

**SUBCOMMITTEE OF THE STANDING COMMITTEE ON  
ESTIMATES AND FINANCIAL OPERATIONS**

**INQUIRY INTO PUBLIC SECTOR EXPENDITURE**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
WEDNESDAY, 25 FEBRUARY 2009**

**SESSION THREE**

**Members**

**Hon Sue Ellery (Chairperson)**

**Hon Brian Ellis**

**Hon Jon Ford**

**Hon Ken Travers (Participating Member)**

---

**Hearing commenced at 1.42 pm****WALKINGTON, MS TONI****General Secretary/Branch Secretary,  
Community and Public Sector Union-Civil Service Association,  
SPSF Group, WA Branch,  
sworn and examined:**

**The CHAIRMAN:** On behalf of the committee, I would like to welcome you to the meeting. Before we begin, though, I will ask you to take either the oath or the affirmation.

[Witness took the affirmation.]

**The CHAIRMAN:** Can you state your full name, your contact address, and the capacity in which you appear before the committee?

**Ms Walkington:** Toni Beverley Walkington. My contact address is the Civil Service Association. The capacity in which I appear is as General Secretary of the Civil Service Association, representing approximately 14 500 members employed in state government services.

**The CHAIRMAN:** You will have signed a document entitled “Information for Witnesses”. Have you read and understood that document?

**Ms Walkington:** I have, yes.

**The CHAIRMAN:** These proceedings are to be recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of this hearing for the record, and please be aware of the microphones and try to talk into them. Ensure that you do not cover them with papers or make noise near them. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that publication or disclosure of the uncorrected transcript of evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

I will introduce my colleagues on the inquiry to you, but then I will invite you, if you want—we have received your submission; you might like to make an opening statement or you might like to expand on some elements in your submission, and then we will ask you questions. I will start with the introductions: my colleagues on my left are Brian Ellis and John Ford, I am Sue Ellery, and my colleague Ken Travers.

Would you like to make an opening statement or expand on anything that is in your submission?

**Ms Walkington:** Yes, I would.

Just to begin, I will confirm our submission, in terms of our view that the three per cent is a blunt instrument, that it is indiscriminate, that it does not provide for individual agencies to address their needs and their priorities, but places a requirement across the board which does not discriminate between service priorities or functions et cetera.

In our view, the public sector has not been necessarily well resourced in many areas, and those resource needs should be addressed and ought to be addressed. Some of the unintended

consequences of applying an efficiency dividend, in our view, have become a feature of the discussion and the debate, and ought to be examined in further detail by this committee. One of the important issues that has entered the debate is what is front-line services. We touched on that in our submission, but in our view there is a narrow requirement being placed on agencies to apparently maintain so-called front-line services whilst trying to find savings.

For some organisations we would say that is impossible. For some organisations that means that what are allegedly backroom services are going to experience a greater than three per cent cut by the magnitude of which their resources require so-called, you know, front-line or backroom divisions.

We would say that front-line is more than police, teachers and nurses. There has tended to be a focus on those three occupational groups, and on health and in education. If you take education, a front-line service is seen to be a teacher; however in our view a front-line service is also the registrar within the school. That registrar is the first point of contact for many parents and for the community of that school. For the students at that school library, resource workers, or librarians, are front-line for them when they are in the libraries. A whole range of other services, such as lab technicians, work directly in a school environment to provide front-line services; that is, laboratory set-ups and working with the students.

That is just by way of one example, but there are then many, many other examples of front-line which are not in those three groupings of occupations, such as fishery officers, community correction officers, child protection officers, environmental officers, and a whole range of occupations that are front-line. Those that are seen as backroom often are those that provide the support and assistance to those who are doing the direct delivery of services so that they do not need to be doing that other work. That is necessary, even to the point of, like, payroll. You could have your front-line services continuing to provide service, but you of course need to pay them. So how you could argue that payroll, as such, can be cut, but to the detriment, or to a greater degree, because so-called front-line services have to be preserved or maintained—in our view it is inappropriate and will lead to inefficiencies in the end and to ineffectiveness in the service provision.

We have reviewed some of the history of three per cent cuts, or measures, such as this. One such example is to be found in the federal government. Recently, a Senate joint committee of the public accounts and audit inquiry made some significant findings out of their own inquiry which we would suggest and recommend that this committee review. Some of the findings of that Senate joint committee were that savings may have been increased in terms of savings out of the federal funds and budget, but the level of service, and in many cases the level of efficiency, was diminished, and that broad cross-sector cuts do not necessarily mean that you increase efficiency.

