals having rent prices pushed up because of a government intervention that wasn't thought through.

THE CHAIR: During the briefing you had with the department did they advise you of when they were planning to purchase the 60 public housing properties? What timeframe did they give you?

Ms Wade: I didn't get an exact timeframe, but fairly quickly.

THE CHAIR: Was there an indication?

Ms Wade: I think they were looking at around six weeks after the passing of this appropriation bill. They gave us an undertaking to sit down and go through the asset management strategy more thoroughly because the community hasn't had input into that. That is basically why I'm here with these issues.

THE CHAIR: Did they say when they'd do that with you?

Ms Wade: Over the next three months.

MRS BURKE: At the beginning of your talk you mentioned the split of \$20 million for public housing and \$13.2 million for community and indigenous funding. Can you give me your view of how community housing is progressing with regard to where you think that money might go? Is that going to be new stock or purchasing of stock? Have you been briefed on that? How do you see community housing as it stands at the moment?

Ms Wade: CCHOACT is convening a meeting today—it is probably as we talk now—where the providers are looking at some guidelines. I believe their recommendations will be looking at improving the capacity of the organisations, some of which are fairly small. Rather than the big players in the community housing field applying for all of the funds, there's a feeling amongst the community housing providers: some of the smaller providers would like an opportunity to develop projects. That's in their thinking, but they'll make some recommendations at the end of the meeting. Community housing is a fledgling. There's certainly a lot of work to be done within the community housing sector—

MRS BURKE: Is there a lot of uncertainty?

Ms Wade:—particularly around capacity. There are one or two organisations that have good capacity and the others need a fair bit of assistance.

THE CHAIR: What meeting were you referring to?

Ms Wade: The Coalition of Community Housing Organisations in the ACT.

THE CHAIR: Who organised that meeting?

Ms Wade: CCHOACT.

THE CHAIR: Is that a government organisation?

Ms Wade: It's the peak resourcing group for the community housing providers.

THE CHAIR: From your experience in this area, how long has housing been in crisis in the ACT?

Ms Wade: I've only been in the ACT since December 2002, so my personal experience is from then. It's certainly been in crisis since then. What I see statistically is that the market started to heat back in 1996. If you look at 1996 upwards, that's where the vacancy rates, in particular, started to really tighten. I think the bushfires had an impact and nobody had control over that. Taking 500 properties out of the market had to have a serious impact.

There are seasonal issues in the ACT. Students are coming to town, for example, and it's tighter right now than at other times because there's a lot of demand on the market. But I think we've seen a worsening of the crisis. This is not just an ACT issue—we are certainly following Sydney and exceeding Sydney in some areas. Housing affordability is a national issue. We've just had a Productivity Commission inquiry into affordability.

THE CHAIR: Are you aware of many cases of people benefiting from public housing who shouldn't be in it?

Ms Wade: No. I know there's an inquiry at the moment into market renters. In my experience the people paying market rents that I've had contact with tend to be working single mums who, if one thing goes wrong in their life, would be in need again. When the Affordable Housing Taskforce report was released and there was publicity around it, there was a huge amount of anxiety from tenants who work. They were working mums with teenage kids, living from pay to pay. I don't know why a millionaire would live in public housing, quite frankly; it doesn't even make any financial sense.

MR SMYTH: Given the tightness and strength of the market—prices just aren't going down—what can the government do to make housing more affordable? There is talk that stamp duty rates could be relaxed or abolished. Government controls the cost of land and government controls the fees and charges. What should government be doing to bring more affordable housing into the market?

Ms Wade: It's not just about stamp duty, housing, the price of construction or the price of materials. I've said in my submission that there's a whole raft of opinions on what causes housing prices to be high. Our belief is that predominantly it's supply and demand, particularly in Canberra. I understand there'll be a land release package with the budget. The release of land is obviously critical, but certainly interventions in the market that assist with prices are extremely welcome.

MR SMYTH: What sorts of interventions would you like to see?

Ms Wade: In terms of constructing these properties, for example; and the provision of land. The last round of community housing allocations—not the one that just happened but the one the year before—mostly haven't been implemented because the organisations didn't have land—and still don't have land.

THE CHAIR: Are there any areas that you'd like to see constructed, in particular?

Ms Wade: I think the Canberra tradition of providing affordable housing for income groups right across the city is commendable. However, I am concerned that we're going to push tenants out of the inner city areas where they've got higher supports. A tenant living in Reid or Braddon can walk to Civic for everything they need. If we start putting people on low incomes or people with high needs in areas without services, we create other nightmares.

The other issue is that we don't want to isolate particular groups of tenants where they don't have any supports. If you're out of money and you've got a neighbour who you know can lend you something, you generally get by. If you're out in Gungahlin or somewhere remote without a neighbour who's on a low income, and that you can talk to, you don't get by. We might create a few other problems by doing that. As I said, we would like to see the housing dispersed across the city but it needs to be balanced with the needs of tenants to be close to supports, including each other.

MRS BURKE: I am just wondering what your thoughts are about expediting the purchase of government homes for people who want to purchase them. Is there more that could be done now to get more of a flow-through in the market and get more money back? What are your thoughts and views on that?

Ms Wade: I suppose I would be concerned about where the revenue would go. Shelter is not opposed to home ownership options for low income people but, while we have such an undersupply, it would be wrong to sell what we do have. We would be concerned about how much you can replace. If you sell a house in Reid you might get \$800,000 for it. The tenants are not going to buy that because they can't afford to, unless they're one of the millionaires in public housing. You can replace a couple of properties with that but if you sell a low priced property to a tenant, you can't replace it on a one-to-one basis. So our tenants are probably not going to be the ones that purchase these properties.

THE CHAIR: Thank you, Ms Wade.

The committee adjourned at 12.17 pm.