



**DEBATES**

OF THE

LEGISLATIVE ASSEMBLY

FOR THE

AUSTRALIAN CAPITAL TERRITORY

**HANSARD**

9 March 1999

**Tuesday, 9 March 1999**

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The Assembly met at 10.30 am.

*(Quorum formed)*

**MR SPEAKER** (Mr Cornwell) took the chair and asked members to stand in silence and pray or reflect on their responsibilities to the people of the Australian Capital Territory.

### **PETITION**

**The Clerk:** The following petition has been lodged for presentation:

By **Mr Rugendyke**, from 352 residents, requesting that the Assembly reconsider the new student fare system to ensure that it is budget neutral for both students and adults, takes account of school location and student travel needs, is fair and just for all students, and supports choice in schooling.

The terms of this petition will be recorded in *Hansard* and a copy referred to the appropriate Minister.

### **ACTION - Student Fares**

*The petition read as follows:*

To the Speaker and Members of the ACT Legislative Assembly:

The petition of certain residents of the ACT draws attention to the Assembly to:

the harsh and unfair financial impact of the new student bus fares which:

- . increase fares for most students between 33% and 167%, under the guise of being Budget neutral overall,
- . take no account of school locations and student travel needs, and
- . are inappropriately related to adult travel patterns.

Your petitioners request the Assembly to reconsider the new student fare system to ensure it:

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- 1) is Budget neutral for both students and adults,
- 2) takes account of school location and student travel needs, and
- 3) is fair and just, for all students and supports choice in schooling.

Petition received.

### **REPORT OF THE REVIEW OF GOVERNANCE - SELECT COMMITTEE Alteration to Reporting Dates**

**MR OSBORNE** (10.33): Mr Speaker, I find it interesting that Mr Rugendyke would table that petition, given that his report endorsed it. Anyway, I will let that one go through to the keeper. Mr Speaker, I seek leave to move a motion to alter the reporting dates for the Select Committee on the Report of the Review of Governance.

Leave granted.

**MR OSBORNE:** I move:

That the resolution of the Assembly of 28 April 1998, as amended on 25 June 1998, 10 December 1998 and 18 February 1999, appointing the Select Committee on the Report of the Review of Governance be amended by:

- (1) omitting from paragraph 3(a) “by the first sitting day in March 1999” and substituting “by 30 June 1999”;
- (2) omitting from paragraph 3(b) “by the first sitting day in April 1999” and substituting “by 30 June 1999”; and
- (3) by adding the following paragraph:

“3(c) notwithstanding the foregoing provisions of this paragraph, the Committee may provide one report to the Assembly.”.

Members will be aware that this committee, after completing a report on the Pettit report of the review of governance, is now looking at the issue of the Electoral Commissioner’s report into the last election. After considering certain aspects of this second inquiry, it has become quite clear to all on the committee that many of the issues in the Electoral Commissioner’s report relate back to some of the things we have looked at in the Pettit review. The members of the committee thought that, in order to present a more balanced report, where one did not need to look from one report to the other, it would be simpler if we just presented one report on 30 June.

Mr Speaker, public hearings into the second aspect of the report are scheduled for a couple of weeks' time. The committee is also looking at the option of visiting some of the bigger councils - Brisbane, Newcastle and Wollongong - to have a look at how they operate. That will be done in the next couple of weeks. In summary, I think all of us - you included, Mr Speaker - agree that it would be much simpler and that a combined report would be much easier for the Assembly and for the community as a whole to look at.

I thank the Assembly for their patience on this issue. I also thank especially Mr Cummins, our secretary, who has been juggling both inquiries. I am certain that when the report is tabled, with both issues covered, the Assembly will be satisfied with the final result.

Question resolved in the affirmative.

### **BUDGET PREPARATION - PRINCIPLES**

**MS CARNELL** (Chief Minister and Treasurer) (10.36): I move:

- (1) That this Assembly and the Executive aim to ensure that the people of Canberra continue to enjoy a healthy, safe, diverse, inclusive and contributing community with a high quality of life, supported by a government which provides quality services now and into the future.
- (2) To assist in the Executive's preparation of a Budget which will meet the approval of the people of Canberra and their elected representatives the following principles must be addressed:

#### **Responsible Financial Management**

- (a) the respective roles of the Executive and the Assembly in ensuring responsible fiscal management of the Territory;
- (b) the social and economic criteria against which financial management strategies ought to be examined;

#### **Budget Priorities**

- (c) the level of revenue which the Territory should raise, and how that level should be achieved;
- (d) the level of expenditure which the budget should incur, and any specific priorities for expenditure;

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- (e) what assets the Territory should maintain or sell, and the reasons why they should be maintained or sold;
- (f) the level of debt, and any new borrowings, which the Territory should incur;
- (g) the importance of the Territory retaining its current AAA credit rating;

**The Operating Loss**

- (h) whether current and future Governments should strive to eliminate the operating loss, and if so by what year; and
- (i) the level of operating loss which the 1999-2000 budget should incur.

I placed this executive motion on the notice paper in order to throw open the floor of this Assembly to all members on a matter of the utmost importance to the future of the ACT. I hope that all members will respect the spirit in which this motion has been put forward; that is, a genuine desire for constructive, consultative debate. It has been branded in the media a “put up or shut up” debate, but my aim is to go well beyond the 10-second media grab and actually do something that is rarely done in this chamber; namely, achieve a sensible debate on a very important topic.

Mr Speaker, framing the budget is the Government’s most important annual task. It is also the Government’s most difficult task, particularly in a parliament where the government of the day has never held a majority of seats. Since self-government 10 years ago, this political constraint has limited the budget options available to successive governments. In one sense, this debate is an explicit recognition of that political constraint. It marks us, for better or for worse, as distinctly different from other jurisdictions where governments have far greater budget flexibility.

The other major constraint we face is, of course, the economic constraint. Wants are unlimited, Mr Speaker; resources are very limited. There is no great mystery about our underlying budget problem. It comes down to the simple fact that we are spending more than we earn. It does not take a degree in economics or an MBA to comprehend the problem or that the solution involves spending less and/or raising more revenue. But before canvassing the choices facing the Government and the Assembly, I would like to share some positive news on the budget front. It relates to the Commonwealth Grants Commission’s review of methods that was brought down last week.

The Commonwealth Grants Commission is the body that recommends to the Federal Government how \$23 billion of funding to the States and Territories should be divvyed up. Given that about 40 per cent of State and Territory funding comes from the Commonwealth, the work of the Grants Commission is significant for all jurisdictions.

Members may recall that the last time the commission conducted a review of its methods was in 1993, and the ACT was the big loser. Funding was cut by 20 per cent, costing us close to \$100m a year.

This time the story is much better. The commission has recommended a 16 per cent increase in general revenue funding to the ACT. This translates into an increase of just over \$43m compared to our funding in the current financial year, when reductions for special allowances to the ACT are taken into account. Mr Speaker, it is quite wrong to label this a “windfall” gain, as the *Canberra Times* did last week, with all of the connotations of unexpected largesse that has come our way without being earned. Quite apart from the fact that this is clearly a correction for the harsh treatment meted out to the ACT by successive Federal governments, there has also been an enormous effort involved in achieving this result.

I suspect that Canberrans are thoroughly sick of hearing me speak about the rotten deal the ACT has had from the Commonwealth, given that I feel like I have been saying it every day since I came into this job four years ago. But, behind the scenes, staff from the Office of Financial Management, with support from right across the ACT Public Service, have over the past three years mounted a very strong case for increased Federal funding and have stuck to their guns in the face of criticism from other jurisdictions. Mr Speaker, I am sure that members would appreciate how much other jurisdictions were pleased to hear that the ACT was recommended to get a significant increase! We do not have a lot of friends around that table. This result, though, is a tribute to the quality of those public servants’ work.

It is also why I was unimpressed, to say the least, at the actions of the Opposition in releasing incomplete and inaccurate data from the Commonwealth Grants Commission report while it was under embargo. It was irresponsible and damaging to the credibility of the ACT in intergovernmental relations.

Mr Speaker, the good outcome recommended by the Commonwealth Grants Commission, if adopted by the Federal Government, will ease some of the pressure on our budget, but it will not solve our underlying budget problem. Indeed, for once, I find myself echoing the words of Mr Quinlan when he said that this is not so much “yippee” as “phew”. I agree. It will mean the difference between a task that was shaping up to be almost impossible and one that will now just be extremely difficult.

Mr Speaker, the budget that I bring down on 4 May will be my fifth. It will be the budget that takes us into the new millennium, and it will be the first budget that I have brought down in reasonably favourable conditions. Commonwealth grants are increasing; our economy is growing strongly, recording a 4.3 per cent growth in GSP, according to our most recent data; unemployment is low; and tax revenues are healthy.

This is in marked contrast to the circumstances that have shaped the budget over the last four years. I still recall vividly the sombre news that was broken to me when I sat down with Treasury officials in 1995 to begin work on my first ACT budget. The news was that the ACT’s financial reserves of \$180m had been run down to nothing by the previous government - they had spent all the money in the bank - Commonwealth grants

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had been sharply reduced, as I have already spoken about; and the practices of previous governments of flogging off as much land as possible to plug up budget holes had created a massive oversupply in the market. Mr Speaker, this is really interesting when you take into account the comments that those opposite continue to make about asset sales. They claim that they are very negative about asset sales; but, when they were in government last time, they sold, I think, on average about \$40m worth of land a year, to end up with a massive oversupply on the market. Mr Speaker, I was also told that population growth and economic growth were stalling and the budget was heading for a \$35m blow-out. Of course, budgets were put together in cash terms in those days.

Mr Speaker, it is now a matter of history that, on top of that very fragile budget position that I inherited, we were hit with the double whammy in 1996 of a new Federal government that not only axed thousands of public sector jobs, but demanded that we pay them money to fill the budget black hole left by the Keating Government. It is also a matter of history that, despite these extremely adverse economic and financial circumstances, we were able to reduce the Territory's operating loss from more than \$300m three years ago to a forecast \$150m this year. We have more than halved it, Mr Speaker. This has been achieved without the benefits of sizeable cash reserves, a strong economy, a booming property sector or the revenue from land sales that previous governments enjoyed. At the same time, we have implemented financial management reforms that have put us in the forefront of public sector accounting practice, with accrual accounting and outputs-based budgeting fast becoming the standard throughout this country. Mr Speaker, we were in there first.

I take some pride in having kept the Territory's finances on track through this difficult period and I acknowledge the outstanding work done by the staff of the Office of Financial Management and public servants right across the ACT Public Service. Mr Speaker, our starting point in considering the 1999-2000 budget is the projected general government sector operating loss of \$90m, as published in our forward estimates. In simple terms, the projection is for costs to be \$90m more than revenue. We are committed to closing this budget gap.

We have already achieved a reduction in the operating loss from more than \$300m three years ago to a forecast \$150m this financial year, with further reductions already projected in the forward estimates. However, our goal must be to eliminate the operating loss and, indeed, to generate substantial operating surpluses. If we do not eliminate the operating loss, we will be forced to borrow or to sell assets just to pay our bills and continue the capital works program. As the Auditor-General pointed out in his most recent report on the Territory's operating loss, a reduction in the Territory's net assets is inevitable as long as we continue to run an operating loss.

We need to have a surplus to provide capacity to fund our growing superannuation liability and our capital works budget. In other words, Mr Speaker, the superannuation liability problem that we have, and that I think every member of this Assembly, or almost every member, has admitted to our having, can only be funded - as this Assembly seems to have ruled out a sale of ACTEW - by achieving a substantial operating surplus



in budgets in the future, certainly not in this one. Continued operating losses, too, will inevitably impact on our AAA credit rating. This will in turn increase the cost of borrowings, producing a further deterioration in our operating loss.

Eliminating the operating loss is not an option, Mr Speaker; it is a necessity. So, those people who believe that we can continue to spend more money than we have and that somehow operating losses are all right are simply not coming to grips with the reality. What they are saying is that we will never fund our unfunded superannuation liability. What they are saying is that we really will have to borrow money or sell assets to fund our capital works program, because where else would the money come from? This is an extremely important part of this whole debate.

Mr Speaker, I am very pleased that Mr Quinlan - I understand from his press releases, or at least one of his press releases - has agreed with that. He made the point himself that the operating loss that was currently running in the ACT was unsustainable. I could not agree more. We must address the operating loss, and the only way we can do that, Mr Speaker, is to reduce expenditure and/or increase revenue. If we are ruling out, as this Assembly seems to have done, major asset sales, as the Auditor-General says, "You have got two choices - decrease expenditure and/or increase revenue". Everything else will simply delay the inevitable.

The projected 1999-2000 operating loss is made up of expenses of \$1.707 billion and revenues of \$1.568 billion. To reduce expenditure we can either reduce the cost of our services or reduce the quality or quantity of services delivered. On the other side of the equation, we can raise more money. We receive most of our money from either the Commonwealth Grants Commission or taxes, fees and fines. Firstly, Commonwealth grants make up just under 40 per cent of our revenue. Commonwealth general purpose funding has dramatically decreased since self-government, by 49 per cent in real terms. Our recent success in regaining some of that loss through the most recent Commonwealth Grants Commission assessment will only fill part of the budget gap, even if adopted in full by the Federal Government. Mr Speaker, it is important to remember that, until we get our offers from the Commonwealth Government prior to the 9 April Premiers Conference, we simply do not know what the offer from the Federal Government will be.

Secondly, Mr Speaker, taxes, fees and fines constitute another 40 per cent of our revenue. We have maintained a policy of setting the levels of taxes, fees and fines to generally align with levels of New South Wales. Departure from this policy may result in revenue loss as businesses relocate to a cheaper location. Any decision by the New South Wales Government to reduce taxes, as they currently foreshadow in the area of payroll tax, will need to be watched closely to ensure that we do not give surrounding New South Wales a competitive advantage.

So, Mr Speaker, it is simply not an option, as I think some people would like, to just put up our business taxes. If we just put them up, 500 metres across the border in Queanbeyan it will be cheaper to do business. Mr Speaker, the problem with that is patently obvious to anybody who has a look. If businesses relocate, not only do we lose the increased tax rate, but we lose the total tax base. Those businesses then pay their

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payroll tax to the New South Wales Government. They then pay their taxes, their stamp duties, all of those sorts of things, to the New South Wales Government. We lose the lot for every business that relocates because of a lower tax approach over the border. Mr Speaker, I do not think anybody would recommend cutting off our nose to spite our face in this situation.

Mr Speaker, we have also maintained a policy whereby rates are not increased by more than the rate of CPI. Any departure from this policy attracts criticism from this Assembly. Some of the members will not know because they were not here in the last Assembly, but the enormous amount of work and effort that this Government put in to come up with a new rates approach that was accepted by the Assembly was quite stunning. Members made it patently clear that they were not willing to accept a situation where rates went up significantly more than CPI. Mr Speaker, nobody likes paying more in taxes, but the record of successive governments shows that cutting back spending is even more difficult politically than raising taxes.

The major areas of expenditure, of course, are health and education, which together account for just over 50 per cent of general government expenses. Reductions in services in these areas traditionally attract criticism from members of the Assembly and, of course, absolute opposition from the community itself. Mr Speaker, not so long ago, we saw this Assembly vote against the closure of Downer Preschool, a preschool that at that stage had 12 children. It was a really good example of how this Assembly uses the reality that this is a minority government to block changes in expenditure in areas such as health and education.

The major driver of the cost of services, of course, is employee expenses, making up nearly 50 per cent of general government expenses. Any major reduction in costs will mean a reduction in jobs. The average annual salary in the general government sector is roughly \$39,000. Eliminating an operating loss of \$90m equates to reducing the number of jobs by roughly 2,300. But, again, any suggestion of job cuts immediately attracts all hell to break loose in this place. And, Mr Speaker, we understand. We are a minority government.

Some facts about the services provided in the Territory I think are important to be on the table at this stage. In the ACT, on average, it costs 16 per cent more than the national average to educate a student; it costs 48 per cent more to treat a patient; and it costs 50 per cent more than the Australian average to process a development application. Why is this so? A lot of it has to do with the fact that we do have more people working in these areas - and remember that wages make up at least 50 per cent of the bill.

Mr Speaker, health expenditure in the ACT is 16 per cent higher than the standardised expenditure according to the latest Grants Commission assessment, even after taking into account disadvantages that may add to our costs, such as the relatively small size of our health system. The most recent report on government service provision by the Productivity Commission found that recurrent expenditure per person in the ACT public, acute and psychiatric hospitals was the highest at \$826, compared with the national average of \$660 per person.

The comparatively higher expenditure relates in part to a higher quality of service - something that I am sure nobody would be negative towards - but also in part to a higher cost structure for providing the same level of services elsewhere. For example, across Australia, the ACT is the only jurisdiction which has 100 per cent of its public hospital beds accredited by the Australian Council on Healthcare Standards, compared to a national average of 72 per cent of beds. Mr Speaker, that is a great outcome. However, the recurrent cost per patient in our hospitals, adjusted for the type of illness, is the highest at \$3,689 per separation, compared with a national average of \$2,496 per separation. The higher cost does not relate to length of stay, which in the ACT is close to the national average.

So, Mr Speaker, we are spending more, but are we getting a better outcome? We have a great health system. There is no doubt about that. But, Mr Speaker, you cannot say that the quite significant increase in cost - more than \$1,000 per separation - equates directly to an increased or improved standard of treatment in comparison to other teaching hospitals in other parts of Australia. Mr Speaker, to a large extent, it does come down to our staffing levels, to working conditions, to the sort of way in which we operate. When we have attempted to change some of those approaches in this place, for example in the nursing area, members of this Assembly have yelled in horror. We have had debates in this place: "Shock, horror; we cannot possibly have fewer nurses".

I have to say, Mr Speaker, that if we do not do something - and not just something; if we do not reduce our staffing levels, not just in nursing but also in administration, our work practices across the board amongst our doctors and so on - we will continue to pay more than \$1,000 per separation above the Australian average. For what? Certainly not for a demonstrated better level of service. Some of it you can equate to quality. There is no doubt about that. I would have to say that I would leave that in the equation. But, Mr Speaker, there is another big chunk that is simply to do with work practices. This is a minority government, Mr Speaker. These things can only be changed with the support of this place.

For public housing the ACT has the shortest waiting time profile. In fact, 75 per cent of the applicants in the ACT wait less than a year. By comparison nationally, 74 per cent of applicants wait longer than a year. So, in the ACT, 75 per cent of applicants are into a house in less than a year. Nationally, virtually the same number are still waiting for longer than a year. But, Mr Speaker, this comes at a cost. Government expenditure on public housing in the ACT is \$338 per person, compared to the Australian average of \$106 per person. Public housing comprises 10.3 per cent of total housing in the ACT. By comparison the national average is 5.3 per cent. In addition, Mr Speaker, 13 per cent of dwellings in the ACT are underused, compared to a national average of 9.4 per cent.

In education, it costs 44 per cent more than the national average to educate a primary school student and 8 per cent more than the national average to educate a secondary school student in the ACT. We spend \$5,632 per government primary school student in the ACT, compared to the national average of \$4,704 per student. We spend \$7,101 per government secondary school student in the ACT, compared to the national average of \$6,578 per student. The higher costs do not relate to the student-staff ratio, which is

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very close to the national average. It implies that for the same student-staff ratio we have a higher cost structure. Why, Mr Speaker? It does come down to a large extent to work practices, to the way we operate.

The fact that we do have a large number of unfilled places in our school system is something that this Assembly has simply been unwilling to come to grips with. Just recently, Mr Speaker, you have heard Mr Berry asking the Minister questions about school closures, being very negative about any view that we should even be discussing such things. Where is the responsibility of this place? We are, I repeat, a minority government. Members in this Assembly have said time and time again, "Just remember, Government, you are in a minority. We want input into this budget process". Well, we are after input, Mr Speaker. We are keen to listen to input. But these are the realities. Our cost structures are too high. The answers are not simple.

Mr Speaker, the cost of vocational education and training in the ACT is 32 per cent higher than the national average. However, the employer satisfaction is below the national average. Do we believe that people coming out of vocational education and training in the ACT have better diplomas than people from other similar institutions around Australia? There is no indication of that at all, Mr Speaker. We have good institutions; but they are costing 32 per cent more. When Mr Stefaniak last year attempted - and, I have to say, did very well - to reduce some of those costs, what was the reaction from those opposite? I have to say, Mr Speaker, that it was very negative. There was no support whatsoever for addressing fundamental problems.

We live in a very special city. I, for one, am proud that we have the highest retention rates to Year 12 in the country; that we have a first-class teaching hospital; that we have an outstanding road system; and that we have the cleanest and greenest city in Australia. But, unless we find a way to pay for it, we are guaranteeing that the current level of services will have a limited life span. We do not want to end up with the "lowest common denominator" approach to service provision, and the only way we can safeguard the level of amenity in this city is to bring our budget into surplus. To continue to run up massive operating losses is to guarantee that ultimately we will face a financial crisis.

Mr Speaker, we need only look at what happened to other States that allowed this to happen to them, to look at the absolute trauma that it caused in Victoria when Labor governments allowed that State to end up with a massive debt that they could not pay off. We still see South Australia reeling from the same problem. Look at the Tasmanian economy, Mr Speaker. We are not in that position, but we do not want to get there. Unless this Assembly is willing to support the tough decisions, that is where we will end up. Mr Speaker, I am very happy to make those decisions. I am not in any way suggesting to anybody that I or this Government should abrogate our responsibility - quite the opposite. All we are suggesting is that, if this Assembly is serious about wanting input into government decisions, then it will support the tough decisions needed to be taken. If they do not like our tough decisions, Mr Speaker, they should put forward ones of their own.

Mr Speaker, I come back to the forecast general government sector operating loss of \$90m for 1999-2000. That translates to \$291 for every ACT resident, or \$783 per household. In other words, we are spending \$291 more, on average, on every ACT resident than we receive in revenue, or \$783 more per household. That is the budget gap reduced to an individual level, Mr Speaker. There are very few Canberrans, I believe, who would volunteer to pay an extra \$291 per year into the ACT Government's coffers, and probably even fewer who would happily see their education, health or other government services reduced by the same amount. If we sent out a bill for \$783 to every household tomorrow - because that is what it is costing more than they are paying - what do we think the reaction would be? Well, I have to say, Mr Speaker, that it would not be positive. Yet almost every Canberran would agree that it is not right for the ACT Government to be spending significantly more than it raises, and it is certainly not sustainable in the long run.

Accommodating these conflicting expectations - prudent financial management on the one hand and maintaining government services without harsh taxes on the other - is the challenge facing the ACT Government and every Assembly member. Remember, Mr Speaker, that it was this Assembly that said that it wanted more input into the budget process. It was this Assembly that over the last 10 months has regularly wanted to debate and strongly suggest, if not direct, to the Government that we should not do things like close preschools with 12 children in them; that we should not change bus networks; that we should not put up fees and charges for various things; that we should not have an insurance levy - all things that in most cases have produced more revenue and in some cases have reduced expenditure. Mr Speaker, I cannot remember one initiative, either expenditure reduction or revenue raising, that those opposite have supported - not one.

