

CORRECTED VERSION

ECONOMIC DEVELOPMENT COMMITTEE

Inquiry into structural changes in Victorian economy

Melbourne – 3 December 2001

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Witnesses

Mr R. Spence, Chief Executive Officer; and
Mr T. Koops, Senior Economist, Municipal Association of Victoria.

The CHAIRMAN — This is a hearing of the Economic Development Committee, an all-party investigatory committee of the Legislative Council. All evidence taken by the committee, including submissions, is subject to parliamentary privilege and is granted immunity from judicial review pursuant to the Constitution Act and the Parliamentary Committees Act. Today's hearing will take evidence in relation to the committee's inquiry into structural changes in the Victorian economy.

I welcome to the hearing Mr Rob Spence, chief executive officer of the Municipal Association of Victoria (MAV), and Mr Trevor Koops, senior economist with the MAV. I invite you to make an opening submission.

Mr SPENCE — I will give you a status report of where I think things have moved to in local government over the past few years. You would be aware of the massive reforms that have occurred, and we are now in a period of settling after the reform process. Some of that was good, some not so good. My observations are that the sector is becoming more conservative — that is, councils being less creative, not politically conservative — again in the way it operates, but we go through such cycles in government.

Financially things have changed over time, but we still have a profile of councils at one end of the scale that are really well off compared with the other end where councils are almost poverty stricken. In that lower end you would have about 10 councils that will always struggle because of a lack of revenue base, declining populations and maybe lack of economic strength in the area, but the taxation model and the population size do not provide the right mix to have economies of scale get good outcomes. At the top of the scale, the City of Melbourne is flourishing. The inner middle bands in metropolitan Melbourne are travelling pretty well. Our numbers tell us that is what is happening. The outer band of councils are dealing with the same stuff they have dealt with for many years, including enormous growth, but they have a lack of revenue capacity to deal with issues. But it sorts itself out over time as the boundary of Melbourne expands.

Across rural areas some councils, particularly up the Hume corridor, are travelling well. They have growing populations. In that Hume corridor and probably in Gippsland out as far as Baw Baw or Warragul they are going well. As you go further east it becomes more problematic, with East Gippsland carrying something like \$70 million in debt on a relatively small rate base. We see most of the problems in the far west or north-west where populations are declining. There may be a strong economic base, but the difficult mix is having to keep services up to look after the communities but with a lack of growth in the revenue base. Certainly things have changed but I do not think we have significantly resolved the problems for the bottom end. That almost seems to require some significant structural change in the way the tax base is dealt with. You may make an area or shire twice as big, but that only makes it twice as impoverished. You do not gain anything by making it twice as big. For example, combining Yarriambiack and West Wimmera shires would mean a bigger municipality but with exactly the same problems. These councils have a lot of area to cover but not much capacity with which to do it.

Mr CRAIGE — It was like that before the restructure, anyway.

Mr SPENCE — It has become a bit better because their size has given them better economies of scale, but they cannot recruit staff. They put advertisements in the papers but end up having to pay enormous wages to recruit valuers, health surveyors, building surveyors and planners in particular. You cannot get planners. If you want a job for your kids that will make them good money, put them into planning now. The start-up wage is almost \$60 000 for somebody straight out of university because valuers are as rare as hens teeth. Rural municipalities cannot get people to work for them. Many councils do not have particularly sophisticated management and financial capacity, which does not help because people do not want to work there; they cannot pay good money to attract people. It is tough but, as I said before, that is not significantly different to the way it was in 1989 or 1990. All in all, the sector is a lot stronger and a lot smarter than it was. It is a lot more compact.

Structurally we are seeing an interesting thing happening in that we have stronger regional activity, which is different to anything we have seen in the past. The Gippsland group of councils and the group that is known as the interface group — the group that bounds Melbourne — the western group of councils and the regional cities grouping are starting to become strong lobbies on their own. We are seeing a major structural shift occur. In the next five years, with the connections between council and government at the moment being what they are — we may have worked together but rarely is it intergovernmental agencies working with a council to get an outcome — we will see more action on a regional basis. For example, Gippsland will determine they need to operate regionally and they will lobby. We are seeing that happening now through councils recruiting people to lobby for them.

