



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

**Reference: Appropriation Bill 2004-2005 (No 2)**

**Members:**

**MR R MULCAHY (The Chair)**  
**DR D FOSKEY (The Deputy Chair)**  
**MS K MACDONALD**

**CANBERRA**

**WEDNESDAY, 2 MARCH 2005**

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

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

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

## **The committee met at 6.35 pm.**

Appearances:

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

Department of Economic Development—

Mr Shane Gilbert, Chief Executive  
Mr Geoff Keogh, Director, BusinessACT  
Mr Ian Cox, Manager, Policy, BusinessACT

Department of Treasury—

Ms Megan Smithies, Executive Director, Finance and Budget Division  
Ms Kirsten Thompson, Acting Director, Budget Strategy and Reporting Branch  
Ms Lisa Holmes, Manager, Accounting Branch  
Mr Graeme Dowell, ACT Commissioner for Revenue  
Mr Roger Broughton, Executive Director, Investment and Economics Division

**THE CHAIR:** Minister, ladies and gentlemen, welcome. For those who give verbal evidence to the committee today, a copy of the transcript will be emailed to them, as soon as it is available, for correction and also so that they might identify questions that are taken on notice. Please return responses to questions on notice to the committee secretary within five working days of receiving the transcript. To assist in the preparation of the transcript, witnesses need to state their full names and the capacities in which they are appearing on the first occasion that they give evidence.

You should understand that these hearings are legal proceedings of the Legislative Assembly, protected by parliamentary privilege. That gives you certain protections but also certain responsibilities. It means that you are protected from certain legal action, such as being sued for defamation for what you say at this public hearing. It also means that you have a responsibility to tell the committee the truth. The giving of false or misleading evidence will be treated by the Assembly as a serious matter. Minister, would you like to make an opening statement before we commence with questions?

**Mr Quinlan:** No.

**THE CHAIR:** I will commence with a couple of questions to you in your capacity as Minister for Economic Development. Manuka Oval, which I believe is your area, is an area of particular interest to the local commercial operators. The events that are staged there have had good and positive impacts. Could you give us some indication of what you see as future plans in relation to that facility? I noted in the annual report that there had been a reduction in meetings, but I saw that as fairly minor. Do you have plans to further enhance the number of sporting events held there, as that would obviously flow into the local community?

**Mr Quinlan:** There isn't a schedule of future events or a raft of events that has led us to say, "Oh, well, we will plonk them at Manuka Oval." We have budgeted for an increase in seat coverage. There is capital money to extend the number of seats under cover in the Hawke and Menzies stands on either side of the Bradman stand. There is money to do

something about the fencing, which is not the most glamorous in the world, and the front entrance, in keeping with the stature of the facility.

We have done some examination and some of the problems at Manuka Oval require further consideration with respect to occupational health and safety, given that standards have changed. There are rails around the outer areas that are, by current standards, too low. They have to be raised because we have a liability if someone falls over them. We have been told the new standard is a foot higher; so there is a bit more work to be done there.

**THE CHAIR:** Is this \$142,000 for that?

**Mr Quinlan:** I think that is just operational. We can give you the list of those because there are a number of costs—and they are over and above what we expect in terms of building and ground maintenance, cleaning costs, reduced function room hire, reduced cottage rental and one less Kangaroos match. The thing is not cutting square as an enterprise yet. The function room there is a good room from which to watch cricket and football but it is a lousy function room. That is because of the way the sun strikes the room and the ambient conditions in the room. It will be a battle to turn it into a feature function centre.

In the far long term, I think I am on record elsewhere as saying that a lot more money should be spent at Phillip and not necessarily at Manuka. Manuka will present difficulties in the future—I mean, if we ever wanted to put television-quality lighting at Manuka, I think there would be a bit of an uproar. Secondly, if we wanted to build up the capacity, the ability of the surrounding area to absorb the parking load would be limited. If we do not make too many mistakes in relation to Phillip—although we do not have plans to redevelop it overnight, at least it does not have residential against it cheek by jowl, but does have, particularly out of business hours, quite substantial car parking within reach of the oval—I consider that one day it may be the next stadium in Canberra. It is a great pity that Bruce Stadium was done in a style that reduced the size of the playing surface—deliberately, rumours have it, but that is now part of Canberra folklore.

**MR SMYTH:** Just one twisted Aussie Rules follower!

**Mr Quinlan:** Yes, exactly, and I have a few mates in this regard. That is why \$10 million was rapidly thrown at Manuka Oval at one time.

**MR SMYTH:** What! From a twisted Aussie Rules follower!

**Mr Quinlan:** Yes, by a government that was concerned about twisted Aussie Rules followers.

**THE CHAIR:** Just to finish off on that, you are saying that, financially, it is not really cutting profits—

**Mr Quinlan:** No, and I have had some fairly frank discussions with the members of the trust and I have written to the Auditor-General asking her to have a look at the process and to examine whether we have an appropriate structure and appropriate responsibilities. We have a structure now that involves the major stakeholders as the

operators of the facility and that puts each of them in a conflict of interest position from time to time. It puts them in a position of conflict with each other from time to time, especially when it gets to be short grass versus long grass at about this time of the year with cricket finals and football matches.

It is a matter on which, in the long term, there still needs to be an examination of the appropriate way in which to run the facility for the benefit of stakeholders and for the general public to get maximum benefit from it and, at the same time, make sure it does not remain an impost on the taxpayer indefinitely.

