



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2008-2009

(Reference: Appropriation Bill 2008-2009)

Members:

MS M PORTER (The Chair)
MRS V DUNNE (The Deputy Chair)
MR M GENTLEMAN
MS K MACDONALD
MR B SMYTH

TRANSCRIPT OF EVIDENCE

CANBERRA

MONDAY, 19 MAY 2008

Secretary to the committee:
Dr S Lilburn (Ph: 6205 0490)

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 9.04 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

Actew Corporation Ltd
Service, Mr Jim, Chairman
Costello, Mr Michael, Managing Director
McIlwraith, Mr Kerry, Chief Finance Officer
Webber, Mr Simon, Technical Manager

Department of Treasury
Smithies, Ms Megan, Under Treasurer
Bulless, Mr Neil, A/g Executive Director, Finance and Budget Division
McAuliffe, Mr Patrick, A/g Director, Investments Branch
Vanderheide, Mr Michael, Head of Shared Services, Shared Services
Burton, Mr Ross, Chief Financial Officer, Shared Services

ACT Gambling and Racing Commission
Jones, Mr Greg, Commissioner

ACT Insurance Authority
Matthews, Mr Peter, General Manager

ACTTAB
Curtis, Mr Tony, Chief Executive

Exhibition Park Corporation
Acworth, Mr Brian, Chair,

THE CHAIR: We might start. I just ask everyone whether they have read the privileges card, the yellow card, and whether they understand the privilege implications in the statement. If you could say yes, instead of nodding your head.

Mr Stanhope: Yes, we do.

THE CHAIR: Thank you. For the record, I move:

That the statement be incorporated in Hansard

The statement read as follows:

Privilege statement

To be read at the commencement of a hearing and reiterated as necessary for new witnesses

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 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.

Welcome to this morning's hearing of estimates, everybody. Did you want to make any opening statements?

Mr Stanhope: I have no specific statement, thank you, Madam Chair, other than of course that the chairman, Mr Service, and the chief executive, Mr Costello, are here along with officers and stand ready to assist the committee in any way that they are able.

THE CHAIR: Thank you very much.

Mr Service: Can I just add to that that, in fact, it is the last time that either Mr Costello or I will be here. We have been involved in the hearings of this committee over quite a number of years and I think it is worth recording that the committee has always taken a useful interest in the affairs of Actew, which is a very important part of the territory, and has always treated us with entirely appropriate courtesy and we have much appreciated that.

THE CHAIR: I hope that continues today.

Mr Service: I am sure it will.

THE CHAIR: Thank you very much.

MRS DUNNE: My question is for the Chief Minister as the principal shareholder in Actew Corporation. When did you first become aware that ActewAGL was considering building a gas-fired power station and data centre?

Mr Stanhope: I might have to take that on notice.

MRS DUNNE: You were briefed on the matter?

Mr Stanhope: Yes, of course, some time ago. But in the context of your question, I will take it on notice.

MR SMYTH: Perhaps Mr Service or Mr Costello could tell us when was the board first briefed and what discussions you had?

Mr Service: The ActewAGL board, which of course is not the subject of this hearing, was first looking at gas-fired generators probably at least five years ago. We have had a concern for a long time that the territory needed some back-up power supply. If we lost power which is provided by New South Wales, the national capital would come to a halt. We think that is a very significant issue which we should address as far as we can. So we have been looking at the concept of gas-fired generators for a very long time.

The concept that we might be able to do something about that by using the capacity to add a very important employment-generating activity here is a fairly recent one. I think—I am speaking from memory now—it came up about six months ago. We had not been able to find a way whereby the territory could afford to go into gas-fired generation. This may open an activity where that is possible.

I do want to remind the committee that the principal proponent, however, is not Actew or ActewAGL; it is Technical Real Estate, which is a company in which of course the territory has no direct interest.

MR SMYTH: Actew is still a shareholder of ActewAGL?

Mr Service: As far as I know, yes.

MR SMYTH: When did ActewAGL brief the board and was the board asked to approve the decision?

Mr Service: There is no decision other than to make an application to ACTPLA who, of course, has the legal and indeed moral responsibility to make a decision about planning issues. It is before ACTPLA. What ACTPLA will do is entirely up to it. All we are concerned about is that Actew will not be involved in anything which creates unnecessary noise, pollution, any of those sorts of things. I have lived in this territory for 44 years and, as a resident, I have no intention of supporting anything that could be damaging to the community.

MR SMYTH: Did the board actually take a decision to support or reject?

Mr Service: The only decision that the Actew board has made is to support the making of an application to ACTPLA. If all of that goes ahead—and I emphasise “if”—Actew’s only financial involvement would be as the owner of the land. It has no intention of participating in funding or taking the risk on the development, absolutely

no intention.

MRS DUNNE: Back to you, Chief Minister. You said you could not remember when you were first briefed about this, but when you were briefed about it were there any issues raised about environmental pollution by gases, particulates or noise pollution? Were those issues raised with you?

Mr Stanhope: Of course in every discussion and in all consideration in relation to this issue the ACT government's position is the same as that expressed just now by the chairman, Mr Service. We have statutory processes in place in relation to development applications. I think we need to step back from some of the anxiety that is being expressed, promulgated and fostered within the community about this particular proposal.

We have rigorous standards within the Australian Capital Territory, within Australia. They are represented as Australian standards. They underpin all decisions that are made in our planning processes. We have a statutory planning regime. Mr Service has just mentioned that the process that has been followed is the appropriate statutory process, and decisions that are made through that process reflect appropriate community and Australian standards in relation to the basis on which any development would proceed.

No development in the ACT will proceed if it does not meet environmental standards in relation to noise and emissions or particulates or a whole range of criteria that are relevant to the approval of any development application. Underscoring that, of course, too, is the discretion invested in ACTPLA to insist, for instance, on a full environmental impact study or assessment as part of an approval process. That is the process that we are engaged in.

We are engaged in an application by a corporation, with partners, for development approval for an anticipated or potential development. And if it does not meet the necessary criteria, then of course it will not proceed.

There is a significant precedent, a long precedent, in relation to the way in which these issues have progressed; namely, the dragway. The government pursued vigorously an assessment for the construction of a dragway in the Majura Valley. The environmental assessments undertaken in relation to that revealed that it did not meet appropriate Australian standards in relation to noise, and the ACT government, my government, has abandoned the proposal because it did not meet Australian standards in relation to noise.

It is interesting, of course, that the Liberal Party has announced that, irrespective of the fact that the dragway in the Majura Valley does not meet Australian standards in relation to environmental issues such as noise, it will nevertheless proceed with the dragway.

MRS DUNNE: But you have not answered my question.

Mr Stanhope: No. I am using it by way of example. This is a very good example. The dragway is a perfect example.

MRS DUNNE: No. I am asking you whether you were briefed.

Mr Stanhope: I was briefed.

MRS DUNNE: I am asking you whether you were briefed on pollution matters and emissions and particulates.

Mr Stanhope: I was not briefed so much; there was simply an understanding that a proposal or a project such as the data centre, with independent gas generation, could not proceed if it does not meet standards in relation to noise or emissions or, indeed, if it has other environmental impacts. And I used by way of example of my government's approach to these issues that this is precisely the circumstance that the government was presented with in relation to the dragway in the Majura Valley. The dragway in the Majura Valley has not proceeded because it did not meet appropriate standards in relation to noise. It is interesting that, in the concept of that, we have not proceeded with the dragway.

But one notes—and it is relevant to note in the face of your questioning in relation to this matter—that the Liberal Party has, as recently as the last month, again promised to proceed with the dragway in the Majura Valley, irrespective of the noise impacts on the residents of North Canberra. It is quite an interesting and ironic comparison of circumstances we find.

My government will not proceed in the face of scientific assessments in relation to issues such as noise, whether it be a dragway in the Majura Valley or a data centre and gas-fired generator at Hume. We will not proceed, just as we did not proceed with the dragway, with the data centre.

But I am not going to intervene. This is a statutory process. One of the great strengths of planning in the ACT is it is at arm's—

MRS DUNNE: But as a shareholder—

Mr Stanhope: Let me finish. The great strength of the ACT planning regime is that it is statutorily independent of government, unlike other places around Australia. This is a matter now vested, under statute, under law, in ACTPLA and it is probably a crime for a minister to intervene in that statutory process and seek to influence in an untoward way the statutory decision-makers; namely, ACTPLA. Not only is it probably a crime, it probably would subject the government to significant civil litigation if we were to now say, "You have the right to lodge a development application, but we want the government to intervene in some way now and simply cut it off at the pass before the proponent has had the matter independently assessed and independently arbitrated on by the statutory authority in whom is vested the power under the law to actually rule on issues like noise and emissions." The bottom line is—

MRS DUNNE: Before we got to the DA process, which began in February some time, you were briefed on this subject. As the principal shareholder in one of the companies that own a half share in ActewAGL, were you aware of issues in relation to pollution,

and did it any stage cross your mind that, before we got into this statutory process, as someone who was responsible for the finances of this organisation as a shareholder, you might have a say in the prudence of this move?

Mr Stanhope: To the extent that, yes, the ACT government agreed, in response to requests from ACTPLA and partners, to identify land that might be the subject of a development application by Actew and its partners, then, yes, I was briefed. But certainly implicit in every discussion was an acceptance by all, as expressed just now by Mr Service, that, in those discussions, no project, no development, would be undertaken that did not meet all statutory, including environmental, requirements. And that remains the position.

MRS DUNNE: Mr Service, what was the board told about environmental pollution?

Mr Service: Which board are you asking about?

MRS DUNNE: The Actew board, because you are here as the Chairman of the Actew board.

Mr Service: The Actew board is not directly responsible for the matter; that is a matter for the ActewAGL board and management—

MRS DUNNE: But was it told?

Mr Service: Just a moment; can I finish?

THE CHAIR: Please don't interrupt.

Mr Service: The Actew board was simply briefed on the documents that were put before the ActewAGL board, and those documents said, which has always been the case, that we obey the law. If the law says, "These decisions will be made by ACTPLA," then those decisions are to be made by ACTPLA. The individual members of the Actew board would not set themselves up as scientific experts on these matters.

What the Actew board has been concerned about—and it has been concerned about it for at least five years—was that, in the broad, gas-fired electricity generation is less environmentally unfriendly than electricity generation through black coal. So we have had in our mind that the more we could do via ActewAGL to transfer electricity that is used in this territory to gas-fired generation, the more we would be contributing to the territory, being crudely put, more green. It is still my view, and I believe it would be the view of all the Actew directors, that if we can do something to do that, that is a very good thing for the territory. I think that would be a universal view.

MR SMYTH: Was there any disquiet expressed by the board or board members during that discussion?

Mr Service: There was nothing to express disquiet about, with respect. We engage, and ActewAGL engages, at considerable cost, technical experts. The board members do not themselves profess to be technical experts; they rely, quite properly, on advice

from those who are. There are extensive reports, and all those reports are public and are available on the website, so there is nothing secretive about any of them. Those are the reports that ACTPLA no doubt will consider in its proper assessment, because it is ACTPLA's responsibility to do that. The Actew board relies on ACTPLA to enforce the law.

MR SMYTH: I understand that, but after the actual presentation was there discussion amongst board members, and did board members express support, disquiet, no opinion—

Mr Stanhope: Disquiet about what?

MR SMYTH: Any concerns about the whole process that was being followed and the fact that it was going on a site at Macarthur.

Mr Service: The answer to that is that certainly they did not express disquiet. If they had expressed disquiet, the process would have been stopped. That is what boards are there for.

MR SMYTH: That is the whole point, yes.

THE CHAIR: Mr Smyth, we are going to Mr Gentleman now.

MR GENTLEMAN: My interest lies in the lower Cotter catchment area. Actew, in their 2006-07 report, talked about the mediation work in the lower Cotter catchment area. I want to know where that is up to, whether it has been completed or whether it is ongoing. Could we then have a bit of an update on where you are with the approach to the possible new dam.

Mr Service: That is a very important subject. Mr Costello might like to respond, or you, Chief Minister.

Mr Stanhope: I will defer to Mr Costello on the remediation of the lower Cotter and the planning reached in relation to the construction of the new Cotter dam.

Mr Costello: As you know, Mr Gentleman, we are undertaking a catchment management remediation project to improve the quality of water in the Cotter reservoir. The original remediation program, which was begun by the ACT government following the 2003 bushfires, was expected to take up to 10 years. We have been compelled to fast-track this process to reduce the frequency and magnitude of poor water quality events in the reservoir, because that reservoir has now become a crucial part of our water infrastructure.

It has continued at a slower rate than originally expected, however, for the following reasons. We were not able to complete native planting in spring 2007 because of insufficient rain in August and September. We had a lot of difficulty in recruiting sufficient contractors for pine wildling removal, and they are now more time consuming to remove due to increased size. Road closure and remediation timing required adjustment due to access required for pine wildling removal and native plantings. Unfortunately, high rainfall in late November and December delayed

completion of sediment basins, and there were a range of other matters.

We have some additional works to do in the next financial year. We think that project, as far as we can make a contribution, or as far as human intervention can make a contribution rather than nature, will be concluded in the next financial year. We have totally approved expenditure for works there of \$11 million. We have spent approximately \$7 million, and the proposed budget for next year is \$1 million. That, I think, will be all that we will spend out of that \$11 million at this stage.

You asked about the new dam. Madam Chair, might I be indulged by using that opportunity to say something a bit more general about the water situation, and particularly since it is my last appearance here.

THE CHAIR: Yes.

Mr Costello: One of the things I would like to say—

MR SMYTH: In this role.

Mr Costello: What do you have in mind? It is important to give credit to many of the people in Actew and in ActewAGL who have worked on a number of projects in the last several years. We have built the Stromlo plant, which has allowed us not only to treat water when there is high turbidity in the Bendora and other dams, but also to extract water from the lower Cotter dam, which we were not able to do, and treat it, and now to take water from the Murrumbidgee and treat it. We have built the Cotter-Googong bulk transfer scheme. We have just completed the largest ultraviolet treatment plant in the country, which enables us to treat that water from the Murrumbidgee to a very high level of confidence about crypto and giardia.

What does this all amount to, after spending some \$70 million? If we had not done these things, we would have been in stage 4 restrictions in February last year, and we would still be in them. It means that, as of the end of this month and early next month, we will be able to extract from there 100 megalitres of water a day, which is the equivalent of a day's use in the city during winter, under our current targets. I want to congratulate the people who have done this. I think they might deserve some modest recognition, which they very seldom get, and many of them are here today.

The next thing to talk about is what we are doing in the next five years. We have two major capex programs. One is the water security program, which is the new dam, which I will come back to in some more detail, if I may. When final shareholder approval is given when we submit the final plans, there will be at Angle Crossing a Murrumbidgee to Googong pipeline. We believe that, with a fair bit of hard work, we should be able to purchase water downstream, store it in the Snowy and bring it down the Murrumbidgee as an extra source of supply. In fact, it will be a sort of virtual dam for us, an extra dam, and a very large one.

We are keeping on ice, as it were, but keeping alive the design of a water purification plant. It is possible that water purification plant may become essential for some other reasons connected to salt reduction, but we are doing the design work on that over the course of the next year. The government has made it absolutely clear that it needs a

great deal more work done, and a great deal more thinking before it will come near to approving going any further. So that is that set of new proposals.

Normally, we spend over a four or five-year period about \$120 million to \$130 million on normal capex, if I can put it that way. Over the course of the next five-year period, we will be spending instead close to \$300 million. We have major work to do on the lower Molonglo to upgrade its capability. We have major work to do on the Googong spillway, which begins in August this year. We have many major tasks to carry out over that period, and that will put a very big strain, not just on ActewAGL, which is where I am going to on 1 July, but on Actew itself. The Actew board has made it absolutely clear that it does not agree, on these things, with just giving a flick pass to someone else. It is its responsibility to oversight and ensure that these things happen, happen efficiently and happen in a way that is properly accounted for and properly uses the money of the people of Canberra. So we have a major amount of work to do.

With respect to the dam project, the Chief Minister will have some announcements to make today or tomorrow on progress on that. It is well and truly on schedule. We have done all the work of examining the best quality people in Australia. We put out a request for proposal. We got some magnificent responses—probably better, Mr Chairman, than we expected.

Mr Service: Yes, quite.

Mr Costello: We got the best people in Australia and around the world putting their hands up for this project. The timing was right. So we will have some more things to say about that tomorrow.

Mr Stanhope: As with the data centre and gas-fired generator, the dam will not be constructed if it does not satisfy all environmental requirements. That would be the case, Mr Costello?

Mr Costello: It certainly will. Then it is back to the drawing board, I guess.

Mr Stanhope: Yes, as with everything.

Mr Costello: I would like to repeat the observation I made late last year to this committee in another form—I think it was the public accounts committee—and to other Assembly committees, and that I have made in public many times. We, like the whole construction business in Australia, are subject to tremendous skills pressures and price pressures. I understand that the cost of reinforced steel, in the course of this year alone, has gone up by 30 per cent. The price of iron ore has gone up substantially in the last year. Those costs are only just starting to flow through now. The best business in Australia to be in at the moment would be BlueScope Steel.

The price of iron ore to China has just gone up by 85 per cent. That will flow through into our prices. We got the best estimates we could from the best quantity surveyors and the best external experts we could, but we have yet to see what they will be in the final turnout. I just want to stress that, so that there is no suggestion that somehow we have been careless or unaware of the problem. The whole construction business has

really taken off, and it is putting great pressure not only on us but on South Australia, Victoria, Queensland and everybody else.

MR GENTLEMAN: Whilst we are talking about the Cotter, I note that the Cotter pumping station has been refurbished.

Mr Costello: Yes.

MR GENTLEMAN: That is quite an iconic building.

Mr Costello: Full heritage status.

MR GENTLEMAN: It is full heritage, is it?

Mr Costello: Yes, it is.

MR GENTLEMAN: Can you tell us what went on there—what you had to work with?

Mr Costello: I will ask Mr Simon Webber to give the detail on that, if I may.

Mr Webber: Cotter pump station was the original source of Canberra's water supply, so it is nearly 100 years old now. There is a series of eight pumps in the pump station. In 2004 we, as part of the drought contingency program then, refurbished two of those pumps. We then expanded that under the CGBT part 2 program, which has just come into completion, as Michael said. We have now got five operational pumps. That really matches the hydraulic pump configuration or the pipe configuration of that area, so that is really 100 megalitres a day that we did not have before—successfully done, rewinding motors, all in sympathy with the heritage and with the approvals of all the planning organisations.

MR GENTLEMAN: So can you perceive any further work for that pumping station as the dam size is increased?

Mr Webber: It is thought that any more capacity out of that Cotter pump station would require significant additional expenditure and perhaps there are other ways that that expenditure could be looked at—perhaps a new Cotter pump station, but that is all.

Mr Costello: Which would be required for the new dam anyway. So the new dam, the pump station that would be there, the additional pumping capacity we would need to build for the new dam, because we have to pump 250 megalitres a day from there or have the capacity to, would supply extra pumping capacity for what we are already taking from the Murrumbidgee in the future. That is correct apparently.

MRS DUNNE: Very briefly, Mr Costello, just going back to the \$11 million worth of catchment works: I want to clarify who is responsible for the management of the catchment. At one stage it used to be Actew and then it was Environment ACT.

Mr Costello: It is Environment ACT.

MRS DUNNE: So why are you doing the work?

Mr Costello: We took it on. Normally we would not, but the government had a rehabilitation plan based on its priorities for environmental expenditures and so on, a limited amount of money. We knew we could not wait for that as a water supply utilities organisation. We had water-related reasons as distinct—

MRS DUNNE: So you picked up the slack that the government was not—

Mr Costello: We picked up because we wanted to accelerate it, which was justified on water grounds, and we put that to the regulator and the regulator approved that as prudent expenditure. So it is in the regulatory regime; it is not just something we thought up.

MR PRATT: Chief Minister, in your capacity as both Chief Minister and shareholder in Actew, going back to the Macarthur power station issue, I am looking at about six pieces of public information about this proposed policy, the only six that we can find, spanning the period October 2007 to April 2008. There are three CTC, there is a government story in the *Canberra Times* and there is finally an ACTPLA release in April. Only one of these mentions specifically the site, 600 metres west of Monaro Highway, therefore close to Macarthur. Are you not concerned that there has been less than detailed publication about what the intentions were, and don't you have to agree that this looks very much to the public like a very large \$2 billion project being shoved beneath the radar without proper prior consultation?

Mr Stanhope: No. Quite clearly no. There is an ongoing statutory process involving a statutory requirement for consultation, which continues. Over the last couple of weeks, Actew have advertised, in detail, information days for the residents of Canberra. They have been extensively advertised. They have been extensively featured in the media. No decisions have been made. A statutory process, consistent with the law, is in train. The period of consultation has been extended and Actew and the proponents stand ready to engage with any member of the Canberra community who is interested and willing to engage in information and consultation.

The consultation period for this particular proposal has not yet ended; it continues. We see the efforts that Actew, the proponents, have gone through—two public meetings over the last two weeks. I must say there has been, regrettably on behalf of some people, a lack of willingness to engage in that consultation. People have come to the issue with preconceived and predetermined positions, which is always regrettable. It is a sign of some of the difficulties that are inherent in consultation that Actew stands ready to provide all of the information which it has, and which the proponents have gathered and commissioned, particularly in relation to issues around noise and emissions—the issues of greatest and obviously of most significant concern to all of us, and the issues on which, of course, will hang, ultimately, decisions about whether or not the proposed site is acceptable. They are decisions that are made independent of government, consistent with the statutory arrangements that are in place.

As I said before, Mr Pratt, it is one of the great strengths, if not the greatest strength, of planning in the ACT that development decisions are made at arm's length from

government. The decision about whether or not this particular site is technically satisfactory or feasible is a decision that will not be made by the ACT government. It will be made by ACTPLA in its statutory independent role. As I previously indicated, it would be quite inappropriate, if not illegal, for the government to seek to subvert the statutory independence of ACTPLA.

At this stage, whilst the government is very aware of a significant order of community interest and concern, I think we need to go to the evidence. I think we need to have regard to the scientific work and reports that have been undertaken, and they will stand or fall on their merits, as will the proposal. As I indicated, we propose to build a \$150 million dam at the Cotter. At this stage it is a proposal; its future and fate are dependent on the outcome of the development application relevant to that proposal, and it will be determined on the basis of the scientific report and assessment made in relation to that.

Mr Pratt: Yes, but everybody, for a long time, has known exactly where that project is. We are talking about something entirely different. How can you, in your various roles, allow six of these documents to talk generally about Hume and to not talk about the absolute scope of the generation that is going to be powered? Why were all these things not made public a long time ago? How could you not try to bring the community with you? If this is a really good project and is sustainable next to Macarthur, why wouldn't you have engaged the public a lot earlier?

Mr Stanhope: The public has been engaged. The initial story—I remember it well—was featured; I think it consumed the entire front page of the *Canberra Times*.

MR PRATT: On 20 December—once.

Mr Stanhope: To suggest that there has not been a significant level of public awareness around this proposal is simply not true. In the context of ongoing consultation and engagement, it is a process that continues. It continues today. It continues as recently as yesterday, Mr Pratt. On Saturday it went all day—

MR PRATT: Retrospectively, Chief Minister.

Mr Stanhope: This is significant, and it is not the first. It is regrettably the case that previous attempts by Actew to engage the community were not particularly successful, primarily because Actew officials were shouted down and could not continue or complete the presentations. Such was the level of interest in hearing from Actew about the issues that were of concern to Actew, that the Actew officials, as you know, were shouted down to the point where they could not continue with their presentations. So Actew have sought to consult, perhaps in some instances less successfully than we might have liked but through no fault of their own. I must say I commend those officers of Actew that have faced such considerable angst and anger and have been unable to provide those that have been to the meetings with the level of information that they sought, because of the behaviour and actions of others, and that is always to be regretted.

But it is simply unfair to suggest that Actew has not done everything required of it to engage the community. It is a process that continues. The consultation, or the

statutory period for consultation, has not yet ended. We are still within that process and it is the processes that the law requires. If the outcome of this particular process is that there are continuing concerns, or if the site is not viable for reasons other than the scientific or environmental reasons, issues around aesthetics and continuing concern or perception, then I and my government will continue to work with Actew and the proponents to ensure that this project, which is of vital significance to Canberra, continues. A project that would enhance electricity generation within the territory, that would provide some backup in the case of emergency circumstances, that would impact positively in relation to greenhouse gas emissions and that would bring a \$2 billion private sector business with all that that means in terms of this community and this economy, is an issue that I am proud to be associated with, that my government is proud to be associated with, that we will not talk down and that we will seek to ensure is delivered.

MR PRATT: Chief Minister, on 3 May, when ActewAGL did present to the public, Mr Larsen—

Mr Stanhope: Who was shouted down during the meeting.

MR PRATT: Yes, he was.

Mr Stanhope: Did you stand up for him, Mr Pratt?

MR SMYTH: Yes we did, Chief Minister.

Mr Stanhope: Bulldust! Crap! You have talked the project down from the start.

MR PRATT: Chief Minister, it is regrettable that he was shouted down.

MR SMYTH: He should withdraw that, chair.

MRS DUNNE: I raise a point of order, chair. Chief Minister, I think I heard you say “crap”.

Mr Stanhope: You did.

MRS DUNNE: Can you withdraw that, please?

Mr Stanhope: No.

THE CHAIR: I did not hear him say it.

MR PRATT: Let the Chief Minister stand by that. Given that Mr Larsen indicated in that presentation that for something like six months he, ActewAGL and their associated entities involved in this project have been undertaking a feasibility study and an environmental impact study around the Macarthur site, knowing that that site was the preferred site, surely it puts a lie to your claim that there has been absolute prior consultation made available. If that was the case, why weren't the community given the same amount of time to analyse, to scrutinise, the same sorts of studies and come to the appropriate conclusion—and particularly at a meeting, by the way, which

is five days before submissions to the DA were to close?

Mr Stanhope: And that is why the time was extended, Mr Pratt.

MR PRATT: Belatedly, Chief Minister, belatedly.

Mr Stanhope: Mr Pratt, you miss the point. The consultation continues; it is not over. I am intrigued, and I would be interested to know if this is Liberal Party policy or not, by what you are now proposing, through your question—that the length of time that a proponent for a development takes in developing the case, acquiring the scientific evidence or support for a proposal, should automatically be the time for public consultation.

MR PRATT: In fact, chair, we do. For the record, chair, we do propose adequate prior consultation—

Mr Stanhope: So do we—

MR PRATT: Something we have not seen with you in this particular matter, or Tharwa bridge, or Griffith library.

THE CHAIR: Excuse me; can we stop—

Mr Stanhope: I do need to answer Mr Pratt. Mr Pratt has just suggested: why doesn't the government allow, in the context of public consultation for any development proposal in the ACT, the same length of time for that public consultation as is taken by a proponent in developing the materials necessary for the lodgement of a proposed plan.

MR PRATT: That is not what I said.

Mr Stanhope: That is not the government's position or proposal and, if the Liberal Party proposed in the future to stipulate—

MRS DUNNE: I suppose there is nothing in the standing orders to prevent the Chief Minister from verballing, but I have a supplementary, chair.

Mr Stanhope: If the Liberal Party proposes that as a formal policy, it is not a policy that the government will support.

MR PRATT: I said “adequate time”, Chief Minister—adequate time.

Mr Stanhope: We believe that the consultation arrangements provided for under our planning regime are appropriate. They are certainly supported by the business community of the ACT and we believe that they are adequate. We believe that in this case there has been genuine, sincere and real commitment by ActewAGL and the proponents to engage the community on this—and the consultation period is not over; it continues.

MR PRATT: If that is the case, why did more than 300 people on 3 May indicate

absolute ignorance of the facts of the site of this particular project and the scope of the generation of this project? If you have had adequate prior consultation and public information, why did 300 people turn up, clearly very angry about this, clearly indicating that they had not been brought along by you and your authorities on what should be a very major and a very important project?

