

**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

THURSDAY, 8 APRIL 2004

**Secretary to the committee:
Ms S Mikac (Ph: 6205 0136)**

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 9.37 am.

Appearances:

Mr Bill Wood, Minister for Disability, Housing and Community Services, Minister for Urban Services, Minister for Police and Emergency Services, and Minister for Arts and Heritage

Department of Urban Services—

Mr Gordon Davidson, Acting Executive Director, City Services

Mr Allan Eggins, Executive Director, Corporate

Mr Alan Phillips, Director, Finance

Department of Disability, Housing and Community Services—

Ms Sandra Lambert, Chief Executive

Dr Colin Adrian, Executive Coordinator

Mr Martin Hehir, Executive Director, Housing and Community Services

Mr Ian Hubbard, Director, Finance and Budget

Ms Bronwen Overton-Clark, Director, Policy and Organisational Services

Mr Adam Stankevicius, Senior Manager, Strategic Policy and Organisational Governance

Ms Tracy Chester, Manager, Organisational Governance

Ms Roslyn Hayes, Director, Disability ACT

Department of Justice and Community Safety—

Ms Elizabeth Kelly, Acting Chief Executive

Mr Brian Lenihan, Director, Resource Management Unit

Emergency Services Bureau

Mr David Prince, Acting Fire Commissioner

Mr Tony Graham, Manager, Bushfire and Emergency Service

Mr Peter Macdonald, Director, Corporate Services

Mr Greg Williams, Director, Corporate Administration

Mr Stephen Bramah, Director, Projects

Australian Federal Police

Mr John Davies, Chief Police Officer

Dr Tony Murney, Director, Corporate Services

Ms Pippa Mitton, Coordinator, Financial Services

Mr Bruce Kelly, Courts Administrator—ACT Courts

Mr Richard Refshauge, Director of Public Prosecutions

THE CHAIR (Mrs Cross): I thank you for coming this morning, Minister, and those from the departments and their staff, advisers and observers. 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 tables 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 you as soon as it is available for correction and also so that you may identify relevant questions 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 transcripts, witnesses need to state their full name and the capacity in which they are appearing on the first occasion they give evidence.

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.

Once again, thank you, Minister. I thought we would begin with Urban Services. We will cover a number of areas under Urban Services, and follow with Disability, Housing and Community Services and then just go to ACT Housing. There is an element of crossover with your portfolio to the Chief Minister. We had some questions for the Chief Minister yesterday, which, even though they come under Environment, they also come into your area. So, if I put some questions to you that you feel you cannot answer or would prefer that we put them on notice to the Chief Minister, please let me know.

Mr Wood: I have not seen the transcript of yesterday, and I do not want to commit myself to something that might be different from what was said yesterday. So just understand that caution, will you?

THE CHAIR: I am sure you will be consistent. I refer to page 78 of the budget, the Appropriation Bill, Minister. There is \$190,000 allocation for design and preliminary works for restoration and enhancement of the Cotter precinct. Is this urgent?

Mr Wood: Yes, that is Environment ACT. For the detail of that can I come back on notice because that probably was not asked yesterday?

THE CHAIR: Well, you did not listen so you would not know.

Mr Wood: No, I was not tuned in, I have to say. So, can I come back with the Cotter precinct?

THE CHAIR: You may. Would you like to take that on notice?

Mr Wood: Yes, if I can. Do we have any information that we know of there?

Mr Davidson: It would be better to take it on notice.

THE CHAIR: Since you are taking that on notice could you advise the committee why this was not in last year's budget, given that you would have known it was necessary then? Is it absolutely necessary to be appropriated now or can it be left to the next budget? Was this an oversight? Normally appropriations are for urgent expenses and it seems to me that this is probably something that was just forgotten about and you are trying to just squeeze it in now. That is all I have on that one. Mr Smyth, do you have anything on that line item?

MR SMYTH: No, not if he is going to take it on notice.

THE CHAIR: Ms MacDonald?

MS MacDONALD: No.

THE CHAIR: You have asked for \$375,000 for design and preliminary works for restoration and enhancement of Tidbinbilla Nature Reserve. Is that the same?

Mr Wood: Same story, thank you.

THE CHAIR: I would like to know if possible, if you do take that on notice, what that money would involve. Again is it urgent? Does the full amount need to be appropriated now or can you just budget it next month? I will progress on to the \$360,000 to Urban Services for further fire fuel reduction and co-ordination of fire management activities. That is yours?

Mr Wood: Yes, that is ours. So you want a bit more detail?

THE CHAIR: Yes, please.

Mr Wood: You probably want to know if it was urgent and had to be included in this Appropriation Bill?

THE CHAIR: Yes, please.

Mr Wood: Yes, it was. The work continues in our bush capital given the imperatives from the lessons learned from the fire that we keep ahead on this program. Mr Davidson might have something more to add about the specifics of that, but yes we need to do the work.

THE CHAIR: Mr Davidson?

Mr Davidson: Yes. Of the \$300,000, \$150,000 is for the Urban Services portfolio for works to be carried out by CUPP, a mixture of physical removal and slashing works, works that were identified as part of our fire fuel management activities at the time we were doing an addenda in the lead-up to the current bushfire season.

MR SMYTH: Why were they not identified earlier? You have obviously asked for large amounts of money in the 2003-04 budget.

Mr Wood: It has been a continuing program. It is not the first amount of money for this sort of use.

Mr Davidson: That is right. We did a continuous series of risk assessments and went back and did some more work.

MR SMYTH: Okay. You said \$150,000 is for DUS. Who is getting the other \$150,000?

Mr Davidson: The other \$150,000 was for Environment ACT.

MR SMYTH: The \$60,000 is for the fuel management unit. You did get \$120,000 to set

it up in the 2003-04 budget. What is the extra \$60,000 required for?

Mr Davidson: Yes, we set up the fire fuel management unit in 2003-04. The funding for that unit was a mixture of reallocation of funds from within the department plus the \$120,000 from the second appropriation. It was intended that that \$120,000 would fund one-off costs associated with the set up of the unit in the first year. We found though that the set-up costs exceeded that by \$60,000 so we are seeking a further appropriation for those one-off set-up costs.

MR SMYTH: How much was reallocated from within the department?

Mr Davidson: It was \$550,000. The expected cost for the unit for this full year is about \$730,000, funded \$120,000 from the second appropriation, \$60,000 from the third appropriation and the \$550,000 from the reallocation from the department.

MR SMYTH: Was that \$730,000 figure known when you set it up, or is this just something that has grown?

Mr Davidson: No, it was not. That is what we now expect the cost to be for the end of this financial year.

MR SMYTH: How many staff is that?

Mr Davidson: Four—four full time and two part time.

MR SMYTH: So, of the \$730,000, what component of that is wages?

Mr Davidson: \$375,000 is the employees cost.

MR SMYTH: And the other money is going to what?

Mr Davidson: The supplies and services, the set-up costs and ongoing costs associated with vehicles, IT and training.

MR SMYTH: This is meant to be a co-ordination unit. I would have thought it would be co-ordinating the activities that were already going on in the other areas of the department. What does it need IT training and vehicles for?

Mr Davidson: We have increased the level of activity for training and work associated with the preparation of the new bushfire fuel management plan that we are just starting on now.

MR SMYTH: Is that a co-ordination role? This was set up to co-ordinate the fire management activities.

Mr Davidson: Yes, it is. It is a co-ordination and leadership role to assist our land managers to achieve their responsibilities associated with the management of fire-related activities on their land.

MR SMYTH: I do not have my budget box or the second appropriation papers but my

understanding was that initially it was just meant to be two staff, or the expectation was two staff. Why is it now four full-time and two part-time staff?

Mr Davidson: Well, I don't know that it was ever going to be two staff. I cannot remember that. The staff consists of a manager, a planning officer and a training officer, and an officer whose responsibilities relate to auditing and reporting, preparing audits and reports of the work on the fire fuel management plan and has been undertaking a strong liaison role with the bushfire recovery task force people.

MR PRATT: Can I just go back to the fire fuel management activity, the \$0.33 million activity, the extra appropriation over and above the \$1.6 million from last year's appropriation. Can you tell us a little bit please, Minister or Mr Davidson, about how your land management responsibilities with the bushfire fuel management plan are co-ordinated with the territory's strategic fire plan? I want to know how that money is being spent and how that locks in with the overall fuel reduction plan for the territory.

Mr Wood: Yes, that is a continuing debate indeed and continues as the new authority is proposed to be set up. But certainly DUS, whether it is Environment ACT or CUPP, manages the unleased territory land and that is the most part of the ACT. So there is a direct immediate responsibility for DUS to be very alert to all the management issues. So it does need a significant role in that in itself. I can tell you also as Minister for Emergency Services—and I remember some questions you have asked me about this linkage—there does need to be very strong work by DUS. I can also inform you that as part of the Act the definition of relative responsibilities will be precisely delineated.

MR PRATT: I continue to ask the question because I am not confident that those linkages are in place. Are you saying now that the DUS bushfire fuel management plan is cleared by a higher strategic bushfire authority? Can you tell us about that linkage, because it has not been cleared before Christmas, whether there is a strategic plan in place?

Mr Wood: Well, fuel management is very much the responsibility of DUS, but Mr Davidson will have some further comment.

Mr Davidson: In relation to the \$300,000, which is your original question, I think I can perhaps illustrate by saying that the additional work that we planned to carry out and then carried out was all cleared through the ESB bushfire establishment.

THE CHAIR: Mr Cornwell, you have a question on this line item?

MR CORNWELL: Just a very, very quick one, Madam Chair. I would like the detail taken on notice. Repair and replacement of fire damaged fencing, could I have some details, please, as I say, on notice—you probably want to take that—of where you are repairing these fences? You say in areas managed by Environment ACT. Would you like to take that on notice for me, please, and give me some details?

THE CHAIR: Mr Cornwell, actually we were covering the other line item. That question was asked yesterday of the Chief Minister. I am happy for this minister to take that on notice and answer it, but you may wish to check the transcript from yesterday, because that was raised by, I believe, Mrs Dunne yesterday.

Mr Wood: Yes. I am sure it will be the same answer.

MR CORNWELL: I hope not, Minister.

THE CHAIR: I just remind members that we are going through specific line items. When you ask a question, could you please stick to that? If you want to change it, wait till we finish that item and then we can move on. After we are finished—we have not finished yet—we will go to Emergency Services to allow some members to ask questions before they have to leave. Then, so we are a little bit more organised, I suggest after Urban Services, Emergency Services, we will do Police and Emergency Services and then Disability and Housing at the end. That will allow any departmental people to leave after they have finished assisting the minister.

I would like to go over something I have been doing with all the ministers, Mr Wood, and that is the \$1.136 million for EBAs. This is a consistent requirement or request in this appropriation. Given that it was known that it was going to be re-negotiated last year, why was this not included in last year's budget? If it was going to be an urgent matter, why was that amount not included? Given that there is not much time from now until you announce your budget, why did you not include it in this next budget?

Mr Wood: I do not know whether Ms Gallagher has been in this room yet, but I would stick to what Ms Gallagher says because she has the detail of that. She manages that and I do not want to intrude into her area. I think that is where the question needs to be asked. Has she been through yet?

THE CHAIR: She has.

Mr Wood: Okay, well, ditto is my answer.

THE CHAIR: It is a nice short answer. That was on the EBAs. Did you have any more questions on Urban Services?

MR SMYTH: Just on the EBA. How much money is already included in the government's appropriation for this year for Urban Services to cover wage increases?

Mr Phillips: I do not have the actual dollar amount, Mr Smyth, but it is 1.3 per cent.

MR SMYTH: So there is 1.3 per cent already in this year's budget? Can you give us an actual dollar amount? Take it on notice if you like.

Mr Phillips: Yes.

MR SMYTH: So the government has built a 1.3 per cent factor into this year's budget to cover expected wage increases for public servants?

Mr Phillips: For the Department of Urban Services, yes.

MR SMYTH: Minister, we all know that a 1.3 per cent increase is just ludicrous and given that the expected deficit this year is \$7.7 million, how were you going to pay for

wage increases at all for public servants?

Mr Wood: Well, I guess you asked Ms Gallagher that question. I do not think it is profitable to track over what the responsibility of other ministers would be, and the answers they have given.

MR SMYTH: But you are responsible for your department. Your department currently has 1.3 per cent built into its budget to pay for public service pay increases. You as a cabinet member were expecting to run the territory at a \$7.7 million loss this year. You made no allocation at all, and it is only by luck that the money keeps rolling in through the stamp duty. What was the strategy? Were you going to cut services or just cross your fingers and hope that the money might arrive?

Mr Wood: No, no. It is well factored in.

MR SMYTH: At 1.3 per cent?

Mr Wood: I will read Miss Gallagher's answer and give you a further answer on notice, Mr Smyth.

THE CHAIR: Thank you, Minister. We will move on. Are there any further questions?

MR CORNWELL: Yes, I have one. Page 92, municipal services, waste and recycling. Minister, could you tell me what arrangements the ACT government has for this waste, the cans and bottles et cetera, from vending machines in its departments? Are these collected?

Mr Wood: No, I cannot tell you that answer. I do not know whether the users of those vending machines can answer the question, but if not we will come back to you.

THE CHAIR: Mr Cornwell, where on page 92 are you looking?

MR CORNWELL: There is an implementation program, next step in the no waste strategy. It talks about 100 per cent coverage. I am interested in how it can be 100 per cent. I would like to know what the ACT Government is doing about that matter, and also, Minister—and perhaps you would like to take it, gentlemen—where does the Commonwealth fit into this as well? You might like to just take those on notice for me, please.

Mr Wood: Okay. I think that's the way to do it.

THE CHAIR: Are there any more questions on Urban Services, members?

MR SMYTH: I have two. On page 80 there is a section 14 and a section 17 transfer. You appear to have lost \$200,000 for the Belconnen pool. What is the logic behind that?

Mr Phillips: It is not a loss actually, it is a transfer of \$200,000 from a capital injection that was in our capital works program to expenditure on behalf of the territory to finalise the payment for the Belconnen pool.

MR SMYTH: And the black spot TV tower, the \$144,000?

Mr Phillips: That is a special purpose payment from the Commonwealth for the Conder TV tower.

Mr Wood: Long awaited, and I still have not worked out why DUS is doing it, but they are very keen citizens of the ACT.

THE CHAIR: Any more questions on Urban Services, members? Thank you to those people from Urban Services. We can then move on to Police and Emergency Services.

Mr Wood: You have got them mixed up, have you? Do you want to do them one at a time? How do we do this?