Mr Speaker, I have spoken a bit today already about the \$90m projected operating loss for the budget that we will be discussing today, the 1999-2000 budget. I have heard some simplistic comments: "Well, \$90m. You could take off the Commonwealth Grants Commission money. You are home and hosed. No problems". Mr Speaker, it would be really great if members would listen to this, because I think this debate today is important.

I would like to run through the significant budget pressures on that \$90m that exist right now. As I said earlier in this debate, Mr Speaker, achieving the \$90m, certainly without the Commonwealth Grants Commission money, was looking pretty close to impossible without absolutely dramatic changes in expenditure or revenue. Right now, in terms of budget pressure - pressure on that \$90m in the forward estimates - we know in health that our population is ageing and that demand is increasing for high-cost services. For example, there is an acute demand for services for the disabled, requiring, in our view, an additional \$2m per annum. Mr Speaker, that is for people out there with disabilities right this minute who need services. Certainly, that is unmet need. Some of those people have some level of service, but there is no doubt that there are gaps. Mr Speaker, there is a major growth in demand across all clinical services groups for day-only services. It comes at a cost.

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Members of this Assembly would be aware that the budget overrun at Canberra Hospital is expected to cost up to an additional \$10m. Certainly, we hope that it will be less than that, Mr Speaker, but there is an overrun. Members of this Assembly would be aware that the potential costs associated with the hepatitis C financial assistance package are \$8.68m, with at least \$5.8m required next year, in 1999-2000. Mr Speaker, it has nothing to do with this Government; it has nothing to do with this Assembly; but it is a reality nonetheless.

With regard to public transport, while the EBA negotiated with the TWU delivered productivity savings, these are only sufficient to maintain ACTION's costs on the forward estimates. The revenue shortfalls still need to be funded from budget, and ACTION will require about \$1.2m in recurrent funding. In addition, it requires \$7.2m in cash capital injection to maintain operations. And that is on top of, and after, the EBA negotiations.

Mr Speaker, in urban services, with the growth of the city, an additional \$1m is required for mowing the grass. It seems like a little thing, but that is just to respond to the complaints and requirements of the community generally.

In areas such as justice and community safety, significant pressures exist in corrective services areas. I will mention just two areas. There are quite a number. Let us just look at prison and remand arrangements. Increased numbers of ACT prisoners in New South Wales gaols, plus increases in charges from New South Wales, mean that this year, in 1998-99, we will face extra payments of \$1.2m, while in later years the increases are in the order of \$2.2m, rising to \$4.7m by 2002-03. Mr Speaker, there is not much that the Government can do about that, I have to tell you. We are looking at a private gaol in the ACT, but those figures are in place now. There is not much that we can do - in fact, there is nothing that we can do - except pay.

Mr Speaker, increased pressure on the Belconnen Remand Centre, including the need to expand capacity in 1999-2000, means additional costs of \$0.2m this year and \$1.3m in 1999-2000, rising to \$1.4m in 2002-03. There are a range of other pressures on the corrective services system. For example, improved correctional health services would involve over \$0.2m annually. Those services have been requested - required - by coroners and by members of this place. Again, it is not something that is easy for any government to say no to.

The renegotiation of the 1990 agreement with the Commonwealth concerning community policing will require us to better define the outcomes and outputs we want, and there are indications that we will have to pay more if we want to maintain existing services - not more services, Mr Speaker, but more for existing services.

Pending changes to the criminal injuries compensation arrangements, the blow-out in the amount for damages and settlements under existing arrangements is likely to be \$3m this year. Unless this Assembly comes to grips with that, that will just get worse. It will be a challenge, Mr Speaker, a hard decision; but at this stage you would have to say that it is hard to find members of this place with the sort of backbone to take these decisions on board. And this Government is a minority government. We cannot do it on our own.

Mr Speaker, there are increased costs for the rest of the legal system. For example, the DPP requires additional resources of \$0.3m annually.

In education and community services, the restructuring and improvement of Quamby will require \$0.4m annually - again, something that the coroner has indicated. Members of this Assembly have been out there in the media saying, "You have got to fix Quamby, Government". Sure, but it comes at a cost. All of these are pressures on the \$90m, Mr Speaker. When we talk about pressures, what you do is add them up and add them onto the \$90m.

Mr Speaker, the Legislative Assembly, in letters from you, has identified that the Assembly will require \$0.7m in 1999-2000 and \$0.5m in the forward years. You just add it on. In information technology, the modernisation program has start-up costs of \$30m and additional recurrent costs of \$16m per annum. This is part of the Y2K approach and part of the fact that successive governments in the ACT - and, of course, before that, the Federal Government - simply allowed our information technology approach to run down. The community expects more. We need more from our IT. We have got to spend the money.

Mr Speaker, in superannuation, the expense increases by yet another \$8m above forward estimates in the final forward year. This expense increases regularly, as we know, but there is another \$8m above forwards. We just add it on. So, members opposite or other members of the Assembly may think that the \$90m is easy, but they are just a few of the areas involved. None of them are policy directions from government, but just pressures that exist right now on that \$90m. There are a large number of others, Mr Speaker; but that just puts it into context.

The underlying budget problem is very simple: Our expenses are higher than our revenue. If anybody believes that the answers are simple, then we are listening. Some members seem to have a different view as to what the underlying budget problem is, and I will certainly be very interested to hear their definitions. But, whichever way you choose to express it, the essential task is the same: Reduce costs or raise more revenue - or a bit of both. Mr Speaker, remember that reducing costs means reducing people.

It is not a simple matter of saying, "We will get more efficient. We will reduce the cost per patient in our hospital or the cost per student in our school system". Mr Speaker, that means staff reductions. This Government is not moving away from that. We understand that. We accept that those are the tough decisions that need to be taken. I will be interested to know whether other members of the Assembly are equally as gutsy. But, whichever way is adopted, I have to say, Mr Speaker, that you want to have a look at this. This Assembly has a responsibility. This Government, the Executive, will bring down the budget. But we are a minority government. The Assembly as a whole has the capacity to direct us, to change our budget, to knock the budget off, Mr Speaker.

**Mr Berry:** To knock the Government off.

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**MS CARNELL:** To knock the Government off, as Mr Berry said, absolutely. This Assembly has a capacity to do all of those things. Mr Speaker, members of the crossbenches and members of the Opposition have made some comments about the budget, about consultation. This side of the house is listening. We have spoken at length to many community groups. We have had lots of budget submissions. We take those on board extremely seriously. There will always be disagreements on particular lines in any budget. Some people will say that they would not spend money, say, on Bruce Stadium - the \$12.3m that we have put on the table there. But, Mr Speaker, that is this year. We are talking about next year here. I agree that there will be different priorities. But, at the end of the day, it is quite simple. If we do not spend less and/or raise more, we will have a problem with our budget.

I just want to finish by making it clear and probably just reminding members of the Assembly that the capital works expenditures actually do not fall to the bottom line. As we would know, in an accrual budget, having discussions about which capital works item we would necessarily spend - whether we would spend money here or there - capital works do not fall to the bottom line. That might be a simple debate, but it is not appropriate and it is not real for a debate on the operating loss or a debate on the budget direction.

Mr Speaker, I look forward to hearing the views of the Opposition and the crossbench members on how we do address this budget gap. In opposition we brought down an alternative budget. We put our ideas on the table. That was tough, because we did have quite significant expenditure reductions - some of which we have achieved since we came to government, some of which we have not. But, Mr Speaker, we put our budget direction on the table, with the reductions, with the extra expenditure. It was not a pile of paper a foot thick. It was a single page, with all of the appropriate debates. But, Mr Speaker, we told the people of Canberra where we would cut money and where we would spend money. We put our money where our mouth was, and the people of Canberra reacted to that. Mr Speaker, I hope that we do not see in this debate a situation where those opposite spend the whole debate getting stuck into what the Government has not done.

**Mr Berry:** You asked us to.

**MS CARNELL:** I assume, from the sound of Mr Berry, that that is what Mr Berry is going to do. But, Mr Speaker, what this motion is about is asking members of the Assembly to have constructive input into what they believe should be in the budget. That is a really definite responsibility for members of this place.

I finish, Mr Speaker, by saying, as the Auditor-General said: If we do not address our operating loss, we will end up with reductions in the quality of life in the ACT in the future. I am not willing to allow that to happen. The Auditor-General also said that, if this Assembly is not willing to allow major asset sales, as it has decided that it will not at this stage, then there are only two areas to address - these are not my words, Mr Speaker, but the Auditor-General's words - expenditure and revenue. Mr Speaker, this Assembly - those opposite anyway - has opposed every revenue measure that we have put in place, every single one.



**Mr Stanhope:** Quite rightly, too.

**MS CARNELL:** Mr Stanhope says, "Quite right". Mr Speaker, if you do not put those revenue measures on, then the same amount has to come off the expenditure. That means jobs. If you did not raise Mr Humphries' \$10m from the insurance levy, that means \$10m either falling to the bottom line, an increase in the operating loss, or job losses. Let us be real for a moment, Mr Speaker. Let us get some sensible debate on what we are talking about here. We are a minority government. This Assembly, therefore, has a joint responsibility to the people of the ACT to protect the quality of life in the future.

**MR SPEAKER:** Before I call the Leader of the Opposition, I would like to acknowledge the presence in the gallery of students from Lake Ginninderra College. Welcome to your Assembly.

**MR STANHOPE** (Leader of the Opposition) (11.22): Over the past week or so there has been a good deal of media coverage of the tenth anniversary of self-government in the ACT. Some of that, regrettably, has focused on the equivocal reputation that the Assembly earned in its early, more chaotic days. Some of the reflections of past proceedings of this place, regrettably, have bordered on the bizarre. Today's debate will, I fear, be added to the list of idiosyncratic behaviour in this place. I do regret, Mr Speaker, that all I detected from the Chief Minister's long and rambling apologia was a lament about how hard it all is, that it really is just too hard.

Mr Speaker, despite the Chief Minister's best efforts to sell today's debate as a challenge, an opportunity for the Opposition and the crossbench to help fix the Territory's financial problems, it really is, and has been oft-repeated by members from all round the Assembly, nothing more than a stunt - bizarre and, I am prepared to concede, perhaps even politically clever; but, nevertheless, a stunt - the purpose of which is to seek to share the blame for another slug on the people of Canberra. The Chief Minister has already flagged when the slug will occur. From the moment she lost the ACTEW debate, the moment this Assembly delivered its resounding rebuff of her plans to sell the Territory's largest asset, the Chief Minister planned her payback. In her habitual misleading fashion, the Chief Minister has warned of the hard decisions and the tough budget that lie ahead. From the moment the Chief Minister lost the ACTEW debate, she put Canberra on notice. Today's debate is just a part of that process.

Mr Speaker, I may have overstated the nature of today's debate. Today's debate may not be the most bizarre this chamber has seen, but it certainly rates with other occasions which, with the benefit of hindsight, have proven to be rather surreal. I refer in that regard, Mr Speaker, to the four occasions on which the Chief Minister, as Treasurer, has presented her Government's budgets. The first of those was on 19 September 1995. That was the Chief Minister's first budget, a budget she characterised as "a tough budget but not a horror budget". Isn't it interesting, Mr Speaker, how the language remains the same? A tough budget but not a horror budget was the language of 1995. You will recall, Mr Speaker, that that was the budget which introduced the can-do culture to the ACT. That is the culture which so characterises this Government. That is the culture

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which saw this Government enter, just over a year ago, an exclusive preliminary agreement with a single promoter to pioneer a form of land development previously untried in the ACT. In fact, it is still under analysis, I believe - by a government agency, no less - as to whether it was appropriate for the ACT. That is the culture behind the failed Hall/Kinlyside venture. The Chief Minister's can-do culture saw the Government open an embassy in Sydney; the can-do culture built an outdoor facility for an indoor sport; the can-do culture saw the Government pay to have an aeroplane painted and then ask for the money back when it was discovered that the plane could not fly; and the can-do culture saw ACT Forests sponsor a tennis match to promote the sale of firewood, we think. The bizarre can-do culture of the Canberra Liberals ignores the essential element which make sense of such cultures and which the Chief Minister also promised in her 1995 budget speech - an open and accountable system of government.

Mr Speaker, there may be nothing wrong with a can-do culture, but it needs to go hand in hand with a transparent process or, as we all know, "can do" becomes "just do it". The evidence is there that this Government's can-do culture inevitably fails. Twelve months after that first budget, in September 1996, the Treasurer delivered "not so much a tough budget as a budget for tough times". That was the description for the 1996 budget. As we all know, at that time the Territory was reeling under the impact of the Howard Liberal Government's assault on the public sector, and Canberra in particular. In response, the Chief Minister undertook to approach her Liberal colleague John Howard, looking for support to establish a joint task force to examine the payment of ACT taxes and charges by Commonwealth agencies. Three years later, much to the regret of many of us, particularly the 10,000 people in Canberra who no longer have jobs, there are fewer agencies, but those that are here still get a free ride.

Perhaps the highlight of the Chief Minister's strategy was the announcement that, having sold and leased back the Government's vehicle fleet, a further decision had to be taken to sell and lease back Macarthur House and the Magistrates Court. A little more of the family silver was sent to market. Reassuringly, the Government that gave Canberra the can-do culture was also "committed to open, transparent government and independent scrutiny".

In 1997, the Chief Minister pulled another rabbit out of the hat. There were to be no asset sales that year, a budget year characterised by the beating which the local economy was still taking from the Commonwealth and which was acknowledged by the Chief Minister. There was to be no sale of assets and no leasing back of government property. But there was another trick, of course. The Government looked to ACTEW and took back \$100m of equity. The 1997 budget speech was also characterised by reference to the Government's business incentive scheme, the scheme which gave stamp relief for building high-cost apartments in the city - the great Waldorf building across the road - and forewent hundreds of thousands of dollars in land valuation to attract a business from Queanbeyan to the Phillip testing station. That is the policy in this town that passes for industry policy, that we bribe people across the border from Queanbeyan.

Mr Speaker, last year's budget was, of course, the "clever and caring budget". It was the budget which hiked up registration fees on the family station wagon, which slashed funding to the School of Arts, which put up rent for public housing, and which made

household insurers pay for those who could not be bothered. It was much more an uncaring budget than a caring budget. It, too, had a rabbit. All of Mrs Carnell's budgets have rabbits. The rabbit that was pulled out of the hat last year was the amazing stratagem of requiring ACTEW to buy the city's streetlights for \$100m. This year the Chief Minister has run out of rabbits. There are no more magic tricks to be had. But, of course, there is still the smoke and mirrors. That is the reason for today's debate - to confuse the issue, to disguise the fact that this Government has run out of ideas, that it has suddenly discovered that it does not have the capacity, that it is all too hard, that it does not know what to do.

Paragraph 2(a) of the Chief Minister's motion refers to ensuring responsible fiscal management of the Territory. Of course, one has only to peruse the latest ACT consolidated financial management report - for the month and financial year to date ending 31 January 1999 - to see that that is a concept alien to the Health Minister, Mr Moore. According to the figures - and the Chief Minister did allude to this - Canberra Hospital's anticipated deficit for the year stands at \$10.4m, up from the \$5.5m anticipated only a month before that. The \$5.5m blow-out was bad enough, but \$10.4m is a serious escalation and one that seems beyond the Health Minister, as this Assembly found when we last met. If the Chief Minister is serious in the concern raised in her motion over appropriate levels of expenditure, she must surely take issue with Mr Moore over the arrangements he has made to duplicate payments - for instance, the double payment of the CEOs. We have, for our sins, two CEOs at the Canberra Hospital, each being paid \$250,000.

It is beyond comprehension that this Government can justify throwing good money after bad on financial consultancies and yet consistently fail to meet its projected health budget. As one local commentator pointed out recently, the real issue this year will be whether the Government can convince the Assembly and the community that it has made any improvement at all since 1995 in handling the Territory's financial affairs. That, of course, is the challenge for the Government in today's debate, to illustrate that it is up to the job.

Mr Speaker, it is of genuine concern to me that the Chief Minister makes reference in her motion to what assets the Territory should maintain or sell and the reasons why they should be maintained or sold. This is a government, after all, which would not put the sale of ACTEW on its election eve agenda but which was bent on ignoring public opinion in its rush to sell the utility. It is a government whose Health Minister will not rule out selling the Canberra Hospital or part of its operations. Given this Minister's ability to change course, it is not stretching the imagination to conjecture that, if the hospital becomes too much of a financial hardship, the Minister will simply advocate full-scale privatisation. As we have seen over the last 12 months, the Chief Minister and her Government are not averse to a fire sale in an attempt to balance the books.

Last budget we saw Mr Moore attempt to reduce the excessive elective surgery waiting lists by allocating an additional \$3m. He is the Minister who took office with \$16m in his back pocket from the Commonwealth after the Chief Minister signed off early on the Medicare agreement. Despite that enormous influx of funding, the waiting list is stuck higher than ever. The Minister had an additional \$19m-plus to deal with elective surgery

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waiting lists and the list went the wrong way. I have heard it said, perhaps in jest, "Thank goodness he did not have any more to deal with the waiting list. There is no knowing where it would be if we had provided him with additional funds".

It is just two weeks since the Assembly supported the Opposition's concern at Mr Moore's inability adequately to manage finances, staff and waiting times at the Canberra Hospital. During this time, Mr Moore claimed that he was awaiting direction from the Assembly's Health and Community Care Committee before proceeding to spend the remaining bonus funding. Yet, at the Estimates Committee hearings last year, he argued that he was addressing systemic problems in order to distribute the money accordingly. As we all know, of that \$16m, very little has actually been committed and less still has been expended - and the waiting lists grow and grow and the residents of Canberra continue to wait for their surgery. Mr Moore is simply making excuses for his inability to take decisive action and commit this funding to addressing significant long-term problems within our health system. The longer he continues to procrastinate, the longer the waiting lists grow.

In January, the Health Minister recommended accelerated ward closures and endorsed a scoping study to examine staffing cuts of up to 5 per cent across all of the surgical services as a way of reducing the burgeoning budget blow-out. He blamed the inflexibility of the enterprise bargaining negotiations for contributing to the ongoing blow-out in funding. Instead of approaching the news of the blow-out in a considered manner, Mr Moore's spontaneous knee-jerk reaction merely succeeded in creating uncertainty within the hospital and sent nursing staff into panic over their jobs. Now, the reports are of funding cuts of 20 per cent to the medical services budget. These cuts would be achieved by moves such as closing outpatient services and having staff specialists leave the hospital to establish private rooms. There is no cost reduction to the community in moves like that. All a move such as that would do is transfer costs out of the hospital system and onto the individual patient.

Cuts of 20 per cent in the hospital's medical services budget would have a direct and serious impact on critical areas of care. One of the wards targeted by the hospital and not denied by Mr Moore in this context is the radiation oncology ward. Canberra has an ageing population - quite rapidly ageing, by national standards - and the incidence of cancer is high in our community. On average, almost two people a day die of cancer-related diseases in Canberra, yet oncology - this most important discipline within the hospital's medical services division - is facing a 20 per cent cut to its budget. The impact of such a suggestion on those people within our community that have cancer, and on their families, really is quite devastating. For those people with cancer to be faced at this time of uncertainty with the prospect that the radiation oncology ward at Canberra Hospital might lose up to 20 per cent of its funding must be most devastating to their state of mind; yet that has been seriously considered by this Government as a means of addressing the fact that they have a Health Minister who has allowed the budget to blow out by over \$10m in his short term in office. And what of service standards? The Australian Medical Association says that the hospital would never recover from cuts of the magnitude proposed. They would force Canberra hospitals below the standards of New Zealand and Victoria.

Mr Speaker, we are now approaching this Government's fifth budget and it is yet to address in any rational way the fundamental problems of Canberra Hospital. The Government's failure at Canberra Hospital is only an example of its continuing failures in other budget areas. This Government has failed in its financial management of the Territory's legal system. The rabbit the Chief Minister pulled out of the 1996 budget hat was the sale and leaseback of government offices. The trickery may have helped the bottom line, but what of the result? In 1999 the Chief Magistrate, Ron Cahill, complains that 30 per cent of his budget goes into paying the rent on the building which we sold and which he is now required to lease. In the meantime the cost of justice in Canberra rises against national averages, as does the time it takes to go through the courts.

Mr Speaker, this debate, bizarre as its circumstances may be, perhaps by default goes to the heart of the way we see our Territory being governed. We all want a government providing quality services now and into the future. The question is how we achieve that aim. I really do not think that the debate on this serious issue is advanced at all by the Government coming into this place and standing up, as the Chief Minister has today, and telling us of the range of issues that we face. We know the range of issues. All Mrs Carnell gave us in her speech was a litany of the difficult decisions that have to be made in government, just a listing of the difficult issues and the difficult questions we all face, and yet we are devoting this day to this charade, this stunt.

To those on this side of the Assembly it is clear that we achieve it by having a government able to govern while it maintains the support of the majority of members, a stable government that reflects the will of the electors. As part of this process, we acknowledge the role of the crossbenchers in a situation in which we have a minority government. It is, of course, up to those on the crossbench to determine whether the consultation that they have with the Government and the resultant budget are to their satisfaction. These are issues for the crossbench. If the result is not to their satisfaction, they have the opportunity and the obligation to withdraw their support for the Government.

We, of course, also defend the interests of the community in this process. The community has the right to know the full extent of any negotiations and agreements reached between the Government and the crossbenchers. The community has the right to be protected from secret deals, from deals favouring sectional interests, or, as the Americans might say, from good old pork-barrelling. The crossbenchers must resolve for themselves the contradiction between a role in preparation of the budget and their responsibility to the community to hold the Government accountable for its budget and other executive actions. They must accept also that any arrangements entered into with the Government will be scrutinised.

The Labor Party in opposition will not play the game that the Chief Minister is here attempting today. Government in the ACT is about stable, effective and accountable administration. It is the Government's duty to bring down its budget and it is the Opposition's role to scrutinise that budget, to protect the interests of the community and to keep the Government accountable. That is a fundamental principle of responsible government, of the respective roles of the Executive and the legislature, and it is

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a principle which the Labor Party will continue vigorously to defend. It is a principle that has been espoused for centuries in the world's democratic societies.