Mr Stanhope: This is not a government project, Mr Pratt.

MR PRATT: The government has got a role to play—

THE CHAIR: Treasurer—

Mr Stanhope: This is just misinformation being peddled by the Liberal Party here today, chair, and it needs to be responded to. This is not a government proposal. The government is not responsible for meeting any of the statutory requirements in relation to the development of this proposal. There is not a single other private sector proposal in the ACT in which the ACT government involves itself in a technical sense. This is a matter for the proponents, ActewAGL and its partners. This is a private sector proposal and it would be improper for the ACT government to be part of a case for a proposal that will be essentially considered, approved or disapproved by an ACT government statutory agency. It would simply be improper for the ACT government to be a party to a private sector proposal, which will be adjudicated on by an ACT government agency. That would represent such a conflict of interest as to undercut and distort our entire planning arrangement structure. To seriously suggest that the ACT government should pick particular private sector proposals in which to inject itself, or to seek to influence the outcome, is entirely inappropriate.

MR PRATT: So you do not care if not all sectors of the community—corporate community and others—are all fairly consulted? You do not care; you have just said that.

Mr Stanhope: We require, under our legislation, formally, full statutory consultation. We require it in the legislation, and that is being facilitated now. There is a statutory consultation period currently underway in relation to this. For you, Mr Pratt, to suggest that the ACT government should involve itself in the development, the fostering, the articulation, of a particular development application, which will be adjudicated upon by an ACT government statutory authority, would simply undermine completely the statutory independence of our planning arrangements. In other words, if the ACT government was to become a part of this development application through—

MR PRATT: That is not what we said, Chief Minister.

Mr Stanhope: That is what you just said. You just asked why the ACT government did not involve itself in this particular proposal. We do not involve ourselves in any development application being developed or sponsored by the private sector.

MR PRATT: But you've got—

THE CHAIR: Mr Pratt, Treasurer—just a moment.

MR PRATT: You have got a governance role though, Chief Minister. You have got a governance role.

THE CHAIR: Mr Pratt!

Mr Stanhope: The role of the government is—

MR PRATT: A governance role.

Mr Stanhope: Yes, and it is actually undertaken, in relation to development applications, by ACTPLA, a statutory authority.

THE CHAIR: Treasurer.

Mr Stanhope: No. This misinformation that is being peddled by the Liberal Party, the scare campaign that is being conducted in relation to this, really has to be addressed for what it is. The government's role in this particular proposal is reflected through the role of ACTPLA, a statutory independent planning authority that sets our planning regime above that of any other jurisdiction in Australia because of its statutory independence and the fact that it is not influenced by partisan political positioning. To suggest for one minute that the ACT government should become a party to a particular development application which is to be adjudicated by its own officials in a statutory, independent way is simply to misunderstand the nature of statutory independence and the role of a governmental statutory body. It completely misunderstands the role of each of us in our planning regime.

THE CHAIR: Treasurer, I want to stop and seek the committee's guidance about the timing. We are nearly at 10 o'clock, having eaten up nearly half an hour of the next output class. I am wondering whether we take any more questions on this particular subject.

MS MacDONALD: Chair, can I suggest that we go through to 10 o'clock, because I do not think InTACT will take as long.

THE CHAIR: Right; we will finish at 10. Mr Mulcahy has been very patiently waiting for a long —

MRS DUNNE: I have a supplementary on this matter.

THE CHAIR: I know. Just a moment, Mrs Dunne; let me sort out the order of speaking.

MR MULCAHY: Treasurer or Mr Costello, there is a vexed question that is being constantly aired in the media relating to Actew, and that is the matter of environmental flows. There was an article in the *Weekend Australian*—by Angela Shanahan, I think—saying that you were responsible for what she called “scandalous environmental flows”. We have corresponded on this issue, obviously, on a number of occasions, but I wonder if you can set the record straight as to what your reaction is to the allegation that the environmental flow has been poorly managed under Actew.

Mr Costello: We do not manage environmental flows; they are not our responsibility. Environmental flows, as we have discussed here before, were a very good initiative of a former government. As Mr Smyth has often acknowledged, they were an excellent idea. They have been revised since, as guidelines, and they have been adhered to. In the course of the drought, they have been very substantially reduced. We allow only five megalitres a day out of the lower Cotter dam.

There is often confusion about environmental flows because people add up what we release from Corin down to Bendora, then from Bendora down to Cotter, and then from Cotter below. They add them all up and say, "That is your environment flow." No. It is only what goes over lower Cotter that is lost, as it were, to the system. You can see the logic of that. You do not add them all up. It is just what goes over the lower Cotter. And what goes over the lower Cotter at the moment is five megalitres a day. It is four at Googong.

There was a serious problem where we lost water. We lost water after the bushfire. The reason we lost water after the bushfire—and a lot of people confuse this—is pretty straightforward. The reason we lost water there was that we could not use water out of Corin or Bendora. We did not have a treatment facility, and there was a huge plume of turbidity in the water. For about 14 months we could not use that. So any water that was flowing in there just went down, went over; we were not able to use it.

We do not have that problem now. Because we built the Stromlo plant, we are able to extract water from the lower Cotter, which we were not able to do for 20 or 30 years beforehand. We are now able to extract water from the Murrumbidgee. So you do not have all that lost water going over the lower Cotter dam. But, if we have a huge rainstorm, a huge rain event, in the lower Cotter catchment, as it is such a small dam—it is only four gigalitres, or 3.9—the flow itself is just going to go over. There is nothing you can do about that except to build a new dam, and that is what we are in the process of doing now.

There have been many misapprehensions, some of them quite understandable, about that, but the truth is that the environmental guidelines were an innovation of a former government. They have been picked up around Australia and they are now absolutely standard operating procedure. We do not manage or mismanage them. They are not ours to manage or mismanage; it is a matter for the environmental guidelines. Those environmental guidelines were adjusted in 2006—January 2006—and they gave us greater flexibility to deal with drought situations where we did not have to release quite as much.

MR SMYTH: On a different matter, Chief Minister, you wrote a letter to the public accounts committee about the appointment of the new chair of Actew Corporation. The committee has authorised this letter for publication. In it there is a paragraph that concerns me. It says:

Naturally there was a process undertaken leading to this decision—
the appointment of the new chair—

but the position was not advertised as I did not consider it necessary to do so given there was an outstanding candidate available.

Chief Minister, can you outline what the process was that led to this decision.

Mr Stanhope: The process was that, having been informed by Mr Service that he did not wish to be considered for reappointment as chair of Actew, a decision that I received with respect but with great regret, and therefore that there would be a need to appoint a new chairman, I began to think about who the most outstanding candidate I could imagine for that particular position would be. It did not take me long, as I thought through the process, to satisfy myself—a position which I discussed with my fellow shareholder, Ms Gallagher—that the outstanding candidate, were he to be available or interested in the position, would be John Mackay. That was the process. I went through the process of determining who the outstanding candidate for appointment would be, in my mind. I discussed Mr Mackay's strengths or capacity and the appropriateness of his appointment with the current chair, Mr Service. Mr Service confirmed to me that he could not imagine a more outstanding candidate for the position of chair of Actew than John Mackay. Having confirmed my own impressions with Mr Service, I proceeded with the appointment.

MR SMYTH: So, simply, the process of the appointment to perhaps the largest position that government has outside the public service was that you had a think about it.

Mr Stanhope: The best person that I know of in the ACT, or indeed in Australia, will, from 1 July, succeed the most outstanding chair we have ever had. I do hope that Mr Mackay will fill the shoes of Mr Service in the role, and I am certain that he will. If you have some concern about Mr Mackay's appointment, then, if you could actually provide me with some of your views about Mr Mackay's deficiencies for appointment, I could better respond to your concerns.

MR SMYTH: It is not about Mr Mackay; it is about the process of the appointment. You are the one who always talks about fairness, equity and good process. You had a think about it, you had a chat to the Deputy Chief Minister and you appointed somebody to a position. How is that fair? How did you not know that there might be an equally outstanding, if not more outstanding, candidate out there for the position if you did not advertise it?

Mr Stanhope: Mr Smyth, I am perfectly and utterly satisfied with the appointment of John Mackay as chairman of Actew. I am concerned that the Liberal Party does not share the level of my comfort or confidence in Mr Mackay, but the decision is made.

MR SMYTH: I have not said that at all; it is about you and your arrogant process.

Mr Stanhope: The appointment has been confirmed—indeed, has not been objected to by the public accounts committee. I do find it passing—

MR SMYTH: Because you have not answered our question, Mr Chief Minister.

Mr Stanhope: I do find it passing strange that the committee that is invested with

responsibility for providing advice to the government in relation to appointments was, as required, advised of the proposed appointment, and did not object to the appointment, yet a member of that committee now brings forward, in public, his individual concerns, concerns not shared by his committee. I must say—

MR SMYTH: The chairwoman of the committee is here.

Mr Stanhope: I do think that raises some serious concerns about that particular member's attitude to his committee. The record needs to show, chair, that the public accounts committee, which has a role and responsibility to advise government of concerns in relation to proposed appointments, did not object to or raise any concerns with the government about the—

MR SMYTH: It did ask for more information, though, did it not?

Mr Stanhope: It did, but it did not raise any objections or any concerns—

MR SMYTH: And you did not provide that information.

Mr Stanhope: or object to the government's proposal to appoint John Mackay.

MR SMYTH: Because we were asking about your process.

Mr Stanhope: That is the position of the public accounts committee. It is a matter of enormous regret that a single member of that committee has now, against the advice to government by the committee, decided on his own, and on behalf of his party, the Liberal Party—

MR SMYTH: No, I am not; I am asking you about your process.

THE CHAIR: Mr Smyth.

Mr Stanhope: to publicly air the lack of confidence of the Liberal Party in John Mackay as the chair of Actew, a matter that I regret enormously, chair.

MR SMYTH: Given that we have not said that, is it not arrogant that, on your own—this is the problem the public has with you, Chief Minister: your arrogance.

THE CHAIR: Mr Smyth.

MR SMYTH: Is it not arrogant to think about it and then appoint, rather than follow a process?

Mr Stanhope: I think it is arrogant for an individual member of a committee—

MR SMYTH: I am happy to table the letters.

Mr Stanhope: to actually divorce himself from the position of the committee. The public accounts committee has not objected to the government—having been approached by the government for its comments on Mr Mackay's appointment. An

individual member of that committee has the arrogance to come into the place and say, “Well, the committee did not object, but I do, and I want to express my minority position because of my arrogance and my lack of concern for the reputation of outstanding citizens.”

MS MacDONALD: Chair, as much fun as this is, I understand that Dr Foskey has been waiting.

THE CHAIR: Yes, that is exactly right.

MRS DUNNE: Chair, I have a supplementary question that has been on hold for some time.

Mr Stanhope: It is absolute arrogance for Mr Smyth, as a minority member of a committee that did not object, to bring forward his party’s objections to that particular appointment.

THE CHAIR: Yes. Mr Stanhope—

Mr Stanhope: It is quite outrageous.

THE CHAIR: We are not going to carry on with this.

DR FOSKEY: Can I just make a little clarification and then ask a question?

THE CHAIR: Dr Foskey, before you do that, I ask you to be conscious of the time. It is 10 o’clock now—

DR FOSKEY: Yes, absolutely.

THE CHAIR: I have not finished. Mrs Dunne has a supplementary and has been sitting there waiting for ages and ages.

DR FOSKEY: Right.

THE CHAIR: I need her to ask her supplementary; then I want to go to your water question. All right?

DR FOSKEY: Can I give my little—

THE CHAIR: As long as it does not open up another lot of discussion.

DR FOSKEY: I just want to say that, in terms of a statutory appointment, the public accounts committee often inquires about the process, and that was the spirit in which that letter was written. It is on the public record.

THE CHAIR: Okay. Mrs Dunne.

MRS DUNNE: I want to go back to the Chief Minister’s comments in relation to the statutory process for the Macarthur gas-fired power station and data centre.

Chief Minister, can I summarise your proposition as being that this has been done entirely at arm's length from the government?

Mr Stanhope: This is a private sector proposal; it is not a government proposal.

MRS DUNNE: In that case, it will not be called in by a member of the executive?

Mr Stanhope: That is not a decision for me. That would be—are you asking me to actually suborn the independence of one of my ministers in his statutory role, Mrs Dunne? That is not a decision for me. It is not a question that should be asked and not a question that can be answered.

THE CHAIR: No. Dr Foskey, we will just take this and then we will go straight on to shared services.

DR FOSKEY: Thank you. There are many questions that could be asked by me and probably others; it would be great if Actew could come back.

THE CHAIR: You can put them on notice.

DR FOSKEY: Thank you. Could you please tell me this—this is just one of many—with regard to the conversion to non-potable water services. This is budget paper 3, page 189. Particularly at Yerrabi Pond district park, how can we be assured that there will be minimum water levels to ensure that waterbird and other habitat is protected—

Mr Stanhope: That is a question for TAMS.

DR FOSKEY: Do I get another one then? Thanks. What is the strategy to reduce per capita mains consumption by 12 per cent by 2013—that is budget paper 4, page 441—and 25 per cent by—

THE CHAIR: That is TAMS as well.

Mr Stanhope: In a technical sense, Dr Foskey—

DR FOSKEY: Smart metering?

Mr Costello: Smart metering on water?

DR FOSKEY: Yes.

Mr Costello: We wrote an application to the regulator for funds to do a pilot project on smart metering.

DR FOSKEY: Where will that be?

Mr Costello: Unfortunately, instead of the \$7 million we need to do the project, he gave us \$2.7 million. We are having to look at whether we revise—and revise down—the project. It would be a substantial pilot project of 1,000 homes. We hoped to do 1,000 homes, because the advice we got was that, if we did fewer than 1,000 homes,

the results may not stand up statistically well enough. It is an expensive thing to do. We would do it with the energy people as well; it would be a combined thing. It is a question of money. Where have we got to on that?

Mr McIlwraith: Because it would make sense to combine this together with energy, ActewAGL would have some difficulty recovering any of the money not provided by the regulator, and, therefore, the matter will go back for further consideration.

Mr Costello: We are very keen to do it, for obvious reasons.

DR FOSKEY: Which are?

Mr Costello: Which are: how can people really know what they are using day by day, be it minute by minute, if they do not have access to a smart meter that they can read in the house or on their computer or whatever?

DR FOSKEY: And monitor their indoor use as well as their outdoor use?

Mr Costello: Correct, both those things. We are very keen to do it. We are still trying to work out a way to do it that is not too financially difficult.

THE CHAIR: Thank you very much, Mr Service, and particularly Mr Costello for appearing before us for your last time. Good luck to you in your future endeavours, whatever they may be.

Mr Costello: Thank you.

THE CHAIR: We will now go on to Shared Services. You were here before when we talked about the yellow card, so, Mr Vanderheide and Ms Smithies, if you would just like to say that you understand the implications in the privilege card.

Ms Smithies: Yes.

Mr Vanderheide: Yes, I understand.

THE CHAIR: Thank you very much. Mr Smyth, do you have any questions in this area?

MR SMYTH: Just in regard to the entire Shared Services operation, when it was announced in the budget two years ago, it was said it would be delivered in time and on budget. Is it in time and on budget, Mr Vanderheide?

Mr Vanderheide: Yes to both of those questions. We went live on 27 February, I think, last year, so we are a little over a year old. Our target was to go live in February, and it did come in on budget.

MRS DUNNE: Mr Vanderheide, on page 96 of BP4 under the estimated employment level, there is an increase of 57 staff from the estimated outcome to this year's budget. Where are those staff coming from, why, how and how much?

Mr Vanderheide: One of the challenges for Shared Services is that we operate in an environment where the kind of things that we do are also done by all the programming departments, so we have a fair degree of competition for staff, particularly in the areas of HR and ICT. We have had a hard time actually filling positions. The HR side of things is getting better. We are coming close to being fully resourced. On the finance side of things, we actually are fully resourced. Procurement Solutions is mostly resourced, although there are a couple of key areas. InTACT is more of a challenge. ICT skills are in short supply in Canberra at the moment and, quite frankly, around Australia. We hope to see that ease up a little bit with some of the reductions that the federal government has announced in the public service in its last budget. Things may get a little bit easier for a period of time. But the bottom line for ICT is that we have a skills shortage that is going to take a long time to fix.

MRS DUNNE: Just let me make sure I have got it—this is a process of actually getting up to establishment?

Ms Smithies: The 2007-08 budget provided for an FTE of shared services of 846, so this is simply an issue of getting up to budget from what was the Shared Services establishment.

MRS DUNNE: That 846 is when you started out in 2006. That was roughly where you thought you should be?

Mr Vanderheide: That is what we were budgeted to have, yes.

MRS DUNNE: Okay, thanks.

THE CHAIR: Mr Mulcahy, a supplementary?

MR MULCAHY: Yes, a supplementary. Following on from that theme, Treasurer, in relation to forward budgeting, did you, in fact, achieve the \$20 million savings that were budgeted for 2007-08 for the Shared Services Centre, and do these additional appropriations affect the savings levels of budget for Shared Services?

Mr Vanderheide: I am happy to take that, Mr Mulcahy. We have not quite got to the end of the year yet, but we are forecasting that we will absolutely make budget and make those savings.

MR MULCAHY: \$20 million was the budget?

Mr Vanderheide: Yes, \$20 million. There are a couple of things about that, I guess. The savings were actually harvested by Treasury a year and a half ago and have been over the last year, so the savings have been made. The focus within Shared Services, particularly this year, has very much been around making budget. I have driven that focus with my executive and my management team, because making budget is something that we have to do for ever and ever. Making savings we have to do occasionally. Making budget is really where I want their focus to be.

MR MULCAHY: Just so I can understand what you are saying, are you saying there will not be further savings this year? You are just aiming to live within your

appropriation; is that what I understand from that?

Mr Vanderheide: We are intending to make budget this year. We are always—

MR MULCAHY: Could you just answer my question, because I am confused when you say “make budget”. Are you expecting to deliver any savings in the next year, or are you simply saying you will live within your means? They are different concepts.

Mr Vanderheide: Different concepts with the same outcome. If I make budget then I have delivered all my savings targets.

MR MULCAHY: What will they be for the next fiscal?

Mr Vanderheide: It is \$20 million ongoing.

MR MULCAHY: Again?

Mr Vanderheide: Yes.

THE CHAIR: A supplementary, Mr Smyth?

MR SMYTH: Just on the dollars, I notice back in the 2006-07 budget that, for instance, the total ordinary expenses for 2007-08 were to be \$152 million. It would appear you expect to come in at \$147 million. I do notice that over 2008-09, the budget was meant to be \$151 million. In this year’s budget you say that it will now be \$160 million. For 2009-10, it is meant to be \$153 million, but you are coming in at \$163 million. Why is it approximately \$10 million more than it was estimated to be if we are making savings?

Mr Vanderheide: I might have to get some advice from my CFO on that question. So you are looking back at the previous year’s budget paper?

MR SMYTH: When the budget was floated in 2006-07, there are estimates for the total ordinary expenses on page 121 of the 2006-07 budget of \$152 million, \$151 million for 2008-09 and \$153 million for 2009-10, but it now looks like 2007-08 will be \$147 million, 2008-09 will be \$160 million and 2009-10 will be \$163 million. So, in fact, the budget is growing. How can an organisation that is meant to be delivering savings and streamlining processes and saving the government money actually be costing more in the outyears? If you saved in the first year, fine, but if you are spending it in the outyears, it is not a saving.

Mr Burton: The 2007-08 budget includes an increase in CPI. It also includes initiatives which were not approved in the 2006-07 budget—for example, for the SOE XP, the training issues, which add about another \$2.5 million to the bottom line. In the 2007-08 budget, there is a transfer from Chief Minister’s, the Chris21 asset, which is a depreciation of \$1.6 million. There is also an expected increase in business system expenditure from the agencies through their ICT expenditure, with business systems and staffing transferred across to InTACT. We are seeing that continuing to grow as the services settle down. Basically that is an increase in systems expenditure, and that is obviously indicated through the 2007-08 budget process.

MR MULCAHY: I do not think that answers Mr Smyth's question. He was asking how, if you keep having these additional expenditures, you are going to achieve these \$20 million savings this year.

Mr Burton: The savings, as Michael Vanderheide indicated, were already taken from the Shared Services budget by transferring across to Shared Services an amount that included the savings. For example, for financial services, there was a certain amount that was estimated for the total cost of financial services across government, and appropriations obviously—

MR MULCAHY: So there will not be another \$20 million saved this year?

Mr Burton: With respect to our actual expenditure, if you look across the whole of the services, across Shared Services, there was, for example, \$200 million across all agencies' books. When it was transferred to Shared Services, the amount of budget transferred to Shared Services was \$180 million, indicating that the \$20 million was taken out of the agencies' budgets and delivered back to Treasury. So Shared Services started with a base, a budgeted base of—

MR MULCAHY: So you are saying this is a notional saving that you use into the future for these agencies, but it is not measured?

Mr Stanhope: Embedded savings.

Mr Burton: It has basically been delivered back to government. It has been taken out of the agencies' budgets and has provided a budget to Shared Services—\$20 million less.

MR MULCAHY: Do you offset that against these increased appropriations?

Mr Burton: The increase, as indicated in the bottom line, was an increase in expenditure, but these take into account new initiatives and increases in CPI. It is the same as any other agency where each year they bid for new initiatives.

MR MULCAHY: You offset that against what would have happened if they had been out in the agencies?

Mr Burton: Yes.

MR SMYTH: You can provide a reconciliation, I take it, of what was taken out of the agencies, what the savings are, what was transferred to Shared Services and savings that are ongoing?

Ms Smithies: It was in the budget for 2006-07.

MR SMYTH: Okay. Are you happy to provide the committee with the reconciliation?

Mr Burton: Yes. As Megan Smithies has indicated, the budget indicates where those

dollars would come out of each agency. I am happy to provide that to the committee.

THE CHAIR: Do you have an overview question, Dr Foskey?

DR FOSKEY: Yes, please.

THE CHAIR: We will then go to InTACT.

DR FOSKEY: I want to ask a question about procurement services. At one stage a set of guidelines was being developed. I saw those in draft form about making procurement more sustainable and adding a triple-bottom-line approach to it. I gather that those guidelines did not get adopted. I would be interested in the story there. Can you tell me how sustainability issues are taken into account in the procurement processes now and whether there is an actual requirement, apart from just ticking off a box?

Mr Stanhope: The head of procurement unfortunately is unable to be here today. She is attending a funeral. So questions on procurement might best be taken on notice.

THE CHAIR: Yes, we will take all those questions on notice.

DR FOSKEY: Can that be taken from the transcript?

Mr Stanhope: We will take all questions on procurement on notice.

THE CHAIR: We will go on to output class 1, which is InTACT. Mr Gentleman, you have a question.

MR GENTLEMAN: I have two questions in regard to InTACT. What is the possible move to an updated operating system? We are operating at the moment on an older operating system. Have you been testing Windows Vista? Is that one of the systems that you are looking at in the future, and when might that happen?

Mr Vanderheide: Vista is likely to be where we will go to next. Over the next 12 months we will be finalising the rollout of Microsoft XP. We are relatively conservative in terms of operating environments with our IT environment, mostly because the stability of our business systems is obviously of critical importance. So it is a slow process to roll it out; it is not one that we jump into. We usually find when Microsoft releases a new operating environment that there are a number of patches, a number of upgrades, that are performed as people test it and find holes.

MR GENTLEMAN: I found it myself.

Mr Vanderheide: You would find those yourself. That is an ongoing process as far as Microsoft is concerned. We have to maintain our operating environment at a particular level, because eventually Microsoft stops supporting the older environments and software developers stop writing software that operates under those environments. XP is very stable. We are rolling that out as we speak. Vista will very likely be next. The testing for that will start within the next 12 months. It is like painting the harbour bridge, really—the operating thing—you just keep rolling it around.

MR GENTLEMAN: The second question relates to security of the operating system and email security. Have we been upgrading that? We have had some glitches.

Mr Vanderheide: No-one who runs IT would say that we operate a completely secure environment, because you can never be 100 per cent totally certain. But we operate a very secure environment. We have multiple areas of security. You probably see the messages—and no doubt like most of the rest of us you delete the messages that come up from InTACT periodically—saying that a critical patch is being applied. Microsoft, as security faults or breaches are discovered, issues patches that can be applied to their software. We do that. Depending on the locality of the patch, we do this either on our regular maintenance window once a week or more urgently than that if necessary.

We have multiple layers of security in our email environment. There are a number of gateways that email goes through before it actually gets to you. The operating systems themselves are secure. We do all that we possibly can. We have had pretty good luck. Actually, it is not just good luck; we have had pretty good management. But I would never say that we could never be breached.

MR SMYTH: I have a question relating to page 101—output class accountability indicators. Firstly, I have a compliment. I notice in paragraph (d) that the average time taken for a phone call to be answered was 25 seconds and you have actually achieved 15 seconds, which is great. You have actually improved your target for 2008-09 to 20 seconds. Most departments seem to be content to just leave it where they started, so well done on that score. But paragraph (a) reads:

Costs compared to peer organisations' costs, as benchmarked by an independent organisation ...

I see there are two notes at the bottom; I have read the notes. What is a peer organisation that you could compare yourself to, and do you do any comparison with the costs of delivery with a private sector organisation?

Mr Vanderheide: Those are really good questions. While it is not apparent in the budget papers this year, we have gone from a 10 per cent measure to a five per cent measure on that as well, because we were consistently beating that. We do not actually choose the peer organisation; we leave that to the organisation that we engage to do our benchmarking. We had been using the Gartner Group for a period of years. Until last year, when they went out of that particular kind of business in this region, we were quite satisfied with the outcomes of the work they did. They determine who the peers are, and I expect that whoever we have got to replace Gartner for this year's benchmarking will do the same thing.

They determine the peer organisations based on the nature and complexity of what we do. They are not specifically government organisations; they really look at our technical environment, they look at our size, they look at the complexity of our customer base. It is actually hard to find someone to compare us to because we operate one of the most complex environments in the country. We really do prefer Australian peers. In one year, American peers were included as well, which made the

comparison really hard because the US dollar came into play. We aim for Australian peers. We do not generally get involved in choosing those peers, and in some ways that is probably quite appropriate.

That is happening with ICT. We are also starting to do benchmarking of HR and finance, if you are interested in that as a sort of extension of this. For that, we are working in two different ways. In one way we are working with our shared services peer organisations around the country, particularly in New South Wales. We ran the first benchmarking exercise with them for our recruitment service and our payroll service in the last couple of months. There is some refinement to do on the outcomes of that, but it is looking pretty good. We have not yet done finance. We are also members of an organisation called the Australian Shared Services Benchmarking Association, which comprises 50 or 60 organisations around the country, primarily in the private sector. We have not yet utilised the service from ASSBA, but we will do so when they offer a benchmarking exercise that we are interested in participating in—hopefully in the finance area, and hopefully in the next 12 months.

MR SMYTH: Can the most recent benchmarking report be made available to the committee?

Mr Vanderheide: It can. It is actually a year out of date. It is probably on the web, but it is a year out of date. We do these after the close of the financial year, so we will be doing it in July or August for the past financial year. Last July or August we could not do one because Gartner pulled out just two months before the end of the financial year and we could not get a replacement fast enough.

THE CHAIR: If there are no more InTACT questions, we have already discussed procurement services and the fact that all those questions will be taken on notice. We will go to output class 3—human resources. Mr Smyth, do you have any questions?

MR SMYTH: I assume this is where we will ask about Chris21.

THE CHAIR: Yes.

MR SMYTH: The recent Auditor-General's report raised some serious concerns about Chris21. What are Shared Services or InTACT doing to rectify the issues raised?