The CHAIRMAN — You talked about the concept of councils getting together, whether they be in a regional area or the larger councils such as Bendigo, Ballarat or Wangaratta working together. Could you talk to us

about the change we have heard about regarding specific councils getting involved in economic development through having economic development units for their various municipalities? What is happening in that area? Was that rare before local government reform?

Mr SPENCE — Right across the sector now there is a strong focus on economic development, and a significant number of councils now have economic development officers, boards or units to facilitate access to new development. Some are doing it particularly well and are very aggressive. I argue that councils such as those at Wodonga, Wangaratta, Whittlesea and Wyndham would stand out as being particularly efficient at delivering outcomes for industry. They are not handing out concessions to anybody. What they are doing is trying to ensure that if someone wants to come into the area they will push to get things to happen really quickly. They will push for electricity, gas and access to land and try to make sure that the planning processes are dealt with — like finding the land for people, and making sure that the planning processes are right and smooth and that things are not held up significantly, without going over the top.

There have been some real successes. When you talk to people like the former mayor of Wangaratta, Geoff Dinning, you find they are very aggressive about economic development. They know they will lose some but what they want to do is win more than they lose. They are very focused because they know that is their future. Even the smaller councils are focused, through tourism activities and so on — always looking for an angle to see if they can pick up a new business. That might be Yarriambiack trying to cut a deal for waste water out of the treatment plant there to support an industry; it could be Hindmarsh — they have a very successful town at Nhill. Its catchcry is 'Nhill with nil unemployment'. You could not believe it in Nhill but it is a fact. They have two industries, Luv-a-Duck, which is the international duck processor, and Lowan Whole Foods, and they have housing development occurring there, which is unbelievable in a town out in the far west. They have been very aggressive in ensuring that Luv-a-duck and Lowan get what they need within the appropriate planning and other requirements. So it has turned a long way from a while back.

The CHAIRMAN — If you had to look back five or six years and compare what was there then and what is there now, what would you see as the major benefits and disadvantages of the amalgamation process?

Mr SPENCE — I think the benefits are generally that now we have sustainable units. Apart from the bottom maybe 10 councils — 15 maximum — now the rest of them are reasonable-sized sustainable units. We would say that the crossover point is somewhere around populations of 15 000 to 20 000. If you go below 20 000, the economies of scale drop off significantly. We could actually plot that for you across a whole range of services and show you what happens. We have units that are a good size.

The compulsory competitive tendering (CCT) process, whilst it was incredibly painful for people, actually put an edge on the business. I think it has helped the sector in terms of efficiency, to drag it out of a model where you just did it — you did not scope what you were doing, you did not target your services. So the saw has been sharpened from that viewpoint. On the other side I would say that there are significant negatives in it, too. When we went through CCT, there was the impact of the purchasing scheme. What happened was that you actually got instant points under CCT, if you ran your business through CPS or MAPS, the purchasing scheme. That actually took business away from local business; you lost local business. So instead of a council going to their local bobcat operator to get a bobcat, they would go through Coates Hire or one of the other big crowds, because they got instant points. So it meant that local business starved. That was a significant issue, particularly in rural communities, but it also impacted on some of the metro communities.

Mr CRAIGE — I wanted to go back to the issue of the 10 councils — I notice you have now added to that and said it could be 15, but it was 10 and I will stick with that number, if that is okay.

Mr SPENCE — Yes, 10 is fine.

Mr CRAIGE — You talked about lack of revenue and population decline and you said they are in poverty. I would really like to know about pre-restructure and how many of them fell into that category that you have now classified — not changing the classification but in the same category, with lack of revenue and population decline. How many existed before the restructure?

Mr SPENCE — I would argue that any council under 15 000 to 20 000 — and that would have quite a number, a lot more than 10 — would have been in that boat, where they lacked the capacity to do anything. They were not keeping it alive.

Mr KOOPS — I think a lot of it was not disclosed back then. We did not have the information that we have now, especially about infrastructure spending deficits. This is the biggest issue affecting the 10 or 15 councils: they already have some high debt; they have to maintain positions and certain infrastructure with lower numbers, but they have also been diverting spending away from infrastructure for a particular reason and a backlog has been building over time. I do not think a lot of that information was available earlier on. It has come out in studies that have been done for the state government and from us looking at information. It probably was the case but it just was not as apparent then.

Mr CRAIGE — Do you think one of the positives from restructure is that there is a lot more evidence available to us now to make a lot more decisions?

