



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**SELECT COMMITTEE ON ESTIMATES 2007-2008**

**(Reference: Appropriation Bill 2007-2008)**

**Members:**

**MR M GENTLEMAN (The Chair)**  
**MR B STEFANIAK (The Deputy Chair)**  
**MS M PORTER**  
**DR D FOSKEY**  
**MRS J BURKE**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**TUESDAY, 26 JUNE 2007**

**Secretary to the committee:**  
**Ms G Concannon (Ph: 6205 0129)**

**By authority of the Legislative Assembly for the Australian Capital Territory**

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

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## **The committee met at 9.33 am.**

### Appearances:

Stanhope, Mr Jon, Chief Minister, Treasurer, Minister for Business and Economic Development, Minister for Indigenous Affairs, Minister for the Environment, Water and Climate Change, Minister for the Arts

### Department of Treasury

Smithies, Ms Megan, Chief Executive (Under Treasurer)

Dowell, Mr Graeme, Commissioner for ACT Revenue, Revenue Management Division (ACT Revenue Office)

Bulless, Mr Neil, A/g Executive Director, Finance and Budget Division

Kennedy, Mr Floyd, A/g Director, Finance and Budget Division, Budget Management and Analysis Branch

Thompson, Ms Kirsten, Director, Finance and Budget Division, Budget Strategy and Reporting Branch

Kwiatkowski, Mr Mark, Director, Finance and Budget Division, Project Management

Morgan, Mr David, A/g Senior Manager, Finance and Budget Division, Budget Strategy and Reporting Branch

Holmes, Ms Lisa, A/g Director, Finance and Budget Division, Accounting Branch

Vanderheide, Mr Michael, Head, Shared Services Centre

Robertson, Mr John, Executive Director, ACT Procurement Solutions

Broughton, Mr Roger, Executive Director, Investment and Economics Division

McNamara, Mr Jason, Director, Economics Branch, Investment and Economics Division

McDonald, Mr Tom, Director, Legal and Insurance Policy Unit, Investment and Economics Division

McAuliffe, Mr Patrick, Manager, Central Financing Unit, Investment and Economics Division

Ahmed, Mr Khalid, Executive Director, Policy Coordination and Development Division

Miners, Mr Stephen, Director, Policy Coordination and Development Division

Chisnall, Mr Michael, General Manager, InTACT, Shared Services Centre

Burton, Mr Ross, Chief Financial Officer, Shared Services Centre

Thomas, Ms Anne, Executive Director, HR Services, Shared Services Centre

Hextell, Mr Phil, Executive Director, Finance Services, Shared Services Centre

### ACT Insurance Authority

Matthews, Mr Peter, General Manager

### Gambling and Racing Commission

Jones, Mr Greg, Chief Executive

Leonard, Mr Ron, Finance Officer

ACTTAB Ltd

Curtis, Mr Tony, Chief Executive

Wheeler, Mr Simon, Executive Manager, Corporate Services

Rhodium Asset Solutions Ltd

Moore, Mr Ken, Chief Executive Officer

Fleming, Mr Andrew, Senior Manager, Finance and Corporate Services

Thomas, Mr Mark, Senior Leasing Manager

Exhibition Park Corporation

Sadler, Mr Tony, General Manager, Exhibition Park Corporation

**THE CHAIR:** Good morning, Treasurer and members. Welcome back to the 2007-08 estimates committee. This morning we are hearing from the Treasurer and officials from Treasury. Firstly, we have the home loans portfolio, output class 1 in that area, then the Shared Services Centre, outlook class 1, InTACT; (2) procurement support services; (3) human resource services; and (4) finance services. I do not think we will need ACTTAB or Rhodium until after the break. I will just read the card, Treasurer.

The committee has authorised the recording, broadcasting and re-broadcasting of these proceedings in accordance with the rules contained in the resolution agreed by the Assembly on 7 March 2002 concerning the broadcasting of Assembly and committee proceedings. Before the committee commences taking evidence, let me place on the record that all witnesses are protected by parliamentary privilege with respect to submissions made to the committee in evidence given before it. Parliamentary privilege means special rights and immunities attached to parliament, its members and others necessary to the discharge of functions of the Assembly without obstruction and without fear of prosecution.

While the committee prefers to hear all evidence in public, if the committee accedes to such a request, the committee will take evidence in camera and record that evidence. Should the committee take evidence in this manner, I remind the committee and those present that it is within the power of the committee at a later date to publish or present all or part of that evidence to the Assembly. I should add that any decision regarding publication of in camera evidence or confidential submissions will not be taken by the committee without prior reference to the person whose evidence the committee may consider publishing.

We will look to a break at approximately 10.30. Treasurer, do you want to make any comments in this outlook class?

**Mr Stanhope:** Thank you, Mr Chairman. No. I have no opening comments that I wish to make. Thank you very much.

**THE CHAIR:** Questions on the home loans portfolio?

**MR STEFANIAK:** Treasurer, do you think the ACT government should be providing home loans to ACT residents or is this a job for the private financial market?

**Mr Stanhope:** Is this just a philosophical question that you are asking, Mr Stefaniak?

**MR STEFANIAK:** And quite likely a practical one, Chief Minister, in terms of where you get the best deal, what is best for government and the best direction of government resources.

**Mr Stanhope:** In other words, should we reintroduce the scheme? The government has no intention, Mr Stefaniak, of reintroducing home loans. We have a scheme in a residual stage or phase of its existence, but we have no intention of reintroducing home loans.

**MR MULCAHY:** What are the impediments of extricating yourself out of this area of government activity? Are there any ways that have been looked at where you could outsource this function or is it simply beyond the possibilities of government?

**Ms Smithies:** We have looked at outsourcing this function, and I believe that over the past we have had a lot of the functions administered by a private sector body. We have had a look at those arrangements and determined that it was more value for money for these functions to be held within government so that we could continue to effectively drive down the number of outstanding loans in the portfolio. So it has been reviewed.

**MR MULCAHY:** What is the value of all the unsecured loans in the portfolio at the moment?

**Mr Dowell:** The loans of the home loan portfolio are secured by way of mortgage and all of those have significant capacity on the equity side. So there are not any unsecured loans of significance at this point. There are some shortfall loans where the properties have been sold in the past and the amount received for the property did not fully cover the loan, but there are only about three or four of those left.

**MR MULCAHY:** Could you just clarify then the comment that one of your priorities for 2007-08 is continuing the review of all unsecured loans?

**Mr Dowell:** Those are the shortfall loans.

**MR MULCAHY:** But they are not unsecured?

**Mr Dowell:** They are unsecured. That is where the property has been sold. I said there was a small number of loans where the property has been sold and the value that was received for the property did not fully cover the outstanding amount.

**MR MULCAHY:** Right.

**Mr Dowell:** There are, I think, six, and they are being managed by people slowly repaying them.

**MR MULCAHY:** So over time we will gradually be out of this business?

**Mr Dowell:** Yes.

**MR MULCAHY:** What is the long-term projection when that date would be achieved?

**Mr Dowell:** We are down to currently 340 loans.

**MR MULCAHY:** So it could be quite a long time yet.

**Mr Dowell:** It could be a long time. There will be a long tail.

**MR MULCAHY:** They are discounted rates, I take it?

**Mr Dowell:** No, the home loan interest rate charged is 8.07 per cent. It is tied to the commonwealth bank lending rate. What happens with home loans is that, where people's income is low, they can defer part of the payment, so they can have a deferred component as well as the principal outstanding. Under the conditions of the loan they are not making any more repayments—I think it is 27 per cent, but there are about six loan types.

**MR MULCAHY:** Sorry, to share one last thing: just going back to the outsourcing, I was a bit distracted in your reply. Is that still a possibility, given the interest rate, that you cannot outsource this to a bank and rid yourself of the responsibility?

**Mr Dowell:** Because there are types of loans which have slight variations, you are not looking at moving a standard home loan portfolio out. You are looking at a home loan portfolio with special conditions and deferment, which means that it is slightly different.

**MR MULCAHY:** Just not commercially appealing enough?

**Mr Dowell:** I wouldn't have thought so.

**MRS BURKE:** You talk about the long tail. Do you have any ideas at all of an estimation of time on that long tail?

**Mr Dowell:** I think it is around 15 years until we expect the last loan to be paid out.

**THE CHAIR:** Any other questions on the home loan portfolio?

**DR FOSKEY:** Yes. I notice that there is a distribution to government for public housing of \$4.3 million in 2007-08 but none this year and then none in the outyears—budget paper 4, page 97, three lines from the bottom. What is the strategy behind distributing excess revenue or profits? How much more could be taken for this purpose without threatening loan performance?

**Ms Smithies:** We periodically review the capital adequacy of the fund. Obviously we want to ensure that the fund has enough capital to cover the outstanding liabilities et cetera and the bad and doubtful debts within the loan. Based on the last review, which was done probably eight months ago, it was determined that there was an amount of about \$4.5 million over and above the determined capital adequacy rate that we could

take out. Because these funds are largely CSHA tied they have been reinvested back into housing. We probably will not review capital adequacy again for another two years.

**MRS BURKE:** What is the level in d currently running at?

**Ms Smithies:** Bad and doubtfuls?

**MRS BURKE:** Yes.

**Mr Dowell:** That fluctuates in accordance with that review. I am afraid I would have to take that on notice. I cannot recall.

**DR FOSKEY:** I have some other questions. What would prevent the government directing future distribution to funding innovative partnerships with housing developers to develop permanently affordable housing?

**Mr Stanhope:** Through the affordable housing task force report and the initiatives that we have adopted, we have adopted a very innovative approach to partnerships with the community sector in relation to the innovative delivery of housing for both rental and ownership, including the development of a \$50 million loan facility and the transfer of 135 properties to create a capital base of \$40 million for community housing in Canberra.

I think it has to be said, Dr Foskey, that the affordable housing report and its recommendations, and the fact that the government has accepted them all, represent one of the most innovative approaches to partnerships and community and public and housing needs of any place in Australia. But certainly one could say, "Oh well, this particular \$4.3 million or a dividend from the home loan portfolio might be essentially hypothecated," but that then, to some extent, denies all of the other initiatives that are being pursued through the affordable housing response.

We could do that, but we are adopting a different model and funding it separately. We are transferring 135 properties to community housing, by way of example, and we are pursuing a whole range of other initiatives which do have a cost. It is a question, to some extent, without an answer. We are doing a range of things. We are investing heavily in affordable housing and community housing. Of course, in an ideal world it would be nice, in every area of social policy, to have more funds to invest.

But, in this particular instance, the \$4.3 million will be added to the \$10 million of additional funding for Housing ACT for public housing. In this particular year, 2007-08, there will be \$14.3 million of investment in additional housing for public housing tenants.

**DR FOSKEY:** Just one final question, Mr Chair: how is the home loan investment portfolio performing beside other private investments? How does it rate?

**Mr Dowell:** The home loan portfolio investments are invested through the central financing unit, the same as other government investments. There are two styles of investment: one is the long-term and the other is the short-term investments. So the

rates are the same as other government investments are getting.

**DR FOSKEY:** Is it invested with all the other government investments?

**Mr Dowell:** Yes, it is.

**THE CHAIR:** Any further questions?

**MR STEFANIAK:** Just one: on page 94 you state in the first dot point:

In 2007-08 the Home Loan Portfolio will:

- manage between 332 (2006-07 estimated outcome) and 250 (projection at 30 June 2008) loans ...

How many loans is it projected it will manage in the outyears 2009-10 and 2010-11?

**Mr Dowell:** Currently there are around six loans a month being repaid. Last year that figure was around 13. We have only taken it out for the two years because as the number of loans reduces the ability of the borrowers to access other lending is likely to also be reducing capacity as the quality of the loans deteriorates.

**MR STEFANIAK:** Thank you.

**THE CHAIR:** As there are no more questions on the home loans portfolio, we will go to the Shared Services Centre. I will start off. Treasurer, I refer you to the operating statement on page 111 of budget paper 4. Under the "Other revenue" line the variance from 2006-07 to 2007-08 is 52 per cent. The cost has gone up to \$235,000. Can you tell me why that variance is there for the next year?

**Ms Smithies:** I think we should remember that 2006-07 was a part-year of operation for a large proportion of the Shared Services Centre's operations. So there will be a step up between revenues and expenses to get a full year figure in 2007-08.

**Mr Stanhope:** The Shared Services Centre was essentially officially launched in only February this year, as Ms Smithies says, so there will be those quite dramatic changes in some of the numbers in relation to shared services on a year-to-year comparison.

**Mr Vanderheide:** That is pretty much the explanation. If you look into the outyears, the amount for other revenue stays relatively stable. This financial year we had five months of full operation compared to 12 months obviously next year.

**MS PORTER:** Good morning, Treasurer. Good morning, officials. My question goes to the 2007-08 priorities on page 101 of budget paper 4. The last dot point mentions that savings are expected from the implementation of the whole-of-government contracts and related common use arrangements. So I was wondering if you could report on progress thus far in that area.

**Mr Stanhope:** Thank you, Ms Porter. I will ask Mr Vanderheide to respond to that question.



**Mr Vanderheide:** The big focus of ACT Procurement Solutions has been over the last 12 months and it will be into the future on the establishment of common use contracts for whole of government. Examples of those include things like purchasing stationery across government and travel across government. We are looking at putting in place whole-of-government contracts for audit services—anything that we can do to streamline the procurement process so that agencies who have similar needs across government are using the same contract. It allows us to generate economies of scale in terms of good pricing but also gives us greater efficiencies in terms of accessing procurement.

**MS PORTER:** Are you seeing some results from that already?

**Mr Vanderheide:** In terms of the establishment of contracts, absolutely.

**MS PORTER:** Savings?

**Mr Vanderheide:** It is a little hard to measure savings in that sense.

**MS PORTER:** Yes, a bit early.

**Mr Vanderheide:** Yes.

**MS PORTER:** Thank you.

**MR MULCAHY:** Chief Minister, on page 101 it is cited that one of the priorities for the Shared Services Centre will be “continuing to achieve savings of \$20 million across finance” et cetera. Given that many of the indicators were not applicable in 2006-07, what level of savings have been achieved in this financial year?

**Mr Stanhope:** The year we are in?

**MR MULCAHY:** The year we are in now, yes. I am curious that you are saying we will continue to achieve \$20 million in savings in the next year. Is that an error or is there something in that order that has been achieved already?

**Mr Stanhope:** It might be a pro rata rate.

**MR MULCAHY:** Is it?

**Mr Stanhope:** I will ask Mr Vanderheide to respond.

**Mr Vanderheide:** The \$20 million takes effect for the full financial year next financial year. I guess the wording may be a little unclear. The \$20 million kicks in next financial year and we expect to make \$20 million savings per year—ongoing.

**MR MULCAHY:** Were there any savings identified this financial year?

**Mr Vanderheide:** Absolutely, yes. We had \$7 million savings in ICT, \$4 million savings in ACT Procurement Solutions and, I think, \$3 million savings in finance and

HR.

**MR MULCAHY:** Chief Minister, last week I cited for you the experience in South Australia. You were not aware of the story of a \$130 million budget blow-out, which they are attributing to the failure of their shared services centre to achieve outcomes that you are hoping will be achieved here. We have already heard that the Western Australian budget has blown out by \$76 million to \$198 million and that their shared services centre has failed to deliver. Are you still confident that the \$20 million will be delivered? Is there any doubt now in your mind, given the experience of your state Labor colleagues, in this approach to administration?

**Mr Stanhope:** The advice that I have from Ms Smithies and Mr Vanderheide is that the \$20 million target savings will be achieved. It is going to be hard. That is the target and that is the expectation. Ms Smithies or Mr Vanderheide perhaps can respond to you in relation to their expectations. I invite them to do that. But as Mr Vanderheide has said, in terms of this first year of operation, a part-year savings target was attributed to shared services, and Mr Vanderheide has just indicated that that part-year target has been achieved.

**MR MULCAHY:** Where do we look for the \$20 million? Where will the savings be evident in the territory's accounts?

**Mr Vanderheide:** The savings have already been harvested by the Department of Treasury. Treasury has taken those savings out of agency budgets. Basically, if shared services and agencies all work to their budgets over the coming years, those savings are there.

**MR MULCAHY:** Can you give the committee a little more specific information rather than broad general savings? In what areas of government administration should we be seeing those savings realised?

**Mr Vanderheide:** In this financial year the agencies would have seen a reduction in InTACT costs of approximately \$1,200 per PC. In our annual charge, savings were harvested from agency budgets this financial year, and InTACT reduced its costs to match those savings and then initiated a range of savings initiatives to actually reduce costs—so a whole bunch of things.

**MR MULCAHY:** How was it that you were able to achieve savings of \$1,200 per PC that you could not achieve last year when it was run in agencies? That is a colossal amount per PC, given the cost of PCs in this day and age.

**Mr Vanderheide:** No, sorry. The savings are not actually in the cost of PCs.

**MR MULCAHY:** It is the support, is it?

**Mr Vanderheide:** It is a support cost. It is something called the desktop environment support charge, which was running at about \$3,500 per PC last financial year and it was reduced this financial year to incorporate the savings.

**MR MULCAHY:** This is through letting people go basically, by reducing staff?

**Mr Vanderheide:** No, the beauty of the ICT budget is that there is a whole range of things that we can do that do not actually involve reductions in staff. So we were able to negotiate a better deal on Microsoft licensing, for example, of almost \$1.2 million a year. We have taken a different approach in our acquisition of hardware. We are now purchasing rather than leasing, which is also saving us some money. We are extending the life of our hardware. So rather than turning PCs over every three years, we will turn them over every four years. There is a whole range of different things that we can do.

**MR MULCAHY:** Apart from these internal InTACT changes in your own cost structure, where else are there significant savings or is that the bulk of the savings that we expected to see?

**Mr Vanderheide:** That represents about half of the savings within shared services. HR and finance are also generating savings in people, because that is basically the only cost, the primary cost, in HR and finance.

**MR MULCAHY:** How many fewer people? You are putting on 800, I think, as part of the Shared Services Centre?

**Mr Vanderheide:** We estimated with the shift of staff across from agencies, from HR and finance specifically into shared services, that we would make about a 10 per cent reduction, and that equates to about 65 staff over a two-year period.

**MR MULCAHY:** How much? What is the value of that?

**Mr Vanderheide:** That I do not know off the top of my head.

**MR MULCAHY:** So 65 staff positions have been saved and around \$2,500 in PC costs per user in the territory—all through InTACT savings?

**Mr Vanderheide:** No, the 65 staff were in the HR and finance transfer.

**MR MULCAHY:** Yes, but the \$2,500 per PC—you said it was \$3,500, didn't you?

**Mr Vanderheide:** Yes.

**MR MULCAHY:** It is down to about \$1,200 now?

**Mr Vanderheide:** Yes.

**MR MULCAHY:** So you have saved \$2,500 just by centralising the purchasing arrangements and licensing and hardware purchases. Those are incredible figures, Mr Vanderheide, to come to terms with.

**Mr Vanderheide:** Well, we are achieving them.

**MR MULCAHY:** The Department of Health, with 1,000-odd employees, by centralising their purchasing arrangements with the rest of the territory government's

purchases have been able to shave off 60-odd per cent of their costs for IT overnight?

**Mr Vanderheide:** Not overnight. It is not just the centralisation that is generating the savings. Centralisation allows us to take a more efficient approach to the delivery of services. It allows us greater opportunities to share information and to share systems which we did not have before. But some of the initiatives—for example, extending the life of an asset from three years to four years—are not specifically—

**MR MULCAHY:** It is not really an efficiency saving by centralising, is it? Just by extending the life of something is an artificial method of creating a saving.

**Mr Vanderheide:** That's not right.

**Ms Smithies:** It is something that you can achieve by bringing all of the policy areas together, driving it from a central area and having a consistent policy across the whole of government rather than it being driven from different areas.

**MR MULCAHY:** The theory I wouldn't dispute, Ms Smithies.

**Ms Smithies:** But just to go back, you talked a bit about the South Australian and Western Australian experience. There are a lot of things in the ACT that militate against the things that happened in South Australia and Western Australia. In WA a lot of their IT systems were already incredibly disparate; they seem to have myriad HR systems. A lot of the problems that WA are facing are around bringing together, amalgamating or implementing a totally new HR system. We do not have those problems here. We are certainly running one system for HR. We are running generally the same system for finance across all of the major departments.

**MR MULCAHY:** You have had your fun with your own HR system too, haven't you?

**Ms Smithies:** We have upgraded the HR system over the last three years, yes.

**MR MULCAHY:** I meant the glitches and the problems with superannuation—CHRIS 21 and all the dramas associated with our systems. I do not think the ACT is immune from problems with its HR system either.

**Ms Smithies:** I wish that we were immune from any problem to do with an IT upgrade, but we never will be; that is right. Also, we had a centralised IT delivery area in InTACT well and truly before we brought on the concept of shared services. We are a small government. We have good governance arrangements around how we run our central or back office functions. We have a governance arrangement—all the chief executives sit on the committee; it meets monthly. There are some really good things in the ACT that you would expect—the back of success in the ACT.

**MR MULCAHY:** In the South Australian experience, why did they go off the rails?

**Mr Vanderheide:** South Australia is just starting out with shared services—

**Ms Smithies:** It has just started.

**Mr Vanderheide:** certainly on the HR and Finance side of things. They have run whole-of-government IT through EDS for a long period of time.

**MR MULCAHY:** If I could quote you, Mr Vanderheide: “The state’s Auditor-General has found the scheme is in trouble, behind schedule and over budget.” If you are not across that, I would strongly, respectfully suggest you might want to make yourself aware of it.

**THE CHAIR:** I should remind members too that we are inquiring into the budget papers for the ACT. We had a line of questioning yesterday—

**MR MULCAHY:** It is very relevant, chair. Twenty million dollars has been promised in savings. I am drawing to the attention of the minister that in two states, where this experiment has been tried, alarm bells are going off. I think we ought to be concerned that this budget is not likely to be true to what has been presented.

**DR FOSKEY:** I would like to follow up just by—

**MRS BURKE:** Mr Vanderheide was going to answer.

**DR FOSKEY:** I beg your pardon.

**Mr Vanderheide:** We work very closely with the other jurisdictions who are using shared services, including Queensland and Western Australia. South Australia has been across to see what we are doing. We are operating in a very different environment here. It is a much smaller jurisdiction. We do not have regional centres to deal with. We are used to working together as a government to achieve things. As Megan said, we have systems already in place that are consistent.

Certainly in the Western Australian experience, I have reviewed the Auditor-General’s report. It is quite damning of the system implementation issue about the approach or the issues that they are facing there. We do not have that here—we are there; we are a step ahead. They are also, in both of those cases, criticising transition processes. We have been through our transition and we are operating. We are out of the gate and running.

**Ms Smithies:** I should say, though, that Michael has reviewed both of the reports and anything that is relevant to the ACT he will take on board and keep in mind. We can learn from others as well.

**Mr Vanderheide:** Absolutely.

**DR FOSKEY:** The thrust of my question was: how much have you investigated the problems that Western Australian and South Australia had in order to avoid them? I think you have answered that one now.

**Mr Stanhope:** Just by way of some further explanation, the Western Australian Department of Health, prior to the decision to establish a shared services centre, had seven separate payroll systems in the one department. It is an enormous state—very

diverse and diversified. The one department had seven separate payroll systems. We do not. It is a fine example of the difference between a huge diversified state and organisation and the range of issues that they face there which simply were not even here at the outset. The one department had seven separate payroll systems. That is just an illustration of the different circumstance that we find ourselves in in the work that we pursued. I think we can be very pleased at the success and the continuing success of shared services within the ACT.

**DR FOSKEY:** Can I just explore how the shared services approach works, given that it is attempting to take a whole-of-government approach? There were processes in line that were department related. I am particularly interested in how this approach works with the contracts within the service delivery by the ACT community sector because different community agencies and departments had developed specific relationships around the particular complexities of the services that were being delivered. Could you explain to me how the community sector works with shared services? Is there any change for them?

**Mr Stanhope:** That is really an issue for ACT Procurement Services rather than for the Shared Services Centre, I think, Dr Foskey.

**Mr Robertson:** Could the question be repeated, please?

**DR FOSKEY:** Yes, certainly. I am interested in how contracts that are developed with the community sector are put in place through shared services, given that the community sector used to work with its individual department. What changes would the sector organisations themselves experience?

**Mr Robertson:** You may be aware that with the time frame on the contracts with the community sector, it is over this next month or two that a lot of those are put in place on this current cycle. What is happening there—and it is consistent across the whole of ACT Procurement Solutions operations as a part of the shared services centres—is that we actually assist the agencies with a lot of the technical procurement systems, the contract formation and items like that. It is still the agencies who are responsible for the content of that, in deciding who—which community organisations, for example—the territory enters into these arrangements with, and the amount of money and the actual services that are going to be provided.

A number of my staff are working with the people both in the health portfolio and also in the disability, housing and community services area on different community grants. As part of my team in the contracts and tendering area, we have some lawyers and some other people that are trained in contract formation, so they have been working on a lot of the contractual arrangements. It is very much a close partnership between the relevant action officers in the agencies and ACT Procurement Solutions staff. From the community service perspective, they will still have their direct dealings with the people in the agencies; a lot of the back office support is being provided by my staff.

In terms of contract formation, like the execution of contracts, in a lot of cases they will receive the drafts of the contracts from my staff and provide them back.

**DR FOSKEY:** Is the contract still with the primary agency or is it with Shared Services?

**Mr Robertson:** They are with the territory; clearly, for contract management purposes, it is the agency that is responsible for managing those particular contracts.

**DR FOSKEY:** So day-to-day contact for those organisations is with the agency?

**Mr Robertson:** Continues with the social policy experts in those agencies.

**DR FOSKEY:** Have you formally sought community sector and community agency input into that process?

**Mr Robertson:** That would have been done in conjunction with disability, housing and community services, for example. To my understanding, my staff have been involved with different agencies and community groups on contract form. As you are probably aware, over recent years a lot of work has been done in improving the form of those contractual arrangements.

**DR FOSKEY:** Will there be any evaluation of that process as to how it works for community organisations?

**Mr Robertson:** Which part of the process are you referring to?

**DR FOSKEY:** The contractual arrangements through Shared Services?

**Mr Robertson:** To the extent that there is evaluation of those matters, my staff working with the relevant people in the health portfolio and the disability, housing and community services areas will be intimately involved.

**Mr Stanhope:** It probably needs to be acknowledged that ACT Procurement Solutions is, at one level, not the administering agency or department. Mr Robertson and his staff are responding to agencies, which—particularly the Department of Disability, Housing and Community Services—have the day-to-day or direct contact with community organisations in relation to contracts that relate to the range of funding available to the community through ACT government service delivery. At one level, I accept the thrust of your question; I believe that it is very important that there be constant evaluation and monitoring of the effectiveness and appropriateness of contractual arrangements. But I think Mr Robertson really is one step removed from client service. His client is the department.

**DR FOSKEY:** Yes, that is clear to me now.

**Mr Stanhope:** It is a question that would be better directed to Ms Lambert.

**DR FOSKEY:** Yes. I have plenty for her, too. I am finished with that line of questioning.

**MRS BURKE:** I have something on procurement services, Mr Robertson. I do not have the detail with me, but it has just come to mind now and I think we should lay it

to rest. A raft of amendments were implemented during the last Assembly with regard to some fairly major issues with procurement services under the procurement act. Probably the Chief Minister should be answering this. Chief Minister, are you satisfied that the procurement process that we offer or we have in place is fully bedded down now—that all the issues that were raised in the last Assembly and dealt with by the former Treasurer, Ted Quinlan, have now been fixed and sorted and that we are offering a service that meets all the requirements legislatively, legally and otherwise?

**Mr Stanhope:** ACT Procurement Solutions has quite recently been involved in a major review of procurement. There have been significant reforms and amendments to processes and the law as a result of that review. Mr Robertson could go into some of the detail, but yes, I am quite satisfied.

**MRS BURKE:** Is that review public? If so, could you make it available to the committee?

**Mr Stanhope:** Mr Robertson will give you some detail on that.

**Mr Robertson:** In relation to legislative changes, they were passed by the Assembly on 29 May. It is important to note that they were largely about improving and streamlining the efficiency of the existing legislation. Unlike some of the issues that we have had in some of the other jurisdictions—I think Mr Mulcahy mentioned audit reports; last week there was an audit report in Victoria about missing paperwork. We had a major audit report done by the ACT Auditor-General's Office in late 2005. It essentially found that there were not fundamental problems with the operation of the legislation—that in all the significant procurements everything was being done properly. During the period in which that review was being conducted, the government announced and was implementing its centralisation of procurement services. You will recall that it was in the middle of 2005 when they commenced for both ACT Procurement Solutions and InTACT.

Effectively, some of the issues that were raised in that Auditor-General's report were around contract reporting to the Auditor-General and others. There were some very minor technical issues. The Auditor-General, as became evident during the conduct of the review of the act, was finding that there was getting to be a lot of paperwork. There were a lot of inefficiencies built into the process—multiple reporting and things like that.

Rather than the recent legislative changes being about addressing any fundamental problems and strengthening the regulatory framework because of things being done poorly, it was quite the opposite. A lot of the streamlining was because the systems were working. They needed to be more efficient than they were. The public interest was being served by taking away some of the unnecessary regulations and making the existing procurement principles and other things much clearer than they had been.

**MRS BURKE:** What is the dollar value on those efficiency savings?

**Mr Robertson:** Internally? I do not believe we are in a position to say how many dollars are attached to each particular part. What we have done over the best part of



the last two years with the centralisation is streamline and improve a lot of our processes. Mr Vanderheide and Ms Smithies have referred to the general savings, certainly in relation to procurements. In last year's budget the government identified a stream of savings over the outyears. For the current year, in terms of process savings, there is \$4 million being delivered there; it is part of the number that Mr Vanderheide referred to. And there is \$6 million worth of process savings from the improvements we are making across the board next financial year. Those savings are not speculative; they have been locked in and are part of the budget that was presented last year and again this year. There are also additional savings that Mr Vanderheide referred to which we have been delivering through our work with agencies on aggregating contracts. Some of those savings are process savings, which are hard to quantify; others are savings in contract prices.