**THE CHAIR:** I take this opportunity to welcome Mr Gilbert in his new role.

**Mr Quinlan:** He has run around Manuka Oval a couple of times.

**MR SMYTH:** As a twisted Aussie Rules supporter or as a potential—

**THE CHAIR:** As an Aussie Rules player.

**MS MacDONALD:** You just alluded to your preference to upgrade Phillip Oval as opposed, and you spoke a bit about that—oh, no, I won't ask that question.

**Mr Quinlan:** How much will Phillip cost?

**MS MacDONALD:** Yes.

**Mr Quinlan:** Lots. The estimates are, to put it into usable shape, in excess of \$1.5 million from now and that is not about increasing its crowd capacity or about redoing the surface to current standard. It is a mud oval and modern ovals are much more these days. It would have to be resurfaced and redrained, the whole bit, to be a national standard facility. Then there are, of course, the crowd accommodation facilities, the media, lighting, blah, blah—so, lots.

**THE CHAIR:** Dr Foskey has asked me to put some questions to you.

**Mr Quinlan:** The grass is green at Manuka.

**THE CHAIR:** Indeed. Dr Foskey has questions in relation to pages 183 and 246. The supplementary documentation outlines that gaming and racing has been transferred from Treasury to the Department of Economic Development. You can take these questions on notice or deal with them in total. Why has gaming and racing been transferred to the Department of Economic Development? Does the decision reflect that gaming is seen mainly as a tool for economic development? Isn't there a risk that problem gambling will be seen simply as one of the inevitable costs of economic development for the territory? Is there a problem of increased dependence on gaming revenue in the ACT and across Australia? Wouldn't it be better to be less dependent? More specifically, in the supplementary papers where is the income from gaming shown? I think she is probably alluding to gaming taxes. Minister, would you care to comment on those issues.

**Mr Quinlan:** The Department of Economic Development is the department that contains the agencies that administer the responsibilities that I carry. Racing and gaming hitherto

has been considered to be closer to Treasury than to any other major administrative unit, given that it does have a high degree of regulation and it is a contributor to the territory budget.

In terms of gaming revenues, that is a bit of a conundrum these days. There are grave concerns about problem gambling, and justifiably so. In terms of problem gambling, I think it is fair to say that at this point in time the ACT has the most enlightened suite of legislation and code of practice, and that has been recognised by third parties. That does not mean that we will sit on that until the world passes by.

There is the recent announcement of a report by Professor Jan McMillan of the school of gambling studies at the ANU. That report was commissioned by the Racing and Gaming Commission, and we will be taking its finding and its recommendations on board. I do not guarantee that we will adopt every one of them, because I have not looked at them in detail yet; so it would be silly to do so.

A point I am reminded of is that the Racing and Gaming Commission still remains a separate commission. It still has a board and it still has its legislated charter and its legislated degree of independence. Nevertheless, in administrative terms, it fits within the suite of my responsibilities and I think reasonably fits somewhere between sport and recreation and Treasury anyway. I have the bureau of sport within my portfolio, as well as ACTTAB, which, again, has a separate board but nevertheless does have an administrative reporting line.

In terms of revenue from gaming in this year's budget, gaming machine tax is \$33.456 million, casino tax is \$2.154 million and lotteries tax is \$13.94 million. We do take problem gambling seriously, as I think is shown by the record over the last three years as to what has been done, and it has been done on a bipartisan basis, in terms of the development of the legislation and a code of practice, in consultation with clubs, hotels and the casino. It has been recognised by people from the other side of the debate, if you like—those who are concerned and genuinely have a direct interest in those affected by problem gambling and who look to the ACT for leadership in terms of a code of practice.

**MR SMYTH:** Just to finish up on Manuka Oval: if I read the reports right, in 2002-03 it seems to have spent in excess of \$200,000 above budget. It is hard to work out what happens in 2003-04. Can the oval be said to be making a profit at this time or at least breaking even?

**Mr Quinlan:** No, it is not. It is still requiring some level of subsidy. Quite frankly, before we make decisions in the future I need to look at the costs, how they benchmark, in terms of maintaining and operating the thing, and how the revenue is split. There are some big events. We have some contractual arrangements with football, with the Kangaroos and their games. We have a significant event there every year with the Prime Minister's XI. We need to look at all of the elements there, if we can dig them out. They are not all necessarily recorded within our surface records, and we have asked the Auditor-General to take a look at that. I am advised that we have been giving them an up-front subsidy of \$240,000, so it is not making a profit.

**MR SMYTH:** So, giving it to the Auditor-General to determine what—whether it should make a profit, how it can make a profit? What is the question you have put for the audit?

Is it just to look at the numbers or is it to tell you what to do?

**Mr Quinlan:** Look at the economic performance and make some recommendations in relation to the structure.

**MR SMYTH:** When will that report?

**Mr Quinlan:** I do not know. The Auditor-General has an option to decide when she will program the various requests. I do not have that level of control. She reports to the Chief Minister to start with but even he, I do not think, would get to the point of saying, “Drop what you are doing and do that now”. It is for her to set those priorities.

**MR SMYTH:** So it is just at an early stage.

**Mr Quinlan:** It is some time since I wrote to her, but I have not got dates with me which say that the auditor will do this at such and such a time.

**MR SMYTH:** Like the chair, I welcome Mr Gilbert as a former Tuggeranong resident. What key performance indicators for the department will you be asking of Mr Gilbert and what do you hope to achieve with the new department?

**Mr Quinlan:** The new department is all about coordination. It seemed to us, having worked through some processes whereby I had agencies that had portfolio responsibilities to me and administrative responsibilities through the Chief Minister’s Department, that we ought to rationalise that. Then we thought the decent thing to do would be to wait until we had an election and could find out who was here after the election and, if we won, what arrangements we might make in terms of portfolio splits.