Also what was found was that inefficiencies in staff management practices became evident as departments responded to the need to find savings.

[1.50 pm]

From talking with our members directly, the workers involved in delivering the services and the administration of state government functions are also relaying to us some practices that in the end seem highly inefficient to us, rather than efficient as a result of having to apply a three per cent cut. We also believe that there are a number of unintended consequences that flow from such a broad measure and an indiscriminate requirement to find three per cent savings. The Senate joint committee found that one of the unintended consequences significantly affected regional services and regional government functions, and that many agencies found that those were the areas that they ended up cutting either because of circumstances where vacancies arose and were not replaced or simply because it seemed on the face of it that cutting travel expenses was an easy way of achieving the three per cent saving, but in fact that then affected regional services more significantly than other services in city centres. We have found, in the early part of implementing

the three per cent cut, a number of agencies are looking at travel expenses and are targeting those. If we take just one example that has been reported to us by our members, in the community justice service centre in Carnarvon, the sheriff or community officer who is based in Carnarvon but covers a wide area in that region has been restricted in terms of their travel and can only travel within Carnarvon, and that means that they are unable to serve summonses or execute warrants in the rest of the region that they cover. That restriction means that either that service is not happening—so, summonses are not occurring and warrants are not being executed—or that would fall to the police to do that. Whereas that person would have done it before, police are now required to undertake that function.

In some of the other areas, what we have found is that, in Treasury and finance, 47 FTEs have been cut from the Office of State Revenue. That includes five FTEs from the land tax section and 13.4 investigative positions from the compliance unit. Our investigations have revealed that each investigator generates approximately \$1 million in revenue each year, so a cut of 13.4 investigator positions means a decline of \$13.4 million per year for the government in its revenue secured by those officers. In dental health services, our members are telling us that the unintended consequences of some of the measures taken by the department to meet their three per cent requirement have seen a reduction in service in dental health. In the Armadale dental clinic, the manager position is unable to be backfilled for staff members on maternity leave. We are finding that that is not just the case in dental services, but a range of departments are now not backfilling for leave and particularly for maternity leave. There is an example in dental health. There is also an example in the public advocate office, where a part-time position is not being filled because of the cuts and they are needing to find the three per cent savings, so the public advocacy workers have been reduced by 0.5 FTE.

There are a range of other examples. In child protection, family resource workers have had a practice for some time of working beyond the required or contracted two days per week. Many of them work five days per week. They have been instructed to work two days per week only and only during business hours. The effect that this will have is that contact visits between family members and children in care will be reduced. Some will not be able to occur at all if they cannot occur during business hours. We believe that is an inefficiency of some startling proportions. The whole point of the contact is to enable the family and the child in care to re-establish a relationship so that the child is moved out of care back into the family environment and is no longer then required to be supported by the state.

We did have one report in planning and infrastructure of a decision that has been changed around as a consequence, we believe, of the impact that would have happened on services had it gone ahead. We believe the change was made as a result of some significant work done by this union in highlighting the issue. The position of the coordinator of the recreational skipper's ticket had been advertised and there was a process of selection and then the applicants were advised that the position was not going to be filled. The coordinator of the recreational skipper's ticket, of course, coordinates the licensing arrangements introduced by government for recreational skippering of boats. That decision not to fill it was made in the face of there being 1 300 applications outstanding and in a backlog. We have raised that as an issue with the department and with others, and we are now advised that the position has indeed been settled now and somebody will be appointed to that position. We would have to say that that is only after some significant raising of that issue with the department and working through what the consequences would have been had that position continued to remain unfulfilled as part of those measures. In agriculture, we have contracts that have not been renewed and, as such, the numbers of service desk staff in IT have been cut from 13 staff on the IT desk to seven. Whilst that might be seen to be a backroom function, in fact, as departments and everywhere start to rely on IT as a major component of delivery of services, managing, monitoring, expenditure and all the rest of the operations of the agriculture department,

that will have some significant impact as staff are not able to get help from the help desk and that type of thing.