Mr Vanderheide: The report was really very much about the implementation of Chris21, which InTACT was quite involved in, and I personally was involved in as a member of the board, led by Chief Minister's. It was completed in 2005-06. So we are a couple of years on. Chris21 frustrates us, like any software does. There are a couple of things that it does not do that it should do. It does not do long service leave yet, and we are working very closely with Frontier to make that happen. We have a good working relationship with Frontier. We meet regularly; in fact, we meet with them fortnightly. We are probably one of their more strategic customers because we are whole of government. Their other customers tend to be departments or private sector.

The fact that we have got a whole-of-government implementation of Chris21 makes us a very strategic customer of theirs. They are very keen to make us happy, which

makes me happy. We are mostly happy. The product pays our staff, it does a great deal of what we need it to do and it will do more in the future.

One of the things we are also focused on, apart from long service leave, is rolling out something called HR21, which gives people the ability to request and have leave approved online. We are driving that because it is an awful lot easier for staff who have access to a PC to put in a request for leave and see the balances, and it is also an awful lot easier for Shared Services because there is a hell of a lot less paper that will come through our front door.

MR SMYTH: Do you accept what the Auditor-General has said in her report?

Mr Vanderheide: That is a tricky question to answer. I was there, so there are some things that I think they definitely did not get right. It is tricky because the Chief Minister's Department has responded within the report itself to the primary recommendations, most of which I think were accepted. We contributed to that response, but we did not respond separately. We will be contributing to the government response when the time comes for that.

Mr Stanhope: The government will, of course, give detailed consideration to the report, and we will respond formally in due course. I would like to say, however, that it does need to be understood, in any consideration of Chris and its implementation, that it was a task that was short-tracked. It was an implementation that was done perhaps in half the time that would optimally have been required for the implementation of a new system. There was urgency because of its utility and use in terms of payroll and meeting the needs of our staff, so it was fast-tracked.

At the end of the day, in the context of the environment in which Chris was implemented and the difficulties that were faced, it was a significant undertaking which was implemented in a way that is a credit to everybody that was involved in its implementation. That is not to say that, as Mr Vanderheide has just said, there were not a range of issues that were confronted and which, in fact, persist. One of the difficulties with audit reports is that painting of the broader picture or the provision of some of the context that needs to be provided to be fair on a particular issue. The staff that were involved in the implementation of Chris deserve nothing but praise for their enormous effort, despite the constraints and the urgency, and the enormous success which has been made of this.

Certainly, it is a report which we take seriously. We will respond to it fully. It raises some issues around the software and its implementation, but I am proud of the enormous effort and commitment of those members of the ACT public service that were involved in its implementation. It was a great success in terms of public service commitment to the implementation of a product that creates some difficulties. So that is the context, and it is important, whilst accepting some of the issues that the auditor has raised, to provide that context.

MR SMYTH: How can you make that statement, Chief Minister, when the Auditor-General, on page 5 of the report, says:

The project as a whole has not delivered the intended outcomes and the benefits

of a new generation HR system.

Apart from the effort of the public servants, which I think we all accept, how did we get to the stage of having a project that, as a whole, has not delivered the intended outcomes and benefits of a new generation HR system? Indeed, it cost an additional \$1.9 million to work around the deficiencies and other costs borne by the agencies, such as the manual handling of things like leave and long service leave.

Mr Stanhope: Mr Vanderheide referred to that. He may be able to expand on the technical difficulties or issues that were faced at the outset. But I was providing context for the report—context which the report itself does not provide, and which I think is fundamental to any consideration of the environment in which Chris was implemented. I was doing nothing more than that.

MR SMYTH: In terms of context, how did cabinet make a decision to purchase a system that has not delivered “the intended outcomes and the benefits of a new generation HR system”? On a \$9.4 million project, there were additional costs of \$1.9 million to work around the deficiencies, as well as other costs borne by the agencies.

Ms Smithies: Part of the consideration was that, in the very early stages of the actual project, the current vendor providing payroll services to the ACT government withdrew, which in itself completely changed the implementation timetable. This is not a small issue—this happening at such a late point. So the project actually does do what it was supposed to do, which is payroll and HR management, to almost the complete degree specified in the specifications. I do not believe that the budget for the project was enhanced. I do not believe that any additional supplementation was provided to the project; I might be wrong. I guess you find that there is a difference of opinion there regarding what the Auditor-General has written in relation to not meeting any of the specifications.

MR SMYTH: The \$1.9 million to work around the deficiencies, is that not true? It was not \$1.9 million?

Mr Vanderheide: It was. I do not have a copy of the audit report in front of me, but my recollection is that that \$1.9 million was associated with agency costs not funded out of the project.

MR SMYTH: Because the project was deficient.

Mr Vanderheide: Yes and no. Certainly, the costs were incurred because we had difficulty with processing leave. Some of those costs were incurred because we had difficulty processing leave after the project went live. There was always an expectation that agencies would bear implementation costs that were not going to be funded out of the project budget.

MR SMYTH: Were the agencies aware of that?

Mr Vanderheide: They were aware of that. One of the recommendations in the audit report, which I think is a very sound one, is that in future, where agencies are going to

have to bear costs, those costs be identified as part of the project and communicated in advance. I think that is what we should have done.

MR SMYTH: The auditor, on the same page and in the same opinion box, says:

Audit has not seen evidence of any planning or scheduled implementation of Phase 2 functionality to achieve the transformation of human resource management to a more strategic function, as intended.

Why has that not occurred?

Mr Vanderheide: There are different ways you can look at that. I guess the auditor chose a particular way. There is planning to implement further functionality within Chris21. The HR21 product, the leave online product, is one of those. When Chris21 was implemented, Shared Services was not really conceived of at that point. It subsequently has been, and the implementation of Shared Services was hugely assisted by the fact that we had just reimplemented a new HR system across all of government. That made possible the capacity for us to operate in a more consistent way, which would have been far more difficult, if not impossible, under the old system.

The introduction of Shared Services took tactical and transactional HR work out of agencies. So payroll is now all done within Shared Services. There is no need for agencies to be focused on that. A lot of the tactical work—although some of it is still done in agencies; there is a little bit of a split—is also done in Shared Services. What is left in agencies is strategic HR. So, in a sense, the introduction of Shared Services has created the opportunity for agency staff to focus far more strategically on human resources than they have in the past. Shared Services was made possible in part by Chris21. So, working your way back through the argument, Chris21 therefore partially enables a greater strategic focus on HR via agencies.

THE CHAIR: We will have a morning tea break now.

Meeting adjourned from 10.35 to 10.52 am.

THE CHAIR: We are going to finance services momentarily; then, after that, we have superannuation and territory banking accounts, ACT Gambling and Racing Commission, the Insurance Authority, ACTTAB, Exhibition Park and Rhodium Asset Solutions Ltd. I am wondering, members, whether there are any of those that you do not want to hear from.

MRS DUNNE: Probably not.

THE CHAIR: Will we hear from all of them?

MRS DUNNE: Probably, yes.

THE CHAIR: We will move as quickly as we can through all those because we are finishing at 12 o'clock sharp.

MRS DUNNE: I have a question that relates to Chris 21, which will be brief. Mr Vanderheide, you talked about leave online and long service leave as not being part of the functionality of Chris 21. Was it designed that it should have that functionality?

Mr Vanderheide: Yes. Certainly the long service leave should be operating now. It should have been operating when we implemented it. Leave online is a module of Chris 21 that we did not anticipate implementing as soon as it went live. There is an awful lot of work that has to be done within the agencies in terms of tidying up the way the structures are reflected in the system in order for that to function.

That is something that is rolling out now that we have got it. Treasury and Chief Minister's Department are using it. Shared services went live with it about two months ago and we are putting a schedule together for the next 12 months to roll it out to the rest of government.

MRS DUNNE: When do you think that leave online will be fully rolled out?

Mr Vanderheide: I am anticipating 12 months. And by "fully rolled out" I mean we will never, ever phase out paper forms entirely because a significant part of the workforce that we service here do not get access to PCs on a regular basis. So "fully rolled out" probably means about two thirds-ish, give or take about 12 agencies.

MR MULCAHY: I have asked you quite a few questions over the last, I think, two years, Treasurer, about the problem of the under and overpayments of superannuation that were unearthed as a deficiency within the Chris 21 system. Each time I have asked I have been told they are still working on an outcome. By way of reminder, the concern was that there were some people who had been overpaid and some were underpaid and this could impact on people who have retired. I know it is only a class of employee, but I am wondering: has any resolution been achieved on this and what is it?

Mr Vanderheide: I will take this. "Resolution" would be overstating it. There certainly has been progress made. It is a diminishing problem, in one sense, because it is for a particular class of employees, that is a casual—

MR MULCAHY: As they die off the problem goes away. You should take that approach to a lot of things in life.

Mr Vanderheide: No, this one will not go away for a while. But it is not getting bigger in the sense that there are a fewer number of people covered under the relevant act. The scheme itself was closed a couple of years ago, so there are no new staff coming along. There are still staff within ACT government who are covered. Those people are being paid correctly.

There are quite a number of people who are potentially affected—as many as 26,000, we think. It is a large number of over and underpayments. But over and underpayments, by our calculations and by the assessment that we have done, are in the hundreds of dollars. I am not suggesting that it is not significant for some people, but it is not significant generally in the grand scheme of superannuation funds.

MR MULCAHY: What is the quantum of unders and the quantum of overs?

Mr Vanderheide: There are more people over than under. We think about 4,500 underpaid.

MR MULCAHY: I meant in dollar terms, actually.

Mr Vanderheide: Over by \$420 and under by \$150.

Mr Stanhope: On average.

Mr Vanderheide: On average.

MR MULCAHY: No, but in the aggregate; what is the total dollar value?

Mr Vanderheide: That I do not know.

MR MULCAHY: Have you got a rough idea?

Mr Vanderheide: No, I do not. I do not know. Sorry.

MR MULCAHY: When you say “over by \$420”, you are saying “on average”, is it?

Mr Vanderheide: On average per—

MR MULCAHY: And under by \$450?

Mr Vanderheide: By \$150.

MR MULCAHY: Are you going to recover from people who have retired or are you going to write it off?

Mr Vanderheide: We are working on that, in two different ways. The problem itself was inherited from the federal government—“the federal government system”, rather, would be more accurate.

MR MULCAHY: I understand where it went wrong.

Mr Vanderheide: But the significance of that is that it affects ACT government employees. It affects a lot of them and it affects a whole lot more commonwealth employees. So we have been working with the commonwealth department of finance to work through what they want to do because we think it would be sensible for us to take a consistent approach in terms of dealing with the issue. We are not totally certain we are going to get that yet, but we are still working with them on that.

We are waiting on some advice from our Government Solicitor as to what our options are and the best way forward and, as soon as we get that, we will begin to act. What I understand is that there is a limit of a period of time after which we are not able to recover moneys. Again, it is \$420 per person.

MR MULCAHY: It is a pretty distressing thing if you are a retired, say, schoolteacher, which I understand a lot of the people affected would be, and suddenly if you are on a pension you get a bill from the ACT government for as much as \$420. Have you not yet formed a view as to whether you ought not write this off? It is not the error of the employee and it would not be evident to the employee because it is superannuation.

Mr Vanderheide: Absolutely not their error. Yes, I have got a personal view but we will be waiting on advice from the Government Solicitor.

MR MULCAHY: How long is this going to go on? This has gone on for so long now.

Mr Vanderheide: Yes. I do not know. It depends on how we elect to resolve it. It is incredibly time consuming to actually calculate.

MR MULCAHY: If you have got to do each account, I assume?

Mr Vanderheide: Each account, through the current system, the previous system and the microfiche files that existed before that. So the little bit of work that we did do in terms of trying to assess particular cases took almost 10 hours per person, and no-one is resourced to do that kind of thing.

MRS DUNNE: Ten hours per person is more than \$400.

MR MULCAHY: That is right.

Mr Vanderheide: That is exactly right.

MR MULCAHY: It begs the question: why not just put it down to an unfortunate experience?

Mr Vanderheide: We are waiting on some advice from the Government Solicitor and once we have got that we will be in a position to actually move forward.

MRS DUNNE: The accountability indicators on page 102 for finance services are all 90 per cent. Some of those relate to BAS and FBT statements which are due with the ATO. What happens to the 10 per cent that do not meet the deadlines of the ATO?

Mr Vanderheide: If we are not going to meet a deadline with the ATO, we get in touch with the ATO and negotiate an extension. I understand that is not an uncommon thing to happen or has not been an uncommon thing to happen in the past.

MRS DUNNE: One of the things that are not in accountability indicators is the time it takes to pay accounts to private sector billers. Why is that not there and what is our performance in that area?

Mr Vanderheide: That is a bit of a tricky question. I can certainly give you the shared services perspective.

MRS DUNNE: I am glad it is a tricky question.

Mr Vanderheide: I can give you the shared services perspective. It is not there, in the sense that the payment of invoices is not something that is just shared services. We come in at the very end and actually pay the invoice once it is authorised for payment. The process, as you would understand from your own office, of course, is: you purchase something; you get an invoice for it; if what you have received matches the invoice, you authorise the invoice and go to an accounts clerk who would say, “Yes, this is the account for that invoice that it needs to be charged against.” It would then come to shared services. We enter it into our system and enter the pay-by date.

MRS DUNNE: And sometimes it gets paid twice and sometimes it does not get paid?

Mr Vanderheide: I guess that is conceivable. I am certainly very proud of the work that my staff in the finance services area do. Yes, they occasionally make mistakes. From the timing perspective, what we track within shared services is what we have responsibility for, and that is getting the invoices into the system; and then, once they are in the system, they are set to be paid on the date that the invoice becomes due; or if we have got it and it is already past due, it is set to be paid immediately.

Our performance in that area shows that the time that it takes, on average, to get an invoice into the system is less than two days—generally, 1.8 days—across all of government. We pay about 29,000 invoices a month. Whether they are paid on time or not is not something that we track yet; we probably will in the new system because we will be able to incorporate it once we have moved to a single basis of Oracle financials. It is not a part of the process—we do not control that—but the largest part of the process is the approval in getting the relevant paperwork to us inside the agency.

MRS DUNNE: So you are not tracking at the moment and all you can tell me is that, when you get it in shared services, it is scheduled to be paid immediately if it is overdue. What does “immediately” mean?

Mr Vanderheide: The next pay run.

MRS DUNNE: Say, the next day or so?

Mr Vanderheide: Within two or three days.

MRS DUNNE: And then it is scheduled to be paid by the due date?

Mr Vanderheide: Yes. So, if we get one in that is due to be paid in two weeks time, it goes into the system. It is marked to be paid in two weeks time and it is paid in two weeks time. We are also able to do urgent payments. If we have something that has to be done immediately, we can push things through on the day that they are required, but that is expensive and not preferred.

MR GENTLEMAN: My question is in relation to the same chart, on page 102, in regard to payments to ATO and reporting. Is that all done electrically now? Is there any reporting that is done manually?

Mr Vanderheide: I am sure it is all electronic. Yes, it is all electronic.

MR SMYTH: It is perhaps a general question. Are there any departments or agencies within the ACT government that are exempt from using the shared services activities?

Mr Vanderheide: Shared services cover HR and finance, IT and procurement. HR and finance are across all agencies, except for a couple of very small ones. Actew, of course, for example, is not covered by shared services. All of the big ones are. The ones that are not covered by shared services are tiny, little agencies and generally elements of shared services are offered to those organisations and elements that are not. Some of them are on our network, for example, and, therefore, get ICT services; some of them are on their own systems. But the vast majority of ACT government departments and agencies are serviced by us.

MRS DUNNE: Can we have a list?

Mr Vanderheide: Yes, I do have a list actually. I just do not have it with me.

MR SMYTH: Why are they exempt? Why were they not brought into the Shared Services Centre?

Mr Vanderheide: I do not know. These are the small—4, 5, 10, 12-person—little organisations that sit outside of primary government departments and I do not know what their thinking was at the time.

MRS DUNNE: If the shared services function works as well as the Chief Minister says it does and will, surely small agencies would benefit more by having somebody else do their accounts? If we could have a list, that would be a good starting point.

Mr Vanderheide: I am happy to provide the list, yes.

MR SMYTH: Perhaps the Chief Minister could tell us: is there any reason why all agencies are not included?

Ms Smithies: I think you will find that the ones that are not in are probably the ones that are statutory authorities and therefore have their own governing boards et cetera, and have the ability to opt in should they so wish. All of the departments are certainly fully in shared services. Yes, it will just be some of the statutory authorities which have governing boards.

MR SMYTH: Did any of the agencies ask to be exempted from joining shared services?

Mr Vanderheide: It was not really anything they could ask.

THE CHAIR: We will go to superannuation now. It is the next area. Thank you very much, Mr Vanderheide.

MRS DUNNE: What was the outcome of the strategic investment review that was completed earlier this year?

Mr Stanhope: Mr McAuliffe can respond to that.

Mr McAuliffe: It is still not quite complete yet. We are in the middle of reviewing. I guess there are two aspects to our review. There is the actual overall strategy—what we call the strategic asset allocation—for the superannuation provision account, the investment portfolio. We have got a target investment strategy of five per cent real return. Once we have set the target return, we have a look at how we want to allocate those moneys across various asset classes. For example, it might be fixed income, Australian equities, international equities.

At this stage, one of the reviews will look at that strategic asset allocation. We have done that. We completed that earlier this year; we have an external advisory board that helps us with that. The next stage is to look at an implementation strategy. We have set the strategic asset allocation; now we look to see how we want to allocate it. So it is how many fund managers we want to use per asset class and what style of fund manager—and whether we just use a passive manager or use an active manager. That process is just about complete.

We have actually got an investment advisory board meeting this Thursday, where we will consider the recommendations that have been put forward by our asset consultant. Once we have reached the internal agreement on the way we want to progress from there, a brief will be prepared for the Treasurer and, under our investment management guidelines, the investment plan will be approved by the Treasurer. We will then, as indicated in the budget papers, look to actually implement that new investment strategy, to the extent that it changes from where we are currently at, over the coming months.

MR MULCAHY: Just as a supp to that, who is now your asset consultant? You got rid of Frontier a year or so ago, didn't you?

Mr McAuliffe: Yes. We had Frontier for six years. We went out to a public tender, to look at our options. The current firm is Russell Investment Group.

THE CHAIR: Mr Gentleman?

MR GENTLEMAN: My question is this. Under those priorities, at the next dot point, in regard to the review of the application for environmental, social and governance issues for the territory investment practices, how is the implementation process going? Where are you up to with that?

Mr McAuliffe: As was indicated, I think, in the actual review that was undertaken by our advisory board, it was never going to be something simple that could be achieved overnight. There is a lot of work going on in this area globally. We recognise that. We are not going to go and put things in place just for the sake of doing things; we are doing a progressive process.

One of the key things in the review was that the government would adopt the United Nations principle of responsible investment. We have taken legal advice on board about actually signing the principles, just to put ourselves reputationally out there with

the many superannuation funds and investment funds around the world that are signing the principles. There is currently a brief under consideration to do that. Broadly, there is no problem with us signing the principles. I think we will be the first sovereign entity to actually do so, because most other governments around have got separate legal structures for their investment arrangements whereas ours are within the Treasury department so it is a little bit different.

That is the first step. The government also announced that it would be appointing third-party or what are engagement providers to help us actually engage with the companies that we invest in. We have in total about \$3 billion under management, but in the scheme of things that is very small; we cannot go and knock on the door of a company and talk about things. So we are going to put in place an arrangement where, with a whole lot of other co-investors, we can collectively set an engagement strategy. The organisation that we appoint would go and converse with the management of boards and talk about issues—not so much the governance issues, but the harder things: environmental issues, social issues and things that are impacting on the company's performance.

We have got a tender for that that closed last week. I have got a number of tenders to evaluate in my office at the moment. I am hopeful that we will have it evaluated and that type of engagement provider appointed before the end of this financial year. That is certainly our plan—that is domestically for domestic companies. There is not really an equivalent out there globally yet. When you look at the number of international companies, there is a considerable size to be able to go out and meet with all companies. That is still developing and we will look at that in due course.

The other aspect is to get companies that do research on all companies in regard to these issues. Again we have run a tender to appoint someone to do that. What that will mean in practice is that this company will do research on all the companies in, for example, the ASX 300 index or the international equivalent index. We are talking about a couple of thousand companies that they will review. Again the research would focus on ESG type issues. They would then develop their own independent ratings on those companies—not to be confused with ratings like a Standard & Poor's credit rating, but more of an ESG type rating. The proposal is that we will receive that information from the company that we appoint to provide this. We would then be able to pass that information on to our fund managers to see that they are considering these issues in the investment process. Hopefully, that is the way we can encourage our managers to include these sorts of analysis in their investment decision-making process. They are the key steps that we have undertaken.

MR GENTLEMAN: Mr McAuliffe, would you just let us know what ESG is, for Hansard?

Mr McAuliffe: Environmental, social and governance.

MR GENTLEMAN: Thanks.

THE CHAIR: Is this a supplementary, Mr Mulcahy?

MR MULCAHY: It is related to their investment approach. Last year you had a

negative \$70 million outcome, I believe, on the territory's super performance—which I know is not unique; I think Victoria took a haircut of several hundred million.

Ms Smithies: This year.

MR MULCAHY: Sorry?

Ms Smithies: Do you mean this year—our estimated outcome for this year?

MR MULCAHY: Estimated outcome, \$70 million.

Ms Smithies: For this year?

MR MULCAHY: Yes. Is that based on just the general performance of the other funds—that you expect that is where you will go? Are any of the state funds performing better—significantly better?

Mr McAuliffe: It is hard to get a close look at any portfolio performance, and everybody has got different strategic asset allocations. In the broad, because we have such high allocations of passive investments, and a number of our other governments and things do as well, I would expect that everyone is in much the same area.

MR MULCAHY: The US dollar exposure—were you well protected on that front? Did you take much of a hit on that?

Mr McAuliffe: No. In terms of our international fixed interest, we have that 100 per cent hedged. We have probably about 43 per cent of our international equities fully hedged as well. It would leave only that small component unhedged for the currency flow.

MR MULCAHY: You thought you would have a 67 per cent funding outcome by 2011-12—sorry, I am trying to remember my figures here. You thought that by the end of this year you would have 67 per cent funding, but that is now going to blow out to 2011-12. Is that all basically related to the current year's trading outcome?

Mr McAuliffe: It has a lot, because we are going to have—if, as we have estimated, we get a negative three per cent return this year, we are starting with a lower asset base this year, so that is our starting point: we are starting from a lower asset position.

MR MULCAHY: For accounting purposes, there is an estimated 7.5 per cent long-term gain on superannuation investments, which I understand is an accepted standard around Australia. With the sorts of outcomes we have just had, is there any sense that that figure may not hold true in the longer term, or are specialists of the view that that will still be a sound figure?

Mr McAuliffe: This is an issue that we have been grappling with every year, constantly looking at what is an appropriate target. It is good to remember that there are two things we are trying to do with this portfolio. One of them is to keep pace with the growing accruing liability on an annual basis. The other is that the funding plan really was not set up until the early 1990s, so we continually had an accruing liability;

we had not actually started setting any assets aside.

MR MULCAHY: Are you still looking at 2030?

Mr McAuliffe: Yes, we are still looking at 2030. What we have got to look at here is that we have started from a zero funding position and we are trying to keep pace. To do that, we need a five per cent real objective. Again, all the indications are that that is still achievable over the long term.

THE CHAIR: We might go on to the territory bank account now.

MRS DUNNE: I have put a few things on notice, because they are more appropriate for that.

THE CHAIR: Okay. We need to move on. We will go on to the territory banking account. Has anyone got any questions on that output class? Mr Smyth?

MR SMYTH: I notice that in the superannuation provision account—and it is also here in the territory banking account—the financial word “crunch” is used. Would somebody like to define what “crunch” is? It is on page 120. It is repeated a couple of times throughout the document.

Mr McAuliffe: It is something that we probably should have defined. It has become a common word. I guess this all started over in the United States earlier this year with what is called the sub-prime debt crisis. I can briefly explain what has happened there. Essentially a lot of low and no-doc loans were given out to people for their housing loans. These things get bundled up into securitised packages and then other investors come and invest in them. With the downturn in housing and markets in the US, that combined to create a whole lot of credit risk around the country. I will put it on the record: our investments were not exposed to any sub-prime debt. We invest only in high-rated individual securities; we do not invest in things at a securitised level. It is actually individual securities that we have our investments managed by.

MRS DUNNE: You do not bundle?

Mr McAuliffe: We will be in investments that might be bundled, but our investment managers have to look through the bundling at each individual investment before it can be part of our portfolio. What has happened in terms of this credit crunch is that the risk or the cost of funds has just blown out because of the fears by people about what is actually good credit. What has happened with the spreads—again trying not to use too many technical words—is that the spreads have blown out on your cost of funds for various terms.

MR SMYTH: From page 117 of BP3, I notice that the expected outcome for this year was \$320 million worth of cash and that it has more or less doubled to \$683 million. What was or is the reason for this dramatic variation between the estimate and the outcome?

Mr McAuliffe: Sorry, which page?

MR SMYTH: BP3, page 117, “Territory Banking Account”. The budget was for \$320 million and the estimated outcome was \$683 million.

Mr McAuliffe: That table is not so much a summary of returns; it is a summary of the actual balance sheet.

MR SMYTH: Right.

Mr McAuliffe: The investment holdings. So it is the actual asset—the value of funds under investment by the various accounts. With the territory banking account, after territory revenues are paid into the territory bank account, appropriations are paid out.

MR SMYTH: Yes.

Mr McAuliffe: The TBA is simply what cash is left over in the public account.

MR SMYTH: Sure.

Mr McAuliffe: That simply represents—

MR SMYTH: But how is it double what was estimated? Where has the extra \$350 million come from?

Ms Smithies: I think you will find—correct me if I am wrong, Pat—that a lot of it has to do with the fact that, while we had budgeted for a certain amount of revenue, we have had, as you saw through the midyear review and through the estimates through the rest of the paper, an increase in our GST revenue and our own-source taxation et cetera. In terms of our Appropriation Act, agencies will be providing all of the appropriations as outlined in the budget, with the exception of the estimated capital works rollover, which is also put in the budget. So increase in revenue and rollover in capital is probably—

MR SMYTH: It is not all increased GST, though?

Ms Smithies: No. I said an increase in our own-source revenues as well—our own-source taxation.

MR SMYTH: The GST revenue, I note in the Treasury documents or the budget, is different from what the federal budget is proclaiming we will get from GST, and GST will be stronger again.

Ms Smithies: Yes.

MR SMYTH: The reason for that?

Ms Smithies: We use estimates provided to us. I believe that we were using the MYEFO number. The commonwealth does not update its revenue estimates to the states and territories between the MYEFO and its own budget, so there has been an update to the budget subsequent to our budget.

MR SMYTH: So the numbers were correct at the time the budget was published—but then new data becomes available when the federal Treasury drops its budget?

Ms Smithies: Yes, that is right.

MRS DUNNE: Ms Smithies, can you tell Hansard what MYEFO is?

Ms Smithies: Midyear economic forecast outlook.

MR SMYTH: Just to finish on that, given that you have got \$350 million more cash than you expected—will that continue into 2008-09?

Ms Smithies: No.

MR SMYTH: Why would we expect it to soften?

Ms Smithies: A couple of things. This sort of estimate is put—the cash estimates are put together based on the spending and policy decisions of the government through this budget. With the capital works, certainly you will see that being spent—so cash reduction this year and cash out the door next year. So that will go. Then there will be the cash here that supports the expenditure intentions and the revenue intentions as per the budget.

MRS DUNNE: Where is the \$350 million going to go? Is it going to stay there? Is it going to be drawn down by capital works and other projects? How much of the \$350 million is going to be left, say, at the end of this financial year?