THE CHAIR: Police first. Mr Smyth?

MR SMYTH: Good morning, chief police officer. Minister, I was wondering whether we could have an explanation of what we get for the extra \$4.1 million to cover the cost of the police certified agreement?

Mr Wood: Well, we cover the cost of the police. That was an additional cost. It was funded in the routine way, I understand, and we keep our police force very happy with the salaries they get.

MR SMYTH: So it is just a pay rise. It is no increase of service, you have not bargained for additional services from the AFP?

Mr Wood: No, there were no savings sought. It is a simple straight pay rise, as I understand it.

Dr Murney: There is a bit more in there than just a pay rise.

Mr Davies: If I might, there is the element in the increase of 4.1 per cent. The 4.1 per cent is a little high in the sense that there is also a carry over from the previous year. If I could explain why that was not in the previous year's budget, the negotiations were somewhat protracted and had not been resolved at the time of budget. What this delivers is not only a 4 per cent increase to the pay generally across ACT Policing for the members, which is I think fairly conservative on par with things that are occurring across other sectors, there was a lot of effort put in by the AFP negotiating the new three-year certified agreement to ensure that there were some given savings and initiatives that would assist policing deliver a better service and find ways of doing business.

If I could point out just a few of those, there were some process issues. Under the previous certified agreement we had gone to a 22-point salary spine—and this gets pretty complicated and I wasn't sure that I can answer all of that. But it brought out some inequities between AFP national and ACT Policing. What we were finding is that ACT Police were keen in some instances to look to go to positions on the national side because there was a monetary incentive to do so.

The new CA comes back to a nine-band system and there are a number of increment

points. For argument's sake if we talk about constables—and I stand to be corrected—there are 10 points of increment within the band. That opens up the opportunity for progress over time. People don't believe that they are being kept still and there is a recognition of their increase in experience and what they are offering. Of course, that is done against a performance measurement against each individual.

I think one of the real wins in the new one is that we have made gains against the ability to alter rosters. Rostering within policing in the ACT has been the same since time immemorial and I cannot find anyone who knows when the current system started. We had a five-line roster system. Under the old agreement, the previous three-year agreement, there were five pages of occupational health and safety factors appended to that, and there were about 12 items that particularly related to rosters and how rosters could be utilised. It was extremely restrictive. We found that even with the best will in the world we were constantly in breach of the arrangement.

That brought the threat of work to rule always hanging over our heads in a sense because it was almost impossible to put the people on the street without breaching the terms of how many hours between shifts and how many night shifts, and how many days off, those sorts of issues. Part of the negotiation in this new arrangement, there was an agreement to put in a \$5 an hour premium for night shift. But that was to buy flexibility and an agreement that management and staff could negotiate different rosters.

If I could give an illustration, there is an impact here for the ACT community. We have trialled in recent times a fundamentally different roster in Woden, and that roster after trial was well accepted—in fact, 100 per cent of the members at Woden thought this was a good initiative. There were benefits for members, but there were certainly great benefits for ACT Policing, not the least of which was it moved away from the five-line roster which basically gave you a similar number of people on any given shift on any given day. The way rosters worked and because of the way night shifts ran you ended up often with a peak of people on Monday, Tuesdays and Wednesdays, which is quite contrary to what crime patterns show.

Under the Woden trial what we aimed to deliver was a roster that was built around what the crime trends showed, when were the peak periods. Under the system that is being worked it gives us the ability to have a surge capacity every Friday and a surge capacity every second Thursday and Saturday. Because of the success of that particular initiative, the executive in the past week has signed off—I have signed off—for this trial to be now put in ACT-wide. For argument's sake, Woden can work their roster, Tuggeranong can work at an alternative week, so that you will have the surge every weekend in the south and you will have the surge every weekend in the north.

So that was a significant gain, I believe, in what we are doing. There have been other refinements. We had to tinker and agree with a number of areas with the association which are to the benefit of policing. There were disputes over higher duties, how long you had to perform at a level above before you were remunerated. We have negotiated back from four weeks to two weeks, so if you are asked to do at least a minimum of two weeks of higher duties you will now get remunerated for that. We found in the past that people were not prepared to step up and it is not an unwillingness to work but there are quite significant responsibilities. There are legislative obligations that go with stepping up and people felt quite fairly that that ought to be remunerated. That has brought about

the saving as well and a number of initiatives like that which I believe give a benefit for ACT community policing.

THE CHAIR: I welcome you into your new role and wish you well.

Mr Davies: Thank you.

THE CHAIR: I have just a couple of questions to follow on from Mr Smyth. I notice that in the out years there is a very high increase to \$8.8 million. Is that because we are hoping to increase the number of police we have on the beat, or because we are hoping to remunerate them far more attractively? There is a significant increase.

Mr Davies: If I am right, Mrs Cross, I think that is an accumulated total. So the costing for this year is \$4.11 million.

THE CHAIR: That is right, and for next year it is \$5.6 million. Then the year out from that is \$8.8 million. I might be reading it wrong.

MS MacDONALD: No, that's correct.

THE CHAIR: If that means we're getting twice as many police, that's fantastic because we need it.

Dr Murney: The cessation of another item that exists in the budget is real-terms maintenance and that flattens out after 2004-05 or it has a negative effect in the first two years. What we have done is adjust the first two years of figures for the existence of real-terms maintenance, so that we are not double dipping on the cost of the CA. So CA costs X, we remove Y, and then you will see, in effect, in the two years where the first year is high, the second year is low, and the third year goes higher again.

THE CHAIR: That is not what I am seeing in front of me at the moment. I am seeing the first year is \$4.1 million, the second year is \$5.6 million, the third year is \$8.8 million.

Dr Murney: Yes. If you look at those figures, the jump from \$4.1 million to \$5.6 million is small.

THE CHAIR: Yes.

Dr Murney: And then if you go from \$5.6 million to \$8.8 million—

THE CHAIR: I worked that out, yes.

Dr Murney: So what you are seeing is really an adjustment for real-terms maintenance. The increase of the magnitude in the third year is not to do with additional police, it is due to the fact that real-terms maintenance ceases at that point to increase, so it is flat.

THE CHAIR: I am sorry, just explain to me what that means.

Mr Wood: I think your credit for that real-terms maintenance was the allocation built in

by the earlier government, was it, just to keep up the level of policing as it was?

Dr Murney: That is correct, yes.

THE CHAIR: There is a \$3.2 million difference between 2004-05 and 2005-06.

Dr Murney: That is correct.

THE CHAIR: In simple lay terms, can you tell me why there is a \$3.2 million difference?

Dr Murney: Yes.

THE CHAIR: If it does not mean extra police?

Dr Murney: It does not mean extra police. In the basic budget funding for ACT policing, there was an allowance for increases in costs in 2003-04 and 2004-05. What we have done with the additional costs of the CA is take some of the increase of the—

Mr Wood: We refined the CA.

THE CHAIR: The certified agreement?

Dr Murney: Sorry, certified agreement costs. What we have done is reduce the costs of the CA by real-terms maintenance. The real-terms maintenance then ceases to increase from 2004-05, so that adjustment then does not exist. So you then see the full cost of the CA in those years.

THE CHAIR: So we have a little bit of a honeymoon period before the slog the year after next, which is quite good in the four-year term?

Dr Murney: Correct.

MR SMYTH: It is a 4 per cent increase this year. When did the CA come into being?

Dr Murney: It came into effect this year—July.

THE CHAIR: So it is coming into effect in July or it came in last year?

Dr Murney: Last July.

MR SMYTH: So why has it taken until now to ask for the extra \$4 million?

Dr Murney: The negotiation of the certified agreement continued past the period where we could make a budget bid on it. So we brought it along after that point and negotiated with government the issue of these additional costs at that point.

THE CHAIR: So why did you not put it in the budget instead of this appropriation?

Dr Murney: We had already passed the period for budget cut off.

Mr Davies: Had not been resolved at that point in time.

MR SMYTH: If it is 4 per cent this year, in the out years is there another increase?

Dr Murney: It is 4 per cent in each of the three years of the life of the certified agreement.

MR PRATT: What proportion of the \$4.11 million goes into making those adjustments for your new higher duties allowance scheme and also the changes to the roster plan? Just roughly what percentage is value adding to the package to take care of those two areas particularly?

Mr Davies: The cost, if I understand your question correctly, Mr Pratt, is the changes to the higher duty qualification period comes at \$180,000.

THE CHAIR: The new roster system I found interesting. You mention that you have trialled it in Woden and Tuggeranong? Or you've just trialled it in Woden but you will apply it—

Mr Davies: It has officially been trialled with association agreement within Woden.

THE CHAIR: I noted that you said the surge capacity is every second week or it is usually on Fridays?

Mr Davies: Every Friday and every second Thursday and Saturday.

THE CHAIR: You said you have identified from your research that these are the peak periods where crime goes up? You did not say that, but I just assume that is what you meant?

Mr Davies: Yes, the people on the ground follow the spikes in offences.

THE CHAIR: Is that just for Woden or is it for Woden and Tuggeranong or is it for Canberra in general, that peak period?

Mr Davies: It was done against crime within the Woden district.

THE CHAIR: So you measured Woden but you apply it throughout Canberra?

Mr Davies: So now we are looking to apply it and to just to try to satisfy ourselves that those particular arrangements or a near configuration thereof—I mean, we are not strictly limited to do exactly the same, but to examine the statistics in each of the city, Belconnen and Tuggeranong, have a look at those spikes and try to ensure that we have the surge of the people on the ground when it really matters. That is the issue for us.

THE CHAIR: Am I correct in perhaps assuming that you have a certain percentage more of police on the beat or on duty at that time, to address that higher crime rate? So we have high peak, off peak?

Mr Davies: Correct, and I can give you exact figures, I certainly can.

THE CHAIR: I would appreciate that.

Mr Davies: Yes. We can do that. But there will always be a guaranteed number of people on the ground. In Woden, as I understand it, we were—and I'll stand to be corrected—trying to achieve three two-person vehicles on patrol on average across all shifts, with two people in the front office. The spike gives us potentially four or five vehicles, and that may alter. It depends on the roster, the period and so on. What you are trying to do also in that period is have a crossover of shifts at peak times when we would expect the greatest number of offences to be occurring. You might have two shifts overlapping. That is how you also get some of the surge effect.

THE CHAIR: One of the complaints that I get, and some of my colleagues get, is the perception in the community that there are not enough police out there on the beat. Are you proposing at some point to perhaps suggest to the minister, given that we all take advice from experts like yourself, to increase the police numbers?

Mr Wood: Well, yes. Mr Davies and I have spoken about just that issue and the outcome of that discussion, if any, you will see in the budget.

THE CHAIR: I am encouraged I think. I hope.

Mr Wood: Well, just wait and see.

MR PRATT: I have got a couple more questions. That trial, Mr Davies, conducted at Woden into the best way to mobilise the rostering system, has that now been applied as official policy across the force?

Mr Davies: Well, I am in the process of writing to the association to have that particular roster as an addendum or an annex to the certified agreement. So we have to go through that. We do have to go through the agreement process with the association. I am optimistic that that will occur and that equally we can get that particular roster, or if the 20-week trials show that there is something perhaps more effective, that we are not pinned to just having one roster attached, we do have the capability of having a number of options. We are working it through the association at the current time. So the idea is yes, to get that officially accepted as an official addendum to the certified agreement.

MR PRATT: Right. In rough terms what is the extra cost to the budget going to be? If that roster system is accepted and then applied across the ACT, what is the extra bill there?

Mr Davies: Look, I haven't seen the figures on that.

THE CHAIR: That is pre-empting the budget, is it not?

Mr Davies: Yes. I was just going to say my understanding is we are working within the budget so that the roster is working within the current budget allocation to a station. That is part of the trick, I guess, to get the surge but not at an effective cost. Because you are dealing with a group of people who are on a 25 per cent allowance for shift work, seven-

day-a-week shift work. So all you are doing is getting additional flexibility.

MR PRATT: Refocusing?

Mr Davies: Yes, you are moving the flexibility arrangements. That is another area where we could get better flexibility out of the new CA. We can call upon people at short notice, change shifts at short notice, we can sort of curtail leave at short notice and probably for protracted periods if there were circumstances in the territory that warranted it. We get some of those effects or options that are now available to us that were probably less so under the previous certified agreement. So it does give us this greater flexibility.

THE CHAIR: Before I pass it on to Mr Smyth, if I could ask Mr Davies a question through you Minister, and feel free to answer. If you had a wish list, by what percentage would you like to see the police force increased in the ACT to make your job better, and easier, and more effective?

Mr Wood: I think that that is a matter of discussion.

THE CHAIR: As a career policeman.

Mr Davies: In all seriousness I cannot give you an answer to that question. It is something I have been working very hard in my very short time in the chair to really try to do an analysis of where we do have our people currently and whether they're being effective. To be honest, I do not think I am in a position to give you an absolute, certifiably in-stone answer to that for a little period of time because we are undertaking also at the moment a real analysis of our business. We have a major project working which we hope will be at least done in a draft fashion by the end of June. That is trying to do a total analysis of the capacity within the organisation, how many hours do we actually get from the members on the ground in a year. So if you take out their leave, if you take out an average training capacity, how much time is left to be utilised for work?

THE CHAIR: I understand that. If someone said here's an extra 30, Mr Davies, you wouldn't say no; or 50. You wouldn't say, "No, no, I really don't need them"?

Mr Davies: Let's be really honest.

THE CHAIR: I am trying to be.

Mr Davies: In any jurisdiction what commissioner or chief would not say we could do with more? Because the reality is no police force, whatever numbers you give me, will ever be able to deal with all the expectations of the community. So you have to work out what is it that is fair and reasonable in the community to achieve. I think that is what we have to work collectively towards.

THE CHAIR: Thank you. I'm mindful of the time, two more questions on this and then we are moving on to Emergency Services. Mr Smyth?

MR SMYTH: Is it possible to get a list of the savings and the initiatives that are involved in the renegotiation of the certified agreement, just a summary?

Mr Wood: You can manage that? Yes, okay.

THE CHAIR: Take that on notice.

MR PRATT: Given that this \$4.11 million does not cater for any extra police numbers, and it is really rounding up these other activities, Minister, what do you understand now to be the shortfall of our police strength against the national average per capita?

Mr Wood: The question of police numbers on any day or over a period has been one of continuing discussion between me and the chief police officer since I became minister. When I became minister I was unaware of any defined number, and the police agreement does not come close to mentioning numbers anywhere along the way. It is a bit of a simplistic notion in some circumstances to say, "This actual number is what we have," but in the end I came to an agreement with the then chief police officer that 769 was the number of police that we were funded for at that time of discussion. That number varies. It goes up sometimes and it goes down. So that is the number. You would be aware of national average police numbers and I have had discussion with the chief police officers over a period about that differential.