A whole range of other issues has started to emerge. Many departments have advised us that they will be not filling positions unless specific authority is given to do so. Whereas managers made decisions to fill positions in the past, that might now need the authority or approval of the director general, the CEO or the second rung down. In our view, that is not terribly efficient. That means that you have a number of people in very high-level positions reviewing jobs, when in fact there are roles that have been appointed and created to do that so that a department may function properly and may give due attention to policy issues and service delivery issues, rather than the operational issues of day-to-day operational matters. We have also heard of a number of instances where fixed-term contracts are being reviewed.

[2.00 pm]

That seems to be an emerging common theme among departments. A department that would be impacted upon if fixed-term contracts are not renewed is community corrections. Within community corrections there are approximately 50 monitoring officers. These positions were created because of excessive workload issues experienced by community corrections and juvenile justice officers. The monitoring officer positions are a lesser classification than the CCO and JJO positions; however, they are on fixed-term contracts because there is no ongoing funding for them.

**The CHAIRMAN:** As the committee is not involved in corrective services, would you explain what it does? Would you also identify the positions you referred to as “CCO” and “JJO” positions?

**Ms Walkington:** CCOs are community corrections officers who case manage offenders in the community who are under either community court orders or on parole. They case manage them to try to ensure that they become law-abiding citizens and fulfil their court orders or the conditions of their parole. JJOs, or juvenile justice officers, do the same, but for juveniles. They do a lot more intensive work with juveniles and their families. They adopt the same process. One of the major functions of a juvenile justice officer is to try to divert the offending juveniles away from criminal activity and encourage them to be law abiding young citizens. The compliance or monitoring officer positions were created because of regulation around the workload of JJOs and CCOs and were secured through an order by the Industrial Relations Commission after an industrial dispute on that issue. The JJOs and CCOs look after more complex and serious matters.

A compliance monitoring officer is allocated to those people who are commonly known as being in the unallocated group. They have not been assigned a particular CCO or JJO. The monitoring officers note and receive offenders who report to the centre and that type of thing. Those positions are under a cloud because of the Department of Corrective Services’ ability to continue to fund those positions. The department is not specifically allocated funding for these officers as FTEs. The department believes that the issue of fixed-term contracts needs reviewing and that those positions may be under risk because of its requirement to find the three per cent efficiency saving.

My understanding is that the community corrections area is not on budget. Currently it is overrunning its budget; therefore, it has to find more than three per cent to meet its current budget allocation plus the three per cent efficiency saving.

They are some examples of what is occurring. Other examples relate to travel and restriction on travel. As with the Carnarvon example, in other areas the filling of positions is becoming extremely difficult. The requirement on departments to elevate their authority to fill positions has resulted in a delay in filling positions and that is impacting on regional areas to a greater degree. Often the work required in those areas is of broader scope than a similar role in a metropolitan centre.

We want to address processes that are already in place to implement savings. In our view the annual budget submission process requires a considerable degree of scrutiny. We believe that efficiency requirements are already imposed on departments through two mechanisms that are part of the

budget process. Firstly, departments are not automatically provided with an index of escalating costs for fixed costs; for example, fuel, power and water supply. Departments may add that into their budget, but I am advised by directors general, corporate services directors, et cetera, that often they are not provided with an increase to cover those sorts of expenditure. Therefore, they have to find funding for the additional costs, which are inevitable as we all know, from other parts of their budget funding. That is one driver towards making savings.

One example of what we might not think of as a fixed cost—it is also an example of how the budget process drives savings—is pharmaceuticals in prisons. The provision of pharmacy items to offenders in prison has escalated considerably over the past 10 years. The only increase to that funding was made last year. For nine years prisons were granted the same level of funding to purchase pharmaceuticals. There was no increase in that funding in spite of there being a considerable increase in both the price of pharmaceuticals and prison population. In that way Treasury was driving an efficiency process. One may argue whether that was terribly efficient because the department had to find money from elsewhere and, from time to time, it might be questionable where it found it. It is clear that departments do not get what they ask for. There was considerable scrutiny over that process and they have to justify their expenditures and at times have to find money from elsewhere because they are not granted increases that would seem logical and rational when referring to fixed costs, such as pharmaceutical provisions.