In that regard, I note - and I will conclude on this point - that *House of Representatives Practice*, which we rely on and use in this place, deals with this very important question of the separation of the roles of the Executive and the legislature. At its heart, that is what this debate today is all about. This debate is about the role and the responsibility of the Executive and the role and responsibility of the legislature in a responsible and democratic system such as that which we are lucky to have here in the ACT. It is expressed in *House of Representatives Practice* in this way:

There are therefore checks and balances which prevent the fusion of executive and legislative powers from being complete. The essence -

this goes to the heart of this debate, Mr Speaker -

of a democratic Parliament is that the policy and performance of government must be open to scrutiny, open to criticism, and finally open to the judgment of the electors. When the Government puts its policy and legislation before Parliament it exposes itself to the scrutiny and criticism of an organised Opposition and to its own Members who may be critical of, and suggest improvements to, government policy and administration. Parliament is an important brake on the misuse of executive power of the Government collectively, or Ministers individually. It is essential that there be no erosion of Parliament's role in scrutinising the actions of the Government, such as might cause the Parliament to become a mere "rubber stamp" in respect of government policy. Through the procedures of the House and the will of individual Members, and especially through the institutionalised Opposition, the executive and legislative functions remain sufficiently distinct.

We in the Opposition are ready and able to play our role in this place. We do not think that it is too much to expect that the Government do likewise, that the Government be prepared to take the hard yards, that the Government be prepared to do the hard work, and that the Government be prepared to stand up in this place and be truly and wholly and solely accountable for the decisions and actions it takes. That is not too much for us to expect of the Government. It is not too much for the people of Canberra to expect of the Government. We ask them to do what it is that they have been put there to do, to have the courage to do it, and to accept their responsibility, just as we accept ours. In that regard, Mr Speaker, I would like to move the amendment which was circulated in my name. I move:

Omit paragraph 2(a), substitute the following paragraph:

“2(a) the responsibility of the Executive to govern the ACT as defined in Part V of the Australian Capital Territory (Self-Government) Act 1988 and the responsibility of the Assembly to hold the Executive accountable.”.

**MR SPEAKER:** Before I call Mr Kaine, I would like to acknowledge the presence in the gallery of pupils from Kaleen Primary School. Welcome to your Assembly.

**MR KAINE (11.44):** Mr Speaker, I listened to the Chief Minister's speech for about 40 minutes and I must say that I was greatly disturbed at the end of it because, if that was a budget speech, it demonstrates that the Government has completely lost its way. It is totally bereft of ideas as to how to deal with the situation that it finds itself in because the Chief Minister outlined all the problems but gave not one single solution. For the Chief Minister to come forward with that sort of statement is a bit worrying. I think the timing was wrong because the ides of March is the 15th, not the 9th. I think she should note that very carefully. Her speech demonstrated that the Government has no notion of what to do to deal with the budgetary problem. She tends to obscure that under the cloak of involving the rest of us in the debate.

On that point, Mr Speaker, I have to support what the Leader of the Opposition said: Budgets are about implementing government policy, about implementing the things that they got themselves into government by promising. They are not about implementing opposition policies or policies put forward by the members of the crossbench, because it is not within our power to implement those, except to the extent that we can persuade the Government to do so. Anybody who has tried that knows how difficult it is because we are always told, "I am sorry, there is no money. We cannot implement any new policy initiatives because there is no money". So, the Government is obscuring its responsibility behind this debate.

Of course, the Chief Minister's attempt was deliberately aimed at seeking to make it sound perfectly reasonable that she should abdicate from her responsibilities as Treasurer. That is what this whole debate is about. It is not reasonable for her to attempt to do that. The Chief Minister argues that she is now listening, that she wants us to tell her what to do. I have said it before and I will say it again: If the Chief Minister is really interested in knowing what we on the crossbench and in the Opposition have to say about her budget, there needs to be a full-year program. Involve us in the preparation of the budget from the very moment that the budget that she is currently developing is on the table, involve us during the years 1999 and 2000 right from the outset, and weekly, in the development of the next year's budget. Then one could say that one has had an opportunity to make a reasonable input. But to invite us here, just a few short weeks before debate is to take place on her budget, and say, "Tell me what I should do", and to give us, as she did originally, 15 minutes to do it in, is quite bizarre. Even half an hour or an hour is not sufficient to do justice to this subject.

I must say, Mr Speaker, that I do not understand what is the Chief Minister's problem, because for the last 10 years of self-government the budgetary problem has remained the same. It has been a question of levels of expenditure that exceed our revenues and it is very difficult to reduce those levels of expenditure. There has been the problem of levels of revenue that are pretty much up against the ceiling, they are fixed, because they have been brought up pretty much in comparison with what is raised in taxes elsewhere in Australia and there is not much flexibility to increase them. There is the problem of a continuing operating deficit - currently, I am told, around \$150m a year on the

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operating account. The Chief Minister says that it will be \$90m at the end of next year; we will see. Finally, of course, there is the constraint on borrowing. The Government is not free to borrow whenever it feels like it needs to get more money.

Those have been the conditions under which budgets have been developed for every one of the last 10 years. Nothing has changed; nothing is new. In each of the last four years we have heard from the Chief Minister and Treasurer about how this necessitates hard decisions. How many times have we heard that from the Chief Minister and Treasurer? "We have to make hard decisions and we are prepared to confront the hard decisions". The only problem is that many of the hard decisions have not been confronted.

There may be a new dimension to this year's budget, because the Chief Minister has made much of the fact that the ACTEW debacle has made her budget problem more difficult. I submit that it has not because, in everything that I heard the Chief Minister say about the sale of ACTEW, at no time did she indicate that any part of the revenue would go into the operating account of the annual budget. It was to be used to pay off superannuation, it was to be used to set up a community development fund - I think some of us might have read that as a slush fund - and it was to be used for one or two other things that the Chief Minister had in mind, but nowhere did she say that any part of that money was to go into the 1999-2000 budget. In fact, by not selling ACTEW, she still has the benefit of a dividend from ACTEW which she otherwise would not have had. I know that not selling ACTEW prevented her putting a substantial amount of money into the superannuation fund and provision still has to be made for the superannuation fund; but to some degree at least, if not totally, that can be offset by the dividend that she will still get from ACTEW. So, nothing much has changed in terms of the development of the annual budget.

Of course, lurking behind all of that remains the superannuation problem, and it will remain so for many years to come; but I would point out that the Chief Minister knew for at least three years that she had a pending superannuation problem and her only solution to that was to sell ACTEW. She has acknowledged publicly and her Public Service have acknowledged that they had no fall-back position. If ACTEW was not sold, they had no fall back. It is an error in judgment, I submit, on the part of any treasurer to put all your eggs like that into one basket and then have to deal with the problem when the basket is dropped.

The Chief Minister wants to know from us what she should be doing. I would like to tell her a few things that I do not think she should be doing. She should not be perpetuating some of the things that have been hallmarks of her stewardship as Chief Minister and Treasurer for the last four years. At the low end of the scale in terms of financial implications, we do not want any more futsal slabs. That was a very interesting one. It was unbudgeted, it was costed originally, apparently, at about \$80,000, and it turned out at a cost of \$200,000. But it was not in the budget. Where did the money come from? Whatever the answer to that is, it cost the taxpayer about \$80,000 for a slab that sits down there by the lake and is never used. Is that a good investment? I submit not.



Reference has already been made to the Woodies tennis tournament. Now, this is a beauty. It was a hot rush of blood to the head decision by somebody that is not even a part of the ACT Government, and yet it translated into a cost to the taxpayer, I understand, of about \$50,000, and it translated into a cost to ACT Forests, for heaven's sake, of some \$10,000 as a contribution. Those are only small sums of money, but they are indicative of a state of mind by this Government that you can make any ad hoc, off the top of the head decision, and somewhere you will find the money for it. At the same end of the scale, although a little more serious perhaps, was the Feel the Power of Canberra campaign. I do not know what that cost the taxpayer - maybe the final sums are not in yet - but it was another one of those off the top of the head decisions which, from my experience, was not supported by almost everybody that I spoke to, and yet the decision was made, it went ahead, and there was a cost to the ACT taxpayer.

Of a slightly different order of magnitude were brilliant decisions like the Hall/Kinlyside development fiasco. What was the net result of that? That cost the taxpayer in excess of \$100,000 - again, a disregard for the normal processes through which governments ought to go to commit and spend public money, an indication of a state of mind that anything goes. At a much higher order of magnitude was the Bruce Stadium redevelopment. That was originally to cost \$27m, with about \$12m in round figures coming from the ACT taxpayer and the other \$15m in round figures coming from the three sporting clubs that were going to benefit - the Brumbies, the Raiders and the Cosmos. How that has changed today. We have a public servant telling us that the cost has blown out by \$5m and we have the Chief Minister, on a television program within the last couple of weeks, putting the figure at \$34m, which is a \$7m blow-out. Who is right, the public servant or the Chief Minister? We do not know. We still do not know. There are strong rumours around that there is yet to be capitalised the cost of consultants' fees and interest, which would push the total cost at this stage closer to \$40m, and there might be some requirement for the Government to guarantee that.

What happened to the responsibility of the Brumbies, the Cosmos and the Raiders? That responsibility now, we are told by the Chief Minister, falls on some nebulous body called the private sector. But what are the mechanisms by which the private sector is to generate this money? We do not know. I might add that in this connection people are making much of the hospital blow-out. I would submit that even a \$5m blow-out in a \$27m project is far more significant than a \$10m blow-out in the hospital budget, and yet this is getting very little public attention and very little response from the Government. In fact, what we have got seems to be a continuing attempt on the part of the Government to cover and obscure all of this issue. If you do not believe me, ask any member of the media who has been trying to get the facts from the Government and is finding that he or she is unable to do so. This is a real time bomb. It could well cost the taxpayer millions of dollars at the end of the day. I would like some assurance from the Chief Minister that that is not the case and I would like to know the details of the arrangements by which the private sector is going to pick up this bill.

Another one of that order of magnitude is the Acton-Kingston land swap. When the Chief Minister first put this one on the table it was a "good deal". It is interesting that Mr Moore, who finds something more important to be done in London at the moment than to be here dealing with his ministerial duties, totally opposed that land swap deal.

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He held it up in the planning committee for about a year, because he did not believe that it was a good deal. What is the result today? Kingston is still sitting in the pristine state that it was when we acquired it. The Government, no doubt, is spending money on it every year. The authority established has run an international design competition. It is not costing them nothing. There is an increasing expenditure, an accumulated expenditure, of public money there. In an article in the *Canberra Times* this morning the Chief Minister says that further development will depend on future budgets. In other words, she is contemplating somehow finding some money in this tight budget for development on the Kingston foreshore. I would put the bottom line of that as being the responsibility of the private sector, but I do not see any private sector people hammering on the door. So, what is going to be the net cost to the taxpayer of this "good deal", apart from the other side of the transaction where the Commonwealth is now proceeding to build a museum, but the shrapnel from the development and the clearing of that site remains to settle? We will not know what the cost to the taxpayer is likely to be until the coroner brings down his report. They are a couple of the very big ones and I think that we need to reflect on how good was the government decision-making in connection with all of those things.

Then, of course, we have the totally out of control health budget. It has been that way for 10 years. The Chief Minister herself was responsible, as Treasurer, for three of the last four years. She came to office on the basis that she was going to fix that. We are still waiting. The present Health Minister may or may not be able to deal with the matter. Of course, one of the other things that we do not want to see any more of is the politically opportunistic artificial retention of expenditure levels in departmental budgets to suit individuals, such as the education budget in recent years, whereby, to suit Mr Moore, who again is not here to defend his position, the budget has been artificially inflated and has to be paid for from taxes at the end of the day. What do we not want, Mr Speaker? We do not want any more of the get-rich-quick schemes, we do not want any more pandering to lobbyists, including MLAs, to keep the expenditure up in certain areas, and we do not want any more plain bad decision-making.

Mrs Carnell has made much over recent years about the clever city. How often have we heard her use that phrase? There is not much that is clever in most of the things that I just outlined when you look at the impact on the taxpayers' pocket. It is going to run into millions of dollars. We do not want any more of that. We do not want any slick deals, we do not want any incompetence in management, we do not want any political pork-barrelling, and we do not want any unilateral and costly decisions.

What do we want, then? What we want, Mr Speaker, is responsible decision-making. The Chief Minister has come up with a whole bunch of subjects that she wants discussed today. I have said before and I submit today, no member of this Assembly can possibly answer most of those questions that she has raised in an absolute sense because we are not privy to what is going on in the budget right now. We do not even know the likely outcome of this year's budget. I have seen some figures up until January. There are some rather interesting figures, as a matter of fact. I noticed that in the general government sector on the expenditure side of the budget things have changed from what

they were expected to be eight or 10 months ago. I also noticed an “other expenses” figure of \$15m which drove total expenses to \$42m below the result reported for the same period last year.

Even now we have depreciation and amortisation identified at \$3.3m and we have interest expenses recorded at \$1m, and yet we have an other expenses item of \$15m. What is in there? The Chief Minister expects us to comment intelligently on her budget. Even after reading this document on the situation as purported to be at the end of January, I am not really clear on what it means, and I do not think that I am entirely lacking in knowledge and understanding of accounting. Yet we are expected to come in here and give positive and definitive answers to a series of questions. I will do my best with them. I think that the Chief Minister has, in fact, answered a lot of the questions in her own speech.

As to the respective roles of the Executive and the Assembly, I think the Leader of the Opposition put it quite succinctly: It is the responsibility of the Executive to put their budget on the table and it is the responsibility of the legislature to subject that budget to critical analysis. I do not see anything that would warrant changing that process. The fact that the Chief Minister wants to get off the hook on these matters is not sufficient justification.

As to the social and economic criteria, the Chief Minister circulated some information to people seeking their input and outlined the demographic changes, the economic factors and all of those things. I imagine that the Chief Minister is far better informed than I, having the whole of the treasury behind her to identify those figures. I take them as read, because I have no basis to question them.

Then we come to the real issues. The Chief Minister wants to know the level of revenue which the Territory should raise and how that level should be achieved. In conjunction with that, she wants to know the level of expenditure which the budget should incur and any specific priorities for expenditure. We should have them the other way round because the level of expenditure, of course, is what drives the need for revenue. So, if you look at what you believe the Government ought to be delivering in terms of service and you put a cost on that, that fixes your level of expenditure. The only way that you would change that would be to do away with some of the services that you are delivering. The Chief Minister outlined a lot of problems, but she did not indicate one area of service delivery where she would reduce the standard of delivery. She did refer to the possibility of closing some schools, I think. That is where you have to begin; you have to determine what your level of expenditure is going to be. You can then do something about collecting the revenue. Of course, that has constraints on it.

What is the point of asking me what the level of revenue should be? The Chief Minister knows the capacity of the Government to raise taxes, fees and charges. That is pretty well fixed, as I said before. We are up against the ceiling in terms of what other States and Territories do. We cannot go beyond that for the very reasons that the Chief Minister outlined. If you push the taxes, rates and charges up too high, your business simply decamps across the border to Queanbeyan. She knows that and we know that. What is the point, then, of asking us what the level of revenue should be or

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what the level of expenditure should be? The level of expenditure is that which is required to implement the policies that the Government came to office on and the level of revenue is that level of revenue which is required to fund it. Since your operating account is supposed to be in balance, you certainly should not be undercollecting on your revenue. But, then, maybe you should not be overcollecting either.

What assets should the Territory maintain or sell? If you are asking me whether the Government should sell any more assets, I would say, in broad answer, no, not unless the Government can come up with some justification for flogging off more assets. The Government got the answer to that in connection with ACTEW. If it is not the will of the Assembly and the community that ACTEW should be sold and if we have got, as has already been pointed out, the Chief Magistrate saying that 30 per cent of his budget is rent that he is paying for a building that we once owned and we flogged, that raises the question very seriously whether we should be selling off our assets. I do not know the answer to that question, but the general proposition that I would put to the Government is that it sell no more assets unless it can come up with a very convincing argument to justify it.

Let me get to the really good question of the level of debt and of any new borrowings which the Territory should incur. The bottom line about borrowing is, first of all, that you do not do it to fund your operating account, although I noticed that the Chief Minister did make some comment about having to borrow to continue to pay our bills. If that is what she intends to do, she is not operating in accordance with any convention relating to public accounts that I have ever heard of. You should not be borrowing to fund your operating account. You should only be borrowing to fund capital works and, even then, you should only be borrowing to fund capital works of such a nature that they have some potential future payback. Borrowing, for example, to maintain your road asset structure is not necessarily a good thing because it does not guarantee any return on your investment in the future. If the Chief Minister is looking for that kind of basic guidance on the structuring of budgets, I offer that to her, for what it is worth.

I turn to the importance of the Territory retaining its current AAA credit rating. I have not yet been convinced that that is at all essential. Many States and Territories in Australia have a credit rating far below that and I have not seen them going bankrupt yet and I have not seen them being unable to borrow. Of course, we are in good shape! We have got enough money that we can lend ours! We have a AAA rating, so we can lend our money to Coles Myer and the like. Why we would do that is absolutely beyond me. If we have such surplus money that we can do that, I suggest that we should be fixing the health problem and a few other things as well.

Turning to whether the current Government and future governments should strive to eliminate the operating loss and, if so, by what year: The answer is yes, and now. Why would you perpetuate an operating loss when you have to fund it in some fashion and the only way you can fund it is by taking money out of the taxpayers' pocket? So, the answer to the question is that you should certainly strive to eliminate the operating loss. The operating loss should be zero. I would not encourage the Government by saying that they should strive to reach a zero operating loss by the year 2010 or 2020.

I think that it

should be right now. The questions that the Chief Minister asks, as I pointed out before, are questions that we - sitting here as non-executive members, outside of the Government, with no access to the treasury, without regular updating on how the budget is going - simply cannot answer. It is not possible for us to make any constructive input to assist the Chief Minister in dealing with those things.

In terms of things that the Government should be doing to get expenditure down, I noted that the new Minister for Health is taking the conventional route of getting his budget down by saying to his managers, "Give me a proposal that will reduce your expenditures by 5 per cent across the board". I thought that that sort of blanket approach had been discredited 20 years ago. That sort of approach penalises the efficient organisations within the agency and rewards the inefficient ones because they still keep money over and above what they really need to do their job. Furthermore, you perpetuate organisational elements within the agency that are performing functions that the Government should not be performing.

If the Chief Minister and the Minister for Health are serious about getting down the expenditure side of their budget, I suggest that they do a comprehensive, detailed, cold, logical analysis of everything that the Government does across all of its agencies and make a determination about which ones are necessary, which ones are just nice to have and which ones maybe we do not need at all and, instead of 5 per cent budget cuts across the board, make the cuts where it is most appropriate. Do away with functions that we should not be performing at all. The Government has been pretty good at contracting a lot of stuff out, so they should be expert in that field. Have a close look at the ones that it would be nice to have and see whether you can really justify the expenditure and, if you cannot, discontinue it. Then focus your available resources on those core functions which are determined as being the ones that we really must perform.

That sort of program requires, first of all, that there be a detailed and comprehensive review, totally supported by management at the top. It requires a demonstration on the part of the Government and the senior management of the will to see the recommendations implemented. How many times have we seen major reviews where, 10 years later, you discover that half of the recommendations were not even implemented? It also requires that the Government and the top management insist on real-cost management at all levels, right down to the bottom, and reporting systems that identify to top management where people are not performing. Without all of that, you can go about all sorts of ways of addressing your expenditure and you will never achieve anything. It requires not just an off the top of the head decision; it requires a very logical and cold, unemotional approach.

In concluding, Mr Speaker, the Chief Minister, in listing all of the things that were going to put pressure on the \$90m budget deficit next year, listed Corrective Services, ACTION, Urban Services, mowing grass - that is getting down to the grassroots level! - the ageing population and the like; but there were two major omissions from the things that the Chief Minister thought might put pressure on next year's budget, and they deal with what she has been up to for the last three or four days. One is a shooting gallery and the other is a heroin trial. How is it that the Chief Minister has been out there urging, at a summit level, that we take on a shooting gallery and a heroin trial if there is not

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one cent in the budget for them? There is not one cent in the budget for them and the Chief Minister does not even mention them as two of the things that would put pressure on that \$90m budget deficit. What, really, is the Government's agenda? Is it to seek popular support by saying the right things or is it to do something about the drug problem? Unfortunately, Mr Speaker, I suspect the latter.

**MR STEFANIAK** (Minister for Education) (12.14): Mr Speaker, I rise today to focus in this debate on an item which spends close to one-third of the ACT's budget, namely, the education portfolio, which, of course, also includes responsibility for children's, youth and family services and for sport. I will make a few other comments to start with, Mr Speaker. Firstly, whilst the ACT may well benefit, and rightly so, from the Commonwealth Grants Commission's review of funding - I do not think that is necessarily set in stone - the assistance there would not overcome the very significant budgetary problems this Territory faces. In no way should that be seen as a panacea to our problems. I make that point to start with.

I also make the point - I think I said it in an earlier debate - that I do not think that it is right for the Opposition to say that it is totally up to the Government and that they are unable to make any sensible suggestions. The whole purpose of this debate is to enable people to suggest how they would improve the Territory's financial situation. In 1994, in fact, this Government in opposition came up with an alternative budget; so there is certainly a precedent, and a very valid one, in relation to that. For the Opposition to say that they are not going to make any suggestions, that it is all up to the Government, does not help this debate one iota.

Mr Speaker, this year expenditure across my portfolio areas will be in the vicinity of \$540m when concessions and other discount subsidy programs are taken into account. However, almost three-quarters of that total outlay is taken up by the schooling costs of our education system. We went to both the 1995 and the 1998 elections promising to maintain school funding in real terms and, despite the very severe financial difficulties that we inherited from those opposite when we came to office, it is with a very great deal of pride that I can look back on the past four years and say that we have kept that promise in every year; in fact, in some years funding has increased above the ACT inflation rate to provide a real increase in funding.

I can also indicate that, as I think the Chief Minister and Treasurer has said, we intend to keep our commitment for the balance of this term. School funding will continue to be maintained in real terms for the next three years. However, Mr Speaker, there are continuing areas of concern which I do believe must be addressed over the next few years. Our population in Canberra is ageing. That is just a fact. Because of that fact, the number of children going to school, both government and non-government, is declining. There has already been some informed public debate in relation to declining enrolments and the changing demographics of Canberra. That debate, I think, needs to continue. I think the ALP and the crossbenchers need to be involved in it - not by any negative knee-jerk reactions, but by thoughtful, constructive comment.

In some respects, the Standing Committee on Education has been disappointing in that it has wasted some of its time and resources on peripheral issues. The work for the dole issue, a Federal scheme, could be put very much into that basket. I note that the committee is yet to report on that, although I trust that will occur soon. I think our community is looking for more substantive and important issues to be addressed. To date, I think those opposite have let the community down by not doing so.