THE CHAIR: What is the national average, Minister, per capita? You can take it on notice.

Mr Wood: Yes. Mr Pratt focuses on it. He probably has the answer in front of him. It is more than the ACT by a noticeable margin.

THE CHAIR: Right.

Mr Wood: That is my assessment of it.

THE CHAIR: I am happy for you to take that on notice and just get back to us.

Mr Wood: Yes. I think Mr Davies might have it in front of him there.

Mr Davies: No, I do not.

MR PRATT: My understanding is we are about 42 heads short against the national average.

Mr Wood: Yes. Then it is a discussion of all the variables you punch into that, and is the ACT the same as everybody else or is it not, and a few issues.

MR SMYTH: So, are you still standing firm on your pre-election commitment to reach the national average?

Mr Wood: Yes, over a period of time.

THE CHAIR: What period?

Mr Wood: Undefined at this stage. If we want to get into it—I am not being political

here—but we have increased numbers over the past three years.

THE CHAIR: Minister, your saying you are not being political is like my saying I am not a woman.

Mr Wood: Not excessively so, madam chair.

THE CHAIR: Okay. We might move on to Emergency Services. I thank Mr Davies, Mr Murney and Ms Mitton. I am mindful of the time. We will go to Emergency Services now. Then we will move onto the Department of Disability, Housing and Community Services and then ACT Housing. Minister, I will start with Mr Smyth.

MR SMYTH: Minister, the command vehicle garaging at \$75,000. Is that just carports for each of the six new vehicles?

Mr Wood: Well, we got the vehicles in the last budget, or the second appropriation, was it? They cannot all be garaged within existing facilities. Mr Williams can give you a bit of detail about that.

Mr Williams: I am Greg Williams, Director—Corporate at ESB. The garages were to house six vehicles. They are ordinary standard garages, a bit taller than normal, with roller doors to provide security for the vehicles because the vehicles remain at the sheds. There are five garages at \$15,000 each and, although six vehicles were purchased, the other one goes to Gungahlin, which has already got garaging.

THE CHAIR: There is \$200,000 here for a generator. That is a good idea; no-one is going to question why you need one. I just wondered why this was not identified last year and put in last year's budget. Did it take you all this time to work out that you needed one?

Mr Williams: No, it was as a result of the fires. What happened is that, following the 18 January fires, during that particular time, there was only one generator, which looks after the communication centre. It is only big enough to look after that, and during that particular time there was only a room, around about 12 by 12, which was used as the operations centre for the emergency. Since we have had the new commissioner on board he has decided that we needed a proper operations centre and has put that in place. To support that, we need to have a back-up system that will provide generation, and to handle things during an emergency.

We are in fact in the process of tendering for—well, I will give you an example. There is a 40-kilovolt generator that runs the operations centre. The peak for us during an emergency runs at about 180. We are looking at ordering a 300-kilovolt generator, and that generator will also be then transferred to the new headquarters when we get it. So we are not just buying a generator to be there. We do need that back-up, and we will be taking it with us when we get the new building.

THE CHAIR: There is also \$275,000 here, it says “to provide for additional accommodation for staff associated with the restructuring of the Emergency Services Bureau as it moves to a new authority”. Where is this accommodation? It seems like a significant amount of money for the temporary accommodation.

Mr Williams: It is a significant amount of money.

Mr Wood: It is for accommodation, full stop—wherever that is needed, or wherever it will finish.

Mr Williams: The current circumstance is this: at Curtin we have already put on three demountables. That is to cope with just day-to-day work as it is at the moment. With the second appropriation, the money that we got there, we have got an additional 13 staff; we have got a radio project, which has now started up and running. There are up to nine staff at any one time that come through on that.

Additional staff are required as we are moving towards a new authority. We will be bringing on some additional corporate staff, some planning staff, to move into those strategic issues that have been addressed through McLeod et cetera. So we are expanding at a reasonably high rate. We just cannot live with the current arrangement we have. So what we have asked for is the money that will allow us to do some internal renovations to cope with that, and to make more efficient use of the space we already have, and it was planned that we would utilise an additional three demountables—two small and one large.

This has become a little bit problematic because the neighbours are not too keen on having demountables sitting all around the building. So we are now starting to look at additional room—some space in Fyshwick where we may be moving to if that becomes the site that is determined that we will move to. We need to do some planning for that into the future. We also need to do some short-term renovations until the total project is determined.

THE CHAIR: Mr Williams, I thank you for your answer, but the \$275,000, which is in appropriation because it is obviously urgent and needed—

Mr Williams: Yes.

THE CHAIR: What exactly will it be spent on? Can you just acquit it?

Mr Williams: Well, things have moved ahead since we put this on. Initially it was to do the renovations, which were about \$120,000, plus two small demountables and a large demountable. And that large demountable was about 300 square metres, which was quite extensive and would have needed sewerage and those sorts of things. So it would have been spent on those.

THE CHAIR: So these were unforeseen expenses since the last budget?

Mr Williams: Yes.

THE CHAIR: And we need them right now before the next budget.

Mr Williams: Yes, that is right.

Mr Wood: Yes. It will be happening.

THE CHAIR: All right. If you could just give us a breakdown—you can take it on notice; you don't have to give it to me now—so we can fill in the gap, that would be fine.

Mr Wood: Okay, we will do that.

MR SMYTH: You said things had shifted. Does that mean that is not going ahead now and you are actually considering Fyshwick, or will you still need to do this even if you move to Fyshwick?

Mr Wood: It still has to be done.

MR SMYTH: Okay.

Mr Wood: It simply cannot wait because you have got people needing urgent accommodation.

MR SMYTH: Okay. Minister, the revelation that you were considering Fyshwick came a couple of weeks after you had announced that you were considering Hume. How many sites are you considering for the new headquarters?

Mr Wood: Two sites at this stage.

MR SMYTH: Just two sites. So why was Hume—

Mr Wood: The need to expedite things is a key factor.

MR SMYTH: How many sites were looked on the original list?

Mr Wood: To my knowledge, only those two.

MR PRATT: You say you need extra accommodation for the radio team of nine. Now I presume that is a project team looking at the introduction to service of the new system. Is this the operational command network plus radio equipment for field and vehicle teams? Is it that project?

Mr Bramah: I am Stephen Bramah, Director—Operations Support, Emergency Services Bureau. Yes.

MR PRATT: Good morning, how are you? Okay, so what is the life of that team? What is the life of the project? What do you now anticipate?

Mr Bramah: The project is funded over a period of four years.

MR PRATT: Yes.

Mr Bramah: So the life of that team at the moment is expected to be four years.

MR PRATT: Okay, thank you.

THE CHAIR: Are there any more emergency services questions, members? Okay, Minister, I would like to move on. I would like to thank the emergency services people for being here. We are now going to move on to the Department of Disability, Housing and Community Services. Minister, I neglected to ask Ms MacDonald to ask you a question before.

MS MacDONALD: That is okay. It was actually answered before. I was going to ask about the generator but it was actually answered.

THE CHAIR: Okay. I just want to make sure that my committee is all happy. My apologies, Ms MacDonald.

MR PRATT: Is output class 4, 196, being dealt with separately elsewhere or was that also supposed to have been wrapped up in that last session?

THE CHAIR: What was that?

MR PRATT: Emergency management activities, activities conducted to reduce hazards. Don't tell me I bloody missed it.

THE CHAIR: Too late, we have moved on now. You will have to put them on notice.

Mr Wood: Put it on notice, Mr Pratt.

THE CHAIR: Yes, just give them to Stephanie and we will put them on notice.

MR PRATT: Okay, sorry about that.

THE CHAIR: Minister, I would like to welcome those people here from the department. Thank you for being here. Minister, I will start. There is \$318,000 for concession payments for electricity, water and sewerage charges to cover increased charges. I am wondering why these costs were not anticipated in last year's budget.

Mr Wood: Yes, thank you. They increased.

Dr Adrian: I am Colin Adrian, Executive Coordinator, Department of Disability, Housing and Community Services. They are increases associated with ICRC decisions, and so this has been the first opportunity to put those through an appropriation process since the ICRC decision. It is a normal process that, following an ICRC decision, for any increase that they identify we look to pass that full increase on so that we can provide that concession.

MR SMYTH: Is it possible to get a breakdown of each of the categories and what the costs are?

Dr Adrian: I think, Mr Smyth, you have given us a question on notice on that and we are in the process of answering that.

MR SMYTH: Okay, thank you.

THE CHAIR: There is \$803,000 for increased costs for contracting relief disability support workers. Why is there is such a large blow-out in costs?

Ms Lambert: Sandra Lambert, Chief Executive, Disability, Housing and Community Services. There is not, indeed, a blow out. You might recall, and I think we did discuss it at the last estimates, that we went to a national tender for the provision of relief staff for disability—what is now called the individual support services, part of formerly the disability program. In going to that tender, we needed to, of course, get the best possible outcome that we could but the best possible outcome that we could also relied on having more dollars to go into relief costs. I will ask Ms Hayes to explain that in more detail.

Ms Hayes: Roslyn Hayes, Director, Disability ACT. Do you want more detail on the actual costs?

THE CHAIR: Yes. In fact, I would also like to know how it has benefited the disabled.

Ms Hayes: Certainly, okay. These are staff who provide a relief staff for our group homes predominately, and approximately 20 per cent of the staffing comes through relief staff arrangements. So most of our staff are permanent employees but we do require a pool of relief staff.

THE CHAIR: How many?

Ms Hayes: In terms of numbers of people?

THE CHAIR: Yes.

Ms Hayes: Because they only work casual hours, it can be a variable number of people. They are not working full time. So there are about 70 people in the pool but they wouldn't be working full-time equivalent hours.

THE CHAIR: What is the \$803,000 for? What does it represent? Does it mean we get so many more hours out of the existing staff? Does it mean we get so many new staff plus existing hours?

Ms Hayes: No, this is actually an increase in the cost of those staff per hour as charged to us by the agency from which we get those staff. So, as Ms Lambert said, we went to a national tender process and the best value tenderer from that process was a 16.2 per cent increase on the costs of the previous—

THE CHAIR: Can you repeat that?

Ms Hayes: A 16.2 per cent increase on the costs of the previous contract we had.

THE CHAIR: And what are going to be the ongoing costs of providing this support?

Ms Hayes: Just for the increase?

THE CHAIR: Yes.

Ms Hayes: The annual increase is approximately \$626,000. We have indexed it slightly—642 next year and 658 in the following year.

THE CHAIR: Right. And will there be any additional full-time workers brought on to provide support?

Ms Hayes: At the time we did bring on 26 additional full-time staff to attempt to decrease our reliance on relief staff. Our aim is to have the majority of our staff as permanent and stable workers because that obviously provides a better service. But we will always require some relief staff, given that people take unexpected leave, and to cover shifts and so on. So we will always have a relief component.

Ms Lambert: We are working hard to decrease our reliance on casual staff, as Ms Hayes has said, consistent with the government response to the board of inquiry into disability services, and we have had some success with that, but it is a slow process. The new contract also is one which involves significant training of staff as well and making sure the staff have the appropriate qualifications.

THE CHAIR: Are you finding it difficult to get the skilled, trained, experienced staff to

fill the vacancies or the new roles?

Ms Hayes: No, we are not. We have actually been able to fill all of the positions that we have advertised and the relief agency, which is Quest Employment Solutions, have been able to attract people to their agency. So, no, we are not having that difficulty. In fact, our retention rate of staff has improved over the last 12 months, so we are quite pleased to see that people are, I guess, seeing this is a more valued place to work.

THE CHAIR: Ms Lambert, are you finding the budget which you have got to work with is adequate for you to do your job as effectively as you would like?

Ms Lambert: I operate always within the terms of the budget that I am given.

THE CHAIR: Are you comfortable with that?

Ms Lambert: This extra amount of money will certainly assist us in meeting the disability relief costs, which was an issue.

THE CHAIR: Would you like more? Of course—how long is a piece of string?

Mr Wood: I think you should refer to Mr Davies' answer of 20 minutes ago.

MS MacDONALD: Ms Lambert is too consummate a bureaucrat to answer that question, Mrs Cross.

Mr Wood: Well, I will say this: the disability needs are immense and there has been a significant increase over a period to try to meet that, and I would not pretend that we are able to meet every need that is out there.

THE CHAIR: Ms MacDonald.

MS MacDONALD: Can I ask a question about the changes to the taxi subsidy scheme?

THE CHAIR: We are still on this one.

MS MacDONALD: Yes, okay, I will just flag that I am going to ask a question about that, then.

MR SMYTH: If it has gone up 16 per cent, the budget for this area was about \$5 million and now it is about 5.8 for the year?

Ms Hayes: No, it was 3.8.

MR SMYTH: So it was 3.8.

Ms Hayes: Yes.

MR SMYTH: And it takes it to 4.6 for the year. Thank you.

THE CHAIR: Are there any more questions on this particular line item, members? Ms MacDonald.

MS MacDONALD: The taxi subsidy scheme: I am sorry but I don't understand how it used to work and I don't understand how it now works. Can you tell me how it actually will now work. I know that it is an issue and you could always throw lots more money at the scheme in terms of providing the funding for taxis to provide transport for those people who need them, and it's not something that we can necessarily do. But it would be great if you could explain the changes to me?

Ms Hayes: Certainly. Under the old scheme people were issued with some \$2 vouchers, and for each taxi trip that they took they were able to use up to three of those vouchers. So the total subsidy they could get would be \$6. Under the new scheme, general people can get up to 50 per cent of their taxi fare to a maximum amount, and for people who are in wheelchairs they can get up to 75 per cent of the taxi fare up to a set amount, which is \$24 for the 75 per cent subsidy. So the maximum subsidy they can get is 75 per cent.

People get issued 126 vouchers for the year and they are able to use those for whatever taxi trips they need to take. For people who actually have a greater requirement for taxi

trips than that, we are able to provide additional ones where it's for set appointments or for if they are required to attend set things that are going to take them above the 126.

MS MacDONALD: Thank you.

MR CORNWELL: Has this been recently revised, then?

Ms Hayes: The new scheme came into being on 1 July last year.

MR CORNWELL: Congratulations, it was a mess before.

Ms Hayes: It has taken some time for the new scheme to actually transit from the old scheme and we are only now getting to see what the full implications of the new scheme will be.

THE CHAIR: Members, are there any more questions on the Department of Disability, Housing and Community Services?