**MR STEFANIAK:** I have one question in relation to this. You mentioned earlier—it is dot point 3—continuing to achieve savings of \$20 million across finance, ICT, human resources and procurement services. I think you answered that you are on track—it is hard but you are trying. Given that that measure came in, I think, on 1 July 2006, would you be able to provide the committee with just what savings you actually have made to date?

**Mr Stanhope:** Mr Vandenheide did go to that, but if you want it in writing I am sure we could take it on notice.

**MR STEFANIAK:** Just the exact figures to date.

**Mr Stanhope:** Mr Vandenheide did go to those in his opening answer.

**Ms Smithies:** There was 12.3 put into the budget for 2006-07 for Shared Services, \$1 million for HR and finance, 7.3 for IT, and \$4 million for procurement savings. Those will be achieved.

**THE CHAIR:** Ms Porter, do you have a supplementary?

**Mr Stanhope:** Just so that we are clear on this—

**MR STEFANIAK:** Yes, let's be clear on this.

**Mr Stanhope:** Yes: \$12.3 million was sought in savings and was actually reflected in the bottom line. The financial year ends this year. The advice that has just been delivered is that that \$12.3 million of savings has been achieved.

**MR MULCAHY:** We heard a figure of seven million earlier.

**Mr Stanhope:** No; that was just one aspect of it. That was just InTACT. And \$4 million for procurement solutions.

**MR STEFANIAK:** Okay. So that is our 12.3. What else? What else has been achieved? We are very close to the end of the financial year.

**Mr Stanhope:** Ms Smithies, could you just repeat what has been achieved in the year

that is drawing to a close this week. Let me just assure you that Treasury is not coming to me for a Treasurer's advance or a top-up and is not declaring to me that it has not met its budget. So the \$12.3 million has been achieved.

**MR STEFANIAK:** Thank you.

**Mr Stanhope:** We will just detail the 12.3.

**Ms Smithies:** The 12.3 is made up by one million for HR and finance, 7.3 for IT and communications, and \$4 million for procurement consolidations.

**Mr Stanhope:** And \$20 million will be achieved in the coming financial year.

**THE CHAIR:** Ms Porter.

**MS PORTER:** Thank you. I just have a question of clarification really. I am not sure who answers this. In business and corporate strategies, it mentions reviewing and updating service-level agreements with agencies utilising Shared Services. What are they?

**Mr Vanderheide:** We have service-level agreements in place for each of our primary business lines. There are service-level agreements that have been in place for ICT services with agencies for several years now. As part of the launch of Shared Services in February, we put service-level agreements in place for both finance and HR. We have a service-level agreement in place for procurement solutions which is being reviewed pretty much as we speak. In terms of the process of review, the ICT ones are really stable. There is not an awful lot of review work being done there. Finance and HR are very young organisations. As we become more familiar with the processes and our agency customers become more familiar with what they need, we will be adjusting those service-level agreements to reflect the services that are required.

**MS PORTER:** Thank you.

**THE CHAIR:** We will go back to output class 1, InTACT. Mr Mulcahy.

**MR MULCAHY:** Mr Vanderheide, could you clarify something? The estimated outcome for total costs for InTACT is \$96 million in 2006-07, budgeting \$106 million roughly for the next fiscal year. There is about a million and a bit there that is related to depreciation and amortisation. What is the balance of that increased budget outlay?

**Mr Vanderheide:** The difference between 2006-07 and 2007-08 is almost exclusively related to the full-year effect of education ICT and CIT's ICT transferring into InTACT. It did not happen at the beginning of the financial year.

**MR MULCAHY:** The education department?

**Mr Vanderheide:** Yes, the ICT elements of those departments.

**MR MULCAHY:** Thank you.

**THE CHAIR:** Any other questions on InTACT?

**MS PORTER:** Yes. Where does the redesign of the website sit? Is that in InTACT?

**Mr Vanderheide:** This is the Basis website—buyers and sellers service website?

**MS PORTER:** Yes, that one. Does that sit with InTACT?

**Mr Vanderheide:** The website itself is owned by ACT Procurement Solutions; that is the site that we have publicly available to advertise opportunities for organisations to tender for work with the ACT government. The redevelopment work is being done on behalf of ACT Procurement Solutions by InTACT.

**MS PORTER:** And that is proceeding well?

**Mr Vanderheide:** Yes. It has been going for only about three months, but yes, it is proceeding well.

**DR FOSKEY:** One priority that is listed there is working with agencies to establish strategies for the rationalisation and management of the government software applications portfolio. Could you explain that, please, and advise if that would be in conflict with what I believe is an existing government commitment to consider open source software—and perhaps give me some examples of where you have considered or either taken on or dismissed open source software.

**Mr Vanderheide:** I will have a go at this one; if I flounder, I will get the general manager of InTACT to respond. With regard to open source software, open source software is just one of the options that we consider when we are looking for solutions to business requirements. We use open source software in a range of areas; it is particularly effective for us in security. There are a number of security products that we are using that are based on open source.

The goal to see the consolidation and rationalisation of software is something that the centralisation of ICT does actually enable. For the first time, we have one organisation with an overview of all ICT use or all use of systems across the ACT government. We have the opportunity to identify where agencies are using similar software—or, in some cases, the same software but under separate contracts. Where we can consolidate those, we have an opportunity to save money and provide greater efficiencies.

**DR FOSKEY:** I can see that that would be the case. Another issue raised in your priorities is exploring to attract and retain skilled staff. Has there been a problem with keeping skilled staff? And what measures are you taking to try and overcome it?

**Mr Vanderheide:** We are experiencing the same degree of difficulty in attracting staff—and to some extent retaining them—as our colleagues in other ACT government departments and our colleagues in the federal sphere are. Canberra is in the midst of a resource crisis at the moment. “Crisis” is maybe overstating it, but it is a very difficult time in terms of attracting and keeping the right people. We are all competing for a relatively small set of skills. We see it particularly in the ICT sphere,

but we also see it in HR and finance, because these are areas that operate in any large organisation and the resource pool that is available is just not big enough at this stage.

Within Shared Services we are doing a lot of work to attract staff. We have some innovative programs underway—or about to be underway—with CIT. We are looking at bringing some of their students, particularly from the finance side of things but also from the HR side of things, into the organisation as their skills come up to speed. InTACT has a good relationship with the University of Canberra, and we attempt to pick the best of their graduates through cadetship programs and internship programs.

We are also participating in a program that the Chief Minister's Department is running in terms of looking at whole-of-government needs for attraction and retention of staff. That has just recently started.

**DR FOSKEY:** What about family responsive policies? Have you found that that helps to retain employees?

**Mr Vanderheide:** Yes. Again, particularly on the HR and finance side of things, we are seeking to be as flexible as we possibly can in terms of part-time work, working hours and enabling people who have an inability or a lack of desire to work on a full-time basis or full-time normal hours to work for us. We also do a lot of work—again on the HR side of things—in payroll, particularly with students, who tend to be free in school holidays at times when people who have children do not want to be at work. That is working quite well for us.

**MRS BURKE:** Just on that point, Mr Vanderheide, in these hearings we have talked a lot about people in an ageing work force. In terms of attracting people, or attracting back people who have left, what program do you have in place to be doing that and looking towards an ageing work force?

**Mr Vanderheide:** We do not have a specific program in place at this stage to attract an ageing work force, but it is a segment of the market that we are particularly interested in. We are seeing commonwealth public servants, in particular, retiring.

**MRS BURKE:** I am surprised that you do not have a program, given that it has been quite topical.

**Mr Vanderheide:** We are only five months old on the HR and finance side of things. Those are the two areas where we really think we can make some ground in terms of actually attracting people with the right skill sets. It just has not hit the top of the list yet in terms of our priorities.

**MRS BURKE:** We look forward to the program.

**Mr Vanderheide:** Yes, us too.

**MR STEFANIAK:** Just on the staffing, I note that employee expenses are going from \$27.89 million up to \$32.696 million, a rise of 17 per cent. I take it that you are actually taking on board extra staff. I also note that during that output class you had an extra 108 staff. What is the InTACT component of that? I would imagine that that

indicates some staff increase. Just how many extra staff are you anticipating taking on board?

**Mr Vanderheide:** Are you looking at a particular page?

**MR STEFANIAK:** I am looking at page 120, BP4, “InTACT Operating Statement”. Last year the estimated outcome for employee expenses—and you get it in the super as well—was \$27.89 million. In the budget we are scrutinising, it is \$32.696 million, an increase of 17 per cent; the increased super component of that is 18 per cent. That would indicate an increase of staff. How many additional staff are you anticipating taking on?

**Mr Vanderheide:** We are not actually seeing an increase in the number of staff on a whole-of-government basis associated with ICT from one year to the next. This is a reflection of the educational staff coming in for the first time for a full financial year. Again, if you look out over the outyears it is a relatively stable figure. The big difference is this year.

**MR STEFANIAK:** I see that. So it is educational staff. How many staff are involved there?

**Mr Vanderheide:** There are 101 staff coming in.

**THE CHAIR:** Further questions for Shared Services?

**DR FOSKEY:** I have one more.

**MR MULCAHY:** Mr Vanderheide, are you able to tell the committee who is on the shared services implementation steering committee?

**Mr Vanderheide:** That committee no longer operates. It operated during the transition process. That was all of the chief executives across government, chaired by the chief executives of chief ministers. That group has now morphed into the governing committee. It is the same group of people with oversight.

**MR MULCAHY:** The governing committee for shared services. Okay.

**Mr Stanhope:** Another significant difference between the approach of the ACT and Western Australia, Mr Mulcahy, was very close and personal head-of-agency involvement in transition and management. I am sure you are aware that one of the complaints of the Western Australian approach has been a passive management approach. We actively managed the transition, and continue to actively manage agencies’ interests in Shared Services—with each chief executive having a personal stake in not just the overall success but the outcomes of Shared Services.

**THE CHAIR:** Ms Porter.

**MS PORTER:** Page 101 mentions progress on “implementation of a single consolidated instance of the Oracle Government Financials system”. How is that going and what benefits are we getting?

**Mr Vanderheide:** As Ms Smithies said earlier, we have in place a single HR system—Chris21. We also have a single Oracle financials set of systems across government, so every department and agency is using the same release of Oracle financials at the moment to run their finance. With the introduction of Shared Services, we have the opportunity to go from 10 separate instances of Oracle financials to support our finance process to a single instance of Oracle financials. That project has now been underway for several months and we are about to go to the market. In fact, we have already been out for preliminary input from the industry on what we are proposing in terms of that consolidation. It is going well so far. It will offer some benefits aside from some opportunities within Shared Services to take a more consistent approach to what we do in terms of financial processes. For instance, it is a lot easier to support a single instance of a system than it is to support 10 instances of the same system; so when we make an upgrade, for example, we do it once instead of 10 times. It should be considerably more efficient.

**Ms Smithies:** One of the other strengths of it—because it goes to the example of some concrete examples of efficiency—is that there will be a single chart of accounts, which means that Michael’s finance people, when they are keying in bills et cetera, are keying in the same numbers in a single chart of accounts. At the moment, agencies have their own chart of accounts, so his finance team need to understand a whole set of different numbers as they apply in each department. We will pick up efficiencies through things like standardising charts of account, asset register procedures, et cetera.

**MS PORTER:** Does that mean that it speeds up payment of things in government? Is the process speeded up or just more efficient?

**Ms Smithies:** Is there an implication that payment and things are slow in government?

**MS PORTER:** No, there was not. I just wondered if it had a benefit for you in that you are able to process things more quickly to get the money back—if people owe you money, for instance?

**Mr Vanderheide:** I think that the real benefit is—

**Ms Smithies:** In data processing.

**Mr Vanderheide:** There are a number of real benefits, but yes, data processing. It is easier for staff. At the moment, people need to become familiar with a single instance of Oracle financials in the way one agency uses it and one agency has it set up. If there is a need for resourcing in another team for another department, it is slightly difficult to move people across because they just do not have that kind of familiarity. Once we have a single instance, we will be able to move people where the resource requirements are because they will all be using—

**MS PORTER:** The same system.

**Mr Vanderheide:** They will still need to understand agency operations and agency business, but the opportunity for people to be able to do work for other departments is

going to be much greater.

**MS PORTER:** So it is much more effective?

**Mr Vanderheide:** That is what we are expecting, yes.

**THE CHAIR:** Mrs Burke.

**MRS BURKE:** I have one last question. I do apologise if this has been asked, but I do not believe I heard it. It is on projections for the human resources budget. I understand that we have some pro rata stuff. It is going to be difficult overall to look at Shared Services in full context until next year, of course, but I am particularly looking at page 105 on the outputs there. The budget is \$19.897 million for 2007-08. Do you have any projections in terms of the raft of things that the output descriptors give there as to what we would be looking at?

**Mr Vanderheide:** I am sorry; I am not sure that I understand your question.

**MRS BURKE:** Further projections of funding in the outyears for human resource management to the Shared Services centre?

**Mr Vanderheide:** I would expect it to be roughly that, without being able to completely predict it.

**Ms Smithies:** Page 123 has the finance services operating statement on it.

**MRS BURKE:** Thank you for that information.

**THE CHAIR:** We will go to the break and come back with the superannuation provisional account. We are up to pages 125 to 135.

**Meeting adjourned from to 10.28 to 10.49 am.**

**THE CHAIR:** We are up to the superannuation provisional account in budget paper No 4. Mrs Burke, do you have any questions on this output class?

**MRS BURKE:** Yes. Strategic and operational issues to be pursued in the 2007-08 budget obviously included managing an investment portfolio of approximately \$2.1 billion in assets and undertaking an investment management and strategic asset allocation review. How many different investment managers are currently used by the superannuation provision account?

**Mr Broughton:** We have a range of investment managers, and the details of those are actually provided in budget paper No 3, which has just been placed in front of me. It is on page 140. The core of our investments is what we call passively managed investments. That means that they seek to achieve a rate of return equivalent to what is happening in the market. About 60 per cent of our investments are managed through Vanguard Investments Australia, who are passive managers. It is a very low cost way of investing our money.

The other 30 per cent is actively managed. That means that we actually set out to try and improve upon the general market returns. We have investment managers in the different classes of investments that we look after, and that includes Australian equities. If you have got page 140 in front of you, you will see that we have three active managers: Perpetual, Ausbil Dexia and Renaissance. In the international equities class, we have two active managers: AllianceBernstein and Wellington. Then we have a property manager, AMP, and finally a private equity manager, Wilshire Australia.

**MR MULCAHY:** Chair, perhaps I could ask Mr Broughton a question. How many of your asset managers failed to exceed benchmark performance in 2006-07?

**Mr Broughton:** I do not have those details in front of me. I know there are a couple of the managers who have not achieved benchmark. I believe that Wellington, our international equities manager, has failed to achieve benchmark. We are working closely with our investment consultant to analyse the reasons for that.

**MR MULCAHY:** Is Frontier still your investment consultant?

**Mr Broughton:** Frontier ceased to be our investment consultant a month ago. We went through a procurement process. We had had Frontier on board for five years and the contract expired. We did a procurement process and we have replaced them with Russell.

**MR MULCAHY:** With whom?

**Mr Broughton:** Russell investment advisory services.

**MR MULCAHY:** Okay.

**Mr Broughton:** We are actually quite happy with the outcome. Frontier did a very good job for us, but Russell is certainly well respected in this area.

**MR MULCAHY:** Are you likely to be reviewing your arrangement with the underperforming advisers?

**Mr Broughton:** Absolutely. We make a habit of reviewing our investment arrangements on a regular basis. No, with Russell on board, we will actually go back to the basics, if you like, and look at how we distribute our investments as well as who manages those investments for us.

**MR MULCAHY:** Chair, could I also go to the issue of funding super liability? The current projection, we saw, was fully funded by 2030.

**Mr Broughton:** Correct.

**MR MULCAHY:** When was the last revision that took us to that date? When do you do your next review as to whether that date is still applicable?

**Mr Broughton:** That date is more or less set in concrete, if you like. Our strategy is



based around achieving 100 per cent funding by 2030. The things that affect that are the actuarial reviews of the liabilities and our actual return on investments. We adjust the capital injection into the superannuation provision account to ensure that we stay on track for that target.

**MR MULCAHY:** Right, but you have amounts provided, say, over the next four years ranging from 20 to 22 million for that purpose.

**Mr Broughton:** That is the increase, yes.

**MR MULCAHY:** Yes, it is additional. But is there a point where you will reconsider your numbers or is it an ongoing exercise looking at both actuarial analysis and also the return on investments?

**Mr Broughton:** It is an ongoing exercise.

**MR MULCAHY:** So you could be constantly adjusting that? You said it is set in concrete, but it cannot really be set in concrete because both of those are variables.

**Ms Smithies:** The strategy is set in concrete.

**Mr Broughton:** Yes.

**MR MULCAHY:** Okay.

**Ms Smithies:** Because a number of things are actually variable in the calculation of the expense—the interest and the earnings. Obviously, we will have to make some adjustments within that to actually keep on achieving the strategy.

**MR MULCAHY:** But you would not expect significant change in the next 12 months in terms of that forward day?

**Mr Broughton:** No.

**THE CHAIR:** Are there any other questions on super?

**DR FOSKEY:** Yes, thank you. I am interested in having explained to me what obstacles exist to investing in public or affordable rental housing. Average investment return targets for the superannuation provision account is five per cent after CPI and fees, and home loans are now returning approximately eight per cent. Why not go into home loan and housing stock for rental housing?

**Mr Broughton:** Well, the investments on behalf of the super are designed to achieve a return of five per cent real, which, given the current expectations of CPI, would be seven and a half per cent nominal. Within acceptable risk bounds, I would imagine that we probably would not feel terribly comfortable with the risks associated with being directly invested in housing loans. Furthermore, there is quite a high administrative cost associated with directly managing housing loans.

**DR FOSKEY:** Page 126 of budget paper No 4 states that one of the key outputs

includes delivering five per cent real return within acceptable risk tolerances. What would the return from the lowest 20 per cent be, roughly?

**Mr Broughton:** The return from the lowest 20 per cent of—

**DR FOSKEY:** I assume that there would be some investments that would be returning less than the optimal five per cent. What kind of returns are we talking about there?

**Mr Broughton:** That is correct. The lowest return we would expect to get is from our cash investments, which would be the official RBA target rate, which currently sits at 6.25 per cent.

**MR MULCAHY:** It is a fair rule of thumb, is it not Mr Broughton, that direct investment when managing funds, particularly superannuation, is fraught with risk for trustees that go down the direct investment route as opposed to working through a balanced portfolio?

**Mr Broughton:** It is a high risk approach, but the administration of direct investments would require a lot more in terms of resources than we currently use to manage our super investments. It does not seem a terribly effective or efficient thing to second guess when there are already experts in the market who make a livelihood out of this.

**MRS BURKE:** Page 125 of budget paper No 4 deals with priorities. I think it is rather unfortunate wording. It refers to “undertaking an investment manager”. I am sure I know what you mean. I think you mean to engage or employ an investment manager. Has that process started? Can you tell us a little more about that?

**Mr Broughton:** Certainly. As I explained a short while ago, we have only recently appointed a new investment consultant. We will be working with them to undertake this particular review. One of the things that we will have to consider as part of this review is any policy changes the government might adopt in respect of the review of environmentally socially responsible investment. That review is due to report this week and, subject to the government’s decisions on that, that may affect how we invest some of our funds.

**MRS BURKE:** Will that review and report be made available to the public?

**Mr Broughton:** It will be up to the government to decide that.

**Ms Smithies:** Yes, that is the investment review.

**Mr Stanhope:** Yes, we will make that public.

**DR FOSKEY:** May I follow up on that? You are handing the report to the Treasurer this week? Is that the timeline?

**Mr Broughton:** It is not me.

**DR FOSKEY:** No, sorry.

**Mr Broughton:** The review is being done by the investment advisory board.

**DR FOSKEY:** Yes.

**Mr Broughton:** They would be handing the report to the Chief Minister's Department by the end of this week.

**DR FOSKEY:** Then it goes to cabinet, and so on?

**Mr Stanhope:** Well, I have not taken any advice on what the process will be.

**DR FOSKEY:** Okay.

**Mr Stanhope:** But, yes, there is a process, as there always is. I am very aware of your interest, Dr Foskey, and the interest of many others in this particular issue and it is my intention that the report be made public. I am not sure that there would be any reason why I could not make that publicly available as soon as possible, even in advance of decisions that the government might take. But I have not taken any advice and I, of course, have not been involved in nor seen the report. But at this stage I must say I cannot imagine why we would not be able to make it very readily available.

**DR FOSKEY:** It would be quite good if the public could have a chance to react to it.

**Mr Stanhope:** Yes. I would agree with that course.

**MR MULCAHY:** Chair, I have a question to the Chief Minister. In relation to the review of the application of environmental, social and governance issues to territory investment practices, can we have your assurance that, as a consequence of that review, there will be no prospect of the level of returns on funds being jeopardised, nor additional money having to be put aside for the full funding of super liabilities as a consequence of any change there?

**Mr Stanhope:** It would not be my intention, Mr Mulcahy, to actually adopt a policy that reduced the return on our superannuation investments. I think the position has been put that there is a capacity for governments to invest funds within an investment portfolio ethically or in a range of social or environmentally attractive options and I will be interested to see the advice of this particular review in relation to that. It is not my intention to reduce the return to the territory. I would prefer to await receipt of the report.

**MR MULCAHY:** That is a separate review from the one we spoke about earlier?

**Mr Stanhope:** No, it is the same one.

**DR FOSKEY:** No, it is the same one.

**MR MULCAHY:** One and the same, okay.

**Mr Stanhope:** It is not my intention, as a result of a change in investment policy, to

have to supplement superannuation or, indeed, to accept it as reasonable that we should reduce the potential return to the territory and to the people of the ACT as a result of adopting a different policy in relation to investment. But the case that is made by those that advocate this particular position is always premised with the assertion that the return will be the same or better. I will await the outcome of the report before I make any comment on that.

**MR MULCAHY:** Just to clear this up, because I still think we might be at cross-purposes, the matter I was talking about obviously is the ethical investment issue.

**Mr Stanhope:** Yes.

**MR MULCAHY:** One of your priorities, as Mrs Burke mentioned, is “undertaking an investment management strategic asset allocation review, and then implementing changes” in investment portfolios. That is a separate exercise, I assume, which will be part of your normal due diligence of reviewing your funding—

**Mr Broughton:** That is correct. There are two different exercises. The second last dot point on page 126 is a different exercise from the second dot point on page 125. However—

**Mr Stanhope:** I am sorry, Mr Mulcahy.

**MR MULCAHY:** That is all right.

**Mr Broughton:** The review of the environmental, social and governance issues will inform.

**MR MULCAHY:** Could, in fact, yes.

**DR FOSKEY:** I will look forward to that. Page 135 of budget paper No 4 notes an increase of \$26.65 million due to estimated growth in super liability. I am just wondering why super liability was not predictable.

**Ms Smithies:** There are a number of things which actually affect the superannuation liability. One is the bond rate; another is the actuarial assumptions around mortality, morbidity and the take-up of the schemes, particularly these defined benefits schemes. Also, part of what the actuary has done for us is take a look at the movement of public servants between the ACT Public Service and the commonwealth public service and back again to try and get a handle on who actually bears the liability for this particular group of public servants.

One of the things that the actuary will do will be to review the prevailing wage rate across the forward estimates. When the actuary looks at this, there are some things which can change the liability quite significantly. A small change in the bond rates or a small change in the estimated wage outcomes will actually have significant change on the liability.

**THE CHAIR:** Are there any further questions?

**MR MULCAHY:** Just a last one, chair. One of the issues I have pursued rather repeatedly, Chief Minister, but I am still waiting to get clarification, is this issue of the errors that were identified in the CHRIS21 system regarding superannuation payments. There were overs and unders. It has been going on now since last year and each time you have indicated that we do not have clear outcomes. Do we have a result yet on that that we can quantify?

**Ms Smithies:** We are getting closer to a result. I think the last briefing that I got was that we were still working through to understand the breadth of the problem. My latest advice was that we would get closer to understanding that, but it has been a tremendous number of records that they have had to go through and actually review in relation to those superannuation numbers, et cetera.

**MR MULCAHY:** Have you got any idea of the quantum we are talking about in total?

**Ms Smithies:** No, none that I—

**MR MULCAHY:** Or the number of people affected?

**Ms Smithies:** No.

**MR MULCAHY:** When would we know that situation, do you think?

**Ms Smithies:** I would not want to put—

**MR MULCAHY:** I understand it is a massive job.

**Ms Smithies:** Yes, and I would not want to put—

**MR MULCAHY:** It would be nice to know there is some end point.

**Ms Smithies:** Yes. I would not want to put a time on it. My feeling is we are probably looking at the next six months still to actually go through all of the records with any degree of confidence for us to be—

**MR MULCAHY:** Is there any risk that people who have left the public service are likely to get a bill at the end because they have been overpaid?

**Ms Smithies:** Those are the sorts of issues that we need to work through.

**THE CHAIR:** Mrs Burke.

**MRS BURKE:** Thank you. Page 141 of budget paper No 3 states:

The 2006-07 financial year has seen strong returns from both domestic and global equity markets, offset by a rising Australian dollar.

I just want to pick upon a point Mr Broughton made about the nominal return on

investment percentage. The explanation continues:

The estimated nominal return for the portfolio for the 2006-07 financial year is approximately 13 per cent (net of fees). The real rate of return assumption used for the 2007-08 Budget and forward year estimates is 5 per cent.

I thought I heard Mr Broughton say 7.5 per cent nominal.

**Mr Broughton:** That is correct. I did say that. Five per cent real means five per cent above inflation, and if you add inflation into that, which is currently 2.5 per cent, then you get the 7.5 per cent nominal. That is the interest rate you compare with your normal bank account interest rate and so forth.

**MRS BURKE:** Thank you. I just needed you to clear that up, to make sure we are talking from the same book. Thank you.

**Mr Broughton:** Okay.

**THE CHAIR:** We are into the territory banking account. Are there questions on the territory banking account?

**MR MULCAHY:** If I may, chair. The notes on page 148 refer to loans provided to the LDA, the Department of Treasury and Actew Corporation. They are, respectively, amounts of \$37 million, \$12 million and \$60 million. I am just wondering if you could provide details of the reasons for each of these loans, as well as the terms of each loan, including interest rate charge and the required repayment schedule. I realise you may have to take some of that on notice.

**THE CHAIR:** Mr Mulcahy, can you just give us that reference again?

**Mr Stanhope:** Page 148.

**MR MULCAHY:** It is the notes on page 148 of budget paper No 4.

**Ms Smithies:** Budget paper No 4, page—

**MR MULCAHY:** Page 148.

**Ms Smithies:** No. In budget paper No 4, page 575, we actually have the details around the loan to ACT Treasury, which is actually the loan for Community Housing Canberra. It is going to be facilitated through Treasury. In respect of the other two loans, to Actew and to the LDA, we will not have the terms in the budget papers. We can take that on notice and get you those.

**MR MULCAHY:** Do you know what those loans are intended to fund, in particular?

**Ms Smithies:** The LDA ones?

**MR MULCAHY:** Yes.

**Ms Smithies:** It is part of the move to put the LDA into a PTE arrangement. It is actually about making sure that the balance sheet has a proper debt to equity ratio. From memory, it was gearing the LDA balance sheet to around 30 or 40 per cent. The Actew borrowings are around future capital investments.

**MR MULCAHY:** Do you know what they are for?

**Ms Smithies:** Not off the top of my head but, yes, we do know what they are for.

**MR MULCAHY:** Okay. If you are trying to put LDA onto that footing, is that going to extend to the terms of their settlement, the timeline of settlement for purchase of land?

**Ms Smithies:** No, it should not.

**MR MULCAHY:** You will not be working on a full commercial basis, then?

**Ms Smithies:** No.

**MR MULCAHY:** Could you explain why you would not do that if you want them to be operating effectively in a commercial world?

**Ms Smithies:** What we are trying to do is ensure that there is some rigour around the way that the LDA actually manage their balance sheet and manage their cash flows and the cash flows back to the general government et cetera. We are not trying to move into that sphere where LDA actually interacts with a third party in terms of buying or selling.

**MR MULCAHY:** I hear what you are saying. I am just a bit intrigued. It gives them obviously an enormous advantage over a private competitor.

**Ms Smithies:** They are coming from a position where they were 100 per cent funded from the government. They could actually use our cash for free. That gave them a tremendous advantage over a commercial or private competitor. What we are actually doing now is ensuring that they are carrying a degree of debt, which means that they obviously have an impetus to manage their cash and their cash flow to sell quickly, to not hold large degrees of cash and to actually pay us back. I think it actually puts them on a more commercial footing, a more comparable basis.

**MR MULCAHY:** Okay.

**THE CHAIR:** Are there further questions on the territory's bank account?

**DR FOSKEY:** Yes, just one.

**THE CHAIR:** Dr Foskey.

**DR FOSKEY:** Thank you. How do the territory banking account and the superannuation provision unit work together? Obviously, their roles cross over quite a bit. Are the same people involved? How do we ensure they are working in the same

way?

**Mr Broughton:** The two areas do work very closely together; at times they even share fund managers. The cash investment of the superannuation provision account is managed by the same fund manager that the territory bank account uses for its cash management. So there are some fairly good synergies there. There is only quite a small team associated with each of the functions and they essentially work as one team—within Treasury at any rate.

**THE CHAIR:** Any further questions?

**MRS BURKE:** Yes, I have got one. On page 138 of budget paper No 4, business and corporate strategies, the third sentence states:

The investment performance of the institutional funds managers contract to manage investments is also monitored and reviewed.

How often is that done?

**Mr Broughton:** That is done monthly.

**THE CHAIR:** Are there any further questions on the territory's bank account? We will move onto ACT Gambling and Racing Commission. Mr Jones, were you here earlier on when I read out the card?