In addition to that, salary increases are not fully funded. For example, if a salary increase is negotiated for employees of departments that salary increase may be partially funded from an additional budget allocation or from the approved budget. Often with a salary increase the outcome of the bargaining is beyond what has been funded and the departments do not get the extra funding. For example, a salary increase was awarded last year under the state public service agreement. It was backdated to March 2008. Departments had to find between one per cent and 1.5 per cent from their budgets to fund that wage increase. It is a measure similar to what the three per cent contemplates. It exists and has existed for some time.

We note the Auditor General's submission to this inquiry and likewise have had cause to question the authority of Treasury to simply adjust department budgets that have been approved by Parliament. We believe that the committee should examine that issue to establish which body has the power to adjust budgets and approved funding in this manner.

Finally, we recommend that the committee should investigate the rationale behind the three per cent efficiency saving. The reason for a three per cent efficiency dividend has not been given—why is it not one per cent or five per cent? An investigation should be made into the reason the government requested three per cent and not some other percentage.

[2.10 pm]

Finally, what we also wanted to do was provide the committee with a document that we have developed. It is in response to the government's initiative to meet the three per cent, which is to put a ceiling on public service numbers—employee numbers.

**The CHAIRMAN:** Can you just name the document for us for Hansard purposes?

**Ms Walkington:** Yes. It is “Assessing the likely impact of the Proposed Public Sector Employment Reductions in Western Australia: February 2009”.

**The CHAIRMAN:** That document is tabled. Thanks for that.

**Ms Walkington:** I would just like to draw the committee's attention to the first page with “Key Findings at a Glance”, and in particular I would like the committee to note at this time that whilst public sector employment rose between 1998 and 2008, public sector employment as a proportion of the Western Australian workforce declined from 16 per cent in 1998 to 12 per cent in 2008. So we say that providing ceilings based on numbers is again an example of a blunt instrument being used to manage what is in fact quite a complex process, and we ask you to note that reduction in

terms of proportion of the workforce. We also would like you to particularly note the sixth point in the key findings. That is our work around what we say would be the flow-on to the Western Australian community of a reduction of public service numbers. In our estimation, the imposition of the ceiling as it was in May 2008 would mean a reduction of some 4 900 FTEs within government employment. What we do in this paper is examine the effect of that. We believe this is linked to the requirement to find three per cent savings, as many, many departments rely considerably on the services provided by their staff to undertake their functions and provide the services to the Western Australian community. Placing a ceiling on that without any thought to what the impact would be on the community at large of reducing state government employment is a significant issue that is certainly connected with the three per cent in terms of savings being realised.

**The CHAIRMAN:** Thanks very much. Are you happy for us to make that public and available on the internet?

**Ms Walkington:** Yes, I am.

**The CHAIRMAN:** I will invite questions from my colleagues.

**Hon BRIAN ELLIS:** Yes, I have just one question. From your submission that you presented to the committee, you seem to have a problem with the administration of agencies making the decision or analysing the work performed by their agencies to make the recommendations. You are asking that it should be a political decision rather than an administrative decision. Surely the administration of the agencies are best placed to advise government of where the efficiencies can be made.

**Ms Walkington:** We say that, indeed, departments are best placed to make recommendations about where efficiencies can be realised or can be identified. We say that has been happening on an ongoing basis. It is driven by the annual budget process. It is also driven by the fact that often legislation is introduced, and there are many examples of where legislation has changed the basis of a service or a function, but additional funds have not accompanied that change, and that then drives efficiencies in a department trying to realise and meet those requirements while maintaining and retaining other services. We say departments are, but what departments advise us is that they are required to find these savings. It is not of their decision that they would find three per cent, and in many cases they do not believe they can do that without some impact on their workforce or some impact on the service delivery.

The other difficulty in this process that we have faced has been that departments have been unsure of their authority to discuss with us what their measures might be. In many cases they have advised us that they feel that they are precluded from discussing with us the implementation of measures that affect employees, and, as their representatives, we would have expected to have a dialogue about that. In other circumstances where they are trying to identify efficiencies or change work practices, they have engaged with us in a consultative process to do that.

**Hon JON FORD:** Thanks for the submission, Toni, and for coming in today. It seems to me from your submission that the CSA believes that most of the three per cent efficiencies will be actually targeting jobs. Is that a fair —

**Ms Walkington:** From the advice that we have received from our members reporting what is occurring, plus from some directors general and CEOs, to the extent that they feel they are able to, they have all talked about some reductions in terms of jobs themselves. Child Protection are abolishing their librarian position and are also abolishing, I think, about 20 to 30 administrative positions. Many have talked about delaying the filling of vacancies, and in some cases not filling vacant positions at all, and also reviewing and not renewing fixed-term contracts.