Mr SPENCE — Absolutely. We have gone from the 1980s, where there was little evidence available — the accounting was cash accounting, and that tells you very little — to a position where now we have full commercial accrual accounting operating. Some of that is working moderately well and some of it is working very well. We have all that data. We now know what the asset base looks like, and we are drilling further and further into that information. So our information base is miles in front of where it was in the 1980s.

Mr THEOPHANOUS — Firstly, I am a bit disappointed that you have not put in a submission to the committee. We have received submissions from a range of organisations, including the Victorian Local Governance Association, but we have not received one from yourselves. You might want to rethink that. In particular we would like to focus on a number of issues and get your view. I am not sure that we are going to be able to get through all of them today. I am going to list four issues which I think you should try to address in any submission you might put to us.

Firstly, you have mentioned CCT. My question would be along the lines of a comparison of how you see best value operating at the moment in comparison to CCT, and a bit more of a detailed analysis of CCT, because we have received information of a contrary nature. Some people have said things along the lines of the comments you made earlier about CCT, as shaking out some things, but other people have said it went too far and created a lot of problems in local councils. I would be interested in a more considered opinion in relation to CCT and also one in relation to a comparison with best value. The second issue I would like you to address is the imposed rate reductions over the last few years and the effect of that in terms of denying capital for infrastructure development and so forth, which a lot of councils have put to us. The third relates to the question of transport: the loss of passenger rail services in a range of areas in regional Victoria. Perhaps you might like to make some comment about that. The fourth relates to the loss of representation at the local level, which many councillors, councils and local communities have also made mention of in submissions to us. I would be interested in a more considered view on those issues and any others you want to add. You may want to make general comment in relation to those at the moment.

Mr SPENCE — That is fine. In terms of CCT and the pluses and minuses, in my view some councils took it further than it needed to be taken. In fact a sensitively managed CCT process, as we saw in some councils, achieved a lot of structural change, although not without downside, but other councils — this is a personal view, not an MAV view — were quite brutal in the way they ran it, and the impact of that was quite destructive. What I think were the negatives about CCT — and these are all sort of spin-offs that are all affecting us now — were that we moved out of a structured award base into enterprise agreements and then local area work agreements. Six months go about 1000 local area agreements were operating in local government. In some areas like home care, where there was a very competitive market provided by Silver Circle and a couple of other organisations that were working at absolute rock-bottom wage levels, the wages for home care workers in local government were driven to a point where you could not recruit people and you could not hold people. In aged care one of the givens is that the same person who is actually owned by the person who is getting the service keeps coming to the door and looking after them. What we have had in local government is a massive turnover. The wage rates in that area are still too low, although there has been significant pressure as a result of the Australian Services Union action against the City of Dandenong to pull up those wage rates. So in a structural sense in my view there has been significant damage to components of the sector.

Another weakness — and these are sort of second-string weaknesses but we are just starting to feel their impact now — is in areas like the grants process that comes out of the state. The increases are tied to salary/wages shifts but in fact there is nothing in local government to hang it on. There is no award — I will go back to home care workers — that the state can look at to actually pitch its increase in grants towards, by saying, ‘Well, the wages in home care have gone up by 4.5 per cent, therefore the grant proportionately needs to go up by 4.5 per cent’. So as a result of that what we have been seeing across the last few years is a significant decline in specific-purpose

grants flowing into local government. It is very difficult for us to argue a case based on wage/salary shifts because you have all these little deals all over the joint around the sector. That is another negative.

The third negative, and again this is personal, is that when I was running a council with CCT — as an employer in local government you took some people into your work force who genuinely were not normally employable. They would be at the fringe of employment. We may have had three or four guys working for us in our parks team. In our office we employed perhaps three or four who had some intellectual disability, or whatever. In my view CCT drove that out of the sector. Local government was a strong community-based employer. Because of the drive of CCT to get the maximum benefit for your dollar — in my case, being in a council trying to win every job in-house because I wanted our people to win — you had to push those people out of the work force. That was a serious shift in the way local government approaches employment. I have a mixed view about CCT. It took us from being soft and flabby to being sharp, but it had significant downsides.

Mr THEOPHANOUS — What about best value?

Mr SPENCE — Best value has a lot going for it because it is loose enough at the moment to let councils run their own strategies and structures inside their organisations so as to deliver outcomes. The critical thing will be in measuring what is achieved from it. If the measurement is good, giving the flexibility to councils to do the job will be a positive move.