Ms Smithies: Well, the—

MRS DUNNE: In that quaint quarantining sort of sense.

Ms Smithies: Sorry, I am trying to figure out the best way to answer this. By the end of 2008—so our estimate is in 1½ months time—we are going to have \$683 million left in our bank account.

MRS DUNNE: Yes.

Ms Smithies: Of that, a good—I cannot remember the capital works rollover number off the top of my head, but that will be spent. We have planned for that to be spent in the 2008-09 budget. In the 2008-09 budget, we have also planned for a significant additional proportion to go out by way of the building the territory infrastructure fund. We will expect to see a lot of that cash go out as well. The easiest way to answer—it sounds a bit circular in this instance—is to say this. By the end of financial year 2008, we expect to have \$683 million in the bank. By the end of the next financial year, we will have \$703 million. Through the course of the year, we will have spent a lot. We will have got a lot, but our net increase is only around \$15 million or \$20 million, largely because of the significant increase in emphasis on capital expenditure.

MR SMYTH: So at the end of the day this is still the unencumbered cash?

Ms Smithies: Yes, that is exactly right.

THE CHAIR: We will go on to the ACT Gambling and Racing Commission. Mr Jones, you understand the privileges information in the yellow card before you?

Mr Jones: Yes, I do.

THE CHAIR: Thank you very much. I have a question with regard to the statement of intent. It talks about one of the business objectives being that the commission must promote the public interest by protecting consumers and reducing risks and costs to the community and individuals of problem gambling. That is on page 4. It also refers to conducting research on the social effects of gambling and problem gambling. I was wondering if you could elaborate for the committee on those two objectives.

Mr Jones: Certainly. One of the major objectives or functions of the commission—this is set out in the Gambling and Racing Control Act—is to take into account the public interest in terms of protecting consumers, and the industry to some degree, from criminal influence, but also taking into account difficulties with problem gambling, both to the community as a whole and to the individuals. That is set out in section 7 of our control act.

In terms of informing both the commission and the government on policy decisions and making decisions under its functions, we undertake both research and education programs. You will probably be aware that last week, in combination with the industry, we had a very successful responsible gambling awareness week where we conducted campaigns and had some publicity. We issued some new self-help brochures for the community and we launched a new problem gambling website, which has a whole range of information and access to research and things like that. What we are planning on doing in the next financial year is pursuing that self-help theme and producing a series of TV awareness ads as well, which will run later on either in this calendar year or into next year, on that same self-help theme.

THE CHAIR: Thank you very much. Is this a supplementary, Mr Mulcahy?

MR MULCAHY: It is related to the crime issue and is a question to the minister or to Mr Jones. I understand that you are limited in terms of denying licences to people only if there is evidence of a conviction of guilt in relation to particular offences. It would mean, therefore, that a person who could be of dubious character or is known to consort with criminals or organised crime would not have on that basis sufficient evidence against him for you to take action against him. Do any of your colleagues interstate, including the casino control authorities, have greater powers in regard to denying the licensing of employees in gambling facilities based on character?

Mr Jones: Some of them certainly do. Some of the big states, particularly New South Wales and Victoria, still use the fit and proper person criteria, which are a lot broader criteria than the more objective criteria set out in our legislation. There are advantages and disadvantages to both. The fit and proper person criteria are based more on case law in terms of what is relevant at that particular time. I guess there is more flexibility but, at the same time, there is more uncertainty as well in terms of who is in and who is out, who is acceptable and who is not. Our system is quite black and white and

quite objective, so it is relatively simple for applicants.

MR MULCAHY: Have you sought more powers, or has the government considered reviewing those powers to possibly assist you in keeping elements out of the gambling area in Canberra that may be of dubious character but may not actually have recorded convictions?

Mr Jones: We certainly have not sought more powers. At this stage, there is no particular impetus to seek those powers. There is no urgency, I suppose, or pressure that we see based on our intelligence, both in the industry locally and nationally, and we obviously keep in touch with our colleagues interstate very regularly. We certainly have not sought extra powers on that. I would say at this stage, based on our intelligence, that is probably not necessary.

THE CHAIR: Mr Smyth, you have a question?

MR SMYTH: Yes. On page 419 of budget paper 4, there is a technical adjustment of return of unclaimed moneys of \$1.875 million. Why is it being treated in this way, and what will the moneys be used for?

Mr Jones: I will try and keep this short; it is a fairly convoluted answer. It deals with unclaimed lotteries moneys from Victorian public lotteries, and it is the way historically in the past those moneys have been handled within the ACT government coffers.

Between December 1999 when the commission was first established and July 2005, those funds came through the commission's accounts and were placed in consolidated revenue, even though the commission's records, I suppose, quarantined those funds. These funds allow people who have a prize in a Victorian lottery as a result of a ticket that was sold in the ACT to make a claim after the event on proof of being eligible for that prize. They are kept for seven years, and after that seven-year period they are effectively returned to ACT government consolidated revenue.

In August 2005 the ACT government auditor recommended that these funds not only should be quarantined within the commission's records but they should also be set up in a trust account. This caused some significant dilemmas in terms of how do we actually establish a trust account for funds where we do not have the name of the person and we do not have the address of a person, and how do we go about identifying them. All we have basically is a ticket number, a draw number and that is it. This whole process was subject to two or maybe even three legal advice applications to government solicitors on how we can set up a trust account without knowing the people.

As I said, it is a long story, but this \$1.875 million is the amount of unclaimed moneys that were not put into the trust account at that time. This is the first move in setting up this separate trust account, which the commission will set up during next financial year. This \$1.875 million will be transferred into that trust account along with other moneys which are appropriate since that date. It will be managed through a trust account for that seven-year period so that the fully quarantined recommendation made by the auditor will finally be met.

MR SMYTH: You mentioned the Victorian lotteries.

Mr Jones: Yes.

MR SMYTH: Tattsлото, I assume, is included in that. What happens with the New South Wales state lotteries unclaimed money?

Mr Jones: Different state, different set of rules. Unclaimed moneys from New South Wales lotteries are returned to player, in the general scheme of things, back to New South Wales lotteries. They are not actually allocated to the ACT. They are returned to players in additional prizes, bonus payouts, that sort of thing. We, the ACT, do not actually collect those and do not have a choice where they go.

MR SMYTH: What is the process, then, in New South Wales? If you suddenly find the winning ticket, how do you get your money?

Mr Jones: You approach New South Wales lotteries and they are dealt with on the same basis, but always through New South Wales lotteries rather than through the ACT, as is the case with Victoria.

MR SMYTH: What happens with the interest on the trust fund?

Mr Jones: That is returned either to the player or to consolidated revenue.

THE CHAIR: Okay, Mr Gentleman.

MR GENTLEMAN: Mr Jones, my question is in relation to your statement of intent, page 5, on interactive gambling. I made my probably one and only foray into online betting last year when I bet that the then Prime Minister would lose his seat. It was a successful bet. There was quite an onerous regulation into signing up to this national betting agency. What I want to know is whether you had any input into governments around identity for customers for these sorts of agencies and in the ACT as well. Did you have any input nationally? Of course you would in the ACT, I would imagine, but what about nationally?

Mr Jones: Yes, Mr Gentleman. There are a couple of issues here. Interactive gaming is effectively casino-type gaming on the internet. Even though we, the ACT, and a number of other jurisdictions have legislation governing that, there is federal legislation which effectively overrules that. There is no lawful interactive gaming as such in Australia.

I think what you are probably talking about is sports bookmaking or going through a registered sports bookmaker. We certainly license sports bookmaking persons or corporations in the ACT. There is a very extensive set of rules and procedures which they must abide by, and getting 100 points of ID for each customer before they bet either over the phone or on internet is certainly part of the rules and part of what each licensee would need to go by, yes.

THE CHAIR: Mr Stefaniak.

MR STEFANIAK: Thank you very much, Madam Chair. With reference to page 417, strategic indicators, congratulations, it seems the number of breaches has decreased.

Mr Jones: Yes.

MR STEFANIAK: As to strategic indicator No 1, what were the main breaches detected in compliance audits during 2007-08, and what did the commission do to ensure they were rectified?

Mr Jones: There is a full range of breaches that we obviously look for and detect. Our annual report lists them in quite substantial detail. Most of them relate to legislative or statutory criteria, including getting returns in on time—for example, tax returns in by the seventh of each month; getting gaming machine amendments approved—for example, minor changes to the way a gaming machine operates with regard to return to player is something that needs approval; and having a licensed attendant open a gaming machine rather than someone who is not licensed. There is a whole range of matters, mostly operational, which we look at which deal with integrity issues of the licensees themselves as well as the technical issues of the way machines or gaming equipment operate.

MR STEFANIAK: I note in strategic indicator 2, unlike indicator 1, that there is actually an increase in return variations.

Mr Jones: Yes.

MR STEFANIAK: Why was that so, in what areas were the return variations detected, and what are you doing to, hopefully, reverse that trend next time around?

Mr Jones: That particular indicator is getting a timely and accurate tax return submitted to the commission so that we can assess that return. The little jump last year, it is difficult to work out exactly why that occurred. We speculate that it was because there was a fair turnover in staff in gaming machine licensees. While it is reasonably complex to put a return in, once you know it, it is relatively straightforward. So, with a staff turnover, we were speculating that there was some lack of knowledge and lack of detail which meant that some of them were not as accurate as they should be, so it took a bit more effort for us to finalise their monthly returns.

What we have done in anticipation and looking for improvements is that we have gone on a fairly extensive education campaign with licensees, particularly those that are a bit tardy with some of their returns. So far, for this financial year, we are pretty well on target for a recovery. I think our target was something like back to about 150 or 160. As of last week, we are almost exactly on pro rata to achieve that for this financial year.

MR STEFANIAK: Thank you. Just one more on that—

MR MULCAHY: Just a supplementary on that one of Bill's, in relation to this accuracy of return, would you not be better off having an online monitoring system like the South Australian model where the fees paid by the operator, as you would

know, go to the Independent Gaming Corporation, but it is so comprehensive that if somebody even opens the door of a machine the central control centre is immediately alerted? Is that not a better way to go in terms of guaranteeing the accuracy of information rather than having to manually audit and so forth?

Mr Jones: It would certainly make life a bit easier from the commission's point of view to have a central monitoring system, because everything is literally online and you would be able to get real time information on that. The difficulty with introducing that in an established market like the ACT is clearly the cost. About three years ago we looked at the cost-benefit of having a central monitoring system, and our cost estimate, from memory, was in the order of about \$25 million. Most of that was in fitting out or modifying gaming machines with all the appropriate communication protocols so that they could talk to the system. It would cost in the order of \$4,000 to \$5,000 per gaming machine to have the communications protocols upgraded and installed.

MR MULCAHY: It did not cost them that in Adelaide, I do not believe.

Mr Jones: We went to two different manufacturers, and they both came up with a very similar figure—it was about \$4,000.

MR MULCAHY: Did you look at the IGC model?

Mr Jones: Yes.

MR MULCAHY: I thought they set up with \$5 million capital?

Mr Jones: That was probably the computer system itself. The cost of the actual hardware and the appropriate software to do all that was estimated at about \$5 million. My memory indicates to me that it was about \$5 million for the hardware and the actual central monitoring system and about \$20 million to upgrade every machine in town.

Mr Mulcahy: Thank you.

MR STEFANIAK: Thank you, I have just got one more.

THE CHAIR: Can you put your next one on notice because we have more and more things to do, and we have less than 20 minutes.

MR STEFANIAK: All right.

THE CHAIR: So we will go on to the ACT Insurance Authority. Thank you very much, Mr Jones.

THE CHAIR: Mr Matthews, do you understand the implications of the privilege card?

Mr Matthews: Yes.

THE CHAIR: Thank you very much. The statement of intent, unfortunately, is not numbered, but on about page 3, under business priorities 2008-2009, there are three dot points numbered 3, 4 and 5, which deal with the risk management training of agency managers and assisting agencies with a better understanding of risk management. I was wondering if you could give us a little bit more background on that, please.

Mr Matthews: Those points interlink. One of the important things to remember is that the responsibility for risk management lies with the agency. The responsibility of the Insurance Authority is to promote risk management, so we are working through those various categories to enable the agencies to conduct their own risk management in a more efficient fashion. During recent times we have lost some of our staff, and only this morning we have one additional person starting to particularly focus on working with agencies and looking at reducing their claims.

MR SMYTH: Mr Matthews, was the authority involved in any of the dealings with the 2008 balloon spectacular with respect to insurance?

Mr Matthews: Usually we have an overarching role in there, where we act as facilitators/coordinators to enable our insurance to be sought and, in fact, placed to cover those events.

MR SMYTH: Right. Was the event covered by the existing insurance policy or did you have to get additional insurance?

Mr Matthews: Sorry; it was not covered by the Insurance Authority at all—it was purchased outside—and that is why I said our role is simply as facilitators.

MR SMYTH: How much was that insurance policy?

Mr Matthews: I would have to take that on notice.

MR SMYTH: Okay, thank you.

MRS DUNNE: Mr Matthews, this is a fairly constant reprise from members here. On page 425 of BP4 it says “ensure that the appropriate level of risk is transferred to contractors”. What does that mean? What are the practical implications for small agencies that are employing people on contract to do essentially white-collar work? I am talking about non-physical risk and things like that.

Mr Matthews: There is a series of guidelines out there which indicate to agencies the levels of insurance required. For white-collar work, it depends once again on the nature of the work. There are totally different criteria for professional indemnity and public liability. Professional indemnity is probably the more difficult one of the two. Public liability for white-collar workers is fairly easily determined and would probably fall within the range of \$5 million to \$10 million cover. Professional indemnity, which is the difficult and expensive class, may not be required at all or it may be something quite significant, depending on the nature of the services delivered.

MRS DUNNE: Can I go back to what you said, Mr Matthews. You said there is a

range of guidelines that say what is required. That seems to be at cross purposes. Is there a set of rules that says “in this circumstance” or is it a guideline? What is the status of the advice that comes from the Insurance Authority?

Mr Matthews: It is a set of rules, but there are risk ratings and over a certain grading agencies are obligated to come to the Insurance Authority for more guidance or an instruction on what this appropriate level is.

MRS DUNNE: Okay.

Ms Smithies: Correct me if I am wrong, but I think the answer is that there is an expectation when you are drawing up a contract, a letter of intent, that you do a risk analysis of the services that you are asking to be performed and the level of risk involved in any possible public professional indemnity, et cetera.

MRS DUNNE: So there is not a blanket rule that says that if a contractor comes in they have to have X amount of public liability insurance and X amount of professional indemnity insurance?

Ms Smithies: No, there is not.

MRS DUNNE: So it is on a case-by-case risk assessment basis?

Ms Smithies: Risk assessment, yes.

MRS DUNNE: Wonderful. Thank you very much.

THE CHAIR: As there are no more questions on this area, thank you very much, Mr Matthews. We will go on to ACTTAB now. Welcome, Mr Curtis and Mr Wheeler.

MS MacDONALD: How are things in Gungahlin going?

Mr Stanhope: The new headquarters?

MS MacDONALD: Yes, the new headquarters.

Mr Curtis: We have finally settled into the new headquarters. It was a bit of a trauma from a technological point of view for a time there, with the switchover to the new system. However, I am pleased to say that all those problems have been ironed out. It probably took somewhere in the order of three to four months to overcome the bulk of those, but the systems are functioning well, people are happy and it is a great environment. What I have noticed is that a couple of our staff that have been renting premises on the other side of town have relocated to Gungahlin, and I think largely everybody is happy with the move.

MS MacDONALD: I note that you have got the FTE, but how many casuals have you got working in ACTTAB these days, approximately, within the headquarters?

Mr Curtis: It is probably about that number—70-odd casuals—and the total number is somewhere in the order of 100.

THE CHAIR: Mr Curtis, page 451 of budget paper 4 talks about “investing in staff through succession planning, performance management, training and development” and also “promoting ACTTAB as a preferred employer through development of attraction/retention strategies”. We know that we have a very tight employment market. Could you address those two for us, please?

Mr Curtis: Yes. As a large part of our business is based around technology, we are working towards at the moment a replacement of our betting system and terminals. In the lead-up to that—this was highlighted with the problems we had in the move from Dickson to Gungahlin—as issues arose, we did not really have the personnel to deal with these extraordinary issues, largely because, I guess, the organisation has sort of run on a shoestring for a large number of years. When we went out to try and recruit personnel, it highlighted that we just were not in the race.

I think the TAB is not unique in this in the ACT; it appears to be a national, if not global, problem to recruit IT staff. So we are reviewing our position as to how we might make ourselves a more attractive employer. I think the start was employing an HR manager, which we previously did not have. It was done as an add-on function within the corporate services area. We now have an HR manager, who we recruited from the Chief Minister’s Department, and that has proved to be a successful measure in terms of addressing a whole range of issues from staff training to recruitment and perhaps taking a more professional approach than we once did.

THE CHAIR: Thank you very much.

MR STEFANIAK: I note the time, so I will put mine on notice.

THE CHAIR: Okay. Thank you very much, Mr Curtis and Mr Wheeler. We will go on to Exhibition Park Corporation. Good morning, Mr Acworth. Do you understand the privilege implications in the yellow card?

Mr Acworth: Yes.

MR SMYTH: This is the repeat question to the Chief Minister that I have asked for the last four or five years: Chief Minister, EPIC have been after an additional block of land for some time to give them some certainty and allow them to expand what they deliver on that site. Has a decision been made, and have EPIC got that block yet?

Mr Stanhope: A decision has been made. The government has resolved that at this stage it does not propose to expand the boundaries of EPIC into Gungahlin.

MR SMYTH: So why has it taken four or five years to come to a no, Chief Minister?

Mr Stanhope: We have looked very closely at the master plan. As part of this process about the future of EPIC, we, as did EPIC, and what any reasonable organisation would do, prepared a master plan through the board. The government has given detailed consideration to that. There has been an interagency steering committee involving, most particularly, Treasury but also ACTPLA and the Chief Minister’s Department to give detailed consideration to that. We have taken a decision at this

stage to continue to invest. In the most recent budget, we have invested quite significantly in capital upgrades and the future expansion of facilities at EPIC. I believe the current budget contains \$3.4 million over and above significant earlier capital upgrade funding for EPIC. That is the approach that the government has taken at this stage.

MR SMYTH: Chief Minister, what was the specific reason for not allowing EPIC this block of land?

Mr Stanhope: It was not a question of allowing EPIC this block of land. EPIC is a board appointed by the ACT government to manage the facilities at Exhibition Park. I think one needs to understand that the Exhibition Park Corporation board is appointed by the government to administer a government facility.

MR SMYTH: So government boards are not allowed to ask for blocks of land?

Mr Stanhope: They can make recommendations and suggestions, but this is a government board making recommendations to the government about a government facility. The government will determine policy issues in relation to the provision of infrastructure and support through Exhibition Park.

MRS DUNNE: What were the reasons, Chief Minister? You have given an exposition on the command and control of Exhibition Park. What were the reasons for not expanding the land area available to Exhibition Park?

Mr Stanhope: Exhibition Park, the board, through its master plan and its representations to government, had a view about securing a revenue stream for Exhibition Park. Of course, there are two potential ways: one for the board or the corporation itself to create and drive revenue with a capacity to expand; and the second is, of course, for the government to agree to a forward infrastructure or capital upgrade or budget funding process for the needs for growth and sustainable income.

The master plan and representations, which the government has been considering for some time, have been about securing an income stream to allow Exhibition Park to continue to meet the needs of the Canberra community. There are two ways of doing that: one would be to allow the corporation to operate in a commercial environment to drive, as it saw, its growth, or, alternatively, for the government to budget funds for that growth. The government has taken a decision, expressed particularly through this budget, to express its support in Exhibition Park through significant increased budget funding. In this budget there is an additional \$3.4 million to allow for the expansion and growth of Exhibition Park.

That particular significant additional investment will be administered by the board under Mr Acworth, and it is not just funding for infrastructure. We have also funded a feasibility study into the need for an additional exhibition pavilion. The government has also begun the work to determine whether some of the facilities, such as an enhanced caravan park/motel or tourist accommodation within the vicinity, might or should be provided. We have initiated the steps to determine that. The government has taken those decisions and those are decisions based very much on advice that the government has received from the board over recent years.

MRS DUNNE: So have you ruled in or out the possibility of giving EPIC land? You said there is a feasibility study?

Mr Stanhope: EPIC is a board that manages a government facility. We are not going to give EPIC anything. It is a government facility. It is owned by the government and it is managed by the—

MR SMYTH: It is governed by an act, though.

Mr Stanhope: Yes, it is—an act which establishes a board to manage a government facility.

MR SMYTH: And to manage it in a commercial manner.

Mr Stanhope: Well—

MRS DUNNE: I am trying to get to the gist of the Chief Minister's answer. Are you saying that you have decided to budget-fund EPIC and not allow it to go down the path of creating its own revenue stream? You are moving away from financial independence into budget funding? Is that what you are saying?

Mr Stanhope: EPIC has never been financially independent. EPIC does certainly have an income stream. The government has always enhanced that, particularly in relation to its capital program. But, no, the government's decision is quite simple. The government has, at this stage—

MRS DUNNE: The answer is “not”. Sorry.

Mr Stanhope: Yes, it is. It is. I answered it in my first paragraph. The government has decided that, at this stage, in the master plan, the continued development of Exhibition Park will be retained within the existing boundaries of Exhibition Park.

MRS DUNNE: I asked you why, and I still have not got an answer.

Mr Stanhope: I told you why—because the government has taken a—

MRS DUNNE: Because the government has decided?

Mr Stanhope: Yes, the government has taken a decision on the basis of all the information—

MR SMYTH: What were the reasons?

MRS DUNNE: What are the reasons?

Mr Stanhope: The reasons are that the government has decided that it will budget-fund the continued expansion of Exhibition Park and, in the context of other facilities, it will essentially go to the market rather than invest in the corporation at this stage—for instance, authority to begin a process of, say, running motels.

MR GENTLEMAN: I am aware of the time. I am very pleased to see the extra capital works expenditure there. In particular, on page 494, under “Capital injection”, there is \$700,000 for an upgrade of a parking area and sealing of the roadway. Is that the grass parking area at the back?

Mr Acworth: It is part of the area off Wells Station Road, yes.

MRS DUNNE: It is hardly grass.

MR GENTLEMAN: So Wells Station Road will be sealed to the car park?

Mr Acworth: I do not believe there has been any final decision on that, but that is the intention for those dollars that are allocated for it.

MR GENTLEMAN: For the big events that occur, there will be more immediate parking arrangements?

Mr Acworth: The short answer is yes.

THE CHAIR: Thank you very much. It is now two minutes past 12. We are supposed to finish at 12 o’clock, and we have still got Rhodium.

MR SMYTH: The question to the Chief Minister is: obviously EPIC has put an idea forward to the government. Is the government now taking the idea that EPIC proposed to secure their financial independence to market to see whether they cannot capitalise on it for the benefit of the government?

Mr Stanhope: One of the significant aspects of the proposals that the ACT government has been discussing with EPIC was the question of the camping area. There is actually a significant camping area at EPIC. EPIC has proposed to the government that one of the shortfalls or shortcomings in relation to events at Exhibition Park is tourist park-style accommodation or three-star accommodation.

EPIC had proposed that—this is simple and does not do justice to the master planning that the board has done—the government give consideration to a significant expansion of the boundaries of Exhibition Park, one purpose of which was to secure additional parking. A second and significant aspect was to consider the construction or development of caravan and tourist park accommodation, three star.

Certainly, the government accepts the force of the argument about appropriate or adequate camping or accommodation facilities within the area. The closest, I think, at this stage is at Yowani. The government has funded a feasibility study into the creation of a camping/caravan and tourist park or three-star accommodation within the vicinity of EPIC. So we are responding to that very good advice and the wisdom of EPIC in that regard.

THE CHAIR: Thank you very much.

MR SMYTH: Mr Acworth, will you have to revise your master plan as

a consequence of the government's decision?

Mr Acworth: Yes, we will, but I think that the master planning process will now take advantage of the fact that \$100,000 was made available from the government, principally around two studies. The first one that will be undertaken is the caravan/camping and motel.

Mr Stanhope: It is quite appropriate, of course, that that work be undertaken. There are two possible approaches to that. One will be that the corporation go into the business of running motels. I know Mr Mulcahy would have a view on this. Should the Exhibition Park board start running motels, Mr Mulcahy?

MR MULCAHY: Use the Rhodium model, maybe.

Mr Stanhope: Precisely, Mr Mulcahy. I look forward to the questions in relation to Rhodium. This is the nub of the issue. I must say, when Mr Mulcahy was part of the opposition, we engaged over the last two to three years in quite appropriate conversations on the role of government and the right role of government. Now that the party has split asunder and the intellectual force from the Liberal Party has departed for the crossbench, perhaps the point is not put so forcefully. But the government considers these.

We believe an appropriate way of testing the thesis of an appropriate role for government or government instrumentalities needs to be fleshed out, and we can do that through a feasibility study. If, through this study, there is a compelling conclusion that, yes, a board constructed to manage Exhibition Park should be in the business of running motels and hotels, then we will give due regard to that.

But the intuitive position that I have taken at this stage is that I am not convinced and need to be convinced that the exhibition corporation board, with great respect to it, should in the business of running motels. That is why we have taken the approach we have, which is to fund a feasibility study into, first, the need and then, of course, as part of that feasibility study, how that particular facility would be delivered.

THE CHAIR: Treasurer, it is six minutes past 12. Are you able to stay for a few more minutes?

Mr Stanhope: I can, but the reason that I asked for the hearing to commence early today was that I am guest speaker at a conference in half an hour. So my time is limited.

THE CHAIR: Five minutes, then.

Mr Stanhope: I am happy to take a couple of questions on Rhodium.

THE CHAIR: Five minutes, then. We will have Rhodium for five minutes. Thank you, Mr Acworth.

Mr Stanhope: Thanks very much.

THE CHAIR: We will have five minutes on this. I have also got something that actually started at 12 that I am hosting. Thank you, Mr Fleming. Do you understand the privilege implications on the yellow card?

Mr Fleming: Yes, I do.

THE CHAIR: Thank you very much.

MR SMYTH: Chief Minister, what is the expected timing for the sale of the assets of Rhodium?

Mr Stanhope: Mr Bulless will best be able to answer that question.

Mr Bulless: The current timing for the sale has been pushed back from previous times that we have advised members. It is now anticipated to be 30 June this year. There have been a couple of reasons for that. One is that the complexity of the financial transaction has continued to tax both sides in terms of the amount of work we had to put in. We have had to reconstruct financial documents. Mr Fleming might want to talk a bit more about that.

The process of actually working with the preferred tenderer in terms of the due diligence has been very complicated and has extended over quite a long period of time. That has been evidenced by the amount of questions that we have been asked by the preferred tenderer, which have been provided through a formal process of due diligence. That has been a process of backwards and forwards, backwards and forwards, and it has taken much longer than we had anticipated.

We are confident, though, in terms of the legal documents for the sale, which are the sale agreement and the fleet management agreement, they are almost 95 per cent complete. Very few details are left in those documents to be considered and resolved. We are now at the point where we are just finalising the financial statements through the data room to the end of April for the preferred tenderer. Those will be loaded into the data room hopefully next week. There have been some further questions asked by the preferred tenderer over the last few weeks, which have been responded to as well.

MR MULCAHY: What actually will be the sale price and where do the proceeds of that sale appear in the budget?

Mr Bulless: The sale price is not reflected in the budget. That will not be actually confirmed until the sale is finalised. It is dependent on the state of the financial accounts of Rhodium at the point of sale.

MR MULCAHY: The liabilities that might be diminishing—

Mr Bulless: Basically, the asset position and—

MR MULCAHY: Can we get a ballpark of the estimated sale price?

Mr Stanhope: That is commercial-in-confidence.

MR MULCAHY: That will have to be disclosed in due course, will it not?