**Hon JON FORD:** Have you had any feedback or received any evidence of targeting permanent positions?

**Ms Walkington:** The permanent positions that have been targeted are like the Child Protection, where they are permanent positions.

**Hon JON FORD:** Okay. They are permanent, not fixed term.

**Ms Walkington:** Yes. So there are some areas where permanent positions have been identified as required to go in order to provide the three per cent saving.

**Hon JON FORD:** We have heard evidence today, particularly from the AMA and, interestingly enough, from the CCI—or not unexpectedly, I suppose—that some of the three per cent efficiency could be gained in the longer term by investing in short-term capital equipment—tool changes, better IT systems and equipment. Would you support that view?

**Ms Walkington:** We would certainly support investment in upgrades of equipment that might lead to efficiencies. We would say you need to be cautious sometimes in anticipating what the outcome or effect of those might be. At times they can be overestimated. However, there are also areas that we know where upgrading tools and equipment, such as in dental health services, would lead to efficiencies. At the moment the school dental service is not computerised; it is manual based. Inherent in that are many inefficiencies in terms of double recording on paper, of not being able to get reports easily, of not knowing how you can distribute resources because you are not getting a good picture of volume of children in particular areas and being able to move resources around quickly. So there are areas, we believe, in which efficiencies could be realised through the introduction of better equipment or computerisation.

**The CHAIRMAN:** I have a few questions to ask you, but before I do can I tell everybody in the room that the air conditioning in the entire building is down, so I hope nobody starts to suffocate or faint. That is why it is feeling slightly warm in here, so I apologise for that. The first question that I have to ask you goes to what consultation occurred between government and the CSA on the decision to implement the three per cent efficiency dividend and the other announcements that have been made around the economic audit committee—those sorts of things.

[2.20 pm]

**Ms Walkington:** We were first apprised of the three per cent dividend via the media, and heard it via media reports. We were not able to meet with the Treasurer until January, so it was some time after —

**The CHAIRMAN:** Since the election?

**Ms Walkington:** Yes. That was the first opportunity we had to discuss with the Treasurer the concerns that had been relayed to us by departments about their limited capacity to consult with us over the impact it would have on employees. At that meeting there was an undertaking that CEOs and DGs would be advised about what their consultation authority was. We were given an undertaking that that would happen within two weeks of that meeting. It has now been longer than two weeks, and we have not yet been provided with that advice. The other announcement was to do with the ceiling being imposed. Again, we first heard about that when a member of the media asked us to respond to a comment made at a press conference by the Treasurer. The following day, the Treasurer released a press release. We had not been advised directly by the Treasurer of that measure or initiative.

**The CHAIRMAN:** A submission has been put to us and made public by the Chamber of Commerce and Industry that one of the measures the government ought to look at to reduce its unit labour costs is a reintroduction of individual bargaining. Do you have a view about that?

**Ms Walkington:** Yes. Our experience of individual bargaining and agency-based bargaining is a deep one, if you like, going through the 1990s when individual bargaining and agency-based bargaining was prevalent throughout the sector. That led to massive inequalities; there were something like 397 wage rates in the public service. You could be employed in a job in one department and be paid of up to 42 per cent more or less than the same sort of job in a different department. Massive inequalities resulted. It resulted in competition between departments because some departments could pay better than others, and they would take employees from other



departments. It also meant that at times it led to restrictions and limitations in the flexibility of government; if you were going to restructure a department, you had myriad issues to do with reconciling the different wages and conditions that applied to that group. It also led to inequalities on the basis of gender; many women are located in direct human service areas, which are often CRF funded, and rely on CRF funding to a greater extent than, say, Main Roads or the Public Transport Authority, or other such bodies where there are a greater number of male employees. Those organisations were able to provide significant wage increases compared with those that were reliant upon CRF funding, and therefore also had limitations imposed on what they were able to provide by way of wage increases.

**The CHAIRMAN:** One of the other points the chamber made—using, in a sense, the same language you did about the three per cent dividend being a blunt instrument—was that it is a blunt instrument, but that that is what the system needs: a short, sharp blunt instrument, and that ongoing measures need to be put in place to continue to address wider efficiency measures. Do you have a view about that?