MS MacDONALD: Can I just ask a follow-up question on that one?

THE CHAIR: Yes. Ms MacDonald.

MS MacDONALD: So you are just seeing how it is being carried out. Have you had any feedback on the new scheme to date or are you just collating that at the moment?

Ms Hayes: Well, the fact that quite a number of additional people have enrolled in the new scheme I think is an indicator that it meets the needs much more than the previous scheme did. Anecdotal information from users of the scheme is that they are very pleased with it.

THE CHAIR: Mr Smyth.

MR SMYTH: Minister, how much allowance is there in the budget already to cover the increases from the EBA. I notice you are asking for another \$257,000. What allowance

has been put aside?

Mr Wood: We will get a precise answer on that.

Ms Lambert: You are asking how much has been put aside in the entire budget—

MR SMYTH: Yes, already.

Ms Lambert: not just what we've been—

MR SMYTH: No, in your department.

Ms Lambert: We will have to get you that detail, unless Mr Hubbard can answer it for me now.

Mr Hubbard: No, I can't.

MR SMYTH: All right, thank you. And the workers compensation premium goes up half a million dollars. Why has it done that and what are you doing that suddenly in the out years it then drops to \$325,000?

Ms Lambert: I will start answering that question, if that's all right. Basically, this is a flowthrough from the 2000-01 year. As you will recall, there is a four-year time lag for flow through with premiums and so this relates to practices, if you like, at that time, which was prior to the formation of the department. We have done a couple of quite significant things. I think one is we have invested quite extensively in an occupational health and safety unit within the department and expanded it to enable us to intervene more quickly in cases of occupational health and safety. Ms Hayes can answer in more detail what some of those are.

Ms Hayes: We are putting quite a lot of investment into occupational health and safety with our staff. We do have a fairly high incident rate, which has to do with the kind of work that people are doing—working with people with disabilities, a lot of lifting, some challenging behaviour from our clients and so on. So, we are investing quite a lot in

manual handling training, in communication skills training, in working with our staff on managing the stresses of shift work, and we are also doing some driver training because that is another area where we have had incidents. So we are hopeful that, with our very proactive return to work programs through our occupational health and safety unit and additional training, we will actually see a drop in incidents in the out years.

Ms Lambert: And that's the flow-on effect coming through again. We have actually significantly reduced our period of incapacity as well. It has come down quite dramatically, in fact.

MR SMYTH: Thank you.

MRS BURKE: Just going back a slight step to the relief disability support workers—\$803,000 for that and we have established that is not a blow out. I am aware of the new contracting arrangements. I just wanted to know a little bit more about how that is working, how effective it is. You have been asked if you need more money. There always needs to be more money. Can you expand on that whole area a little bit more for us, please?

Ms Lambert: I am not sure what more we can say, other than what Ms Hayes said earlier.

THE CHAIR: Can I intervene? I have actually asked how this is going to benefit the disabled and I have also asked what the ongoing support is and if there are any extra costs. You were going to get back to me, I think, with a breakdown. I think you said you took that on notice. I think that incorporates some of Mrs Burke's question.

MRS BURKE: Possibly. I just want to know the amount of workers involved, what extra workforce is out there now to combat some of the issues that have arisen since the Gallop inquiry, and how the system itself is working and how effective it is to date.

Ms Lambert: I guess I would start by saying that we have done some quite significant restructuring of the way in which the individual support service, formerly the disability program, is operating. And, so, one change is that in clustering houses we are actually

allocating relief staff to those clusters rather than having a series of change of faces and actually not having consistency. There will always be areas where we can't always do that if there is a sudden absence, but that is one of the changes that we have made.

So in relation to Ms Cross's question about how this is impacting on the disabled, we are hoping that people have more consistency, and we know that this is happening—more consistency in terms of the people who look after them and more training in terms of the people who look after them, too. Because there is more consistency, that actually enables us to target the training of people working in a cluster and to target the needs of the people within that cluster. Is there anything more you would like me to add?

MRS BURKE: Just whether there is an expansion in the numbers of people working within the sector now, in that particular area that you have alluded to. Have you increased the numbers of personnel?

Ms Lambert: We have increased the number of permanent staff, certainly.

MRS BURKE: Do you know the number of that or do you want to take that on notice?

Ms Hayes: No. It would depend on what comparison—from when to when.

MRS BURKE: Okay. Just from the restructuring, to what it was before.

Ms Hayes: As I said before, we have taken on 26 more permanent staff. Where previously we had two relief agencies, we now only have the one.

MRS BURKE: And just having the one is working effectively?

Ms Hayes: It is working very effectively, yes.

Ms Lambert: I think Ms Hayes answered before that there is a pool of about 70 that are utilised.

THE CHAIR: Mr Cornwell, you have a question?

MR CORNWELL: Yes, I do, relating to the concession payments for electricity.

THE CHAIR: Which I actually asked earlier.

MR CORNWELL: I understand, Madam Chair, you have asked one of the questions that I wanted to ask. Of this \$318,000—and you may wish to take this on notice—what amount of that is for the electricity concessions, what is for water and sewerage and what amount is for what you call “other utilities”? That is the first question. Secondly, who is entitled to receive the concessions and what amount is payable to each householder?

Mr Wood: I think that would be a good question to take on notice.

Ms Lambert: We will take that on notice, yes.

MR CORNWELL: Thanks, Madam Chair.

THE CHAIR: Are there any more questions on disability before we move onto housing?

MR SMYTH: I have one. Has the concession review been completed and will it be made public?

Mr Wood: Yes, Chief Minister’s is doing that.

THE CHAIR: The Chief Minister’s Department?

Mr Wood: Yes.

MR SMYTH: And are you aware if it is close to completion?

Ms Lambert: I am not aware at this point in time, actually.

Mr Wood: It’s been there. It can’t be too far from completion, one would think.

THE CHAIR: Before we move on to housing, we have one quick last question from Mrs Burke.

MRS BURKE: Sorry, it actually does refer back to the second approp, but very much needs to be considered here. Special needs support for clients with complex behaviours: I don't notice any level of funding increase. Is that absorbed somewhere else or is the level of funding meeting the need there?

Mr Wood: Well, it's not meeting the need because it's like everything else—there is an insatiable need almost in areas.

Ms Lambert: As we briefed prior to the estimates on the second appropriation, that is in relation to a specific category and, currently, my advice is that that is meeting the needs in that particular area at the moment.

Mr Wood: That's that one person?

Ms Lambert: Yes, that's right.

THE CHAIR: If members have any further questions, would they put them on notice.

I would like to move to ACT Housing. Welcome to those who have joined us. Minister, on page 157 of this appropriation there is a significant amount requested—\$33.2 million to address homelessness and housing affordability. This is not a new problem and I am wondering why the urgency now versus putting it into a budget next month.

Mr Wood: The urgency has always been there. The issue is getting access to that money—that is money from the home loans fund, which was a project begun when David Lamont was housing minister. The urgency has been there. The question is getting access to that money, changing the principles behind which that money has been held. It has been a process that has taken some time to come to agreement within government about using that money, and that was the timing factor.

THE CHAIR: Do you intend to spend that money from now until when the budget is

announced?

Mr Wood: I would rather have spent it. I would rather this was a short-circuited process that would have allowed me to be spending that money right now. We all agree it is urgently needed and as soon as we have access to it we will start spending it.

THE CHAIR: Okay. My question is, though, given that the homelessness and housing affordability issue, as I said earlier, is not a new one, it could have been put in last year's budget, because obviously you are aware of it. Even if you had gotten the approval a few weeks ago, would you have spent \$33 million in less than a month or six weeks? What is the urgency now versus having it for the budget? Can you advise the committee what you intend to spend it on?

Mr Wood: Well, okay, just back one step quickly. I didn't have agreement on process to access that money until quite recently.

MR SMYTH: What changed to give you access to the money?

Mr Wood: Just internal government discussion. What do we spend it on?

THE CHAIR: Yes.

Mr Wood: Substantially on property acquisition.

MR SMYTH: And not substantially?

THE CHAIR: Could you give us—you can take this on notice—a breakdown of that?

Dr Adrian: Colin Adrian, executive coordinator within Disability, Housing and Community Services. Accessing the money: the Chief Minister made the announcement late last year, following work that was undertaken within Treasury, because the responsibility for the home loan portfolio rests with the Treasurer. Following that analysis, the Chief Minister made an announcement about the government's intention of allocating the \$33.2 million for public and community housing. This appropriation has

been the first opportunity since then to allow the money to flow through an appropriation and a capital injection into ACT Housing. In terms of how the money is to be spent—

Mr Wood: There is a little more discussion on that. Dr Adrian will give broad figures but there is still a bit of discussion to be undertaken.

THE CHAIR: Could I just ask: if there is more discussion to be had on that, then how can you use the money now?

Mr Wood: Only around the edges.

THE CHAIR: You must have a clearer idea, rather than the broader—

Dr Adrian: I can explain that. We are looking at allocating \$20 million into public housing, and the balance, the \$13.2 million, into community and Aboriginal and Torres Strait Islander housing. In terms of the public housing, obviously that is directly within our portfolio to spend that money, and as soon as we have access to it, as the minister indicated, we will be embarking on spending the money.

With regard to the \$13.2 million, we have initiated a process with the community housing sector about the different ways in which that money might be spent. For example, it could be done through head leasing arrangements, it could be done through grants programs, and there are other mechanisms by which that money could in fact be spent on community and Aboriginal and Torres Strait Islander housing.

Mr Wood: Those discussions are underway because we are most anxious to get access to it.

THE CHAIR: I put questions to the Chief Minister yesterday and to Mr Corbell. Can I ask: the \$13.2 million you are planning to spend on indigenous housing—

Mr Wood: And community housing.

THE CHAIR: And community housing. The consultation that you have conducted to

determine that that is what you need to do: which organisations have you consulted in the indigenous community to make that determination?

Dr Adrian: As the minister has indicated, we are only part way through that process. We invited a number of groups, and they included the chair of the trilateral ATSIC group that we have looking at Aboriginal housing. And we have made an arrangement whereby the community housing sector and the Aboriginal sector will be having further internal discussions amongst their members prior to us looking to finalise the actual process for allocation.

THE CHAIR: So can I ask then, Dr Adrian: how can you determine how much money you need to inject into that area when you are still conducting discussions on what to do with it?

Mr Wood: We know the amount—it's how it's distributed.

THE CHAIR: How do you know the amount if the discussions are still underway?

Mr Wood: It's \$13.2 million. We are having rapid-fire discussions to wake up to how that is going to be allocated and to whom.

THE CHAIR: It's like cooking for eight but not knowing how many are coming to dinner.

Dr Adrian: No. The discussions with the sector are about the process of allocating the money. There are different mechanisms—as I indicated, they could be through head leasing arrangements, they could be through grant arrangements—so it is really about that process of allocating the money rather than the quantum.

MS MacDONALD: On Monday we heard from ACT Shelter. The submission that they made was actually authorised for publication so I am assuming that you have actually seen that. I have to say that I was sympathetic to what they were saying about the acquisition of property heading up the market as opposed to the building of property. Can you respond to the comments that they made that they would prefer to see—

Mr Wood: Yes. We will get some expert opinion on it. But I think in general it is a very small part of the market, which, in some definitions by some people, is going off the boil anyway. So I am not sure it is going to have any impact.

Mr Hehir: Martin Hehir, Executive Director, Housing and Community Services. I have read the comments or the submission from Shelter and they are very similar to the comments provided at our meeting with them to discuss the issue.

Acquiring a total of 81 houses is approximately 3 per cent of the total estimated underlying demand for the year, a figure that would be included within that estimated underlying demand since it's not based on actually a capacity to pay but rather volume of dwellings required. So it is certainly within that original estimate which both the HIA and the ACT government agrees of about 2,800.

In terms of actual purchase within the market, it's a very small percentage of the annual churn or purchases. Eighty houses over a period of two to three months is really insignificant in terms of what the total market is taking up. So I certainly do not agree with the comments made by ACT Shelter. I think in terms of the impact on the market, it is unlikely to be significant.

In regard to their suggestion that we construct rather than purchase, I note that their paper doesn't include any analysis of the efficiency of that or not. Certainly, our indication or our work indicates that we are probably 10 per cent better off spot purchasing in the market in the outlying areas of Gungahlin, Tuggeranong and Belconnen than trying to buy land and construct at the moment. There is probably some heat still left in the construction market, which isn't leading to very cheap prices for construction. So it's about a 10 per cent saving on our estimates in terms of what we will achieve by spot purchasing rather than constructing. It is also certainly a significant saving in time and I think that, as indicated earlier by the minister, we do want to get more public housing and community housing stock out as quickly as we can. It is quite necessary.

THE CHAIR: But they were concerned. Following on from Ms MacDonald's question

on the infrastructure and transportation, if they are going to be sent out to the areas like Gungahlin where transportation is not very good—

Mr Wood: Well, I think Mr Corbell would dispute that but we won't argue here.

THE CHAIR: I don't think most of us would, Minister.

Mr Hehir: Without wanting to draw too many criticisms of the submission, that is a fairly inconsistent argument. Where else am I going to build? Land is generally available in Gungahlin if that's where they are complaining about.

THE CHAIR: As long as you provide a good bus service for them. As long as they don't have to hitch a ride with their neighbours.

Dr Adrian: If I might just add a comment. It is one of the added advantages of spot purchasing that you can look to spot purchase not only in the newly developing areas but in some of the existing areas, and we can change that spot purchasing obviously as needs emerge. So if needs are emerging in particular suburbs or particular districts then we can look to purchase in those areas and, in fact, have a sprinkle effect—rather than have large congregations of public housing, to look to sprinkle the public housing throughout both new and established suburbs, which is more the approach.

THE CHAIR: Thank you, Dr Adrian. Quickly: Ms MacDonald, Mr Smyth and then Mrs Burke.

MS MacDONALD: Just with regards to that: you have talked about not enough analysis, but are you able to give us some of the breakdowns of the cost of building per metre?

Mr Hehir: From most recent experience, the best value we have been able to achieve, through a shortened procurement methodology, which we used for the bushfires, was about \$1,000 a square metre. For a standard three-bedroom house, that is around about \$145,000 to \$150,000. But that was a special process we were allowed to enter into following the bushfires.

MS MacDONALD: So normally it would be much more expensive than that per square metre?

Mr Hehir: The evidence we have is that it is more expensive than that through our normal procurement processes.

THE CHAIR: Mr Smyth.

MR SMYTH: Did I hear you earlier say that you were purchasing about 80 houses?

THE CHAIR: Eighty-one.