Mr Stanhope: Yes, it will, yes. But in the context of ongoing negotiations, that is commercially sensitive.

MR MULCAHY: Is there an exchange of contracts that has happened yet?

Mr Bulless: Iterations of the contract have been backwards and forwards a number of times. We have not signed anything yet. Both legal advisers are close to finalising the two contracts that support the sale, which is the sale agreement and the fleet management agreement for the ACT fleet, which is put in place at the time of sale as well.

MR SMYTH: Will the government have to go guarantor on any aspect of the sale?

Mr Bulless: There are aspects of the sale where at the moment we are in discussion with the preferred tenderer about existing assets financed by Westpac. Those discussions are ongoing. It is possible the government may look at undertaking that role. If that were to be the case, then we would be looking for comfort from the preferred tenderer on the other side of the transaction.

MR SMYTH: What is the likely nature of that guarantor?

Mr Bulless: That has not been resolved yet. As I said, we are in discussion. It is complicated because it is not only the ACT and the preferred tenderer; it is also Westpac is involved in this negotiation as well. At the moment, and over the last few weeks, there have been a number of dialogues between the three parties. Hopefully we will be able to wrap those up in the next few weeks and we will be in a position to advise further.

MR MULCAHY: Has the purchaser asked Westpac to write off some of the debt for the purchase?

Mr Bulless: To write off some of the debt?

MR MULCAHY: Some of the liabilities?

Mr Bulless: No. As part of the negotiations, they have obviously examined the financial statements of Rhodium, which include a provision for doubtful debts. That will be taken into account in terms of factoring a sale price. Effectively, what they are buying is the company, and they will make a payment to the territory for the value of the company at the point of sale.

THE CHAIR: Thank you very much for appearing.

Mr Stanhope: Thank you, Madam Chair.

Meeting adjourned from 12.11 to 2.00 pm.

CARTER, MS CATHERINE, Executive Director, Property Council of Australia (ACT Division)

WHEELER, MR CHRIS, Treasurer, Property Council of Australia (ACT Division)

THE CHAIR: I welcome Ms Carter and Mr Wheeler to the Select Committee on Estimates 2008-2009 hearings. You have read the yellow card that is in front of you?

Ms Carter: Yes.

Mr Wheeler: Indeed.

THE CHAIR: And you understand the privilege implications in that card? Right. For the *Hansard* record, I move:

That the statement be incorporated in Hansard

The statement read as follows:

Privilege statement

To be read at the commencement of a hearing and reiterated as necessary for new witnesses

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 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.

Would you like to make some opening remarks? We have 20 minutes for your presentation.

Ms Carter: Thank you for the opportunity to come and speak to you today. I will make some opening remarks, with your permission.

I would like to outline at the outset who we are and whom we are representing today. The Property Council of Australia is the national representative of the property industry. Our members help shape, build and finance our cities and consequently have a long-term interest in the future of our urban areas. Locally, our members include the bulk of Canberra's investors in office buildings, shopping centres, industrial parks, tourism, accommodation, aged care and infrastructure as well as major developers of commercial and residential property. More than nine million Australians have a direct stake in our industry through their superannuation, life insurance and managed funds.

The property industry is a major employer in the ACT, provides the platform for business to operate, and plays a vital role in underpinning new investment from interstate and also from overseas. The property industry also represents a major component of the ACT economy and makes a huge contribution to ACT government revenue, now providing just under 55 per cent of total taxation revenue.

Our role in Canberra is to represent our members' interests. Because of that, we try to work with governments at all levels—the ACT government in this instance—to ensure a strong and sustainable economy for the ACT. From our perspective, we are keen to see growth in the economy and how it incentivises our sector and the economy overall.

At the outset I would like to say that it should be acknowledged that the recent ACT budget does contain some very good initiatives. The funds which have been made available to address Canberra's skill shortages are particularly welcome, as is the effort by the ACT government to increase Canberra's attractiveness as an investment destination. The announcements made in relation to housing affordability, also, whilst not new, are very welcome. We are also pleased that the ACT government has noticed the need for significant investment on infrastructure, with the announcement of \$1 billion allocated over the life of the budget, although we do have some concerns that the infrastructure funding does not appear to be linked to a forward infrastructure plan, which is an issue I will come back to later on if I may.

However, no matter how worthy these individual initiatives may be, we are very concerned that they continue to be so reliant on taxes from one sector of the economy, the property sector, to fund them. The ACT has a fragile economy in that it is very reliant on commonwealth government spending and on property, from both property tax and land sales. Generally, major property activity in Canberra has been linked in recent years to commonwealth expansion and spending. In our view, the economy needs to be driven by a range of sectors so that it can weather a reduction in commonwealth government activity. For that reason, we believe that we urgently need an economic backup plan for the territory.

That is why we are so concerned about the ever-increasing tax burden being applied

to property, a position that we believe is ultimately unsustainable. To describe it another way, it is akin to putting all your eggs in one basket. If you look at the history of tax as applied to property in the ACT, it can be seen that the tax take from property was 41 per cent in 2001, while today just under 55 per cent of all ACT tax revenue comes from the property sector—as at this last budget. This is concerning, particularly at a time when activity in the market has declined, interest rates are up, and the effects of the credit crisis are beginning to bite.

We think that the ACT government has a golden opportunity to do something to broaden the ACT's tax base, to do more to ensure economic diversity and to future proof Canberra and our economy. Unfortunately, from our point of view, in this budget the government has not done that, but has in fact chosen to levy new charges on property rather than providing tax relief. The new charges are the introduction of fees for lease extensions, the introduction of fees for a temporary licence to use land adjacent to developments—an example of that is to erect a site shed on unleased territory land adjacent to a development—and the introduction of fees for amending a development application. In this case, the amount will be equal to 25 per cent of the original development application fee. This is completely new. These are all new charges that have been introduced when the territory government is still running a large surplus, even after this budget. In our view, these are completely unnecessary revenue-raising measures.

An important point which I would like to make is that applying more taxes against one sector of the economy—property in this instance—is not broadening the territory's revenue base; it is narrowing it. When you apply new taxes against one sector of the economy, that is a narrow tax approach. This is a position which, as we have already stated, we believe is unsustainable and ultimately dangerous for the government to follow. The benefit of broadening a tax base is that essentially that more people pay less. From a business perspective, if the tax regime in the ACT is competitive or even more attractive than other jurisdictions, the benefit is that there are more businesses and hence more taxpayers to pay their share; that in turn supports and diversifies the economy.

I could speak about the particular characteristics of some of the territory's most inefficient taxes, notably stamp duty on conveyances and the unpopular fire and emergency services levy, but I think—I hope—that those arguments are now fairly well understood. Put simply, these particular taxes—and a range of others, but these ones in particular—are inefficient and extremely poorly designed, especially in the case of the fire levy. If I talk about those we will probably run out of time, but I am happy to take questions on them.

Suffice it to say that reforms in these areas would help the ACT become a more competitive economy. We are very sorry that these issues were not addressed in this last budget. We would now be happy to take questions.

Mr Wheeler: I would like to expand on a few issues that Catherine raised, in particular some of the taxes or new revenue-raising message which do not appear in the budget papers and that give us concern.

Catherine mentioned the new fee structure for extending the building and

development provision time frames of Crown leases. Let me give you some context. Before 31 March, that fee was \$416 a year; in some cases, that fee has now increased to millions of dollars—millions of dollars. That is an enormous new impost that was not flagged and was not properly consulted on. That is an example of one of the new fees that does concern our members.

MRS DUNNE: Mr Wheeler, can I just interpose there? That fee is not in the budget; it was a fee that came about through the passage of the planning and land bill.

Mr Wheeler: It is a new fee; it is now in. There were last-minute amendments to the planning and development bill. It is a new charge that came through that door, not through the budget door.

MRS DUNNE: Was the property industry consulted on that at all?

Ms Carter: We were not formally consulted about it. We became aware of it through a discussion some of our members had with the ACT Planning and Land Authority, but there was no formal consultation.

Mr Wheeler: There was certainly nothing extensive, not like the original bill. Another new fee will perhaps not impact so much on our members but it will give you a flavour of some of the unintended recipients of this. With the new planning legislation, we have a new regime regarding dealing with concessional leases. These are leases that deal with clubs, community organisations and charities. One of the issues that those organisations are concerned about, for anyone who deals with concessional leases, is to actually identify whether those leases are, in fact, concessional. If they are concessional leases, then they are treated in a particular way. To ask the question and to get an answer as to whether your lease is concessional, those community groups and charities will be asked to pay \$1,000. That gives you a flavour of some of the host of other fees that are in the larger package and which are a concern for our members.

Rather than just talking about individual taxes, one of the things we would ask the government to seriously consider is to follow the lead of our federal brethren, who have taken this opportunity to announce a wholesale review of the federal tax system. We want that review opportunity to also be taken into account by our own local government and Assembly—to take this opportunity to review our own tax system in a public way, seeking submissions and maybe even taking on the services of outside advisers. We think that there is a serious need to look at broadening the tax base and taking an efficient line.

One of the very pleasing things in this budget is the infrastructure spending proposals. It is a program that the Property Council and others have recommended to government before. It is very pleasing to see that that has been taken up. The question is not so much the amount of money, which is quite substantial, but the ability to deliver.

One of the criticisms of governments—not just the present government—has been the ability to actually deliver and spend the amount of money that has been committed. There needs to be some serious thought given to how a government actually rolls out

these programs. It is not just the infrastructure itself; it is what mechanisms and how the government itself is resourced to deliver and manage these things.

What we are talking about is project management. There probably needs to be greater outsourcing of the project management skills to enable these projects to in fact be delivered. Last year, our concern was an underestimation of the amount of revenue. This year, there is potentially the possibility for an underspending of large amounts of money, the reason being the inability to actually get projects out.

That brings me to a discussion about our planning system. As was found out in the Gungahlin Drive extension, GDE, project, one of the consequences of the project was the long delay it took to get it approved. In this budget, there are a host of infrastructure projects which will necessarily require planning approval. From the budget papers, there does not seem to be any particular thought being given to the additional demands placed on our planning—on ACTPLA. There is money, an additional \$2 million, available for studies and particular programs, but not basic what is needed to get the job done money. If you look further through those figures, you will see that basically the number of staff in ACTPLA is staying put: 253 to 250. We believe that the government will need to seriously give some thought to how it is going to get its infrastructure program through without equally bolstering the resources within ACTPLA.

Land release is welcome. There is now a forward-thinking land release program, particularly in the commercial area, as well as a lot of attention being given to residential. The government needs to be applauded for getting those sites out. But equally, with land release, we need to be conscious of the demand that is going to be placed on future sites, particularly with budget spending cuts on Capital Hill.

One of the things missing from this budget is any particular climate change policy for green buildings. A large contributor to our CO2 footprint is the buildings we occupy, such as this one.

MRS DUNNE: Are you saying this is a green building?

Mr Wheeler: The opportunity is there for this building to become more green. That is the very point. Particularly for existing buildings, of which this is one, what is the incentive, if it were privately owned, for owners/occupiers to modify the building designs to extract the most efficient outcome for ourselves and also for the climate? The opportunity was there in this budget; maybe it is being saved for the election. But equally we would like to see some proper consultative initiatives in that regard.

THE CHAIR: Mr Gentleman?

MR GENTLEMAN: Thanks. Ms Carter, in your opening statement you talked about broadening the taxation base and relieving the property sector of the new fees that Mr Wheeler has been more expansive on. Where would you see this taxation revenue coming from if it was not from the property sector?

Ms Carter: I will respond to that question in two ways. First, where does tax revenue come from if it does not come from property? The answer is varied and is quite

complicated, but I can distil it down to one tax by way of illustration. If you look at the fire and emergency services levy and the way that that was restructured in 2006, you will see that currently money for the fire and emergency services levy comes from one part of our economy, which is property. It is split between residential and commercial property. It has no relationship to risk and no relationship to the users of those fire and emergency services.

One of the very simple fixes that we have previously put to the Treasury and to government is to create a situation whereby the people who use those services pay. A logical example of that would be applying it to motor vehicles as well. In fact, we said a couple of years ago, “Do you realise that if you applied X amount of dollars against a motor vehicle, it would raise you something in the order of \$4 million?”—I do not recall the precise figure now. The answer was, “Yes, we know that, but it is easier to tax you.” For the reasons I outlined earlier, we think that is ultimately an unsustainable proposition. I think that, depending on the circumstances and the issue, there are a range of different options. That is just one.

Let me turn to what I think is the second part of your question. It is often said to us that if property does not pay, who does? The argument tends to go: “If taxes are not applied against property, how many hospital beds will we lose?” The answer to that is “none”. At the moment, if you are looking at the budget situation in an environment where we have got something in the order of an \$80 million surplus, the ACT government has the capacity to retire some of our most inefficient taxes and still fund all the community projects that everyone supports. But the extension of that argument is that, if we have a tax-efficient and business-friendly jurisdiction, and more people come here and more people pay tax, that is how we continue to maintain a sustainable economy and provide community services, as we all would wish.

MR GENTLEMAN: Are you saying that we should broaden the tax base by inviting more people to come and live and work in Canberra and, therefore, pay more income tax?

Ms Carter: There are two ways. Broadening the tax base, yes, means more people paying less. Using the example I used previously, the fire and emergency services levy—apply it to more people, such as motor vehicle owners, who use fire and emergency services as well. Everyone pays less and everyone is the beneficiary and the recipient of that service when they need it. The second part is the long-term proposition: if you make this an attractive jurisdiction and attract more business here, then, yes, again, it is more people paying less.

The fact is that, in an environment like now—there is an expression that is used a lot, but I think it is still meaningful—capital is mobile. When you are talking about very significant commercial property developments, the transaction on a \$40 million commercial property, for example, costs you half a million dollars more in the ACT than it does over the border in New South Wales. When institutional investors look at where to park their money, they go for where they can get the best bang for their buck. When you are talking about such extraordinary differences in charges, in an environment like this, people are just likely to go elsewhere. That is a pity, because we should be doing more to attract people here to support the community.

Mr Wheeler: I might answer that question as well, Mr Gentleman. That question was also asked by Dr Foskey in previous budget estimates hearings that we have appeared in. It comes to what other ideas we have. Although it is a very good question, it misses the point. This is exactly the point. What is the other way? What are the other methods of taxing that we should be exploring? The answer is: we need to explore that question properly. That is all we are asking to be done. We know that the government, at least in the formulation of the budget last year or the year before, did explore some new taxes. But there was no input from the public—as though the public does not care. The public does care. In fact, the public does have a lot of ideas—not just the Property Council. That question really should be further explored.

THE CHAIR: Mrs Dunne. We are going to take only this one question and then we have to go to the next witness.

MRS DUNNE: Ms Carter, you said in your introductory remarks that you welcomed the initiatives of essentially making Canberra a more attractive place to do business. Then you followed on with remarks like that in relation to the cost of conveyancing and stamp duty compared to across the border in New South Wales. Mr Wheeler has touched on the taxes on extending the building time on a Crown lease et cetera. What you said is that we need to be more attractive. Then you put together a whole list of things where we make ourselves unattractive. Are there any things in the budget that you would see as making it attractive—that balance those negatives?

Ms Carter: Probably one of the best initiatives in this budget is the resourcing that has been given to addressing the skill shortage. It is a very real problem in the ACT. A lot of work has gone into that. The ACT Skills Commission has made a number of recommendations. It has been very difficult right across Canberra—whether you are a commonwealth government employer, a law firm or a builder—to get the right kind of people here. The fact that significant resourcing has gone into that is very welcome. The other thing—

MRS DUNNE: Is housing affordability a turn-off for people coming to Canberra, in your experience?

Ms Carter: Yes. Housing affordability is a problem right across Australia. It is a problem in Canberra; currently we have the third highest median house prices in Australia. While we have relatively high incomes and salaries here, when you are moving from somewhere else and you have not got that income yet, it is a difficult proposition to come at a very expensive house. Is the cost of housing in the ACT a barrier to people coming here? In our opinion, yes, it is. But, to credit the government, they are doing quite a lot about it by opening up land releases and so on. There have been bottlenecks in supply in the past couple of years; the government is working to address that. I guess we will see the outcome of that—not very quickly, but probably in the next couple of years. That is an important component as well.

Mr Wheeler: Can I answer that question as well, Mrs Dunne? Being an employer in the city, we, too, have a skill crisis in our industry, the legal industry. When we seek to employ young people that come to Canberra, one of the things that they have made comment to us about is how expensive it is to rent here. We in Canberra have, I think, the second highest median rental prices after Darwin. It is more expensive than

Sydney and Melbourne. Whilst our salary levels are in comparison to Sydney and Melbourne, across the board, for younger people, our cost of living is in some cases higher. So it is a difficult thing.

Catherine has mentioned that the government's housing affordability strategy is a step in the right direction, which it is. But we also need there to be a proper mix of density aspects rather than suburban sprawl for our land release. What we are seeing is potentially an inclination to just continue the sprawl. That does not help our affordability issue, nor does it help the sustainability issue of providing infrastructure which is within people's means and supporting it—public transport, water, the whole lot.

Ms Carter: This goes to why we regard it as so important that there is an infrastructure plan. If there was a plan that identified settlement patterns—where people are going to live, employment, where they are going to go, as they have done in south-east Queensland, with a 20-year infrastructure plan that sets timetables and financing, and has details about where people are going to live, what their activities are going to be and so on. This is all part of the mix. We could speak about this for many hours, but it is probably not the focus of what we are talking about today.

THE CHAIR: Thank you very much, Ms Carter and Mr Wheeler.

Ms Carter: Thank you.

CRAZE, DR LEANNE, Policy Consultant, Mental Health Community Coalition

THE CHAIR: I welcome to the estimates hearing our next witness from the Mental Health Community Coalition, Dr Leanne Craze. Dr Craze, you have read the yellow privilege card, I believe?

Dr Craze: Yes.

THE CHAIR: Do you understand the privilege implications contained in it?

Dr Craze: Yes, I do.

THE CHAIR: Do you want to make some opening remarks?

Dr Craze: Committee chair and members of the committee, I would like to thank you for the opportunity to appear today and present some information and views on behalf of the Mental Health Community Coalition of the ACT. Firstly, I will address initiatives that the coalition welcomes in the budget, and then I will draw the attention of the committee to initiatives that the coalition would have liked to have seen in the budget.

The Mental Health Community Coalition of the ACT, the peak body for mental health in ACT, welcomes many of the initiatives announced in the 2008-09 ACT budget. The coalition is pleased that the government has delivered on the long overdue redevelopment of the psychiatric services unit at Canberra Hospital, which will offer improved treatment and care options for people experiencing acute mental illness. But the coalition at the same time asserts that more community-based services are necessary to support in-patient initiatives.

Of the measures welcomed by the coalition, I have already mentioned the \$23.6 million for the adult mental health in-patient unit. A further measure is the \$11.16 million over three years for the secure adult mental health unit. This budget will fund the construction of a 15-bed secure unit at the Canberra Hospital. There will be \$2.1 million over two years for the mental health assessment unit. The design and construction of a short-stay mental health unit that will deliver assessment and treatment, as well as providing an alternative environment to stabilise and discharge clients is very welcome by members of the coalition. There is also \$775,000 for the mental health young persons unit. Similarly, this forward-thinking design of a 20-bed in-patient mental health facility for young people aged 13 to 25 at Calvary Hospital is long overdue, in the coalition's view.

It is imperative that the government maintain communication with all key stakeholders, particularly consumers and carers, to ensure that all of these new in-patient facilities meet the needs of people experiencing mental illness, and their families and carers, and that the facilities reflect best practice and modern knowledge. A further initiative welcomed by the coalition is \$8.45 million over four years for mental health growth and promoting recovery. This initiative addresses identified needs in mental health by enhancing community sector services. Of this funding, around \$2 million is designated for service development within the community mental health sector.

The coalition is disappointed that housing support and other vital psychosocial support programs have not received attention in the 2008-09 budget. The ACT government needs to continue to invest more in these community-based service areas. Adequately funded mental health, housing support and community rehabilitation programs, which I will discuss shortly, prevent crises, avert homelessness and, importantly, reduce the demand for high-cost acute in-patient services. They also assist to promote wellbeing and recovery.

Community-based services are at the core of any comprehensive framework that adequately supports people to recover in the community. If the government is committed to a significant reform program that will meet the needs of people experiencing mental illness and their families and carers in the ACT, increasing community mental health funding to at least 30 per cent of the total mental health budget by 2012, in the coalition's view, is necessary.

Other much needed service developments recommended by the coalition include some of the following initiatives: initiation of a transition to community living program for forensic mental health clients and others in need of secure care—an in-patient unit by itself will not assist these people to return to the community and to remain free of the need to return to a secure facility; introduction of a program of individual care packages to support community integration, particularly for those with complex care needs; establishment of an extended hours program for a range of existing community mental health services that currently have restricted hours of operation; and strengthening of non-hospital-based acute care options through provision of an additional adult-focused step up, step down program.

Then we ask the committee to consider the ongoing development needs of the community mental health sector, which needs to play an important role in service delivery in the ACT. In particular, we would like to see the implementation of a community mental health sector development strategy to enhance infrastructure funding and projects targeted to the development of a reasoned core pricing service funding model and which assist to address parity and equity issues, and the establishment of a community mental health service improvement program that will help the sector to develop agreed service standards, outcome measures and agreed service evaluation strategies. These measures in turn will assist ACT Health and other ACT government departments with knowing that they are getting value for money from the community sector.

Lastly, we would like a pilot project to enhance the capacity of the community mental health sector to establish care coordination partnerships and protocols to ensure that people receive the right care at the right moment and that there are no wrong doors for people seeking assistance.

THE CHAIR: Thank you very much, Dr Craze. Do you want to table that statement?

Dr Craze: Would you like me to email it? I obsessively worked on it whilst I was sitting down, and it has a lot of scribbles.

THE CHAIR: That is fine; thank you very much. The secretary will make sure that

you have got the right email address.

MS MacDONALD: It would be good to have it. Even though we do get it in *Hansard*, it takes a few days for the *Hansard* to come back.

Dr Craze: I will go back to the office and make the changes.

MR SMYTH: I walked in just as you were mentioning the percentage of budget that mental health is usually funded at. What percentage was that?

Dr Craze: We have suggested bringing that percentage into line with OECD standards of 30 per cent.

MR SMYTH: 30 per cent of what?

Dr Craze: The mental health budget.

MR SMYTH: So community funding at 30 per cent of the mental health budget. Do you have a recommendation for what the mental health budget should be as a percentage of the entire health budget?

Dr Craze: I think around Australia the response to that or the wisdom is at least 13 per cent.

DR FOSKEY: I think the ACT government is tracking towards 12; is that right?

Dr Craze: Yes.

MR SMYTH: The notion of a step up, step down facility, what were you specifically looking for there?

Dr Craze: There are two already funded by ACT Health, and these have been measures that the community sector has been recommending for some time. Of the two services that are funded, one is for youth, and we believe that that is the first of its kind in Australia, and the second is for adults, which has just been funded. The purpose is to enable people who do not necessarily need acute care in a psychiatric in-patient facility to step up into more care and supervision. Also it enables people who are being discharged from hospital care to step down into a supervised and safe environment, if necessary.

MR SMYTH: And how many beds would you propose are needed for that in the ACT?

Dr Craze: I think it would be good to have at least another 10 to 12 beds for adults, in a different geographic location.

MRS DUNNE: So that is on top of the ones that have just been funded?

Dr Craze: Yes. We think that the investment at that end will assist with a whole lot of wellbeing indicators but also reduce the need for in-patient care.

THE CHAIR: Dr Foskey, what is your question, because we need to go quickly.

DR FOSKEY: Thank you very much, chair. Do you think that the government gets it when you talk about the need for community support for mental health for people with a mental illness who are living in the community, and do you feel that programs are being rolled out that are taking us in the direction that we need to go?

Dr Craze: I think that governments around Australia are increasingly coming to understand that the majority of recovery occurs in the community and that most people with mental illnesses are living in the community. With that growing understanding there is also, I believe, a growing understanding of the types of services that are needed. It is one of those areas in which continual discussion and engagement is needed and a continual investment as well.

DR FOSKEY: Do you feel that the government is on the way?

Dr Craze: We think that over the last few years there has been a significant improvement in the funding of community mental health services. We would like that to continue and to continue to be targeted as well.

THE CHAIR: Thank you very much, Dr Craze, for your time here this afternoon. I am sorry it has been so brief. It is a matter of trying to hear from as many community groups as possible.

BOTHROYD, MS JOSEPHINE, Member, Health Care Consumers Association
McGOWAN, MR RUSSELL, President, Health Care Consumers Association
STEVENS, DR ADELE, Member of Executive Committee, Health Care Consumers Association

THE CHAIR: I would like to welcome the Health Care Consumers Association to this hearing of the estimates committee. Have you all read the privilege card?

Ms Bothroyd: Yes.

Dr Stevens: Yes.

Mr McGowan: Yes.

THE CHAIR: Do you understand the privilege implications?

Dr Stevens: Yes.

Ms Bothroyd: Yes.

Mr McGowan: Yes.

THE CHAIR: Do you want to make an opening statement? We only have 15 minutes.

Mr McGowan: Yes, I understand. I will try and make a quick opening statement.

THE CHAIR: That will leave more time for questions. That would be good.

Mr McGowan: The Health Care Consumers Association notes the major commitment in the budget to the planned development of a better capital asset base for the provision of health services in the ACT. The movement towards an identified women's and children's precinct at the Woden site and additional capacity for surgery and follow-up at both the Woden and Bruce sites are seemingly based on sound projections of clinical services demand being likely to peak over the next decade or so because of predictable increases in the impact of diseases amongst my generation—the baby boomers.

A substantial new building with state-of-the-art acute care beds at the Woden site makes sense as a way to meet this need, and we, the health care consumer community, look forward to participating in the specification of these facilities to ensure that they can better meet our acute care needs than the current buildings and service. Complementing this major tertiary service with an appropriate range of services on the Bruce site delivered by Calvary is also sensible, rather than trying to duplicate all of the services northside and southside. However, looking to the future, we also see the need for more resources and capital to be put into preventive health care via new ambulatory care clinics dispersed throughout the whole ACT community.

We welcome the development of the new community health centre at Gungahlin and note that it needs to be resourced to do more than what is currently done in such other

centres around Canberra. Whether you call it a super clinic, a polyclinic or whatever, it needs to have a wider range of services available to the community which are more readily accessible than just outpatient clinics at the hospitals. This may lead to changes in workforce design, designation and work practice. For example, having primary care centres staffed by nurse practitioners backed up with referral mechanisms to private sector general practitioners makes a lot of sense. We are pleased to see that this is given some support in the current budget.

As we invest in new health infrastructure, we need to remember to use more up-to-date information technology and information management techniques, as I pointed out when presenting to the budget estimates committee last year. It is essential that we network current health facilities to better share diagnostic images and medication records electronically and integrate these services better across the range of health facilities. We are pleased to see provision in this budget for digitised breast screening imaging, but we would like to see more of these sorts of initiatives rolled out sooner rather than later.

We support the commitment to build better in-patient psychiatric services, which you have just been considering. It seems that the budget has finally provided around \$40 million to fund the adult mental in-patient unit, the secure unit at the Canberra Hospital, and additional money for assessment units and the planning of an adolescent mental health unit on the Bruce campus.

We accept that models of care to be used in providing these services have been the subject of careful consideration and engagement of the consumer and carer community, who are the end users of these facilities. The principles involved need to carry over to other areas of planning for health services, especially around chronic diseases, to ensure that the services provided in community settings are according to community demand and endorsed levels of need.