Having passed those milestones, we saw first the need for a level of coordination. Although this is a Labor government, it still understands the concept that you must first create wealth before you can redistribute wealth within a community. It is our intention, and I think we have demonstrated it by the actions we have taken, to grow the ACT economy. We intend to grow the enterprise element of the economy.

We appreciate that this has been a government town and will always be a government town—even though, statistically, 60 per cent of the people do not work directly to government. When all is said and done, and you look at the flow-throughs, the service industries would not be here if we did not have government. It is still the case that a very high proportion of what happens in the ACT economy is government dependent.

However, a lot of that service is delivered by enterprise, and a lot of that enterprise has learnt in the delivery of service to government that they can produce a product that can become a proprietary product and be taken to wider markets. During the last Assembly, we produced an economic white paper that clearly stated that we recognise research development capacity and potential in the territory and, without boring this meeting, we have taken lots of steps to build a closer relationship with the ANU, with the University of Canberra and with industry itself.

We have invested and we have provided service, advice and support in order to optimise the development of industry, the development of export and the development of

Canberra as a centre for research development and for clever people. On every statistic, Australia holds up well in terms of innovation and within Australia the ACT holds up very well in terms of that innovation. We have worked through our strengths. It is in the white paper and you do not want to be bored with any more of it right now, do you?

**MR SMYTH:** No, I am very bored with the white paper. Is there a document you can give us that shows what the KPIs are for the new department? Is there some document that says, "We have achieved what we set out to do"?

**Mr Quinlan:** No, there isn't. There are documents that exist in terms of agreements for the various agencies. In the main, this department is made of pre-existing blocks. We have not turned the thing on its head and said, "As a whole, we will throw out everything for which we have worked for three years". We still have a whole suite of KPIs and targets that exist within the various agreements and documents for the various blocks that make up the department.

**MR SMYTH:** What advice have you given Mr Gilbert as to how he will know when he has reached satisfaction level with you?

**Mr Quinlan:** We are working together okay so far.

**MR SMYTH:** So far so good.

**Mr Quinlan:** Yes.

**MR SMYTH:** The Chief Minister said in January that you would be making an announcement on the National Convention Centre in March. You are off to Dubai on Friday or Saturday.

**Mr Quinlan:** On Friday.

**MR SMYTH:** When will the announcement on the convention centre be made?

**Mr Quinlan:** When we have agreement. These statements always get made a bit more definite for the use thereof.

**MR SMYTH:** I was hoping to get it soon.

**Mr Quinlan:** Just for the record.

**MR SMYTH:** Just so that there is consistency.

**Mr Quinlan:** How about, hopefully, soon?

**MR SMYTH:** Some time in March?

**Mr Quinlan:** It really depends. Let me say this much: in terms of the to-ing and fro-ing between the government and the international hotel group, the owners of the convention centre, I have had direct meetings with Mr Tony South, who is the head honcho out of Singapore. At this point in time our latest position is on their table. So it is up to

Mr South.

**THE CHAIR:** Thank you, minister. We will now conclude the economic development component of the hearings tonight and move into the Treasury area. Treasurer, is there anything you would like to put on the record before we move towards discussing the bill?

**Mr Quinlan:** I do not think so. It is a pretty straightforward bill, particularly from Treasury's perspective. I am sure you have a whole lot of questions for other ministers, which I am happy to leg glance or deflect should they go beyond my scope of responsibility and therefore my power to inform you.

**THE CHAIR:** We really appreciate how accommodating you are in relation to this. We have plenty of things to ask you about the other areas. I might open the batting, if I may, in relation to the enterprise agreement, which is of some interest. I would appreciate confirmation of our mathematics here. In your statement you have indicated that the impact of the wage increase on the bottom line of the budget is about \$8.9 million. Could you confirm that the increase therefore brings the item, including expenses, in total to \$896 million, in round terms, and that the increase over the budgeted amount is 7.3 per cent?

**Mr Quinlan:** I will defer to my officers on that. I have a terrible memory for numbers.

**MS MacDONALD:** I told you that you are not supposed to say that!

**Ms Smithies:** The amount that was put in the budget for wages and wage negotiations included a \$35 million provision. In effect, that means that we budgeted for around \$35 million of additional costs, which was included in the original budget. Why you see such a large increase on a year-on-year comparison of 7 per cent—I assume you are looking at the wages bill from one year to the next—is because when we put the provision into the budget we put it against the administrative line rather than the salaries line.

**MR SMYTH:** Why would you do that?

**Ms Smithies:** One of the issues about why we put a provision in rather than appropriating directly to agencies is mostly around the fact that the enterprise bargaining is not fully negotiated at the time of the budget. If we go through a process of allocating directly to agencies through the budget process, then we essentially tip the hand of the government in relation to what the final outcome of the wage negotiations would be. In essence, the provision always sits on the admin line, which has a lot of movement in a budget; so it is not readily detectable but it is still included in the bottom line.

**THE CHAIR:** It would appear from my reading that it ended up that you had to give away more of the farm than you anticipated in your projection.

**Ms Smithies:** Yes, around \$9 million from the original estimate.

**THE CHAIR:** It is 7.3 per cent, on my reckoning, over the original budget figure.



**Mr Quinlan:** But not on the gross figure.

**THE CHAIR:** Not on the gross figure.

**Mr Quinlan:** So it is really not comparable.

**Ms Smithies:** I think it is also worth while to point out that that \$9 million does not contribute directly to ongoing wages. It is mostly in relation to the 2004-05 one-off increase in relation to accruals of employee entitlements. When you take, say, a 3 per cent or 4 per cent wage increase, you get a one-off movement in the level of everybody's long service leave.