**Mr Jones:** Yes, I was, Mr Gentleman.

**THE CHAIR:** Are there any questions for the Treasurer? Mr Stefaniak.

**MR STEFANIAK:** I will start off with a couple. I note that the staff is due to increase by two and that the budget is up \$100,000. Perhaps you could indicate why you are getting two extra staff?

**Mr Jones:** Our full staff complement, even in this year, is 33, as indicated in the budget papers. We have been understaffed due to some recruitment issues in terms of getting numbers of people and keeping them, given the tight market at the moment. The forecast there is a projection that we will become fully staffed by the end of or during next financial year. The actual budget increase there is an indication of that staffing level, including the increase in the wage case which has just recently been finalised.

**MR STEFANIAK:** Thank you very much for that, Mr Jones. You are to undertake some inquiries. I want to ask you something about the review of the maximum number of gaming machines allowed in the ACT. I understand that you have currently reached the cap. Is that so?

**Mr Jones:** Yes, Mr Stefaniak. In December last year the maximum number set in the Gaming Machine Act of 5,200 was reached. Following a request from the Treasurer, the commission, based on its statutory requirements in that act, is undertaking a review of whether that maximum number of 5,200 should remain the same or increase.



There are a number of requirements set out in the act about what the commission must look at as part of that review and we are currently going through that. We have just completed a period of public consultation.

**MR STEFANIAK:** I have one final question—and I am sure my colleague Mr Smyth would like to ask some more. In terms of the number of gaming machines, have you got a break-up of how many class Bs and Cs are out there and how many each organisation has?

**Mr Jones:** Yes, we certainly do.

**MR STEFANIAK:** At present?

**Mr Jones:** I do not have them with me. They are available on our website or I can provide those to you. But in general terms, the number of class C machines, which are for clubs only, is approximately 5,140. There are about 60 class Bs, which is between the hotels and taverns.

**MR STEFANIAK:** Perhaps you could provide further details on that issue as indicated.

**Mr Jones:** Certainly.

**MR STEFANIAK:** Thank you.

**THE CHAIR:** Ms Porter.

**MS PORTER:** Thank you, chair. I want to ask a couple of questions in regard to page 419. What are you doing about the findings and recommendations of the relevant gambling research that is mentioned in the last dot point? Also, could you tell me a little bit more about the commission's community engagement strategy?

**Mr Jones:** Certainly. The commission has two areas where it conducts or is involved in gambling-related research. The commission contributes on a national basis to Gambling Research Australia, a nationally formed organisation which was a result of a ministerial council on gambling. That organisation undertakes significant projects on a national basis of gambling-related topics—for example, cashless gaming and things like that. We contribute and are party to that.

We also have our own research arrangements with ANU, where specific projects are undertaken on our behalf by ANU, which are then presented to the commission and which we feed into either our reviews or pass on to other departments or Treasury in terms of policy development. So we have two areas of research which we are involved with.

**MS PORTER:** So what would the ANU research project be looking into? What is it doing?

**Mr Jones:** The Centre for Gambling Research at ANU undertakes specific projects. They have completed probably eight or 10 projects over the last five years. We tend to

do one or two a year, which we fund on an annual basis. The latest study was on indigenous gambling in the ACT. We have done studies on the impact of gambling on young people. We have done specific studies on gambling in the Tuggeranong area as a developing area. We have done studies on the impact of ATMs on gambling and the use of ATMs for gambling. So a whole range of research projects has been undertaken.

**MS PORTER:** And the community engagement strategy?

**Mr Jones:** Again, it is a multiple approach. Our primary community engagement is with an organisation we have called the Gambling Reference Group, and that has a number of the major organisations, including ACTCOSS, Lifeline, multicultural groups and indigenous groups. I think the aged care people are on there. There are about a dozen different community organisations. We meet once or twice a year with that group and that is a forum where they can present issues to us which we can take on board or give them more information on. We also give them an update of what is happening with the commission, with our research. It is a very useful interaction. So I guess that is a formal community group.

We also allow community groups to consult with us on an ad hoc basis, if they see the need, which does happen, especially with Lifeline. We also consult with all those groups and a whole range more, including industry organisations, when we are undertaking specific reviews, such as the cap review that we were just talking about.

**MS PORTER:** Thank you.

**THE CHAIR:** Dr Foskey.

**DR FOSKEY:** What amount of funding does the commission provide to Lifeline to run a gambling helpline, and has that increased this year?

**Mr Jones:** The commission does not provide any direct funding to Lifeline at all. Lifeline is a group that we consult with. The funding for Lifeline from the government perspective comes through community services.

**DR FOSKEY:** Right. Can you explain to me why it is not appropriate for you to support Lifeline?

**Mr Jones:** The commission is a gambling regulator.

**DR FOSKEY:** So you don't have the funds. Okay. Do you feel that the funds that they do receive are adequate?

**Mr Jones:** That is not a matter for the commission.

**DR FOSKEY:** Okay. I thought you might have an opinion on it.

**Mr Stanhope:** Just in relation to that, Dr Foskey, for your information, I have begun a process—which has not yet been formally considered by government but it is an issue that I expect to come to cabinet shortly—to change arrangements in relation to community contributions. You may be aware that Mr Quinlan, as Treasurer,

introduced an incentive in relation to community contributions whereby clubs that made contributions to support women's sport received essentially a bonus. I propose to initiate the same arrangement for contributions by clubs to an organisation involved in dealing with the incidence of problem gambling. I hope through that that there will be some additional support for organisations such as Lifeline. The details of that are, by way of example, that essentially for every \$3 a club contributes currently to support women's sport as a community contribution, the club gets a 25 per cent credit. I propose that the same arrangement apply to club contributions through their community contributions to organisations involved in dealing with issues that arise as a result of gambling.

**DR FOSKEY:** But they will still be free to make their community contributions as they do already—

**Mr Stanhope:** Yes, but at the same rate. This is essentially an incentive scheme to encourage clubs, through their community contributions, to support, in the first instance, women's sport. We find that our community clubs are the major supporters of sport within the ACT. I think we are all aware of the disproportionate funding which sport targeted at men receives over what might be broadly described as women's sport. The previous Treasurer and minister for sport sought to encourage clubs to invest in facilities and resources for women's sport by providing an incentive. I am now seeking to extend that same incentives regime to clubs that provide support to organisations such as Lifeline, so there will be an incentive over and above that which currently exists.

**DR FOSKEY:** I think that is good news if it comes off. Mr Jones, do you keep statistics on gambling revenue losses and gains, and also the percentage that comes in from outside the ACT? I suppose that is a bit difficult. But do you have any statistics, for instance, on the percentage of gambling revenue loss in the ACT?

**Mr Jones:** I guess the budget papers will give you an idea of the tax revenues. Our annual report publishes a range of statistics in relation to gaming. That is probably your best source. Also, our annual community contributions report, which deals with gaming machines only, provides a fair break-up of the detail on the level of activity and actually gives it on a venue basis as well. They are some of the major sources. I am quite happy to provide specific details if you need them.

**DR FOSKEY:** I am interested in your view of the trends.

**Mr Jones:** I guess we just monitor trends in terms of gambling activity and report on those accordingly. Trends do change between the different sectors over time but our role is a monitoring role.

**THE CHAIR:** Mrs Burke.

**MRS BURKE:** I have a health-related question which maybe you will not be able to answer. Has any assessment been made of the impact of smoking bans in buildings?

**Mr Jones:** I can only comment on that from our observed impact on revenue. If you take the impact on gaming machine revenue as an indication of the impact, then I can

help you with that. Since the bans came in on 1 December 2006 we have assessed five months worth of gaming machine revenue and, overall, there has been about a 10 per cent decrease compared to the same months last year. On a month-to-month basis, those figures have varied between about eight and 12 per cent, but the five-month average is about 10 per cent. That is slightly better, meaning the impact has been slightly less than what we expected compared to other states. We are just getting into the winter months now so, again, we are expecting the impact to be slightly higher over the next few months. But in the five months to date, it is about a 10 per cent decrease compared to the same time last year.

**THE CHAIR:** Mr Smyth.

**MR SMYTH:** Thanks, Chair. On page 419, the second dot point talks about enhancing the effectiveness of the commission's compliance program. What actions will they actually undertake in the coming year to do that?

**Mr Jones:** The commission has a very detailed compliance program right across the board of all the gaming industries that we regulate. We have both a random and a regular audit program. The regular program deals with the fundamentals—tax revenue, fee payments, basic compliance. Our random program is a more proactive and reactive audit program, and that is based on risks that we assess, information that gets passed back from our inspectors and information which we obtain from our interstate colleagues—whether there are scams or particular issues which come up there. Our random program in particular varies considerably, and that is constantly reassessed on a risk basis. That changes between industries and also focuses within the different industry bodies.

**MR SMYTH:** So how do you judge the effectiveness of your programs at the moment, and then how do you go about enhancing that effectiveness?

**Mr Jones:** We obviously monitor compliance of the licensees within the industry bodies very closely. I guess the report back that we get from our compliance area is constantly assessed and reassessed. If there is continual non-compliance then we look at having education as our first reaction, depending on the severity of what it is, of course, and then we have graduated steps of different disciplinary action to ensure that occurs. But quite often it is really an education thing and an awareness program which we implement. We have internal assessments of what the compliance is. We have weekly management meetings where the compliance manager reports to me right across the board on each industry of what the compliance has been, what the issues are. So, on a weekly basis, we monitor what the compliance is in each industry.

**MR SMYTH:** Is the number of on-site visits that you make declining or increasing?

**Mr Jones:** It is about constant but it obviously varies between industry and between licensees, again depending on our risk program. It is sufficiently flexible that we can target either particular industries or particular licensees within.

**THE CHAIR:** Ms Porter, you have a supplementary?

**MS PORTER:** I do. Thank you, chair. Before I go to my supplementary, I might ask

whether the graphs on page 421 of budget paper 4 show that your compliance regime is working. Do they show that it is actually working quite well?

**Mr Jones:** Yes, exactly.

**MS PORTER:** Thank you. I thought that is what it showed. I just wanted to check. Does the increase in new technologies make your job harder or easier? Do people have ways of avoiding compliance by using other technologies, or does it make your job easier?

**Mr Jones:** It is a bit of both. New technology makes the job more difficult when people are using computers—computer programs, miniature cameras, that sort of thing—in terms of obtaining information which they could not previously get. This would be particularly in a cheating area, for example, in a casino—assessing numbers, using hidden cameras to observe other people's cards and having that passed electronically to someone else. That certainly makes it more difficult in respect of detection. At the same time, we can use technology in terms of closed-circuit television and computer programs to analyse data and detect breaches and things. But I guess when there is a major monetary incentive out there they tend to get the technology before we do. So, yes, it does make life difficult and we really need to keep on our toes.

**MS PORTER:** Thank you.

**THE CHAIR:** Are there any further questions in this output class?

**MR SMYTH:** Yes, I have got a few.

**THE CHAIR:** Mr Smyth.

**MR SMYTH:** I notice on page 420 that you have got an extra two staff coming on board. Is that two full-time positions or part timers, and what will they do?

**Mr Jones:** They are actually not on, so I am not sure yet.

**MR SMYTH:** If you are not sure what they are doing, why are you getting them?

**Mr Jones:** I know exactly what they would be doing. It is a matter of who they are, who we can get and what their skill set is. Obviously, we would be aiming at full-time positions to maximise the task we need to get done. That is really a reflection, as I said earlier to Mr Stefaniak, that we are more understaffed now, rather than being expanded with two new people.

**MR SMYTH:** Okay. On page 427, the notes indicate an anticipated decrease in interstate lotteries and a decrease in sports betting turnover. What prompts you to think that is going to occur in the coming year?

**Mr Jones:** Just our experience. The shift between New South Wales and Victorian lotteries has changed significantly. About five years ago the ratio in the ACT was about two-thirds Victorian and one-third New South Wales. It is now 50-50. The

Tattersall's contribution is declining, and has been for a while. New South Wales has increased to a reasonable degree and more or less has covered Victoria, but perhaps not quite, so we are anticipating a small decrease. The reasons for that are probably because of the competitive market out there and the access to internet and other gaming is certainly making the major public lotteries' life fairly difficult. But, yes, predicting some of these industries is very difficult.

**MR SMYTH:** Do we get the same percentage cut from both Tattersall's and from the New South Wales government?

**Mr Jones:** No, it is slightly different and that is based on the contribution that each of those areas makes to their own state contribution. So whatever tax New South Wales pays to the New South Wales government is what we get, and the same with Tattersall's in Victoria. They are slightly different.

**MR SMYTH:** What percentages are they?

**Mr Jones:** In Victoria I think it is 30 per cent of each ticket sale. I think in New South Wales it is just a couple of percentage points lower. I am not exactly sure. It is around 26 or 28 per cent.

**MR SMYTH:** What happens with unclaimed prizes? What is the status of the prizes at this stage?

**Mr Jones:** Unclaimed prizes in Victoria are rebated after 12 months to the ACT, where they are placed in a trust fund. Tattersall's have 12 months to allocate those unclaimed prizes directly themselves and then they are passed to the ACT, obviously only for ACT-sold tickets. New South Wales have a different scheme. Unclaimed prizes are returned to the New South Wales Lotteries Corporation and they recycle those as prizes, so we do not get any unclaimed prizes forwarded to the ACT from New South Wales.

**MR SMYTH:** So what sort of money are we talking about that we do not get from New South Wales?

**Mr Jones:** Well, New South Wales does not get it either—ie the state government does not. In Victoria we get around about \$300,000 a year in unclaimed prizes. So, given that they are roughly 50-50, it would be about the same from New South Wales.

**THE CHAIR:** Mrs Burke.

**MRS BURKE:** Thank you. Maybe this is a Treasury question, but can you explain the annual variations in the Racing Development Fund shown on page 74 of budget paper No 4?

**Mr Jones:** Yes, I can do that. The Racing Development Fund is a set percentage contribution from ACTTAB turnover. If ACTTAB turnover reduces, then so does the contribution to the RDF. It is really as simple as that.

**THE CHAIR:** Any there any further questions?

**MRS BURKE:** What exactly does the Racing Development Fund do? What are its activities, and what has it been doing?

**Mr Jones:** The Racing Development Fund, pretty well as it says, provides both operational and capital funds for the development of the three race tracks that we have: the greyhounds, the harness and the gallops. In the last two years predominantly the Racing Development Fund has contributed to the redevelopment of the Canberra racecourse. In fact, it is pretty well finalising the track now, and it is due to open in this spring season. So that is where the bulk of the funds have gone.

**MR SMYTH:** But can you explain exactly why it is up \$51,000 in 2006-07, down by \$134,000 the following year, up \$64,000, down by \$188,000 and then up by \$70,000? This is on page 73 of budget paper No 4. There seems to be a cycle in the numbers. Is there a reason for that or is it just the way it looks?

**Mr Broughton:** The core Treasury in the Economics Branch actually oversees the Racing Development Fund arrangements. The arrangements are, broadly speaking, that 4.5 per cent of the turnover of ACTTAB will be placed in the Racing Development Fund. That is split between the three racing codes at an agreed percentage—75 per cent to the thoroughbreds and 12.5 per cent each to the trots and the greyhounds. So the quantum of funds going into the Racing Development Fund in any year is based around the expected turnover of ACTTAB. We take advice from ACTTAB on what their expected turnover is and the amount that we forecast going into the Racing Development Fund is adjusted accordingly. What you are seeing here is simply an adjustment based on the expected TAB turnover.

**MR SMYTH:** Is ACTTAB therefore expecting a cyclic pattern in their turnover, where they will have decline and then increase, decline and then increase?

**Mr Broughton:** Certainly.

**MR SMYTH:** Because that does not appear to be case net total revenue.

**Mr Broughton:** They certainly have been expecting a downturn next year.

**MR SMYTH:** What page are you quoting from?

**Mr Broughton:** I am on page 457, which is the ACTTAB operating statement.

**MR SMYTH:** What line are you quoting from—total revenue?

**Mr Broughton:** Total income at this stage.

**MR SMYTH:** But in the out years it goes up, in 2009-10 and 2010-11. It is 31, 32 and then 33 million.

**Mr Broughton:** That is correct, yes.

**MR SMYTH:** That would not explain the difference in the 2009-10 figure on page 73.

**Mr Broughton:** We need to be careful. On the one hand we are talking about aggregates and on the other hand we are talking about changes in those aggregates. So I do not think you can read into those relatively small changes in the aggregate a cyclical pattern. What it is saying is that at one point in time we expected the payments to be around about the \$35 million mark. They are still around that mark. They are only minor adjustments. There is also a subtle difference between ACTTAB'S receipts and the payment made into the Racing Development Fund, and that is that the 4.5 per cent I spoke about only applies to revenues from racing and not revenues from ACTTAB's other activities, such as keno.

**THE CHAIR:** Thank you, members. We might move on. I am aware of the time.

**MR SMYTH:** Just before you go, Mr Jones answered half of my question. You have also indicated a decrease in sports betting. I thought that sports betting was on the up and up.

**Mr Jones:** Sports betting has significant fluctuations in it. We have a small number of licensees operating within the ACT. One of our most significant licensees that has been betting on the tote in northern America had their major client cease betting with them from about December last year, perhaps November, and so the bulk of their activity, which had significant turnover, is now no longer going through. In fact, this particular licensee has had a zero turnover since that date. So the fluctuations are considerable.

**MR SMYTH:** So look after your high rollers.

**Mr Jones:** Very much so, yes.

**THE CHAIR:** Thank you. We will move on to the ACT Insurance Authority. Treasurer, I might kick off. I get of a lot of inquiries into my office about the cost of registration and third-party in the ACT. Can you tell me what the government is doing to review compulsory third-party insurance in the ACT?

**Mr Stanhope:** I have made recent announcements in relation to this, Mr Chair, in the context of a major overhaul of compulsory third-party. It is a long overdue review and the government has agreed at last to the drafting of drafting instructions for the preparation of new legislation, a complete overhaul of the legislation as it currently applies. Mr McDonald has been at the forefront of that. I invite Mr McDonald to go to the current situation, the genesis of the review, and what it is that we hope to achieve in terms of a broad outline of the scheme. We do not have draft legislation at this stage. We are at the stage of preparing that, but Mr McDonald would be able to give some detail of the scheme which we propose to implement.

**Mr McDonald:** Chair, I recall a meeting that you had in your office two years ago where you asked me the very same question. At that time, I was not able to tell you anything. This time, I am able to.

The ACT CTP scheme has been around for many years. The underpinning legislation has not been significantly amended since 1948. Since that time, there has been a rapid



advance in all different manner of inputs that go to understanding the concepts behind statutory insurance—compulsory third-party and things like that—motor vehicle design, governance, prudential regulation, and health outcomes and things of that nature.

The opportunity was presented to us to look at the scheme overall and make some recommendations to the government in relation to what we thought would be a better mousetrap, so to speak. We discussed the scheme at length individually with every compulsory third-party insurance company that offers product in New South Wales and Queensland. We talked also to APRA, the Australian Prudential Regulation Authority; other heads of compulsory third-party schemes; actuaries; plaintiff lawyers; motor trades associations; and other people from whom we could glean information.

From the insurance perspective, as a technical statutory insurance product, the abiding themes that insurers brought to the table were consistency and certainty—and that the legislation as it presently stood did not provide them with that. The theory of a statutory scheme is that benefits are one thing, but structure is another. Insurers are concerned not so much about benefits but about structure.

The problem with the legislation as a regulatory tool for insurers was that there were no provisions in there that provided guidance, standards, governance information—the kinds of things that insurers would need to have in order to be participants in the market for compulsory third-party insurance, or any other statutory class of insurance for that matter. In addition, the ACT position on how CTP claims were managed was not as tightly governed as in other states. Certainly the statutory provisions in part 10 of the Road Transport (General) Act, which is the parent legislation for the CTP scheme, did not provide certainty, guidance and consistency in that area either.

Overlying that, we had a number of discussions with IAG. I am bound to say that the review was not sparked by the fact that IAG were overcharging for product. They have not monopolised their position, but they have been an accidental monopolist for 27 years in this jurisdiction. It is ostensibly a free market scheme, but there is one provider. What is the reason for this? The reason is that other insurers were not comfortable with the regulatory scheme. The proposal to the government—which in principle the government has accepted—is this: insurer licensing, regulation and premium regulation provisions, which the ACT will be asked to enact, will be identical with the provisions that apply in New South Wales under the compulsory third-party legislation in that state. And as far as claims management is concerned—and claims processing controls, legislative controls—we will be asking the government to adopt the Queensland compulsory third-party scheme provisions in that regard.

The relevance of Queensland is twofold. First, it is more aligned with the philosophy in the ACT about victims, claims, benefits and things like that. In addition, it is pretty much consistent with the claims procedures that we already have in the wrongs act for normal tort claims. So it is not a quantum leap; it is merely an incremental change which will make life a bit easier for lawyers in adjusting to the scheme.

In addition, six out of the seven insurers who offer product in New South Wales offer

product in Queensland. Our objective is that the regulatory side will be controllable under New South Wales principles and the claims side under Queensland principles; the barriers to entry for future entrants will be lowered; and, hopefully, we will get better premiums, better outcomes and a more streamlined administration of the scheme.

A key element of our proposal is health outcomes. When you are looking at statutory schemes, in the past all you saw was this payout and that payout. The term “walking-around money” was bandied about in relation to minor injuries. In other states, they have virtually banned access to justice for people with soft tissue injury—whiplash and that kind of thing. The government’s approach has been very different in the ACT in the personal injury space and in the compulsory third-party space, applying that same principle, and overlaying that with trends over the last three to four years in other states—Queensland, New South Wales and other states—where we are now focusing now far more on health outcomes for people with minor injuries.

We will be asking the government to enact provisions that apply compulsory rehabilitation for accident victims if needs be—medical treatment to be provided at cost, but without prejudice, by a licensed insurer, and the same for rehabilitation. The principle for that in relation to minor injuries is to start people on the path to recovery straightaway—provide the facilities for them and enable them to achieve the outcomes. There is an analogy with a football injury, an injured leg: if you go straight into rehabilitation, you are back on the field in four to six weeks, that kind of thing; if you do not treat it, you have a limp for life. That is the kind of philosophy that we are adopting.

Finally, if the industry has a structure like that that focuses on health outcomes rather than just providing walking-around money in the pocket for a minor injury, it means that the ambulance will be able to get to the hospital before the lawyers can catch up with it.

**Mr Stanhope:** I’ll believe that when I see it.

**THE CHAIR:** Ms Porter.

**MS PORTER:** Page 429 of budget paper 4 mentions working with selected agencies to reduce the total cost of risk to government under the priorities to be pursued in 2007-08. I probably should have asked this question yesterday when the environment questions were on, but it occurs to me that we have perhaps quite a risk to us in the near future—although maybe not, given that it is raining a lot at the moment. I was just wondering if this is the area where I ask what we do about the risk to us with regard to water restrictions. If we went into, say, level 4 water restrictions—or even worse; hopefully not—is that one of the risks that this authority handles for us? How do we handle that risk? What do we do about that risk?

**Mr Stanhope:** I am not sure that these are insurance risks that we would cover for, but I will take some advice on that. Certainly, there are risks—and it was indicated—to budgets. That was indicated very much yesterday in the response which Mr Costello gave to a question from the Leader of the Opposition in relation to some aspects of the contingency plan that is being undertaken in relation to the impact of

level 4 restrictions on sporting fields.

Mr Costello indicated that preliminary work—in scoping, and at this stage some costing and I believe the searching out of sources of supply—is being undertaken in relation to sourcing quite large tanks—I think they are looking at tanks in excess of 30,000 litres—and the capacity to fill them, and keep them filled and maintained, having regard for the amount of water that an oval consumes over summer. Mr Costello indicated yesterday that they are looking at in excess of, I think, 30,000-litre tanks, and looking at the acquisition—hiring—of a fleet of tenders that could take water from lower Molonglo to those tanks and for those tanks then to be utilised as part of an irrigation system. The costs involved in that—not so much in the tanks themselves, but in the hiring of the tenders to keep those tanks full—would be very significant. I am sure that over a summer it would involve millions of dollars of expenditure.

We can manage the risk of level 4 water restrictions, acknowledging that, depending on the initiatives we pursue, there will be a very significant cost to the government—either through Actew or directly through the budget—but these are not matters that we have insured for and I am not sure that these are issues that have come to the notice of ACTIA.

**THE CHAIR:** Dr Foskey.

**MS PORTER:** Is that something that we cannot—sorry to labour the point—

**Mr Stanhope:** I do not think that we can take out broad rain insurance—not like sporting organisations do.

**MS PORTER:** We cannot insure for those kinds of things?

**Mr Stanhope:** I do not know; I am not an insurance person. I am not sure that we could insure against those sorts of natural events. I would defer to Mr Broughton.

**Mr Broughton:** I am not sure I can throw much more light on it. I know that you can get weather insurance for certain events, circumstances and the like. In the past, it may even have been possible to take out insurance to cover the eventuality of a drought or whatever. But I would say that at this stage of our weather pattern it would be far too late.

**MS PORTER:** So it is just something we have to manage through the budget?

**Mr Broughton:** Yes.

**DR FOSKEY:** I know a number of—

**Mr Stanhope:** I should just intervene. With great respect to those that are regular churchgoers, I attended church for the first time this year on Sunday—the Sacred Heart church at Calwell—and joined in a prayer for rain on Sunday. I am not necessarily drawing any connections between today and Sunday, but—

**MR STEFANIAK:** Mrs Burke and I did a rain dance in 2003 and we got 57 millimetres.

**DR FOSKEY:** Mr Stanhope, you are being rewarded with a command performance. I know that a number of insurance companies are concerned about climate change; indeed, Swiss Reinsurance is one of the founders of the business round table on climate change. When you talk about risk management in your business priorities, does that incorporate discussion on climate change risks and do you give advice to the government on how to ameliorate and avoid?

**Mr Broughton:** No. ACTIA does not actually provide that type of advice to government. Government has some areas that are much better prepared, if you like, to provide government with advice on climate change and managing the impacts of climate change.

**DR FOSKEY:** I have one more question. Are the insurance issues around the Civic library—which of course was badly affected by a rain event earlier this year—in your bailiwick or do I go elsewhere for advice on that?

**Mr Broughton:** The damage that was caused by the February storm, if that is what you are referring to—

**DR FOSKEY:** Yes.

**Mr Broughton:** is covered by the policy that the libraries have with ACTIA. The last time I spoke to the person involved in that, it was my understanding that they were quite comfortable with how arrangements were proceeding, but if that is not the case we would certainly like to hear that.

**DR FOSKEY:** So there are no issues around the insurance payout for the library?

**Mr Broughton:** My understanding is that there are no issues. There were some concerns about the total quantum of costs involved in replacing the damage. I believe that one area of concern was the carpet, which was damaged. It was a particular, special type of carpet.

**Mr Stanhope:** I believe that is true. I do not have a detailed brief on me, but my understanding is that there have been particular issues around the carpet.

**MR MULCAHY:** There are design issues also, aren't there, with the fact that the hail—

**Mr Stanhope:** Yes, most certainly. We do not want a repeat occurrence. But in the context of insurance, I think the carpet—it is a great pity. The carpet within the library was specifically commissioned for the library. It was made especially for the library; it was a quite special and remarkable carpet. There are some issues as a result of that. The only insurance issues that I am aware of relate to the carpet, but I believe that those issues are being worked through. I do not know the detail, I have to say.

**THE CHAIR:** Mrs Burke.

**Mr Stanhope:** It was a work of art.

**MR MULCAHY:** I am not sure if this should go to you, Chief Minister, or to Mr Broughton or Mr Matthews. Page 20 of BP3, under “Summary of Major Risks”, says:

Insurance—since the January 2003 bushfire the ACT Insurance Authority’s self-insured retentions have been reviewed to ensure an appropriate balance between risk transferred, the premium paid for this, and risk retained.

I am wondering if you could inform the committee what the result of this review was and expand a little further on the matter of self-insurance and the motivation in terms of your delineation between what you choose to self-insure for and what you reinsure or outsource.

**Mr Broughton:** I can certainly begin to answer that in a general sense. The balance for government is to decide on how much risk is acceptable for the government to take on board and how much it should pay to have somebody take away the remaining risk. Governments, by their very nature, are large. They have a pretty solid tax base if they need to call upon it, although most governments are reluctant to do so. So they can accept much larger amounts of self-insurance than your average household would. The cost to governments of removing that level of self-insurance—say, insuring down to the bottom dollar—would be astronomical. The main risk to governments is catastrophic losses such as bushfires, earthquakes and those sorts of things.

Our insurance regime is designed to try and cover off those catastrophic losses but at the same time not spend too much on premiums. The decision about where we self-insure to is an equation that brings to account the insurance offers that are on the table, the cost of premiums and our experience with the losses that we have incurred in the past.

With the bushfires, the loss to the total community was considerably greater than anybody would have expected prior to that happening. The idea of losing 500 homes in a bushfire just would not have occurred to anybody previously. That opened our eyes to the size that a catastrophe could be in the ACT. As part and parcel of our renewal of insurance arrangements this year, we have been exploring increasing the upper limits of our insurance coverage. Some of those will be increased when we place our insurance on 1 July. With others we are going to continue to work with our insurance advisers to work out whether or not we need to increase those levels.

**MR MULCAHY:** Can you share with us any information about the impact on premiums from 2003 bushfire as well as the deductible or excess? I think you have a \$5 million cap in terms of the territory’s liability on that. What are those figures likely to be—for both the excess and the premiums?

**Mr Broughton:** Notwithstanding the bushfires, we have managed to keep our excesses at or around the same level that we had prior to the bushfires. The most significant change is that we used to have a cap on our public liability, which was \$5 million in aggregate in any one year. We now have an arrangement where it is

\$5 million excess for each and every public liability claim that comes to us. That has been the most significant change in our excesses.

**MR MULCAHY:** And the premiums?

**Mr Broughton:** Premiums have worked their way down over the last couple of years, mainly as a result of a surprising softening in the market. We were expecting increases due to the events that were happening elsewhere in the world, in particular the hurricanes in the US. However, the insurers that we deal with have recently split their books and are looking for US insurers to pay for those costs and for the rest of the world to have a more competitive premium.