Mr Hehir: That is the total of the community and the public housing. I am assuming that that is what we are talking about.

MR SMYTH: If my maths is right, that is about \$400,000 a dwelling.

Mr Hehir: That probably leaves out about \$6.6 million, which we have identified will be spent next year.

MR SMYTH: Hang on. So it's 81 houses this year, but it will leave \$6 million for next year?

Mr Hehir: Yes.

MR SMYTH: Why won't this money be spent all this financial year?

Mr Hehir: Well, we are hoping to commit as much of it as we can this financial year, but we wouldn't actually expect all the funds to go out. But certainly the—

THE CHAIR: So why is it in this appropriation?

Mr Hehir: Well, so we can commit the funds.

Mr Wood: We want to be moving on.

THE CHAIR: Hang on. Again, I am the less experienced one here, but why are you asking for this money now if you are not going to use it all now? That was my question before.

Dr Adrian: Okay, I can explain that. The \$33.2 million in a sense is different than other dollars because of the fact that the money is being taken out of an existing bucket of money—that is, the home loans portfolio—and, as I indicated before, that decision was made by government late last year. This is the first opportunity. If this opportunity hadn't arisen then it would have been in the budget. So this is the first opportunity to actually look at appropriating the money by way of capital injection.

THE CHAIR: I understand that.

Dr Adrian: So that's the only reason in that sense—

THE CHAIR: Dr Adrian, I understand that. It is just that if it's not going to be used then the government could have put it in the budget. The purpose of an appropriation is for money that needs to be used before the budget, and it's normally for money that is needed urgently. Am I right, Mr Smyth? You are the more experienced one here. Is this some sort of political election thing, Minister?

Dr Adrian: It is probably worthwhile noting that \$6.6 million is the grants funding that was identified and, depending on the process as to how those grants are administered, it will depend on the timing of the community groups and the Aboriginal housing groups in terms of how quickly they spend that money.

Mr Wood: Madam Chair, it allows us to move forward to keep processes moving, to start those processes—to start them now and not start them afterwards.

MR SMYTH: Okay. But on that point: if you want to start your processes, you got \$10 million in, let's see, June 2002 for urgent fire spending, none of which was spent

until December 2002. How much of that \$10 million has now been spent?

Mr Wood: I can go into the difficulties with getting that spent. There is still an unspent amount. I'm not sure there will be any unspent by the end of the financial year, which was the programmed time. But I think we should—

THE CHAIR: Can I move on?

MR SMYTH: Martin has first got an answer. How much is unspent at this stage?

Mr Hehir: I would need to take that on notice, if that's all right.

MR SMYTH: Okay.

THE CHAIR: Yes, that's fine. Mrs Burke.

MRS BURKE: Thank you, chair. Very briefly, the money allocated, or proposed to be allocated, of \$13.2 million for community housing, and you can take it on notice if you like: what community groups have been consulted to date? And also, could you perhaps tell me—I am very interested in this model and give it my support—would the Abbeyfield proposal at Curtin be a part of this money allocation at this stage?

Mr Wood: That's an earlier allocation.

Mr Hehir: With regard to the second part, that's part of an earlier allocation of \$3 million.

MRS BURKE: But nothing has been decided about that.

Mr Hehir: No. It is to be funded out of—they are going through the development approval process.

MRS BURKE: So that is previous funding.

Mr Hehir: That is previous funding.

Mr Wood: We will give you the details of what bodies have been consulted.

MRS BURKE: Sorry, you were going to say, Dr Adrian?

Dr Adrian: The bodies directly consulted have been the peak bodies—Community Housing Canberra, CCHOACT, Shelter, the Aboriginal group—

MRS BURKE: Okay. I am happy for you to provide a list.

Dr Adrian: They are currently going through a consultation with their members.

THE CHAIR: Can I add to Mrs Burke's very good question. If the money for Abbeyfield was allocated in a previous appropriation budget, could you also take this on notice and tell me what it is that Abbeyfield was providing to the community to qualify for a direct sale of the property in Curtin? Because if you have allocated money in the budget—you can take this on notice, look into it and get back to me—

Mr Wood: Okay, we'll do that then.

THE CHAIR: Any more questions by members can be placed on notice. Minister, thank you very much for appearing today.

Mr Wood: Thank you.

THE CHAIR: I would like to thank the departments that are here. I am sorry we have gone a little bit over time but I appreciate your patience. I wish everybody a happy Easter.

Meeting adjourned from 11.07 to 11.32 am.

Mr Ted Quinlan, Treasurer, Minister for Economic Development, Business and Tourism, and Minister for Sport, Racing and Gaming

Department of the Treasury—

Mr Andrew Weeks, Chief Executive Officer

Ms Megan Smithies, Acting Deputy Chief Executive

Mr Khalid Ahmed, Executive Director, Financial and Budgetary Management Branch

Mr Phil Hextell, Director, Accounting Branch

Ms Kirsten Thompson, Director, Budget Coordination and Reporting

Chief Minister's Department—

Mr Peter Gordon, Executive Director, Office of Business and Tourism

Mr Geoff Keogh, Director, BusinessACT

Ms Sue Marriage, Director, Sport and Recreation ACT

THE CHAIR: Good morning everyone. Minister, welcome. All of you people from the departments, thank you for coming. I have to read a couple of things out before I start our questioning.

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 tables if called to respond to questions. Please do not speak from the back of the room.

For those that give verbal evidence to the committee today, a copy of the transcript will be emailed to you as soon as it is available for correction, and also so that you may identify relevant questions 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 transcripts, witnesses need to state their full name and the capacity in which they are appearing on the first occasion they give evidence.

And before we commence with questions I also need to read this card. 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.

Minister, once again, welcome and thank you. We have quite a bit to get through today, so please could you keep your answers as succinct and brief as possible.

\$103 million—that is a lot of money. I would have understood a couple of million here and there, but with more than \$100 million it seems to me that perhaps the budgeting has not been done well from last year to this year. In your presentation speech you, say that “a number of items within this bill would have been drawn from the Treasurer's Advance, had there been no third appropriation bill”. Can you tell me what those items are?

Mr Quinlan: Well, in particular, the child safety funding, and possibly things like the purchase of Phillip Oval, which has sort of gotten to a particular point in time. We have put in money, I think, for squash courts. There are also some of the recovery works in the Cotter, in Tidbinbilla—things like that that arise, you know, because the world does change as time goes by and need is then identified. So they would possibly have come up and qualified. Those that qualified for TA could have fitted under TA.

THE CHAIR: Before I go on to some other questions—

Mr Quinlan: In response to your opening comment, could I just say that, although I do not have the numbers in front of me, you need to remember that we are talking appropriation versus budget and that I did say in the presentation of this that a considerable amount of what is being appropriated now is already budgeted.

THE CHAIR: I do understand the difference, thank you. I also understand from the evidence that has been given here by various ministers and their departmental staff that some of the amounts that have been requested, some of them very significant, may not be spent before you do your next budget. So we are rather cynical about some of the larger amounts, Minister, that are being asked for, and thank you for explaining the difference between the two. Now I did ask the minister—

MR SMYTH: Can I just ask a broad question to start with. Treasurer, on the basis of the mid-year review, the assumption is that we will now have a surplus of \$151 million, and the impact of the appropriation brings that down to a surplus of \$91 million. On page 12 of the mid-year review it talks about the treatment of the superannuation, and you have two options there: maintaining the current policy, which leaves the surplus at \$151 million, or writing off the superannuation reserve, bringing it down to \$33 million. Has the government decided which course it will follow at this stage? If so, why?

Mr Quinlan: No, we have not. But we certainly have a situation now with the latest review of superannuation which says that you could change horses effectively now without a particularly large perturbation at the bottom line. One of the reasons that we were quite unwilling to change was that this would not give a one-to-one or a fair comparison through time when processes are changed. But now we have an aggregation of previous reviews and a review this year that swings us the other way.

MR SMYTH: So there is another review since the mid-year review? Another review of superannuation—

Mr Quinlan: A review of superannuation, yes.

MR SMYTH: Since the previous one?

Mr Quinlan: Yes. Since then, is it not?

Ms Smithies: No, I think it was discussed earlier.

Mr Quinlan: All right, it is in there, but we've had a recent review that swings the other way. Where we had previously aggregated reductions in the long-term liability, now

we've got an increase in the long-term liability that comes together. We were looking to 2005 for the harmonisation of accounting standards. I can advise this committee that the collective treasurers discussed the harmonisation of accounting standards, particularly for the public sector, at the last council and the general consensus there was that treasurers wanted to postpone that for another year or two.

It's going to have a considerable impact. It's not going to change in large part the amount of cash that is available to governments, but it's going to change the way that budgets are accounted. Of course, there is a greater impact in the public forum as to the accounting bottom line rather than the cash bottom line. Other states and territories certainly want time to be able to manage that particular process. In some public forums, I've actually voiced my opinion that accrual accounting as it is strictly applied in the commercial sector may not be totally appropriate in the public sector anyway. As the ramifications of harmonisation come home, I'm starting to have more people on my side of the line.

MR SMYTH: When will the government make the decision upon which treatment they will take?

Mr Quinlan: I think the decision has to be made for the budget, otherwise we have to tell people what will be the bottom lines.

MR SMYTH: Plus 150 or plus 30.

Mr Quinlan: Yes.

MR SMYTH: Is a copy of the review available for the committee?

Mr Quinlan: The superannuation review, yes.

MR SMYTH: Thank you. If we could have a copy of that, that would be kind.

Mr Quinlan: There is no secret there.

THE CHAIR: I want to go on to some initiatives and I'm going to ask people to stay because there is a crossover of the things that you have allocated which affect treasury and departments. Normally, we would have allowed departmental people to leave, but not today. I asked a question of Minister Gallagher the other day regarding \$560,000 for a first payment under an agreed resolution process relating to a contractual dispute. I asked what that dispute was about and Ms Gallagher mentioned the vendor Wizard.

Mr Quinlan: Yes.

THE CHAIR: I found it very concerning that this matter has been outstanding since 2001, and I understand that there were contracts signed in 2000.

Mr Quinlan: February 2000.

THE CHAIR: Could you inform the committee whether this matter has now been resolved?

Mr Quinlan: I don't think it has been finalised, no. It has been, let me say, an ongoing problem for some time. It's a problem that, in the main, predates this government, but we've inherited a situation where there is considerable disputation as to the amount of work and the value of work that was done under the original contract, and the process that was undertaken to expand the overall project.

THE CHAIR: When did this dispute arise?

Mr Quinlan: When did it come to my attention? It has to have been a year and a half ago or so. I can't give you a date, but about a year and a half ago. It has been quite high profile. Mr Smyth has been to my office to intercede—I think about a year ago—on behalf of Wizard. We have tried to come to a solution that is fair and that is legally defensible. There was considerable difficulty, in fact, in getting a process of resolution in place. Having gotten a process of resolution in place, it has still been hard work. We've got mediation, we have arbitration involved, independent arbitration, just in the interest of settling the thing and, quite frankly, without making it a high-profile public issue, to the detriment of the company involved.

THE CHAIR: Minister, why has it taken so long to resolve this matter?

Mr Quinlan: Because it is a very complex matter and you would have to say that the resolution has actually been somewhat akin to trench warfare. There is a whole raft of time sheets and things that were done and each of them has to be evaluated. First of all, it took a long time to get agreement on the process of resolution. Quite frankly, it started off as a very, very significant demand.

THE CHAIR: By the vendor.

Mr Quinlan: By the contractor, yes.

THE CHAIR: And there was no error on the WorkCover side?

Mr Quinlan: I don't think that all of the paperwork associated with the overall contract was perfect by any means, or in fact the understanding of what was actually being done. As I understand it, what was happening was that there was a software contract to create a software package which it was at some stage anticipated would graduate to becoming a piece of proprietary software that the vendor could sell and sell again, and there was an expectation that the vendor might apply more resources to the WorkCover system than WorkCover was actually paying for because WorkCover was providing, in fact, the practical base upon which a piece of software was being built.

THE CHAIR: So you are saying that the vendor provided services that were not allowed for in the contract in any way?

Mr Quinlan: I don't want to paint this as black and white because, unfortunately, we're still going through it. This is not something that I'm doing by choice.

THE CHAIR: So it's not resolved.

Mr Quinlan: It's a long way towards resolution.

THE CHAIR: You're saying it's ongoing.

Mr Quinlan: Yes, it's still going.

THE CHAIR: Have you made an offer to the vendor?

Mr Quinlan: We've made several offers to the vendor.

THE CHAIR: And is the offer fair in relation to their services?

Mr Quinlan: Some of the offers have been fair because some of them have been accepted. This has been a phased resolution.

THE CHAIR: Have they been bullied to accept your offer?

Mr Quinlan: Bullied?

THE CHAIR: Have they been given an ultimatum to accept it or else?

Mr Quinlan: There is a point beyond which we will not go, because I would be then sitting in front of a committee like this that would be saying, "Under what approval or agreement could you possibly have paid?" We're talking public money here. I can only expend public money to the extent that is legally defensible.

THE CHAIR: You mentioned a mediator earlier, Minister. Could you tell me what is the current status of the dispute resolution process?

Mr Quinlan: As of today?

THE CHAIR: Yes.

Mr Quinlan: I think we're on the last phase, whatever the last phase is. I think we're at the last cluster or collection of things that were being done and trying to put an agreed price on it. What we tried to do, quite frankly, having been through docket by docket type resolution on a couple of phases, was to use the results of earlier phases to make a higher level estimate of the value of later phases, rather than doing it again docket by docket. So we said, "What happened here?" There was about a 60 or 70 per cent agreement and acceptance and that's happened again. There was quite a high degree of consistency between the first two, I believe. I haven't been doing it docket by docket myself.

THE CHAIR: That's okay. Minister, I'm happy for you to take some of these questions on notice.

Mr Quinlan: It is commercial negotiation. What I tell you today might be different tomorrow when we've actually gone through and tried our level best to resolve this. It has not been pretty.

THE CHAIR: Has Ms Smithies been involved in the negotiation?

Mr Quinlan: No.

Ms Smithies: Yes, I have.

Mr Quinlan: Yes, sorry.

THE CHAIR: Can I ask Ms Smithies a question?

Mr Quinlan: Yes, absolutely, anything you like.

THE CHAIR: Ms Smithies, given that the minister said that it is on its last legs, could you inform the committee how it has come to the end now, given that it has been so prolonged and this vendor has been waiting for the money for services provided? Have you been involved in the offer made to the vendor?

Ms Smithies: Yes.

THE CHAIR: Has that offer equated to the value of the services the vendor provided to WorkCover?