I think our financial situation is such that it is crying out for constructive comment. I think the people of Canberra want to see a collegiate debate, that they want to see us cooperate rather than be constantly involved in adversarial roles. I think it is very important that constructive debate occur in this place, and today we have the right opportunity for that to start. It is all well and good to harp about things such as Bruce Stadium, the absence of a few rubbish bins or that old tried and true hoary chestnut, the futsal slab, or, as it is correctly called, the Acton Arena. I do not think members opposite would have been particularly worried if that had been just a car park, and I am advised that the cost of that would not be terribly much different. But that is not going to be the panacea for our ills; far from it. But where is the Labor Party discussing how we should address the operating deficit and what to do about the fact that, for example, we have increased the number of government schools by 13 over the past 20 years, whilst our school enrolments have stayed static over the same period, or that we continue to spend more each year right across the board than we earn as a community?

Recently, again in my area, the Productivity Commission revealed that in the five years between 1992 and 1997 enrolments in our government school system declined by 3.6 per cent, while our school numbers increased by some 4.2 per cent. What are we going to do about the fact that we have schools operating in very small numbers in the older inner suburbs while, at the same time, there is a demand for more facilities in the new greenfields developments? Mr Speaker, are there not ways that we can do things better? What about issues such as curriculum choice, the viability of options in the school programs - sports days, school excursions and camping programs - and the share of resources devoted to small schools at the expense of others in the system? Are there some small schools which are unique and certainly should not change? Are there other schools or school clusters where better educational outcomes could be achieved by taking a different approach?

There has been some public debate about the number of surplus places in schools. The Auditor-General has identified about 16,500 surplus places in our schools. That would mean that we have about 56,000 places for about 39,000 students in our government sector. Mr Speaker, I would not suggest that we could do without some surplus spaces; in fact, we could not do so. We need some. However, we certainly do not need all those spaces. For example, the actual surplus number of places is probably more in the order of 10,000 to 12,000 when you take all the relevant factors into account. At a cost of about \$270,000 for a primary school site, we are certainly spending significant dollars that are not available for classroom teaching to maintain some surplus spaces.

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In a similar vein, there was debate in this place last year about preschool places. Whilst the Government did not accept the Auditor-General's position that preschools should be closed because of the value of the real estate, we cannot disregard the issue completely. Some preschool sites are being maintained at the expense of the educational needs of our community. Yes, there is a question of access, but at what cost to the taxpayers of the ACT? We have had the Grants Commission figures out recently showing areas where we do overspend. Similarly for the CIT. Whilst there is some debate as to exactly what the figures are, it is quite clear that we spend much more than a number of States, and I would think that there are certainly ways we can do that better.

We have in the ACT an outstanding system for looking after children with disabilities that is the envy of other States. In fact, there is anecdotal evidence, Mr Speaker, that indicates that some children with problems such as autism are actually attracted to the ACT because of the quality of the support services we provide. I think we can be justly proud of this reputation. I have every intention of ensuring that we maintain our lead in this difficult area. That is a service for which there is a need, but it is expensive. As we discuss this important issue, we need to remember that the ACT boasts that it has one of the best education systems in Australia, and rightly so. In fact, we boast that we have the best education system. I am glad that the Commonwealth Grants Commission has finally acknowledged that the extraordinarily high retention rates for our college system do have a budgetary impact. That was long overdue. However, we must ask ourselves whether we have a system which is all that much better than the other States when we spend millions of dollars more than those States. The Productivity Commission estimates that we spend about \$1,000 more per student across the system than the rest of Australia, with the exception of the Northern Territory. Is our performance or the quality of the outcome for our students that much better?

Let us look at some of the other elements of the education area. In sport we have the highest per capita participation rate in the country, at 63.6 per cent, having overtaken the Northern Territory about two years ago - I might add, much to the chagrin of my Northern Territory colleague. I am very proud of that fact. However, it does not come cheaply or without considerable support from the Government. We have some wonderful facilities here, some of which are world class. Now that we are an Olympic city for the 2000 Games, we have to have suitable facilities. Bruce Stadium, which had such a wonderful debut in its new guise last Friday night, is a credit to the ACT.

We have superb ovals, such as Manuka Oval; Olympic standard rowing facilities on Lake Burley Griffin; the swimming facilities at Tuggeranong and the AIS; tennis facilities such as the clay court development at Lyneham; and the new international hockey facilities which the Government announced in its draft capital works program a few weeks ago. Canberrans are justly proud of their sporting prowess and take pride in their national teams, such as the Cannons, the Raiders, the Brumbies, the Cosmos, the Eclipse, the Strikers and the Lakers, and in many other teams and individual sport stars. We had a large representation in the 1996 Olympic team, with 19 individual team members from the ACT and district.



However, as with so many of these achievements, they come at some cost. We have had to increase our hire costs for sports facilities because there was simply no capacity to continue to maintain those facilities without a higher contribution from the users. It is important to note that these increased costs, which I am pleased to say have been accepted in a very commendable and very mature way by the sports community, have brought the cost recovery rate for the ACT up to the level that applies in the rest of Australia. The fact that that community has accepted those increased rates is, perhaps, an indication that we should look at raising costs and charges in certain other areas.

Where do we go from here? I am not suggesting that we should break the commitments we have made to the maintenance of funding in education, but I do think that we need to recognise that we have finite resources and that we are limited in our ability to spend more. What we must do is ensure that what we get for our expenditure is of the very best quality. We must make every effort to keep our lead in areas such as information technology. We must continue our emphasis on the provision of vocational education in schools. We have an enviable lead over the other States in programs such as our computers for teachers program and the acceptance of vocational education in the senior secondary curriculum. These are programs which ensure that we are and remain the clever, caring capital. We must maintain our efforts in providing assistance to the Canberra sporting community to keep our participation rates the highest in Australia and to provide excellent facilities that encourage sports tourism and major sporting events to be played in Canberra. Let us not forget the additional benefits to our health system and the health of the Canberra community which derive from our outstanding sport participation numbers.

Sadly, there will always be a need for any ACT government to provide assistance to the less fortunate in our community. That is something we cannot ever resile from. However, we cannot do all of these things effectively on an indefinite basis if we continue to overspend. We do have to look at ways of spending within our means. I would think that going along in the same old way is simply not a real option. We do not have natural resources such as goldmines and oilwells, a substantial primary production capability or anything like that. Our greatest resource is our people. We have an educated population here. We have a number of opportunities, but we do have limited options in terms of just how much revenue we can actually rake in. So, going along in the same old way of constantly spending more than we earn is not an option. If someone did that with a household budget, they would ultimately lose their house. It is simply not viable.

I hope that this debate is the start of some real lateral thinking on how best to tackle our budget problems. If we can put petty political biases aside and at least try to work together, instead of point-scoring here, we really will have achieved something of which we can all be justly proud.

**Sitting suspended from 12.26 to 2.30 pm**

## QUESTIONS WITHOUT NOTICE

### Canberra Injectors Network

**MR STANHOPE:** Mr Speaker, my question is to the Chief Minister in her capacity as Acting Minister for Health. Articles in the *Canberra Times* of 25 February and 8 March drew attention to concerns expressed about a grant to the Canberra Injectors Network. Can the Chief Minister tell the Assembly what advice the Government has received about the grant and the recipients of it? Is there any cause for concern, as suggested in the media? Does the Government propose to take any action in relation to the issue?

**MS CARNELL:** I appreciate what is, I think, a very valid and a very good question. The report in the media, on my advice, is seriously inaccurate, so it is great to have an opportunity to set the record right. Members would be aware that for a number of years, in fact I think since before self-government, a peer group support service has been provided to injecting drug users in the ACT. It is my advice that the contract for that particular service was put out last year, but I am not exactly sure of the timeframes on that. It was probably last year, Mr Speaker. That service went out for tender, as any other service would go out to tender, and normal procedures were put in place. As members would be aware, the Canberra Injectors Network has been awarded preferred provider status following the tender process for the delivery of a set of peer-based education and support services to injecting drug users in the ACT.

The tender was conducted due to the demise of the previous service provided by the ACTIV League in 1997. Preferred provider status was awarded to enable further negotiations on a range of matters identified by the tender panel. These have now been resolved, and Minister Moore has advised that a contract is under development.

The Canberra Injectors Network will provide information and education services for approximately 40 hours per week using paid and volunteer workers, a needle exchange service in conjunction with the information and education service, and an outreach service to provide health information and education. Canberra Injectors Network intends to work collaboratively with other key organisations in the ACT to address perceived gaps in service delivery. The department is currently developing an agreement with Canberra Injectors Network for the purchase of these services.

In the meantime, ADD Inc., the current provider, has been contracted to continue the service for two months to enable a smooth transition to the new service. ADD Inc. management have been advised of the tender decision and acknowledge that while it would represent the interests of injecting drug users it could not represent drug users themselves. It said that it understood the panel's decision. This important distinction led the tender panel to award the contract to the Canberra Injectors Network as there was a clear tender requirement that the successful agency be able to represent drug users and have significant or substantial peer input into the management of the organisation.

As I understand it, a tender process was conducted. It was conducted normally. One of the reasons the Canberra Injectors Network was chosen is that they had a demonstrated capacity to represent injecting drug users, as is required in this particular tender. The panel was put together in the normal way, with an external person on the panel. Mr Speaker, I am advised that the procedures that were conducted were in accordance with normal practice.

**MR STANHOPE:** I ask a supplementary question. Thank you, Chief Minister, for that explanation of the history of the matter. Chief Minister, I wonder whether you could assure the Assembly that you are satisfied that the processes that applied to the tender for the awarding of the grant were applied rigorously, transparently and fairly.

**MS CARNELL:** As I said, I am advised - remember that this is outside my portfolio area, so I have not been involved throughout the process - that the tender process was conducted normally. I am also aware that Mr Kaine has written to Linda Webb, Commissioner for Public Administration, with regard to one person's position on the tender panel. I understand that an investigation, as would always be the case, will be carried out.

### **Public Servants - Conflict of Interest**

**MS TUCKER:** My question is related to that asked by Mr Stanhope and is for the Chief Minister. It is about the ACT Government's policy for public servants on conflict of interest. Recently in joint hearings of the Urban Services Committee and the Education Committee, where officials were being questioned regarding the processes leading up to the relocation of Ainslie after-school care and in particular the change to the heritage classification of that site, we were told by officials that the officer who had given advice about that matter, advice which by the way did not suit the Government's agenda, had been withdrawn from the discussion because she had a child at Ainslie after-school care and therefore had a conflict of interest, a claim which she rejected. At the same time we see in the *Canberra Times* that David Butt, when questioned about the appropriateness of an officer making a service purchasing decision for a drug user peer support program that we have just been discussing when there was a close relationship between him and the organisation and whether that was appropriate, replied, "What he does as a private citizen is up to him", and "Throughout the ACT there are a lot of close relationships". My question is: When does a close relationship constitute a conflict of interest and when does it not? Does it just depend on whether the advice is in line with the Government's agenda at the time?

**MS CARNELL:** Mr Speaker, I think it is probably quite lucky for some members that there is parliamentary privilege in this place. My understanding with regard to the person in Heritage, who by the way is now working in my department, so - - -

**Ms Tucker:** And is very unhappy with your processes but has been told not to speak about them.

**MR SPEAKER:** Order, please! You have asked your question, Ms Tucker.

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**MS CARNELL:** The person involved, as I understand it, was on a short-term contract in Heritage, the contract expired. It is that simple. That contract expired and she has since been offered a new short-term contract. The contracts of people on contract expire every day. That is the reasons they are on contracts. If they were in a job for the long term they would be permanent; they would have permanent positions. The person involved was on a short-term contract. That contract expired and the person has since been offered another contract, I understand, in a part of the Chief Minister's area, in an arts area. It is that simple. As I understand it, no contract was terminated. It actually expired and a new one was offered in another area of government. It seems like a totally appropriate approach to me.

**MS TUCKER:** I ask a supplementary question. My question was not answered, and I did not mention the employment status of that particular person at all. The point is that an accusation of conflict of interest was made. That is the point that officials clearly made to my committee. My question was: When does a close relationship constitute a conflict of interest and when does it not? We were told clearly in those committees by officials that she was seen to have a conflict of interest. That was the point of my question, which has not been answered. I am happy for it to be my supplementary question if the Chief Minister answers my question, but if she chooses not to I would like to know how the community could have any - - -

**Ms Carnell:** I take a point of order, Mr Speaker. This is just out of order.

**MR SPEAKER:** It is out of order, Ms Tucker. If you have a supplementary question, would you mind asking it?

**MS TUCKER:** I think I might ask my first question again as a supplementary question.

**MR SPEAKER:** I will not guarantee that you will get an answer, because the Chief Minister has answered the question.

**MS CARNELL:** Mr Speaker, my understanding was that the comment that was made by Ms Tucker in the first question was that somehow this person in Heritage had had their contract terminated or suspended or whatever because of a conflict of interest.

**Mr Kaine:** I take a point of order, Mr Speaker. The Chief Minister is dealing with a subject that Ms Tucker did not ask about.

**MR SPEAKER:** Order! There is no point of order. Ms Tucker, if you wish to ask a supplementary question, ask it, but only a supplementary question. I do not want a preamble relating to the first question. Otherwise, I will rule you out of order.

**Ms Tucker:** I thought I had asked the first question again as my supplementary question.

**Ms Carnell:** You cannot do that either. It is out of order.

**MS TUCKER:** Okay. I will ask another one.

**MR SPEAKER:** Order!

**Ms Carnell:** It is all right. I am comfortable to answer it.

**MR SPEAKER:** A question fully answered cannot be renewed.

**Ms Carnell:** Mr Speaker, I am happy to answer it.

**MR SPEAKER:** Order! No, Chief Minister, I am sorry. Under standing order 117(h), a question fully answered cannot be renewed. The Chief Minister has answered the question. You may not like the answer, but the fact is that it has been answered.

### **Rural Residential Development**

**MR QUINLAN:** My question to the Minister for Urban Services relates to the government-commissioned discussion paper on the development of rural residential sites in the ACT. Is the Minister aware of any pressure from PALM or other government agencies to alter the consultants' report to reflect the Government's position on rural residential development? Can the Minister assure the Assembly that the report is completely independent and is a realistic investigation of the issue of rural residential development?

**MR SMYTH:** I am not aware of any pressure. Yes, I believe it is exactly what we commissioned, which was a report that would look into sites for potential rural residential development.

**MR QUINLAN:** I ask a supplementary question. Mr Speaker, given that the Minister has confidence in the report as an independent assessment of rural residential development, can the Minister explain why the lead consultant from TBA Planners, on 3 October last year, told PALM that if the changes were to "go much further" it is "no longer our paper"? How does this reconcile with the Minister's view of independence of the report?

**MR SMYTH:** I am not aware of those comments so it is impossible for me to comment on them, but I believe the process was appropriate. The inquiry has been conducted as such inquiries are always conducted. We have now put this discussion paper out for comment. We have taken comments from the community and will be assessing them and releasing the outcome shortly.

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### **Union Request to Meet Minister for Justice and Community Safety**

**MR HIRD:** Mr Speaker, my question is to Mr Humphries in his capacity as Minister for Justice and Community Safety. Is the Minister aware of the claim by the CPSU in a media release yesterday that he has refused to meet with the union to discuss the debate about the prison and the current situation at the Belconnen Remand Centre? Minister, is it true that you have refused to meet with the CPSU?

**MR HUMPHRIES:** Mr Speaker, I thank Mr Hird for that question. I was a little bit shocked when I saw the report in the media that I had refused to meet with the union. Although I do not always agree with unions, I do make myself reasonably available to discuss issues with them. In fact, I consider myself as having a good relationship with a number of unions that represent employees within my portfolio. I was a bit distressed by the claim that Mr Hird has referred to. The release the CPSU issued on Saturday or Sunday says:

Attempts to meet with the Minister and discuss the situation -

that is the situation at BRC and the proposal for a new prison -

have failed.

I checked with my office and my department about how it came to be that I had failed to respond to a request from the union for a discussion. That indication of concern was not allayed when I discovered that in fact there was no record anywhere in my office of there being any request by the CPSU for a meeting with them.

**Mr Smyth:** That is strange.

**MR HUMPHRIES:** It is very strange indeed. I from time to time run into members of that union. I saw Mr Gooden a few months ago and exchanged a few pleasantries with him. There was no reference then to any request for a meeting. So I was a bit puzzled. Then all was revealed. At 6 o'clock last night, just before the news went to air, a request came through from Ms Jennifer Eccles, the branch secretary of the Community and Public Sector Union. I do not know what those opposite are laughing at, Mr Speaker.

**Mr Stanhope:** There was not much to laugh at. We admit that.

**MR HUMPHRIES:** It does not take much to make you laugh, does it?

**Mr Smyth:** They are easily amused by the antics of the union.

**MR HUMPHRIES:** Indeed. I suspect they are as amused by the antics of the CPSU as we are, Mr Speaker. It transpires that the request was made not on the weekend, at the time the claim was made that there was no success in getting to meet with the Minister. In fact, it was only at 6 o'clock last night that the request was made. The union having told people that they had failed in attempts to meet the Minister, it turns out that they failed to put the letter into the fax machine or failed to attach the postage stamp to the

letter that was going to go to the Minister. This is either incompetence on the part of the CPSU - you have to ask yourself why members of the staff at the BRC would want to be represented by a union that was so incompetent that it could not get around to communicating its requests for a meeting before it went public about not having had it - or, at worst, it is the union playing fairly grubby political games in the media, saying, "Let us claim that we have not had a meeting and raise the temperature", when in fact they have not asked for a meeting.

Mr Speaker, I can advise the Assembly that the department and the CPSU have been negotiating through a number of workplace reforms of the BRC. Those negotiations, like any other industrial negotiations, are a fairly drawn out affair. Issues have been discussed in the process of that. If the union had hoped that a demand to me to come in over the top of the managers of the BRC to get them to toe the CPSU line was going to succeed, then obviously they have forgotten that those days ended four years ago. If the CPSU wants to run an industrial campaign for increases in salary or wages or for improved conditions without any productivity improvements to pay for those improvements in their conditions, then they are sorely mistaken.

The fact is that there are many problems with the present remand centre. No-one has been more acutely aware of those than the present Government. The Government has put in train a process to deal with those problems for the first time in the ACT. The sorts of claims that have been made by the union do not help in that process, and I think it is better if we get down to the serious business of negotiating through the usual channels and processes an agreement which will deal with these problems in an appropriate way.

### **Rural Residential Development**

**MR CORBELL:** Mr Speaker, my question is to the Minister for Urban Services. It relates to the discussion paper on rural residential development prepared by TBA Planners. I ask the Minister how he can now maintain that the discussion paper is independent and has not been massaged to suit the Government's position when the lead consultant at TBA Planners advised PALM in a facsimile last year:

Please find enclosed comments on a number of pages. Progressively the paper is being massaged - I can wear that given the governments position but I think Section 1.4 is a bit over the top. Most points are a repeat of 7.1 and are not the only issues which emerge from the paper, rather they are a collection of any point which is favourable to the governments point of view.

Minister, how can you claim this report is independent when the lead consultant himself is saying that it is not?

**MR SMYTH:** I can only assume that Mr Corbell thinks he has found a treasure-trove. There was an FOI request on rural residential development. There were some 5,000 folios in the files. We gave Mr Corbell access to all of them. He has picked up some 1,650 pages.

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**Ms Carnell:** How much did we charge him?

**MR SMYTH:** I understand that there was no charge, because we believe that government should be honest, open, frank and free.

**Mr Corbell:** I raise a point of order on the grounds of relevance. I asked about the independence of the report. That is what the Minister should be answering.

**MR SPEAKER:** The Minister is answering the question and nobody else, thank you.

**MR SMYTH:** Mr Speaker, I believe that due process has been followed. The discussion paper we have put out is a document that is worthy of discussion and that the public have had their opportunity to comment on, and we will respond in due time.

**MR CORBELL:** I ask a supplementary question. For the record, Mr Speaker, does the Minister deny that the discussion paper on rural residential development prepared by TBA Planners was massaged to be favourable to the Government's position on rural residential development, or does the Minister still maintain that it is an independent study, as he outlined to the Assembly on 29 October last year?

**MR SMYTH:** Mr Speaker, I think all here would remember that the Assembly voted to support rural residential development. We have had a process. I believe that it is an independent study and that the process here has been followed. The process of departments dealing with consultants in this has produced an independent study, yes.

### **Canberra Injectors Network**

**MR KAINE:** My question is to the Chief Minister as Acting Minister for Health. Chief Minister, I refer to the article on the front page of the *Canberra Times* on 8 March, where it is noted that the organisation, the abbreviation of which was ACTIV, was closed when a review found serious irregularities and anomalies in its financial management. I can go on about who did the review and why if you wish. This article also says that the Chief Minister, who was then the Minister for Health, was well aware of the contents of that report. We are also told that the new organisation, Canberra Injectors Network, which is headed by the same person who was the coordinator for ACTIV when their funding was discontinued, is now going to go ahead. Can the Chief Minister explain to me why she is going to approve funding for an organisation that has done nothing, apparently, but change its name and that less than two years ago was found to be the perpetrator of serious irregularities and anomalies in its financial management?

**MS CARNELL:** Mr Speaker, I do not believe that ACTIV League was actually found to be guilty of anything two years ago. ACTIV League was a program within ADD Inc. I think it is important to remember that the ACTIV League was actually part of ADD Inc. ADD Inc. provided ACTIV League with financial and administrative support. The ACT



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Department of Health and Community Care contracted ACTIV League services through ADD Inc. ACTIV League was not separately incorporated and did not have its own board of management.

The report "Survival" referred to in the *Canberra Times* on 8 March 1999 was commissioned by ADD Inc. and was an internal report to ADD Inc. The ACTIV League program coordinator, Jude Byrne, resigned in the course of the review but has continued to serve the community as national president of the Australian Intravenous League, has worked with the Alcohol and Drug Council of Australia and is a member of the Prime Minister's national illicit drug committee chaired by Major Brian Watters.

ACTIV League disbanded soon after the report was completed and ADD Inc. continued temporarily to provide a peer service, ADD Inc. Network, for injecting drug users, pending the calling of tenders for this service. Canberra Injectors Network, CIN, was set up in response to injecting drug users' wishes to have an organisation which directly represented them, not merely spoke on their behalf. I think ADD Inc. made it clear that all they could do was speak on behalf of injecting drug users. I think that was one of the reasons that the Canberra Injectors Network picked up the contract.

As a result of the tendering process, as we found out, CIN won the contract. CIN is a new organisation, a different organisation, Mr Kaine, even though some of the people involved in it were involved in the ACTIV League but certainly, by no stretch of the imagination, all of them. This new organisation is an incorporated body with a board of management. Two of the board members are former employees of the ACTIV League but the other four members are not. The president is Tarquin McPartlan, an ex-employee of ACTIV League, and other board members are Jude Byrne, Peter Holcombe, Peter Parkes, Phyll Dance and Sera Pinwill. CIN does not employ any staff at present, as the contract has not yet been finalised.