**MR MULCAHY:** Just one other area. Mr Matthews has previously appeared before committees here and indicated that there were problems with government departments not processing claims in a timely fashion, resulting in certain issues of exposure. Those agencies were not identified, but action was in hand to try and improve the handling of claims. I think some of them may have been in the health area. Where are we now in terms of the treatment of claims by government departments and, somewhat related to that, what is the value of provisions for potential claims that we may be addressing at the present time in the territory?

**Mr Broughton:** The first part is that all of the agencies have improved their claims reporting—or incident reporting, I should add—to the extent that we are much more aware now of the potential for claims to arise. This has had an impact on our estimated liabilities because of the improved reporting. Overall, we are fairly satisfied with the way the agencies are notifying us about the potential losses.

**MR MULCAHY:** And the quantum of the premiums—

**Mr Broughton:** The quantum is reported in the budget documents here. If we go to page 432 of BP4, in terms of liabilities, and look at payables, both current and non-current, we can see that it is about \$182 million. This is roughly the total amount of liabilities we estimate for insurance.

**MR MULCAHY:** So that is basically claims, not just general liabilities—potential claims?

**Mr Broughton:** It is, yes. All of the claims except for those that are settled are potential claims, if you like.

**MR MULCAHY:** Where are they mostly? In the health area?

**Mr Broughton:** Health is certainly a major contributor, because of the cost of the claims in particular. Once serious or catastrophic health issues come into play, you are talking about some very substantial claims.

**THE CHAIR:** I am just aware of the time, colleagues. We still have another three classes to go through.

**MRS BURKE:** I have a very quick follow-up to that. But just to clarify,

Mr Broughton, are you saying that there are pending claims or potential problems for the territory, and that is what you have allowed for?

**Mr Broughton:** That is right. What happens—

**MRS BURKE:** Are there any that this committee should know about in particular?

**Mr Broughton:** I do not think there are any in particular that this committee needs to be concerned about.

**MRS BURKE:** No outstanding matters?

**Mr Broughton:** There are a lot of outstanding matters. What happens is this. An incident happens, whether it is in a hospital or whether it is someone tripping over a kerb walking around the street. Those incidents are notified to ACTIA. ACTIA, in conjunction with its appointed actuaries, looks at the likelihood of incidents turning into claims; the likelihood of the government being found liable for those claims; and, should they become liable, the estimate of the amount they would have to pay. Those are done across the whole range of activities that the government looks after. They might be falling off play equipment in the schoolyard—as I said, slips, trips and falls around the place; all those sorts of things. They are all brought to an actuarial assessment of the potential liabilities that we might face in the future.

**MRS BURKE:** So you are saying \$186 million?

**Mr Broughton:** Yes.

**MRS BURKE:** You must have a very good idea of the potential risk to the territory of some of the cases that you are currently dealing with?

**Mr Broughton:** We monitor particularly the larger claims very closely. Every quarter, any claim or potential claim that is valued at more than \$100,000 is reviewed by ACTIA, by the ACT Government Solicitor's Office and by our reinsurance services.

**MRS BURKE:** How many over \$100,000 at the moment?

**MR MATTHEWS:** Over \$100,000 we would probably run to 50 or 60 claims. Our claims are very much split between a volume of very small claims and a few large claims. If we look at medical malpractice, for instance, we will see that a large claim is potentially \$10 million, yet our average claim size is \$50,000. It is a very volatile, peaky portfolio.

**MR MULCAHY:** How many have you got of \$10 million or more provided for?

**Mr Matthews:** I am sorry—

**MR MULCAHY:** How many have you provided for claims that would amount to \$10 million or more in that \$180 million figure? Could you guesstimate that?

**Mr Matthews:** Probably five or six out of that total.

**MR MULCAHY:** So we can assume that there are five or six medical malpractice claims.

**Mr Matthews:** Yes. Medical malpractice is the only thing so far that we have seen run that sort of number. Public liability—the worst claims there run \$1 million or \$2 million, no more.

**MRS BURKE:** What areas of malpractice would they be in, particularly?

**Mr Matthews:** The large claims are always bad birth claims—always. We have other medical malpractice claims—once again it might go to one or two million—but to get into the very large numbers it is bad births every time.

**MRS BURKE:** How long do you expect those to be progressing for? Are any near closure or are we looking at a fair way out for those claims to be finalised?

**Mr Matthews:** The claims take a long time to come to finalisation, depending on the nature of the injury and how the plaintiff's lawyers tend to approach the issue. It all depends on life expectancy. If the child is not expected to survive, the lawyers will bring a case on quickly. If they are expected to survive, they will take it out as far as they possibly can to go into maximum claim payout.

**MR MULCAHY:** Once before, we had evidence of a claim being settled by the authority for more than \$10 million that had not been signed off by the legal advisers of the territory. Are there practices in place now to ensure that the territory's legal advisers vet the settlement of all claims before they are entered into by the Authority?

**Mr Matthews:** I think the issue was really that it was something that we did not pursue to be a decision of the court. We reached settlement before that time. That was in conjunction with the territory's legal advisers. I am not sure if we are on quite the same track.

**MR MULCAHY:** It is going back two years; I would have to refresh. I thought there was a problem there. But you check with the lawyers before settlement?

**Mr Matthews:** Certainly, yes. On all the large claims like that we would also check with our reinsurers and their legal advisers. It is an agreed settlement between a number of parties.

**THE CHAIR:** Thank you, members.

**DR FOSKEY:** Can I just ask my one question, please?

**THE CHAIR:** Yes, Dr Foskey.

**DR FOSKEY:** It is a perennial; I am sure that Mr Matthews is expecting it. Has there been any progress in finding an underwriter to insure for midwives to attend home births through the community midwifery program?



**Mr Matthews:** Unfortunately, no. The status appears to be the same, both in the insurers that are willing to write our business and those that are looking at home births. In fact, I think globally the capacity for home births has gone backwards. The only facilities that are insuring home births are internal facilities rather than commercial insurers. There is just nothing there at all.

**DR FOSKEY:** Except for those people who have no choice but to have their births at home. It is interesting that it is considered a greater risk than other kinds of births when they are still one of your biggest issues and where the biggest payouts are in relation to hospital-based births.

**THE CHAIR:** Was there a question?

**Mr Matthews:** The real issue is, as I think I have said before, that, to insurers, perception is reality. They perceive it as a greater risk.

**MS PORTER:** Is there a question there?

**DR FOSKEY:** I am getting an answer, Mary.

**Mr Matthews:** On that basis, they will not agree to cover it.

**THE CHAIR:** Thank you. We will move on to ACTTAB. Mr Stefaniak?

**MR STEFANIAK:** What was the dividend that ACTTAB paid the government—or the anticipated dividend if you do it this financial year, 2006-07?

**Mr Curtis:** I might refer that to Mr Wheeler.

**Mr Wheeler:** The proposed dividend for this financial year is \$2.6 million.

**DR FOSKEY:** I know that the Chief Minister's Department did brand recognition studies. I am not sure that we got a copy of that, but it would be interesting to see. Have you done any brand awareness studies of attendees of the events that ACTTAB sponsors so that you can be sure that they know that the events are actually being sponsored by ACTTAB?

**Mr Curtis:** Yes, Dr Foskey. You might recall that at the public accounts committee hearing a couple of weeks ago I did refer to the Chief Minister's Department doing exit survey work of people attending the celebrate in the park function. ACTTAB itself has not done any survey work at all in that regard.

**Mr Stanhope:** Just to add to that, Dr Foskey, that work was undertaken by the Chief Minister's Department.

**MR MULCAHY:** Was that by Jeremy Lasek's team?

**Mr Stanhope:** Yes, that is correct. I think that the Chief Minister's Department will be appearing tomorrow.

**THE CHAIR:** Yes.

**Mr Stanhope:** I will ensure that the information and the returns from that particular work are available tomorrow. Mr Lasek would be able to respond, I think, in some detail in relation to that exit research that was undertaken in relation to, most particularly, this year's celebrate in the park event, which, of course, was sponsored by ACTTAB, a sponsorship which I fully support. Just in context of the contribution of that particular event to Canberra, and I must say that I am not sure that I would have been particularly concerned if the research which was undertaken by the Chief Minister's Department was not as positive as it is in terms of my continuing support for ACTTAB's support of this community, some work has been done and it is extremely positive. I do not know the detail but we can provide that tomorrow.

**MS PORTER:** According to page 455 of BP4, ACTTAB's principal objective is to maintain and grow its share of the national gaming and wagering market. Given the discussion that was going on before about gaming, do you think you are going to be able to achieve that objective?

**Mr Curtis:** Yes, we anticipate growth going forward of at least three per cent, a minimum of three to four per cent, in the wagering turnover of ACTTAB. We have taken a substantial hit in the last 12 months with the loss of a major VIP corporate customer. Year to date, racing turnover is down about 6.39 per cent, substantially because of that one single customer. However, I am pleased to say that as late as last week VIP turnover week to week for this time last year has finally gone back into positive figures after being negative for most of the year. In effect, that means that we have taken on other VIP customers, not of the same scale as the customer that we lost. However, the ones that we have taken on, although smaller, have made up perhaps \$2 million to \$3 million so far of that turnover that we lost. In effect, what it means is that although racing turnover is down in the order of \$10.5 million for the year to date, we anticipate clawing back a substantial amount of that over the next 12 months. Also, there is anticipated growth in our other products; in particular, Sportsbet and Keno. Keno, this year, is seeing growth of 35 per cent, and about 11 per cent in Sportsbet. We would anticipate replicating those figures in the next 12 months with those products.

**MR SMYTH:** To follow up on that, what has the national market grown by? If our share has grown by three per cent, what has the national market grown by?

**Mr Wheeler:** It is close to one to two per cent. There is very small growth in the racing market. It is a very mature business.

**MR SMYTH:** So we are growing above the national rate.

**Mr Wheeler:** Yes.

**Mr Curtis:** Certainly nationally, almost internationally in a number of countries, particularly the US and the UK, racing turnover has been in decline for a number of years, but we in Australia, I think, are slightly against that trend, as Mr Wheeler suggests, with growth of at least one per cent.

**MR SMYTH:** In your operating statement on page 457, under other revenue, there are some quite large figures that vary a lot. This year you expected \$930,000 from other revenue but got \$4.6 million. Is that about the sale of the premises at Dickson?

**Mr Wheeler:** Largely, yes.

**MR SMYTH:** The outyears are all around \$230,000 to \$240,000. What does that comprise?

**Mr Wheeler:** That is receipts back from our clubs and our agents.

**MR SMYTH:** So the other revenue is from agents.

**Mr Wheeler:** They pay for stuff like tickets, vision, Sky Channel, form guides.

**MR SMYTH:** So the \$930,000 figure is the anticipated result for the 2006-07 budget, say, \$230,000 or \$240,000 plus \$700,000 for the building.

**Mr Wheeler:** Yes.

**MR SMYTH:** Instead the building came in at about—

**Mr Curtis:** \$6.9 million.

**MR SMYTH:** And that was about \$3.9 million more than you expected.

**Mr Wheeler:** A very good result.

**MR SMYTH:** Is it possible to get a breakdown of what ACTTAB spends on its community profile?

**Mr Stanhope:** Most certainly.

**Mr Curtis:** I will take that on notice.

**MR SMYTH:** You want to implement a new competency-based performance management system for employees. Why and what does it do?

**Mr Curtis:** As a result of the current EBA, we were required to conduct a classification and work value exercise, which was completed late last year, and that resulted in a competency-based approach being taken by the consultant who made the recommendations to us, which were subsequently adopted by the board and the union. Hence, our shifting focus to a competency-based performance assessment. Although it is currently employed across the executive and managerial levels of the organisation, it will be extended to the whole work force.

**MR SMYTH:** Will that allow you to pay staff performance pay?

**Mr Curtis:** No. Performance payments, as I understand it, are prohibited under the current EBA.

**MR SMYTH:** What does it do? Does it just get the best performance out of the staff?

**Mr Curtis:** Yes, certainly, but I think we need to recognise, too, that as a result of this exercise there has been growth in wages in the organisation in the order of 10 per cent, which I think is fair recognition of the work done by the majority of the work force and probably takes that particular aspect into account.

**MR SMYTH:** But that growth of 10 per cent is because of the study that you did. The study came back and said that you were actually underpaying the staff in regard to what they were doing.

**Mr Curtis:** That is correct. Two other totalisator organisations nationally were taken into consideration in that exercise, as were public service salaries.

**THE CHAIR:** We are almost out of time, members, but I understand that there are a few questions for Exhibition Park. We will move on to that.

**MS PORTER:** Page 499 of BP4 lists the priorities for 2007-08 and it lists a number of areas where you intend to expand. It mentions expanding the existing client base while retaining key events, further expanding the revenue stream from camping and in-house catering, and providing additional facilities. I was wondering if you could give us a bit more detail about how you hope to achieve all of those very commendable things.

**Mr Sadler:** The Exhibition Park Corporation has currently before the ACT government a proposal to increase the land holding at Exhibition Park by the possible granting of block 751 Gungahlin. We have been assured by the government that consideration of this and a decision will be given to us within the next quarter and that will enable us then to decide finally what we are going to do with the progression of the venue, be it expanding facilities into the additional land or reconfiguring the current land holdings. We currently stage in excess of 300 events a year and the key to the venue continuing successfully is the retention of those clients and either expanding on the number of events that they hold per year or increasing the client base. Inherent in that, with the in-house catering operation that we have, we would obviously gain revenue. The more events we have, the more catering revenue, parking revenue, camping revenue and that type of thing we gain from the staging of those events.

**MS PORTER:** Do you have some new clients who are interested in coming?

**Mr Sadler:** It is constantly changing. There is a lot of competition in the venue industry throughout Australia. I think it is well-documented the problems that the industry is suffering, particularly New South Wales with the creation of all the venues for the Olympics. You hear the term “white elephant” and that sort of thing used about the facilities there. I think they have come to the realisation that they have got to do something with those and consequently the competition for events and the rates that they pay is extending into having its effect on us.

**THE CHAIR:** Chief Minister, we are out of time, but I understand that there are a

few questions on Rhodium. Are you able to stay for another five minutes?

**Mr Stanhope:** Yes, sure.

**MR SMYTH:** Just before EPIC goes, I noticed on page 503 in your operating statements that charges will actually drop, based on lower rental sales, lower catering revenues and lower commercial lease rentals. Why are you predicting that?

**Mr Sadler:** There are a couple of things there, Mr Smyth. One, the convention centre has been closed down. It will come back on stream and we compete with it for major catering events especially and, with a smaller budget like we have got, it is reasonable to anticipate a downturn in that respect. I think there will be a sharing of the ACT market, if you like. I have foreshadowed competition with New South Wales venues. That is a significant issue as well.

**THE CHAIR:** Okay, we will move on to Rhodium for another five minutes. Mr Stefaniak has now indicated that he has some 20 minutes of questions; so, if we do go past the five minutes, we might come back with perhaps the Deputy Chief Minister.

**Mr Stanhope:** Yes, I have other things I need to deal with.

**MR STEFANIAK:** We could come back with the Deputy Chief Minister. As a joint shareholder, she could answer anything political. I note that it is due for recall, because I do have a number of questions in relation to it.

**THE CHAIR:** If that is the position, we will do that. Thank you very much, Treasurer. We will come back with the Deputy Chief Minister on a call back day.

**MR STEFANIAK:** You could ask a few now, if you like.

**MR MULCAHY:** Could I ask one question, chair, just before you adjourn?

**THE CHAIR:** Yes.

**MR MULCAHY:** Chief Minister, in the interests of good government, which you espouse, and transparency, do you think it is appropriate to be paying a media proprietor to serve on the board of Rhodium? Do you think that utilising media owners on any government board is appropriate, given the importance of having government scrutinised, and in this case a corporation which has been now under investigation by federal police, ASIC and two audit firms? Your own officers have examined it and it is under a PAC inquiry. Do you think that it is a good idea to put media proprietors on boards of government agencies?

**Mr Stanhope:** Which provider is this?

**MR MULCAHY:** The *City News* owner sits on the board of Rhodium as a director.

**Mr Stanhope:** Who is that?

**MR MULCAHY:** Mr Meikle. It is the principle that I am raising with you as to

whether that is good practice.

**Mr Stanhope:** I must say that issues around conflict of interest are extremely important and we take them very seriously. I think it would be rather a broad brush to suggest, if one was to extend the position you put, that there would be a conflict in ever appointing somebody that works within the media to any government organisation. I would have thought that that was a rather broad brush to apply or a broad test to apply to conflict of interest. The government seeks and receives, otherwise we would not appoint to every government board or body, an undertaking from the person to be appointed that there is nothing in their personal, private or business affairs that would embarrass either them or the government were it to be revealed. We go further to insist in relation to every matter that any organisation deals with that, if there is a conflict of interest, the conflict of interest be declared and the decision be made, if there is a decision to be made, in the absence of that person so declaring.

I think our processes are rigorous. I think it is very important to avoid both conflicts of interest and perceptions of conflict of interest, but I must say that I would think it quite remarkable to suggest that, because Rhodium has attracted some public comment and notoriety, anybody involved in the business of reporting, or in the media per se, is thereby excluded from participation on a board. That is not to say that we do not take conflict of interest and conflicts of interest very seriously—of course we do—and I believe our processes are rigorous enough to deal with that.

**THE CHAIR:** Thank you, Treasurer. We will see you tomorrow in your role as Chief Minister and we will deal with Rhodium on the call back day with the Deputy Chief Minister.

**Meeting adjourned from 12.33 to 2.01 pm.**

Appearances:

Hargreaves, Mr John, Minister for Territory and Municipal Services, Minister for Housing, Minister for Multicultural Affairs

Department of Territory and Municipal Services

Zissler, Mr Mike, Chief Executive, Office of the Chief Executive

Tardif, Mr Phillip, Executive Director, Office of the Chief Executive,  
Government Policy and Legislative Co-ordination

McNulty, Mr Hamish, Executive Director, Environment and Recreation

Watkinson, Mr Russell, Director, Parks, Conservation and Lands,  
Environment and Recreation

Ottesen, Mr Peter, Director, Sustainability Policy and Programs, Environment  
and Recreation

Horseley, Mr Chris, Manager, Sustainability Policy and Programs, Environment  
and Recreation, ACT NOWaste

Kennedy, Ms Rosemary, Executive Director, Community and Infrastructure  
Services

Greenland, Ms Karen, General Manager, Road Transport, Office of Transport,  
Community and Infrastructure Services

Hickson, Mr Ian, Director, Roads ACT, Office of Transport, Community and  
Infrastructure Services

Gill, Mr Tony, Executive Director, Enterprise Services

MacDonald, Mr Brian, Manager, ACTION, Enterprise Services

Kiemann, Ms Susanna, Office of the Chief Executive, Strategic Finance

**THE CHAIR:** Good afternoon, minister, officials and members. Welcome to the 2007 estimates hearings into the Department of Territory and Municipal Services. I will read out the card before we begin.

The committee has authorised the recording, broadcasting and rebroadcasting of these proceedings in accordance with the rules contained in the resolution agreed by the Assembly on 7 March 2002 concerning the broadcasting of Assembly and committee proceedings. Before the committee commences taking evidence, let me place on record that all witnesses are protected by parliamentary privilege with respect to submissions made to the committee in evidence given before it. Parliamentary privilege means special rights and immunities attach to parliament, its members and others necessary to the discharge of functions to the Assembly, without obstruction and without fear of prosecution.

While the committee prefers to hear all evidence in public, if the committee accedes to such a request, the committee will take evidence in camera and record that evidence. Should the committee take evidence in this manner, I remind the committee and those present that it is within the power of the committee at a later date to publish or present all or part of that evidence to the Assembly. I should add that any decision regarding publication of in camera evidence or confidential submissions will not be taken by the committee without prior reference to the person whose evidence the committee may consider publishing.

This afternoon we are looking at the Department of Territory and Municipal Services,

output class 1, municipal services. Then we will move to 1.1, information services; then office of transport and then land management. Then we will move to output class 2, enterprise services and 2.1, government services. Then we will move to ACTION in the public transport output class and, finally, the public cemeteries authority. Minister, would you like to make any opening comments to the committee?

**Mr Hargreaves:** Thank you very much, Mr Chairman. I thank you for the warm welcome. I would also like to say good afternoon to fellow committee members. I bid a very good afternoon to those members of the fourth estate who are interrupting their sleep this afternoon and listening in to their television sets. I also bid a good afternoon to the chief grumbler, Mr Pratt.

Mr Chairman, I thank you for the opportunity to provide some opening comments before the committee begins its examination of the 2007-08 ACT budget as it relates to my portfolio responsibilities for territory and municipal services. The budget delivers significant funding to provide the necessary infrastructure to support the growing population of Canberra. \$8 million is provided in 2007-08 for a range of non-capital initiatives, including funding to meet the continuing growth of the city.

Canberra has a great series of parks, playgrounds, suburban shopping centres and public open space. This year's budget provides increased funding to maintain these much used areas to a high standard, with increased maintenance funding of \$5 million over four years. More than \$1.5 million will be spent over three years to maintain the city's young trees and to remove hazardous and dead trees, with over 2,300 dead or drought affected trees to be removed from within the urban area alone.

In addition to some \$58 million in work in progress which the department is currently progressing, the 2007-08 year provides a further \$62 million for new construction projects, \$10 million for capital upgrades and \$9.2 million in improving the look and feel of the city. \$11.3 million will be invested in the construction of new roads at Franklin, Bonython, Grace and Forde and \$3.4 million has been allocated to duplicate Athllon Drive to ensure better access to future residential areas of Bonython.

\$15 million has been committed to stage 1 of upgrades to roads and intersections around the Canberra airport. Tharwa residents will benefit from \$9.5 million committed to the building of the new Tharwa bridge. \$3.5 million will be invested in new infrastructure at the Woden town centre that will integrate residential development with existing retail, public transport and office developments.

\$2.9 million will be spent to improve shopping centres in Ainslie, Garran and Melba, including upgrades to lighting, pavement, drainage and street furniture. \$2.2 million is provided to upgrade local and district parks across the territory. Improvements will be made to playgrounds, barbeque areas, seating and shading, with enhancements ranging from a new flying fox at John Knight Park, new liberty swings at Yerrabi Pond and in Tuggeranong and an exercise track at Edison Park. These investments are another example of the government's commitment to help Canberra maintain its reputation as one of Australia's best kept cities.

Our commitment to public transport is reflected in this year's budget with over \$16 million in capital funding to acquire new buses and \$2 million in recurrent



funding to increase security, enhance the network and maintain the capacity of the ACTION fleet.

Mr Chair, this year's budget for TAMS demonstrates the government's commitment to delivering sustainable services, cultivating healthy living spaces and investing in the future of Canberra. I am happy to field questions from your committee.

**THE CHAIR:** Thank you, minister. I might kick off, then. You said in your opening comments that the government is proposing to improve the look and feel of the city. Can you expand on that a little bit and tell me what you hope to achieve out of spending that money?

**Mr Hargreaves:** Yes. As I indicated, the budget provides \$9.2 million for the look and feel of the city. Funding of \$755,000 has been allocated in the 2007-08 budget towards the improvement of streetscape across the city. Works will include: replacement of public seating, garbage bins and bollards, with a suite of furniture specially developed for the city; a new shade structure for Garema Place and a new footpath to City Hill from London Circuit and associated public artwork. Locations for replacement of street furniture include Bunda Street opposite the development of section 84; Garema Place and links to Bunda Street and City Walk between West Row and Akuna Street.

Funding of \$3.25 million has been allocated towards upgrades of the Ainslie, Garran and Melba shops, as I indicated. These works will include detailed design and upgrading of public open space associated with each shopping centre. The upgrades will improve the look, function and safety of the centres by refurbishing assets, such as pavements, street furniture and lighting and introducing public artworks elements to enliven and give a sense of identity to the shopping centres.

Funding of \$330,000 has been allocated towards street and park tree removals and plantings, Northbourne Avenue entry plantings and reserve tree plantings to further enhance our bush capital image. Funding of \$250,000 has been allocated towards improvements in Tidbinbilla Nature Reserve. These works will include the establishment of a visitor node that provides orientation and interpretive information to the new visitor trails and car park area and minor new works associated with traffic management and safety issues within the vicinity of the new nature discovery play space.

Mr Chairman, \$50,000 has been allocated to design and construct a jetty and associated equipment for use by Sailability ACT, as well as the general community. Sailability is a community organisation that aims to provide people of all ages and abilities access to the joy of sailing, Sailability currently has 78 members, including 34 disabled persons. That does not include members of this Assembly who participate in the three monkeys race once a year. I can recall participating in it and playing particularly fairly by the rules in the last couple of days. You still have the trophy, I believe, Mr Deputy Chair, and you have probably still got the bruise that we gave you while in the water.

We are also putting in new barbeque and picnic facilities at district parks like Yerrabi Pond, Glebe Park, Lennox Gardens, Edison Park, Fadden Pines, Point Hut Pond Park

and John Knight Park. The barbeque areas will also receive some landscape improvements. Works will include playground upgrades and ornamental ponds.

Two new dog exercise enclosures will be constructed in 2007-08, one in north Canberra and one in the south. The enclosures will be fully fenced with gate access, water, signage, seating and short exercise courses for owners to train their dogs. If you have not seen one of these facilities, they are worth having a look at. You will appreciate this. This is an opportunity for people to actually walk their dogs in the town park itself, but also to train them and to train dogs how to get along with other dogs under control.

Mr Chairman, we have also provided \$150,000 to assist with additional culvert and planning needs at Stromlo Forest Park so that we can address issues in time for the 2009 world mountain biking trails championship. There is also a conservation management plan for Queanbeyan's river cemetery. Finally, \$250,000 has been provided for an additional 100 bus stop seats throughout Canberra. We have got too many places where there is a bus stop and boggy areas around the bus stop and nowhere for people to sit. So we are going to add 100 bus seats.

As you can see, there is an awful lot of activity that is going to go on in the next financial year in prettying up the city.

**THE CHAIR:** I look forward to it. Members, are there questions for the minister?

**MS PORTER:** Good afternoon, minister.

**Mr Hargreaves:** Good afternoon, Ms Porter.

**MS PORTER:** Good afternoon, Mr Zissler and officials. Minister, I am sorry to say that I was dashing up and down the stairs getting my post-lunch exercise during your most enlightening presentation, and I apologise for that. I am sure you would have mentioned the first priority listed on page 279 of budget paper No 4, which is the introduction of a new bus network and improved security measures at the interchanges. Could you let us know how that is all going?

**Mr Hargreaves:** Thank you very much, Ms Porter. Through you Mr Chair, I appreciate the opportunity to talk about security of the interchanges because we have spoken about it before, in the chamber and out. We have relationships with the police. We have got a union management liaison committee which attacks the issue so that we actually talk to the drivers and transport officers around the nature of attacks, whether they are on staff or on passengers. These things are particularly difficult to predict because they are spontaneous things. We know that there are young folks from various parts of the town who will jump on an ACTION bus and go to an interchange and monster somebody. We do not know they are coming so it is very difficult to predict.

What we can do, however, is to prosecute them and to give them a deterrent, and that is the reason for the advent of closed circuit TV. The government aims to complete the fitting of closed circuit televisions in all ACTION buses this financial year coming. To that end we have allocated \$445,000. We are hoping that will deter people, but in

the event that it does not, it will aid in their prosecution. There was an incident not long ago. You would be surprised at what is on the images. The images, of course, are in the custody of the police at the moment. I have not seen them but I have been told roughly what is in them. The police are saying that the more CCTV cameras you can out the better. So we are committed to doing that.

The 54 new Scania buses that we got between 2001 and 2006 are currently fitted with digital CCTV systems. Prior to that, 33 buses were fitted under the original contract. They were fitted with analog tape CCTV cameras, but they are a bit unreliable and we are going to replace them. The average cost of an installation is around \$5,500 a bus. The installation is scheduled to begin on 9 July and to be completed in mid-December of this year. Most buses will have three interior facing cameras and one forward facing camera through the windshield to capture traffic incidents.

The installation will equip 342 buses with CCTV digital video recorders. The footage obtained will be obtainable without the need to visit the bus and the system status reports will be available daily without the need for regulated servicing. This will complete the installation on all ACTION buses, including the special needs transport fleet of 18 buses. Real-time surveillance is not available, unfortunately, with this system. It would require, in fact, someone to be sitting there watching, and it would not make a lot of difference anyway because we cannot actually react any faster than we can if someone hits the emergency button in the bus.

The installation of depot infrastructure to support the CCTV in buses is already in place and we have also, as I say, increased the safety and security of our buses by increasing the coverage on the buses and on the interchanges. We have increased staffing numbers at interchanges and provided staff with further security training. I believe that, short of being able to identify people coming to an interchange or travelling on a bus with evil intent, I do not know what else we can do at this stage. But I can assure the committee that our conversations with the transport workers union, with the police and with ACTION management are ongoing.

**MS PORTER:** Thank you for that, minister. You mentioned 18 new buses. Are they being purchased as we speak? When do we expect to have those?

**Mr Hargreaves:** Thanks, Ms Porter. The \$8 million has been provided in the 2007-08 budget to replace between 16 and 18 buses. The actual number depends on the outcome of the procurement process. The funding has been provided over two years—\$5 million in 2007-08 and \$3 million in 2008-09. ACTION currently has a fleet of 379 buses for route services, including 160 accessible buses. In addition, there is a special needs transport fleet of 18. ACTION fleet has an average age of 13 years, with 58 per cent of the fleet acquired prior to 1992 and 20 per cent acquired between 1993 and 1998. The latest additions to the fleet include 54 new Scania buses acquired between 2001 and 2006. The oldest bus we have got is 20 years old.

The Scania buses use compressed natural gas and are fuelled at the Tuggeranong depot. The fleet currently meets the targets set under the Disability Discrimination Act 1992, which is commonwealth legislation, to have 25 per cent of the fleet accessible by 2007. The standards under the DDA establish the following targets for accessible buses, and this government is committed to those targets: 55 per cent by 2012; 80 per

cent by 2017 and 100 per cent by 2022. That standard is being applied across all jurisdictions.