The comprehensive consumer and carer participation framework, which is in development, needs to be utilised wherever possible, and we note that the first application of the principles it contains will be in the further development of plans for the development of the major capital assets in the territory. We note that there has been no apparent commitment of additional funds on a number of minor programs that we have had an interest in over the years, including dental health programs, which essentially just provide dental health care to some children and fewer adults, principally only those with current ACT or Centrelink concession cards. This does nothing to address access by other low-income consumers who cannot afford private dental health care, and we stress the need to address this in negotiations with the commonwealth around the new health agreements.

Similarly, older patients in acute and subacute rehabilitation units need better access to health care in community settings, including residential aged care. We implore the ACT government to make some budgetary provision or to include this in AHCA negotiations as well.

In summary, while we welcome the capital development initiatives in this budget, siting accessible ambulatory care centres in the community and providing more intermediate-level care will continue to be an important aspect of improving consumer

health outcomes, and attention will need to continue to be given to the mix of workforce and programs that ACT Health has at its disposal, as well as just boosting the facilities.

THE CHAIR: Thank you very much. Are there any questions?

MR GENTLEMAN: Yes, chair. Thanks very much for coming in this afternoon. In your opening remarks you gave some commentary on IT networking capabilities between health services, and you mentioned imaging. Do you have any remarks regarding at-home monitoring and electronic consultation?

Mr McGowan: Yes. We believe that a lot of the technology is now available but has yet to be implemented. Part of the problem is that there is a mixture of public healthcare providers and private healthcare providers. Protocols for the sharing of information need to be developed as well as protocols to protect the privacy of that information on behalf of the individual consumers. We do not believe these problems are insurmountable, but there needs to be a lot more attention paid to it and possibly more resources devoted to it. We would certainly like to see that given a higher priority.

MS MacDONALD: Is there an issue with cost regarding access to those at-home type monitors?

Mr McGowan: I am sure there is. They are not universally provided. There are some mechanisms in place, but I am sure they are not part of a standard equipment hire service. Adele, you have had a little bit to do with that.

Dr Stevens: I had a little bit to do with the development at the federal level of electronic prescribing and use. Although this is a good idea, I think that in the ACT it would be better to develop some of the things that we have already been trying to do, such as electronic prescribing and some of the other basic things, before we get to something like home monitors.

MRS DUNNE: Walk before we can crawl?

Dr Stevens: I think it is a bit further down the track. If we can do the things that we are starting to do and wanting to do now, that is probably more important.

MRS DUNNE: Mr McGowan, you talked about what you saw as the importance of ambulatory care facilities. Could you describe what you envisage in ambulatory care facilities?

Mr McGowan: A range of services beyond just the basic primary healthcare services, like GP, wound management, physiotherapy and the like. It might include infusions, where people are required to come in regularly for infusions for whatever purpose, and possibly even dialysis. There are already some satellite dialysis centres, and dialysis is capable of being done other than on hospital sites. It needs supervision by people who understand what is going on, but it is a more routine thing and it can be done in a range of settings. It also needs diagnostic equipment, so rather than having all of your X-ray machines and other diagnostic services located just at the hospitals,

you could have it at some of these clinics, so that people can actually access these diagnostic images on the spot. But if you do not have the information management techniques and the ability to share those images across sites, it becomes less effective.

MRS DUNNE: Also, on the subject of what your vision might be, there is very little information in the budget about what the women's and children's precinct might entail. Have you been in discussions about what that might entail?

Mr McGowan: As you would be aware, there is a separate precinct for a paediatric ward at the Canberra Hospital—PaTCH—which is in the main building, whereas the obstetric services are in a separate building. Having those two services integrated is a model that is employed elsewhere. From what we have seen so far, there seems to be the capacity to do that by the construction of another minor building on the TCH site, at the same end of the building where the current obstetric services are located.

MRS DUNNE: Maternity services?

Mr McGowan: Yes.

MRS DUNNE: So that would essentially free up two floors in the tower block for some other purpose?

Mr McGowan: It would free up space within the overall campus. The modifications that would be necessary on the site would be more than just adding other wards to that tower block. The redevelopment of building 3 is an essential part of any redevelopment of that Canberra Hospital site.

MRS DUNNE: Would you envisage—and I have a conflict of interest here, chair—if that were to happen, and if there was a women's and children's facility, that the adolescent ward would go there as well?

Mr McGowan: Not necessarily. Adolescent wards are a quite distinct thing. I understand there are a couple of beds allocated within the hospital for adolescent care, but not a whole ward at the moment. I may be wrong.

MRS DUNNE: It varies from time to time.

Mr McGowan: We have already talked about the adolescent mental health unit perhaps going to the Bruce site rather than to TCH. Whether it belongs in the women's and children's precinct needs to be looked at.

DR FOSKEY: Are you in touch with the Maternity Coalition with respect to the more standalone maternity services—home births and so on? Do you receive representations from them, and do you think there is any scope in the women's and children's facility to develop those services?

Mr McGowan: Within the Health Care Consumers Association there is a dialogue with the Maternity Coalition. Yes, we are aware of a requirement for a range of services, but there is also a need for specialist services within the unit of the hospital. That is why we support the extension of that precinct and the development of a critical

mass of activity within there to ensure that they can staff it adequately to cope with the less common problems in birthing. But that is not to say there is not a role for other forms of supporting birthing, including community-based programs, community midwives and the like. We are not specifically addressing that in what we see at the moment, but we are not opposed to the further development of that, provided safety and quality standards can be met.

DR FOSKEY: It is my impression that the health area of the budget is one of the areas in which there is a forward vision and that the government is rolling out things that make sense in a coherent way rather than having a bit of this and a bit of that. Could you comment on that and indicate whether you have been consulted and still are being consulted in the development of that forward program?

Mr McGowan: We are not fully satisfied with the amount of consultation there has been, but I cannot say there has been none. You would be aware that there is in the ACT a health council and that there are consumer members of that Health Council, as well as clinical members and NGO members. People from that council, including myself, have been party to the development of these forward plans, which are based on modelling of future clinical needs. It seems to be quite soundly based, as I said in my opening statement.

However, there were constraints on the extent to which we could discuss these developments with the broader consumer community, in my case. I would like there to be a commitment to a broader systematic consultation. You do not want to release information that is half-formed and get negative reactions to things that are not set in concrete, but you do want to bring the community along with you and you want to satisfy community expectations as well as just those that are most convenient for the government and health bureaucrats to deliver.

THE CHAIR: The Health Council is a peak body, not a consumer group; is that right?

Mr McGowan: It is a ministerial advisory body.

MR SMYTH: I note on page 3 of your submission, under “Priorities for health spending” you say that large injections of funds be implemented at various levels of primary health care to alleviate chronic conditions and cut down on the number of people ultimately requiring acute care. Have you costed what “large injections” means?

Mr McGowan: No, we have not. We do not have the economic capacity to do that. If you have spent your money on building a tower block in a hospital and you do not have money available to provide services elsewhere, it makes it much harder to deliver those services elsewhere, other than rudimentary ones.

MR SMYTH: So prevention is better than cure?

Mr McGowan: There is lots of evidence around on that, but in terms of the quantum of money that have to shift out of the acute care sector and, indeed, the types of service that have to move out of the acute care sector, it will vary from place to place.

It is part of a much more widespread healthcare reform process that we are going through nationally through the National Health and Hospitals Reform Commission.

MR SMYTH: But from this we can conclude you do not believe the government is putting enough into primary health care, particularly health promotion and health prevention?

Mr McGowan: We are concerned that their eye will be taken off the needs in that area because of their concentration on the needs in the other area, and that all of their resources will go into satisfying what we accept is a real need—to build new acute care beds. We do not want to see that done at the expense of concurrent development of the primary healthcare services.

THE CHAIR: Thank you very much, Mr McGowan, Dr Stevens and Ms Bothroyd.

TURNER, MR TIM, President, Volunteering ACT

THE CHAIR: Thanks very much for appearing before us this afternoon. Sorry it is a bit like a conveyor belt this afternoon. I apologise. You have read the yellow privilege card?

Mr Turner: Thank you, I have.

THE CHAIR: Do you understand the privilege implications that are contained within it?

Mr Turner: Yes, I do.

THE CHAIR: You have got 20 minutes. I am letting you know that in terms of keeping to schedule. Would you like to make some opening remarks; then we will throw it open to members to ask questions?

Mr Turner: Thank you. I have prepared some speaking notes to make sure that I can cover the points.

THE CHAIR: Do you want to table those afterwards?

Mr Turner: I am certainly happy to. I can provide electronic copy at a later time.

THE CHAIR: Thank you.

Mr Turner: For those of you who do not know me, I am the President of the board of Volunteering ACT. I am here in a voluntary capacity, representing Ms Lorraine Higgins, the CEO of Volunteering ACT, who sends her apologies to the committee. I would like to start by thanking the committee for the opportunity to address it on the matter of how the government might continue to support and improve its support of volunteering in the ACT.

I would also like to acknowledge the generous support that was provided in the last budget for our program, SPICE. We feel very strongly that this program is making a significant difference to the school retention of children at risk. This has two benefits: increasing the average educational standard of our future workforce and reducing the potential for at-risk children to take to crime and enter the criminal system. The government's commitment to the program is strongly representative of its ongoing obligations under the Canberra social plan.

Volunteering ACT provided a submission on the last budget, and the matters contained within it remain relevant. I will not address those matters here today. In fact, without wanting to appear as if I have arrived with a shopping list, I have only four matters to present to the committee. They are: re-energising the agenda for volunteering, supporting necessary infrastructure for the connections program funded by ACT Mental Health, supporting the reintroduction of our SHINE program, and enhancing support for Volunteering ACT as the peak body for volunteering in the ACT and surrounding region. I will now briefly address each of those points.

Volunteering ACT was proud to be associated with the development of the agenda for volunteering 2003-2007. However, since its development and launch, little traction has been maintained in delivering on the agenda, and it has not been reviewed or updated even now that it has lapsed. Frankly, this can be put down directly to a lack of funding to support the work needed. This is not to say that nothing has been achieved; rather, the agenda did not achieve all that it could have.

We recommend that the government consider funding the necessary research and investigation to review and re-energise the agenda for a new period, say, 2008-2012, in conjunction with funding to support the implementation of the updated agenda that results. Without proper research, relevant strategies for improving the facilitation of volunteering in a changing market of volunteers and voluntary service recipients cannot be developed. Without funding the implementation of the agenda, we cannot hope to truly achieve the possibilities it would reveal, as the experience with the first agenda shows.

Volunteering ACT has been running the connections program for Mental Health ACT for some years now. It provides valuable opportunities and support for people with mental health concerns. A crucial part of this program is the vehicle that Volunteering ACT leases to collect and transport members and volunteers to and from events. The car we are currently leasing is at the end of its life, and the program does not contain funds for a new vehicle. Without the vehicle, the program will be severely restricted and may become impractical altogether. We ask the government to fund the acquisition of a new 12-seater vehicle for use in the connections program. This represents a request in the order of \$50,000.

Two years ago, Volunteering ACT acquired seed funding from the IMB Foundation to launch its SHINE program. SHINE stands for students helping in new environments. The idea is to offer volunteering opportunities to children in high school in conjunction with the normal school curriculum. The program teaches students the value that they can contribute through voluntary work and engenders a sense that such contribution is normal, acceptable and easy to do.

The program was very well received by schools and students alike. However, we have been unable to secure any further funding for the program and it has lapsed. We asked the government to agree to fund that program. I am unable to advise the committee on the exact amount that this might represent, but I can certainly provide a detailed program submission with a budget if the committee requests it.

The final matter we wish to raise with the committee is that of funding of Volunteering ACT as the peak body for volunteering in the ACT and region. Some five years ago, our funding as the peak body was reduced from the then level of \$100,000 a year to \$50,000 a year. It has only increased since that time in line with the CPI.

I was on the board at the time of that reduction. I can assure the committee it was a matter of grave concern to us then, and it remains so today. Although the staff at Volunteering ACT do exemplary work and maintain a very high standard of service to our members and the broader community, we have been hamstrung since that time by the inability to properly remunerate our paid staff and to maintain an appropriate level

of staffing.

Demand for our services is constant and heavy. Servicing a demand, maintaining a suitable profile in the network of community and government organisations with whom we interact and managing the day-to-day operations of our organisation are already overwhelming our staff, many of whom are only paid for part-time work and yet constantly give voluntary time to exceed a full-time work load.

As the ACT is the highest volunteering community in Australia, having a peak body for volunteering that is already overwhelmed, when we are trying to encourage greater involvement and recognition, is clearly undesirable. We ask that the government consider, at a minimum, reinstating our earlier level of peak body funding, suitably adjusted for CPI increases since the funding was cut, so that we can establish a suitable level of staffing and facilities to properly support the vibrant ACT volunteering community. Thank you again for the opportunity to present these matters to the committee. I am happy, of course, to take questions.

THE CHAIR: I might ask the first question. You said that we have the highest level of volunteering. Certainly my memory from when I was there was that it was the highest level of volunteering in Australia. You said that there is a need to increase the number of volunteers, and you said something about the changing market. I was wondering whether you could explain or repeat that a bit for us, please.

Mr Turner: Certainly. To explain the increased need for volunteering, it is as much a matter of maintaining in people's minds the idea that we are not yet doing enough, even though we may be doing more than anyone else, and that there is plenty more to do. There are plenty more opportunities for people to volunteer, and that segues into the idea of the market for volunteers and voluntary recipients.

The kinds of people who are looking for voluntary services—"who are the recipients of services customarily provided by volunteers" is probably a better way of saying it—are changing. The demographics are changing. It goes to an ageing population; it goes also perhaps to a slightly more isolationist view of the way our society lives—more and more small families, single parents and just plain singles rather than perhaps the former idea of larger families and clans.

I do not want to overplay that, but there are demographic changes going on, not the least of which is the increase in the age of our population and its continuing increase. They are requiring different types of services that volunteers might be able to participate in contributing to or delivering, without necessarily reducing the current level of services that are being provided by volunteers.

The other side to that is the demographic changes in our volunteers. We are moving into circumstances where, particularly those groups in the population who are labelled gen X and gen Y have very different views about the way they want to perform their work and, indeed, to volunteer. The simplest example is: the baby boomers and the generation before them were quite content or felt it was quite normal to make a voluntary service contribution on a regular basis—let me say, for instance, a Thursday morning or a Friday lunchtime or a Saturday afternoon. They would dedicate that time over a long period to deliver services. That can be very, very convenient for those

services that are required to be delivered on a regular basis.

However, the indication from the research that I have read is that gen X and gen Y are not quite of the same mind. Their view is that they are prepared to provide voluntary contributions—and they are very keen to, often—but they are much more project oriented, if I can use that term. They are very much more prepared to say, “I’ll give you this weekend, this year. I’ll do anything you want me to do. It is on this weekend.” And that can be very limiting for those organisations that are looking to deliver a consistent service.

With those kinds of changes, both in the nature of the services that are needed to be delivered and the people who are delivering those services, we are uncertain that the old model, as it were, the established model of volunteering, has got sufficient energy in it to make sure that it is going to be able to make the contribution that it has.

Without conducting some fairly detailed research into exactly whether those opinions that I have just offered you are an accurate reflection of our society, it would be hard to then develop strategies for how to make these things work. That would be what we would look to do as an initial part and a crucial part of reinvigorating the agenda of volunteering, trying to make it relevant to the people who are receiving and the ones who want to give.

MR GENTLEMAN: Firstly, can I thank you for coming in and congratulate you on yesterday’s event at the Hotel Realm; it was a fantastic opportunity to catch up with all the volunteers. I just wanted to go back to something in your opening remarks regarding a leased vehicle that you were looking for. You mentioned a figure of \$50,000. Are you talking about over a period of time, say, three or four years, or are you just looking at upfront costs for a vehicle?

Mr Turner: My understanding is that the \$50,000 would cover the cost of the vehicle for the period of time that we would lease it. To be honest, I am uncertain of exactly the administration of that. I am more than happy to provide additional details. I do not have them.

THE CHAIR: Could you explain to the committee what the vehicle is used for? You did talk about events, but I am not quite sure what that means.

Mr Turner: The connections program is primarily a mechanism of volunteers being able to assist people with mental health illness, primarily to interact with society and get out of the house and get amongst the world. An important part of that is that many of the volunteers who are helping are actually mental health patients themselves. That has been a really important and successful part of the program.

What that involves primarily is then collecting the people who are receiving the services of the program. We have been using a vehicle to do that. It is a minivan that seats about seven, I believe, at the moment. It was leased as part of the original program funding. It has come to the end of its lease.

The program is now so successful and running with so many participants that we actually need a larger vehicle, in the 12-seater range. My understanding is that there is

no further funding in the program. Whether it is a lease or a purchase, I am afraid I cannot identify to you immediately. I am happy to provide that additional information. The car is simply used to collect people so that we can make sure that the participants in the program get safely to, for instance, coffee groups or craft activities or are taken out on picnics if the day is good enough, which are all part of the process of that program.

DR FOSKEY: Do you provide services to the ACT or federal government in any way by, for instance, liaising with and providing volunteers for government programs? Excuse my ignorance here, but are you part of the unemployment/volunteer work program? If you are, would you please explain whether it is a contractual arrangement and how it works for you?

Mr Turner: Certainly, to the extent that I can do so, I will. Volunteering ACT, through Volunteering Australia, the national peak body, is funded as part of what was then the voluntary work initiative, where we provide referral services to people who are referred to us from Centrelink as part of seeking voluntary work as part of their work for the dole obligations. My understanding is a little shaky on this. My understanding is that that program has wound up now—that specific program and that funding have wound up—but we have certainly been providing those services to date. The alternative is that we have just been told that we have been re-funded for it and will continue to be so. I am sorry, I have two acronyms in my head and I cannot remember which one I was told we were funded for the other day.

The other thing that might be applicable here is that Volunteering ACT is funded to provide training and support in what they call a volunteer manager's program, where we literally provide training opportunities and other support to paid staff in organisations, which include government organisations, who manage volunteers, so that they understand what some of the principles are in managing voluntary work and how to deal with volunteers as well, because it is a slightly different approach than managing paid staff. In both those two ways we have been involved in government programs in that regard.

THE CHAIR: Could you explain to the committee what the SHINE program was trying to achieve? How many young people were involved in that program?

Mr Turner: The initial program that we ran for a year on the IMB funding involved three schools, by the time it had finished. Off the top of my head, I seem to recall we had of the order of 120 students participating. That would be approximately 40 from each school. Those schools had in their curriculum what constituted virtually a work experience-type class. That involved also voluntary work. We connected with the teachers that were delivering that program and assisted them in getting voluntary opportunities to the kids so that they could actually participate in voluntary work, particularly in helping them find stuff that they were interested in rather than just the first things that could be found for them.

One of the things that we have learnt, particularly through the SPICE program, too, is that, when you are assisting young children to volunteer, it is really important to stay in their interest area, otherwise they simply do not participate. The SHINE program ran for a year. It literally incorporated into the curriculum in the schools. Our role was

to coordinate between the teachers and those opportunities that were available out in the community for volunteering. We provided workbooks for the students, who could then complete, essentially, a journal of their volunteering experience.

As I say, it was very well received by the schools. They particularly found advantage in our being able to help them connect to students with voluntary opportunities and all the students really liked it as well. Unfortunately we were unable, although we did try, to get additional funding for that program and the IMB funding was deliberately a seed funding; it had no ongoing nature.

THE CHAIR: Are you aware whether this type of program is offered in any other jurisdiction in Australia?

Mr Turner: I am not aware of that, no. I cannot say for a fact that is not, but I am not aware of it.

THE CHAIR: And it is a different target group and different program to SPICE?

Mr Turner: Absolutely. SPICE is very much for children who are at risk, those children who, in their year 9 and year 10 school careers, are in danger of not completing. We are assisting them directly with work experience to re-establish their self-esteem and re-establish their connection with the value of school work for their future. The SHINE program is aimed at a much younger timeframe, in the year 6 group.

THE CHAIR: Primary school?

Mr Turner: Primary school and, if not primary school, in the first year of high school, in an effort to get young kids—nothing to do with their educational ability—invigorated with the idea of volunteering. We start early so that they think about these things as normal and routine, going forward.

THE CHAIR: Could you tell the committee the percentage of young people that actually stay with the SPICE program, the success rate or otherwise? Of those that go in, what is the percentage that actually completes their programs?

Mr Turner: Certainly. We are very proud of having an extraordinary success rate in the sense that, of all of the students that we have had enrolled—and we are up to over 250 this year, for instance—over the four or five years we have been running the program, we have never had fewer than 96 per cent of them finish the group. My understanding is that, of all the students that have been through SPICE, all of them—I am sorry, there may be one or two; one or two out of something like 600 students—have stayed through to the end of year 10. That is a tremendous value. I cannot say that they would not have done so, but they have absolutely done so.

There is a lot of positive feedback from teachers, from parents and from the students themselves that they are re-connected with their schooling and they understand now the point. That has got to be seen as a positive thing.

THE CHAIR: We heard, I think it was on Friday when the Treasurer was appearing

before us, about a new program to do with some group insurance programs that the government was working on introducing for not-for-profit groups. Are you familiar with that? It might be something that Ms Higgins may need to address for us.

Mr Turner: I do know that Volunteering ACT has worked with the primary insurer of voluntary organisations or volunteering involved organisations in the ACT to get as good a rate as we possibly can for insurance for volunteering organisations. I also know there is now a product offered where groups of volunteering involved organisations can be insured as a group. They share the premium because the risk is seen to be essentially shared by them all.

One of the criteria for that is membership of our organisation. Primarily, for the people who wish to access the group insurance offered by this insurer, if they are members of our organisation, then that gives them the step that they need to be able to access that group insurance. Whether that was the specific example—

THE CHAIR: It sounds like it. It sounds like what he was mentioning.

MR GENTLEMAN: Was it a much reduced premium?

Mr Turner: Absolutely, on a per organisation basis.

THE CHAIR: Thank you very much for appearing before us. I am sorry that the time has been so limited. If you would like to get that statement via email to the secretary, we would be really grateful.

Mr Turner: Certainly.

THE CHAIR: Thanks for appearing before us this afternoon.

Mr Turner: Thank you very much, Madam Chair. May I also thank Mr Gentleman for attending yesterday, because I did not get a chance to do so while he was there.

MR GENTLEMAN: It was very enjoyable.

Mr Turner: I appreciate your attendance. Thank you again.

Meeting adjourned from 3.15 to 3.30 pm.

FAULKS, MS CHRIS, Chief Executive Officer, Canberra Business Council

THE CHAIR: Ms Faulks, you have read the privilege statement?

Ms Faulks: I have.

THE CHAIR: Do you understand the privilege implications within it?

Ms Faulks: I do.

THE CHAIR: Would you like to make some opening remarks?

Ms Faulks: I will keep them brief. It is sufficient to say that the Canberra Business Council made a submission to the government for the ACT budget in October last year where we outlined a number of recommendations on behalf of businesses in the ACT and our 35 kindred organisations.

We were happy with a number of measures that were announced in the budget, particularly around building the future. Obviously, a number of the initiatives were ones that we had recommended, sometimes for a number of years; for example, the increase in the threshold to the payroll tax. We were very pleased with that. Obviously one of our projects at the moment is to investigate a new convention centre for Canberra, so we were very happy with the \$250,000 for the new convention centre trust.

There are a number of other measures, which I am happy to answer questions about, that we were very happy with, particularly around the skills shortage and also around infrastructure. We did have a couple of concerns primarily around the capacity of the government to deliver the breadth of the initiatives in the budget. That was around the fact that we have a skills shortage in the ACT, but I am happy to answer any questions apart from that.

THE CHAIR: Thank you very much, Ms Faulks. Mr Smyth?

MR SMYTH: I notice in your submissions to the budget that you had five major recommendations. Are you happy with how they were addressed or is there more work that needs to be done?

Ms Faulks: Certainly. The first one was around taxation. We would still like to see the revenue base of the ACT broadened. We have been saying for some time that it is too heavily dependent on property taxation and the growth in the federal public sector. That is wonderful while both of those sectors are booming, but the Canberra Business Council would like to see some of the peaks and troughs in the revenue of the ACT smoothed out. That was not apparent in the budget. However, we were very happy with the payroll tax initiative.

In terms of tourism, we were happy with a number of the tourism initiatives. We would have liked to have seen a little bit more go to Tourism ACT, but, apart from that, the money that was directed to tourism is good. Our third priority was support for

business innovation. We were very happy to see that that had been reintroduced. We were quite outspoken when the former program was cut, so that was good.

The population strategy: again, the initiatives in the budget supported our recommendations, which were primarily about the fact that the skills shortage in the ACT is not just about a skills shortage but about a population shortage. We need to do whatever we can to encourage interstate and international migration and participation by those sectors of the ACT workforce that are not engaged at the moment. The new convention centre got up, so, out of the top five, on the whole and on balance, we were happy.

MR SMYTH: How important is the ability to deliver the capital works program? It is all well and good to have a long list and a big number, but is the business council of the opinion that it can be delivered, or is there something that is required to make sure it is delivered?

Ms Faulks: The delivery of the capital works program, as far as the council is concerned, is the same as for most of the business in the ACT—it is constrained by the fact that we do not have enough skilled workers in the ACT. When I move around business that is the key message that comes across time and time again—they cannot get workers to perform the duties that are required now let alone to grow their business. We see that as the primary constraint on the government's capacity to deliver its capital works infrastructure program.

THE CHAIR: Ms Faulks, you said before that you think that is a population problem rather than a skills problem, if I heard you correctly—correct me if I am wrong. Is that true of the whole of Australia, because it seems to me that the skills shortage is across Australia?

Ms Faulks: That is true. The reason the Canberra Business Council has taken that position is that we believe that the education and training institutions in the ACT are of such a calibre that we can train the population if we have them. The problem is that there are not enough people here to fill the vacancies that are currently in both the public sector and the private sector workforce.

We would see the first step, the threshold issue if you like, as to attract people to come to Canberra to work, because we are confident that the institutions here can train them when they come. Obviously there are some issues around apprenticeships and VET training, but we have exceptionally good institutions for training and for skilling people, so it is really a population issue first and foremost.

MR SMYTH: As a supplementary to that, is the council recommending a number and a target date by which we reach that number?

Ms Faulks: We have not chosen a target at this stage. We are aware, and you would be aware, that one of our kindred organisations, the Property Council, has set it at 500,000. We have not endorsed a particular figure at this stage. We are simply saying that there are not enough people here working. We see the solution as not a single initiative but a basket, if you like, including re-engaging some of the mature-age workers and women who have had children—we must make workplaces flexible

enough so that they are encouraged to come back into the workforce—and then, of course, interstate and international migration.

MRS DUNNE: There are two things. On the subject of re-engaging people, does the Canberra Business Council have a view about engaging people who fall into the category of the 54-11s who find themselves forced to resign from the CSS because of their superannuation contributions?

Ms Faulks: We are supportive of the ACT government's program to encourage anyone who finds themselves out of work at the federal level to come across to both the ACT public sector but also the private sector. The council does not have a policy, but my personal opinion is that the federal government could do something, given that we have a skills shortage, to discourage, if you like, people from resigning at 54 years and 11 months, which is really quite young these days.

MRS DUNNE: That is one of the things. I have had discussions with people about how you get around that, and there do not seem to be any simple explanations. Some people use it as an opportunity to find a new or different career. What do you think employers, whether they be in the public sector or the private sector, could do to take advantage of a highly skilled group of people who are probably out looking for new directions?

Ms Faulks: One of the things that we supported in our response to the Skills Commission report was a detailed investigation of the people that exited the public sector at that time to see what their priorities are. For example, our anecdotal experience is that they do not want a full-time, very responsible job. That is a generalisation, but a large number of them do not. The answer to that is for the public sector and for the private sector to offer flexible work hours and positions. I think the private sector is coming around too, primarily because of the absolute need to attract and retain workers in the situation of a skills shortage. The same sort of flexibility is really what mothers returning to the workforce and carers when they have finished caring or when their caring responsibilities are easing off are looking for. They are all looking for that flexibility in the workplace.