Ms Smithies: In the view of the territory, the offer made to the vendor is more than generous in relation to the services that they have provided and that the territory has received.

THE CHAIR: Does the amount you offered the vendor equate to the value of the services the vendor claims they provided to WorkCover or have you come up with an arbitrary figure that you feel is fair and basically said, "Take it or leave it?"

Ms Smithies: I don't think it's that simple. This is an issue of a contract. This is essentially a fixed-price contract.

THE CHAIR: With no variables? Can you table that contract? Can we look at that contract?

Mr Quinlan: I think so. I don't think that there is any problem with that.

Ms Smithies: The territory entered into a fixed-price contract and the territory has paid more than that fixed price contract. There have been a number of elements in relation to that contract that have gone through variations, formal variations under the contract, and those variations have been paid for, and then there has been an element on top of that contract, the fixed-price contract plus variations, that was the outcome of mediation which in the territory's view was generous mediation in relation to the vendor, and then there has been a final offer.

THE CHAIR: Okay. What is the total value of Wizard's claim?

Ms Smithies: I don't believe that the total value of Wizard's claim was ever formally put to the territory.

THE CHAIR: Okay. Are you saying that Wizard have not come to you with an amendment that they have requested for anything, that you have just made them an offer irrespective and you don't know the value of their claim?

Mr Quinlan: We know what they've asked for, but they have asked for large lumps.

THE CHAIR: What have they asked for?

Mr Quinlan: What have they asked for over time, do you know?

Ms Smithies: Over time, probably their claims run into around the \$3 million, \$3½ million mark.

THE CHAIR: I'm happy for you to take that on notice, check it and come back to me. I don't want to put you on the spot about specific dollars.

Ms Smithies: Again, I don't believe that they've actually ever put anything on record. They've provided a number through mediation.

THE CHAIR: Okay. But you would know. If you were involved in the negotiation, obviously you have had a hands-on approach. Could you also let the committee know what percentage of Wizard's claim has been dealt with to date—in other words, how much they've been paid so far? In the appropriation, you've asked for \$560,000 to settle part of the dispute. Could you advise the committee how much they have been compensated for thus far and when you suspect this matter finally will be resolved? Given that it has been going on for a very long time, I'm assuming that Wizard is going to receive interest payments, damages and costs.

Mr Quinlan: Could we just put this in perspective? This is not a case of the government taking advantage of a vendor or playing hardball. One of the greatest problems in solving this is a lack of specificity from the vendor as to what was done. The government and government agencies have gone to extreme lengths to try to settle this. The vendor has been non-specific in what they've asked for, what they've requested, and have not been readily forthcoming with supportive documentation, whether it be by agreement, contract or record of work done. It has been an immensely difficult process to go through, but this is not a one-sided dispute by any means at all.

THE CHAIR: Could I ask you then to table a copy of the contract between the government and/or WorkCover and Wizard?

Ms Smithies: We'll take advice on that, I think.

Mr Quinlan: Yes, we'll have to see whether we can or not.

THE CHAIR: Okay. I would like a copy of that tabled. Could you get back to me before the end of today?

Mr Quinlan: But let me advise this committee that the original contract will represent an amount and a body of work far less than is being claimed and has been settled on.

THE CHAIR: I just need to identify whether the contract was for a fixed amount with no conditions or variables or there was a fixed amount with conditions, depending on what the department would have requested of the vendor. It is not uncommon in the ICT industry for contracts to be signed—I haven't seen this one; that's why I'm asking for it—and for there to be clauses in the contracts to allow for additional requests above and beyond the dollar amount and that is on the request of, in this instance, the former WorkCover commissioner, Ms Plovits. I would like to see that contract. I want to make sure that no-one is being disadvantaged, whether it be the taxpayer or the vendor.

Mr Quinlan: Good luck.

MR SMYTH: The government in March last year entered into independent arbitration or independent mediation with Wizard.

Mr Quinlan: I'm not sure of the date.

Ms Smithies: The offer was made around March.

MR SMYTH: I understand Mr Tonkin made that offer and the offer was then—

Ms Smithies: And it took a considerable amount of time to have the offer taken up.

MR SMYTH: Okay. Is the government still committed to independent arbitration? Is that still going on?

Ms Smithies: We've pretty much finalised the independent arbitration in relation to the work.

Mr Quinlan: The independent assessment.

Ms Smithies: Yes, because we've made a final offer, or an offer.

MR SMYTH: Is it possible to see the agreement concerning the appointment of the independent expert?

Ms Smithies: Again, we'll take advice on that, if we can.

Mr Quinlan: I couldn't tell you what the form of that is. It will be a very open-ended thing anyway.

MR SMYTH: Yes, if it is written or whatever. I assume that the independent expert would have then given you some results of his or her assessment. Is it possible to have that tabled as well?

Ms Smithies: Again, we'll take advice.

THE CHAIR: What is your concern? Just explain to me why you're concerned about that.

Mr Quinlan: My concern here is that we're making public elements of a dispute and

sooner or later, if it becomes a public issue, it may be to nobody's advantage.

Ms Smithies: In fairness to Wizard, the arbitration in relation to the first silo was significantly less than their claim, and the content of the document goes to the issues around that. In fairness to Wizard, I am reluctant in relation to that document.

MR SMYTH: You might check with Wizard. How many silos are there?

Ms Smithies: Three.

THE CHAIR: Could I also get a timeline—you will need to take this on notice—from the moment that the contract was signed, which, Minister, you said was February 2000, to the time when this issue became a dispute and the negotiations between the government and Wizard? Could you give me a timeline as to an offer being put to Wizard on this date; Wizard came back then; the government said they would organise this then; Wizard waited two months? In other words, give me some sort of timeframe. I need to see whether—

Mr Quinlan: With difficulty, because not all of that will have been reduced to even file notes.

THE CHAIR: Someone has to keep a calendar, a diary or a record.

Mr Quinlan: Not when you've got a lobbyist working for the vendor who is communicating at social functions and by telephone. This has not all been the most formal of processes. We have tried, with great difficulty, to ensure that the fundamentals of what has been done have been reduced to a formal accountable process.

THE CHAIR: Are you aware—Ms Smithies might know; I'm not sure—whether Wizard have documentation they have provided to you or do your people have copies of their documentation to confirm that the moneys that they have asked for for the services they have rendered are, in fact, in writing between the parties?

Ms Smithies: In relation to the formal variations of the contracts there is documentation.

THE CHAIR: Okay.

Ms Smithies: But that relates to the formal variations of the contract.

THE CHAIR: Which accounts for the additional money that's not in the contract. You said, Ms Smithies, that the contract was for a specific amount.

Ms Smithies: That's right.

THE CHAIR: But you've also now said that there were variables, which is what I asked about before.

Ms Smithies: And then on top of that there is a layer.

Mr Quinlan: There are two layers above that. There are formal variations and then there

is the claim.

Ms Smithies: And then there is arbitration.

THE CHAIR: Can you table any other documentation you have relating to this matter to this committee?

Mr Quinlan: We will take that on advisement and we'll let you know.

MR SMYTH: You said the results for silo 1 were less than favourable for Wizard.

Mr Quinlan: They were less than they claimed.

MR SMYTH: All right, less than they claimed. Silos 2 and 3?

Ms Smithies: Sorry?

MR SMYTH: What were the outcomes for silos 2 and 3?

Ms Smithies: The government's offer was broadly proportional to the outcome for silo 1.

MR SMYTH: Which means what?

Ms Smithies: Silos 2 and 3 hadn't gone through arbitration. A judgment was made that the offer in relation to silos 2 and 3 should not be in any way materially over the determination made for silo 1. So it was broadly in line with silo 1.

MR SMYTH: Does the government accept the determinations made by the independent expert?

Ms Smithies: The government agreed to the process and therefore accepted the outcome in relation to silo 1.

MR SMYTH: And the outcome for two and three?

Ms Smithies: It never went through arbitration. We ceased the arbitration process after silo 1.

THE CHAIR: I would like to move on to the \$27.2 million for Canberra plan initiatives and the \$1.93 million for implementation of the government's response to the shaping our territory report. The report came out quite a long time ago—in fact, late last year—but the recommendations came out some time after that. Why is there such an urgent need now to spend this \$2 million?

Mr Quinlan: You will have to speak to the appropriate minister for that.

THE CHAIR: I'm going to the best person, the Treasurer.

Mr Quinlan: Let me say that we can't be sitting here giving two answers to the same

question as well, otherwise it could give rise to diversion as to the importance of matters as opposed to a different version of the answer. It is not mine alone to decide the importance of every item in this appropriation bill. Therefore, when the appropriation bill comes through it's the government's appropriation bill and ministers, as they do, are responsible to answer for each of their portfolios. I would not usurp their right to do so.

THE CHAIR: Mr Smyth, do you have something for this witness?

MR SMYTH: If he is not the minister responsible for it he can't answer.

THE CHAIR: I thought I would stretch it, given he is the Treasurer. I think he is more important than most of them.

Mr Quinlan: Thank you.

MR SMYTH: I do have a question on page 5 of the appropriations. It talks about a change in the delivery of land as minus \$21 million. What land is it, what changed and why is the value of the bottom line \$21 million?

Mr Quinlan: I'll have to get—

THE CHAIR: Take it on notice.

Mr Quinlan: Yes. You're talking about what chunks moved or are likely to move in the cycle of selling, release and all that sort of stuff.

MR SMYTH: Yes. I couldn't see any more detail about that further on in the document, but \$21 million is a significant amount of money.

Mr Quinlan: I'm sure that Mr Corbell can answer that.

THE CHAIR: So you've taken that on notice. Is that right?

Mr Quinlan: Have you spoken to Mr Corbell?

THE CHAIR: We had a chat to all your friends.

Mr Quinlan: Right. Did you ask him?

Ms Smithies: I think we can say that part of it was in relation to Belconnen, where we have actually had a change in the delivery of the site, moving from smaller blocks to larger blocks. So we've actually changed the mode of delivery. That will actually push the sale date out for Belconnen. The second was the delay in Forde and Bonner due to planning and design, I believe.

MR SMYTH: Belconnen being Lawson?

Ms Smithies: No, one of the blocks near the town centre, I think. Bruce, sorry.

Mr Quinlan: There you go; you got a bonus.

MS DUNDAS: I want to move to a question about the money that has been allocated to supporting children at risk, and the Department of Education, Youth and Family Services. We had a long discussion with the Minister for Education regarding this. But the Treasurer's Advance for \$1.8 million was signed off in mid-January by the then Acting Treasurer, the Chief Minister.

Mr Quinlan: I think it was in principle.

Ms Smithies: An announcement was made but—

THE CHAIR: Have you finished your question, Ms Dundas?

Ms Smithies: There was no Treasurer's Advance signed.

THE CHAIR: Ms Smithies, just a minute. Have you finished your question?

MS DUNDAS: Okay. Well, to work on that, the press release put out by the minister for education said that the Acting Treasurer had approved an immediate injection of \$1.8 million. In February, after Mr Quinlan returned to resume the role of Treasurer, the minister for education said in the chamber in her statement that the four-point plan has been complemented by an injection of \$1.8 million.

Through questioning the minister, we learned that when the decision was made for the third appropriation bill the department was told to cash manage the issue up until the appropriation bill was passed, and they would then have the money. But it has become apparent that they were actually cash managing the issue before that decision was made and were not necessarily going to see that Treasurer's Advance.

So were there discussions between the department and Treasury about when they were likely to see the \$1.8 million or when they were likely to see the \$2.8 million that now is coming through the appropriation?

Mr Quinlan: I am just missing something. If you can tell me the point of the question, then I will—

MS DUNDAS: What discussions took place between the departments about access to that \$1.8 million? If it was an in-principle agreement, when were they told that?

Mr Quinlan: Yes, but whatever discussions took place were just discussions. But Megan can add to that.

Ms Smithies: An announcement was made in relation to the \$1.8 million. It was an in-principle announcement to provide for additional funding. There was a subsequent decision in relation to Treasurer's Advance. The normal operating procedures for Treasurer's Advance would be that we would not finalise the documentation unless the department had a need to cash draw against that advance.

The department, based on its expenditure trends, given the amount of money that the annual budget covers for child protection, would have seen it able to draw quickly on its

cash but manage within its existing cash appropriation up until the end of May or early June.

Given that analysis, there was a subsequent discussion, which went to cabinet, in relation to whether it would be more appropriately funded through a supplementary appropriation, and again coming to the conclusion that the cash was not necessary until towards the end of the financial year. The decision was made to put it into a supplementary appropriation rather than issuing an instrument against the Treasurer's Advance.

MS DUNDAS: Can you tell us when the cabinet meeting that had those discussions was held?

Ms Smithies: Around February.

MS DUNDAS: Can I get a date on that? Do you need to take that on notice?

Mr Quinlan: Well, what happens in cabinet does not come into this committee anyway.

MS DUNDAS: I am not asking what happened in cabinet. I am asking Ms Smithies for the detail of when that conversation took place.

Mr Quinlan: What is the import of that?

MS DUNDAS: To fit into the rest of the time frame. If the statement was made on 10 February by the minister that the work of the four-point plan had been complemented by an injection of \$1.8 million—

Mr Quinlan: Is that it?

MS DUNDAS: I just want to know how the money was being managed through the departments, and the date that that cabinet meeting took place does hold relevance to that, Treasurer.

Mr Quinlan: I can give you as much information as you need if I can understand what the point is, other than saying, "We're going to use Treasurer's Advance. Oh no, hang on, we'd better use the appropriation 3". I think that is about it.

MS DUNDAS: Well, maybe another question on this, Treasurer—

Mr Quinlan: What is that?

THE CHAIR: Can I help?

MS DUNDAS: There was a report tabled from a public accounts committee that referred to a discussion that you had with the public accounts committee in relation to the urgency of the money requested by children's services and the possibility of actually doing a subsequent Treasurer's Advance draw-down between that discussion and the appropriation bill being passed. So I think it is important to get the time frame of just how urgently this money is needed—when the discussions were had when it was urgent,

and then there was a subsequent discussion that it was not urgent, and now we are hearing, through other sources, that it is urgent yet again.

Mr Quinlan: The money becomes urgent, can become urgent, once you make a commitment because you commit to additional resources that are then going to eat your appropriation. So to make that commitment, albeit in February, you have an urgency because you are going to do something that is going to cause a diminution of cash, and virtually cause you to run out of cash, before the end of the year.