ACTION is developing a fleet replacement strategy and the strategy will, among other things, consider the number of buses and the timing of their replacement, taking into account the DDA and operational requirements and projected patronage growth, the type of bus, the standard—whether it is a midi or articulated—and the choice of fuel, taking into account environmental and cost considerations. The strategy will provide the business case for future fleet acquisitions and will be considered by the government in the 2008-09 budget.

**MS PORTER:** Thank you very much.

**THE CHAIR:** Thank you. Dr Foskey.

**DR FOSKEY:** Mr Hargreaves, I have been having a look in the budget to see if there is anything about an announcement that I think you made in about December last year about a deal—there is a better word than deal—for a number of bus shelters. The deal was that we would get the bus shelters for nothing but then we would have to have advertising on them. I am not sure whether the ACT government will get paid for those. Is that happening? Would it solve some of the problems experienced today by bus travellers waiting in the rain?

**Mr Hargreaves:** The short answer, Dr Foskey, is: search as you may in those budget documents, you will not find reference to them in there. The reason for that, Dr Foskey, is that this is a contract for the provision of those assets, if you wish, to the ACT. There is no cost to the ACT; therefore, there is no expenditure item in the budget documents. There is no revenue to flow from the ACT from the advertising space. The reason—

**DR FOSKEY:** At what stage will that—

**Mr Hargreaves:** why there is no revenue flowing to the ACT it because it is the sale of the advertising space that actually pays for the bus shelters to be built and located. We have the contract in hand. Adshel, I think, is the name of the company. The issue for us and the reason for the delay is that each site requires planning authority approval for the installation. It is a construction. We cannot just go and whack a lump of concrete on the side of the road willy-nilly. We need ACT Planning and Land Authority approval to do that. The agreement is that there will be 200 sites around Canberra, and, yes, they will be rain protected and wind protected.

There is another part of the bargain as well, Dr Foskey, at sites yet to be determined, and that is that where a particular site is chosen by Adshel as being advantageous to their advertising imperative, let us say it is on a major road but there sits already a concrete one, they will move that concrete one at their own expense to a location determined by TAMS. So we are in the negotiation stage around the approval process for the locations because if, for example, ACTPLA do not approve it, then we have to find another one.

I do not know how aware you are of a lot of the sites, but we also need to understand

that some of the sites are on a greater than 2.5 degree gradient. If it is a greater than 2.5 degree gradient, we have a problem with it meeting the Disability Discrimination Act standards. That is when the commonwealth actually comes into play. Sometimes we might decide to put a bus shelter on a thing with 2.5 per cent or greater gradient and then it does not seem like a good idea when the conversation concludes and we find somewhere else.

**DR FOSKEY:** Will there be any community consultation in selecting the sites? What is the material and style of these bus shelters?

**Mr Hargreaves:** Community consultation around each site will not be a specific exercise in its own right. We, however, have a program, if you like, of installation of bus stops and shelters, which is the continued compilation of requests from the general public about the usage of their bus routes. A series of people write to us and say, "Can you please put a shelter at this particular bus stop?" Of course, with the funds available to us hitherto, we have been able to address those, giving some priority to bus stops outside older person's units, nursing homes, schools and those sorts of things. That information, which has been fed into the system, already tells us where we would put them if we were paying for them. We now have the opportunity to increase our own program by 200, so that is where they will be going.

It is appropriate that the contractor delivering them at no cost to the territory and making money out of the advertising revenue wants to maximise the opportunity for exposure. That is why that clause is in there. If they decide, for example, to replace a shelter on, say, Athllon Drive, the former shelter will be relocated at their cost. It will go to one of those locations on our list where we have already been asked by the public to put it in.

**DR FOSKEY:** And what style of building?

**Mr Hargreaves:** Essentially, it is stainless steel and glass perspex.

**DR FOSKEY:** I think I know. I think I have seen them in Sydney.

**Mr Hargreaves:** You might have. I know they are in Melbourne, I know they are in Adelaide, I know they are in Auckland and I know they are in Perth. They are very, very good in Perth. I was very impressed with them.

**DR FOSKEY:** Did you like the advertising, too?

**Mr Hargreaves:** Yes, I did, actually. I thought it was interesting. It was a heck of a lot better than graffiti scrawled up the side of them. Yes, I did. I thought it was very good. Remember that the advertising is governed by the advertising watch dog, so it is not going to have rude and violent things on it.

**DR FOSKEY:** No, we will not have traffic disasters due to—

**Mr Hargreaves:** No.

**THE CHAIR:** Mr Stefaniak.

**MR STEFANIAK:** Thanks, chair. Minister and officials, in relation to the Mugga Lane Resource Management Centre, and I refer to page 280 of budget paper No 4, I understand that recently the management of the recycling has been awarded to Aussie Junk.

**Mr Hargreaves:** Yes.

**MR STEFANIAK:** I have also been advised that they are paying ACT NOWaste \$60,000 for a five-year period. I also understand that Revolve managed that facility for a number of years and that they were paying the equivalent of \$90,000 a year for the past five years, including providing two employees for Thiess. I understand that Aussie Junk will pay that \$60,000 over five years, which is \$12,000 a year and they do not have to provide anyone to Thiess.

Revolve never paid less than, I think, \$20,000 a year to ACTNOWaste. Why was that contract awarded to a successful bidder who seems to be paying considerably less than the previous operation, which seemed to operate quite effectively and also provided a significant amount of money back into the community and, indeed, provided employment for a large number of Canberrans at that tip?

**Mr Hargreaves:** The reason is this. The Thiess contract at the landfill came to a conclusion. Revolve was a subcontractor to Thiess, so their involvement also came to a conclusion. The territory decided to put out a tender for the operation of reuse, recycle and landfill operations at the Mugga Lane landfill. That tender was going out to all or part, depending on which was going to be the best deal for the territory. It was quite possible that, if the tender was competitive, the operator of the landfill in total could have taken the whole lot. But it turned out that that was not so. The landfill is pretty easy to understand. You dig a hole and stick it in.

The recycle bit is the oils and batteries and the reuse is the activity that you know and understood and loved as Revolve. We have no choice but to go out to tender on this thing. It has to be a public tender. It has to be an open and transparent process. So what happened, in fact, was that NOWaste developed the criteria for Procurement Solutions to advertise and evaluate and award the tender, and that is what they did. We, TAMS, did not say, "There is a preferred person. Therefore these people can or cannot get it or can or cannot be in it."

Contained within the criteria for the operation if people were going to tender for operation of a part, like the recycle or the reuse, depending, was a clause which said that the employees of a contractor who was to be replaced would have preferential treatment when the incoming contractor took up the contract, that is, that they would have a preferred status when it came to an interview. In other words, if there were 12 of them and there were 10 jobs available, the 10 jobs would go to 10 of those 12, provided that there was not a substantive reason why that should not be the case.

In the case of Revolve, where we are talking about particularly low income people, we made sure that the incoming people gave these fellows and women a fair go. It is a transparent process, but in terms of why and what on the procurement process, Procurement Solutions is part of Treasury, not part of TAMS.

**MR STEFANIAK:** When I asked the Chief Minister, the question was referred to you anyway.

**Mr Hargreaves:** I have just answered your question.

**MR STEFANIAK:** Thank you for that fairly detailed answer. Supplementary to that, what has happened to date, then, to ensure that those low paid workers will benefit greatly from being employed by Revolve and have, in fact, been re-employed by the successful candidate?

**Mr Hargreaves:** Well, a couple of things, Mr Stefaniak. The best the territory can do is to put the clauses together which actually give these people preferential treatment with the new contractor. We have done that. In the discussions with people interested in doing tendering and in discussions with people after the tenders were awarded, those clauses were strongly advised to the people involved.

**DR FOSKEY:** Can I have a supp, chair?

**Mr Hargreaves:** It is not up to the territory to police that sort of thing. I would sincerely hope that an AWA did not apply, Mr Stefaniak, putting these low paid workers at a disadvantage.

**MR STEFANIAK:** It might actually ensure that they keep their jobs.

**Mr Hargreaves:** That would be a dreadful thing.

**MRS BURKE:** It could work the other way.

**Mr Hargreaves:** That would be a dreadful thing —

**MR STEFANIAK:** They might actually get some more money.

**Mr Hargreaves:** because they are the most vulnerable—

**THE CHAIR:** Order members!

**Mr Hargreaves:** people in our community. I sincerely hope that they would become members of the relevant union, and the relevant union would look after them. As I understand it, Mr Stefaniak, the incoming contractor has written to the outgoing contractor seeking some assistance with this thing and the outgoing contractor has not had the courtesy to respond yet. But I do not know much more than that.

**MR STEFANIAK:** You mentioned Thiess. What was Thiess paying you for their part of the deal prior to that ceasing?

**Mr Hargreaves:** It was a total contract, as I understand it. I will get Mr Horsey to go through the financial details of the old contract and the new one for you.

**Mr Horsey:** In terms of the resource recovery operations under which Revolve were a

subcontractor to Thiess Services, which currently run the landfill at Mugga Lane, there were nil payments from Thiess to the territory for those services. The services are such that the public's dropping off of reuseable items free of charge to the reuseables facility at Mugga Lane generates significant revenue. That revenue is used by the operator, effectively, to run an operation there not only to resell those goods and materials but, hopefully, to do repair, refurbishment, value add and generate more employment.

The arrangements you have referred to in terms of Thiess with Revolve were negotiated directly between Revolve and Thiess. The territory was not a party to that. That is a specific subcontract from Thiess to Revolve. We are not privy to all the details and financial arrangements within that. However, I believe that is the \$90,000 and two staff that you have referred to there.

Effectively, under the new contract arrangements that you have also referred to, the \$12,000 or \$60,000 for the life of the contract, that is something that Aussie Junk nominated in the tender offer that was subsequently accepted by the territory. It is something that they have put forward in their offer to pay the territory for the rights to be there as a reuseables operator under contract. However, I must say that in the tender process, in the pricing schedule, we made it quite clear that the territory was not seeking revenue positive contractual arrangements for the reuseable operations. In fact, the pricing schedule effectively had the territory paying the contractor or a cost neutral arrangement and the preamble in the tender documentation made it quite clear that the territory did not want payments to the territory for the rights to occupy the facility. What we wanted was repair, refurbishment, value adding, increased resource recovery, increased employment, et cetera.

**MR STEFANIAK:** Effectively, you are being paid \$12,000 a year. What moneys do you have to expend on top of that? You mentioned repairs, so it is still your responsibility to do any repairs, any structural work, any roadworks. Would that be so? Do I understand you correctly there?

**Mr Horsey:** Yes. In terms of the costs to the department, obviously we own the assets. The territory government has invested significant funds, in the order of \$1 million, in terms of developing that facility over the last five years. In terms of maintenance of that facility, some of the routine maintenance is put into the reuseables contract. So the contractor must do their own routine maintenance of the facility. However, if there is any structural or major-type asset maintenance, such as car park resealing or any structural damage to the buildings, then the territory would be liable for those costs.

**MR STEFANIAK:** Was the \$12,000 a year the best deal for the territory out of whoever put in?

**Mr Horsey:** Yes. The tendering process effectively runs on a value for money basis. However, what I would say is that even if you parked the price side of the value for money on non-price alone, the outcome with Aussie Junk winning that tender would not have changed.

**Mr Hargreaves:** I think it is important to recollect what Mr Horsey said when he said that the preamble of the tender documents talked about outcome in terms of our



recycling objectives towards no waste by 2010. In fact, we want to see a lesser amount going to landfill, and those are the more concrete objectives and outcomes that we are interested in. We are not trying to run that landfill site at a profit. I need to underscore that. What is supremely important to us is that we have people who recycle and reuse.

**DR FOSKEY:** Given that Aussie Junk got the tender in relation to various commitments that it made, how can you ensure over the period of the contract that they do keep to those commitments and what can you do if they don't?

**Mr Hargreaves:** The tender documents themselves outline certain standards and achievements in terms of the percentage of reuse that goes on, and those specifications are measured by our contract management team on a fairly regular basis. It is like any contract at all, Dr Foskey. Whenever we issue them out for services there are compliance specifications contained in the tender, there are compliance objectives contained in the offer that we receive from the tenderer, and the contract managers evaluate those achievements as you go down the track. In almost every contract I have been associated with since 1969 there have been penalty clauses contained within, and the worst one, of course, is the cancellation of the contract.

**THE CHAIR:** Minister, if I could just bring you to budget paper 4 at page 304. In your new capital works line items there you have shopping centre improvements. You touched on that a little in your opening statement, but that is certainly one of the bigger expenditures for the year. They are to be completed by June 2008. Can you expand on some of the work that you are going to do there?

**Mr Hargreaves:** As I indicated to you, the government is going to provide \$3.25 million to improve local shopping centres as part of the 2007-08 budget. Ainslie, Garran and Melba local shopping centres are to be upgraded in 2007-08 and the projects will include the detailed design and upgrade of public open space associated with each shopping centre. The upgrades will improve the look, function and safety of the centres by refurbishing assets such as pavements, street furniture and lighting and introducing public art works to enliven and give a sense of identity to the shopping centres. Ageing seats at some of the local shops will be replaced in 2007-08.

The funding includes improvements to lighting and accessibility, which will increase safety in these areas. The renovations would also entail upgrades to pavements and drainage and improved street furniture, as I said, in some areas. Our local shopping centres are seen to be the heart of our local communities. It is important that we maintain these areas to ensure that local business continue to want to operate out of them and that local communities want to use them to access services that they require.

This funding will result in improvements to ensure that the vitality of those centres remains. We know that Ainslie shopping centre is a bit of a Mecca for that particular part of the world. It has got, I'm told, one of the best vegetarian restaurants in town. I would love to go there, but the waiting list is rather long. We also know that it is a good piece of ageing infrastructure that has been asking for some attention for some time. We are happy to provide it.

When I first came to Canberra in 1968 I lived in Garran. Not much has happened at

the Garran shops since then, and I think it is their turn. When we look at Garran, and Mrs Burke would know this as it is in the electorate that she represents, we tend to focus our thinking around the hospital and around the schools. When you go up Gilmore Crescent you forget that there is actually a fairly flourishing little shopping centre up there. It is a delightful shopping centre and it has been in need of some treatment for some time. These little ones always get left off. The Kambah Villages are the ones that always get it, and so we want to make sure that the little ones are getting it. The same thing for the Melba shops.

**MRS BURKE:** Is this program behind?

**Mr Hargreaves:** No.

**MRS BURKE:** It has been being implemented over a period of years. I just wondered if you had fallen behind.

**Mr Hargreaves:** It has, Mrs Burke, and we are continuing to go with the program.

**MRS BURKE:** So you are not falling behind your planned schedule.

**Mr Hargreaves:** No, we are not falling behind per se, but what happens is that the priority of each shopping centre has to be looked at from time to time, and sometimes our focus changes a little bit. You might recall that when we did the Kambah Village upgrade, which cost about \$4 million—some large amount anyway—it got a really good facelift but there were bits that were missed when the planning was done. They still had to be done: the pavement work out the back, for example. When that happened, something had to give in the program somewhere else, so we have had to catch that up.

Also, we look at the number of businesses that are operating out there and wonder why sometimes some of the businesses are being closed and what we can do to spruce them up a bit to make them more attractive. So the priority will shift, but in this particular case we are making sure with the smaller centres that can do with some assistance. Now, \$3.25 million is a lot of money to spend on a very small shopping centre. We are hoping, in fact, that that will attract more people to use it.

**MR STEFANIAK:** Do you actually have a list of the shopping centres you are going to do?

**MRS BURKE:** A schedule of works. You would have, I would say.

**Mr Hargreaves:** Yes. It is called the shopping centres in the phone book. There is a shopping centre in almost every suburb.

**MRS BURKE:** You have a planned schedule of work, though, surely.

**Mr Hargreaves:** We have a list and I don't wish to put out that in the public arena because what that does is it creates an expectation that somebody will get a particular shopping centre pop up in a given year.

**MRS BURKE:** Isn't that reasonable?

**Mr Hargreaves:** We really need to have the flexibility to respond to that. We really need to have the flexibility to respond to something like that.

**MRS BURKE:** Minister, you would have a planned program, surely, of at least six months.

**Mr Hargreaves:** Oh, six months! Yes, I have just told you what it is, Ainslie, Garran and Melba. That is for the next 12 months.

**MRS BURKE:** In that order.

**Mr Hargreaves:** They will run concurrently.

**MRS BURKE:** I was only asking.

**Mr Hargreaves:** I have just told you what our program is for 2007-08. It is those three shopping centres and it depends on the scope of works which one will get the visit by the little yellow machine first. It depends on the scope of works needed. I have told you that it depends on whether they have got street furniture, whether they have got seating, whether they have got pavement and all the rest of it.

**DR FOSKEY:** Will there be consultation with the local communities in relation to the kind of refurbishment there, whether people want more seating, more art, better pavements and those kinds of things? Will they have input?

**Mr Hargreaves:** What happens is that the ACT Planning and Land Authority engage in those sorts of community conversations and they inform TAMS on which ones they should go forward with. I think you would be best addressing your question to them. You can do it by letter or whatever. We rely heavily on the planning and land authority's consultation process. By the same token, I was approached recently at a function by a trader from the Ainslie shops who said, "Can we have a bit of a chat with you before you start work?" My answer was, "Absolutely." Just for the record, it was Manny Notaras. If you ever read the *Hansard*, Manny, g'day. All you have got to do is contact us.

**MRS BURKE:** He sits riveted to it, minister.

**Mr Hargreaves:** I know he does. He is a sleepless man. Our office will contact Manny and talk to him about it.

**DR FOSKEY:** And the local residents?

**Mr Hargreaves:** If a week goes by, he can contact us as well. The reason we put this sort of stuff out in the public arena is that people who have either concerns or curiosities are more than welcome to give us a ring and we will have a chat.

**MRS BURKE:** Did you mean Manuel Xyrakis, minister, for the record?

**Mr Hargreaves:** Yes, Manuel Xyrakis, not manual handling.

**MR STEFANIAK:** You said Manny Notaras.

**Mr Hargreaves:** Did I do that? I am sorry about that, Mr Notaras; you don't get a shopping centre upgrade.

**MRS BURKE:** No, he's paying for his in Civic.

**Mr Hargreaves:** You do, actually, and it is called the city heart.

**MRS BURKE:** Yes, exactly right.

**Mr Hargreaves:** He'll pay for himself.

**MRS BURKE:** You have been let off the hook with that one. My question refers to the hearings on Monday. It was mentioned that there would be a review of Assembly library services. Can you advise what, if any, further changes there will be to library services in the ACT; in particular, to the Assembly services?

**Mr Hargreaves:** Okay. Do you want me to answer the first question now?

**MRS BURKE:** Whichever way.

**Mr Hargreaves:** The review into library services is part of the total review into what we need to provide to make sure that the library service comes into the 21st century.

**MRS BURKE:** What does that actually mean?

**Mr Hargreaves:** In terms of being able to access, for example, e-library services. Funnily enough, the ACT lead the country in access to e-library services in many of our library outlets. In relation to the Assembly library, Mrs Burke, there are a couple of things you need to know, I think. Firstly, there is no way there would be any review into the Assembly library process without asking for the advice of the Speaker. The Speaker would, I imagine, seek advice from the admin and procedure committee almost by definition. I have had communication with the Speaker. I am very happy to have a chat with him, even one on one, to make sure about those things.

We need to look at the library service in the Assembly in a number of ways. One is the actual services that members require; whether there are services from the general public that need access to that library—for example, researchers; and whether or not there is a constitutional issue at play, whether or not the library should be provided from within the ACT public service or as part of the Assembly secretariat, having regard to the separation of powers.

I am quite anxious to have a conversation around that with the Speaker before we even talk about the actual infrastructure. I could say to you there is nothing decided. In fact, I haven't had a discussion with the Speaker yet. One of the things that could happen is that we could transfer all the resources of the library to the Assembly, to the Clerk's domain, and then the library service could contract the professional people

into the service for the purposes of running it. For example, Mrs Burke, I would be seeking advice on both the constitutional matter and the process matter from the commonwealth parliamentary librarian as well, with whom I had lunch recently and discussed these sorts of constitution matters and process matters.

With respect to the library service generally, the RFID process is proceeding. We are hopeful that that will be an enhancement. We are patterning a lot of our changes in the library service on the way in which the Brisbane City Council does it. So, if you haven't seen the way they do it in Brisbane, I would suggest you pop up there or pop in there next time you are in Brisbane on business or something like that. Just make an extra day or something and pop in and say hello.

**DR FOSKEY:** What does "RFID" mean, minister?

**Mr Hargreaves:** It is where you actually swipe your book yourself. The thing is that it is technology which is proven. If it was one that wasn't proven, we would not be embracing it, let me tell you. If members have not seen it in action, I would ask them to hold their criticisms until such time as they have seen it in action, because I think that is a fair thing to do. Also I would like to make the offer that if members of this committee, or visitors for that matter, would like, through the secretariat, to let us know, I am happy to get members a briefing on what RFID is all about.

**MR PRATT:** How do you calculate the savings that RFID will introduce? What sorts of savings would there be in terms of resource management?

**Mr Hargreaves:** There are a couple of things. Can I come back to that question, please, Mr Pratt, because I was finishing off on Mrs Burke's?

**MR PRATT:** Sorry.

**Mr Hargreaves:** I know that she wants me to talk about library hours. I'm sure you want me to do that.

**MRS BURKE:** And library facilities. Weston Creek would love to have their own library.

**Mr Hargreaves:** Firstly to library hours. As part of this whole idea, you have to have a conversation with the people out there in the community and find out what they actually need. We have done the survey and the survey has made indications to us where there need to be some change, where people have a demand for more library services, and we need to satisfy that demand. There are areas where—

**MRS BURKE:** Did Griffith come into those discussions?

**Mr Hargreaves:** There are areas in town where there is significantly less demand.

**MRS BURKE:** What about Griffith, Mr Hargreaves?

**Mr Hargreaves:** I will come to Griffith, if you like, but there is nothing to come to.

**MRS BURKE:** I know, not now.

**Mr Hargreaves:** Can I just say that it is about time that the opposition understood that the resources from Griffith have been transferred elsewhere.

**MRS BURKE:** But it is not easy for people to get there.

**Mr Hargreaves:** And they will not by this government be transferred back. You can talk about this as long as you like but it is not going to happen.

**MRS BURKE:** Obviously, but you are not listening to the people out there.

**Mr Hargreaves:** Yes, I am, but I am not listening to the one and only people that you have, Mrs Burke.

**MRS BURKE:** Right.

**Mr Hargreaves:** I haven't been listening, for example, to the lady who was cranking up your good selves on such things when she herself, purporting to be a library member, had not been a library member for two years prior to the event.

**MR PRATT:** She might have been overseas, out of town or something.

**MRS BURKE:** You are digressing a bit here, minister.

**Mr Hargreaves:** You invited me to digress over Griffith.

**MRS BURKE:** No, because you avoid things.

**Mr Hargreaves:** As far as I'm concerned, the Griffith library has been closed, its space has been relet and it is finished, that exercise is finished.

**MRS BURKE:** What about the rest of the services.

**Mr Hargreaves:** Now, the rest of the libraries: as you know, this government put a lot of resources into the Kippax library and we put a lot of resources into the Belconnen library, into the Tuggeranong library and into Woden library. We also put an enormous amount of resources into the new Civic library.

**MRS BURKE:** So you are going for the regional approach, clearly.

**Mr Hargreaves:** I have explained that to you ad nauseam in the chamber.

**MRS BURKE:** Have you. Right.

**Mr Hargreaves:** I will do it again, with fear of finding a bucket missing. There is the change to the branch office. We are going to have the libraries in the town centres. That's where they are located. If you have a look, that's where they are located, all bar Weston Creek. We have put additional resources into almost all of them, quite significant ones.

**DR FOSKEY:** What does that mean for Dickson library, minister?

**Mr Hargreaves:** Yes, there have been extra resources put in there, too.

**DR FOSKEY:** But with the town centre guideline that you are mentioning.

**Mr Hargreaves:** Are you suggesting, Dr Foskey, that we should close Dickson library?

**DR FOSKEY:** No, I said what is it.

**Mr Hargreaves:** Is Caitlin here? Put out a press release please straightaway that the Greens want us to close Dickson library.

**MR PRATT:** She is probably asking—

**Mr Hargreaves:** Hello! And Mr Pratt wants to close Dickson library as well.

**MR PRATT:** She is probably asking why Dickson doesn't equate to Griffith or perhaps Conder or the outlying—

**Mr Hargreaves:** Conder! I note that in your recent letter to me, Mr Pratt, you misspelt the name of one of the suburbs in your own electorate.

**MRS BURKE:** What is the future of the Dickson library?

**Mr Hargreaves:** You would know, Mr Chair, as a member for Brindabella that a condor is a great big black bird, and Conder is named after Charles Conder. I might ask you to let Mr Pratt know the difference between the two, since he purports to represent that electorate.

**THE CHAIR:** I am sure he is now aware.

**MR PRATT:** Stop the bus and let's sort that out.

**MRS BURKE:** What is the future of Dickson, then?

**Mr Hargreaves:** The future of Dickson library? It's going to remain.

**MRS BURKE:** Expanded or not.

**Mr Hargreaves:** It's going to remain. What do you mean by expanded?

**MRS BURKE:** All right.

**Mr Hargreaves:** I would like to know. Would you like to explain that before I read about it in the *Canberra Times* tomorrow morning, Mrs Burke?

**MRS BURKE:** You are not going to read it from me.

**Mr Hargreaves:** Oh, yes, I believe you!

**MRS BURKE:** I am just trying to get from you what your mind is in terms of the future of library services in the ACT.

**Mr Hargreaves:** The library services will continue to grow in the ACT.

**MRS BURKE:** If you could answer questions properly it might help.

**Mr Hargreaves:** It will continue to be enhanced in the ACT. An examination of press releases, speeches I have made in the house and the budgets over the last few years, for those not too lazy to go and check, will reveal an awful lot of money has been ploughed into the library service and there have been expansions to collections, there have been new libraries built.

**MRS BURKE:** In terms of that, minister, thank you for that.

**Mr Hargreaves:** What else do you want?

**MRS BURKE:** In terms of the Civic library, what is status of the works to date? There have been lots of delays. Why? Was there a design fault in the initial fit out?

**Mr Hargreaves:** Okay. Firstly, Mrs Burke, we are hoping for something like in the next couple of weeks. We can only hope. I need to make this position absolutely clear as crystal to the committee. The ACT Library Service and through it TAMS—TAMS and the library service—are tenants of that building. We are tenants of the Cultural Facilities Corporation. They are the landlords, they are the people who administer the contract, and they are the people who are looking after the repair work and talking to the insurance company about repairing the building. If you've got a problem with the delays in it, we share that problem with you. We share the disappointments about the delay with you but unfortunately, Mrs Burke, there is nothing that TAMS can do; we are nothing more than tenants.

**MS PORTER:** Minister, on the page that Mr Gentleman is on, page 304, and also listed on page 280, both of budget paper 4—

**Mr Hargreaves:** Which one, 280?

**MS PORTER:** Page 280 at the top and page 304 mention the dead trees program. You know that I have a particular interest in that and that I write letters to you all the time about those sorts of things.

**Mr Hargreaves:** Yes.

**MS PORTER:** I was wondering if you could let us know how you prioritise that work. I'm sure it must be very difficult.

**Mr Hargreaves:** Funding of \$1.173 million is being allocated in 2007-08 to undertake works to mitigate risk to public safety and the loss of investments in



developing trees arising from the severe and ongoing drought conditions. The funding is for the removal of drought-affected trees from public open space within the city limits, and to carry out urgent tree maintenance within high-use areas of Tidbinbilla nature reserve, Namadgi national park and Murrumbidgee River corridor. It will also be used to water developing trees, as their viability is at risk due to the prevailing drought conditions, looking out the window carefully as I speak.

It is estimated that 14,000 trees within the maintained areas of the city have died or have been seriously affected by drought during the past four years. This number is on the increase as trees die due to ageing and the prevailing dry conditions. By the end of 2006-07 approximately 9,000 mature drought-affected trees will have been removed over the past four years.

The funding allocation of \$560,000 in 2007-08 will allow for the removal of at least 2,500 dead or drought-affected street and park trees within urban Canberra. Significant numbers of dead and drought-affected trees have been identified by field surveys in high public use areas at Tidbinbilla, Namadgi national park and within the Murrumbidgee River corridor, as I said. The rectification tree works within high-use areas, including walking trails, car parks, picnic areas and access roads, will be staged over the next three years. Visitor access to the affected areas will be managed to allow staging of tree pruning and tree removals.

Funding of \$100,000 will allow for tree pruning and removal of works along the ring road and other high-use public areas in the Tidbinbilla nature reserve during 2007-08 and funding of \$265,000 will allow for tree removal works adjacent to walking trails, car parks and picnic areas, as I said. The prolonged period of drought has meant that additional supplementary watering of developing trees is necessary to maintain their viability. Funding of \$249,000 in 2007-08 will supplement the base funding and allow for additional watering of young trees. It is expected that some 33,000 trees up to five years of age will be watered from mid-November 2007 through to May 2008.

When I appeared before, I think my very first estimates committee, I was asked about trees. Is Mr Watkinson here? I am sorry if I misquote you, Mr Watkinson. Russell Watkinson, who is one of the gurus in our department about these things, told me something that I didn't know and perhaps members of the committee might not know; that is, that exotic trees and native trees don't live forever. Remember that when Canberra was created back in the 1920s there were none here—hardly any. As you fly into Canberra you see an urban forest. It was planted, and some of it was planted 70 years ago. This is where I might misquote him.

The exotics have a different life expectancy to the natives, and one of them is about 10 to 20 years longer than the other. Both of them are up for falling over about now. So we have a very significant tree replacement program in the ACT already, to which we have to overlay all of the effects of the drought. I am sure Dr Foskey appreciates that and would know the extent of the problem we have.

The last comment I would make, Mr Chair, is that when it comes to taking the trees out in suburbs, the single biggest issue we have is safety for people walking under them, parking their cars under them.