In common with all contracts over \$10,000 per annum, CIN will be expected to report quarterly on performance in terms of quantity, quality and timeliness and on its financial performance. This will include auditing of its financial performance in line with other contracts that are let. Performance indicators are currently being finalised.

In addition, as CIN is a new organisation working in an area which is quite challenging, an organisational mentoring reference group has been established as a requirement in the contract. Three well-established organisations - the AIDS Council, the Hepatitis C Council and Workers in Sex Employment - will provide support and direction to CIN as it establishes itself. The department will evaluate the performance of CIN after one year of operation. This was a standard requirement in the tender, irrespective of which agency won the contract. I think that shows quite categorically that the department has put in place very definite checks and balances for the new organisation that did not exist for the old ACTIV League.

It is also important to remember that the report spoken about in the *Canberra Times* was an internal report commissioned by ADD Inc. As I understand it, no action was taken with regard to any alleged fraud or whatever. The new organisation has a board. It has

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appropriate checks and balances and appropriate reporting mechanisms, as well as a very impressive organisational mentoring reference group to ensure that the appropriate services are provided and public money is well looked after.

**MR KAINE:** I ask a supplementary question. It seems that this rose by another name is now being recommended for funding again. I ask the Chief Minister: Who is the author of the recommendation that this organisation be funded again?

**MS CARNELL:** On Mr Kaine's logic until now, the Canberra United Party was probably a front for the Liberal Party, but it is hard to believe that that would be the case. That is the same sort of deal. As I think I said in answering a previous question, the committee or the tendering group was set up under the normal circumstances. This service went to tender. An appropriate tendering mechanism was put in place. My understanding is that the person Mr Kaine has suggested may have a conflict of interest, a matter which he has referred to Linda Webb and which is being investigated, was not the decision-maker.

### **Rural Residential Development**

**MR WOOD:** My question is to Mr Smyth. It is also on the study we have been talking about today. Can the Minister confirm that PALM required that references to the failed Hall/Kinlyside development be deleted from the study?

**MR SMYTH:** I am not aware of PALM demanding anything of the consultants. This report was put together in the standard way that such things are done, through consultation with the department. The rural residential discussion paper is out for discussion. The community has had ample time to comment on it, and we are collating answers to it now.

**Mr Quinlan:** Before that.

**MR WOOD:** Yes, that is right, Mr Quinlan. It is what happened before the paper went out. Let me add to those questions. There are two points. Firstly, Minister, why did you allow the so-called independent study to be compromised by removing the comment about the failed Hall/Kinlyside development from an earlier draft which had been circulated within government on 14 August last year? Secondly, why did you also allow the deletion of those references in the draft which indicated that the decision by the Government to support rural residential development was a significant departure from the longstanding and well-understood approach to the planning of Canberra's rural areas?

**MR SMYTH:** Mr Speaker, this is a discussion paper that has gone out for comment by the public. PALM worked closely with the consultants to make sure that we got what we had asked for. This was a discussion paper that was not asked to comment on Hall/Kinlyside but to look at future possible sites for rural residential development in the ACT, and that is what the discussion paper has delivered.

## Arbitrage

**MR OSBORNE:** My question is to the Chief Minister in her capacity as the Treasurer. It is regarding OFM's arbitrage trading transactions. Mrs Carnell, would you please explain to the Assembly the principles of arbitrage, how it works and to what extent we are currently involved in this scheme? I must let you know that I have had a discussion with the Under Treasurer about this, but I do feel it important that you explain it in the Assembly, given the publicity of the last few days.

**MS CARNELL:** Certainly, I am very happy to, because I am sure that certain members of this Assembly did not have a very large understanding of arbitrage transactions prior to the last day or so. Possibly one or two members of the media have been through a serious learning curve too. Mr Speaker, there are two major objectives for undertaking arbitrage transactions in the ACT. I suppose the two major reasons for doing it are market exposure and financial gain.

For the information of members of the Assembly who are still not overly aware of how arbitrage is done, basically the ACT borrows money using our AAA credit rating, then on-lends that to certain specific organisations at a higher interest rate so that we make a profit in the middle. It is a well-established process, one that was used by the previous Labor Government. It started in the ACT in 1992 and has been used ever since.

By way of the arbitrage process, ACT commercial paper is issued to investors, which results in the ACT program maintaining a strong recognition in the marketplace. This ensures that on occasions when there is a significant funding requirement, for whatever reason, the ACT is able to continue to use its paper at competitive levels. The main benefits to the ACT are improved liquidity and increased market awareness.

In a little place like the ACT we need to ensure that the market is aware of the ACT. In other words, we need to be in the market and trading, so that when from time to time we need to refinance, I suppose to enter into a significant funding requirement of some description, we actually have market recognition generally.

**Mr Kaine:** An AAA rating does not give you that?

**MS CARNELL:** Actually, no. There is also a financial benefit. The financial benefit has historically been about \$80,000 a year. As members would be aware, the ACT Government has quite definite and quite strong requirements on how this particular process is conducted, and we deal with only the strongest organisations. It is also true that the ACT does not initiate any of these transactions. We are approached by organisations. The sorts of organisations we are talking about are the National Bank and Telstra. Certainly, there is no chance of these organisations ending up floundering. The ACT arbitrage transaction approach would be the least of the worries of the Australian economy if those organisations were under any pressure. This is something that is done by a number of other governments in Australia. It produces some dollars and allows the ACT to use its credit rating appropriately for the people of the ACT and to maintain our position in the marketplace.

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For the interests of members, I table the Central Financing Unit's operational handbook and procedures manual on arbitrage trading transactions. It is important to remember that arbitrage transactions are reported regularly in financial statements in the ACT and have been for many years. They would be secret only to those people who do not bother reading our financial statements. Of course, they are audited along with other ACT accounts. The Auditor-General gets to have a look at this approach as well.

**MR OSBORNE:** I think you have answered my supplementary question, Ms Carnell, but I missed it. Are you going to table some operational guidelines or regulations that it operates under?

**Ms Carnell:** Yes, I am happy to do so.

**MR OSBORNE:** Thank you. Has this program ever been reviewed? If so, when, by whom and at what cost?

**MS CARNELL:** Mr Speaker, there are those guidelines. I am not sure whether we had an independent review of the approach, but the Auditor-General has a regular look at our arbitrage transactions. They are part of our financial accounts. That ensures that the approach we are taking is totally safe. Again, this is something that was used by the previous Labor Government and is used by other governments in Australia. It was reviewed in 1995 by Bankers Trust.

### **Cleaning Contract**

**MR HARGREAVES:** Mr Speaker, my question is to the Minister for Urban Services. Over the weekend the Minister announced for the Monday media that a Melbourne-based company had won the contract to clean and maintain the Woden and Weston public areas. Apparently this company can provide the services for \$500,000 less than the amount the Government had budgeted. The contract amount, I believe, was \$1.9m, whereas the budgeted amount was \$2.4m. This means a drop of 20 per cent and, if one takes into account the amount of company profit going interstate and the cost of setting up business here in the ACT, it is much greater than the 20 per cent less actual service provision cost. Minister, how can you guarantee that the same or better service can be provided for more than 20 per cent less than last year, and are the 24 staff boasted about by your spokesperson in the media today full-time, casual or part-time staff?

**MR SMYTH:** The contract has gone to a firm called Excell from Melbourne. Excell Corporation apparently provides similar sorts of services all around Australia. I understand that they have contracts in Brisbane and certainly in Melbourne, and their record on employing local people is quite excellent. They have promised to engage some 24 permanent employees, and they believe that 20 of those will be Canberrans. They will obviously bring some expertise from interstate. They have also said that where necessary they will employ casuals. Can they deliver the service? Their record would indicate that they can. The excellence of their tender certainly indicated that they have the expertise and the experience to do so, and I am looking forward to saving taxpayers' dollars and ensuring they get the sort of service delivery they deserve.

**MR HARGREAVES:** My supplementary question is: Since the staff at CityScape were told by management that to achieve benchmarking levels they had to lose one of their six contracts, can the Minister guarantee, I would suggest through transmission-of-business clauses, that no CityScape staff involved in the cleaning and maintenance of the Woden and Weston areas will lose their jobs because of the letting of this contract to Excell?

**MR SMYTH:** Mr Speaker, CityScape had planned for 12 permanent employees and some temporary employees, some part-time employees, to take care of that contract. Having not won the contract, CityScape will now have to look at the future of those employees, and there may be redundancies.

### **Chief Minister - Motor Vehicle Accident**

**MR BERRY:** My question is to the Attorney-General. How is it that the Minister attacks the ANU student magazine *Woroni* for its tongue-in-cheek approach to drink-driving and expresses strong opposition to drink-driving when he has said nothing about the message to the community from his own Chief Minister's driving habits? Noting that it was the Attorney-General's office which prior to the last ACT election issued the statement that the Chief Minister had crashed, what, if any, advice did the Attorney's office or the Attorney give the Chief Minister on how to avoid police scrutiny?

**MR HUMPHRIES:** Mr Speaker, I do not mind hard-hitting questions in this place. I do not mind questions that have a bit of strong curry for the Government. But questions like Mr Berry's are not clever. They do not probe any particular political value. They just rummage in the dirt. The Chief Minister has already fully explained what occurred in that particular incident. If Mr Berry had any guts, which we know he has not, he would go outside the chamber and suggest that the Chief Minister was drinking and driving. Of course, he is not prepared to do that, because he is a coward. He also loves to play in the dirt.

Mr Stanhope was quick to defend Mr Berry about the outrageous things said about him during the 1998 election campaign, saying, "Mr Berry is a man who was attacked unfairly. They suggested that he was not economically competent to manage the ACT". Mr Speaker, if that is what he does, is it any wonder that he attracts the sort of criticism, mild by comparison, he did in the 1998 election.

**Mr Berry:** Mr Speaker, I take a point of order. I would not mind it if the Attorney had a go at answering the question in terms of the standing orders. I wonder whether you could draw his attention to that.

**MR SPEAKER:** I am at the moment - - -

**Mr Berry:** I have not finished yet, Mr Speaker. I wonder whether you could draw his attention to standing order 118(a)?

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**MR SPEAKER:** I shall look at 118(a). At the moment, Mr Berry, I am looking at 117(d), and I am just wondering whether Mr Humphries should even bother to continue.

**MR HUMPHRIES:** I almost did not, Mr Speaker, because I think that answering questions like that just brings the tone of the Assembly down as a whole. Mr Speaker, let me make one other comment about the article in *Woroni*. It was not a tongue-in-cheek article. I am sorry; I do not accept that you can write something which propagandises for drinking and driving and then claim afterwards, when criticised, when attacked, "It was meant to be humorous". Mr Speaker, I have written plenty of humorous articles for *Woroni* in my time, and I can assure members that that article was not humorous.

**MR BERRY:** I ask a supplementary question. How does the Attorney-General explain his silence on the message conveyed to the community by his Chief Minister's drinking, driving, crashing and hasty departure from the scene demonstrated on the Federal Highway before the last election against the background of his mocking indignation over the *Woroni* argument?

**MR SPEAKER:** The question is out of order.

### **Research into Recreational Facilities**

**MR RUGENDYKE:** Mr Speaker, my question is to the Chief Minister. Chief Minister, I understand that last week an employee of the Chief Minister's Department and a representative of Economic Research Associates were undertaking research of recreational facilities in the ACT. Economic Research Associates is an American consultancy with its corporate headquarters in Los Angeles. Previous projects include Tokyo Disneyland, Warner Brothers Movieworld in Germany and the San Francisco Giants baseball ballpark. Chief Minister, could you please advise the Assembly what business Economic Research Associates was conducting in Canberra and what it had to do with your department?

**MS CARNELL:** Mr Speaker, I will have to take that question on notice.

I ask that all further questions be placed on the notice paper.

### **AUTHORITY TO BROADCAST PROCEEDINGS Papers**

**MR SPEAKER:** For the information of members, I present, pursuant to subsection 8(4) of the Legislative Assembly (Broadcasting of Proceedings) Act 1997, authorisations to broadcast given to a number of television networks in relation to the joint public hearing on the old Ainslie school of the Standing Committee on Education and Urban Services on 8 March 1999 (vision only) and the debate on the motion relating to the budget preparation for today, Tuesday, 9 March 1999.

**SUBORDINATE LEGISLATION  
Papers**

**MR HUMPHRIES** (Attorney-General, Minister for Justice and Community Safety and Minister Assisting the Treasurer): I present for the information of members subordinate legislation pursuant to section 6 of the Subordinate Laws Act 1989 in accordance with the schedule of gazettal notices circulated.

*The schedule read as follows:*

Drugs of Dependence Act - Instruments of appointments as -

Members of Treatment Assessment Panels - Nos 17 to 28 (inclusive) of 1999 (No. 7, dated 17 February 1999).

Presiding members of Treatment Assessment Panels - Nos 29 to 31 (inclusive) of 1999 (No. 7, dated 17 February 1999).

Acting Presiding members of Treatment Assessment Panels - Nos 32 and 33 of 1999 (No. 7, dated 17 February 1999).

Health and Community Care Service Act - Instrument of appointment as a member of the Health and Community Care Service Board - No. 15 of 1999 (No. 7, dated 17 February 1999).

Independent Pricing and Regulatory Commission Act - Variation to specified requirements under section 16 in relation to investigation - Instrument No. 16 of 1999 (No. 7, dated 17 February 1999).

**LAND (PLANNING AND ENVIRONMENT) ACT - VARIATION TO THE TERRITORY  
PLAN - WATER USE AND CATCHMENT POLICIES  
Papers and Ministerial Statement**

**MR SMYTH** (Minister for Urban Services): For the information of members, I present variation No. 98 to the Territory Plan for water use and catchment policies, pursuant to section 29 of the Land (Planning and Environment) Act 1991. In accordance with the provisions of the Act, this variation is tabled with the background papers, a copy of the summaries and reports, and a copy of any directions or report required. I ask for leave to make a statement.

Leave granted.

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**MR SMYTH:** Variation No. 98 to the Territory Plan amends the schedules at part C2 of the water use and catchment policies to allow for the following. It allows for inclusion of new ponds in the schedules. It allows for updating of the purposes for which water may be used and the prescribed environmental values to bring the categories into line with the more detailed purposes in the ACT water quality guidelines. It allows for abstraction of water from urban streams to provide a second-class water supply. It also makes several corrections of a minor nature. These changes include amendments to the catchment map to make boundaries more explicit and changes to Schedule 2 to bring the Territory Plan into line with the Lake Burley Griffin management plan released by the National Capital Authority.

Mr Speaker, during the public consultation period two written submissions were received on the draft variation, one from the Ginninderra Local Area Planning Advisory Committee and the other from the Majura LAPAC. The submission from the Ginninderra LAPAC supported the draft variation; the submission from the Majura LAPAC expressed concerns about possible pollution and smell downstream from the sewerage plant. Issues relating to possible pollution and smells downstream from the sewerage plant are beyond the scope of the draft variation. They relate more directly to the operation of the sewage treatment plant and are not matters that can generally be addressed in the Territory Plan.

Mr Speaker, in the plan, sewage treatment plants are provided for under the river corridors land use policy. The water catchment policies make provision for a range of water uses and environment values which are consistent with the conservation values of the various water catchments. Under Schedule 2 of the conservation, water use and catchment policies waste water discharge is limited to selected parts of the Murrumbidgee and Molonglo catchments. Issues relating to possible pollution and smell which may result from the operation of sewerage plants and waste water discharge are more appropriately covered by the relevant environment legislation.

Following public consultation the exhibited draft variation was revised to include “aquatic habitat - urban wetland” as a purpose for which water may be used within Schedule 5, the drainage and open space catchment policies. This category was inadvertently omitted from the original schedule in the draft variation.

The Standing Committee on Urban Services considered the draft variation and in report No. 18 of February 1999 endorsed the draft variation policy. I would thank the committee and their chair for their good work.

## PAPERS

**MS CARNELL** (Chief Minister and Treasurer): I have some answers to questions taken on notice on 17 and 18 February by Mr Moore. I have signed letters to Mr Hargreaves, Ms Tucker and Mr Stanhope sending copies of these but they do need to be tabled. I also seek leave to incorporate them in *Hansard*.

Leave granted.



*The answers read as follows:*

### **Karralika Therapeutic Community**

**Ms Carnell:** During question time on 17 February 1999 Mr Stanhope asked Mr Moore, Minister for Health and Community Care a question concerning the appointment of a Clinical Director at Karralika.

As Acting Minister for Health and Community Care I would like to read Mr Moore's response to this question into Hansard.

### **MINISTER FOR HEALTH AND COMMUNITY CARE LEGISLATIVE ASSEMBLY QUESTION TAKEN ON NOTICE**

**17 February 1999**

#### **Mr Stanhope asked the Minister for Health:**

In May 1998 a report by the Complaints Commissioner recommended a Clinical Director be appointed at Karralika. A review by Dr Mugford also recommended the appointment of a clinical director at Karralika. What changes have occurred since the report of Complaints Commissioner? Has a clinical supervisor been appointed?

*Supplementary:* Can you advise the Assembly will all the recommendations, made by Mr Patterson and Dr Mugford, be acted on and what timeframe do you envisage?

#### **The Health Minister's answer is as follows (to be provided by Mrs Carnell in Mr Moore's absence):**

The Alcohol and Drug Foundation ACT Inc (ADFACT) is currently considering the recommendations included in Dr Mugford's report, one of which is the employment of the Clinical Director. ADFACT has indicated that it is preparing a response to the Department around these issues. This report will be submitted to the Department at the end of March 1999.

There have been substantial changes in the leadership of ADFACT since the Complaints Commissioner's report was completed. Late in 1998, a new board was elected. Constitutional changes voted in by members prevented anyone who had served on the board in the previous two years serving on the current committee. The new board includes a number of relevant nominees from health and justice minister's, the ACT Division of General Practice and the Law Society.

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This board has been working intensively with the ADFACT staff on implementing relevant changes, such as those recommended by Dr Mugford.

ADFACT recently held a half day workshop to review the service in light of the two reports you commented on. Dr Mugford and departmental staff attended this workshop. The latter have assured me that ADFACT is taking the recommendations seriously. They have said that ADFACT's Board of management have been open to suggestions around reform and change, and that the Board is working closely with the staff to ensure success of any changes that are proposed or implemented.

Once Dr Mugford's report has been fully considered by ADFACT and a response has been received by the Department of Health and Community Care, plans for the employment of the clinical supervisor will be discussed. To ensure the success of this person's work ADFACT staff will need to have confidence this person, including that he or she has the necessary knowledge and skills to provide clinical direction to the programs.

It is envisaged that discussions around implementing the recommendations, including the employment of a clinical director, will occur in April, with the relevant changes occurring from May 1999, as appropriate.

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#### **Detoxification Unit**

- . **Ms Carnell:** During question time on 17 February 1999 Ms Tucker asked Mr Moore, Minister for Health and Community Care a question concerning the closure of the Detoxification Unit over the Christmas period.
- . As Acting Minister for Health and Community Care I would like to read Mr Moore's supplementary advice on this matter into Hansard.

### **MINISTER FOR HEALTH AND COMMUNITY CARE**

#### **LEGISLATIVE ASSEMBLY QUESTION TAKEN ON NOTICE**

**17 February 1999**

**Ms Tucker asked the Minister for Health:**

The Detoxification Unit was closed for a period of time in the December and January period, how many people contacted the back up service and what happened to those people? What type of back up services were available at that time?

**The Health Minister's answer is as follows (to be provided by Mrs Carnell in Mr Moore's absence)**

Mr Moore answered the Member's question on 18 February 1999, however Mr Moore has asked me to provide further information on this issue.

In the initial response to Ms Tucker's question, Mr Moore stated that the reduced detoxification service was run from a different building at The Canberra Hospital over the Christmas period. The reduced service was, in fact, run from a ground floor location in the same building.

In addition, the 24 hour phone assistance that was provided by the service over the Christmas period was conducted through the linking of all phones (with the exception of the Methadone phones) into the 24 hour drug and alcohol Helpline which was operated by Alcohol and Drug Program staff through a mobile phone.

Mr Moore has asked me to convey his regret over the delay in providing this additional information to the Legislative Assembly and a letter advising Ms Tucker of this information was provided out of session.

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### **Canberra Hospital - Consultants' Reports**

- . **Ms Carnell:** During question time on 18 February 1999 Mr Hargreaves asked Mr Moore, Minister for Health and Community Care a question concerning consultancies for The Canberra Hospital.
- . As Acting Minister for Health and Community Care I would like to read Mr Moore's response to this question into Hansard.

### **MINISTER FOR HEALTH AND COMMUNITY CARE LEGISLATIVE ASSEMBLY QUESTION TAKEN ON NOTICE**

**18 February 1999**

**Mr Hargreaves asked the Minister for Health:**

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In the past four years the ACT taxpayer has paid for many consultancies for the Canberra Hospital. How many consultancies have been conducted and how much has been paid? Supplementary: Given this Government's obsession with outside experts and its willingness to use consultancies and with expenditure of \$559,000 worth in 1997/98 financial report. How many recommendations have been implemented and how much in savings have been made?

**The Health Minister's answer is as follows (to be provided by Mrs Carnell in Mr Moore's absence):**

Details of consultancies in relation to The Canberra Hospital may be found in the attached extracts from Annual Reports. It should be noted that in some Reports, both consultants and contractors are listed, the latter including payments to Visiting Medical Officers.

Annual Report of the Department of Health and Community Care, 1994/95. Pages 127-132

Annual Report of the Department of Health and Community Care, 1995/96. Pages 70, 112-125.

Annual Report of the ACT Health and Community Care Service, 1996/97. Pages 148-156, 185.

Annual Report of the Department of Health and Community Care, 1996/97. Pages 44, 87-89.

Annual Report of the ACT Health and Community Care Service, 1997/98. Pages 39-43, 144.

Annual Report of the Department of Health and Community Care, 1997/98. Pages 31, 134.

As indicated in Mr Moore's initial response to your question on 18 February 1999, there are literally hundreds of reports that have been generated in relation to The Canberra Hospital over the past four years. The attached extracts from Annual Reports list those that were conducted by outside consultants and contractors.

You particularly referred in your question to consultancies totalling \$559,000 for The Canberra Hospital in 1997/98 listed at page 39 of the Annual Report for the ACT Health and Community Care Service. I understand that you agreed that these were not the types of consultancies you were asking about - they in fact relate to such things as evaluation of the Hospital in the Home Program, a discharge planning project and architectural fees.

Mr Moore's understanding of what you were seeking was information in relation to major consultancies into the finances of The Canberra Hospital.

In responding to your question on 18 February 1999, Mr Moore referred to the findings of the Commonwealth Grants Commission and other national studies that indicate over-funding of the ACT Hospital system. While these were not of course consultancies commissioned by the ACT Government, they do nonetheless present some interesting information in relation to the high cost of the ACT's public hospital system and they are informing much of the work being done to improve the efficiency of our hospitals.