MRS DUNNE: So it is an area which is being recognised by organisations across the community, not just the private sector organisations?

Ms Faulks: Absolutely. As I said, we would have liked to have seen one of the recommendations of the interim Skills Commission report taken up, which was basically that they do an investigation, a study, of those workers of that age so that we can find out definitely what they are looking for in the workplace and then work on that in the private sector and the public sector. With that evidence, you could actually design a scheme. That was not taken up in the final report, but it certainly is one of the things that we support.

MR SMYTH: In your submission on page 7, in paragraph (iii) you talk about the fact that the council believes the government should be more innovative in its approach to funding for long-term capital requirements. The specific recommendation is that the Canberra Business Council recommends that the ACT government instigate innovative financing arrangements involving the private sector, where appropriate, to

address infrastructure needs. These should include the use of the ACT's AAA credit rating to fund long-term capital requirements. I assume there you are talking about borrowing. Where does the council see the government going with this?

Ms Faulks: The council's position is that governments have been reluctant to borrow money for long-term large infrastructure projects. We saw that at the federal level with the high-speed rail where they really wanted it funded out of the private sector. When you are talking about very large investment in long-term infrastructure, almost inevitably it is not going to be viable with private sector funding in the short term. Where the council is coming from there is to encourage the government to look at more innovative mechanisms for funding over a long period of time where you, in fact, amortise the cost over successive generations of population rather than asking the current generation to fund a large project, and—

MR GENTLEMAN: Like the Sydney Harbour Bridge and the Snowy scheme?

Ms Faulks: Yes, exactly.

MRS DUNNE: That is not innovative; that is what we used to do, but we stopped doing it.

Ms Faulks: Yes. If you look at what is happening—I have not got the detail, but I would be happy to get the committee details—one of our members has just returned from the international high-speed rail conference in Amsterdam where all of the countries that have high-speed rail discussed their funding for those large and obviously very costly infrastructure projects. There were a number of very innovative ways of funding those, which we would encourage both the ACT government and the federal government to look at when they are looking at very large infrastructure projects.

MR SMYTH: So you can get that information provided to the committee?

Ms Faulks: Yes.

MR SMYTH: That would be great.

THE CHAIR: Thank you very much for that.

MR SMYTH: The issue of tourism you cover quite widely in your executive summary. How important to the business future of Canberra is the convention centre? Currently, how detrimental is Canberra's taxi service crisis?

Ms Faulks: I should say at the beginning that the Canberra Business Council was very supportive of the refurbishment of the current convention centre, so I need to put that as a basis. However, if you look at what is happening in virtually every other state in Australia and certainly overseas, the design and functionality of convention centres have gone ahead in leaps and bounds. The ACT is significantly behind the eight ball when it comes to that. The Canberra Business Council is not looking at a new convention centre as an end in itself, but, rather, as the mechanism to bring business tourism and other tourism to Canberra. I think you would be aware as much as I am

that, on average, a person attending a convention spends between \$500 and \$550 per day in places like hotels and restaurants—what we regard as business in the Canberra region.

MR GENTLEMAN: We do not get that much when we travel, though.

THE CHAIR: No.

Ms Faulks: We actually see it as very important to bring income into the ACT rather than just taxing the people that are here. You can bring revenue in by having a convention centre that functions well. I have to say that the proposal that the Canberra Business Council put forward for a convention centre trust is not to necessarily recommend the largest convention centre in Australia; it is more to find the gap in the market, the one that relates most closely to our status as the national capital and that will enable us to develop a unique and iconic convention centre to bring people to the national capital from both around Australia and internationally.

In terms of your question about the taxis, I can show you copies of emails where people have pulled out of conferences in Canberra because they cannot guarantee that they can get to and from the airport with the current taxi services. I have a number of our members who have held conferences in Canberra when people on the way out could not get taxis to the airport, they missed their flights, and the next morning an email has come round saying, “We are not meeting in Canberra any more; we will meet in Sydney and Melbourne.” That is anecdotal at this stage, because no-one has actually quantified the loss of business, but we are hearing it on such a regular basis that it is business that is lost to Canberra.

In addition to that, one of the things that I do not think we capitalise on enough is the business tourism that comes because Parliament House is here. I do not know whether any of you have been “privileged” to be out at the airport when there are 250 or 300 people waiting in a taxi queue, but the level of angst in that queue is such that it is damaging our reputation as a business destination. All of these things, the convention centre, the business tourism and all the other aspects of our business, need to be encouraged so that we can maximise the growth of the private sector in the economy in Canberra. So it is very important.

MR SMYTH: Sure. Does the council have solutions or things they would like to see tried?

Ms Faulks: It is a very complex issue. For example—I am assuming that the committee is already aware of this—for a taxi driver to start driving, it costs that person \$1,000 and nearly four months in training and security approvals. A young person can go down to the local pub and get a shift without any training; they are trained on the job and it does not cost them any money. So you have got to be pretty committed to put \$1,000 upfront and then have up to a four-month wait to get your security clearance. You have got to pay for your own uniform; you have got to pay for your own training.

We think that there are a lot of measures that could be taken by the government around that; for example, to incorporate some of those costs into the taxi fares so that

people could sign up to drive without having to pay \$1,000. There is definitely a driver shortage, just as there is a skills shortage across the board. As well as that, there is a reluctance to go to the airport, for example, because of the road. It is a very complex issue; there is not just one solution.

The business council's view, however, is that this is a service industry, and if we cannot get it right in Canberra, for whatever reason—whether it is the industry itself or government regulation or whatever—it will damage the private sector in Canberra, it will damage business tourism and it will damage our capacity to attract people here and enable them to have an efficient and pleasant experience and encourage them to come back again.

MRS DUNNE: On the question of transport between the city and the airport, are business tourists likely to avail themselves of a shuttle bus type facility, a small shuttle bus facility, if one existed, which it does not as yet?

Ms Faulks: No research has been done on this that I am aware of. My gut feeling is that there are a number of people who arrive in Canberra to visit, for example, ministers or departmental officers, and they tend to prefer private conversations on their mobile phones when they get into a taxi rather than being in a bus situation. On the other hand, there are probably a number of business tourists who would be happy to get into some sort of a minibus if they were available and they ran regularly and efficiently. My argument would be that there needs to be some research done on asking the people in the queue at Canberra airport exactly what they are looking for.

THE CHAIR: Thank you very much, Chris—

MR SMYTH: Can I just ask a final question? Your first recommendation was that the government use more rigorous methodology in determining revenue forecasts to ensure a more accurate budget framework in which to make revenue and spending decisions. How important is that, and how much of a concern is it to the business community that the government's revenue forecasts are often so out of whack?

Ms Faulks: It is of concern because in 2006 we had massive cuts because obviously the forecasts were all gloom and doom. Then a couple of years later we have a huge spending budget. Some of that you cannot help because things change, there are different circumstances that eventuate along the way. But it is very difficult for business and even for government. What happens when business interacts with government is they have lost a lot of their corporate knowledge, a lot of their expertise. When you cut back whole sections of departments and whole programs, all of that corporate knowledge and expertise, that engagement with the business community, is lost. It takes a number of years to build it up again. We would prefer, as with the revenue base, to see fewer peaks and troughs and more of a low-hill environment. It comes back to forecasting.

THE CHAIR: Thank you very much, Ms Faulks, for appearing before us this afternoon. Sorry, it is a bit like a sausage factory this afternoon. I apologise for that.

Ms Faulks: That is okay; that is fine.

THE CHAIR: Thank you very much.

IRVINE, MR JEREMY, Executive Director Association of Independent Schools
UNDERWOOD, MS RUTH, School Administrator, Orana school

THE CHAIR: Welcome to the Select Committee on Estimates 2008-2009. Thank you very much for coming in to talk with us. Have you both read the yellow privilege card?

Mr Irvine: Yes, we have.

THE CHAIR: And you understand the implications that are contained within it?

Mr Irvine: Yes, thank you.

Ms Underwood: Yes, I do.

THE CHAIR: Would you like to make any opening remarks? We have 20 minutes.

Mr Irvine: Hopefully, we will not take that much out of your time. We would like to thank the committee for its time today and for inviting us to come and speak with you. I head the Association of Independent Schools. With me is Ruth Underwood, who heads Orana school, which is the ACT's only Steiner school. Ruth is going to provide her views of her school's perspective of the budget at the moment. Ruth is also on our executive committee and appears in that capacity as well.

I am sure you all know that our association represents all of Canberra's 17 independent schools, which range in student size from Marist College, with 1,600 boys, to Galilee school, with 17 students. This year, the independent schools in the ACT are educating 12,300 students from K to 12, who account for 20 per cent of total enrolments in the ACT in 2008. Our schools' enrolments this year increased four per cent, or 486 students, from last year, while the overall student numbers in the ACT decreased 0.19 per cent. Between 2004 and 2008, the 17 independent schools' combined enrolments increased by over 1,200, or 11 per cent, while total ACT student numbers decreased by half a per cent.

It is fair to say that we are generally pleased with the budget. We believe that a strong education system is one of the anchors of Canberra's long-term success. The association believes that three components of a strong ACT education system are a strong government education system, a strong Catholic systemic education system and a strong independent sector. The association supports diversity of education within those three sectors. I think we would all agree that what is great about education in the ACT is that there is choice and diversity within and across independent, Catholic systemic and government schools. By any number of measures, a child educated in Canberra will be well educated.

Any investment into education is an investment in this city's future. There are a number of good initiatives for public education, for example, in the budget. We are also pleased to see continuing support for CIC and also the extension of the ANU secondary college.

It is also important to remember, however, that the territory government is the third lowest investor in non-government education of any Australian jurisdiction and that ACT parents of non-government students—that is, students who attend our schools and Catholic systemic schools—contribute over \$260 million a year to the ACT economy by choosing to send their children to a non-government school.

In the context of funding, we welcome the increase of the indexation rate applied to ACT non-government schools by 0.7 per cent per annum over the next four years. According to the ACT government papers, this will bring indexation applied for the 2008-09 financial year to 3.7 per cent. But we also note, conversely, that the ACT CPI rate for the March 2008 quarter was 4.6 per cent and that indexation, according to the ACT Treasury, rose six per cent in the March quarter.

Also pleasing is the small but, in terms of policy development, significant allocation for public consultation on the proposed school standards authority. This is important to our schools, because it could mean a change in the way that they work with government across a range of areas. We believe that a proper, in-depth consultation on what could be a major change in the ACT education policy framework is critical.

We are looking forward to seeing more on the carbon neutral schools program. Many of our schools, including Ruth's, are involved with the sustainable schools initiative, and I am sure they would be interested in this program.

During the year, we saw the government commit funding for student welfare in non-government schools. Funding late last year ensured that no ACT parent had to pay for last week's national testing. We have welcomed both of those initiatives. The latter was a good example of cross-sector cooperation—as in many areas of education here in Canberra.

While we are here, we would like to reiterate the call that we made in February for education policies to be released well before the end of term 3. We all know when the election is going to be—I am sure you recognise that more than us—but we think it is important, given that school holidays will occur just before the ACT election, that parties get their policies out before then. We think that getting the policies out makes good sense, but we will leave it up to you to handle whether or not it makes good politics.

Students with disabilities can have very high levels of need for classroom support, specialist teachers and facilities. These needs are met with substantial funding and services if a student attends a government school—as they should be. The association believes that, if all students with disabilities are to achieve their educational goals, government funding and services should be accessible no matter which schools they attend. Ruth will expand on this in a moment.

Irrespective of where the money came from, the simple fact is that there is going to be more support for students in non-government schools with disabilities today than before, and that is good. We welcome the increase of \$400,000 per annum for the next four years for students with disability in non-government schools. Given that the government currently has an allocation of \$900,000 a year for students with a disability for non-government schools, obviously an additional \$400,000 a year is

very welcome. The challenge now is for all parties to take forward this new level of support for these students and to make it their base rate going forward into the coming election.

We wish you all the best in your electioneering and, in your case, Ms MacDonald, your journeys outside this place. I would now like to hand over to Ruth, who will speak on her school's perspective for the budget. We will then be happy to answer questions.

THE CHAIR: Thank you.

Ms Underwood: I am going to restrict my comments mostly to areas of special needs. That is something that, in terms of the budget, I am most interested in. I will speak from my school's perspective on the day-to-day reality of managing children with special needs in our school environment.

Firstly, we greatly appreciate the increase in funding that we have received. It comes as a huge relief for what is a sensitive and sometimes complex issue for parents and teachers in all education sectors, not just independent schools. However, at our school, I have experienced a decline in the allocation of funds over the last few years. I truly hope that this increase is not eroded but is actually built on and improved as time goes on to find these children the support they need to access their schooling as best they can.

Let me give you an example. We currently have eight funded students; they have gone through the SCAN process. We have two who are going to complete that process shortly; we actually did one today. At the moment, with those eight students, 30 per cent of the cost of providing the support is covered by government grants, government funding. In most cases, we can match the level of support with the amount of funding that is needed, but there are a number of children who need a lot more support than we get in funding.

I will give you some examples. We have a delightful little boy in class 3 who has Down syndrome. His level of funding is band 10—that is \$3,212 for this financial year's funding. The year before it was \$4,000 and the year before that it was \$4,440. The cost of an assistant for him is \$14,500. He needs about 18 hours of support—that is a minimum. That means that the government funding caters to about 22 per cent of what we feel he needs.

We have a little girl who started in kindy this year. Her mother transferred her from the Turner early intervention unit to our school; that is where she wanted her educated. She has some quite profound difficulties. She has visual difficulties, so moving around the playground is difficult for her. She needs an assistant with her for four days a week, we believe, for her to fully access her education and participate. She has a low IQ and developmental delays. She is on band 13; her funding is \$3,212, but the assistant's cost is about \$17,500. There is about 18 per cent government funding in providing that support.

That is a very brief picture of some of the issues we are facing in our school, Orana, in providing the right level of support. Some of these children have quite significant

needs. We are happy to enrol the children in special needs—I am quite passionate about it—and believe they need to have access to education in the way that best suits them and helps their needs.

It is also important for schools to have children of all sorts from the community so that we are truly reflecting where we are in the community. Steiner schools particularly hold that true. In fact, parents choose our school because they believe that we provide a caring environment and a curriculum that is perhaps a bit gentler in approach. I believe that is true. I really encourage the government to continue its support for funding children with special needs and build on where we are now and the level of funding. Thank you.

MRS DUNNE: To follow up directly on this, Ms Underwood, I thank you for that. In the cases that you have outlined—those two examples that you gave—did the Orana school pick up the difference?

Ms Underwood: Yes, that is correct.

MRS DUNNE: So that the \$13,000 or \$14,000 a year that is not provided for by the government is picked up by the school—not necessarily through the direct fees of the parents involved but through the—

Ms Underwood: Through our recurrent funds, yes. That includes fees and government funding.

MRS DUNNE: The extra \$400,000 a year over the budget in the outyears—do you have a feel for whether that is going to provide more funding for the children who are already in the SCAN process? Or will it be used to meet expanding needs—the expansion of the SCAN program? Do you know at this stage?

Ms Underwood: I can give you my personal opinion. I would imagine that it will do both. When the SCAN process started at our school—that was in about 2004—we had three students. Now, as I said, there are two students who are to be assessed and will also be eligible for funding, so it is 10. So that has more than tripled in four years. There are increasing numbers of children coming through with difficulties. What I am hoping for is that extra funding will bring us back to the level that I suggested here earlier. I am sure it is going to cover more students as they are coming through. Our teachers are noticing this increasing trend.

There is also an area which I call—this is my personal terminology—a grey area. We have students who are not eligible for funding, because the criteria are quite strict now, but who have behavioural difficulties: they are disruptive in class; they have learning difficulties. In all sectors, teachers these days need to manage a classroom of children with more and more difficulties. More is needed to support the teachers and the children to get their education.

MRS DUNNE: Thank you. Chair, on a completely different area, can I go back—this is probably more a question for Mr Irvine—to the increased funding for non-government schools, the change in indexation this year by seven per cent—

Mr Irvine: It is 0.7 per cent.

MRS DUNNE: Sorry, 0.7 per cent—

Mr Irvine: We would be very happy with that. Perhaps the Liberal Party would like to put that in its election policy.

MRS DUNNE: I think you had better watch this space a bit. You made the point that now you are getting indexation at the rate of 3.7 per cent, which is still substantially less than the base inflation rate.

Mr Irvine: Yes.

MRS DUNNE: How does that compare to AGSRC? Do you know?

Mr Irvine: AGSRC is higher. May I provide that on notice from last year's figures? It is in my compendium. I can just go back and double check that.

THE CHAIR: That is fine.

Mr Irvine: The territory government—it is lower. The argument that Minister Barr or potentially the department would put would be that the territory government's primary role in funding in education here in the ACT is for public education and that the commonwealth has a greater role in providing funding for non-government schools. That is obviously the case. For example, in the non-government sector here in the ACT—it is a broad figure, but it is one that we are able to quote—11 cents in the dollar comes from the territory government and 23 cents in the dollar, in a school like Bruce, for example, comes from the commonwealth. The parents pick up the rest. Parents and fundraising are the rest of that.

The 3.7 is a much better figure than 2.75, as was the case last year. Obviously we would like to see that higher, but we are not going to knock back 3.7 compared to 2.75. Every dollar that the territory—do not forget, as I said, that \$260 million is the amount that parents who, for example, decide to send their children to a school like Ruth's invest back into the territory economy every year. That figure comes from the report of government services which was released in February.

MRS DUNNE: I notice that in the non-government schools council budget submission the school council again states that the council pointed out the need to both progressively increase territory per capita funding to 25 per cent of funding for students in non-government schools and apply more realistic indexation factors to maintain the real value of funding. We have an indexation value for this year.

Mr Irvine: Yes.

MRS DUNNE: Which is, I suppose, something. Have you had the opportunity to work out the level of per capita funding as a result of this change in indexation?

Mr Irvine: Not as yet.

MRS DUNNE: Okay. Because we have seen—this again is from the non-government schools—

Mr Irvine: It is hard. It is a mathematical exercise. The territory government has a mathematical way of actually providing funding to non-government schools, which is based very broadly—I say this in general terms—on the SES funding model. They have a rate where—you talked about the sausage factory before—they put in the figures at one end of the spreadsheet and it comes out at the other. To the best of my knowledge, that figure would be different for, for example, a Catholic Education Office school than it would be for a school like Ruth's.

MRS DUNNE: So at this stage the non-government school sector is not really in a position to determine the level of per capita funding?

Mr Irvine: Not at this point in time.

MRS DUNNE: We see from the NGC submission that in 2002 it was 18.38 per cent of total funding and in 2006 it had gone down to 16 per cent. Do you have a feeling for whether it has stabilised, gone up or gone down at this stage?

Mr Irvine: We will be working on that, and we will obviously be talking about that in the lead-up to the election campaign. It is not a figure I have with me.

MRS DUNNE: Okay. Thank you.

Mr Irvine: We will obviously be talking about that in the lead-up to the election policies being released.

MRS DUNNE: Does the Association of Independent Schools concur with the view that, progressively, funding should be taken up to 25 per cent of students at government schools?

Mr Irvine: I think a number of our principals would agree with that. We do not have that position as such. We do not have a figure.

MR SMYTH: In your document you mention the abolition of the interest subsidy scheme for non-government schools. What effect has that had over the last couple of years, and can you quantify the work that has not gone ahead because of the scheme?

Mr Irvine: I have been in this role for 12 months—11 months and two weeks, I think it is—so I cannot talk about it from experience. Perhaps Ruth would like to add her views. Obviously it was a political decision that was made. It is not one that the schools were particularly happy with at the time. It does allow the government to, for example, put \$1.6 million of extra money into students with disability, which they might not have otherwise done, although we would hope that they would have. It is a sore point. It is something we would like to see back, particularly given the investment our schools' parents put into the economy. Do you want to add to that, Ruth?

Ms Underwood: I can say that we think very carefully about our building projects.

Building in Canberra, as you probably all realise, is very expensive, and building institutions is very expensive. Interest subsidy was of great benefit for us. For our school, it means that we build only what we absolutely have to build, as cheaply as possible. It means that our students do not have a hall. When it is wet, we have to bus them up to Weston. We would dearly like to have more funds to be able to provide them with facilities and still provide low-cost fees. So the interest subsidy—yes, the schools are feeling it.

Mr Irvine: Does that answer your question, Mr Smyth?

MR SMYTH: It would be interesting to know what projects have not gone ahead, if you could get data from your members.

Mr Irvine: Can I take that on notice?

THE CHAIR: Yes, of course. No more questions? Thank you very much for appearing before us this afternoon. We look forward to getting that additional information.

Mr Irvine: Thank you for your time.

Ms Underwood: Thank you for the opportunity.

DIXON, MS JOSEPHINE, President, ACT Council of Parents and Citizens Associations

GORRIE, MS JANE, Vice-President, ACT Council of Parents and Citizens Associations

THE CHAIR: Thanks very much for appearing before the Select Committee on Estimates 2008-2009. Have you read the yellow privilege card?

Ms Gorrie: Yes.

THE CHAIR: And you understand the privilege implications contained within it?

Ms Gorrie: Yes.

THE CHAIR: Would you like to make some opening remarks?

Ms Gorrie: Thank you very much. I am going to lead the address today. First off, we would like to thank you for the opportunity to appear in front of you. I would like to explain who we are. We are the peak organisation and we represent 84 parents and citizens associations at government schools. Each government school has a parents and citizens association. Our organisation consists basically of delegates who come from each of those P& Cs and, out of those delegates, we elect an executive.

To lead on from there, I would like to state that we believe that schooling should be a unifying influence in our society and that our future wellbeing as a nation depends upon the development of a quality public education system that recognises the human and the educational rights of all children, respecting their cultural values, their religious beliefs and the democratic rights of parents.

We also think the government school is a really important institution in our society in which the children of our nation gain experience and a commitment to living harmoniously with the full range of fellow citizens, and we strongly believe that it is in everybody's interest to maintain and enhance the quality and the morale of the public system and to ensure that it carries out its central role in Australian education.

We support the basic principle that it is a government's primary obligation to provide and maintain public schooling of the highest standard, and we believe that the demand for increasing excellence and equity in schooling by the Australian community and the ACT community will continue.

I wanted to preface our submission with those comments because public education, we think, is very important. We strongly believe that it is a government's primary obligation to provide public education of the highest quality.

You probably have been supplied with our budget submission. Basically, what we would like to do is go through our submission and comment on whether we think our requests have been met or not. One of our requests was for resourcing for both mainstream and alternative settings in every sector: preschool, primary, high school and college. We think this has been addressed in part. The pastoral care package for

high schools announced in October last year has gone a little way towards helping that. The government has announced the establishment of achievement centres in three high schools for years 7 to 8, and that involves an additional 17 staff.

With regard to the achievement centres, we have some concern about the consultation. We have had reports from communities that they are concerned about the lack of consultation. We also think that there should be more than one type of alternative setting. We also think there may need to be different models to meet the range of student needs.

We asked for additional funds for pastoral care in schools. We suggested a range of initiatives. Again, we think this has been addressed in part as part of the pastoral care package announced last year. There has been the provision of an additional 17 senior pastoral care teachers for public high schools. There has also been an increased allocation for the school equity fund. It is worth noting, though, that the allocation to the school equity fund had not increased for a significant number of years. So we think that goes some way towards addressing the need for pastoral care.

We asked for a phased decrease in class sizes above year 3 so that class sizes would not exceed 25 in years 4 to 10, and we suggested that should be targeted, in the first instance, at schools with a high need. There has been no actual allocation against that, but there has been an allocation for improving teacher quality and support. They have increased funds for professional development and provided additional school equity funds. We welcome that focus on teacher quality and support.

We do have some concerns, though, that professional development funding needs to be able to be spent by the schools. We hear sometimes that there is not the funding there for the relief, I think it is, for teachers to take up the opportunities in professional development. That is a concern for us. While, on one hand, we seem to be told there is funding there, the schools tell us that it is difficult to access that.

Another request we had was increased funds for ACTION buses, to ensure that it meets the needs of government schoolchildren. One of the obligations of the government is to ensure reasonable access for all children. With the closures of some government schools, the ability of children to get to schools was made more difficult, especially for families where they do not have access to a car or there is not someone who can drive. So it is very important that buses are available, whether they are school buses or normal route buses. That is a concern for us. While there was a significant increase in funding, we will be interested to see whether that ends up meeting the needs for all the government schoolchildren.

We had a request in for a review of the funding for the ACT's English as a second language program. It seems the funding for this has gone down and down and basically what they do is drop the criteria for when people get funding rather than try to give them more funding. This was not addressed in the budget. And this has an impact, not only on the children who are supposed to be getting that support but also on children in classes because you have got children whose needs are having to be met in the class.

We asked for ongoing funding for some specific education programs that target

disadvantaged children. There was the CCCares program at the Canberra College, the Gugan Gulwan education support program, the on-track program and SPICE, which is students participating in community enterprise.

We understand that CCCares is now being funded out of DET. That is the advice we have got, but we would just like to confirm that. We understand that Gugan Gulwan is now funded as part of the youth services program under the Department of Housing, Disability and Community Services. We are not sure what has happened with the on-track program. The budget established ongoing funding for the SPICE program, which is good.

MRS DUNNE: It is \$193,000 in the first year and up to \$208,000 in the outyears?

Ms Gorrie: Yes. I have not got the piece of paper.

Another request was to ensure there was adequate funding for the proposed P-2 schools. They are now being called early childhood centres. They are really looking at covering the age group zero to eight. The model was more a schools as community model. We were concerned that there was not going to be adequate resourcing there for that model to be properly implemented. There has been additional funding of staff and capital funds for those centres. So we hope that will be enough.

It is important that there are activities to promote public education, including by better addressing the needs of students at risk and improving pastoral care. It is also important that there is a capacity within the schools and regions to promote public education. We see some of that has been addressed in part through the pastoral care package but we think more could be done. This could be more an implementation of how the funds are used rather than specifically increase funding. We do know that the public relations section in the department has been making better efforts to work with schools on this, but I think that is an area that needs monitoring.

Another one was to address the adverse impacts that the implementation of the current teacher enterprise bargaining agreement is having upon student services, particularly in colleges. The budget includes a transitions, careers and vocational learning officer for each ACT college. We welcome this initiative. However, we think it partly goes a small way to addressing student support services in colleges.

The council has had drawn to its attention by a number of delegates the lack of services that students had been able to receive, such as being able to see teachers one on one, have their drafts assessed and other services. I will ask Jo to speak to you briefly.

Ms J Dixon: I have here “essay writing help” and, as Jane has already said, “drafts”—those sorts of things. There is only one of these positions per college. The larger colleges, for instance, would have lost about six teaching positions. So there will be less advantage for those larger colleges. But we would have hoped that there would have been positions that would have addressed the loss of services that we have spoken about.

Ms Gorrie: Thanks, Jo. Another request was to provide adequate funding for the

curriculum renewal project. As you would be aware, there is a new curriculum framework that is now being implemented in all the schools. It is a big challenge at the school level for all the schools to be able to review their curriculum and ensure it meets the requirements.

The budget provided for additional professional learning and resources for language teachers and additional resources to support physical education, sports and arts. At the briefing that we attended with the department, it was indicated that the additional professional learning resources would be used to help with the implementation. So we welcome that and we hope it is adequate for the needs.

MRS DUNNE: Is this the money that is in the second appropriation, or is this in addition to money that is in the second appropriation?

Ms Gorrie: There was some money in the second appropriation and then in the budget there was also the funding for the quality teaching for better outcomes one, that one as well.

MRS DUNNE: The professional development.

Ms Gorrie: They are the main points on our budget submission.