**DR FOSKEY:** Can I ask about that? Given that obviously trees, like us, have a limited lifetime—

**Mr Hargreaves:** I don't. No, because the busway will turn up.

**THE CHAIR:** You are back to your parliamentary lifetime.

**DR FOSKEY:** Anyway, I just want to ask: is there a forward planning program or do we actually have to wait till they die and fall over?

**Mr Hargreaves:** No, our tree experts actually look at it and we've got a program checking them all out, but you can imagine how many million trees there are in Canberra. You will have noticed as you go around the suburbs the different coloured paint on the trees.

**DR FOSKEY:** No.

**Mr Hargreaves:** Haven't you noticed any? We will take you in a car or on a bike and have a look.

**DR FOSKEY:** No, I will probably notice them now.

**Mr Hargreaves:** Have we got any on a bus route? I'm sure we'll find a bus route with a tree with a yellow spot on it for you, but that's how we do it.

**THE CHAIR:** Questions, members?

**Mr Hargreaves:** Can I just conclude, Mr Chair, by saying that there is, Dr Foskey, a strategic asset management plan around the trees. We regard trees as assets and 625,000 of them are on that strategic asset management plan. If you would like a briefing—seriously, I mean this—on how we tackle this issue, I am only too happy to arrange it for you if you give my office a ring. I am very happy to do it for you.

**DR FOSKEY:** Thank you.

**THE CHAIR:** Members?

**Mr Hargreaves:** Mr Pratt was going to ask me a question.

**MS PORTER:** No, he's not here.

**Mr Hargreaves:** He got halfway through and then he has taken off to put out a press release, so I am just wondering if he's coming back.

**MR STEFANIAK:** He probably will be. Let me start.

**Mr Hargreaves:** Okay. Make sure you drop one into the library, would you please, Mr Pratt.

**THE CHAIR:** We have been up and down a little bit. We will try to move on to 1.2,

which relates to the office of transport.

**MR STEFANIAK:** Minister, in relation to Tharwa bridge, how often is the bridge inspected by Roads ACT to monitor its deterioration?

**Mr Hargreaves:** It's monitored, to my understanding, at least monthly and quite often more frequently than that. That's the old bridge.

**MR STEFANIAK:** Yes.

**Mr Hargreaves:** The last technical inspection that I was made aware of, of course, as you would appreciate, was some time ago. I don't expect daily updates on this sort of thing and I trust my technical experts to do this. That bridge was in a state where it was not fit to have pedestrian traffic on it. The problem, Mr Stefaniak, is the bridge is deteriorating in its fabric and it's actually on a lean. Imperceptible lean that is, you would know that something that weight doesn't need a very big lean to actually fall over, and that's the biggest fright that we have at the moment.

**MR STEFANIAK:** How much change to the condition of the bridge has been noticed since its closure last September?

**Mr Hargreaves:** It wouldn't matter if there was none, Mr Stefaniak; the state of deterioration and the state of dilapidation of the bridge at that stage meant that it was too dangerous for people to go on. I haven't ever seen a bridge rectify itself.

**MR PRATT:** Chair, may I ask a supplementary?

**THE CHAIR:** Certainly, Mr Pratt.

**MR PRATT:** Thank you. Minister, is the reopening of the new Tharwa bridge linkage likely to be delayed, given that design work is still incomplete and no action has been taken to tender for construction, as far as I can work out?

**Mr Hargreaves:** No.

**MR PRATT:** So, so far, the tendering for the design process is still in train.

**Mr Hargreaves:** The time lines that we have predicted are on target at the moment. As I indicated, it will be in the next, I hope, days now, but it could be a week or so, when you will see the drilling rigs going into the river to drill down through the sand around where the actual pylons will go.

One of the half a dozen reasons why a low level crossing is impossible is because that is on a bed of sand and not on a bed of rock, which is the case at the Cotter. It was estimated if we tried to put a low level bridge in we would need to put three metres of concrete into the river bed, and so we need to have the drilling done by the technical experts to determine what depth into the sand we need to drop the cement to support the pylons. There is that technical work to be done before we can actually let the contract out. Okay? The technical work is required, because we need to put that technical work into the specifications for the request for tender. Clearly, you can't do

that, otherwise it's just too open-ended.

**MR PRATT:** Okay. Minister, given the Tharwa bridge project and the need therefore for the detour via Point Hut Road to be frequented, can you advise why signage to indicate the dangerous nature of a particular section of the road along Point Hut Road was not replaced until after an accident occurred at the weekend, an accident which now has sadly proved to be fatal?

**Mr Hargreaves:** I don't wish to go into the details of the accident, Mr Pratt. You know as much as I do, I would hope, that the—

**MRS BURKE:** This is about signage, minister, not the accident.

**Mr Hargreaves:** lack of signage was not the cause for the accident. It was not the cause for the accident.

**MRS BURKE:** That wasn't the question, I don't believe.

**Mr Hargreaves:** The area of road will remain there when the bridge is opened. I can't answer that question why it is that something appears after an event. If we all had the benefit of such magnificent foresight, we would have all sorts of things going on in this town. But let me be absolutely clear about this: that accident had nothing to do with the absence of signage. You know that and I know that.

**MR PRATT:** I don't know that.

**Mr Hargreaves:** Well, you should know that.

**MR PRATT:** I think we need to await a police investigation, don't we, minister?

**Mr Hargreaves:** Then you should surrender your job as shadow police minister in that case.

**MR PRATT:** Don't you, minister, need to await the outcome of a police investigation before you know the actual cause of that accident? Isn't it true that that accident occurred on a notoriously dangerous corner at which there has been no signage for some time? How long has it been since the dangerous corner signage was replaced?

**Mr Hargreaves:** I will have to find that out for you on notice, Mr Pratt. I do not know the answer to that off the top of my head. But I can tell you that I have travelled that road quite frequently since 1968 and I have had no trouble negotiating that area at all when I have done it under the speed limit.

**MRS BURKE:** It is a bit of a coincidence, isn't it, that signage appears? I see Mr Pratt's point. I mean—

**Mr Hargreaves:** Well, are you suggesting, Mrs Burke that when—

**MRS BURKE:** I am not suggesting anything. I am just saying it is a coincidence.

**Mr Hargreaves:** Well, what are you suggesting, then? There is a coincidence for what?

**MRS BURKE:** Well—

**THE CHAIR:** Well, I think rather we should get into questions—

**MR STEFANIAK:** It appears after the accident.

**MRS BURKE:** After the event.

**THE CHAIR:** and answers without conversation.

**Mr Hargreaves:** And your—I do not follow your point.

**MR PRATT:** The question is: why the rush to put the signage up the day after the accident?

**Mr Hargreaves:** I see now. I see where we are going.

**MRS BURKE:** It was the day after? I did not—

**Mr Hargreaves:** I see now. I see where we are going. We are going in a rush to do these things now, are we?

**MRS BURKE:** I do not know. No.

**MR PRATT:** Well, can you answer the question?

**MRS BURKE:** It was long overdue, it would seem.

**MR PRATT:** Can you answer the question?

**Mr Hargreaves:** The question. Well, we are in no rush, okay?

**MR PRATT:** When are you going to ensure that the Point Hut Road detour is made as safe as you can possibly make it, given that people now depend on that link to get to and from Tharwa?

**Mr Hargreaves:** Mr Pratt—

**MR PRATT:** You have got increased traffic—

**Mr Hargreaves:** Mr Pratt, I will say this to you yet again. People who use that road frequently know that road well. They know that road well and they will drive very safely along that road.

**MR PRATT:** But that does not excuse its poor condition, does it?

**Mr Hargreaves:** Mr Pratt, that road gets the same treatment as any other road in town.

When the pavement gets to a stage where we need to address it, it gets addressed.

**MR PRATT:** Well, I refute that.

**THE CHAIR:** Ms Porter.

**MS PORTER:** Yes.

**Mr Hargreaves:** Well, you can review that as much as you like.

**MS PORTER:** Minister—

**Mr Hargreaves:** And I am just advised, Mr Pratt and Mrs Burke, we have no knowledge about the sign about which you speak, no knowledge at all.

**MRS BURKE:** So there is not—

**MR PRATT:** Well, in the—

**Mr Hargreaves:** So if you would like to come in here and give us some detail. Show me some detail instead of manufacturing straw things for yourselves to tear down.

**MR PRATT:** In the letter—

**Mr Hargreaves:** I am happy to look into them for you.

**MR PRATT:** I wrote you a letter. Why didn't you respond in detail? Why have you come back and said you will not answer the question, my question, which was: how long has the sign been absent? When did you finally erect that sign? Why are you saying to me that you cannot answer that question until I give you the details of the residents who have asked me to ask that question?

**Mr Hargreaves:** Now we are going to the heart of it!

**MR PRATT:** Why—

**Mr Hargreaves:** Now we are going to the heart of it. Mr Chairman—

**MR PRATT:** Where is the transparency?

**Mr Hargreaves:** I know exactly where we are. Mr Chairman, hitherto, up until recently, Mr Pratt would write to me a plethora of letters purporting to come from people in all manner of suburbs in town—

**MRS BURKE:** So you are saying he is lying?

**Mr Hargreaves:** with all manner of issues, usually two or three at a time—

**MR PRATT:** I think he is too.

**Mr Hargreaves:** and then we sprung him a couple of times.

**MRS BURKE:** So you are suggesting Mr Pratt is lying?

**MR PRATT:** I think he is saying that I am lying there, Mrs Burke.

**THE CHAIR:** Order, members! I would like to hear the answer.

**MRS BURKE:** Chair—

**Mr Hargreaves:** Mr Chairman—

**MR PRATT:** Are you saying I am lying, minister?

**Mr Hargreaves:** We sprung him a couple of times when he purported to have some concerned residents of Kambah, only to find—

**MR PRATT:** Would you like to have a conversation with the man who asked me to ask the question, minister?

**Mr Hargreaves:** that it was in fact a response—

**THE CHAIR:** Order, Mr Pratt!

**Mr Hargreaves:** to a circular that he put out saying: are you concerned about this and concerned about that?

**MR PRATT:** That is not true.

**Mr Hargreaves:** When they said yes—it is not untrue.

**MR PRATT:** That is not true.

**Mr Hargreaves:** It is not untrue and I have tabled the letter in the Assembly.

**MR PRATT:** That is not true.

**Mr Hargreaves:** I have tendered it—tabled it in the Assembly.

**MR PRATT:** Minister, I will give you the name of the resident—

**THE CHAIR:** Order!

**Mr Hargreaves:** Now, Mr Chairman—

**MR PRATT:** and the residents—

**Mr Hargreaves:** I have said to Mr Pratt that I am happy to respond to constituent concerns; I always have been. But what I have decided to do, Mr Chairman—

**MR PRATT:** When was it a precondition—

**THE CHAIR:** Mr Pratt!

**Mr Hargreaves:** is because Mr Pratt is very, very good at receiving information—

**MR PRATT:** This is just a distraction, chair—

**Mr Hargreaves:** bombarding my department with information—

**MRS BURKE:** It is a total distraction.

**MR PRATT:** To detract from his failure to keep that section of road safe.

**THE CHAIR:** Order, Mr Pratt! You are here by invitation. I remind you of that.

**Mr Hargreaves:** Mr Chairman, Mr Pratt has been bombarding my department with a whole heap of requests for information purporting to come from constituents. Now, quite frankly—

**MRS BURKE:** That is a real imputation.

**Mr Hargreaves:** given his behaviour over the last few days —

**MRS BURKE:** You should withdraw that, minister.

**Mr Hargreaves:** I do not believe a thing Mr Pratt says—

**THE CHAIR:** Order!

**MRS BURKE:** That is an imputation.

**Mr Hargreaves:** unless I can verify it.

**MR PRATT:** Point of order.

**THE CHAIR:** Thank you.

**MR PRATT:** Point of order.

**THE CHAIR:** Mr Pratt, I think we will move on.

**MR PRATT:** No, no, no.

**MRS BURKE:** Chair—

**MR PRATT:** I have got a point of order, chair. Please—

**THE CHAIR:** What is your point of order, Mr Pratt?



**MR PRATT:** I think a point of order needs to be listened to.

**MRS BURKE:** It is an imputation.

**Mr Hargreaves:** There is no imputation. I was directed—

**MR PRATT:** Is the minister—

**MRS BURKE:** You accused him of lying.

**THE CHAIR:** Direct it to me.

**Mr Hargreaves:** No, I did not.

**MR PRATT:** Chair—

**MRS BURKE:** Yes, you did.

**Mr Hargreaves:** No, I did not.

**MR PRATT:** Chair, if the minister has evidence that I have lied in letters which are purported to come from people, he should place that evidence on this table or he should withdraw his imputation that I have lied to this committee or to the Assembly, which is what he is imputing.

**THE CHAIR:** Mr Pratt, you do not have a point of order. There was no such mention. Now, Ms Porter—

**Mr Hargreaves:** Mr Chairman—

**MR PRATT:** You do not know your standing orders, chair.

**Mr Hargreaves:** Mr Chairman, this is a very serious—

**MR PRATT:** You do not know your standing orders.

**Mr Hargreaves:** This is a very serious thing—

**MRS BURKE:** It is a very serious thing.

**Mr Hargreaves:** and I need to respond very, very, very briefly. Firstly, I have sprung Mr Pratt on this occasion before, and it comes down to this. I am not accusing Mr Pratt of lying. I am just suggesting that I do not believe a thing from Mr Pratt until I have been able to verify it independently.

**MRS BURKE:** What a distraction!

**Mr Hargreaves:** When I verify it independently, I will respond. His behaviour over the last few days and its impact on other people has been so despicable that I will attempt to verify everything that I get from him.

**MRS BURKE:** It was your inaction—your inability—to manage the situation.

**THE CHAIR:** Thank you, minister. Ms Porter.

**MS PORTER:** Thank you.

**MR PRATT:** This is a dramatic distraction from his failure—

**MS PORTER:** Thank you.

**MRS BURKE:** Just despicable!

**MR PRATT:** to look after the Point Hut Road detour.

**MS PORTER:** Thank you.

**MRS BURKE:** Hear, hear!

**MR PRATT:** That is what this is. Let the record show that.

**MRS BURKE:** Absolutely.

**MR PRATT:** This is just theatre. Typical Mr Hargreaves: theatre to distract.

**Mr Hargreaves:** Well, we will see.

**THE CHAIR:** Mr Pratt! Ms Porter.

**MS PORTER:** Yes. In this output class, can I ask about roads?

**Mr Hargreaves:** You can ask whatever you like.

**THE CHAIR:** We are in transport.

**MR PRATT:** You will not get an answer, Ms Porter.

**Mr Hargreaves:** What was the question? Give me the question and I will answer your question.

**THE CHAIR:** Minister!

**MS PORTER:** Could you let me know about major roads that are proposed for my electorate, please? We would be grateful if you could do that.

**Mr Hargreaves:** Major roads in—

**MRS BURKE:** This is about self-serving and self-seeking.

**Mr Hargreaves:** I have got to just check some information.

**MS PORTER:** While you are checking for that information, minister, I was wondering if you could also let me know about parking facilities that are being provided in major town centres.

**Mr Hargreaves:** About whom?

**MS PORTER:** Parking facilities. Is that in this output class as well?

**Mr Hargreaves:** Yes, parking facilities, yes. Sure.

**MS PORTER:** I was wondering about—

**Mr Hargreaves:** Yes, I can do both of those.

**MS PORTER:** Can you? Thank you very much.

**Mr Hargreaves:** The ACT's draft parking strategy for the city and the town centres was released, as you know, for public comment on 1 March 2007. The public comment period ended on 30 April, but we extended it to 7 May. The strategy was expected to be finalised, taking account of public comments, before the end of 2007. In the city, concern has been expressed about the adequacy of parking, of course, and we are working to address these concerns. The comments on the draft parking strategy will be considered, including those raised by the property council about a shortage of car parking spaces.

The pressure on the east side of the city was largely alleviated prior to Christmas 2006 with the release of around 1,700 parking spaces in basements and structures constructed for the major expansion to the Canberra Centre on section 84 in Civic. The new offices for the commonwealth Department of Industry, Tourism and Resources in Akuna Street have added a further 260 tenant parking spaces, relieving pressure on existing public car parks, as most of its staff moved within city locations. On completion of the Canberra Centre extensions, there will be a total of 4,800 publicly available car spaces in the centre's four car parks, together with approximately 700 tenant spaces on sites for new offices. Also, don't forget that when section 63 is completed there will be another 300; and we are looking at an extra 500 temporary car spaces on the futsal slab.

In Woden, we know that parking demand in Woden is high, but new developments will provide 510 new on-site spaces. The government has approved reconfiguring of the surface car park east of the swimming pool to yield about 180 extra spaces. Some 130 temporary pay parking spaces have been provided in the western surrounds of the Phillip Oval site and 180 spaces will be provided in the areas east of the Phillip Oval to replace these once the redevelopment of Phillip Oval commences. Of course, there are another 30 or so in Eddison car park.

In Tuggeranong, surveys have shown that there are several hundred spaces available in the ACT government paid parking areas to accommodate private vehicles that are presently parking for no charge on leased but undeveloped sites in the town centre. When Centrelink's new office is built, there will be an additional 1,100 parking

spaces created on site for Centrelink staff. As the Tuggeranong town centre is still developing on the city's periphery, it will continue to have higher car use than other town centres in the city. Temporary parking may therefore need to be provided in the longer term.

In Belconnen the new ABS building has been required to include 350 on-site parking spaces; and negotiations continue with Westfield about the further development of the shopping centre, which is expected to include the provision of additional structured parking.

At Gungahlin, there is enough parking in the basement car parks in retail facilities to meet demand, we believe. In the future, options for surface car parking west of Gozzard Street associated with the future college and oval are being considered.

In terms of roadwork projects in Belconnen, Ms Porter, as you know, the government is building the GDE, with the Aranda section due for completion in September this year and the Glenloch interchange due to be completed in mid-2008. The government will provide \$1.2 million in this next budget for the extension of Southern Cross Drive from Spofforth Street to Britten-Jones Drive to provide suitable access to the new residential development west of Macgregor. The Southern Cross Drive extension helped to deliver on the government's commitment to plan for future growth in the city.

For people who do not know Belconnen, west Macgregor is located on the western edges. It is located on the western edge of Belconnen, adjacent to Macgregor, south of Dunlop and north of the Woodhaven Green golf course. The road hierarchy plan envisages the main access and egress to Macgregor West off the extension of Southern Cross Drive, forming a central loop road as a major collector serving the entire suburb. The project will see the design and construction of Southern Cross Drive extension from the existing Southern Cross Drive to the southern entrance of the Macgregor West future estate via the existing Parkwood estate. It also includes the associated intersection with Spofforth Street, as I indicated. The project is a vital component of our government's continued planning for the growth of the city. We are putting in place critical infrastructure to support the growing population of people in the ACT.

**THE CHAIR:** Minister, as you know, I am as interested in roads on the south side. I see from page 303 that you have put \$100,000 towards the Tharwa Drive duplication.

**Mr Hargreaves:** Yes.

**THE CHAIR:** At what period do you think the actual capital works could begin on that area?

**Mr Hargreaves:** For Tharwa Drive? Like you, Mr Gentleman, I have been trying to get something done with Tharwa Drive for ages. I can remember badgering Mr Smyth as a member for Brindabella, and he would not do it either.

**MRS BURKE:** Perhaps I should ask a dixer on Molonglo in a minute.

**Mr Hargreaves:** Yes, you could. You could also ask Mr Smyth what he did about things when he was the minister, because there was nothing—mind you, there is nothing to ask him about—

**THE CHAIR:** Minister, if you could come back to Tharwa Drive.

**Mr Hargreaves:** Tharwa Drive. We put in \$1 million for the design for the duplication of Tharwa Drive from Lanyon marketplace to Drakeford Drive, including intersection upgrades. The intention is for two—it takes about a year to get that kind of technical work done anyway. So what we have done is put the design work money—\$100,000—into the budget, which will inform government of how much money we need to provide in the 2008-09 financial year for the actual duplication itself. The duplication itself would take a while because, as you know, it is a fair bit of road that actually goes down there.

**THE CHAIR:** Yes.

**Mr Hargreaves:** I recognise—and I have done for a number of years—that the intersection with Mentone View is a headache. It is a very bad headache and it needs fixing up. I asked when that road was going to get completed and I still haven't got answers on that. That intersection is a particularly nasty one, as is the intersection of Pocket Avenue and Tharwa Drive—both of them. I would expect that we would put forward a budget bid for work in the 2008-09 financial year for Tharwa Drive.

Mr Gentleman, you would also be interested to know that we are duplicating the Athllon Drive bit. That is to make sure that access to the suburbs of west Bonython and Bonython proper have good access and egress into the town centre and that people can traverse past those suburbs on a dual-lane highway.

**THE CHAIR:** Will that alleviate some of the congestion between the Centrelink building—

**Mr Hargreaves:** Yes, it will. We need to have a dual road go past there. It is my dream—and I think I will be around; this will happen in my lifetime, I have to tell you—that we will be able to travel on a dual highway from Banks to Sydney or Banks to Melbourne.

**DR FOSKEY:** On the bus, I assume.

**Mr Hargreaves:** You will have to talk to Murrays Coaches about that, Dr Foskey. I will ask my officer from ACTION. Is there any plan to run to Sydney or Melbourne? No? We will have to stop at Northbourne Avenue. Sorry about that, Dr Foskey.

**DR FOSKEY:** Okay.

**Mr Hargreaves:** But that is my dream. Our roadworks in fact match that. That is why it is so necessary to duplicate Tharwa Drive—and Athllon Drive too.

**MR PRATT:** But how long will the GDE keep—

**Mr Hargreaves:** Of course, we are continuing with the duplication of Lanyon Drive up to near Hume.

**DR FOSKEY:** Can I just go for a bit of transport equality here?

**Mr Hargreaves:** For some transport equality?

**THE CHAIR:** Happy to see you on the road, Dr Foskey.

**DR FOSKEY:** Yes. I am interested in—

**Mr Hargreaves:** I am not subsidising your rollerskates, Dr Foskey.

**DR FOSKEY:** I never was any good at that. Is there any reason that cycle lanes are not an accountability indicator within output 1.2 of the office of transport, which is—

**Mr Hargreaves:** Can you give me a page number, please?

**DR FOSKEY:** Yes, 292. There is a—

**Mr Hargreaves:** Yes, I've got it.

**DR FOSKEY:** I know that it is something that is very key in the sustainable transport plan, and I would have thought that you would be wanting to account for that as part of the achievement.

**Mr Hargreaves:** The short answer is no. We will have a look at it. I would appreciate a recommendation to the committee to have it put into the next annual report. This—we would appreciate it very much—gives us a reminder.

**DR FOSKEY:** Yes.

**Mr Hargreaves:** It is important, I agree with you; but there are two types, and we need to know. All I can say is that we can just put in the kilometre length of them. That is all we can really do for the purposes of an outcome class, because—

**DR FOSKEY:** No, that would be—

**Mr Hargreaves:** And also you would appreciate that we have difficulty with the cycle paths, because some of them are cycle paths, some of them are shared paths with pedestrians, some of them allow horses on them, and some of them are not. We would only be able to list the length of non-road—the number of on-road cycle kilometres, if you like—

**DR FOSKEY:** That is what I am referring to.

**Mr Hargreaves:** Cycle lane kilometres—happy to have that included.

**DR FOSKEY:** And there is another thing that has come up. Talking about accidents, has there been any work done, and does the government envisage any work it could

do, to improve safety at intersections where traffic turns left across a green bike lane, where the cyclist believes that the cyclist has right of way—

**Mr Hargreaves:** Yes.

**DR FOSKEY:** And I think that they are right in believing that.

**Mr Hargreaves:** They are. They are.

**DR FOSKEY:** And the car driver—I don't know: for whatever reason, in the instance I am aware of, the car driver actually blamed the cyclist for the dint in their car.

**Mr Hargreaves:** The car was wrong.

**DR FOSKEY:** Luckily, the cyclist was not killed, but their bike was, of course, written off. I think there are still insecurity issues for car drivers around that.

**Mr Hargreaves:** Yes.

**DR FOSKEY:** They are not really sure what they should do.

**Mr Hargreaves:** Well, there should not be.

**DR FOSKEY:** And certainly that is pretty insecure for the cyclist.

**Mr Hargreaves:** They should not have their licences if they do not know that. Dr Foskey, it goes like this. The normal road rules apply. The lane there is the same as a car lane. If there is a car travelling along and it wants to go into a left-hand lane, it has to give way to something that is already in that lane—full stop. When you are coming up, for example, on up-ramps, you have to give way to cars that are coming from your right, in the same way you do—and you have to do that for a bike, doing exactly the same thing. The road rules are clear. People just do not acknowledge them. We have signage up which says “beware: cyclists” and things like that. We are happy to look at those intersections. I will wait until you guys are finished your conversation, if you like, because that is gross—

**MRS BURKE:** We are women; we can do many things.

**Mr Hargreaves:** You can?

**MRS BURKE:** We are multiple skilling.

**Mr Hargreaves:** Well, I'm sorry about that. I think that is considerably—

**MRS BURKE:** Thank you, Ms Kiemann.

**Mr Hargreaves:** rude—

**MRS BURKE:** I saw Ms Kiemann laughing.

**Mr Hargreaves:** I just think it is discourteous and rude. I will answer Dr Foskey's question.

**MR PRATT:** And you're not rude?

**THE CHAIR:** Order, members!

**MRS BURKE:** Absolutely not.

**Mr Hargreaves:** I don't hold a candle to you, Mr Pratt.

**DR FOSKEY:** I am trying to find an answer here.

**THE CHAIR:** The minister is trying to answer Dr Foskey's question.

**Mr Hargreaves:** Thank you very much. We actually do look at safety at particular intersections. There are signs up indicating that cyclists are about the area. I can say this, Dr Foskey: we keep crash stats and we map the roads. We've got a traffic warrant system which tells us which are the most dangerous streets in Canberra and which are the most dangerous intersections.

But if people are receiving near misses and things like that, they do not tell anybody necessarily. We would be delighted to receive information from people who think that there are motorists who, either through ignorance—and I do not mean that in the negative sense at all; I mean in ignorance of the law—or people who are just being abusive drivers, and therefore there is a risk to cyclists. If they can let us know, we are quite happy to include that in the database for signage treatment at various intersections—very happy to do that.

**DR FOSKEY:** The feedback that I have received is that those turn-offs off Commonwealth Avenue are particularly hazardous for cyclists—drivers are going quite fast and they do not like being interrupted. I would just alert you right now to that.

**Mr Hargreaves:** Thank you very much, Dr Foskey. Can I also say to you that we recognise that that intersection is not a good one if that is the one that comes up past the bishop's house.

**MRS BURKE:** So you believe Dr Foskey but not Mr Pratt. I see.

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

**MRS BURKE:** Different rules apply.

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

**MRS BURKE:** Nothing.

**THE CHAIR:** Order, Mrs Burke!



**Mr Hargreaves:** Yes—and, Mr Chairman, there is a really good reason for that, and that is because Dr Foskey conducts herself with integrity.

**MRS BURKE:** You are a disgrace.

**Mr Hargreaves:** Now—

**MRS BURKE:** That is dreadful.

**MR PRATT:** Show—

**Mr Hargreaves:** Dr Foskey—

**MR PRATT:** All right—

**Mr Hargreaves:** I assume that the—

**MR PRATT:** an imputation on integrity. That is very interesting, chair.

**Mr Hargreaves:** I understand, Dr Foskey, that you are talking about that intersection near the bishop's house—the archbishop's house? That would be the intersection you would be talking about.

**DR FOSKEY:** I am talking about coming from south to north—there are a number of fly-overs.

**Mr Hargreaves:** Yes, okay, and it is the one over Parkes Way—that bridge bit over Parkes Way?

**DR FOSKEY:** I think probably any of them where there is a major road.

**Mr Hargreaves:** The point is that those ones are known to us, Dr Foskey, because we have an enormous number of rear-end car collisions in exactly the same way. That is why they are painted green.

**DR FOSKEY:** I think it—

**Mr Hargreaves:** That is why they are painted green.

**DR FOSKEY:** I will pursue this outside the committee.

**THE CHAIR:** Mr Pratt, you have a question on transport.

**MR PRATT:** Yes, on transport/roads. Minister, thanks for again the imputation on my integrity, and let us have that recorded.

**THE CHAIR:** Mr Pratt.

**Mr Hargreaves:** It is a pleasure, Mr Pratt; I hope to take it up any time I get a chance to.

**THE CHAIR:** Order! Let's not—

**MR PRATT:** Minister—

**Mr Hargreaves:** You don't have it.

**MR PRATT:** Putting that to one side, minister—your imputations—

**Mr Hargreaves:** It is not an imputation.

**MR PRATT:** Minister, why is the government not taking advantage of the federal roads funding—the \$71 million which has been earmarked as not readily available because your government has not met the conditions to go in partnership with the federal government—the commonwealth—on its expenditure?

**Mr Hargreaves:** Mr Chairman, once again we are hearing from Mr Pratt the loaded question: why is your government not doing so-and-so? The answer to Mr Pratt's question is: he is talking rubbish yet again; the government does.

**MRS BURKE:** Ask the national audit office.

**Mr Hargreaves:** Furthermore, it just goes to the laziness of Mr Pratt and/or his advisers, Mr Chairman. He would know, if he did a little bit of research, that those relationships are with ACTPLA, not with TAMS, and he would ask the right minister. He is just a lazy, lazy shadow.

**THE CHAIR:** Order! We will take this opportunity to go to the afternoon break.

**Mr Hargreaves:** Just do your homework, would you.

**MR PRATT:** Minister, the—

**Mr Hargreaves:** You're pathetic, you are.

**THE CHAIR:** We will return at 10 to four, still on transport.

**MRS BURKE:** You do yourself no favours.

**Mr Hargreaves:** You're just so pathetic.

**MRS BURKE:** You do yourself no favours, minister.

**Mr Hargreaves:** Well, why don't you get him to do some work? You're the deputy.

**MR PRATT:** John, shut up, will you? Just pull your head in.

**Mr Hargreaves:** You are a despicable—

**MR PRATT:** Pull your head in, John.

**Mr Hargreaves:** short person, you are. You're despicable.

**MR PRATT:** Pull your head in.

**THE CHAIR:** Order!

**Meeting adjourned from 3.28 to 3.49 pm.**

**THE CHAIR:** Welcome back to the estimates committee. We are still on output 1.2—Office of Transport. Before we recommence, I do want to bring members' attention to standing order 55, regarding personal reflections.