Mrs COOTE — Your analysis of CCT was balanced and objective, thank you. My question concerns the smaller councils we have been speaking about and the reference you made about taxation and the tax mix, particularly with shires that are struggling. Could you elaborate on what you see as an opportunity or what you think needs to be done to alter the mix to encourage greater growth, particularly at the lower end of the scale?

Mr SPENCE — You cannot take more tax out locally. Over time the community will not accept continually winding up rates or rates getting significantly out of sync with price movements generally. That may mean 3 per cent or 4 per cent a year over time as the sort of plot you would be talking about. The weakness in the system at the moment is that the grants commission process that is supposed to deal with these inequities is not dealing with them. It is dealing with them in part but not totally, because to an extent there is not enough money in the pool. If you run the horizontal fiscal equalisation model, it says 'This is the amount of money coming into Victoria and we will give you 20 per cent of that'.

It does not affect the City of Melbourne, or for example Boroondara or Stonnington councils — that is, the big metropolitan councils that are making \$10 million or \$20 million a year out of parking fines and fees. In addition they have a lot of horsepower through their rate base, but it affects some. It has become almost an achievement to get a park in the main street of those councils. The other day I was at Charlton and Wycheproof, which is a lovely town but you could shoot a cannon down the main street without hitting anybody. The community does not have the capacity to pour money into the council to achieve the outcomes, but the grants commission process is failing. It does not damage the big or even the middle councils, but it damages the little ones.

The change they have made to road funding models in the past 12 months through the grants commission is a positive move. It has caused a lot of pain and angst in the metropolitan councils, but the money is going to the councils that need it. The majority of my life is spent working with the tail. Our objective is to pull the tail into the middle, to try to help them so they are more effective.

Ms DARVENIZA — I have a couple of questions. You touched on the provision of health and community services that councils are involved in. Along with Mr Theophanous I urge you to put in a written submission and express your views about the effects structural changes have had on those areas.

I am interested in your comments about the lack of wage movements, the impact that has had on the ability of councils to get more money from government and what that means in recruitment and retention of staff in that area. Would you like to make additional comments about that, particularly about the bargaining that goes on around small enterprises and whether it would not be a better system if there were one award that went right across the whole sector so that people involved in the individual small amounts of bargaining that have not resulted in pay increases would benefit? Would that be a better system?

Mr SPENCE — We have seen a mixed outcome. A valuer, a planner, a health surveyor, an accountant or an information technology person would be getting paid a significant amount of money to work in local government because we cannot recruit them. The rates have been held down in home care by the level of competitiveness. In maternal and child health, local government was probably the best payer of nurses in not

the specialised but the general environment in Victoria. The changes to the nurses award means that has turned around so that people are exiting local government and going back into nursing because they make more money there. The balancing aspect is that wage rates for maternal and child health nurses are likely to increase significantly and the grants support process from the state model at the moment is not dealing with it. We are getting increases under 2 per cent and about 4.5 per cent wage growth, but it has increased by about 8 per cent for nurses in the last round. A lot of tensions are caused by the structural shift, where we do not see the awards moving in one unit. I agree with that.

Ms DARVENIZA — But the majority of workers are home care workers who do not have registration or qualifications, such as nursing. They would be the majority of workers, would they not?

Mr SPENCE — There is a significant number of council workers including parks workers, outdoor workers and others. Of them all, home care workers have been knocked around the most in the process, but the structural shift is now occurring with the Dandenong case that I mentioned earlier by which the wage rates will increase. Not in the industrial sense but in targeting state and commonwealth government to achieve better outcomes local government would be better with one deal that says, 'Pays are lifted by a certain percentage', although industrially I would probably argue the other way. In terms of the MAV's role in trying to win good outcomes for councils, it is better to know than not know about the salary shifts.

Ms DARVENIZA — What about the impact rate decreases have had on councils? You talked a little about particularly some of the smaller councils or smaller communities. Can you comment about the effect that the imposed rate cuts have had?