Another comment is: we welcome the funding that has been provided for Indigenous children within family support services. We welcome that initiative and we welcome the ongoing capital funding across various sites. I suppose something in particular is the musical instruments. That is excellent. The Calwell Arts Performing Centre, as well, is welcome—to have one on the south side as well as one on the north side. Overall, there has been, I think, positive things for public education out of the budget, but we think there are some areas there.

There is one area which I have missed, sorry.

MRS DUNNE: Transition towards 2020?

Ms Gorrie: Students with special disabilities. I am not sure. I will just go to that.

Ms J Dixon: I think it is on page 3.

MRS DUNNE: Your budget submission asks for an additional \$4.153 million over three years for SCAN.

Ms Gorrie: Yes. Found it. We hope for at least \$1 million per year for students with special needs. What has actually been granted is \$388,000, rising to \$408,018, to be allocated via the SCAN process. There is also a review of the department's policy on students with a disability, which is in progress. Basically, we think more funding is needed. We have provided substantial comments on the draft policy for students with a disability and we hope that these will be taken up.

Some of the comments we made in our response to the review include that there needs to be more transparency around the whole process and that it is important that the

definitions that are used in the policy be consistent with changes at the global level, with the United Nations new policy statement.

We had a request to address internet access for students from low socioeconomic backgrounds. This was not addressed at all. Possibly the student equity fund may assist in some way, but it is a concern for us that we live in a society now where a lot of us have internet access and teachers are starting to take that more as a given. We sometimes see schools assuming that children have internet access at home and access to computers and things. So there was nothing that was done specifically on this. We think it is still an area of concern that some kids are being disadvantaged, not only because they may come from disadvantaged backgrounds but also because the provision of education assumes that they all have access to such resources that are not there.

We also requested initiatives to address the impact of the drought on school ovals and playgrounds; for example, funding for artificial surfaces. We think some of these have been addressed through some measures that have been previously announced, including some artificial surfaces that have been put into, I think, one or two school ovals. But we think there is a need to monitor this.

Another area that we asked money for was to fund a research project to look at the future workforce needs of ACT schools, including teacher, teacher support and relief shortages. This was not addressed in the budget. The budget did establish a skills outreach service but that relates to ACT schools shortages generally. We have got concerns about whether it is going to be possible to, first off, maintain the supply of teachers and then maintain the supply of teachers that are properly qualified, so that our students can have access to teachers who have strengths in the disciplines that they are teaching.

We have looked at the recent results of the PESA study. It is of concern to us that there has been a decline, it looks like, in the upper levels of achievement of students at the upper end. We think there are issues there on workforce, teacher training, teachers being in the right place. Part of a research project that we suggested could have been used to look at some of those issues. We think there should be action taken on this, regardless of the research project as well. I think I have now covered all my concerns.

MRS DUNNE: One of the things that were in your budget submission, which you did not cover, was the issues on the transition from towards 2020. Part of that is the bus service, which you did touch on, but there are other issues. One which has had some notoriety in the recent past and for which I have a conflict of interest relates to the P-2 schools, the early childhood schools which may be undergoing considerable renovations.

Does the P&C council have a view about when it is appropriate to undertake those renovations? For instance, it was mooted at one stage that children from Lyons and Southern Cross primary might be moved out or to another part of the school while extensive renovations are going on at the school. Does the P&C council have a view about what is appropriate and has the P&C council discussed these issues with Narrabundah, Lyons, Southern Cross and Isabella Plains?

Ms J Dixon: I definitely think there should be consultation and that the school should not be inappropriately inconvenienced prior to the time that it was agreed that the renovations would be taking place. We have not actually been approached by those schools as having difficulties.

MRS DUNNE: As a follow-up: when these announcements were made about turning these schools into P-2 schools at the end of 2006, did the P&C council at any stage get the feeling, or were they told in any way, that there would be changes prior to the end of this year in relation to those schools? Was it ever flagged with the organisation that the kids might be moved around?

Ms Gorrie: Not that I recall, but I would have to double-check. My memory on all those statements is not good. Certainly we had had some contact recently with one of those schools. They were basically trying to negotiate with the department and with the minister to get an outcome that they wanted to have. I could check.

MRS DUNNE: Could you check and get back to the committee?

Ms Gorrie: We can check the view, yes.

THE CHAIR: You had a question, Mr Gentleman?

MR GENTLEMAN: I will put it on notice.

DR FOSKEY: That is very kind. Do you have a view on the role of language learning and teaching in our public schools and what suggestions would the P&C make to improve the delivery of those programs?

MR GENTLEMAN: It is in the submission.

THE CHAIR: It is in the submission.

Ms J Dixon: We have ESL.

DR FOSKEY: I am talking about languages other than English.

Ms J Dixon: I think that would possibly fall under the review of teachers' skills that we were talking about, but that certainly seems to be what is holding it up at the moment. I know that they have made allowance now for the curriculum renewal, but there is a difficulty with having adequately trained staff. That is one of the areas where we have skill shortages.

DR FOSKEY: I think that you will find the language teachers have got some pretty good ideas about how to improve things.

THE CHAIR: Thank you very much, Ms Dixon and Ms Gorrie, for appearing before us this afternoon. I am sorry it is so brief.

Ms J Dixon: That is okay.

BILES, MS JULIE, Coordinator of Standing Committees, National Council of Women (ACT)

DIXON, MS ROSALYN, President, National Council of Women (ACT)

FINDLATER-SMITH, MS MARGARET, Secretary, National Council of Women (ACT)

THE CHAIR: Ms Dixon, Ms Findlater-Smith and Ms Biles, thank you very much for appearing before the Select Committee on Estimates 2008-2009 this afternoon on behalf of the National Council of Women. Have you read the privilege card, the yellow card, and do you all understand the privilege implications within it?

Ms Biles: Yes.

Ms Findlater-Smith: Yes.

Ms R Dixon: Yes.

THE CHAIR: Thank you very much. Would you like to make some introductory remarks?

Ms Findlater-Smith: Thank you for the opportunity to appear before the committee and make some comments, particularly on our budget submission. It is pleasing to see that some of the suggestions we put forward in our submission to the budget actually got up, which was nice. We do not take all of the credit, but some of it must have helped. Some of the suggestions that we made were resolved prior to the budget, particularly the Tharwa bridge repairs, which we understand are to go to this financial year.

We were pleased to see that money has been allocated for the restoration of Albert Hall and that those with a concession card can now travel on ACTION buses in peak periods. We were a little puzzled by the intention to give free travel to all those over 75 who have voluntarily surrendered their drivers licence. This has been costed at \$50,000 a year—somewhat high when the target group is probably not able to get onto the buses very easily. We do not think there will be much use for it, but a good idea. The reduction of third party insurance fees was good news, but we need a bit more than the \$20 reduction mooted when the average gap is about \$200 between us and other states; it is quite large. It seems to be across the board that that is the difference.

We still do not have money for the secure mental health facility. We have gone through the budget papers and cannot see anything for that secure facility. There is money for promotion, there is money for education. This was identified last year with additional commonwealth funding but we could not find it anywhere.

MRS DUNNE: There is money.

THE CHAIR: There is money for it.

Ms Findlater-Smith: We could not identify where it was. There is \$2 million, we know, for education and promotion and wellbeing but nothing for a building or an

improvement, presumably, to the Canberra Hospital facilities.

MR SMYTH: Budget paper 5, page 33; it is the second—

THE CHAIR: Yes, it is there. It is.

Ms Findlater-Smith: We have only got part of the budget papers, which I downloaded, so that is why.

THE CHAIR: Budget paper 5 is the infrastructure. If you look in there, you will find it.

Ms Findlater-Smith: Thank you. It is hoped that the massive revamp of the ACTION bus system will also include higher security at bus interchanges. Perhaps more frequent buses, with a subsequent reduction in waiting times, will help to reduce the danger; there will not be as many people around for as long. It has been noted that there is to be future redevelopment of buildings in Bunda Street, opposite the extensions to the Canberra Centre. This is not a government initiative; it is the developers doing it. We are concerned about the shabbiness of parts of Civic, which really do look bad.

The community hall at Griffith: we are wondering why. Community halls, as such, are not really a part of the Canberra scene; they are usually within schools. We wondered what consultation and research had been done to justify the building of a community hall, and who is going to use it. How available is it going to be? What sort of access will there be and how much is it going to cost to use it?

DR FOSKEY: You could pop a library in it.

Ms Findlater-Smith: It is going to have a library?

DR FOSKEY: No, but you could pop it in.

MR SMYTH: That is a Greens election promise.

THE CHAIR: I think Dr Foskey is making a facetious remark.

Ms Findlater-Smith: Well, if you want, we could move the Goyder Street library back over to Griffith, if it would be any help to you. We have a very nice library there and it is going well.

We were pleased to see a separate women's budget but it is rather all-encompassing and it certainly covers everything. Anything that had a chance of being relevant to women seemed to be included and there were a few long bows drawn in some of it, we felt. The only women-specific items are the women's and children's hospital, the nursing and midwifery scholarship scheme, the Audrey Fagan scholarship and the HPV vaccination program, but I understand that is a commonwealth funded initiative anyhow.

MRS DUNNE: And the Audrey Fagan scholarship was in last year's budget.

Ms Findlater-Smith: Yes, and it has come up again in this one. There were some disappointments about our submissions, but generally we were pleased that we got some results. It was good to have a reaction.

THE CHAIR: Thank you. Do we have some questions? Mrs Dunne?

MRS DUNNE: In your budget submission you talked about school dental services. Can you expand on why the National Council of Women thinks that that is such an important issue?

Ms Findlater-Smith: I think the school dental service prevented a lot of later problems; it caught the problems at an early age and dealt with them, and children are probably presenting later with more cavities. One of the worrying things, too, is the number of children drinking bottled water with no fluoride in it. So there is probably a greater need for an early intervention with school dental services going to the schools and dealing with it. That is what we were concerned about. We have been worried about the dental service in the ACT for quite some time, but the school dental service, we felt, was an initiative that could well be introduced again.

Ms Biles: As an ex-school principal, one of the highlights of ACT government schools was that every primary school had a dental clinic within the school, so children just went through the dental clinic. It was no big deal going to the dentist.

MR GENTLEMAN: Oh, yes, it was!

Ms Biles: It always is. But to have it there in the school I thought was a very good way of ensuring that dental care was highlighted in those early years. And we do miss that terribly.

MRS DUNNE: Thank you for that. Community organisations that I speak to raise dental services as a high priority. Have your membership groups identified dental needs in other areas outside of the school groups?

Ms Biles: In the National Council of Women the age is going up; we are all getting older and we do not seem to have an influx of younger women. But a lot of the older women that I speak with are on waiting lists. You can imagine having a serious tooth problem and being on a waiting list for a year or two years; I think this is Third World country stuff. We really do need to put a lot of money into dental care. In the same way as we do with any health issue, we go for prevention before the damage sets in.

Ms Findlater-Smith: And it also impacts on nutrition for older people, because they cannot eat properly. They eat soft food, they eat inadequate food, and this is impacting on their general health and wellbeing. Without adequate dental services, it goes right through.

MR GENTLEMAN: So the cost could get larger?

Ms Biles: It will increase, yes.

Ms Findlater-Smith: Yes, it will, and we know the cost of private dental services, so that is where we start with the school dental service, and stop it before it starts perhaps.

Ms Biles: We would like to be able to attack it at the beginning and at the end. A caring community is one that cares for the very youngest and the very oldest. The population is getting older, you are going to have more demand and it is going to cost more money, and there are a lot of people out there who cannot afford it. So, if you are a caring government, you are going to do something about it.

MRS DUNNE: The other thing that you touched on in your submission that you did not touch on in your presentation was the green waste pick-up. Could you tell the committee why you see that as an important issue?

Ms Findlater-Smith: Lots of older people have no way of getting larger items of garden waste to the tip; either they do not drive or they do not have a trailer. Getting someone to come and take it away does cost. We did talk to Mr Hargreaves twice on this matter, suggesting that we have a green waste pick-up four times per year. It is done each month in Queanbeyan. The annual cost to each ratepayer on a monthly basis of a green waste pick-up is \$3 per year, and it is done in a lot of other jurisdictions. We did not see that it would be a major problem. It could be done on request, and it is not going to happen all the time; people might have two or three pick-ups a year, and it could be done with a man and a truck doing certain sections.

Ms Biles: Or a woman and a truck.

Ms Findlater-Smith: Or a woman and a truck, and not very expensively. We worked—

MR GENTLEMAN: Probably done better by a woman and a truck.

Ms Findlater-Smith: Of course, with a mulcher, a large mulcher. We were quoted \$1 million a year as the probable cost, which we could not quite get back to a man and a truck, but it was pretty well dismissed, even though we did write twice and question the cost.

MRS DUNNE: Could you provide the committee with copies of that correspondence?

Ms Findlater-Smith: Yes, certainly. I can send you a copy of the letter and the reply.

MRS DUNNE: Thank you; that would be great.

THE CHAIR: Thank you. Ms Findlater-Smith, could you enlarge a little bit about the statement you made about the over-75 people. I believe it is that they do not have to actually surrender their licence but they do have the option to surrender their licence. Did you mean that they could not physically get on the bus, or could not walk to the bus?

Ms Findlater-Smith: Yes, it would be difficult.

THE CHAIR: So there is a need for more of the buses that—

Ms Biles: Buses that have the lowered-down stairs and good rails.

THE CHAIR: I believe all the buses that we will be purchasing from now on will have that facility.

MR GENTLEMAN: Yes, they have all got kneel-down.

Ms Findlater-Smith: The difficulty is finding which routes they are going to be on, because they move them around. You cannot guarantee they will be on your route. I understand they will have to physically hand in their licence. They were talking about it on the radio this morning—that you had to go to a shopfront or pharmacy, I think, to surrender your licence and get your gold card.

THE CHAIR: I think we need to clarify that. We will make sure that is clarified, because I have heard two different versions. On the community hall idea, are you aware that all the groups that you deal with have access to a school, either a school that is no longer used or a school that is currently being used but available during the evening, for their various meetings? Are you aware that all the groups that you meet with or know of have access to community space when they need it?

Ms Findlater-Smith: It is a real problem getting community space which does not cost a lot of money and having a suitable area to meet. It is becoming more and more difficult for community groups to find somewhere to meet and with reasonable access and facilities. The only issue I would have with the community hall is that people want it seven days a week and at night. There is the cost of providing that service; you would need a janitor there and it would be quite a cost to maintain it and to run it. One of the issues with using even school halls is that the janitor has to come out at night and open up. I am just curious. Not only is there to be a hall; the cost of running that hall obviously is going to be passed on to the users. One of the big problems with most community groups, as you know, is that they never have any money.

THE CHAIR: So the logistics are your major concern?

Ms Findlater-Smith: Yes, and the reason, in that we do have a lot of school halls and some of those schools have been turned into community centres. I am just wondering why all of a sudden they decided, after the debacle of the Griffith library, to build a hall at Griffith. Who thought it was a good idea? There has never been any mention or—

DR FOSKEY: Though one would assume that they are rolling out the Griffith neighbourhood plan, which was devised with a lot of community input a while back. I cannot remember a hall being there, but I can remember a library being there.

Ms Findlater-Smith: We all can.

DR FOSKEY: So, yes, I think that is a very valid question, because if you asked the community what they wanted you would probably get a different answer.

Ms Findlater-Smith: I think so. Griffith is an ageing community where a lot of

people probably do not go out at night. I am just wondering who will use it. The O'Connell Centre is going, which had a lot of community space, and it seems that it is going to be replaced with something else when what was there was really quite good. Why? That puzzles me.

Ms Biles: I would like to congratulate whoever is responsible for the early childhood centres we are going to have. Our organisation is very concerned about education, and the earlier you get kids into preschools the better. One thing that I would like an answer to is about something very new—I do not know that it is being done anywhere else—to have childcare, preschool, years 1 and 2 all in the one environment. Do you know if there is a proposal in place for the evaluation and assessment of this? It is something that we have not done before and it is going to be too late seven years down the track if we find, whoops, that it did not work properly. I do not expect you all to have the answer but we would like some information.

MRS DUNNE: I think the point is well made, Ms Biles, yes.

DR FOSKEY: We can certainly ask about that when the minister appears.

Ms Biles: You must have a plan for assessment and evaluating it from day one.

DR FOSKEY: Do you think that should also include assessing the transition, so actually looking at beyond those centres to where the child goes next or—

Ms Biles: Yes.

Ms Findlater-Smith: Yes, whether it makes a difference coming out of that environment than going through the normal school system, because presumably not every child is going to go to those centres; there are only four. So there will be a lot of children who will not be able to travel to them. You have got two models, which would be excellent for comparison.

THE CHAIR: As there are no further questions, thank you very much for appearing before us this afternoon.

SATTLER, MS KIM, Secretary, UnionsACT
SHANNON, MR CRAIG, Industrial Officer, UnionsACT

THE CHAIR: Welcome, Ms Sattler and Mr Shannon. Thank you very much for appearing before us this afternoon at this hearing of the Select Committee on Estimates 2008-2009. We have 20 minutes. Have you read the privilege card?

Ms Sattler: Yes, we have.

THE CHAIR: Do you understand the privilege implications that are contained within it?

Mr Shannon: Absolutely.

Ms Sattler: Yes.

THE CHAIR: Do you want to make some opening remarks and then we can throw it open to questions from the committee.

Ms Sattler: Yes. Our opening remarks would be that many of our items did not get up in the budget.

Mr Shannon: Less than the chamber of commerce!

Ms Sattler: There are a few items about which we would like a bit more detail to see whether they covered some of our concerns. That would be predominantly in the area of OH&S—occupational health and safety—and the line items allocated to the Office of Regulatory Services. The other part relates to doing the assessments and inspections for workers comp compliance. Basically, we would like to know how that equates to how many inspectors. We cannot see any allocation for prosecutions, so we believe that, at the moment, even if we did find people who were non-compliant, and we know that, if there were more inspections we would find more non-compliant people, in fact there is not any money to mount cases. So we would love to be told otherwise.

Mr Shannon: We are all for inspecting, but we like enforcement too.

Ms Sattler: Yes, we believe they go hand in hand. There were some very positive items in the budget in the area of health, and particularly in enhancing the health workforce. We also supported the money allocated to recruitment and retention in the ACT public sector and the project that is underway there, and the money allocated to implement the recommendations of the Skills Commission. But what we saw as being quite absent is that there are still no significant traineeships or apprenticeships being taken up by the ACT public sector. So the ACT government itself is not showing any lead in terms of putting on apprentices and trainees.

We particularly note that the areas where we know there are a desperate lack of apprentices and anybody to take over from an ageing workforce is in all the blue-collar trades areas that we currently cover within the ACT government. If we do

not start taking on some trainees and apprentices in those areas, the guys doing those jobs will be the last ones in them. We should be maximising the opportunity for some of those people to supervise an apprentice or a trainee.

We are very concerned about the level of contracting out that has taken place within the ACT government over the last 10 years. That is why we have shortages within the ACT public sector. But if we do not go about following our own recommendations from the Skills Commission then it looks a bit silly.

We are very pleased about the portability of long service leave in the community sector, and work being undertaken to look at the feasibility of that. I would urge those responsible to refer to the fully-costed actuarial assessment that has already been done in the community sector task force project in 2006. So most of the work has actually been done; it is just a matter of updating that. I would hate to see money wasted on reinventing the wheel. The forward estimates should look at getting the scheme off the ground. That is not clear from the budget papers either.

We are also very pleased to see ongoing indexation built into the forward estimates for community sector grants, because that is the only way in which community sector workers will achieve any wage increases. So it is very good to see that for the second time. We have a question about why the community inclusion fund will cease next year. There has not been much indication of what happened in the last year. There appear to be rollover funds there as well, so I would be curious as to why those funds were not applied and why a grant process was not opened up to enable people to access those funds in the last 12 months. That is probably the shortlist.

THE CHAIR: Are there any questions?

MR GENTLEMAN: Yes, chair. Thanks, Ms Sattler and Mr Shannon, for coming in. I am keen to hear more about an area that you talked about—trainees and apprentices in the ACT government, in areas where corporate knowledge is moving on, with people retiring. Can you identify some of those places?

Ms Sattler: Certainly, in all of the blue-collar areas in the hospital, so it is the electricians and all the maintenance positions. It is the same in TAMS, in the outdoor teams, in the landscaping and tree surgery areas.

Mr Shannon: Knowledge management does not seem to be factored into the contracting culture, so there is a lot of deskilling going on with respect to the localised knowledge in some of these agencies.

MRS DUNNE: Is that because a lot of this is contracted out, so there is not a culture of the government employing apprentices as there once was?

Mr Shannon: That is correct.

Ms Sattler: It is true in the TAMS area, but in the hospital area it is not contracted out. They have people who have been in those jobs for a long time.

MRS DUNNE: So there are electricians who work in the hospital?

Ms Sattler: There are.

MRS DUNNE: That is their place of work?

Ms Sattler: Yes.

MRS DUNNE: So you would like to see the hospital, as an example, take on apprentices?

Ms Sattler: Absolutely. Anywhere that we have a large employee workplace, where you would have the ability to have more than one person supervised, it seems obvious that that is where you would create some of those opportunities. I think the ACT government needs to lead the way on this. If you want the private sector to take up more trainees and apprentices, we should be doing it as well. There are areas in other departments which have much smaller teams, but the two largest would be ACT Health and TAMS.

DR FOSKEY: Have they ever had a record at any time?

Ms Sattler: Yes.

DR FOSKEY: Can you tell us a bit about that and when it seemed to cease?

Ms Sattler: Probably not for about 10 years.

Mr Shannon: At one point I think the ACT government was one of the largest apprenticeship groups in the ACT.

MRS DUNNE: It seems to be a tendency in government organisations across the country to go out of apprenticeship training. The classic examples are in places like New South Wales railways, which used to have lots of apprentices and now do not have any. What you are saying, Ms Sattler and Mr Shannon, is that we have seen that same pattern here, probably on a smaller scale, that we saw in the larger states.

Mr Shannon: Yes, and proportionally bigger, in a sense, because of the size of the jurisdiction. You do not have as many opportunities to fall back on in a broader marketplace in the government sector.

Ms Sattler: If we took them into the public sector, it is seen as a safer workplace, theoretically, but also one where the likelihood is that you would stay on, so you would have stability of employment. When we have a booming construction economy going on outside, all of the good traineeships and apprenticeships will probably happen in the private sector. But we need to build up a supply of people who are going to stay here.

MR GENTLEMAN: An Assembly committee had some evidence put to it last week regarding apprentices. In the private sector, in construction, for example, a lot of the jobs now go from project management directly to subcontractors and the subcontractors are not hiring. Do you think it is a theme through private sector and

government as well?

Mr Shannon: Subcontractors will not take on apprentices if they have only got short-term contracting going on, so there is no stability there in the apprenticeship marketplace, whereas the government sector generally provides a level of stability for a proportion of the apprenticeship community. That is one of the big issues.

Ms Sattler: It is a very big trend. Young people who are trying to explore where to get work will factor all of those things in. If we had a pool that we recruited each year, that would be seen as a very big plus which could be marketed through the careers expos. We need to catch up and we need to make a start on that.

DR FOSKEY: Have you seen any move in the ACT public sector around contracting out? Are there any hopeful trends in some departments that are perhaps having more in-house professionals rather than contracting out? I am wondering what the trend is, because it is a very kind of nineties approach.

Ms Sattler: No, the trend is definitely contracting out. It is seen as an easier option by a lot of managers.

Mr Shannon: It is a cost-shifting exercise sometimes.

DR FOSKEY: It is not cheaper, though, is it?

Ms Sattler: Not necessarily, no. In fact, it is especially not cheaper when you are contracting out to interstate providers who build in all of these extra costs.

DR FOSKEY: Like accommodation?

Ms Sattler: Like accommodation, like driving the truck here and driving it back again. We have been quite proactive as affiliates in addressing this issue with Procurement Solutions and with the Chief Minister. We are in an ongoing dialogue about this issue. In the bargaining process, where we developed the template agreement with all departments, we built in some items around the fact that the ACT government needs to start employing some of the entry-level trainees and to train them into the service so that we keep some people for longer. We raised a whole range of these items in the bargaining process as being cost saving and productivity measures. So we will be pursuing those items continually, through all these other processes.

Mr Shannon: If the ACT government does not have the culture of having its own apprenticeship model, it will have to go out in the marketplace at the moment and compete like everybody else for apprentices or fully qualified tradespeople, which means you are paying a premium during the more expensive periods than you would otherwise do.

There is also an issue in the marketplace with first and second-year apprentices. A lot of people do not want to put them on because they are considered to be a cost drain to those contractors because they are not fully skilled tradespeople. In an increasing number of circumstances, apprentices in those years are being exploited out in the marketplace as if they are fully qualified tradespeople. So they might be employed as

a first year and being deployed as a third year.

MR GENTLEMAN: But their labour is charged out.

Ms Sattler: Yes, that is right.

Mr Shannon: It relates back to the issue of enforcement and other matters that we are concerned about.

THE CHAIR: We can chase up the question you asked about community inclusion when the minister appears before us.

MRS DUNNE: We have not got to CMD yet.

THE CHAIR: No, we have not got to CMD.

MRS DUNNE: It certainly was raised as an issue at ACTCOSS as well. There was some uncertainty as to what was happening.

THE CHAIR: Yes. I believe that it went into a research situation last year, but we can chase it up through that particular process.

DR FOSKEY: You referred to the community sector task force. That report was produced in 2006. Given that you are pleased that the portable long service leave has been rolled out, I am interested in the fact that you are concerned that the item in the budget is kind of a waste of money because that work has already been done. Is that what you were indicating?

Ms Sattler: No, there still needs to be a process of consultation, contacting the employers in the industry and combining the information that was gathered in the actuarial assessment which quantifies how many employers they are going to draw in to the scheme. All of that needs a little bit of an update, but there was a full actuarial assessment of what the cost would be and what the premium might be. I would hate to see that work done again.

DR FOSKEY: Where would you go next in rolling out the recommendations of the community sector task force?

Ms Sattler: It would be good if a government response to the report was drafted because that never happened.

DR FOSKEY: That is right; we still have not got the government response.

MS MacDONALD: That would come under Katy Gallagher as minister, I think.

DR FOSKEY: It might be Andrew Barr.

Ms Sattler: It is a grey area because it was commissioned by the Office of Industrial Relations, which is Andrew's portfolio. Katy has picked up a couple of the recommendations and started to implement them. There has been no formal

government response to the report and to all of the recommendations that were tabled in that report. That is generally the place where most reports start.

DR FOSKEY: There is a time limit for these responses, too.

Ms Sattler: I thought there should be. It is very good that some of them have been plucked out. The community sector workforce would like to know the response to some of the others. Apparently, in the consultations that are happening now, they are asking that very question.

DR FOSKEY: Who is “they”?

Ms Sattler: Community sector organisations that are engaged in the ACTCOSS consultations around sector viability and workforce development issues.

THE CHAIR: Mr Gentleman, do you have any more questions?

MR GENTLEMAN: No.

Ms Sattler: We would be very keen to hear about the capacity of ORS to employ more inspectors.

Mr Shannon: Enforcement capacity.

Ms Sattler: And about the enforcement capacity, because it is not clear. I think there is a good story to be told but it is a bit buried.

Mr Shannon: We understand the inspecting function is—

MR GENTLEMAN: There was an announcement about the work safety legislation and the dollars allocated to that—\$1.4 million for the implementation of that. I am not sure whether it is an extra ORS—

Mr Shannon: Our understanding is that ORS have not been supplemented for any extra enforcement capacity. If that is the case, the identification of all the problems under the sun is not going to help us.

MR GENTLEMAN: We will ask the appropriate questions.

Ms Sattler: Thank you.

MS MacDONALD: We have all taken notice of it.

Ms Sattler: We thank the committee for inviting us to come along and pose our questions.

THE CHAIR: Thank you very much for coming this afternoon.

The committee adjourned at 5.12 pm.