**Mr Hargreaves:** It is a bit hard, Mr Chair, as they are not here.

**THE CHAIR:** It will be in *Hansard*, minister. It is my view that there was a drift towards some disorderly conduct on both sides of the conversation before the break, and I would like to ensure that that doesn't occur in the future. Just keep that in mind, members and minister.

I have a question on traffic congestion around the airport, which is a route that I take into the city most mornings, minister. Can you tell us what you are doing in this budget towards that?

**Mr Hargreaves:** Yes, I can, and thank you very much indeed, Mr Chair. You may recall that some time ago the congestion became a big problem and it hit the airwaves. We considered this problem to be very serious, to the extent that I convened a roundtable. The roundtable was attended by an enormous number of people, I have to say, and I am very grateful to all the people that came along. There were people from DOTARS, from the NCA, from TAMS, who were major carriers, from ACTPLA, and from Treasury. Mayor Pangallo from Queanbeyan was there. The New South Wales government also sent a representative. Mr Whan came as well, a parliamentary secretary and good friend of ours in New South Wales. We may have had a representative of Senator Humphries, but I can't quite recall. We did have representation from Mr McMullan's office and I have been in deliberate and direct contact with Ms Ellis. We also had a range of other people.

It was concluded that there were a number of reasons for that congestion. The Canberra Airport Group I should single out for a special mention, because they came along and they have been particularly cooperative. I want to publicly express my appreciation to the airport group for their contribution.

Lots of people thought that it was just the emergence of the Brindabella business park that was causing it all. That is not true. It is a contributor, but not the big one. There is the emergence of traffic down Majura Road hitting the intersection of Pialligo Avenue and, I think, Morshead Drive. That is the north-south-east-west axis, funnily enough, and we are getting people coming along Parkes Way, past Russell Hill and down to the airport. We have people coming down from Gungahlin now that Horse Park Drive has been opened. There are people coming in from Queanbeyan because in Queanbeyan itself development is going gangbusters. We were finding that it was a

real issue.

I have to say that a lot of work was done by Tony Gill and his crew from TAMS, in partnership with ACTPLA, to identify how much it would cost to fix the thing. To fix the thing you would need to fix the roundabout. It looks like a big triangular roundabout at the moment, but it needs grade separation. We identified that that particular problem needed a permanent solution costing \$22.5 million, if my memory serves me correct, maybe \$23 million. Is that right? I am told that it would cost \$45 million all up. That was only our share; that's right. That is where I got the \$22.5 million from—\$45 million all up.

We believed, in fact, that the New South Wales government should contribute to it, but they won't. We believed that Queanbeyan should contribute to it, but they won't. We believed that the airport should contribute to it, and they will. We believed that the federal government ought to as well but the federal government, being the trusting bunch that they are, wanted to see the colour of our money. The colour of our money is contained in this budget, Mr Chair. It is \$15 million over two years. We believe that, in fact, our share of it ought to be \$22.5 million, that is, half of it, and that the feds ought to come up with \$22.5 million. We would need then to come up with another \$7.5 million beyond this \$15 million. That would mean it would be a reasonable contribution. Officers are talking in a very congenial way with federal officers around that sort thing.

The work is going to include the duplication of Pialligo Avenue from Fairbairn Avenue to south of Ulinga Place, duplication of Morshead Drive from Dairy Road to the Monaro Highway, upgrading of the Morshead Drive-Monaro Highway-Pialligo Avenue intersection, and improvements to Morshead Drive from Pialligo Avenue to Fairbairn Avenue. Dr Foskey will be interested in the next bit. The road works that we will be doing, worth \$15 million, will also extend the on-road cycle network.

**DR FOSKEY:** Hooray!

**Mr Hargreaves:** That is in line with our undertaking. Mr Chair, you may remember that we have said that whenever we do any major refurbishment to roads or any new roads, they will include on-road cycling lanes. As I said, these measures will significantly reduce delays experienced by the traffic near the airport when they are completed in 2008-09. But I really need to put out a plea to any media listening that now is a good time to tell the users of that road that when we are actually redeveloping that road it is going to be disruptive. The redevelopment of that road will be every bit as complicated and as disruptive as the Glenloch interchange for the Gungahlin Drive extension.

**THE CHAIR:** Will you be putting out traffic detour information?

**Mr Hargreaves:** Yes, indeed. We will be putting it out to the public and in whatever media outlets, but I would like those motorists who are using it now to appreciate that when we start work they should make alternative arrangements to get to work because it will take a bit of time and it will be disruptive, but it will be brilliant when it is finished.

**MR PRATT:** Mr Hargreaves, I see that another \$4 million has been sunk into the GDE. Is this to be finally the end of the amount of money going in to complete the GDE—I see that you have still got 18 months to run with that project—or is there more scope and are there more needs identified?

**Mr Hargreaves:** This amount of money, the \$4 million into the Gungahlin Drive extension, is a contingency fund. This is where we have unforeseen price increases in materials and/or labour that we incur along the way. You might remember when we were talking about the original cost—when it was about, if my memory serves me correctly, \$108 million to \$112 million, somewhere around that figure—we talked about the delay that the legal action caused in terms of the monetary impact, disregarding for a second the road, just the contract. The impact of that delay cost us about \$20 million and the \$20 million had a significant component in it for the increase in the price of diesel.

You might recall that at one point the price of diesel was considerably lower than unleaded petrol and then in the space of one year it overtook it. I think the price increase was something like 17 per cent, maybe more. Remember that a very large component of the materials put in the road itself are petroleum products. The big orange machines and big yellow machines that trundle up and down use 70 litres of diesel an hour. If you consider that the price when we set the contract was X and that in the course of that year the price of diesel alone increased beyond three per cent, then you had to have a contingency fund built into the budget to pick that up. That is what this \$4 million is for. In the event of there being a significant price rise without changing the scope of works, then that money is available, already appropriated for.

**MR PRATT:** Do you anticipate any more funding being required in addition to the contingency funding which you have just outlined for fuel and other operating costs?

**Mr Hargreaves:** I have no reason to see anything on the horizon.

**MR PRATT:** How is the 18-month program looking now?

**Mr Hargreaves:** They are on target. In fact, my information is—I think I've got it here somewhere—that we are looking at the Belconnen Way to Aranda bit being completed fairly shortly. Of course, the biggest amount of work, as you would know, is at the Glenloch interchange and, if you have been through there recently, you will see that they are really moving along quickly. You might recall that, coming from Tuggeranong, you would come up there as if you were going to Belconnen and you would take a left-hand turn, a right-hand turn, a right-hand turn and go around an S bend. That S bend has been removed now and you go straight under a tunnel.

**MR PRATT:** You have talked about \$107 million being the more recent cost of this project.

**Mr Hargreaves:** No, I didn't, Mr Pratt. I have never mentioned \$107 million in my life.

**MR PRATT:** Right. Can you clarify then what the cost of the project is to date,

including the \$4 million contingency?

**Mr Hargreaves:** \$120 million.

**MR PRATT:** Are you saying that that is likely to be the finish price?

**Mr Hargreaves:** I can't foresee what the price will be of materials in August 2008, Mr Pratt. I have no idea. But I am making provision in here of \$4 million. I will say it again: we are putting a \$4 million contingency in there for any unforeseen price increases that appear on the horizon between now and 30 June 2008.

**MR PRATT:** If you have any more contingencies beyond the \$4 million or if there are other changes in material prices, as well as operating costs, where will that money come from? Are you likely to continue to take money from other road projects?

**Mr Hargreaves:** Mr Pratt, I have no reason to see why the \$4 million won't cope and I'm not going to speculate on hypotheticals like what if this, what if that. It is a pointless exercise. We have put in the budget \$4 million for such a contingency. That is the best advice we have received and that is the best provision we have made. I don't propose to speculate on where something would come from in the event of something happening that nobody can describe and nobody can determine. It just seems to me to be stupid in the extreme.

**MR PRATT:** Well, if you had any brains you might be able to speculate—

**THE CHAIR:** Order, members!

**MR PRATT:** based on the history—

**Mr Hargreaves:** I did. It is called \$4 million.

**MR PRATT:** of transferring funds from other projects into the GDE, which is a sink hole for collecting additional funding. Can't you speculate that there may well be further blowouts and therefore moneys taken from other projects, as there has been for the last five years?

**Mr Hargreaves:** Mr Chair, Mr Pratt's straw man now is the "sink hole of the GDE". I refute that absolutely. I think that is a nonsensical, hysterical, emotional comment.

**MR PRATT:** \$120 million versus \$48 million.

**Mr Hargreaves:** In fact, Mr Chair, he is suggesting that perhaps we are going to take it from other projects. We have a contingency fund. It is open, it is transparent. That contingency fund is for unforeseen price increases. That's what it is there for. If, in fact, people from Mr Pratt's persuasion had not assisted in the delay of the project, it wouldn't have cost us \$20 million extra in the first place.

**THE CHAIR:** I call Ms Porter for the last question on this and then we will move to land management.

**MS PORTER:** My question is about the capital works on page 97 of budget paper 3, minister. There is mention of some improvements around Emu Inlet, Emu Reach, Casuarina Park et cetera. I am aware that there are quite extensive paths and things around that area where people walk and ride their bikes. Will that project take very long and will there be any disruption to that area while that is going on? I am sure it is going to be very lovely when it is finished.

**Mr Hargreaves:** As to the second question, with any expenditure of \$3 million on works there will always be some disruption, but we are hoping that it will be minimised. We have allocated \$3.2 million in 2007-08 for a capital works budget towards improvements to the Lake Ginninderra foreshore, Emu Inlet and adjacent public open space areas, refurbishment works at the Belconnen skate park and adjacent foreshore area, public artwork and a small jetty at John Knight Park foreshore.

The work at Emu Inlet, \$2.6 million worth, will include more useable green space. It will provide a clean, uncluttered space with generous pedestrian spaces and quality facilities, commensurate I might say with the town centre's primary lakeside parkland. It will enhance connectivity from the town centre and adjacent developments, providing strong visual and access links. It will provide sufficient area within the Emu Inlet parkland for medium to large-scale community events through partial filling of the lake along Emu Bank edge.

We will construct a flume and incorporate an emergent edge planting zone to improve water quality and to reduce the unpleasant odour—I have resisted the temptation yet again, Ms Porter—and provide visual variety and opportunities for closer improved reaction with the water, with the creation of different land-water views and experiences. We are going to construct some boardwalks and some piers over the water, use emergent plants and upgrade the water-land relationship again. There will be improved lighting to meet current Australian standards and there will be some community amenity and, of course, a more attractive park that will be easily recognised from surrounding areas and inviting for users.

The skate park works of \$0.39 million, \$390,000, are for repairs and improvements, improvements to the skate park foreshore interface, and an improved pavement area between Ginninderra college and Eastern Valley Way inlet. There will be some planting and landscaping elements to it as well. We will commission some public art for the Ginninderra lakeside forecourt area—there is \$110,000 for that—and construct a piered timber jetty at Lake Ginninderra foreshore in John Knight Park. There is \$100,000 for that. We are hoping, to answer your first question last, that the works will be completed by July 2008.

**DR FOSKEY:** I wonder if you could tell me about the \$400,000 being spent on Molonglo corridor tree planting as to where exactly it is to be and the species being planted.

**Mr Hargreaves:** Along the Murrumbidgee River corridor.

**DR FOSKEY:** What species are being planted and how does that fit in with the government's plan for development at Molonglo?

**Mr Hargreaves:** I will ask Mr Watkinson to try to do his best to answer, remembering that it is not only a TAMS issue as we work with ACTPLA as well. The planning and land authority have a very large input to it. So, if we don't give you complete information, I apologise now. We will do the best we can.

**Mr Watkinson:** This is a joint project with ACTPLA. The species selection has not been developed yet but will be based on the indigenous species in that area. It is still at the early stage of planning, so it is not possible to give you detailed information at this stage, but we would be happy to provide further information as it becomes available.

**DR FOSKEY:** Is it connected with the projected development of the township of Molonglo?

**Mr Watkinson:** It is anticipating that development going ahead in the future and trying to get some strategic landscape works in place.

**Mr Hargreaves:** Dr Foskey, I put on record that I think we share a concern that the emergence of a town centre at Molonglo have as minimal an effect on the riparian zone of that corridor as we can manage. Hopefully none and hopefully our intention will mean that we can actually enhance that particular zone. I am aware that we have got a species of little eagle there, which is a real concern for us because there is only one nesting site there. We do have some endangered species in that zone and we are ever cautious about that. I assure you that the conversations are being very robust between my department and planning around the protection of that zone.

**DR FOSKEY:** I have talked with some of the officers and I feel that there is some good advocacy there.

**Mr Hargreaves:** Thanks. If it is down to the officers, they are doing a great job.

**DR FOSKEY:** I have a query about the second item on page 301 under government payment for outputs, the reclassification of natural heritage trust grants to user charges. Could you please explain what is going on there?

**Mr Hargreaves:** It is just a technical adjustment. It is just the way in which it is described within the budget documents. It was incorrectly classified in its nature before. If you want a case of budget documents 101, I am happy to have Ms Kiemann actually do that for you, but I can tell you that what you see here has no effect on the actual grants themselves; it is just a budget treatment. Do you want a bit of budgeting 101?

**DR FOSKEY:** "User charges" sounds like something that I think you had better explain.

**Ms Kiemann:** The important thing to note is that we had not given up that funding. It is merely a reclassification, as the minister has indicated. We incorrectly classified that funding as government payment for output. Unfortunately the label that this user charges is part of a pro forma across ACT government that we use in that particular



budget line item. It reflects funding that the commonwealth will provide us, for which we have to initiate a document to seek the money. So it does not just happen, and for that reason it is classified as user charges. Hence we have classified that as a technical adjustment. But the important thing to note is that that money is still very much within the department's budget allocated for National Heritage Trust activities.

**Mr Hargreaves:** We are essentially a post office for the money, Dr Foskey, and this is just the financial treatment of that post office activity.

**DR FOSKEY:** Thanks for clarifying that.

**Mr Hargreaves:** Sure.

**DR FOSKEY:** Could you tell us what areas the subregional fire management plan will cover? On page 300, about two-thirds of the way down the page, it says, "Development of Sub-Regional Fire Management Plans"—for 2007-08—" \$150,000." Which sub-areas are we talking about here?

**Mr Hargreaves:** This is part of our bushfire operational plans requirements. Mr Watkinson will give you a little more on that. I do not want this to sound like a cop-out and we will do the best we can, but remember, please, Dr Foskey—and you would not be expected to know this—that the distribution of responsibilities within territory and municipal services has this particular part of the environment, if you will, as part of the Chief Minister's responsibilities.

**DR FOSKEY:** The Chief Minister rather than the Attorney-General.

**Mr Hargreaves:** Yes. Because of the confusion we will ask Mr Watkinson to go through it for you.

**Mr Watkinson:** Thank you, chair. The subregional fire management plans are a new initiative and part of the response to the coronial report. They will be the link between the strategic bushfire management plan and the annual bushfire operations plan. The actual boundaries of what districts we are going to break them down to have not yet been resolved.

**DR FOSKEY:** What sort of scale do you think we might be looking at here? Have you any idea?

**Mr Watkinson:** Namadgi might be one subregion that we would look at.

**MR PRATT:** Can I ask a supplementary? Mr Watkinson, are the regional plans essentially subsets of bushfire operational plans?

**Mr Watkinson:** No. They will be the link between the strategic bushfire management plan which is a high-level strategic plan—

**MR PRATT:** That is the mark II that is still to come.

**Mr Watkinson:** Correct—and the annual bushfire operations plan, which is the

annual bushfire plan that we do each year. There is a big gap between the strategic plan and the annual bushfire operations plan. This will be the link in between them.

**MR PRATT:** If the bushfire operations plans are reviewed annually, which I think is the way they are managed, what happens with the regional management plans? How often are they upgraded, reviewed or rewritten?

**Mr Watkinson:** I am not sure what the answer to that will be, as we have not produced them yet, but I would imagine that they would probably be reviewed on about a three to five-year cycle. They are intended to be fairly long-term in terms of giving a pattern of burns across the whole of the ACT landscape.

**MR PRATT:** How many bushfire operational plans—this is an annual question—

**Mr Hargreaves:** I am sorry to do this to you, Mr Pratt. Mr Chairman, this is not within my portfolio.

**THE CHAIR:** It is under emergency services.

**MS PORTER:** Yes.

**Mr Hargreaves:** Yes. It is either the Chief Minister's responsibility as environment minister or a matter for the ESA.

**MR PRATT:** Can I rephrase the question?

**Mr Hargreaves:** I am not going to stop your question. You would be better off putting it on notice so that any minister can give you the right answer for it.

**MR PRATT:** The question therefore is: is it not the case that the land manager, Mr Zissler, has his own bushfire operational plans?

**Mr Hargreaves:** Yes.

**MR PRATT:** If so, how many will he have—whether they are prepared by another agency or not? One plan for all of TAMS—

**Mr Hargreaves:** A single land manager, yes.

**MR PRATT:** managed as one plan only.

**THE CHAIR:** Are there any more questions under this output class?

**DR FOSKEY:** Yes. On page 302—at the bottom, about five up—there is an item “Rollover-Predator Free Sanctuary”.

**Mr Hargreaves:** Yes, I know about that.

**DR FOSKEY:** It is predator free. Will it also be people free?

**Mr Hargreaves:** No. We are going to charge them.

**DR FOSKEY:** Will there be a buffer zone around it for recreational purposes.

**Mr Hargreaves:** Yes, Mulligan's Flat, Dr Foskey.

**DR FOSKEY:** Yes, I know. It is Mulligan's Flat.

**Mr Hargreaves:** It is within the Chief Minister's portfolio. Is there going to be a buffer between houses and the fence? Yes, there will be. Will it be people free? No, it won't. We cannot manage the Mulligan's Flat sanctuary without a partnership with government, concerned groups such as the con council, ornithology groups et cetera, and the community at large. What we want to do is generate ownership in the sanctuary to bring it back to what it was before, and then to manage it in a sustainable fashion. The problem is that once you put a ring around something you have to then control the growth of the species in there once they reach that natural level and if they are free from natural predators. So we have issues, but those issues will be addressed in partnership with those expert groups. But people will be encouraged to go.

Also remember too—I will just highlight this for the record—the heritage trail, the coach trail from Yass to Canberra, goes straight through it. This is a historic and listed trail and we would not like to see that disappear. That has to be managed as well, and people are interested—

**DR FOSKEY:** Is that where the train is going to go?

**Mr Hargreaves:** No. That is where the stage coach used to go. The train—eventually, but not in my lifetime, I suppose—will go down Majura Road, we hope.

**THE CHAIR:** Probably getting close to the end all the time.

**Mr Hargreaves:** Yes. But what is he doing? He is waiting for a train, Mr Chair.

**MRS BURKE:** I think Dr Foskey has still got—

**DR FOSKEY:** They are fairly short ones. I asked this the other day of Mr Corbell, I think, but I am not sure; I think it is your area: could you please tell us which fire trails in Namadji are being upgraded and which fire trails—

**Mr Hargreaves:** That is for Jon.

**DR FOSKEY:** are now not going to be put through?

**Mr Hargreaves:** It is the Chief Minister's, Dr Foskey.

**DR FOSKEY:** We have missed it.

**Mr Hargreaves:** If you put it on notice all three ministers will make sure that the answer is covered off. That is a reasonable thing for you to have not grasped.

**DR FOSKEY:** By the time I learn it it will have changed again.

**Mr Hargreaves:** Yes, we will make sure of that.

**DR FOSKEY:** What is the ACT government relationship with the Queanbeyan Riverside Cemetery?

**Mr Hargreaves:** Excellent.

**DR FOSKEY:** Yes, \$100,000 worth of excellence. Can you explain why we are putting signs up?

**Mr Hargreaves:** This is for the minister for heritage, and guess who that is, Dr Foskey: the Chief Minister.

**THE CHAIR:** Any other questions in this output class?

**MRS BURKE:** Yes, chair. I just want some clarification on accountability indicators, minister—page 294, notes 2 and 3. There are a couple of new measures there.

**Mr Hargreaves:** Sorry—

**MRS BURKE:** Page 294.

**Mr Hargreaves:** Sorry about that. I was coughing and didn't pick it up.

**MRS BURKE:** That is quite all right. I told you: females could—sorry, we won't go there.

**Mr Hargreaves:** That is a good idea.

**MRS BURKE:** We have two new measures there reflecting initiatives. Note 2 states:

New measure to reflect 2007-08 Budget initiatives relating to tree maintenance.

**Mr Hargreaves:** Yes.

**MRS BURKE:** I know we have talked about that. Note 3 states:

New measure to reflect the broader role of the Department in the management of public land. This measure replaces measures e. and f. to better reflect the total cost of land management.

**Mr Hargreaves:** Yes.

**MRS BURKE:** Could you explain that a little? You have come up with a figure of \$315 per hectare. Where did that figure come from? If you can give me an explanation that would be good.

**Mr Hargreaves:** We wanted to be a little more transparent. It looks as though we too

are collapsing into it.

**MRS BURKE:** I am just not sure what is in there.

**Mr Hargreaves:** It does reflect the broader role of the department in the management of public land. We had a sort of scattergun approach. I will get Mr Watkinson to give you the detail.

**MRS BURKE:** Thank you, minister.

**Mr Watkinson:** The new measure reflects the fact that we brought the old Environment ACT land estate and the old parks and places estate together, which had different indicators. There is now a new indicator which reflects the total area of land now managed by Parks, Conservation and Lands and it includes our land management costs and our tree maintenance costs.

**MRS BURKE:** How was that aggregate figure arrived at from Environment ACT, parks and places—

**Mr Hargreaves:** No, you have to put the lot together.

**MRS BURKE:** That is what I have just said.

**Mr Hargreaves:** Yes, you are right.

**MRS BURKE:** And you have aggregated the costs of what you were doing before. Is there any increase in what we were doing before? There is no indication here of what it was costing us before with those two arms.

**Mr Hargreaves:** We would have to measure those against what they would have been if they had stayed.

**MRS BURKE:** Exactly.

**Mr Hargreaves:** But, Mrs Burke, they are not staying there.

**MRS BURKE:** I just wondered, minister, if there was an increase in what we were doing before—annual management cost of public land with those two. Has this been an efficiency measure?

**Mr Hargreaves:** It is just a simple amalgamation.

**MRS BURKE:** No.

**Mr Hargreaves:** My understanding is no; it is just a simple amalgamation of it all.

**THE CHAIR:** Are there any questions in the next output class, enterprise services?

**Mr Hargreaves:** No—beautiful. Moving right along. A short game is a good game.

**THE CHAIR:** Minister, I would like to ask about Capital Linen Services. How is that progressing?

**MRS BURKE:** Page 285.

**Mr Hargreaves:** Okay. I am ready when you are.

**THE CHAIR:** On page 285—output class 2: enterprise services—there has been a reduction in total costs from last year’s budget to this year’s budget by some \$8 million. But if you go to the indicators on page 297 they show an even flow. What is the disparity there? It does not show any reduction on page 297.

**Mr Hargreaves:** No. Get Ms Kiemann to tell you the answer to that one. It is accounting stuff.

**THE CHAIR:** Okay.

**Mr Hargreaves:** Here you go—budgeting 102.

**Ms Kiemann:** Output 2.1—government services—includes more than just Capital Linen Services. It includes property services facilities, management and the nursery. The reduction, as you can see on page 285, primarily is driven by the fact that in 2007-08 we have transferred publications and records management across to the Shared Services Centre. That is a major reduction. Of course, we have written down some assets relating to the O’Connell centre. They are the primary reason why you see a major reduction from \$71 million to \$62 million in costs.

**THE CHAIR:** Okay, thank you. Any other questions on this output class? We will move on to ACTION.

**MR STEFANIAK:** There is one thing which you can take on notice—you wouldn’t have it, I don’t think—and that is you mentioned \$250,000 for extra bus seats.

**Mr Hargreaves:** I said 200 extra bus seats.

**MR STEFANIAK:** There is \$250,000, I think, in the budget.

**Mr Hargreaves:** There are 100 bus seats that we are paying for and 200 that ATSL are doing.

**MR STEFANIAK:** Good. Could you supply us with a list of where they are going?

**Mr Hargreaves:** No, I can’t.

**MR STEFANIAK:** Why not?

**Mr Hargreaves:** I haven’t got it.

**MS PORTER:** We talked about that before.

**Mr Hargreaves:** They haven't been decided yet.

**MR STEFANIAK:** Okay. When you decide—

**Mr Hargreaves:** They will be decided bit by bit along the way.

**MR STEFANIAK:** I take it that you are not going to decide that in one hit, minister.

**Mr Hargreaves:** That is absolutely correct, Mr Stefaniak.

**MR STEFANIAK:** Righto.

**Mr Hargreaves:** And I need to put on the record the reason for that. The reason for that is twofold: we have all the requested people that have put into ACTION, as you know. We also know that a bus stop exists there already but it is not satisfactory. We know that. We also know that there are advertising imperatives for the person providing the free ones and that we can relocate some of the ones that are there. Of course it depends on the topography and we need ACTPLA approval to do it. So we are doing it in chunks rather than in one lot.

**MR STEFANIAK:** Okay.

**Mr Hargreaves:** There was a question—

**DR FOSKEY:** I asked before about real time.

**Mr Hargreaves:** No, but I am happy to do that in a minute. You asked a question and I said that it was for the Chief Minister? What was that one?

**Mr McNulty:** The cemetery.

**DR FOSKEY:** Yes. There were several.

**Mr Hargreaves:** The Queanbeyan cemetery. I got an answer for you.

**Mr McNulty:** They could not bury Catholics there originally.

**Mr Hargreaves:** No. I have just been told—

**Mr McNulty:** Do you want to verify it?

**Mr Hargreaves:** We might verify this. Mr McNulty, who comes from a Presbyterian background—

**MR STEFANIAK:** Fascinating, minister.

**Mr Hargreaves:** has just told us that one of the problems with the Queanbeyan cemetery, the historic one, was that if you are a Catholic you could not get buried there—probably because you are still alive. If you are a dead Catholic you could not get there either. There is a wee story that goes with this. Over to you, Hamish.

**DR FOSKEY:** Is that what the sign was going to say?

**Mr Hargreaves:** Yes: no Catholics allowed.

**Mr McNulty:** I am advised by my heritage people that the issue was that, in the early days of Canberra, Catholics were not allowed to be buried in St John's church at Reid; they were taken to Queanbeyan cemetery and buried. It was to recognise the former Canberra residents that are buried in that cemetery.

**Mr Hargreaves:** So there you go.

**DR FOSKEY:** That is \$100,000; it is a lot of money.

**Mr Hargreaves:** Yes; being dead is very expensive.

**MRS BURKE:** And you are a long time dead.

**Mr Hargreaves:** You are a long time dead; it's a shocker.

**DR FOSKEY:** I wonder if at some later point we could have a breakdown of—

**Mr Hargreaves:** Of what? How many—

**DR FOSKEY:** What we are paying for with—

**Mr Hargreaves:** A sign.

**DR FOSKEY:** \$100,000.

**Mr Hargreaves:** I do not know if I can get that to you within the three days: as I said before, it is not my responsibility; it is the chief's. Could I ask that you put that on notice; then the secretary can put it to the Chief Minister.

**DR FOSKEY:** Absolutely.

**Mr Hargreaves:** Happy to do that.

**THE CHAIR:** Back to ACTION.

**Mr Hargreaves:** I did not know that. How about that? Half the Assembly couldn't get buried there.

**THE CHAIR:** Minister, back to ACTION. Dr Foskey, ask your question on the seats.

**DR FOSKEY:** Thank you for that. I think that is really good of you, because I am sure we all have loads of questions. Having noted that the real-time information initiative has ceased—

**Mr Hargreaves:** No, not yet.



**DR FOSKEY:** I am wondering if those funds could be put back into ensuring that printed timetable information is available at each stop, or at least at each major stop.

**Mr Hargreaves:** Yes. Firstly, that item on page 301—is that where you are getting your cessation from?

**DR FOSKEY:** Yes, page 301. That is the one.

**Mr Hargreaves:** It is a technical adjustment: it goes to ACTPLA; it is not actually missing from the budget. Secondly, the amount of money that we put in for the real-time information is still contained within our budget. I am not proceeding with the real-time information system just yet. I am absolutely committed to it as a system; I need the record to show that. It is absolutely the way to go. But it is of much greater importance to us that we have a bus system that people can have confidence in and want to get on. I want our energies to go towards that. Once we have that one collared, we will move forward on the others.

**THE CHAIR:** Will we see it in your parliamentary lifetime, minister?

**Mr Hargreaves:** Real-time? I sincerely hope so, but I have not seen the preselection form yet, Mr Chair. You never know your luck in a big city. I will be here longer than Mr Pratt will be, though.