Mr SPENCE — When you plot the spend across the last eight or nine years you will see little shift in recurrent spend but you will see a massive reduction in capital spending. We could show you the spend across time, and apart from that quirky year that had only nine months in it and threw everything out you would see the recurrent spend shifts in proportion to consumer price index movements. You would see the capital spend dive massively. I was running a council then. We wound capital back big time to allow us to manage the reform process. Now we are in a catch-up mode. If you drop three years out of major capital spend, apart from identifying the lag over time — —

Ms DARVENIZA — What sort of things went by the board when you did not do the capital spend?

Mr SPENCE — Buildings are not maintained. I could take you to the Buloke shire offices at Charlton — I would hate to think when was the last time they were painted. As I said, buildings, drainage, road pavements and footpaths would not be maintained. Over time the consequence, with the MAV running the insurance scheme, is that you get the impact at the insurance end.

Mr THEOPHANOUS — Plus a loss of jobs?

Mr SPENCE — Yes.

Mr THEOPHANOUS — Can you provide the committee with the figures you mentioned, showing that capital movement?

Mr SPENCE — Yes.

The CHAIRMAN — In the same context you mentioned earlier that the community is stretched in paying taxes. You said you cannot get more out of them and you they will not wear or afford higher taxes. That is the present position, as you described it. Had the amalgamations not occurred and if you tracked the rating graph it would have increased at a higher rate; now we are working off a lower base?

Mr SPENCE — Yes.

The CHAIRMAN — What would have happened without the reforms and the rate reductions? Given that coming off a lower base where we are at now, where you say they cannot afford more, without the reforms we would have been at a much higher level. What would have happened then?

Mr SPENCE — Something would have gone bang.

Mr KOOPS — Probably the bottom ones would be out the back door now.

Mr SPENCE — Imagine Pyalong with a population of about 2700.

Mr KOOPS — Only 640.

The CHAIRMAN — Something may have gone pop?

Mr KOOPS — Yes. Had they been asked they could not have assumed any rate reductions. They have not been spending on infrastructure as they should have. It would have got to them earlier, but now it is catching up with the slightly bigger ones and those with higher incomes.

Mr CRAIGE — It was selective spending at places like Pyalong. It was identifiable and the strings on the purses were opened only now and then, when they knew they could open them. There was no ongoing program of upgrades or maintenance?

Mr SPENCE — No.

The CHAIRMAN — Earlier you said communities can afford a 3 per cent or 4 per cent increase in rates over time, you said that sort of figure was reasonable, but lately we have all heard figures from councils about 7 per cent, 8 per cent or even 9 per cent increases in rates.

Mr KOOPS — We have done modelling on the sorts of figures councils may have to spend to reduce their debt and recapture the infrastructure deficit that has happened over 10 or 15 years. We are talking about multiples of 3 per cent. In some councils we are talking about 15 per cent or up to 20 per cent sustained increases over 6 to 12 years to get back. They cannot do that. A lot of the rural councils are road-making councils. You are getting 80 per cent revenue from farmers so that all you need is a downturn in the agricultural sector and there is trouble.

Mr SPENCE — If the state and commonwealth governments paid the appropriate share of specific-purpose grants across to local government in the deals cut — the sector copped it in the 1990s and it is still copping it — we would be travelling better and rural communities would be doing better.

Mr KOOPS — Can I give you examples? Since 1997–98, when a deal was cut, maternal and child health workers have had basically no increases in pay regardless of what has happened to local government salaries. There has been no increase in the way it has been managed. There was a \$100 000 indexation, but the following year they indexed back to the base number but with no account of indexation. Basically there has been nothing. In aged services, the Department of Human Services runs an output-based purchasing system now. The amounts or unit prices they will purchase at are so far below the unit costs in local government it is ridiculous. The unit purchase prices are at about the base rate of any contractor in Victoria, without the add-ons. So they are just two and they are probably two of the biggest. Home and community care in fact is the biggest specific-purpose grant for local government, so we are fighting all the time.

Mr SPENCE — Our calculation last year showed that 50 per cent of the rate increase for the total of local government last year was driven by a reduction in specific-purpose grants out of the commonwealth and state governments.

The CHAIRMAN — A cost shifting situation.

Mr SPENCE — Absolutely. So we would argue that in fact councils — —

Mr THEOPHANOUS — Can we have those figures, too?

Mr SPENCE — We would be pleased to bring them.

The CHAIRMAN — Are you aware of any economic analysis or research that has been done into the benefits, disadvantages — whatever adjective you like — of council amalgamations, by academics or universities or students working for you — whatever?