If you have that approval, if you have that knowledge that you can spend it, then you can cash manage because you have got the money you need for June. But you know you are going to get that out of TA. But you have to know it. Otherwise you have to husband your resources to get you to the end of the year. So the urgency and the pressure on resources, albeit that the department has money, are still there—and a lot of this money we are talking about here is for what-do-you-call-it care?

Ms Smithies: Substitute care.

Mr Quinlan: Yes, substitute care.

MS DUNDAS: Staffing costs.

Mr Quinlan: Yes, which is to some extent out of our control; it is driven by need.

Ms Smithies: Payments to non-government organisations mostly.

Mr Quinlan: Yes, payments outside. Now you know that you have got the money to keep paying substitute care; you just know, because of the circumstances that have arisen, that you are not going to have enough to get through to the end of the year. Now, there are two ways of fixing that: to draw down on TA if there is not an appropriation bill on the way, or through an interim appropriation. That is what we are doing. What is the big deal?

MR SMYTH: You mentioned during the public accounts committee hearings that you might have to use the TA for the \$2.8 million, given what you saw as a delay in this committee not reporting until May.

Mr Quinlan: And that still may be the case.

MR SMYTH: Have you used the TA at this stage?

Mr Quinlan: Not at this stage, no. But let me tell you that in some of the other content areas of this appropriation bill there is starting to be pressure.

MR SMYTH: Which particular areas?

Mr Quinlan: I think today it was—

Ms Smithies: WorkCover.

Mr Quinlan: WorkCover.

THE CHAIR: You mean the three-year problem?

Mr Quinlan: Well, that compounded with the fact that they, like—

THE CHAIR: We have had a few appropriations since this one.

Ms Smithies: It is a large payment, though, for what is a very small budget.

THE CHAIR: Is it enough though?

Mr Quinlan: So I mean this is a cash management problem.

THE CHAIR: I am on Ms Dundas's wavelength here, because I think she is right. There was money that was asked for and I thought that was for urgent matters, but then it was not used, was it?

MS DUNDAS: No, and that has become quite clear.

THE CHAIR: So I am trying to understand why it was asked for and then was not used, if it was urgent. Were you playing with us?

Mr Quinlan: What I am saying is that at an early point you have to have foreknowledge that you are going to get the money. And therefore the approval becomes urgent because you cannot take action.

THE CHAIR: But Treasurer, with respect to you, because you are the more experienced politician—and excuse my naivety if I sound like that—I thought a Treasurer's Advance was for urgent matters. Now, we seem to have a situation here where \$1.8 million was supposedly injected. Ms Dundas read this out the other day—"I am injecting \$1.8 million into this". And then it has not been injected really. "We said it was injected, but it has not been. It is an urgent matter, but really it is not. We need to know that we can have it, but we are not using it." What is happening?

Mr Quinlan: Well, I just explained that.

THE CHAIR: You have not done it very well.

Mr Quinlan: No, obviously. I just do not see it as a difficult concept—

THE CHAIR: Is it urgent or is it not? And, if it is urgent, why was it not used?

Mr Quinlan: Because they had enough money to keep going, but the—

THE CHAIR: You were doing it just in case.

Mr Quinlan: But the approval is urgent so that the level of activity required for the rest of the financial year can be undertaken from that point. That new level of activity will burn the existing funding before the end of the financial year. The money will be

required before the end of the financial year—later. The approval is urgent.

THE CHAIR: Which is why you are not waiting for the budget and you are doing it now.

Mr Quinlan: Yes. Well—

Ms Smithies: Well, a lot of the expenditure just has to happen.

Mr Quinlan: The budget is for next year.

THE CHAIR: Yes, I get that.

MS DUNDAS: So, Treasurer, I again ask: why can you not inform us what day cabinet met when it had the discussion that this would better be met by an appropriation bill rather than Treasurer's Advance? I am just asking for a date.

Mr Quinlan: Well, I do not even know exactly whether it was cabinet or not. I mean, I cannot remember. I can check if it is—

MS DUNDAS: Well, can you take it on notice?

MR SMYTH: Perhaps you can take it on notice.

Mr Quinlan: Well, hang on. No, there is a limit. I am not going to come to these committees and divulge cabinet deliberations, because that is a step on a slippery slope.

THE CHAIR: I would rule that out of order.

Mr Quinlan: Now, I will find out exactly, but this could have happened in a corridor, where I have said, "Hang on. Listen, you guys, the mood of this Assembly in relation to TA is such that we ought to put this through an appropriation bill, if we have got one coming. And we have got one coming, so we ought to put this through the appropriation bill because that is what the Assembly wants. The Assembly wants this high level of accountability. The Assembly wants this level of perusal". We give it to you and you are saying there is some plot or something.

THE CHAIR: We are representing the community.

MS DUNDAS: But we are providing that level of accountability—

Mr Quinlan: I do not understand the point of your question.

MS DUNDAS: When was the decision made to move forward with a third appropriation bill?

Mr Quinlan: I do not remember.

THE CHAIR: Jog your memory and come back to us. Take it on notice.

MS DUNDAS: Can you take it on notice? When was it saying that there were so many cost pressures across a range of agencies that a third appropriation bill was necessary?

Mr Quinlan: Well, I will see what I can do, but you do not go, “Hey, we’ll have a third appropriation”. You start by saying, “We may need a third appropriation, you know. If we want to do these things, we may need that. If we want to do some of these things and get them going, we should do that”. It builds like that, does it not?

THE CHAIR: Treasurer, can I just remind you of what you have just agreed to take on notice, so there is no miscommunication?

Mr Quinlan: What is that? What have I agreed to take on notice?

THE CHAIR: We are just going to stress it for Hansard.

MR SMYTH: There are the two dates—the date at which the conversation was had that changed the Treasurer’s Advance for child protection into a third appropriation.

Mr Quinlan: If it is possible to—

MR SMYTH: If it is possible.

Mr Quinlan: If there is some record other than “Hey, listen fellows, better do it this way”.

THE CHAIR: We just want to get it down. Yes, and the second one, Mr Smyth.

MR SMYTH: And the second one is: when exactly did you determine to go ahead with a third appropriation?

Mr Quinlan: Yes, okay.

THE CHAIR: All right, can we move on? Mr Smyth.

MR SMYTH: Treasurer, there is \$10 million for the commercialisation investment fund. What will that fund actually do?

THE CHAIR: Is it the joint venture capital you are talking about?

Mr Quinlan: Yes. That is part of the economic white paper recommendations. One of the ingredients to actually build an innovative economy is the presence of venture capital. One of the deficiencies that Canberra has is the presence of the location of venture capital. As an example, I will mention the jurisdiction of San Diego, which is now a world leader in biotechnology innovation. They started building their innovative economy with attracting or bringing in venture capital. Now, although we are a small jurisdiction, we have to do the same thing; we have to have a go.

The white paper identified this and explained it. We intend to set up this fund, with a funds manager, with the expectation that we will get on top of our input—because we put in the first foundation—at least another \$20 million into that fund. That fund will be

used to commercialise many of the innovative ventures—processes, procedures, products—that are developed in this town. I think we all are aware of the fantastic level of research and development that occurs in this town, which does not compare well to the level of development and commercialisation in this town.

THE CHAIR: Why is that, Minister? Obviously Minister Corbell is interested in becoming the Treasurer, because he sort of gazumped you on making the announcement on 3 February that joint ventures are back on the agenda, which I thought was very odd for him to do, but anyway. Why has it taken you—

Mr Quinlan: Was that land joint ventures?

THE CHAIR: Venture capital. Joint ventures, actually.

Mr Quinlan: Well, joint ventures for him are land development. That is the government providing the land, going in with developers. That is housing and residential development. This is not involved with that. This is high-tech or innovative start-ups, patient capital invested in commercialising ventures that have been born here—we want to breed them here.

THE CHAIR: Are you going to spend the \$10 million between now and the budget?

Mr Quinlan: Now and the budget?

THE CHAIR: Yes. Why is that in the appropriation?

Mr Quinlan: It will be allocated to the fund this year, provided all the legal work can be done. I mean, we do not just walk out and say to someone, “Here’s \$10 million”. There is a lot of legal work to be gone through. But it is our intention that the fund will be set up and the world at large will know that the ACT is serious about building its knowledge-based, innovative economy.

MR SMYTH: Sorry, could I just clarify that. You have just said that you expect another \$20 million to be added or to be found? Is that \$20 million from the government or \$20 million from other sources?

Mr Quinlan: No, to be found. There has been already a positive indication that that will be flowing.

MR SMYTH: And then that fund will go out to a stand-alone funds manager.

Mr Quinlan: That is right.

MR SMYTH: You are not going to set up your own Tricontinental or something?

Mr Quinlan: No. We certainly have, at the same time, a Canberra partnership, which is a board of people that are better versed in this process than I am, and they will be advising the government on the things that we ought to be pursuing and the directions we should be taking. Unfortunately, that has not been finalised, but I am sure the Assembly will be quite pleased with the people that have shown interest in being involved in that.

Now, the funds manager will do the work. The final decisions will be, effectively for our part, still made by government, and the government will carry the can for them.

THE CHAIR: Who will run the new fund, because you are obviously—

Mr Quinlan: We will have a fund manager.

THE CHAIR: You will obviously be in competition with Australian Capital Ventures, so who is going to run your fund? Do you know who it is? Have you picked somebody? Given that you have already asked for this money, you have obviously got some people in mind. What sort of structure have you got in place? How do you see it functioning?

Mr Quinlan: We see ourselves engaging an established and experienced fund manager to actually run the fund.

THE CHAIR: Do you have someone in mind?

Mr Quinlan: No. We have to go through appropriate processes. You know, this is the public sector; we have to go through all the hoops. And we are setting up Partnership Canberra, which will provide for us directional advice—not individual decisions, but directional advice.

THE CHAIR: So do you plan to invest in different types of companies to those that ACV invests in?

Mr Quinlan: No. We are happy to work in a complementary way with them. I am sure that there are enough ventures that will come forward for this fund to be taken up in a reasonable space of time.

MS DUNDAS: When do you expect to see money flowing on to projects, to actually support industry?

Mr Quinlan: To flow into projects?

MS DUNDAS: Yes. So when do you expect to see cash coming out of the fund?

Mr Quinlan: Yes. I cannot give you an exact date. I just do not know how quickly the first one will come up and we would say, “That’s a must do”.

MS DUNDAS: Well, you are sticking in \$10 million as soon as possible to get the fund started.

Mr Quinlan: Yes.

MS DUNDAS: And continue with industry getting more money.

Mr Quinlan: Let me say this. I am happy to say to this committee that this fund is being set up this year, because it is part of the economic white paper that came down this year, because this year has the capacity to fund it, because people have said to us, “There have been good times. Why don’t you spend that money in Canberra?” I have made the point

that we cannot commit to recurrent expenditures based on the revenue levels that we have enjoyed in the last couple of years. We have to set our recurrent expenditures on the long-run likely revenue flows. But we certainly can invest, and we will invest, in our future. That is our intention.

MS DUNDAS: Can we expect to see that investment being made in the next financial year?

Mr Quinlan: Yes—well, it may take longer than that. Mr Gordon, would you like to step forward and give your prognostications on this.

THE CHAIR: While he is doing that, can you advise the committee what return on investment you are expecting from this? You can take that on notice and think about it. You must have some idea.

Mr Gordon: The advertisement that we will be placing in the next couple of days, calling for leading venture capital organisations to come to an industry briefing to discuss the proposition which will be held on 15 April, will bring together some very experienced funds managers in Australia. They will be asked to use the government's money to leverage up an investment fund of in excess of \$30 million in total, and they would be expecting commercial returns from that. So it is the government engaging the venture capital community to bring money and skills here, which is a precursor to creating new economy companies.

MR SMYTH: So what will be the focus of the fund that allows it to do that and that will make it different from any other venture capital fund that already exists in the ACT?

Mr Quinlan: Well, there is not any other. There is only one little one.

MR SMYTH: All right, one little one.

THE CHAIR: Well, it is your competition now.

Mr Gordon: The Australian capital ventures, the Canberra Business Development Fund and Epicorp operate on such a scale that a \$30 million or \$40 million fund will not be in competition. It will need to be working collaboratively with them. Canberra's marketplace is too small.

MS DUNDAS: Mr Gordon, could you provide your musings on the answer to the question of when do you expect to see money flowing out into industry to support the development of projects?

Mr Gordon: Part of the requirement of the fund manager that will be selected will be that they establish an office here in Canberra, so therefore bring the skills and experience that major venture capital funds have available in the Sydney and Melbourne markets. One of the great deficiencies in Canberra is that we have not had high-level skills to assess quickly the commerciality of certain ideas and opportunities that may be coming out. The investment decisions will need to be made in accordance with their investment decision and protocol.

MS DUNDAS: So that office will be established within the next six months, 12 months? Any concept of a time frame at all?

Mr Gordon: Well, we would be very surprised if there was not a major investment or two next financial year, yes.

MR SMYTH: Page 78 of the economic white paper, in speaking of the fund, says that it will be used to support opportunities that come out of the ANU. Is that just a for instance, or will it be limited to just the ANU?

Mr Quinlan: Well, it will not be entirely limited to the ANU, but the probabilities are that they will be the lion's share. There are other dollars about that are interested in being that specific that would stack into the fund.

MR SMYTH: And the new board you are establishing, Partnerships ACT, will advise the government on how the funds should operate?

Mr Quinlan: In a general sense, yes.

MR SMYTH: Has the board been announced yet? Who is on the board?

Mr Quinlan: No.

MR SMYTH: Has an announcement been made as to whether the board will receive fees, or payments for being on the board?

Mr Quinlan: No.

MR SMYTH: Will they?

Mr Quinlan: I should not think so.

Mr Gordon: The options will be before the government when the names go forward.

Mr Quinlan: Yes, there might be a modest fee.

MR SMYTH: It is just that formal boards like CanTrade and others were not paid fees, they were voluntary, and they provide a valuable service.

Mr Quinlan: Do they?

MR SMYTH: So at this stage you are considering paying fees.

Mr Quinlan: CanTrade did, did it?

MR SMYTH: Well, we think it did.

Mr Quinlan: Okay. Value for money.

Mr Gordon: One of the differences between the previous regime and the Canberra

Partnership Board is that the Canberra Partnership Board will have much more explicit connections between government program activity and ministerial advice, and so therefore it is getting towards a board rather than an advisory board concept.

THE CHAIR: Mr Smyth, do you have any questions on tourism, ACT gambling and racing, and Cultural Facilities Corporation?

MR SMYTH: I have some questions on some of the other funds like the hockey centre redevelopment.

THE CHAIR: Yes, go ahead.

MR SMYTH: You have \$4½ million in the appropriation. Is it necessary to have it in this appropriation? Will that money be paid over immediately?