**Mr Quinlan:** It is a retrospective recalculation on the value of their accrued leave.

**Ms Smithies:** It is one of the most difficult things to estimate when you are estimating an employee bargain. You are estimating across X different wages groups, all with different levels of provisions, et cetera. I think it is complicated by the introduction of an accounting standard that talks about not only measuring retrospectively but also trying to forecast the increase for the given year and bring it to account for the current year.

**THE CHAIR:** I know that is an issue of some debate. In terms of productivity improvements, can you clarify what you sought from each of the departments to fund at least this increase in those negotiations?

**Mr Quinlan:** No, I cannot.

**THE CHAIR:** Were there any productivity improvements?

**MS MacDONALD:** He is not the Minister for Industrial Relations.

**THE CHAIR:** The minister said that he is happy to answer questions on that.

**Mr Quinlan:** I cannot tell you. I remember that this was not a single EBA; it was a whole series of EBAs across a number of areas. I want to put on record, though, that before we entered into this full round of EBAs, in a number of areas the level of public sector salaries in the ACT was down at the bottom of the league table—say, for administration.

**THE CHAIR:** Relative to, say, the commonwealth or the public sector.

**Mr Quinlan:** Relative to the commonwealth, the Northern Territory, Tasmania, South Australia—anywhere that there is a league table of rates payable. We were right down near the bottom. That had, and would have continued to have, a very deleterious effect upon our capacity to recruit and retain quality staff. As you would understand, we get pirated on a regular basis. I know that Treasury gets pirated on a regular basis. We get good people, and their light shines enough for the federal government to see them. But after the round of EBAs for administration, I think we were only about the middle of the league table. If you take a salary for a PSO level 6 or level 7, or whatever the levels are, we are still only in the middle of the league table.

**THE CHAIR:** Are you seeing your people being poached from the ACT, particularly from lead departments like Treasury, mainly by the commonwealth sector?

**Mr Quinlan:** Locally, yes. At the senior level, I have had a couple pinched by Victoria.

**THE CHAIR:** Do you think commonwealth rates of pay are outstripping ours?

**Mr Quinlan:** Yes, they are higher than ours.

**THE CHAIR:** Do you think they are excessive?

**Mr Quinlan:** I do not know. What is excessive? That is a relative term. It depends on your general philosophy as to what you think is reasonable. If, in fact, they are the market rate setters, then what I think of rates in the commonwealth and the public sector does not matter a damn. Looking at the wages growth generally across Australia from what I know of it—I have not studied it in detail, unfortunately; I am not the IR minister—I think private sector employees, particularly salaried employees, have done very well. The commonwealth public sector have battled to keep up. They, in turn, are concerned about staff losses to the private sector.

**THE CHAIR:** Certainly in some fields that might be an argument, but I think the general view—as I have been advised—is that the peak business bodies in Canberra struggle to keep up with either commonwealth or state public sector rates of pay in terms of recruitment. IT is a complex area, albeit there is a bit of a circuitous arrangement there, but in many other areas, such as administration and other reasonably specialised areas, that is certainly a prevailing view.

**Mr Quinlan:** That really depends on your personal standards, doesn't it—how you value someone who works for you?

**THE CHAIR:** And capacity to pay, obviously.

**Mr Quinlan:** That is going to vary from person to person. If you do not have the capacity to pay good people, you do not keep them.

**MR SMYTH:** On the public service pay increases—you can go through each of the lines in the bill—is there an all-up figure for the next four years as to what the pay increases will cost?

**Mr Quinlan:** No.

**MR SMYTH:** You don't know?

**Mr Quinlan:** I do not know. We would not normally calculate that anyway, because you have wages going up on a regular basis. Budgets before we came to government had escalation in them. You factor in escalation to your future budgets and then you go to an EBA. Of course, you pay the wages resulting out of the EBA with additional money, if that is required, and with what has been allowed in the escalation process. Let me say that the budgets that we inherited three and a bit years ago were very low. They did not have a lot for future wage increases. Certainly wages into the four years in the last

Liberal budget were underestimated and unsustainable at the levels at which they were set.

**Ms Smithies:** For some reason, we have that number.

**Mr Quinlan:** Do we?

**MR SMYTH:** Well prepared is this committee—congratulations.

**Ms Smithies:** It is broadly in 2004-05—the outcome of the recent negotiations was \$43 million, rising to \$51 million by 2007-08. That is the total cost.

**MR SMYTH:** As to the extra required for this financial year, do we know the number?

**Ms Smithies:** In what sense?

**MR SMYTH:** How much extra have we paid for public service wages in the current year? I am sorry, 2004-05 will be an extra \$43 million.

**Ms Smithies:** Yes.

**MR SMYTH:** And it rises to \$51 million in 2007-08.

**Ms Smithies:** Yes.

**THE CHAIR:** As a general bit of information, Treasurer, when you bring in an appropriation bill such as this, with those areas where there are additional funds required, is there much regard given to looking at areas where reductions might be achieved in government outlays, going back to the base of some of these areas of expenditure; or isn't that a matter that is really tackled?

**Mr Quinlan:** No. There certainly is. I think the phrase used is the germination of low-hanging fruit. As part of any budget process we now do we try to look not only at where agencies feel they need to introduce or extend programs but also at the bottom end and ask if there are programs that are no longer relevant or no longer necessary—or, in fact, if you have to prioritise, because funds are limited and they are always going to be limited, what you are going to take out.