These would be three consultancies that Mr Moore considers would be relevant to your question.

The Booz Allen Hamilton consultancy cost in the order of \$ 1.2M across the 1994/95 and 1995/96 financial years. Reference to this is made on page 70 of the Annual Report for the Department of Health and Community Care, 1995/96. Savings achieved at The Canberra Hospital as a result of the operational efficiency review totalled \$6.1M.

The second consultancy - "Analysis of ACT Health and Community Care Expenditure" was conducted by Mr David Renfrey. The 1997/98 cost reported at page 31 of the Department's 1997/98 annual Report was \$29,350 with the balance of some \$25,000 payable in 1998/99.

This consultancy did not solely relate to The Canberra Hospital; it also included review of the costs and casemix of the Calvary Public Hospital. The Report uses benchmark data from hospitals in other States and national cost studies to show the high cost procedures and expenditure categories in ACT hospitals and suggests areas of our hospitals where managers might usefully pursue efficiencies.

The Renfrey Report does not per se provide recommendations in relation to specific actions to reduce expenses. Rather it is designed for the use of clinicians and hospital administrators in attempting to come to grips with the high cost of providing services to the community.

A further consultancy that Mr Moore requested in the current financial year is the engagement of Mr Steve Anderson to assist The Canberra Hospital in implementing a very significant financial management reform agenda. I am sure that you share Mr Moore's concern about the Hospital's ability to manage within the resources provided to it by Government and Mr Anderson brings considerable expertise and experience to this most important task.

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I trust that that above response provides the information you were seeking.

**Note: For technical reasons, the extracts from the annual reports referred to at pages 433 and 434 above could not be incorporated in Hansard. The extracts are as follows:**

**1994-95 Department of Health and Community Care annual report, pages 127-32.**

**1995-96 Department of Health and Community Care annual report, pages 70, 112-25.**

**1996-97 ACT Health and Community Care Service annual report, pages 148-56, 185.**

**1996-97 Department of Health and Community Care annual report, pages 44, 87-89.**

**1997-98 ACT Health and Community Care Service annual report, pages 39-43, 144.**

**1997-98 Department of Health and Community Care annual report, pages 31, 134.**

#### **URBAN SERVICES - STANDING COMMITTEE**

#### **Report on Draft Variation to the Territory Plan - Charnwood Section 94, Block 1**

**MR HIRD** (3.20): I rise as chairman of the Standing Committee on Urban Services and I present Report No. 19 of that standing committee, entitled "Draft Variation to the Territory Plan No. 124 relating to Charnwood section 94, block 1 (former high school site)", together with a copy of the extracts of the minutes of proceedings. This report was provided to the Speaker for circulation on Friday, 5 March, this year pursuant to the resolution of appointment. I move:

That the report be noted.

Mr Speaker, I am pleased to table this report. It is a unanimous report. I hope the committee's speedy examination of the draft variation will facilitate the next stage in the reusing of the old Charnwood High School site.

It has taken quite some time to get to this stage, and I note that a number of members, in particular members of the electorate of Ginninderra, have had a passing interest in this matter. Being involved in that issue, I compliment the members for their assistance to my committee, for their input and for their thoughts. I would also like to thank the Minister involved for making available officers of his department, in particular officers from PALM, to professionally guide us and give us information which assisted us in our deliberations on this matter.

Question resolved in the affirmative.

**URBAN SERVICES - STANDING COMMITTEE**  
**Report on Draft Variation to the Territory Plan - Holt and Stirling District**  
**Playing Fields**

**MR HIRD** (3.22): Mr Speaker, I present Report No. 20 of the Standing Committee on Urban Services, entitled "Draft Variation to the Territory Plan No. 115 relating to the enclosure of sports grounds - Holt and Stirling district playing fields", together with a copy of the extracts of the minutes of proceedings. This report was provided to the Speaker for circulation on Friday, 5 March, this year, pursuant to the resolution of appointment. I move:

That the report be noted.

Very briefly, on behalf of my colleagues on the standing committee, I would like to thank the Minister for making officers available and for the way that they assisted us in our deliberations and answered our questions in a professional manner.

Question resolved in the affirmative.

**URBAN SERVICES - STANDING COMMITTEE**  
**Report on Draft Variation to the Territory Plan - Griffith Section 39, Block 18 (Part)**

**MR HIRD** (3.23): Mr Speaker, I present Report No. 21 of the Standing Committee on Urban Services, entitled "Draft Variation to the Territory Plan No. 123 relating to Griffith section 39, block 18 (part)", together with a copy of the extracts of the minutes of proceedings. This report was provided to you, Mr Speaker, for circulation on Friday, 5 March 1999, pursuant to the resolution of appointment. I move:

That the report be noted.

Question resolved in the affirmative.

**LAND (PLANNING AND ENVIRONMENT) ACT - VARIATION TO THE TERRITORY**  
**PLAN - CHARNWOOD SECTION 94, BLOCK 1**  
**Papers and Ministerial Statement**

**MR SMYTH**(Minister for Urban Services): Mr Speaker, for the information of members, I present, pursuant to section 29 of the Land (Planning and Environment) Act 1991, variation No. 124 to the Territory Plan, relating to Charnwood section 94, block 1 (former high school site). In accordance with the provisions of the Act, this variation is presented with the background papers, a copy of the summaries and reports, and a copy of any direction or report required. I seek leave to make a statement.

Leave granted.

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**MR SMYTH:** Mr Speaker, variation 124 to the Territory Plan concerns the former Charnwood High School site at section 94, block 1, Charnwood. This variation will assist in the disposal of the underutilised school site, removing ongoing government costs of maintenance; facilitate the reuse of the existing buildings and grounds on a financially self-sufficient basis; provide a focus for a range of community activities within the area; increase employment opportunities within the area; and provide an opportunity for residential infill which addresses the lack of housing choice suitable for the elderly.

The Standing Committee on Urban Services considered the draft variation, and report No. 19 of 5 March 1999 endorsed the draft variation proposal. Again, Mr Speaker, I would like to thank the committee for their hard work. The three members get through a large amount of work, and I think they do a very good job.

### **JUSTICE AND COMMUNITY SAFETY - STANDING COMMITTEE Scrutiny Report No. 2 of 1999 and Statement**

**MR OSBORNE:** I present Scrutiny Report No. 2 of 1999 of the Standing Committee on Justice and Community Safety performing the duties of a scrutiny of Bills and subordinate legislation committee, and I ask for leave to make a brief statement on the report.

Leave granted.

**MR OSBORNE:** Mr Speaker, Scrutiny Report No. 2 of 1999 contains the committee's comments on four Bills, nine pieces of subordinate legislation and four government responses. Our legal adviser has also covered the issue of retrospectivity in relation to Mr Berry's Bill, so I would encourage all members to read the report. I commend the report to the Assembly.

### **BUDGET PREPARATION - PRINCIPLES**

Debate resumed.

**MR QUINLAN (3.27):** Mr Speaker, I am quite happy to rise and to participate in this discussion. I use the word "discussion" advisedly because at the end of the day the Government will make its own decisions, as it should. (*Quorum formed*)

Seeing that I had not got far, I will start again, Mr Speaker. I am happy today to take the opportunity to participate in this discussion, and I use the word "discussion" advisedly because, at the end of the day, in relation to the budget for the ACT, the Government will make its own decisions, as it should. I realise that this debate today is a tactic of the Government. Some describe it as a stunt. It is a pre-emptive strategy as a precursor to



a budget which, in the end, the Government will still frame in its own way. This debate is, to some extent, the “put up or shut up” challenge that it has been described as. Maybe, in the same position, I might even have done the same and pulled the same stunt.

**Mr Hird:** Oh, never, never.

**MR QUINLAN:** I would like to match “put up or shut up” with “do the proverbial or get off the pot”, Harold.

**Mr Hird:** A good saying.

**MR QUINLAN:** Yes. The motion includes reference to the role of the Executive. The ACT, since self-government, has followed very closely the system of government operating through the States, the Commonwealth and the Northern Territory, the Westminster system generally. We have heard it referred to as the Washminster system. A key factor inherent in the Westminster system is that the Government forms a Cabinet of Ministers or an Executive who are fundamentally responsible and accountable to the people who elect them. There are a number of schools of thought on the meaning of responsibility and accountability. The one that strikes me as the most appropriate is that from Hugh Emy and Owen Hughes who have written a foundation text in political studies. They have stated:

Finance is the essential commodity of government; being able to direct the flow of government money is the single difference between government and opposition ... The Budget is a major political document.

This is a political reality, a fact of life, that is taught to first-year university students. It may be textbook theory, but let us have a little confirmation from the Department of Finance which stated, quite a number of years ago:

Because all the possible, individually justifiable, claims on Government cannot reasonably be met in any given period, the Government must be ready to establish budgetary priorities in the light of its policies.

A basic understanding of the political system tells us that governments are formed and broken on the basis of the policies they set, including, but not limited solely to, how they set their budget. I might return to their performance against budgets shortly.

The principle of the accountability of government is underscored by John Warhurst, an influential Australian political theorist and a regular writer in our local *Canberra Times*. He asserts:

Ministers are responsible to parliament for the actions of their departments. They act as the link between the administration and the parliament, to ensure that there is a line of accountability for all the actions of the executive.

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Is the picture becoming clear? When we are in government, feel free to remind us of our responsibilities; but, until that happy day, let me remind you that our primary role here is scrutiny and holding the Government accountable in this small, unicameral parliament.

Today's debate or discussion is ostensibly predicated on the need for more ideas for Mrs Carnell. After four budgets the Chief Minister has taken this initiative. If you put yourself in our place, take a moment to imagine your response and the response of your bevy of press release novelists. We would hear statements like: "The Government is devoid of ideas", "The ALP Government seeks our help", "Bankruptcy of ideas to be followed by actual bankruptcy". They are probably the kind ones that would flow.

I turn now to the Government's record so far. Along the way, how did we get to today's discussion? What is different about this year's budget preparation, given that we have already had four? I am reminded of that Irish joke of the gentleman asking for directions to Dublin. He was given the answer: "If I was goin' to Dublin I wouldn't be startin' here". So we may as well investigate how come the Government is here now. This Government came to power in 1995. The first commitment they made to the ACT people was to bring about better management and to create a can-do culture. In fact, the Treasurer at the time said:

Whatever government is elected in just over two years' time, this budget strategy will ensure that it inherits a strong financial position. If that does not happen to be a Liberal government, we on this side of the Assembly will walk away in the knowledge that we changed Canberra from a city that always kept looking over its shoulder and avoiding hard decisions to a city that looked to the future.

That was year 1 of the Carnell Government, and I suppose we can put it down to youthful enthusiasm.

Moving on to year 2, the Treasurer of the day reminded us that Canberra's financial position was, first of all, not her fault, and things were so bad that it was not time for a tough budget but rather for a budget for tough times to be produced. The slogan was: "Jobs for Canberra". The Chief Minister told us:

I have made it clear from the day I became Chief Minister that my Government and I are here to do a job, and that is not just to get re-elected in three years' time ... That job is to put Canberra's finances back on track, to make the hard decisions that have been avoided since self-government, and to manage better the services that are provided.

Rolling on to budget No. 3, we would have expected the Government to formulate a budget based on prior tough decisions. We would have expected that the better management was now kicking in. We would have expected that the can-do culture had begun to turn around the worsening economy. The operating loss was improving, but there were significant paper transactions to help that course - a triennial review of superannuation liabilities and borrowings revalued downwards. Creativity was flowing

fairly thinly, but the Commonwealth was to blame. The Chief Minister did say that, of the nine budgets that had been brought down since self-government, “without a doubt this is the most important”. Mr Speaker, I am sure it was important, because there was an election coming on.

By this stage in our financial management we had sold off the light fleet for no real gain, we had sold off Jindalee Nursing Home, we had had a crack at selling off the ACTION fleet, we had sold off the Magistrates Court, we had taken \$100m of capital out of ACTEW and brought forward ACTEW’s dividend for an extra \$40m, not to do something sensible like invest in the superannuation liability or in debt reduction, but to fund recurrent expenditure, to prop up the operating budget. These were the better management decisions and the can-do of the Carnell Government. But there was an election coming. The presentation speech made no mention of tough decisions, no mention of tough times. The Chief Minister did say, “We listened to the Canberra people and shaped our priorities around the needs and concerns of the community”. Those to me are “please elect me” lines.

In 1998-99, which is the only budget that I have witnessed first-hand, it was quite interesting. The economic environment was tight but there were low interest rates, low inflation and a positive outlook for the economy. We did get a new slogan. It was not about tough decisions. It was not about a can-do attitude. What we got was this:

... this Government has a vision for the future of Canberra as the clever, caring capital of Australia - a capital that has a dynamic and sustainable economy, and a city that has a safe, active and healthy community.

Actually, that sounded pretty good to me. I was new in the place and it was fairly impressive on face value. Secretly, I think I could have even lived with that. But then I looked through the budget papers, looking for the clever bits, looking for the caring bits. The first thing I noticed was that streetlights were up for sale to ACTEW. This was an asset sale by another name. Surprise, surprise!

**Mr Humphries:** But you support that. You proposed doing that in “Working Capital”.

**Mr Osborne:** You did not discover that, I did.

**MR QUINLAN:** It was pretty hard to miss, actually. We did a check on the deal that we had struck and I looked for the charge that ACTEW might recover for operating the streetlights. I looked for an increase so that they had made their \$100m investment work. No, it was not there, and there was no detail in the forward estimates. Later my questioning revealed that ACTEW was delighted with this deal, delighted to lose \$100m, and delighted to have their income reduced because the money they were to receive for operating the streetlighting, now that they owned it, was less than they got for supplying service to it when they did not own it.

**Mr Humphries:** How would you have done it, Ted?

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**MR QUINLAN:** I told you, "I wouldn't be startin' here, me boy". This, I thought, is not a clever budget; it is too clever by half. In fact, I have to record, it was quite insulting to the intelligence. Let us face it. In this clever and caring budget the Government brought in an insurance levy - an inequitable tax, a burden on the prudent. For example, a particular pensioner came to see me in the last month, having received his second insurance premium, the one for contents. Where he used to pay \$250, he now pays \$350. The margin goes to the Government, \$100, because he insures. He is very tempted, of course, not to insure. The same budget included crazy changes to car rego fees and more inequity. As I said, it was too clever by half, and not particularly caring if equity is part of the definition of caring.

As you can see, the four Carnell budgets have featured overdoses of the customary self-congratulation and hyperbole, certainly more than was wanted. An outstanding and consistent feature has been the willingness to sell assets or to apply capital funds to recurrent expenditures - to reduce the value of Territory assets. Somehow our Chief Minister could still claim that we need to flog off ACTEW to retain its value.

Speaking of ACTEW, the proposal to sell was defeated in this place. There are no proceeds of sale to go into this budget as a result of that defeat. All of a sudden we have doom and disaster. I must congratulate Mr Ian Sharpe of the *Canberra Times* for a couple of great cartoons, the two whips and the Jekyll and Hyde pictures of Mrs Carnell which described the situation far more eloquently than any of us in this place could do. But now we come to this discussion, debate or stunt because the ACTEW sale failed. But why are we having this debate because the ACTEW sale failed? It was demonstrated through the course of the ACTEW debate that there were alternatives to the sale. In terms of the financing, there is no miracle. Just because we change the form of the asset from an income-earning enterprise to cash does not necessarily mean that we have a huge windfall gain. What we would have had had we sold it was a whole lot of cash lying around and the temptation for the repetition of the short-term expedients that we have seen in the past by an asset sales junkie, our Chief Minister.

Mr Speaker, I think you have to ask yourself: Did we get the full monty on the plans for all the cash that was promised in the ACTEW debate? Were we informed as to all of the Government's intentions in relation to that? Were we to see more of the capital wealth of the Territory used up in operating budgets, cleverly and caringly, of course? I did ask, preparatory to this discussion, for a version of the budget estimates that incorporated ACTEW as sold. I assumed that they would be available because immediately the sale proposition failed there were all sorts of assertions made about what the consequences were. So one assumed that the consequences had been calculated. One assumed that there would not be much bother in producing a couple of statements that showed those differences to the forward estimates, but they do not exist. They were not forthcoming. They do not exist, at least at the official level.

At this point I would make a positive note and congratulate the Chief Minister on the little folder that was distributed with some basic information. I think that distribution is a small beginning and a hopeful start in the sharing of information with this Assembly in an accessible and readable manner. We were asked, within this discussion, to canvass our respective roles in fiscal management. On the respective roles of the Executive and

the Assembly, at the beginning of my speech I communicated my general position. The Government, or its Executive, is duty bound to produce the budget within their framework of policies. The Government holds the power and the Government holds the responsibility. One cannot be divested without the other. I have a couple of good little jokes here but I have no audience. I will give you a little Kipling. This is a quote from Rudyard Kipling:

Power without responsibility - the prerogative of the harlot throughout the ages.

The English playwright Tom Stoppard, no doubt borrowing a little from Kipling, wrote:

Responsibility without power - the prerogative of the eunuch throughout the ages.

Mr Speaker, I might observe that in the things we try to do to each other in this place, the harlots and the eunuchs are not much good to each other. However, what we have here is a minority government. It is conceivable that this Assembly would tend to amend, if not totally reject, the budget. Then we are possibly getting close to the fall of a government. In a minority government the government does not have the prerogative just to do what it likes within budgeting, but it still has the responsibility to bring down the budget in the first place.

Within the motion, within the agenda of the Chief Minister, I presume there are requests for some specifics. Of course, the Government did not really expect them on this day, and I guess that that is the core of the stunt - put up or shut up. At this point it is very important that we recall questions that we have raised in this place. We have asked for specifics on the Government's assets sales program and on the Government's privatisation program. The Chief Minister and her No. 2, Mr Michael Moore, and her official No. 2, Mr Gary Humphries, have all replied along the lines: "I'm not playing your rule out games". Let me repeat that: "I'm not playing your rule out games". You will forgive us if we adopt a similar position. The Chief Minister's options for being clever and caring this year appear to be limited to the following: Getting more from the Commonwealth, increasing revenue, reducing expenditure, borrowing, or running at a loss.

I will canvass some of the principles that I would employ if I were wearing the shoes of the ACT Treasurer. First, getting more from the Commonwealth. Well, to some extent this has happened recently. The Chief Minister and I were both able to announce this week that the Grants Commission had afforded the ACT a significant increase in Commonwealth funding. Let me say my that thoughts go with the Chief Minister as she attends the Premiers Conference. More power to her elbow. I do hope that this Government does push forward towards the introduction of reciprocal taxation, and reciprocal taxation that is implemented fairly. If reciprocal taxation does not eventuate then I believe there is more room to push for fairer treatment for the ACT. The Federal Parliament is our major industry. Despite the grandiose claims of growth in the private sector, in the main the growth in the private sector in the ACT has just been the outsourcing of what happens within our major industry.

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To some extent that does have the spin-off that we are entitled to a little bit of payroll tax. We are able to charge these people rent on the premises that they use. There is a minor benefit, but there is a significant shortfall in the payments we receive from our major industry compared to the major industries that operate in other States.

If you are considering increasing taxation, surely the Government would accept the criteria put forward by the Productivity Commission, an economically rational think tank, although I think they are only locals. In their report, "Directions for State Tax Reform", they include the following four headings: Efficiency, equity, administration and compliance, and stability of the tax base. They are four very sound criteria, I might say, especially given that the Labor Party platform embraces almost the same terminology, and has done so for much longer. But, for the benefit of the Treasurer, the ALP platform includes the words: "We intend to ensure that the ACT taxation system is fair, equitable and progressive, and generates enough revenue for Government to ensure quality service provision".

Within that, efficiency requires that taxes do not distort economic activity to a great degree, that they are difficult to avoid, and generally assist future development in the Territory rather than providing a barrier to same. Equity requires that in general taxes are either progressive at best or neutral at worst. I will repeat that. Equity requires that general taxation is either progressive at best or neutral at worst, meaning that those who can afford to pay do so, and those who cannot afford it pay much less. When you look at the taxes that we levy in the ACT you may be surprised to find that the Productivity Commission concluded that 14 of the different taxes we levy in the ACT are either highly or mildly regressive. This puts the lie to some extent to the Treasurer's claim of this being a clever and caring capital.

Administration and compliance are largely self-evident and relate to how much the Government can keep and what the costs are of administering those taxes. We recognise on this side of the house that a lot of work has been done within the ACT administration to bring in tighter legislation on tax, and for that the Government should be congratulated.

Finally, we must have taxes that do not affect the stability of the tax base or are levied on particularly volatile bases and then come to depend upon them. Forgive us if we do not recommend additional tax levels or new taxes, but we would like them, when and if they are introduced by government, to satisfy the criteria that we have mentioned.

If the Government intends to reduce expenditure - again, we are not playing the equivalent of the rule out game - I nevertheless am prepared to offer a few examples. First, let us focus on the Chief Minister herself. She does have quite substantial personal support. I think she could do without a few advisers. No, I do not want to cut jobs, but I believe that you could replace an adviser or two, appoint an ovals maintenance person or two, get a wad of change in salary saving and reduce the effort in addressing complaints from the people who did not have their ovals cut in the first place. Just for interest, I encourage members of this Assembly from time to time to take a wild guess at

the annual salary level of people here and elsewhere who are attending upon the Executive at any given question time, or just wander into estimates and see how many support people turn up.

A quick look at the budget shows \$21m in policy advice for five Ministers. Have a thumb through the departments. There is \$21m worth of policy development. Add to that personal staff and departmental staff who bear other titles. You have a fairly substantial level of support for this Executive. Give us half the \$21m and next year we might get into this exercise at a far greater level. That is one of my firm suggestions. Split \$10m amongst non-government Assembly members and we will come and help knock the budget together.

**Mr Kaine:** One million will do me, Ted.

**MR QUINLAN:** One mil. Right. Nine to go. We realise there are no silver bullets. We are talking about sensible management. We are also talking about cutting the punting that this Government happens to indulge in from time to time. In cost savings, we can list the standouts. You have probably heard these before today and you will hear them again, no doubt, during the debate. There is Michael Moore, the \$10m man; *Feel the Power*, a second-hand discredited slogan that bombed; the Bruce Stadium overruns - that is not over yet; your outdoor futsal eyesore and slab for an indoor sport; the Woodies tennis. I like this one: The write-off of \$8,500 worth of fees for FAI on the Waldorf apartments, round about the time that FAI gave the Chief Minister's re-election fund \$9,500. If they can afford nine-and-a-half grand as a campaign donation, surely they can pay their fees for registering a change of purpose for a building. And, of course, there are the Kinlyside legal costs. They were purported to be reusable. What a crock.