**THE CHAIR:** Questions, Mr Pratt?

**MR PRATT:** Minister, of the 16 new additional staff positions we have seen highlighted—

**Mr Hargreaves:** Page?

**MR PRATT:** In fact, that is—

**Mr Hargreaves:** Have you got a page reference I can look at, Mr Pratt?

**MR PRATT:** I do not think you need one, because you talked about—

**Mr Hargreaves:** If you are going to quote a number at me, I want to see your source.

**MR PRATT:** You talked about it in your speech.

**Mr Hargreaves:** I still want to see your source.

**MR PRATT:** You talked about it in your speech.

**MRS BURKE:** It is your own figures.

**Mr Hargreaves:** So you are trying to get me to do your work for you?

**MR PRATT:** Of those 16 new positions—

**Mr Hargreaves:** Try again.

**THE CHAIR:** Order!

**Mr Hargreaves:** Well, find it.

**MR PRATT:** how many are going to be transport officers at interchanges?

**Mr Hargreaves:** Show me the source, will you, please?

**MR PRATT:** Can you answer the question?

**Mr Hargreaves:** No. I have asked you to show me the source because I am not going to do your work for you.

**MR PRATT:** Of the 16—

**MR STEFANIAK:** Maybe he does not know how many extra staff he has.

**Mr Hargreaves:** If you are too lazy to find it, bad luck.

**MR PRATT:** In relation to the 16 that you talked about in your budgetary speech—can you remember that? Or didn't it—

**Mr Hargreaves:** Mr Pratt.

**THE CHAIR:** Minister, Mr Pratt has asked you a question.

**MRS BURKE:** Yes, come on.

**MR PRATT:** Yes. Of those 16 new positions—if you could answer it, if you wish to answer it, if you wish to be transparent—how many will be transport officers at the interchanges?

**THE CHAIR:** You can take it on notice, minister.

**Mr Hargreaves:** I will take this on notice.

**MRS BURKE:** Why didn't you just say that?

**Mr Hargreaves:** I do not believe most of the things that Mr Pratt says, so I will take it on notice.

**MR STEFANIAK:** Really, minister.

**MR PRATT:** Are there likely to be additional transport officers at the—will there be an increase in the number of transport officers at interchanges?

**Mr Hargreaves:** Yes.

**MR PRATT:** Good. How many will there be, roughly—or do you want to take that on notice?

**Mr Hargreaves:** I will take it on notice, Mr Chair.

**MR PRATT:** Okay. Do you intend to increase the number of officers to allow an addition of staff at interchanges after 6 pm?

**Mr Hargreaves:** I will take it on notice, Mr Chair.

**MR PRATT:** Chair, next question: when ACTION was wound up under the rationalisation of the last 12 months and essentially placed under the umbrella of TAMS, what happened to the ACTION call centre staff?

**Mr Hargreaves:** Oh, dear; I do detest having to do your work for you. Mr Chairman, those people transferred to Canberra Connect.

**MR PRATT:** Is it true that no call centre staff could continue working in the area unless they had been transferred to Julia Ross employment agency—contracted to Canberra Connect? Was that the plan?

**Mr Hargreaves:** Mr Chairman, as Mr Pratt has insinuated or suggested a particular process that I instinctively distrust, I will take the question on notice, and I can verify whether he is talking rubbish or not.

**MR PRATT:** Personal imputations aside, minister, again—which are a feature here today.

**THE CHAIR:** Mr Pratt, before you go ahead, let me say this. When we resumed, minister—Mr Pratt was away at the time—I did talk to the standing order regarding personal imputations. I want members—both sides—to remember that. It was standing order 55.

**MR STEFANIAK:** In relation to that, since we have resumed, I ask that you direct Mr Hargreaves to answer the questions appropriately with that in mind. I do not think we need these imputations.

**THE CHAIR:** I will direct him to answer the questions, Mr Stefaniak.

**MR PRATT:** Thank you, chair. I was away; I appreciate that advice, thank you. When ex-ACTION staff call centre employees were transferred to Canberra Connect through Julia Ross, what happened to their conditions of service and employment? Did they change?

**Mr Hargreaves:** I will take that question on notice, Mr Chair.

**MR PRATT:** Is it true that they lost \$3 per hour as part of the contract?

**Mr Hargreaves:** I will take that question on notice, Mr Chair.

**MRS BURKE:** You haven't got any information?

**MR PRATT:** If they had dropped—

**Mr Hargreaves:** I do not have to answer the question, Mr Chair—

**MRS BURKE:** You have to answer the questions before you.

**Mr Hargreaves:** I can take it on notice.

**MR STEFANIAK:** You do have to; it is estimates.

**THE CHAIR:** Minister, you are—

**MR PRATT:** You are not on trial for murder.

**THE CHAIR:** Mr Pratt, would you mind for a minute. Minister, you are required to answer the question.

**Mr Hargreaves:** Indeed.

**THE CHAIR:** Whether you take it on notice or not does not matter—

**Mr Hargreaves:** I have taken it on notice.

**THE CHAIR:** but you are required to answer the question.

**Mr Hargreaves:** I am happy to provide the answer—

**MR PRATT:** So you will take all these on notice?

**Mr Hargreaves:** but not to contribute to Mr Pratt's press releases.

**MRS BURKE:** Nobody here today can answer those questions—is that what you are saying? You have a department behind you—

**Mr Hargreaves:** No. Mr Chairman, through you to Mrs Burke—

**MRS BURKE:** You are refusing to provide information.

**Mr Hargreaves:** I am deciding to answer the question on notice, when the truth will be actually provided.

**MRS BURKE:** You are refusing to provide this committee with information.

**Mr Hargreaves:** Not at all.

**MR PRATT:** Why should we be surprised?

**THE CHAIR:** Mrs Burke.

**MR PRATT:** Why should we be surprised?

**MR STEFANIAK:** That is another first for estimates John.

**Mr Hargreaves:** Not at all.

**THE CHAIR:** Mr Stefaniak.

**MRS BURKE:** Yes, you are.

**Mr Hargreaves:** Not at all.

**MR PRATT:** Why should we be surprised?

**MRS BURKE:** You are withholding information from the committee.

**Mr Hargreaves:** No, I am not. I will provide it on notice.

**MRS BURKE:** You are in contempt of the committee, Mr Hargreaves.

**MR PRATT:** You would not know transparency if you tripped over it.

**THE CHAIR:** Mr Pratt, do you want me to close this meeting down and have a private meeting to discuss whether or not we are operating correctly?

**MR PRATT:** No. Actually, we can do that later if you like.

**THE CHAIR:** I will do it now.

**MRS BURKE:** We do have to do it.

**THE CHAIR:** If you cannot take the chair's advice—

**MRS BURKE:** Carry on, Steve; just carry on.

**MR PRATT:** Mr Chair, I will take your advice.

**THE CHAIR:** Next question.

**MR PRATT:** May I ask another question?

**THE CHAIR:** Sure.

**MR PRATT:** Minister, if, when you research the previous five or six questions which you have not been able to answer, you find that there has been a \$3 per hour drop in the basic wages of call centre operators now operating with Canberra Connect through Julia Ross, would you agree that that will have been a breach of the Workplace Relations Act, which binds the new employer to the old employee's certified

agreement?

**Mr Hargreaves:** Through you, Mr Chair, I have no doubt that, if there is a breach of WorkChoices legislation, the balaclava-ed police of Mr Pratt's party would have been onto it like a flash.

**MR PRATT:** All right, minister; we will see what happens.

**THE CHAIR:** More questions on ACTION? Dr Foskey.

**DR FOSKEY:** Again these might have to be questions on notice, but I will just start and see how we go. Can you provide us with the average number of school students that travelled daily by bus in 2006 and in 2007?

**Mr Hargreaves:** We will have to take it on notice. I am very happy to provide you with that information. Against the background of that, each year we have those people who leave the schooling system and those people that come into it, so there is always a bit of plus and minus in there. I am not sure if you want to refine the question to give us some idea of how we can help you. We are happy to give you the raw figures—very happy to do it—but I do not know what good it will do you.

**DR FOSKEY:** I will ask those questions on notice, but there are a few more general ones you might be able to answer.

**Mr Hargreaves:** Yes, sure.

**DR FOSKEY:** What planning measures have been put in place to service the increase in student bus travel over the next four years as a result of the school closures and amalgamations that were announced in last year's budget?

**Mr Hargreaves:** There is a relationship between the Department of Education and Training and ACTION—assisting those people who have to move from one school to another who may be experiencing difficulties in doing that. I have also reinstated a liaison committee to work within ACTION to make sure that our difficulties going on into the future are minimised. This committee comprises people from ACTION, the P&C association, the transport workers union and the department of education. Every year, about October or so, we develop the new bus routes and then put them out for consultation. The development of that will be done in concert with that committee so that we have the parents and citizens association input into the implications for families.

**DR FOSKEY:** Do you know what proportion of the total operating costs of students' bus travel is recovered from the fares?

**Mr MacDonald:** I believe the percentage recovery is around 18 per cent for students. That is probably an old number; I would need to make sure that it is up to date.

**DR FOSKEY:** So you believe the fares cover about 18 per cent of the cost of running the buses?

**Mr MacDonald:** Correct.

**Mr Hargreaves:** You might also be interested in the statistic that 40 per cent of our students go to private schools but 60 per cent of our school bus travellers go to private schools.

**DR FOSKEY:** It is good that the buses are places for all to mingle.

**Mr Hargreaves:** Yes.

**DR FOSKEY:** How many new bus services are required to meet increased student bus travel arising from the school closures at the end of 2006?

**Mr Hargreaves:** We have put on buses because of the need to have students travel to a school, not because the school closures occurred.

**DR FOSKEY:** Would there be a number involved there that you could tell us?

**Mr Hargreaves:** We cannot give you a number attributed to that particular reason, because the number of student enrolments in the schools themselves changes from year to year anyway.

**Mr MacDonald:** It is important to remember that about 50 per cent of the students travel on route services; the fact that a school closes may mean that those children would access a route service in the first instance anyway.

**Mr Hargreaves:** Dr Foskey, I am not trying to be obtuse about this at all; I just need you to understand that a lot of the enrolments of school kids are not actually finalised until a week or two after the term starts. Secondly, the actual travel behaviour of students does not usually settle down until the first or second week in March. What happens is that the students go to school on the bus in the morning; in the afternoon, say in the first month of school, their after-school activities are determined—whether they are post-school activities like sport, music or whatever you like, or other forms of entertainment. So the number of bus routes coming back to homes will be different from in the morning. Please understand that we are not trying to be obtuse about this.

**DR FOSKEY:** No, I don't think you—

**Mr Hargreaves:** It is just a very difficult thing for us to measure, which is one of the reasons why I re-instituted that committee to help us out.

**DR FOSKEY:** Has that committee met yet?

**Mr MacDonald:** Yes, it has.

**Mr Hargreaves:** It has, yes.

**DR FOSKEY:** And you find—

**Mr Hargreaves:** It is very early days yet. I have every confidence that it will be

productive. It did exist in another form some years ago, and it was particularly helpful, but there were dramatic changes around the network. For example, it existed before the special needs transport was the sole responsibility of ACTION. Years ago, for example, the special needs transport was operated by the Department of Health; its headquarters was at Mitchell, at the Totalcare area. It carried schoolchildren in the morning; it carried rehabilitation patients from their home to the rehabilitation section of the Woden Valley Hospital, as it was then known, in the morning; then it went off again on the same route and picked up some older people and took them to various day centres that we had. That service was taken over by ACTION, but it still had some of its service operated by the hospital and some of it still by education. Now it is all contractual. In all of those changes, the system of management changed; it also changed with the emergence of the ACTION Authority. I have asked them to put it back, and I am delighted to see that it is back.

**THE CHAIR:** Minister, can you tell me how the ACTION staff's enterprise bargaining agreement is going? Is it due to be resolved shortly?

**Mr Hargreaves:** I am hopeful that there will be agreement fairly shortly. I need to congratulate the transport workers union on the way in which they have approached the agreements. You will appreciate, Mr Chairman, that I cannot go into the detail of those discussions, but I am hopeful that there will be a reasonably speedy resolution to the outstanding issues.

**THE CHAIR:** How is the demography going with those employees at the moment? Is it still an ageing work force?

**Mr Hargreaves:** Yes, it is. Part of the challenge for us is that there is an ageing work force. I cannot tell you off the top of my head what is the average age, but from what I can understand it is in the late forties, early fifties—54. The challenge for us is finding bus drivers, and the challenge for finding bus drivers is that some bus drivers want to have a split shift. Some bus drivers—the women, for example—want to be able to pattern their daily lives—their work life—around the family. They do not mind doing school bus runs, for example, in the morning but do not want to do them in the afternoon—or whatever. A family-friendly thing has taken over. Part of the challenge for us all is making sure that we have a part-time, full-time mix which can accommodate that. At the moment we have an agreement with the transport workers union on a particular mix, and we are not going to discuss any change to that in the course of this particular EBA.

**THE CHAIR:** More questions for ACTION? Mrs Burke.

**MRS BURKE:** I have a follow-up to an earlier point. I am quite concerned about—it was in Mr Pratt's questions—ex-ACTION call centre staff. Minister, given your reluctance to answer questions here today, can you—

**THE CHAIR:** Mrs Burke!

**MRS BURKE:** I am being truthful, chair. The minister said that he did not want to answer; and he has taken them on notice. Can you confirm or deny if you or Mr Zissler breached the workplace relations act and whether any shifts were provided



to anybody who did not transfer to Julia Ross? I just want you to answer whether any shifts were denied and whether redundancies were paid to people leaving.

**Mr Hargreaves:** I will take the second half of the question on notice. It relates to a level of detail around individuals that I would need to satisfy myself about and then make sure that the answer is given to the committee. I am advised that it is not an ACTION issue—but, be that as it may, it is still part of TAMS; it is a Canberra Connect issue. It is how people are engaged there. I share Mrs Burke's concern here, but for a very different reason. She has asked me to confirm or deny whether I or my CEO have breached some federal legislation. If Mrs Burke has evidence of any such breach, I challenge her to put it on the table. You talk about imputation; that is a very serious imputation.

**THE CHAIR:** Indeed, it is.

**Mr Hargreaves:** The answer to your question, Mr Chairman, is: I do not believe so; I have no reason to believe so. I would challenge Mrs Burke to put any evidence she may have on the table, where it can be examined by competent authority, or promptly withdraw it.

**MRS BURKE:** I think you are probably aware of that. Mr Pratt—

**Mr Hargreaves:** I do not see any evidence of it; I think I should put out a press release calling on Mrs Burke to do it.

**MRS BURKE:** I am not putting out any press release.

**MR PRATT:** Can I ask—

**Mr Hargreaves:** No, we will hide behind that, won't we?

**THE CHAIR:** Order! Order, members!

**MRS BURKE:** No, no.

**Mr Hargreaves:** What a cowardly piece of work.

**MRS BURKE:** We will not hide behind it; this is public.

**THE CHAIR:** Order!

**Mr Hargreaves:** What a cowardly piece of work.

**THE CHAIR:** Minister, order!

**MRS BURKE:** This is a public hearing.

**THE CHAIR:** Mr Pratt.

**MR PRATT:** I have a supplementary on that. Minister, when you go back and check

some of those questions—put them on notice, put the answers to us on notice—can you advise whether any ex-employee of the old call centre system—did anybody not get a redundancy? Or, if so, how many got redundancies? Can you give some detail on all those staff who choose not to transfer to Canberra Connect—Julie Ross contracted—did or did not receive redundancies; and what was the policy around that?

**Mr Hargreaves:** Mr Chairman, that has got to be one of the most confusing questions I have had in nine years in this place. I would like to ask Mr Pratt if he would like to rephrase it so that a sensible person could understand it, or put it in writing—

**MR PRATT:** A sensible person could understand it.

**Mr Hargreaves:** Then I am happy to answer it on notice.

**MR PRATT:** Will you—

**Mr Hargreaves:** With the way it is phrased at the moment—

**MR PRATT:** I will rephrase it.

**Mr Hargreaves:** I am not going to answer it because I cannot.

**THE CHAIR:** Mr Pratt has offered to rephrase it.

**MR PRATT:** I will rephrase it.

**Mr Hargreaves:** Yes; go.

**MR PRATT:** I will rephrase it, minister; just—

**Mr Hargreaves:** Good.

**MR PRATT:** take a valium and—

**Mr Hargreaves:** No, you do it.

**MR PRATT:** listen out. Will you please detail the number of ex-ACTION call centre staff who got redundancies. And would you also then detail the number of ex-ACTION staff who did not transfer to the new arrangements with Canberra Connect who did get redundancies. Two numbers, please.

**Mr Hargreaves:** I will provide numbers on notice, Mr Chairman.

**THE CHAIR:** Thank you. Questions on ACTION?

**Mr Hargreaves:** But I will provide no names.

**MR PRATT:** I do not want names; I just want numbers.

**MRS BURKE:** Never asked for names.

**THE CHAIR:** Dr Foskey.

**DR FOSKEY:** Earlier you were talking about the introduction of a new bus network, and the Treasurer mentioned it in his budget speech.

**Mr Hargreaves:** Yes.

**DR FOSKEY:** What exactly does that entail and whereabouts in the budget should I look for those funds?

**Mr Hargreaves:** You will not find them in the budget yourself, Dr Foskey, to go to the second question first. It is contained within the base budget of ACTION to do the work around the network change. Where you see it in general terms—go to page 300, Dr Foskey; you will find there a general figure of \$1.25 million in the row “ACTION—Services Supplementation”. That supplements the base; that actually gives us services put back and—

**DR FOSKEY:** I have got it.

**Mr Hargreaves:** Okay. That is to answer the second part. Secondly—

**DR FOSKEY:** Sorry, I am having a bit of trouble hearing you.

**Mr Hargreaves:** Yes. It is a bit rude, isn't it? We have discovered that, when we complied with the Graham report of 1997, one of the things that they talked about in that report was for us to do through-routing. In other words, you could go from one end of Tuggeranong to the top end of—

**THE CHAIR:** Spence.

**Mr Hargreaves:** Spence, yes—to the top end of Belconnen in one hit. We accepted that recommendation and introduced those sorts of routes. At the same time, however, there was the hub system. The hub system means that you go from a suburb into an interchange, grab an inter-town route and away you go. People were not happy about that, because it meant catching three buses one way and therefore you could catch six buses. You may remember that in those days prior to 2001 we had the zonal fare system. Travelling by bus when you had to catch six buses and go through the zonal fare system was (1) an expensive exercise and (2) a real pain. What we have is, if you like, two networks overlaid upon each other and not working.

The first thing my colleague Mr Corbell did was to wipe the zonal fare system and make it one fare anywhere, which was a help because at least the cost was not there. It did not matter how many buses you caught; the cost was okay. The second thing was that, as the inter-town route took up its patronage—and remember that we talked about an average eight per cent increase—we found that it was very heavily used, but the suburban hub system and through-routes were very poorly used at some times. In fact, at one time—I think on a weekend between 7 and 9 in the morning—the worst 80 patronised had two people, counting the driver. Counting the driver, the 80 worst

patronised routes in town had an average of two people on the bus; and 70 of them had nobody on them at all. That told us that the through-routing system and the feeder into the interchange were where the problem was that was costing us so much money.

There were a number of ways we could do it. We tried to cut those routes back. That is when we saw the public saying, "No, no; you've gone too far." We accept that. Now we have engaged a network consultant to do computer modelling. This person is expert in these sorts of matters and has done some work in Brisbane. We feel fairly confident that we will get a good product here. The idea is that we will come up with one network. It may be a blend, but it will not be two, one overlaid on the other, if that makes sense. Once that is done, we will start talking to people before it is introduced.

**DR FOSKEY:** What is the time line on that report?

**Mr Hargreaves:** The first stage, which is the pre-design consultation phase, will be between June and August 2007. We will have advertising there; we will be looking for feedback from users and non-users. That is a survey. There will be a website survey and a feedback form online. Feedback forms will be available from Canberra Connect shopfronts, at bus interchanges and online. There will be meetings with community and stakeholders—like community councils, the TAMS community engagement units. There will be meetings with the staff—and drivers particularly. And, as I have just mentioned, there will be a major on-bus survey by a consultant using specific patronage, which is the on and off data and a questionnaire.

The second stage, which is the design planning, will be between September and October 2007. That is when there will be the actual scheduling. They will do their computer work on it. The third stage, which is the post-consultation stage, will be between November and December. That is when we will be displaying what the plan is so that people get to see it.

We did not want to have the plan finished and ready to go and available for people to see when they are down the coast at Christmas time. It is important for us to say, "Here's the finished product." As I said, it will be available in October. That is when the work is ordered to finish. That is when the community people can have another look at it and say, "This is what we're at."

We need to introduce it for about the same time as the settle-down school stuff exists, because you cannot have the feeder routes and the school stuff happening in isolation from each other. Fifty per cent of the school kids that travel on a bus go on an ordinary route bus service and 50 per cent go on the school buses themselves. We need to factor that in. Some of the schedules will be introduced as we can, but we are expecting the fourth stage to be between January and April 2008.

**THE CHAIR:** Mr Pratt has one last question on ACTION; then we will go to the cemeteries trust.

**MR PRATT:** Thanks. Minister, I find it extraordinary that your officials cannot provide the detail of transport officers. Can you break that down in your response—the number of officers per interchange per shift.

**THE CHAIR:** I think you have already asked that, Mr Pratt.

**MS PORTER:** Yes.

**MR PRATT:** No, not the—

**MRS BURKE:** It is a clarification, I think, chair.

**MR PRATT:** Not per shift. The last question I have for you is this. You talked earlier about the strategy for replacing the ageing fleet. What is your recent record in acquiring buses to implement that strategy?

**Mr Hargreaves:** Firstly, the answer to the first question is that I will take that answer on notice. My officers are quite capable of producing that information. I will produce it on notice to the committee, because I am not going to provide Mr Pratt with a press release that he can misinterpret.

**THE CHAIR:** Minister.

**Mr Hargreaves:** That is the reason, Mr Chair. Secondly, I have already explained the ageing fleet of the buses today.

**MS PORTER:** He did, to my question.

**Mr Hargreaves:** In my opening statement and in my answer to Ms Porter.

**MR PRATT:** No, no.

**THE CHAIR:** Thank you, minister.

**MR PRATT:** My question was: how many have you been able to acquire to implement that strategy in the last number of years? Where are we at?

**Mr Hargreaves:** I answered that question in my opening statement.

**MS PORTER:** He did.

**THE CHAIR:** He did.

**Mr Hargreaves:** I will have to do it again. There are 54 Scania buses.

**MR PRATT:** Was I outside powdering my nose, Ms Porter?

**Mr Hargreaves:** You must have been.

**MS PORTER:** You may have been.

**THE CHAIR:** You have been in and out quite a bit.

**Mr Hargreaves:** That would take a while, wouldn't it?

**MR STEFANIAK:** He is actually answering, for a change.

**MR PRATT:** I am floored; he has actually answered something.

**Mr Hargreaves:** I will answer it again.

**MS PORTER:** No. Please, we have cemeteries.

**MR PRATT:** No, no.

**THE CHAIR:** We have only five minutes left.

**Mr Hargreaves:** I will answer it again if you like.

**MS PORTER:** No.

**MR PRATT:** No, no.

**THE CHAIR:** We will move to cemeteries.

**MS PORTER:** No, it is fine.

**MR PRATT:** I apologise for the frivolous question, chair.

**Mr Hargreaves:** I answered your question.

**MR PRATT:** I do apologise for the frivolous question.

**THE CHAIR:** Thank you. Questions on cemeteries? Ms Porter.

**MS PORTER:** On page 437, under “Priorities”, it mentions “continuing to work towards environmental sustainable maintenance practices”. Could you or somebody else explain that to the committee, please?

**Mr Hargreaves:** Sorry, could you—

**MS PORTER:** It is page 437, the dot point that is third from the bottom under “Priorities”.

**Mr Hargreaves:** Okay. The measures we have taken to reduce costs have already been implemented, including installation of a central computerised irrigation system covering all cemeteries and the removal of redundant structures and gardens that require high levels of maintenance. We were going to remove irrigation and replace irrigated grass species with dry land species. At Gungahlin, we capture much water run-off from the roads that is stored and re-used—you know, the gullies at the side of the road. We collect that. We are going to replace the grass between the monuments with decomposed granite—not grannies; granite. Many believe that this improves the visual amenity and significantly reduces maintenance, because we do not have to whipper-snipper between the monuments if we put the decomposed granite down.

**MS PORTER:** That is a good idea. My mother's stone was damaged by the whipper-snipper.

**Mr Hargreaves:** Yes. No-one will see that. As to future measures, we are going to be changing the turf, tree and shrub species to those with lower water and maintenance requirements. We are proactively purchasing new machinery and equipment to reduce labour costs and risks to workers. On a regular basis, we evaluate the way we do everything with a view to doing it better and more efficiently. And staff are actively encouraged to contribute their ideas, and these are frequently taken up.

We are looking at a green cemetery, if you like—a natural cemetery—possibly for Gungahlin, and maybe for the Tuggeranong facility. To see the folks out at Gungahlin going about their day is a joy to behold. Out there they do things sensitively and with an enormous amount of innovation. They are an absolutely expert bunch. I was particularly impressed when I first went out there and saw them.

**MS PORTER:** I did not mean to say that—

**Mr Hargreaves:** No, no; I am just adding this.

**MS PORTER:** It was not here that my mother's stone was damaged. I did not really mean—

**Mr Hargreaves:** Thank you very much for that.

**MS PORTER:** I did not mean to imply that my mother's stone was damaged here; it was in Wollongong.

**Mr Hargreaves:** No imputation taken, Ms Porter.

**MS PORTER:** But there is a risk when you are using that machinery on grass that is close to the stones.

**Mr Hargreaves:** Yes, there is, and we do not want to see folks' memorials—

**MS PORTER:** There is no problem with the gravel?

**Mr Hargreaves:** Not as much.

**MS PORTER:** Thank you.

**THE CHAIR:** Further questions on cemeteries? Mr Pratt.

**MR PRATT:** Mr Hargreaves, does the department have a relationship with the commonwealth on the upkeep of the Woden war graves—the war cemetery there, with the marble and the two plots—

**Mr Hargreaves:** I will have to take the question on notice, Mr Chairman; I just do not know the answer to that.

**MR PRATT:** When you do, can you please advise what the ACT's share is in the budgeting for that. Further, could you indicate whether it is the ACT government's responsibility or the commonwealth's responsibility to replace the worn marble stone—the headstones.

**Mr Hargreaves:** I will take it notice, Mr Chairman. The reason for wanting to do that is that I need to update my own knowledge on the perpetual care liability for these particular stones. In recent times, the amount of money that you will pay for a memorial headstone will include a proportion that goes to its ongoing maintenance. Sometimes we say that the family themselves have to do it. In this case, the family in fact is the Australian people.

It may very well be that the arrangement is that the Department of Veterans' Affairs takes care of that. We would need to clear that because there is, as I say, the perpetual care liability. If in fact that perpetual care liability exists and the ACT are carrying more of a share of that than we should, we can approach the commonwealth government for a better deal. If, on the other hand, we are not, I need to confirm that in my mind.

But be assured: I would need to satisfy myself about the perpetual care liability of this; I would not want to find us coming back in five or 10 years time with no answer to that. We need to have it sorted. But I have to tell you that I have no concern about that. Nobody has ever raised the issue with me before. If Mr Pratt has anything concrete that he wishes to share with us, I would be delighted to receive it.

**MR PRATT:** I just want to know who is going to maintain those headstones.

**THE CHAIR:** I think we have one last question from Mr Stefaniak.

**Mr Hargreaves:** I will have to find out.

**MR PRATT:** I do not know whose responsibility it is exactly. I want to know where the shared responsibility component is for you, minister.

**Mr Hargreaves:** The ACT Public Cemeteries Trust actually looks after them; it is a matter of whether or not we are paid to do so, and I need to find that out. Also, with some people in some graves in some places in town, the families themselves are responsible for that. If they do not do it, we do it for them. That is the reason for the complication.

**MR PRATT:** Are you saying that you may indeed have a budgetary responsibility—

**Mr Hargreaves:** I do not know.

**MR PRATT:** Or that you are still not clear?

**Mr Hargreaves:** I do not know. The reason for taking it on notice is that it would not surprise me to find that the Department of Veterans' Affairs war graves area has a role to play here. I would be remiss in my duties if I assumed that; I need to check it and



get back to you.

**THE CHAIR:** One last question from Mr Stefaniak.

**MR STEFANIAK:** It is in a similar vein. The opposition has had representations from constituents who have been concerned about vandalism and general disruption at gravesites at Woden cemetery—for example, things like seances being performed over gravesites. What are you doing about general vandalism at the cemetery and how will you tackle the problem of keeping unwanted people out of the cemetery grounds, especially after dark?

**Mr Hargreaves:** In the nine years that I have been in this Assembly, I have received no representations to indicate that there is anything untoward happening there that has not been so for a long time. I ask the member to give me details about that so that I can follow it up. We have certain security arrangements in all of our public cemeteries, and of course there are fences and that sort of thing. But I have had no instances brought to my attention. I am happy to use it as an example to respond to the committee. If, for example, through the secretary, to us, the member could put some detail on the question, I can use that by way of example.

**MR STEFANIAK:** You say you have security. That might help.

**Mr Hargreaves:** Yes.

**MR STEFANIAK:** What security arrangements have you got?

**Mr Hargreaves:** I do not know of any risks.

**MR STEFANIAK:** No, but can you say what the security arrangements are?

**Mr Hargreaves:** What we do not have is balaclava-ed people with dogs patrolling the cemeteries.

**MR STEFANIAK:** What do you have, minister? You said you have security arrangements.

**Mr Hargreaves:** We have a fence; we have people around the area. We have arrangements where the cemetery is patrolled—not regularly, because to do it regularly means to be predictable. We have those sorts of arrangements in place. I am happy—in fact I would prefer—to provide that information to the committee on notice and then ask the committee not to release that particular piece of information for publication when you have considered it. As with many police operations, as Mr Stefaniak will know—

**MRS BURKE:** That is fine.

**Mr Hargreaves:** I do not want to signal to people what we are doing out there.

**MRS BURKE:** That is fine.

**MR STEFANIAK:** Yes, that is logical, minister.

**Mr Hargreaves:** I am happy to give you the information if you would be kind enough to consider not releasing it for publication

**THE CHAIR:** We certainly will. Thank you, minister, and officials from TAMS.

**Mr Hargreaves:** Thank you.

**THE CHAIR:** We will be back tomorrow morning with the Chief Minister at 9.30 am.

**Mr Hargreaves:** Mr Chairman, before you conclude, I express my appreciation to the officers of the Department of Territory and Municipal Services all up for the assistance they have given both the committee and me and for the assistance they will give the committee in responding to your questions on notice.

**THE CHAIR:** Thank you, minister.

**The committee adjourned at 5.03 pm.**