**Ms Walkington:** I would question the basis or the assumption of the CCI as to why a blunt instrument is needed. Whilst there has been a lot of discussion about public service numbers and that type of thing in the media—often initiated by releases from the CCI—there seems to be very little evidence about why the public sector is inefficient; it is almost as if the allegation or claim is made that the public sector is inefficient, but there is very little evidence or examples of that inefficiency. Understanding that the CCI represents a particular constituency group, sometimes their interests are not the same as the government's interests; I would point to things like environmental approvals and planning approvals.

**Hon KEN TRAVERS:** We have talked a lot about the arbitrary and indiscriminate cuts in staff across departments. Recently I heard a comment made about ministerial officers; although there was supposed to be a cap, there had been an increase in the number of staff by seconding from other agencies. Are you aware of whether there are any areas of growth in the public service in terms of employment numbers?

**Ms Walkington:** There has been growth over some years in the Department for Child Protection, and that was as a result of some major issues that that department had to address.

**Hon KEN TRAVERS:** A good minister!

**Ms Walkington:** Yes, indeed! Some great work done by some excellent ministers!

**The CHAIRMAN:** Back to order, thanks!

**Ms Walkington:** There has also been some growth in some specific areas in which there have been new initiatives, such as recreational skipper licensing and so on; there might have been one or two positions to support that. There has been some growth in areas such as police officers, certainly, and teachers and nurses. Our issue is basically that the growth has been in certain areas, and not in others. To then say that every department is to be given a ceiling and that they cannot go beyond that does not address the needs of that particular function or service.

**The CHAIRMAN:** I have a question about privatisation. There have been some media reports already, but the submission from the CCI certainly suggested that what the government ought to be doing is conducting an examination to identify which of its services ought to be privatised and which ought not. Do you have a view on that?

**Ms Walkington:** Privatisation is often seen as a panacea for government costs, but in effect it is often cost-shifting. It might reduce FTE numbers because agencies are not reporting FTEs anymore, but the company that is providing a service on behalf of the government or under contract to the government, certainly employs people. We have seen a number of contracting-out experiments occur over a number of years, and what has inevitably occurred—I use Acacia Prison as an example—workers on that site are paid considerably less than those who work in public prisons,

and their conditions are inferior. Privatisation is often more cost-effective—we would even question that, at times—than the public sector is seen to be, but that is because the labour costs are lower. It is not necessarily in the interests of our community to have two sets of workers because one is private and the other is public. In addition, whilst the service may be contracted out, the government is still responsible for its delivery to the community, and therefore loses a degree of control over that. Advocates of privatisation talk about that being a question of contract management, but in our experience it is impossible to get a contract that covers absolutely every situation that might be anticipated or envisaged—there is always more than you can ever anticipate or envisage—and ensure that that contract is absolutely watertight in every regard.

[2.30 pm]

Also currently what occurs when you compare public sector and private sector delivery—and if we take Acacia as an example, there are claims that Acacia is much more efficient and costs less than running a public prison. What is not costed against the service provision or the contract for Acacia is the work that the Department of Corrective Services does on sentence management, which also involves all the offenders who are in Acacia Prison. The cost of the office of the Inspector of Custodial Services is not costed against Acacia although the reason for the existence of that office was because of the existence of a private prison in this state. There are a range of other costs that are placed against the public prison that the Department of Corrective Services provides to Acacia when it is required to assess prisoners et cetera but they are not costed against Acacia. In addition, when comparing private and public sector quotes or estimates, the Department of Treasury and Finance model says that overall once you have your public sector cost, you add 10 per cent to that. The rationale for that, according to the Department of Treasury and Finance and as provided to me, is that the public sector inevitably underestimates what the cost will be. So you have to inflate it by 10 per cent to overcome the inevitable underestimation. That flies in the face of experience and it also flies in the face of experience in the private sector contracting where at times costs escalate under a private contract and are simply renegotiated but there is no inflator, if you like, for a private sector bid.

**The CHAIRMAN:** Thank you very much for your contribution today. I am sorry you had to do it in somewhat uncomfortable conditions. If we identify further questions, are you happy for us to provide those to you in writing and ask for you to respond to us in writing?

**Ms Walkington:** Yes, certainly.

**The CHAIRMAN:** Thank you very much.

**Hearing concluded at 2.32 pm**