The ALP in government would apply progressive taxes that apply to each according to capacity to pay. You have to make sure that your initiatives do not have too great a social cost. If the Government is to cut it must cut wisely. My challenge to the Government is to deliver a budget which does not hurt the people who cannot afford it. As I said, if you think FAI needs an \$8,500 tax break, I would seriously recommend that you revisit the drawing board and rework your priorities.

In relation to borrowing, we believe that borrowing should not be undertaken to fund recurrent expenditure. We believe in direct borrowings only. Other accounting forms of borrowing, such as sale and leaseback, have been used by this Government but have been discredited. We do endorse the repatriation of capital to fund superannuation. It makes sense to utilise the financial strength of an asset like ACTEW to finance a liability, but there is no sense in making ACTEW borrow to fund budgetary shortfalls.

In terms of the social and economic criteria against which the financial strategy ought to be examined, the ALP has a well-developed platform. I think the Government has quoted from it from time to time when it suited it. Amongst its objectives it incorporates equity, equality, participation and access. It states:

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The fundamental role of government is not confined solely to economic management of a balance sheet. Rather, government must also ensure full participation of all members of the community to achieve equitable outcomes.

We commend that sentiment to you. We were asked what value do we place on a AAA rating? To some extent our AAA rating has become an end in itself. I wrote this before the full detail of the arbitrage process was revealed. Unless you are setting up as a merchant banker and borrowing specifically to lend at a shade of a few points, you have a circular process. We keep a AAA rating by not borrowing. I rather think that the Monty Python team could make a sketch out of that in itself. "We have got our AAA rating, boss. How did we get that? We did not borrow anything".

**Mr Stanhope:** It is like a hospital without patients. Keep the costs down.

**MR QUINLAN:** Yes. In relation to arbitrage, quite obviously it is a sensible thing to optimise the use of your short-term cash surpluses and even occasionally to go over the line if there are premium returns to be made in a volatile short-term money market. But I do recommend extreme care. I trust that we are not exposed to inordinate risks. I noticed today that the Chief Minister tabled some regulations and I will be interested to get a copy of those at a later date. I do not have a totally negative attitude towards that.

I will concede in relation to our AAA rating that quite obviously it is an indication of financial strength. The better the credit rating, the greater the financial strength, and our financial strength is important to us. Rather than concentrating on our AAA rating, why do we not concentrate on the financial strength of the ACT, a financial strength that is based on our net assets? Let us not flog them off and reduce our financial strength year by year.

In relation to the operating loss: Yes, we do believe that the Government should strive to eliminate the operating loss. Timing? Immediate. Now is good. Certainly, 2001 would appear to be a most desirable target from our perspective. However, the ALP does view the economy as serving the community and not the reverse. The community does not exist to serve the economy. Budget priorities must take as paramount the welfare of the people, particularly those with a limited capacity to control their own circumstances. We expect a balanced approach in bringing in a balanced budget.

I will now commit a little heresy, or border on it. At this point I wish to refer to the Government's 1998-99 budget and forward estimates. I have chosen to address some numbers in the general government sector because I believe that that is what the Government should be working to control, and allow the business enterprises and trading enterprises to be controlled separately. They are a separate question. A number of the elements of their budgets and balance sheets cloud the issue in relation to government figures.

According to the Government's own forward estimates, the cash deficits over the next three years are to be \$31m, \$3m and \$5m. Add to that about \$45m that we are going to get from the Grants Commission. The \$45m I calculate from the \$55m that is on offer,



less \$12m that they are clawing back, plus some of the claw-back that we expected that is already incorporated in the budget. I think that at the end of the day the \$55m per year will represent a genuine increase in revenue of about \$45m. This brings us over the next three years to cash surpluses of \$14m, \$42m and \$40m.

Operating losses were predicted at \$90m, \$81m and \$72m, so we have a decrease in the operating loss predicted. These immediately improve to \$45m, \$36m and \$27m. Certainly, we have to make reparation for the sins of the past in relation to our superannuation liability and plans have been put forward to employ ACTEW capital towards that superannuation liability, but to use ACTEW capital as capital and not as operating expenditure.

The heresy I would like to commit is that I would make some qualification on the use of accrual accounting by government as a be-all and end-all, and I want to make particular reference to depreciation. I believe that within government, where we have taken public money and expended it, there are some assets upon which we have spent the money. They are effectively sunk costs. They are sunk costs expended on infrastructure which is then fully maintained. At the same time we still depreciate those assets and we incorporate that level of depreciation into our operating statement and into our loss. I believe that that area should be reviewed, and I believe that that area should be reviewed now.

In the end we look not so much at just the accrual accounting results for the ACT. What we are looking at is our current and future cash needs, and you cannot tell me that at the end of the day the Government will not do that each time it does a budget now, although we are producing these very well-framed accrual accounting statements.

While I am up, I have a couple of other shadow portfolio responsibilities, so I will mention my wish list for the Treasurer to take note of because she did ask me about it. In gaming and racing, obviously we want viable racing industries, the gallops, the trots and the panlickers. We want them to be self-sustaining to the maximum. I believe we wish to create for them opportunities to be self-sustaining over continued subsidy.

**Mr Humphries:** What is a panlicker?

**MR QUINLAN:** A greyhound. The doggies. We do need to examine control over electronic gambling. There is an invasion occurring. We have to make a decision as to whether we take the money, or we have it happen to us and see the money go by, but we do need to ensure that wherever controls are necessary those controls can be applied.

In relation to poker machines, we await the finding of the Select Committee on Gambling. We also await an honest appraisal of the clubs' contribution to and role in the community. For many, clubs are the only non-threatening recreational site that they can access on a regular basis, and we need a little bit of lateral thinking on levelling the playing field with pubs and taverns. I do not necessarily believe that the only solution to the absence of a level playing field is the spread of poker machines.

I do believe in the

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retention of the proceeds of gambling to public benefit over private benefit wherever possible. As for pokies in the casino, I think that question should be evaluated on its merits, separately from pubs and taverns.

In relation to sport and recreation, my preference is that the Government focus more on mass participation. Yes, we do need our role models in our elite teams, but let us not get carried away on the few big occasions that they offer. Just remember the juniors. Let us remember the \$600,000 that went to junior soccer, ostensibly. Most of it is reported to have gone through junior soccer back to the Cosmos. The kids missed out; Cosmos got it, effectively. An imbalance, I believe.

There is an indistinguishable line between sport and recreation, and I believe that we should remember, in the allocation of money, that those activities that directly enrich the lives of people in the community should receive due recognition even though they are not high profile. I believe that this Government should go in to bat against a GST on sport and recreation, particularly on junior and mass participation sports.

In business and economic development, I am concerned to get a bit more information - and I hope that the Government will work on it - on economic flowthrough. We hear of big events in the ACT. We hear of so many visitors, so many bed nights, so much spent in the town. Yes, it is good for business, and maybe it is good for the community, but can we find out what it really means?  
*(Quorum formed)*

In conclusion, we have a Westminster or Washminster system. The Government lives it and breathes it. The Government minimises the information flows, the real information. There is a spin put on nearly everything and we play press release politics, particularly the Government. The "can do" that we had has become "we can do as we bleeding-well please" in so many projects. The Government are yet to put together a budget without reducing the net worth of the Territory, but are running out of superlatives in their own self-congratulations. This Assembly drew the line at flogging off our major asset and with it the loss of a large slice of control over essential services, the environment and public health. After that had been done, then and only then, did the Government come into this place and say we must share the responsibility.

There are things that we need to do. I recommend that we evaluate the superannuation liability honestly and adopt a sensible plan to meet that liability while retaining our income-earning assets. We should examine our depreciation policies and reset sunk costs, if not already done, and remeasure our operating result to ensure that it reflects our future demands for cash. We measure our operating budgets against those demands. Further, I recommend that the Government get on with its job.

I will finish by observing that I would have expected in this discussion that the Government would have come forward with a lot more planned initiatives than it has. It has the resources. It has the millions of dollars of support that I have mentioned, plus departments. I think the stack of purchaser-provider agreements that I have in my office is about that high. I do not know how many man hours, person hours, go into the

creation of this. We poor church mice have very little. This discussion appears to have been a case of: "You show me yours and I will belittle it, but we will come out with our budget as we feel anyway".

**MS TUCKER** (4.12): Mr Speaker, there are two aspects to this debate: There are our views on what should be in the next budget and, equally, there is the issue of how a budget should be prepared. The debate we are having today is a tokenistic exercise that has arisen only because the majority of members did not support the Government's demand that we sell ACTEW. I doubt that this debate would have happened if the Assembly had voted for the sale.

This debate has been set up as a way for the Government to take the focus away from its problems of managing the finances of the ACT. The Government is attempting to put responsibility on other MLAs to come up with budget solutions because it did not get support to sell ACTEW. The Government finds itself in a rather embarrassing situation. This debate has an air of desperation about it which is actually quite alarming. It is also alarming to realise that there was no plan B in place if ACTEW could not be sold.

It is interesting to look back over the last few years. This Government has consistently stood on its credentials as a competent financial manager which could deliver the goods, not raise taxes and not borrow. However, as we all know, there has been plenty of borrowing to prop up each year's budget - "borrowing" under different names, but basically borrowing. We have also seen some taxes introduced; but, unfortunately, once again by another name. For example, the insurance levy, if it were called a tax, would be condemned straightaway as an inequitable tax.

In the last election, this Government still boasted about its economic management. What we did not hear was that this Government had only one way in mind to manage the ACT finances in the immediate future, and that was to sell off ACTEW - once again, not a sustainable solution, but one which gave the Government a few more years of looking as if it was coping, a few more years of not having to ask the hard questions about revenue and expenditure. Over the last few years, the Greens have been saying that we do need to ask those questions, that the current situation is not sustainable. Finally, now that there are no tricks left, we see that this Government is agreeing with our position and saying, "We do need to ask these hard questions".

If the Government was really serious about involving the Assembly in the formulation of the budget, it should have begun this process long ago - four years ago. The Greens have strong views about the budget process, and we have made them clear in this place and to both the Labor and the Liberal parties at the last election. We are concerned that control of the budget is treated as a key privilege of government and that most members of the Assembly are excluded from this process. The completed budget is made available to non-government members only an hour or so before its release, and certainly after it has been made available to the media.

The Assembly must either accept the budget as a whole or not accept it at all. There is no opportunity to amend it, as we do with other legislation. The Estimates Committee process is helpful in examining the detail of the budget, but its recommendations have

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little effect on the budget that is passed because its activities happen after the budget is developed. These problems point to the need for a mechanism to allow input from Assembly members to the budget before the formal budget papers and Appropriation Bill are tabled in the Assembly. The Greens believe that, rather than the Estimates Committee process, there could be an ongoing budget accountability committee, which would ensure a greater role for non-executive members in the early stages of budget preparation.

The committee would operate on an annual cycle, firstly in the development of next year's budget through discussion of budget priorities and reviewing draft budgets. The committee would publicly examine the budget that is tabled and then review the annual reports for the previous year. Even within this model, though, there are certain dangers, and great care has to be taken in exploring more inclusive processes for development of a budget so that it is not actually ending up as cooption. I believe that we have within the parliamentary processes here a very necessary role for non-government members, and that is ensuring accountability of the government of the day.

The Greens also believe that the Government should engage in meaningful pre-budget community consultation. At present, the Government just calls for submissions and gives community groups a couple of weeks to respond, and then the groups have no idea until budget day whether their ideas have been accepted or not. We believe that a better process would be to bring the various interest groups together in pre-budget community forums to debate and seek to find common ground on ACT budget priorities. That discussion would have to include revenue raising and expenditure.

To move on to what should actually be in the budget: The Greens have always been concerned that the budget should be regarded as a social and environmental planning document as well as a financial document. We believe that the budget should include details about the Government's social and environmental agenda as well as its financial plans. While the accrual accounting system provides greater information about the state of the ACT's assets, income, expenditure and liabilities, there is still no environmental and social accounting or auditing being undertaken.

We have all heard about the ACT's superannuation liability, but we have no idea what financial or social liabilities are accruing from air and water pollution, the destruction of remnant vegetation or the spread of weeds into the environment. We all know about the amount of money that departments are spending, but we have no idea of what physical resources they are consuming, how much waste they are producing, whether this is an efficient use of these resources and what environmental impacts may be accruing. Some members will recall that in the last Assembly there was a push from the Greens and through the Planning and Environment Committee for the development of environmental accounting mechanisms for the ACT. The Government put out a discussion paper on environmental accounting late in 1997; but, as far as we are aware, there has not been much work done since.

On the social side, it greatly concerns me that we have no idea what financial or social liabilities may be accruing from continuing cutbacks to funding of education and community services, in terms of what impacts poorly educated children, children at risk

or disadvantaged adults and families will have on our welfare services or perhaps on our legal systems in future years, not to mention the social dimension of this lack of support. I was interested to hear Mr Stefaniak say that he did not like the work of the Education Committee because we were dealing with Federal issues, such as work for the dole. I find that very worrying, if Mr Stefaniak does not understand that a work for the dole project in primary schools, which influences ACT teachers, ACT unemployed people and ACT children, is not an issue of interest to this parliament.

With these caveats in mind, I would like to return to the detail of the budget. The Greens do not have the time or resources to come up with a complete budget, certainly not in the timeframe that the Government has set for the Assembly in setting out this debate for today. Obviously, without the resources of the Government, we could not possibly come up with a comprehensive budget. I cannot provide figures on what the operating loss should be now and in the future and specific targets for revenue raising or expenditure in particular areas. I can talk about principles, priorities and trends and leave it to the Government to convert this to budget numbers if they want to.

In line with the Greens' call for ecological, social and economic sustainability and intergenerational equity, we agree that the Government should be moving towards the elimination of the Territory's operating loss. We do not want to generate debts now that our children are unable to afford to pay back. There obviously needs to be a balancing between current and future demands on government spending, with some flexibility built in for the timing to allow for occasions when it might be appropriate to maintain or even increase the operating loss in the short term to address some particular problem in the local economy.

Obviously, to reduce the operating loss, we need to both restrain expenditure and pursue revenue growth. We should not be looking at just one side of the equation. However, I do not believe that Canberrans would accept a broad-scale reduction in essential services such as education and health. I believe that most Canberrans would be prepared to pay more for government services if they knew that their money was being used effectively on priority areas and not being squandered on such things as exorbitant executive salaries or peripheral projects like the futsal slab, the Feel the Power campaign or the Bruce Stadium upgrade.

So, rather than just looking at across-the-board cuts to government spending, the Government should also be looking at reallocation of funding between areas of government. The Greens have their own views on what areas of government spending should be protected and what could be reduced. The Greens believe that any budget measures should promote social equity and ecological sustainability. Government expenditure should also focus on meeting the broadest public need rather than catering for specific interest groups. Education, health and community services and environment protection are therefore areas where we think expenditure should be maintained in real terms. Efficiencies could still be sought within these areas, but we believe that any savings should be redirected within the specific portfolios rather than be taken out altogether.

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One issue I am concerned about is the change of funding to community organisations from grants to payments for specific services, when often this type of funding is not appropriate to the main functions of the organisation. A recent example of this is the Conservation Council of the South-East Region and Canberra, which has received government funding since self-government. The Government uses the council as a conduit for interaction with the community on environmental matters, and it is called upon regularly by the Department of Urban Services to comment - actually, more regularly than used to be the case, because we are losing expertise within the bureaucracy, due to the cuts that the Government has made to policy areas in these critical areas. Government is actually becoming much more reliant on the expertise in the community sector. So the requirement for them to be reasonably resourced is even greater to ensure good outcomes for the ACT community.

I have noticed on a couple of occasions when draft documents have gone out that it is the expertise in the community that has actually brought to the notice of the Government quite significant flaws in those documents that were not picked up within the bureaucracy. But what is happening to the Conservation Council now is that it is being told by government that it cannot receive general funding but must apply for funding for specific projects. How can you divide the provision of advice to government into specific projects? This story is repeated in a number of community groups. If the Government wants this assistance and is becoming more reliant on it, it needs to acknowledge that and be prepared to pay for it.

Community services also are not necessarily benefiting from the introduction of the purchaser-provider model, and the question is whether or not you can put services which are complicated into the output model, where we are so convinced that we have to be able to quantify everything into the output model, which cannot necessarily describe the quality of the service that is being provided. I recall that quite early in my time here I asked the Auditor-General whether there had ever been a cost-benefit analysis done of the whole purchaser-provider model. He said that there had not been and conceded that it could be a useful thing to do, because there are obviously huge costs implicit in the model if you are going to ensure that the quality of services is not going to be undermined by this very business-like structure. For example, you have to actually know how to specify services properly in contracts. Contracts have to be made. The whole process has to be very accountable. We have seen some quite interesting examples quite recently of where that has not happened.

Whilst the Greens believe that some areas of government expenditure need to be protected, there are some where we think cuts could be justified and the affected part of the community could take up more of the costs. The provision of facilities for competitive sport is one area where we believe that the sporting clubs should be paying more, on the principle of user pays. I think that expenditure by the Government on facilities for particular sports is of interest only to the participants of that sport and is of dubious broader public interest. Government expenditure should really be focused on the broader public interest. There is also the point that sporting clubs already raise considerable revenue through poker machines; so it is not as if these clubs are starved of funds.

Government expenditure on tourism marketing in the ACT also needs to be more rigorously assessed. It may be the case that the direct beneficiaries of tourism activity in the ACT, such as the motels, clubs and restaurants, should be paying directly for what is really the promotion of their own businesses. We also question the wisdom of some of the industry assistance schemes implemented by this Government. We wonder whether the supposed employment and other economic benefits of giving various concessions to particular businesses have actually materialised. Before more money is put into these schemes, we want to see a full cost-benefit analysis done and the development of a clear industry strategy to which these schemes contribute.

On the education side: While the Greens are supportive of the maintenance of alternative educational institutions to government schooling, we believe that this should not be at the expense of a high-quality public education system. If funding is limited, we believe that the provision of funding to elite private schools must be challenged on social equity grounds.

The capital works budget should also be reviewed. There is first the question of whether some of these projects should be funded by the Government at all. There is then the question of whether those projects that are legitimate government responsibilities need to be funded immediately or whether the expenditure could be deferred. For example, the amount of money that has been and continues to be spent on refurbishing the open spaces in Civic is a worry, because it is very unclear what real outcome has been achieved. In Civic Square we have had a concreted dull, stark space turned into a paved dull space, and now we see in this year's capital works project another \$500,000, I believe, being allocated to try to make the space less than stark and dull.

In many local shopping centres we have had old paving replaced by new red brick paving, but the shops adjacent to these areas are still in a perilous state. There seems to be an opinion in government that, if we just make these places look better and pave them, people will flock to them, instead of addressing the underlying economic and social changes that led to the decline of these shopping centres.

The amount of money being spent on new roads and road maintenance relative to the low funding of public transport measures and cycle paths has been an ongoing issue for the Greens. In relation to Gungahlin and the John Dedman Parkway debate, we have been arguing for some time that the Government should be putting in a first-class public transport system in Gungahlin so that the need for road upgrades can be deferred for as long as possible, yet we are seeing the opposite occur.

On the revenue side of the budget: As I have already said, the Greens have always been honest about the need for a discussion about taxes if the community wants to maintain high standards of government service. Politicians need to be courageous and not always shy away from discussion of taxes just because it is seen as electorally unpopular. If we are having a serious debate about the state of the ACT's finances, then we must look at revenue options as well. However, the Greens do not believe that taxes and charges should just be increased across the board. We believe that the tax system should be used as a tool for achieving greater economic equity and more sustainable use of resources.

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We believe that the polluter-pays mechanism could be applied and that incentives should be built into the tax system that reward people who take the trouble to be environmentally responsible.

Given that the ACT is an island in New South Wales and that much of our economy is dependent on the Federal Public Service, I realise that there are limitations on revenue raising. However, I do believe that there are some areas where more revenue could be raised. The most significant asset of the ACT is its land. So, we should be ensuring that we get the optimal return to the Government from its use. Increases in land tax and stamp duties on commercial property in the ACT should be able to be borne by that sector, as the underlying demand for buildings in which commercial services are provided or to provide offices for the public and private sectors will always be there.

There is also scope for increasing the rates on luxury homes in the ACT, on equity grounds. It is a sad reflection on our society that some properties in Forrest are selling for over \$1m when there are so many people who cannot even afford to buy the cheapest house. Surely those people who can afford to live in luxury homes can afford to put a bit more back into the community.

Another revenue raiser that has been discussed in the past is a bed tax on commercial accommodation. Provided that there was a threshold so that low-cost accommodation was excluded, there would probably be little impact on the tourism industry, as it would primarily target business and public sector travellers into Canberra, who would still come here for the sake of their employment.

There is also scope for a review of charges in the transport sector, both to increase revenue and for the environmental objective of managing transport demand. We believe that, ideally, a carbon tax should be imposed on all energy use, including petrol sales; but this can really only be imposed at a Federal level. We can do a few things locally, however, that help in managing transport demand. There is a need to review the existing system of parking charges in the ACT, as there is considerable inconsistency in how they are applied across the Territory. There is also a need to ensure that parking charges are sufficiently high to encourage more people to use public transport, especially for commuting.

There is scope for reviewing motor vehicle registration to make it better reflect the environmental impacts of different vehicles. The Government has already started this with the introduction of differential registration charges based on the weight of the vehicle; but this has created a number of anomalies and does not go far enough. It should be possible to establish differential registration based on the fuel efficiency of the vehicle, as standard fuel efficiency data has been collected by the Federal Government since 1980. Older vehicles would be excluded, obviously. The Greens believe that the differentials between the different charges could also be increased markedly, particularly for four-wheel drive vehicles that are not bought for work purposes, as these vehicles are inappropriate in the urban area. Higher stamp duties on the purchase of gas-guzzling motor vehicles could also be introduced as an action measure.



Another revenue area that has environmental implications is waste disposal charges. I understand that the ACT is one of the few jurisdictions in Australia that do not separately identify waste collection charges in its household rates. This is seen as a way of making the cost of waste disposal more transparent to the public, and it provides scope for introducing economic incentives for reducing waste generation, for example, through the introduction of differential charges based on the amount of waste put out for collection. There are a range of systems in place in various parts of the world for charging by the amount of waste put out, which could be adopted in the ACT. It obviously has benefits for the Government in the long run as well if it has less requirement to get rid of the waste that is coming from householders in the ACT.

I am not in a position to work out the detail of how much extra revenue could be generated from the measures I have outlined; probably they would not significantly reduce the operating loss, but they are at least a start. We have been prepared to come out with these sorts of ideas. I think that is a discussion that we have to have. Obviously, there could be arguments against some of those proposals, and that is a discussion that I believe we have to have in the ACT in a way that is actually open and with people being prepared to listen. If we continue to just say, "Well, the Greens said that they would do this", "Labor said that they would do that" or "The Liberal Party said that they would do that", some political mileage is perhaps gained, but basically we are still ending up in a very unsustainable economic situation in the ACT. That is why we have asked that the Government does actually have a proper debate on revenue-raising options in the ACT and why we have supported ACTCOSS's call for such a debate, as well as a discussion on expenditure, which has to be part of the discussion.