**THE CHAIR:** That has happened in this process; there have been eliminations?

**Mr Quinlan:** Yes. I am telling you what happens in cabinet and that is as far as I am going to tell it. But we certainly do have that. It does not matter that we have had a pretty good time over the last couple of years in terms of revenue. We talk about stamp duties and those sorts of things being at a high level, but they still do not make up a high proportion of our overall expenditure. So you take the whole \$2.6 billion and try to add to it by introducing new programs or meeting emerging needs.

In the last three years, as everybody knows, we have seen the Gallop report, which had a huge cost to it; we have had a bushfire and an examination and the McLeod report, which had a huge cost to it; and we have had the Vardon report in relation to child

protection, which had a huge cost to it. Nobody is saying, “Don’t spend the money,” but of recent times the ACT budget has had to absorb some pretty big hits, and it will have to absorb some pretty big hits in the future.

**THE CHAIR:** Taking you to the matter of the coronial inquiry into the bushfires, which I know is under the department of justice—I am not sure if you are able or wish to comment on this—do you feel that your provisions now are adequate for what the ultimate cost of this exercise will be?

**Mr Quinlan:** Do you mean the legal process?

**THE CHAIR:** Yes, both the coronial inquiry and the legal aspect.

**Mr Quinlan:** We are probably meeting some of it on an emerging basis. I do not want to trivialise this, but it is not a huge cost in the context of \$2.6 billion.

**THE CHAIR:** It is not huge in the context of \$2.6 billion, but it is significant if it continues.

**Mr Quinlan:** Yes. We all know that lawyers cost money and have a way of costing more than you expect at any time—and the legal process costs a lot of money. If I have to make a general comment, at the end of the day it is a responsibility to ensure that everybody involved receives justice.

**THE CHAIR:** Do you have a clear picture in your mind of your forward estimate cost?

**Mr Quinlan:** No. I cannot tell you off the top of my head; you might ask the Attorney-General that.

**MR SMYTH:** I have a lighthearted question and I will understand if you do not know the answer. On page 211, under the Department of Disability, Housing and Community Services, there is a dot point that says that they want \$2.48 million for the reconfiguration of clients at Long Gully. Is this a medical procedure? Is it going to make them taller? How do you reconfigure clients?

**Mr Quinlan:** They move the beds around! It says that this provides for additional alternative accommodation and support arrangements for two at-risk clients currently residing in disability services in the ACT government. We do not want to get into client history. I think it has something to do with alternative accommodation and support arrangements.

**MR SMYTH:** Long Gully is the road the tip is on. I am not aware of any accommodation there—or is it Rose Cottage house?

**Ms Smithies:** It is Rose Cottage. It is essentially about reconfiguring Rose Cottage so that the client mix within the cottage can also be reconfigured. I think it is to do with moving some complex self-harm clients, and those who may harm other clients, away from some lower complexity clients so that you do not have a toxic mix.

**Mr Quinlan:** I congratulate your office for the assiduousness of its examination of the

documents.

**Ms Smithies:** That is how the department described it to me.

**MR SMYTH:** Do you want the spelling and syntax errors? We could forward them to your office. On a more serious note, on 28 April you issued financial management amendment guideline 2004 No 1, which relates to the grouping of the Chief Minister's Department and the Office of Special Adviser, Council of Australian Governments and Intergovernmental Relations. Why was it necessary to issue that financial guideline?

**Mr Quinlan:** It is a legislative requirement if you want to shift money around.

**Ms Smithies:** The administrative orders, I think, came out slightly before. They created an administrative unit called the Council of Australia Special Adviser, which, in a budgetary and financial sense, would have meant that we would have had to do a separate budget and a separate set of financial statements for that particular entity.

Given the circumstances around it and the fact that a whole set of financial reporting and budgeting around just one function is illogical, the two were grouped together, so essentially it all sits under the Chief Minister's Department. What the guideline does is allow us, in a budgetary and financial sense, to combine any financial activity of the two entities and report it all as one, like we do with a number of other entities around the government where it makes sense to do so. It is not unusual in that sense.

**MR SMYTH:** There are no output statements for the Office of the Special Adviser. Is there a reason for that? It does not appear anywhere in the budget papers.

**Ms Smithies:** That would be because it is not an output in itself.

**MR SMYTH:** Okay, but the Office of the Commissioner for the Environment is there and the Office of Multicultural Affairs is mentioned. Most, if not all, other entities inside the government have at least some sort of performance measure beside the budget.

**Mr Quinlan:** Can you just insert, "Do a good job—one"? Okay?

**MR SMYTH:** How would we know if the Office of the Special Adviser is doing a good job? It just seems that there is no accountability here. The office is created and, some months later, it is lumped in with the Chief Minister's Department so it does not have to have a separate appropriation.

**Mr Quinlan:** I think you have to accept that. I think it was the late and famed Peter Wilenski who said that anything that can be quantified is, by definition, trivial. Without trying to trivialise what we have produced in a box of budgets, there is a whole raft of functions and roles that effectively cannot be qualified, other than, "Do a good job—one". I would suggest that that role does not lend itself to 12, 15 or some quantification. We are, unfortunately, in the process of producing budgets and supporting statements. We are down to reducing things to a quantified level. I would not have thought that you would go that far, quite frankly.

**MR SMYTH:** It is just that it was originally set up as a separate entity and it is now

wrapped into the Chief Minister's Department. The document you produced—the financial amendment to the guidelines—is then backdated to 17 February. Was that so that it did not have to report as a separate entity?

**Ms Smithies:** Yes, that is right. Financially, it is all wrapped up within the Chief Minister's Department, so it is not as if there is a part of expenditure that has gone missing across the government.