Mr KOOPS — I do not think there is much. I have a friend who is very interested in that area. He has done a literature search and he has not found anything, so I do not think there has been much done.

Mr SPENCE — We can check that for you.

The CHAIRMAN — We would be extremely interested to know if you can find anything. We have asked before if there is any analysis of the results of amalgamation. We have not come up with much at all, which seems to be a shame given the significance of the changes that occurred.

Mr CRAIGE — I am really interested in the issue of infrastructure and the audit, and the work which I know you would support. For the first time we actually have a handle on the costs projected into the future to maintain and replace infrastructure. If you take the 10 or so councils at the bottom, they were already in a losing position on infrastructure anyway. A lot of other councils were in a similar position. Even if you continued a rate increase, it still was not sufficient anyway for new capital projects and maintenance of infrastructure as well. I would be interested to know whether that has changed and how much of that has changed, and if it has changed whether it has changed in councils such as Boroondara and Stonnington where they no longer have a real issue. It is more about the management of the programs than it is about financing the programs.

Mr SPENCE — That is right. Each year we run an analysis of the capacity of councils to actually deal with their infrastructure gap and any of their loan funding requirements. You would not see a problem across the majority of metro Melbourne. My recollection is that Ballarat has a problem because it has very old infrastructure. I am a resident of Yarra. I would argue that you would not want to upgrade it there because people would drive faster down the streets — leave it as it is, plenty of potholes is good. Around metro Melbourne our analysis would say there is no issue. That has come a long way from where it was. In some of the rurals it is a serious issue and it comes back to the capacity issue. They understand reasonably well what they have to deal with, but it is the lack of financial grunt that prevents them from dealing with it.

Mr KOOPS — I think in those bottom rural councils you have the diseconomy of scale thing affecting them more than ever. Whereas there was some ability to put some more into roads, because of what is happening to specific-purpose grants — because you still need full-time coordinators of some services, it is this fixed-cost thing — you cannot get around it. They are wearing more of the costs there. You cannot just pluck it out of recurrent and put it into capital all the time, so I think that it is working against some of them.

Mr THEOPHANOUS — Amalgamations are one thing, but with hindsight would it have been better to have had those amalgamations and not impose those rate reductions at the same time, which would have allowed the councils to still maintain and maybe even expand their level of investment in capital-related activity and perhaps we would not be facing the sorts of increases that you have just mentioned now?

Mr SPENCE — I think that the reform process was a blunt instrument and that in hindsight you would have assessed each council's capacity to actually deal with the problem. I know in political terms the 20 per cent rate reduction was probably a smart thing to offer as the positive to a ratepayer for the reform process, but in some councils it had a significantly negative effect and in others I do not think it had much effect at all. There are some mitigating circumstances in this. There was no data or very little quality data around, so any government that was trying to reform it was going to struggle to understand what the impact would be, but it was not sensitive.

Mr THEOPHANOUS — Some had money from their electricity supply companies.

Mr SPENCE — That is right, some have been very successful as a result of that — they picked up tens of millions of dollars. I think it should have been more targeted. I think CCT could have been less of a blunt instrument. It was possible to achieve the reforms in a much more positive way for the sector in my view by being less aggressive in the way it was delivered. I was working in a western suburbs council and I think we approached it in a pretty sensitive way. We lost only one area. That was one of the most painful experiences I have been through, to have to exit a group of people like that who were really good workers. But we approached it by saying, 'The government has asked us to achieve these targets; what are the consequences if we don't? We will deal with this in our own way to ensure we get the right outcomes for our community'. My view is that all councils should have done that instead of just working to the letter of the law.

The CHAIRMAN — Thank you very much for coming along today and giving us evidence. We will send to you a copy of the Hansard record of our discussions for you to look at. We appreciate your time. If you choose to make a submission it will be gratefully received — we are looking forward to getting as much information as we can — but it will need to come in very quickly.

Mr SPENCE — What sort of time lines?

The CHAIRMAN — If it were before Christmas that would be great; if it were just after Christmas that

would be not as great.

Mr SPENCE — He nodded.

The CHAIRMAN — If you wanted to send it to us in sections on different issues that would be great, too, because we are really coming down to the wire.

Mr SPENCE — We are just trying to do our budget submissions at the moment, but we will put it straight on after that.

The CHAIRMAN — Thank you.

Committee adjourned.