On the question of asset sales: The Greens have always opposed the sale of essential services such as water, electricity transmission and public transport. For the non-essential services, we would only support their sale if a full social, environmental and economic cost-benefit analysis was undertaken that showed that the sale would have no effect on service standards now and into the future and would provide a positive economic return to the Government and the local community. The sale of physical assets such as buildings could only be supported if it is absolutely clear that the assets are no longer needed by the Government now or in the future. The sale and leaseback of assets is questionable, as this is really just a form of borrowing. As I have already said earlier in this speech, it is like taking out a mortgage. We would prefer that the Government was honest about its desire to borrow funds rather than try to hide behind these sale and leaseback arrangements.

In conclusion, I have no doubt that framing a budget is not easy. However, I do believe that there is scope for improving the ACT's financial position through well-targeted expenditure reallocations to the areas of greatest social need and the implementation of equitable and environmentally responsible revenue-raising measures. Many people in the community are concerned because they see social services decline as politicians embrace economic rationalism with almost religious fervour. They see an increasing gap developing between rich and poor. They see equity suffering and they see the consequent social disharmony increasing.

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At the moment, there is an almost obscene competition between the two major parties in the New South Wales election campaign to come up with the biggest law-and-order stick to deal with these problems. This is indicative of what is wrong with a focus on short-term responses, which may save money but which do not address the underlying issues. We could end up like the United States if we continue down this path, where there are basically fortresses for the well-off to live in and, despite a rising GDP, the society is fragmented and violent.

I believe that, as members of this Assembly, we have a clear responsibility to ensure that the vulnerable and disadvantaged in our community are supported and that they have equal access to services which are important for quality of life. The liberal ideology which we hear used as a rationale for an increasing user-pays approach to services is that it is about choice and about individual empowerment. It is not. It is about choice for those who can afford it. It is about empowerment for those who are already strong. It is not about equity and it is not about fairness. As an elected representative in this place, I am prepared to be involved in genuine, inclusive processes regarding budget decisions, which this debate is not. But I also will maintain my right to stand for the values of the Greens and represent those who elect me to this place.

I totally reject the Chief Minister's latest attempt to silence criticism by saying that we have no right to demand particular areas to be considered in budgets unless we can say exactly where the money is coming from. It is offensive to the concept of parliamentary processes to suggest that we cannot or should not use our positions to voice the concerns and values of our constituents.

**MR RUGENDYKE (4.37):** Mr Deputy Speaker, let me say from the outset that I was curious about the Government's motives behind putting this motion before the Assembly, but I am prepared to play the game. On the face of it, I considered this to be a debate that the Assembly should have. But immediately I had to question the Government's objectives. Approaching my first anniversary in the Assembly, I have to say that cynical thinking is playing a much more active role than I first imagined and my cynical mind is working overtime. I would be disappointed if this was merely a forum for clocking up a few political points.

Upon reading Ms Carnell's media release on the motion on 15 February, it would appear difficult to assume otherwise. The heading on the release read: "Labor and Independents get the chance to say how they would fix the budget". We certainly are not going to fix the budget in this debate today. If that is what the Government says the object of this motion is, they are, to put it bluntly, just kidding themselves. They would be making a very ordinary attempt to bluff the community into sharing the responsibility for formulating the budget.

Before going any further, Mr Deputy Speaker, I would like to outline what I believe this debate is all about. In my view, it is not about the upcoming budget; it is about the entire budget process. If the Government wants to share responsibility, the budget process has to be reformed. If the Government just wants a vehicle to blame the rest of the Assembly for its own budgets, the system has to change. Whatever the Government has up its sleeve for the upcoming budget, this debate today cannot be considered as meaningful

input. Non-executive members do not have the information nor do they have the resources to “fix the budget”, as the headline says, under present arrangements. If the Government expected us to come up with the answers in a few weeks, with the resources we have, again I just say that they are kidding themselves.

If the rest of the Assembly is going to have meaningful input, the process has got to change. (*Quorum formed*) I view this debate today as the start of a process, a building block or a stepping stone towards reviewing how we do business in regard to the budget. I expect that the report of the review of governance committee to be handed down today will have a recommendation to reform the budgetary process, and I look forward to that report.

In the one budget that I have had experience with I had problems with that “take it or leave it” budget. If the Government wants to share responsibility, it is not possible under this system. My first budget was “like it or lump it”. There were aspects of last year’s budget that I did not like - for example, the introduction of the inequitable and loathed insurance levy - but there was no room to move.

I recognise that preparing and implementing the budget is the task of the Executive. I recognise that it is part of the Executive’s charter to formulate the bottom line. But how we get to that bottom line should be flexible. There is no way that we can have a properly inclusive budget until that flexibility is introduced. We should look closely at the alternatives; for example, the issue of draft estimates to a standing committee for consideration. But, if the Government is not prepared to explore and implement alternatives, it cannot expect to share responsibility.

We all know that it was no coincidence that the sudden urgency for the Government to debate sharing budget responsibility came after this Assembly rejected the sale of ACTEW. Neither I nor the community buys the scare tactics from the Chief Minister that a horror budget is around the corner just because ACTEW was retained in public hands. We all know how badly the Chief Minister wanted to sell ACTEW. Because she failed, it does not mean that she can throw her hands in the air and blame everybody else for a tough budget. This is especially the case since ACTEW was never put up as the answer in last year’s forward estimates. Its sale was never mentioned as the cornerstone to our financial future. Let us remember that it was only a year ago that the Government went to great lengths to hide its plans for ACTEW.

This Government was elected because it supposedly had the ideas; it had the plans to manage and govern the Territory. Selling ACTEW was never mentioned in those plans. The \$44m from the Commonwealth Grants Commission announced last week is a welcome bonus in the lead-up to this budget. It is not the saviour; but it waters down Ms Carnell’s call to brace for a horror budget. This increased allocation was recognition from the Commonwealth Grants Commission that we have to have a lower capacity to generate revenue. But the commission also noted that we are less than efficient in a lot of areas. The obvious area that the ACT has been less than efficient in providing for is the unfunded superannuation liability.

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The one positive outcome from the recent ACTEW debate was the recognition of key problems with the ACT's financial position. The sale of ACTEW was hoisted up as a neat answer - the only way to save our children from inheriting major debt. During the ACTEW debate, a lot was made of that horrendous debt that we would be leaving to future generations. But then I sat back and wondered just what we are supposed to leave for the future. I came to the conclusion that we should leave a balanced mix of assets and liabilities so that future governments can determine their own destinies. If we sell all the assets, then we leave nothing but liabilities, and we all know that governments are notoriously poor financial managers. One of my biggest fears in considering the defeated ACTEW sale was that the safeguards were not in place to preserve the funds. What if ACTEW had been sold and gradually the debt crept up again? How would our children deal with the debt then?

The underlying problem, Mr Deputy Speaker, is that we are living above our means. The forecast this financial year is \$149m. The aim is to get this down to \$92m in this budget and progressively down to zero by the middle of the next decade. That is an admirable goal, but the failure to sell ACTEW does not mean that this budget must do what the sale of ACTEW was expected to do. Taking measures to reduce the operating loss is the right direction, but you do have to look at how Ms Carnell's Government has gone about getting it down this far. For example, extraordinary sales such as the streetlights and the Magistrates Court building have propped up previous budgets. Where does she go when she runs out of things to sell?

I see my role in this Assembly as that of a watchdog. Under the present rules, the Government governs. But when the Government tries an outrageous proposal such as the sale of ACTEW, I am there to keep them in check on behalf of the community. I believe that I fulfilled this role in the ACTEW debate, and I will continue to fulfil the role. I have no allegiance to either the Government or the Opposition. I am the Independent member for Ginninderra, and the only allegiance I have is to the people of Belconnen. I am all for responsible financial management. That is the duty of any government. But, when governments become absorbed with figures and outputs, sometimes they can lose perspective of what we are here for. Economic rationalists can become obsessed with AAA ratings and lose sight of the fact that it is all about people. I am here as a voice for the people of my electorate.

Mr Deputy Speaker, in last year's budget I had a number of misgivings; for example, about the decision to increase motor vehicle registration on family cars by \$114 a year. Families were also hit with a rise in house insurance as a flow-on effect from the emergency services levy. Flexibility in the budget process would have allowed us to consider sharing the burden with other areas. There are selected areas in which the Government has major decisions to make in relation to administration and direction which will impact heavily on our capacity to spend.

Let us look, for example, at law and order. Where are the Australian Federal Police heading and what style of police service do people want in the ACT? Do they want community policing, zero tolerance? The direction of policing in the ACT is quickly

becoming urgent, and this Government has to make its strategies clear. Federal Minister Amanda Vanstone has made it quite clear that after CHOGM in 2001 no guarantee has been given for community policing in the ACT.

The Attorney-General needs to gain control of the police force, and I feel that this will be best achieved by the appointment of our own ACT police commissioner. We have to be proactive in setting up the best possible police service for the community. The situation is not adequate at the moment. Last Saturday, for example, we had four police officers serving everywhere between Manuka and Mitchell. I do not believe that this level of policing is what the community wants or expects, and it is not achieving the Government's own target of improving community safety and increasing police visibility. The Commonwealth Grants Commission revealed last week that we are spending \$25.2m below the standardised amount for law and order and emergency services. There is a discrepancy there that we have to address. The level of police presence in and liaison with schools is also a concern for me. The removal of the Juvenile Aid Bureau and police on bicycles has taken away crucial bridges to our youth.

That brings me to education, Mr Deputy Speaker. My five children have all gone through, or are going through, the government school system, as are my foster children. I have great faith in our schools and the teachers who are running them. We have the best school system, and I do not want to see it compromised. The Government has a goal of providing a computer for every full-time teacher by the end of this year and one computer for every student by 2001. These are the types of initiatives which make our government schools so good. It appears that school closures are on the Government's agenda; but I will not accept the closure of schools without first finding a use for the building. The old Charnwood High School, where the building was left dormant for years, is a case in point.

The role of schools and teachers in our community is growing by the day. We are in an unfortunate position where teenage children at risk are slipping through the cracks and it is left up to the schools to fill the void. We do have services for very young children; but the kids aged about 14 and up who need help are missing out. There has to be more attention paid to assistance for disabled students. It is clear that the integration of disabled students in schools is on the increase and the resources must be in place to make this work. Another area in education which is of major importance is maintaining CIT standards. Stimulating apprenticeships and jobs goes hand in hand with courses at CIT. This is another area I am keeping a close check on.

The other areas I would like to see the Government pay closer attention to are community services. One issue that has impacted on services such as refuges is the SACS award. I have spoken in the Assembly before about this and the pressure these groups are under to provide vital services. Also, the prospect of the GST is likely to put additional financial strains on these services and it is affecting the quality of services being delivered.

Small business is entitled to a level playing field with the big players. One of the checks my constituents are asking for is ensuring that suburban shops and shopping centres retain their role in the community. Small business is concerned that the Government is

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not looking out for them. An example is the trivial matter of banning leaflets from windscreens. This economical form of advertising has been taken away, yet they feel that they are being bogged down with red tape.

Another area which I would like to see the Government pay closer attention to is facilities. Mr Deputy Speaker, one of the Government's key aims is the continued redevelopment of the city centre and increased participation in the city heart. This should not be done to the detriment of facilities and services in areas such as Belconnen.

The budgetary problems with health go without saying. Last week, for example, I discovered that the waiting list for the methadone program was a minimum of five weeks. Here we have the Chief Minister and the Health Minister wanting to make the quantum leap for heroin trials, knowing full well that the Prime Minister will veto heroin trials in any State, yet they cannot get the existing services in order.

Mr Deputy Speaker, we have a responsibility to live within our means and spend wisely; but I do think it is a bit rich for the Chief Minister to expect me to draw up a budget strategy, as outlined in her motion, when I simply do not have access to all the information she has. If the Government would like the rest of the Assembly to share in her budget, there has to be reform of the budget process. If there are areas which have to be cut, I am certainly willing to be part of that debate. It is a matter of deciding what is a priority and what is not. But the only way that the Assembly can do this collectively is to create a flexible budget. We should have choice in how we get to the bottom line, and I do hope that this is the direction in which the Assembly heads after today's debate.

**MR HARGREAVES (4.58):** I wish to contribute to this debate by addressing the following areas. It may be that I reiterate some of the points already made by my colleagues, and for that I apologise in part. I also make the point that these approaches should be underscored. I will in the course of my time address the roles of the Executive, the Opposition and the Assembly as a whole.

I do not accept that the Assembly has the responsibility to frame budgets. This is the responsibility of the Executive. It is that august body's responsibility to bring forth budgets and show the electorate how they intend to fund programs they took to the voters in the previous election. The Executive of this Government is charged with fulfilling promises that were made to the electorate early last year.

The reason why the Liberal Party is in power at present is that there was a large personal vote for the Chief Minister. It turns out that this very same person was the Treasurer in the previous Assembly and is the Treasurer in the current one. One can only assume that the voters in Molonglo expressed some confidence not only in their financial ability, but also in her ability, to provide financial solutions to the ills that have been wrought on this fair city by Federal and ACT Liberal governments. Mr Deputy Speaker, she leads a government which is to provide the resources, through the public purse, for funding her mandate. She has a responsibility to do so. It is not the responsibility of the parties in opposition to come up with ways to fund her promises. So, what were those promises, Mr Deputy Speaker? They were nothing more than a boulevard of broken promises.

Let us go back in time a little to see how well this Treasurer and her assistants have fared in delivering their promises. Let us go back to the promises of 1995. The Liberal Party campaign speech, delivered on 5 February 1995 by Mrs Carnell, promised a new nursing home in Tuggeranong. Well, I do not know where it is. It also promised a halfway house for young people with substance abuse problems.

Debate interrupted.

### ADJOURNMENT

**MR DEPUTY SPEAKER:** Order! It being 5.00 pm, I propose the question:

That the Assembly do now adjourn.

**Mr Smyth:** I require the question to be put forthwith without debate.

Question resolved in the negative.

### BUDGET PREPARATION PRINCIPLES

Debate resumed.

**MR HARGREAVES:** Mr Deputy Speaker, given the pioneering stance of the Chief Minister and Health Minister on the drug problem, can you tell me where this halfway house is? She also promised in 1995, and I quote from the speech, “no more secret deals, no more hidden promises”. What about that Hall/Kinlyside land fiasco? What about the disastrous and unwanted futsal slab? What about the deal to paint “Feel the Power” on an aeroplane? What about the threat of closing Downer Preschool? What about ripping off the money from the Institute of the Arts? What about free bus rides for school students? What about the automatic extension of all residential and commercial leases at no cost? All of these occurred in the secrecy of the Treasurer’s mind.

Let us move right along to the 1998 boulevard. This, members will remember - particularly we new guys - was the dawn of the clever, caring capital. Let us look at this beautiful piece of alliteration. Mrs Carnell defined “clever” as being at the leading edge of change, to harness our city’s intellectual, social and financial resources. In its budget submission, the North Canberra Community Council said, “We do not believe that giving people the sack is clever”. Just how many ACT public servants have been given redundancies since 1995? I do not describe selling a significant revenue source like ACTEW as harnessing financial resources. I would not describe the rush to off-load public assets as harnessing anything, but rather eliminating our financial resources.

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The Chief Minister said in her budget speech last year that “caring” meant to “ensure that the services that are provided are not only accessible but also flexible and affordable for all Canberrans”. The operative words are “that are provided”. This approach is at least consistent with her quote of June 1994, when she said, “It is not government’s role to provide services”. So, who is really surprised to see the savage downturn not only in the quality but also in the number of services in this town?

Mr Deputy Speaker, according to my definition, “accessible” means that people can actually receive services and “affordable” means that people can pay for services without breaking the bank. So why do we have the savage increases in costs, which are an enormous attack on families in Canberra? Examples are the effect of zonal fares on school travel; the cost to commuters travelling between zones; the increases in vehicle registration fees, which have impacted on those who are, by their circumstances, obliged to run larger family cars; the insurance levy fraud, which is a tax on the responsible in this town - all of these and many more. These increases have not impacted on big business; they have impacted slightly on small business; and they have impacted heavily on low-income families. That is some caring approach!

Mr Deputy Speaker, while I was preparing my speech the other day, a gentleman called my office and told my staff member that the increase in his rent for a Housing dwelling had been \$6 a fortnight. He was a pensioner on \$203 a fortnight. His comment was that, to politicians, \$6 a fortnight would be a drop in the bucket, but to him it meant three loaves of bread, three return bus journeys or three schooners of beer. To him, Mr Deputy Speaker, it was a significant assault on his lifestyle, and I agree with him.

Mr Deputy Speaker, this Treasurer has had four years to get things under control; it is her responsibility to do so. In fact, I quote again from her budget speech last year:

This Government is playing its part in providing the drive and aggressive leadership that are needed.

What happened to the drive? You come here, snivelling and asking for help. Well, I am not going to give it to you. And do you know why? I say this to the empty Chief Minister’s chair. It is because you have provided the aggressive leadership you threatened in your budget speech and in statements in the media after you lost not only the ACTEW sale debate but also your credibility into the bargain. In your budget speech last year you said, “We have not promised what we cannot deliver”. It is just as well you did not promise to sell ACTEW, because you could not deliver on that one. You could not deliver on the sale of ACTTAB. And these are not the last things you will not be able to deliver on.

From a funny perspective, though, it is interesting that she phrased it in that way - “We have not promised what we cannot deliver”. I note that she did not say, “We have only promised what we will deliver”. Mr Deputy Speaker, what were some of the things that were not delivered? It was promised that we would have a reliable, efficient, safe, affordable and integrated transport system. Right now, the system is so reliable that people are ringing my office with complaints that buses are leaving stops early because of the length of time it takes to complete the routes. It is so safe that there

is



overcrowding on school buses and reports that buses are going on the road with less than satisfactory safety clearances. It is so efficient that 17 routes need rejigging in two weeks. It is so affordable that people are suffering because the rises in school and commuter fares have become the major budgetary item in household expenditure. It is so integrated that the Government had to eliminate the service to rehabilitation patients at the hospital.

Mr Deputy Speaker, it is not up to the Opposition or the crossbenchers to come up with ways to fund the Government's policies. It is not up to those members to come up with ways of rescuing them from their own irresponsible incompetence. They have run out of ideas, they have pushed their own agenda down people's throats with their economic rationalism and they are sad and tired. The people out there are sick of the pain they have dished out, and now this Government is trying to share the blame with everyone and anyone else. Now is the time for executive responsibility. And do not say to me, Chief Minister, "Put up or shut up". I say to you, "Put up or ship out".

The role of the Opposition is to criticise. Criticism can be both positive and negative. I share the view of most people in acknowledging the power of constructive criticism. Occasionally, one sees a piece of legislation which is either destructive or stupid, in which case negative criticism is appropriate. But, in the main, positive criticism through the amendment process is appropriate, and that is my preferred method. But an opposition is just that - an opposition. It has no mandate from the community. The Government has a mandate from either the community or the crossbench. This mandate is to put forward programs and ideas. If this is too difficult, then move over and let someone else have a go.

The Assembly as a whole is the ratification process for a budget which indicates that the programs put forward by the government of the day are capable of being carried out. It is ratified by the Assembly if the members are satisfied that the resources are available to conduct the business. The Assembly is not a forum for governments to elicit ideas on how it can pay for its way-out ideas or spread the blame for financial mismanagement, spread the blame for the pain it wants to inflict on an unsuspecting public. Mr Deputy Speaker, they are no longer the unsuspecting public. They are now the well and truly suspecting public.

In conclusion, it is not the role of anyone but the Executive to come up with solutions to problems of their making. It is up to the Executive to stand or fall on their financial ability to conduct the business of Canberra. If they cannot do this and they want to shirk this responsibility, they should pass the responsibility on to those who would try harder. The electorate expects the Government to conduct this business and provides it with the resources of departments to assist, and the Assembly provides additional assistance through the provision of multiple political staff. The resource balance between the Minister's office and, say, that of Mr Rugendyke is heavily weighted against Mr Rugendyke, and it would be unfair to ask him to contribute in the same way as the Government. The smoke and mirrors of this sham debate have been exposed. There is very little more to be said.

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Motion (by **Mr Humphries**) proposed:

That the debate be adjourned.

Question put.

The Assembly voted -

*AYES, 8*

*NOES, 5*

Ms Carnell  
Mr Cornwell  
Mr Hird  
Mr Humphries  
Mr Osborne  
Mr Rugendyke  
Mr Stefaniak  
Ms Tucker

Mr Berry  
Mr Corbell  
Mr Kaine  
Mr Stanhope  
Mr Wood

Question so resolved in the affirmative.

### **ADJOURNMENT**

Motion (by **Mr Humphries**) proposed:

That the Assembly do now adjourn.

### **Budget Preparation**

**MR BERRY** (5.14): Mr Speaker, this is an interesting turn of events that we are now faced with. This is a government that just a short time ago was expressing the urgency to have a full day's debate - - -

**Mr Humphries**: Mr Speaker, I rise on a point of order: Resume your seat, Mr Berry. Thank you very much. I think that, even during the adjournment debate, the standing order that prevents members from reflecting on a vote of the Assembly still applies.

**MR SPEAKER**: Yes. I am afraid that I have to uphold the point of order, Mr Berry. You are reflecting on a vote of the Assembly.

**MR BERRY**: Mr Speaker, I was merely raising it as a matter of interest, to draw attention to some of the matters of fact. I am not going to criticise the vote of the Assembly. That is a done deal, and we are shortly going to adjourn and go home rather than debate the issues. But I think it needs to be said that it is curious for a government to move such a motion when, only a short time ago, there was some urgency about our dealing with this on one day.

**Ms Carnell:** There has never been any urgency.

**MR BERRY:** Then why did you do it at all?

**Mr Humphries:** That is a different issue, Wayne. It is not a question of urgency.

**MR BERRY:** Perhaps that is showing through, and that might explain the position of the Government in relation to the matter. I think it is a shabby piece of work. It was always concluded here - - -

**Mr Humphries:** Mr Speaker, it is impossible - - -

**MR SPEAKER:** There is a point of order. Sit down, Mr Berry.

**MR BERRY:** I withdraw that. That was a reflection on the vote.

**MR SPEAKER:** Thank you.

**MR BERRY:** It was, well, disappointing for those who wished to speak today - - -

**Mr Humphries:** Mr Speaker - - -

**MR SPEAKER:** Now you are reflecting, Mr Berry. Sit down.

Question resolved in the affirmative.

**Assembly adjourned at 5.15 pm**