**MR SMYTH:** If the office stood on its own, would it need a separate appropriation?

**Ms Smithies:** Yes. If that instrument did not take effect, it would. It would do its own set of financial statements and have all of the financial reporting that sits in the trapping of that status.

**MR SMYTH:** Why was it then determined, or who provided the advice, that it was better to deal with the Office of the Special Adviser in this way? Why wasn't it just set up inside the Chief Minister's Department when it was first set up?

**Ms Smithies:** I think that is a question for the Chief Minister's Department.

**Mr Quinlan:** Yes. I do not know who requested that.

**Ms Smithies:** The AOs are set by the Chief Minister's Department.

**MR SMYTH:** You seem to have signed it, Treasurer.

**Mr Quinlan:** I am happy to sign it and say, "That seems a reasonable thing to do," because it does seem a reasonable thing to do. I know that the particular appointment has attracted some tawdry exposure lately, to the personal cost of the individual involved.

**MR SMYTH:** Everybody has praised the individual. That is the consistent point—the individual has been praised for his performance. It is just that we have no performance measures to justify it.

**Mr Quinlan:** Is that right? Do you think that is the impression that has been left in the public mind—that he has been praised?

**MR SMYTH:** We have nothing to judge the performance against, because there is nothing in the statements as to how we judge the output at the Office of the Special Adviser.

**Mr Quinlan:** As I said, there is a whole raft of functions within administration that do not lend themselves to a strict numerical measure. You have an adviser, you have people in your office.

**MR SMYTH:** Not on the level of the \$309,000 that has been spent. That is the point: it is significant money. It might be small fry in the \$2.6 billion in the budget. Is the process that was used to create it therefore flawed, if you have to come back a couple of months later to fix it up?

**Mr Quinlan:** I do not think so. That is really trying to stretch it. I know why you are asking the question. You want to try to pull some political statement out of it, but you know the circumstances of the appointment. I think it is patently obvious to everybody. I cannot see that there is somehow a flawed process if, in the accounting, you say, “Look, we won’t have a separate statement for every individual in the administration”—because that might turn into a huge volume of paper. This is a matter that has hitherto been, I think, handled quite appropriately. I think the publicity given in recent times is most unfortunate for the individual. Whether or not someone praised him, nobody believes; they just see hypocrisy.

**MR SMYTH:** It was your Chief Minister who praised him.

**Mr Quinlan:** What I am saying is that if this matter had been handled with appropriate discretion, then the individual would not be in the position he is in right now. I find that unfortunate.

**MR SMYTH:** Perhaps you should refer it to the Chief Minister.

**MS MacDONALD:** Treasurer, I will understand if this question is one that you cannot answer. It relates to education.

**THE CHAIR:** I think we have the minister for education coming.

**MS MacDONALD:** I know that. I would like to ask about the issue of the interactive whiteboards. The amount of \$1.2 million has been allocated across two years for the smartboards, as they are also known. Can you please, if you are able to, let me know where they are going to go within the government schools? As I said, I will understand if you cannot answer. I am happy to ask the minister for education.

**Mr Quinlan:** I have a rough idea, but I would not attempt to answer that because I will probably be wrong. I think there was a class level mentioned where they would be better used, but I will leave that to the minister.

**MS MacDONALD:** I know a smartboard is fairly expensive, but it is also a great facility and a great tool.

**Ms Smithies:** I am pretty sure it is one for every government school.

**MS MacDONALD:** They are going to try to put one into every government school—that is, at primary, secondary and college level?

**Ms Smithies:** I understood so.

**THE CHAIR:** You will get back to us on that, will you, minister?

**Mr Quinlan:** No. I think you had better ask the minister for education, who should be able to tell you—or her advisers.

**THE CHAIR:** I have a question on behalf of Dr Foskey and the Greens relating to output class 1.3 at page 199. The observation is that there has been a marked increase in

the revised target for stamp duty home buyer concessions. The notes report that this is a result of the broadening of criteria as outlined in the budget papers. The question from Dr Foskey is: shouldn't the 2004-05 original target have taken into account the broadening of the criteria, or was there an unexpected increase in the number of applications that have come in?

**Mr Dowell:** There has been a greater take up of the home buyers concession than was anticipated in the budget. That is why there has been a revision.

**THE CHAIR:** I did my own research on this. Am I right, if my figures are correct, that the number of beneficiaries increased from 120 to 925 but the total cost increased by only \$116,000—from \$11.7 million to \$11.81 million? There seems to be an aberration in the figures. Either we have got it wrong or there is some other explanation.

**Mr Dowell:** Could I have the figures again?

**THE CHAIR:** The number of beneficiaries increased from 120 to 925, but the total cost increased by only \$116,000—from \$11.7 million to \$11.816 million. If you want to take it on notice, you may.

**Mr Quinlan:** The 120 must have been doing pretty well!

**THE CHAIR:** Yes. There is a pretty strange aberration in the figures. Are you able to assist on that? You can come back to us.

**Mr Dowell:** Okay.

**MR SMYTH:** On page 232 of the document there is a line asking for money for the Office for Children, Youth and Family Support for accommodation consolidation. Apparently the office is scattered over about 12 locations and it will be coming into one location at Moore Street. This year that will cost almost \$1.5 million and then it will cost significant amounts of money in the outyears. Are there no savings in consolidating the accommodation? Has this figure been looked at by somebody outside the department?

**Ms Smithies:** In many cases, there will not be savings coming through on the accommodation until the accommodation that the office is actually vacating is rented behind, because we will have a number of leases that we will still have to honour. I think that more so we will see an increase in the number of staff. Off the top of my head, the level of staffing has increased by around 100 in terms of the supplementary appropriations from last year and the money that was given through the budget and, I think, some money in this supplementary appropriation. So there is definitely going to be a net increase if you actually take into account the significant number of additional staff that we will be accommodating.