Mr Quinlan: Yes, it will be paid immediately. It obviously will not be expended immediately. Again that is a case of saying if we want. This is about the ACT either cementing itself or ensuring that it is the premier hockey centre in Australia in its level of excellence. Again this is an investment in the future. It is necessary for Hockey ACT to be absolutely guaranteed those funds now because Hockey Australia is making its decision on the Women's Challenge Cup for 2005 or 2006—whichever year it is. For Hockey ACT to be in a position to bid for these things, they have to be guaranteed that the funding is behind them.

MR SMYTH: If they do not get the cup will they still get the funding?

Mr Quinlan: They get the funding.

MR SMYTH: Irrespective?

Mr Quinlan: Yes. Because, as I understand it, the other major hockey centre is in Western Australia. In Australia there has been some waxing and waning, but there is some potential for that to be downscaled and for Canberra to become the premier hockey centre in Australia. I think that would be a big plus for the city. I think members would be aware that Hockey ACT is probably one of the best-run and smartest sporting organisations we have in this town. It has built the centre with a lot of assistance from previous governments and continues to build hockey in the ACT.

We will be hopefully spending some Urban Services funds and doing something about the facade, the entranceway to the hockey centre and the tennis centre. It is appalling. Plans are afoot for redevelopment of all of Southwell Park as a better centre and with better facilities than it has now—of which of course the hockey centre will be part. First of all, we are convinced that they will get the Challenge Cup anyway because they have been told if they have these facilities they will get it. That is virtually the commitment from Hockey Australia. But I do not have a letter to say that.

MR SMYTH: But the advice from Sport and Recreation is that they need these funds immediately?

Mr Quinlan: Yes. Well, they need to be able to say to Hockey Australia, and then the

international hockey board, whatever it is—it probably has an F in it somewhere but whatever it is—that they will be in a position to host the Challenge Cup.

MR SMYTH: The project is going ahead apparently. When is it due for completion?

Mr Quinlan: I couldn't tell you.

Ms Marriage: The Champion's Trophy would be presented in October 2005. The plan at this particular point in time is that they would be completing construction around August 2005.

MR SMYTH: So your advice to the Treasurer is that Hockey ACT needs the money in the account now so that they can go ahead with the bid for the cup in 2005?

Ms Marriage: They have been given in principle approval that they will get the Champion's Trophy. The final subject condition to that is of course improving the facilities. When Hockey ACT approached us regarding the Champion's Trophy they indicated the improvements to the facility would be about \$6½ million. We got them down to about \$4½ million, which is probably the bare-bones facility that they would need for the event. We then looked at how there is a possibility of them being able to fund that. Our first approach with them was that they would take out a loan and we would look at an interest subsidy scheme and also pay them back over a period of approximately four years.

Right now is crunch time. They have to make a decision on going out and getting a loan, which means that yet again Hockey ACT has got themselves to a position where they have had to mortgage themselves to do up facilities. Most of their facilities have been done that way. Therefore at this point in time they would have to make a decision about going to get a bank loan, or they need the guarantee to Hockey Australia that they are going to get the money from government. So yes, it is crunch time.

MR SMYTH: You say a guarantee. Surely a letter of comfort, a guarantee from the Treasurer?

Ms Marriage: At the moment they have already started construction work on two of the pitches and cash-wise they have only got enough to do one part of the pitches. Certainly there are economies of scale to do the rest of the work in the first instance now to get the facility up to standard. So, they will probably spend in these first four months about a million dollars over those works.

MR SMYTH: The other item was the Woden squash courts at \$200,000. What is that for?

Ms Marriage: It is to assist with the purchase of the Woden squash courts. There is a long history with the facility. It is a private facility currently. One-third of squash's activities are undertaken at that facility. The current owners had the facility up for sale for a number of years and have been approached by quite a few developers. But of course under the plan it is required for a squash court. Squash have negotiated for quite some time.

MR SMYTH: When you say squash, Squash ACT?

Ms Marriage: No, the current lease purpose is to partake in squash racquets and other recreational purposes, I think it's defined as.

MR SMYTH: No, sorry, the organisation you are assisting?

Ms Marriage: Squash ACT. It is a private owner of the facility at the moment that owns the Woden squash centre. She is ready to retire and sell the facility. Squash ACT have negotiated for about approximately the past six months to try to get an opportunity to purchase the facility. If they did not purchase that facility and that facility changed hands and was determined to be used for some other recreational purpose, they would lose a third of their activity and approximately a third of their income. There is just no other capacity for squash to participate at other facilities. So we were looking at the demise of the sport as such. So, the \$200,000 is the shortfall in their purchase price. There is \$735,000 worth of purchase.

MR SMYTH: So is this a grant to Squash ACT? Will the government retain an interest in the property or have a hold over the property?

Ms Marriage: We are negotiating at the moment. There is some capacity to look at being a first mortgagee over the facility. Certainly it will be a grant arrangement so that if they determine in the first five-year period to sell the property then there should be some capacity to get the \$200,000 back. That is what we are working on with the legal section at the moment.

MR SMYTH: They have put up a business case that says it is sustainable and that has been vetted?

Ms Marriage: They have put up a business case. Part of the bank loan is that we will be providing the sports loan interest subsidy under our grants program to them. So there is a panel that assesses the business case to make sure it is viable and that has an independent financial person from Acumen Alliance on it. They have just completed that assessment and said that it certainly is viable for them to run the facility after that. So no operating subsidy or anything like that will be required. What it will mean is that Squash ACT will move from their Lyneham location, move their administration out there. It will be the hub of Canberra squash.

MR SMYTH: So there will be no ongoing costs or commitments from the community?

Ms Marriage: No. That is it for us.

THE CHAIR: I would like to finish with some questions. Do you have any more questions, Ms MacDonald? Mr Smyth?

MR SMYTH: No, not on sport.

THE CHAIR: Any more of the Treasurer?

MR SMYTH: I have more questions, yes.

THE CHAIR: I want to go back to a couple of other things I asked before. We have a bit of time left so would you like to ask yours and then I will end with mine?

MR SMYTH: The home loan fund that currently exists is being used to fund \$33 million worth of investment in ACT housing. Minister Wood told us that discussion had been taking place about how to access their funds. What has changed in the government's position that would not now allow that money to be used to invest in ACT housing?

Mr Quinlan: Only an assessment of the fund. I will get picked up here but I will try and then the officers can correct all my stuff-ups. The fund exists mainly because the housing funding that we have from the Commonwealth is at such favourable rates that we would be mad to pay it back sooner than we have to, because we can earn money on it. It has sat there for some time. That margin between what we can earn and what we need to pay is a growing asset on our part. The fund, as assessed, and we assessed it this year, was made up of that margin of additional revenues earned and the assessed liability we have. Obviously we cannot spend the liability because that is recouping funds from housing sales that we have made. But there has built that level of margin. So that money can be taken out of the fund, the fund still covers what it is supposed to cover and the funds, instead of sitting there, could be applied where it ought to be applied, to housing.

MR SMYTH: Were any of the 500 homes that were destroyed last January covered by loans in this portfolio or were they paying into this portfolio?

Ms Smithies: I think there were four that were covered.

MR SMYTH: Four, okay. I assume they have paid out their homes now?

THE CHAIR: Take it on notice?

Ms Smithies: Yes, we will have to take that on notice.

MR SMYTH: Well, I just wonder if they had a loan at 4 per cent and as a result of the fires, will they be allowed to re-access a loan from the fund or will they have to go out and get a loan from a bank?

Ms Smithies: We will take that on notice, but I assume it partly goes to the issue about whether the houses were insured et cetera at that point. We will take it on notice.

MR SMYTH: Treasurer, allowance in this year's budget for EBAs: the government knew that all the EBAs were coming, they arranged for most of them to terminate in March. Somebody from DUS said this morning that they have made an allowance or had an allowance of 1.3 per cent. You budgeted for a deficit of \$7.7 million this year. How were you going to cover the costs of the EBAs? Is it sort of cross your fingers and hope the money kept rolling in? Why has the government not made more adequate provision?

Ms Smithies: Broadly across the public sector, agencies are funded 1.3 per cent in their salaries budgets to cover cost growth on wages. So the assumption is made within agencies' budgets and in the bottom line of the budget the first 1.3 per cent is covered. Secondly, at budget time the government made a provision for future wage increases,

based on a very, very sketchy outline about what those floors and ceilings might be in relation to enterprise bargaining and thirdly, that provision was actually increased significantly through the mid-year review in line with the revenue increases of the territory. So obviously there is a decision-making process that goes through that about affordability, funding sources, productivity, et cetera.

MR SMYTH: When the budget was tabled last year, what was the provision set aside for future wage increases—knowing that the wage increases were going to be negotiated in this current budget cycle?

Ms Smithies: Yes, it was around \$20 million going out to \$37 million in the forward years—\$35 million.

MR SMYTH: It was increased at mid-year review to what?

Ms Smithies: The mid-year review document has an additional \$20 million going in for this financial year, going up to an additional \$100 million by 2006-07. And that was a very, very broad provision for planning purposes only, to be prudent.

MR SMYTH: You put in another \$20 million at mid-year, so there is \$40 million already in the kick for salary increases?

Ms Smithies: About \$35 million. There was \$15 million in this financial year plus an extra \$20 million, so \$35 million.

MR SMYTH: So it's approximately \$35 million, and then on top of that you are now asking for another \$29.6 million in this appropriation?

Ms Smithies: The effect of this appropriation—

Mr Quinlan: The mid-year review is not an appropriation.

Ms Smithies: Yes. The effect of the bill appropriates the money that was put aside in provisions through the budget and the mid-year review.

MR SMYTH: On top of the \$15 million that was already there?

Ms Smithies: Between the figures that were put aside in the budget and the mid-year review, that covers the appropriation that is made in this budget. So the appropriation for wages in this budget was fully funded by provisions put aside in the budget, the mid-year review and the existing appropriations within agencies' bases.

MR SMYTH: So the total cost of the EBAs in this financial year will be how much?

Ms Smithies: It is going to be around \$32 million. There was also some additional funding put in through the first supplementary appropriation. I think that went in for firefighters and ambulance officers in supplementary No 2. There was that one as well. So \$35 million all up. That is based on positions to date.

MR SMYTH: Yes, not what might happen?

Ms Smithies: Yes.

MR SMYTH: The Canberra Stadium: I think last time we did this there was talk of you referring to the Auditor-General the construction or the arrangements leading to the building of the media centre. Was that ever done and did the Auditor-General ever comment?

Mr Quinlan: I did refer it to him. I have not got it back. I will let you know.

THE CHAIR: Take that on notice? Given that we are ahead of schedule, Treasurer, I would like to ask a couple more questions on the Wizard issue, which you can take on notice. Could you advise the committee, does the government have any dispute or concern, or question the amount of hours that Wizard has claimed? In other words, the hours they have put forward that they say that they have provided, is that in dispute at all?

Mr Quinlan: I do not know. I will take it on notice, but I do not even know that the information flow that we have sought from Wizard is entirely satisfactory, but as I have said from the outset, there are a couple of dimensions to this. There is the amount of work that was done and the amount of work that was supposed to be paid for by WorkCover as opposed to being investment by the vendor in him building a proprietary product which he was going to sell and which turns out there is no market for.

THE CHAIR: Was that done on the suggestion of Wizard or the commissioner?

Mr Quinlan: Well, I think it was done on the suggestion of Wizard.

Ms Smithies: I think the other point in that is that the contract was a fixed-price contract in that respect.

THE CHAIR: But you said earlier that there were variables to it.

Ms Smithies: All the variations were dealt with on a case-by-case basis and covered by payments which took into account the changes that the territory requested. I think they were probably on time and materials basis costs from Wizard. So in relation to the residual of the contract, it was fixed price, and with fixed-price contracts the vendor takes the risk in relation to time and materials.

THE CHAIR: Could you table to the committee the three figures—what the vendor is asking for work done, what the vendor is claiming in interest and what the vendor is claiming in expenses? So there are three things—the cost of the work, the interest component and the expenses component.

Ms Smithies: Sorry, the third one was?

THE CHAIR: Expenses. The actual cost, the hourly rates and the total of the hourly rate for work done, the interest component because it has been going since 2000, 2001. They are usually split into three groups, Minister. I am sure about that: the cost of the job; the expenses relating to doing the job; and the interest component, because it's been going

on for so long. You will find that it is split into three, but anyway you can take that on notice.

Mr Quinlan: Well, the only expenses, I would imagine, that he would be trying to claim from us are expenses involved in conducting the dispute.

THE CHAIR: That is something you can advise the committee. What has it cost the government in addressing this dispute since the dispute commenced?

Mr Quinlan: I have nearly lost a staffer.

THE CHAIR: What has it cost the vendor, because I am assuming that there are costs to the vendor in having to address this dispute and they would have put that claim forward?

Mr Quinlan: I do not know what it has cost the vendor.

THE CHAIR: Okay, if you do not have it, that is fine, but put forward what it has cost us.

Mr Quinlan: I cannot answer that, and it is not a question I would ask of the vendor at this stage of negotiations.

THE CHAIR: Well, you can answer your part of it.

Mr Quinlan: Well, we can take a punt. I do not think Megan has kept a time sheet on her time, for example.

Ms Smithies: I do not think it is entirely clear in relation to the first three, but we will have a look at what we can do.

THE CHAIR: Okay. When the former WorkCover commissioner made the commitment, or signed the contract with the vendor back in 2000, did the commissioner have enough money in her budget to cover that commitment? Were promises made by the former commissioner that could not have been met by the budget that this would normally come out of, and she would have had to use another pool of money? Are you aware of any of that? Take it on notice and come back to the committee.

Mr Quinlan: I think you might have to ask the relevant Minister for that.

THE CHAIR: But you are the Treasurer, and apparently your department is working on the mediation and the resolution of this dispute. It has been taken away from the relevant minister, according to what Ms Gallagher said to me Tuesday.

Mr Quinlan: I cannot answer for promises though.

MS MacDONALD: But, Mrs Cross, the Treasurer is correct. You are asking a question about what the occupational health and safety commissioner has done, the commissioner for WorkCover has done, and whether or not she has done something else. Now, that is not in the Treasurer's purview. What he has taken over is the dispute with Wizard. So that is not an issue that he can answer. It is not a matter he could answer.

THE CHAIR: Put it on notice. Okay. Are there any more questions? Ms MacDonald? Minister, thank you, and I thank you, Ms Smithies. Thank you everyone. I wish you all a very happy and safe Easter.

The committee adjourned at 12.53 pm.