The third point is that there is a difference between the 2004-05 and the 2005-06 numbers, largely because when Treasury analysed it as part of the supplementary appropriation we were not 100 per cent happy with the numbers that we were getting across the forward years. We could verify the 2004-05 number, but we were unhappy about the forward years and held off with recommending the full funding until we could get clarity over what was happening around the leases.



**MR SMYTH:** It seems odd that in 2005-06 it will go up by \$356,000, but in 2006-07 it will go up by \$754,000. In 2007-08 there will be an increase of a couple of per cent, at \$786,000, but the doubling between 2005-06 and 2006-07 seems a bit odd.

**Ms Smithies:** That is right. Also, I guess, there is a different market profile in terms of the accommodation that they are vacating and what they will be moving into. They will be moving into office accommodation in Civic, which would be of a higher rent than a lot of the stuff that they will be vacating at Tuggeranong or Callam.

**THE CHAIR:** It is a matter of where they were and where they are going, plus the extra staff.

**Ms Smithies:** That is right.

**MR SMYTH:** In the same area, the bottom line refers to a shortfall in business support costs and says that this initiative will meet essential business support costs for the office. There is an extra \$700,000 and then \$2.5 million, \$2.3 million and \$2.4 million. That seems an awful big shortfall in essential business support costs. Is Treasury happy with the department's estimate and what it has asked for?

**Ms Smithies:** We are never happy, particularly when it adds money.

**MR SMYTH:** Why are you giving the money?

**Mr Quinlan:** It was a long wrestle.

**MR SMYTH:** It does seem to be fairly big. How much is the business support of the office? What does the \$699,000 represent? Is it an extra 5 per cent or 10 per cent? Is "business support cost" code for the total expenditure of the department?

**Ms Smithies:** No. If I can break the question down: as part of any administrative order transfer, what happens is that the losers never want to give up the full cost and the game is to want everything. There is an issue there, and it is a real issue, about a large organisation like education that is running on a marginal cost for an office of around 250 staff versus moving in and setting up an entity all on its own which will, unfortunately, by default have a certain level of administration going with it that it would not if it were actually operating in an organisation the size of education. You are talking about 250 staff versus 5,000 or 6,000. So you have economies of scale.

But I think it is fairly safe to say that the level of corporate support that sat around the child protection areas has been, historically, chronically underfunded in relation to occupational health and safety, training costs, issues in relation to records management and all the sorts of things that actually make an organisation hang together and tick. So this number is, in a way, a combination of the issue of pulling out as part of an administrative order and going from a very large department into its own cell and the level of what I think is actually chronic underfunding.

**Mr Quinlan:** The point that I think has become clear from the examination of and focus on the area is that it was certainly underresourced in terms of its field resources, if you

like, its direct service resources, but it was also underfunded in terms of its support resources, which might have some relationship with the overall problem. That money is going into the budget now after considerable examination and arm wrestling. We said, "You will not be getting a whole lot more for overheads unless they are absolutely justified." It is clear from what we have seen of the organisation that the workload is far greater than was ever conceived in the years before and it is clear that it does need to be not only resourced but managed as well, and records kept and those sorts of things that all go with making sure that it works properly, because it is a very contentious area, as you know now.

**MR SMYTH:** Sure. Ms Smithies said at the start of her answer that there are winners and losers and that you need to supplement, but if you go to page 154, under the Department of Education and Training, you will see a final line which refers to revision of the Office for Children, Youth and Family Services and it looks like another \$2.264 million is going to education. It looks like there are winners and winners.

**Ms Smithies:** It sometimes feels that way, but there is a little bit of history.

**MR SMYTH:** There was a two-arm wrestle and it looks like the Treasurer lost on both arms.

**Mr Quinlan:** No, I lost and won.

**Ms Smithies:** There is a bit of history in that, when the original transfer occurred, too much was taken off the department of education and moved to the Office for Children, Youth and Family Services and what has transpired over the course of six months is some detailed work in terms of looking at those corporate overheads and the actual accuracy of what was, I think, originally about a \$4.5 million transfer in relation to corporate overheads. There were long discussions about FBT liability, cars and that sort of stuff. That is actually the transfer of that money back to education.

**MR SMYTH:** Okay. Where is the loss of the \$2.264 million shown up in the Office for Children, Youth and Family Services, if that money is going back?

**Ms Smithies:** What was your question?

**MR SMYTH:** You have just said that, when the Office for Children, Youth and Family Services went out on its own or was transferred to the Chief Minister's Department, \$4.6 million, I think, for overheads was taken off education, that it was found to be too much, and that \$2.264 million is now going back to education. Therefore, shouldn't it show up that the \$2.264 million would be seen as a loss of money to the Office for Children, Youth and Family Services?

**Ms Smithies:** Yes, but it is actually \$4 million. Pretty much the whole \$4 million got transferred back. It is the line three or four up.

**THE CHAIR:** Could you give us a page reference?

**Ms Smithies:** Page 232.

**MR SMYTH:** The \$4,093,000 is all going back to education.

**Ms Smithies:** Back to education, and then there is an additional top-up from the budget into the office, which is the \$699,000, or \$2.5 million in a full year.

**MR SMYTH:** Okay. And the \$4 million shows up in the education line on page—

**Ms Smithies:** On page 156 there is a positive adjustment.

**MR SMYTH:** I have one last question. There is reference on page 154 to a college review for \$50,000. Is that not money that could have been found by the department? Given the many millions that education and training gets, why are we appropriating \$50,000 for a review of the government college system? The chair made the point before that there do not seem to be any savings or productivity increases in this appropriation.

**THE CHAIR:** Especially when you look at the description to ensure that they remain relevant and targeted. I would have thought that would be part of their make up.

**MR SMYTH:** I would have thought that that would be core business. If we are going to get down to appropriating amounts of \$50,000, have we lost the game in terms of keeping control?

**Mr Quinlan:** It is \$150,000.

**MR SMYTH:** Sorry, I am just reading page 154, which says \$50,000.

**Mr Quinlan:** You will find it over the page.

**MR SMYTH:** In the full charter, that is right. Even \$150,000, is that not something that the department should fund and is it not one of its core responsibilities to provide that the government college system is relevant and targeted? Surely we do that all the time as a matter of course.

**Mr Quinlan:** I cannot remember all of the detail of it. All I can tell the committee is that, of all the claims, this one got through the cabinet screening. Quite clearly, you would appreciate that the number of proposals that came forward for the second appropriation was much more extensive than the number that actually made it, and this one made it as an additional cost.

**MR SMYTH:** Is there more detail as to why it is so important that it was considered that the extra money was required? I am happy for you to take it on notice.

**Mr Quinlan:** No, we will do in the minister. The minister can explain that.

**MR SMYTH:** Can you tell us the value of all the claims and of the total number of submissions put forward?

**Mr Quinlan:** No.

**MR SMYTH:** Do you want to take it on notice?

**Mr Quinlan:** No, for two reasons. Firstly, it is cabinet-in-confidence. Secondly, it is irrelevant.

**THE CHAIR:** Ms MacDonald has a related question to the previous topic that Mr Smyth was pursuing.

**MS MacDONALD:** In fact, it flows on from something that Ms Smithies was saying about FBT. Can you tell me, because I am ignorant and I do not know, how the FBT relates to the department of education? Mr Smyth can stop laughing at that.

**MR SMYTH:** I am pleased to see in *Hansard* your admission that you are ignorant and do not know.

**MS MacDONALD:** Apart from vehicles, which areas does the FBT relate to?

**Ms Smithies:** I would have to say that I am ignorant and I do not know, too.

**Ms Holmes:** As to the sorts of things that we pay FBT on, cars are certainly one of the biggest, but there would be things to do with some study entitlements that people have. Really, the FBT is not a material amount. The biggest certainly is vehicles.

**MS MacDONALD:** I am not curious as to the amount expended on it. I am just curious as to the areas in which FBT is applicable.

**Ms Holmes:** Parking is another one. It is one of the key ones for FBT for the government in general.

**THE CHAIR:** Turning to another area, the reference to asbestos law reform has intrigued me a bit, the \$1.5 million referred to there. I understand that you have a \$200,000 campaign.

**MS MacDONALD:** Which page?

**THE CHAIR:** I am sorry, page 29. I know that the presenter worked free of charge. Are you aware of what the other \$1.3 million is about as part of that exercise?

**Mr Quinlan:** There are people involved and there is certainly an amount of work going on, as you would understand. You don't just get Don Burke to stand up and ad lib and that is the end of the story.

**THE CHAIR:** I acknowledged that there was a \$200,000 campaign being run on it. I was just curious about the rest.

**Ms Smithies:** There is the cost of the actual committee and there are a few public servants working on it as well, but I could not tell you how many. A large proportion of the money is for a survey to try to identify the extent of the asbestos and the extent of the issue within—

**Mr Quinlan:** The extent of the awareness as well. That is being done.

**MS MacDONALD:** Three or four different publications are being produced.

**Mr Quinlan:** Yes. I do not know whether they are embraced within the \$200,000; I would not think so.

**Ms Smithies:** But that is all part of the \$1.5 million.

**MR SMYTH:** Are the members of the committee being remunerated?

**Ms Smithies:** I do not know the details.

**THE CHAIR:** We will take it up with the Chief Minister. I have covered my questions and I have covered Dr Foskey's questions. Do you have anything else, Ms MacDonald?

**MS MacDONALD:** No.

**MR SMYTH:** I have one last question. On page 32 there is a reference to the interstate transfer of juvenile justice. I assume that you are not outsourcing juvenile justice, but we are, apparently, sending juvenile offenders interstate. The sum of \$375,000 is mentioned. Are we sending offenders interstate because we do not have the capacity for them at Quamby? The line above asks for extra staff at Quamby. Obviously, we are doing more work at Quamby, but we are still sending offenders interstate, I assume.

**Ms Smithies:** Yes. I also think that it is partly to do with the complexity of the particular offenders as well in relation to the security needs.

**MR SMYTH:** Needs that you cannot meet here.

**Ms Smithies:** Yes.

**MR SMYTH:** Do you know how many are being sent and to which interstate facilities?

**Ms Smithies:** I would ask justice for that.

**THE CHAIR:** I think that we have pretty well concluded the proceedings, unless there is anything Dr Foskey wishes to raise before we conclude.

**DR FOSKEY:** Chair, I believe that you have asked my questions.

**THE CHAIR:** I have asked your questions and the answers either will be coming or are recorded in *Hansard*.

**MS MacDONALD:** I would like to thank the Treasurer and the officers of Treasury and the Department of Economic Development for coming in this evening. A scrutiny of bills conference is going on at the moment and I know that the staff had to move all the tables from the chamber to here for this hearing and will now have to put them back into the chamber. I want to put on record my appreciation for them doing that.

**THE CHAIR:** I think that we would all echo that. Thank you for giving up your evening

to come and join us.

**The committee adjourned at 7.43 pm.**