



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

(Reference: [Annual and financial reports 2009-2010](#))

**Members:**

**MS C LE COUTEUR (The Chair)**  
**MR B SMYTH (The Deputy Chair)**  
**MR J HARGREAVES**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**THURSDAY, 25 NOVEMBER 2010**

**Secretary to the committee:**  
**Ms A Cullen (Ph: 6205 0142)**

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

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

## APPEARANCES

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## **Privilege statement**

The committee has authorised the recording, broadcasting and rebroadcasting of these proceedings.

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While the committee prefers to hear all evidence in public, it may take evidence in-camera if requested. Confidential evidence will be recorded and kept securely. It is within the power of the committee at a later date to publish or present all or part of that evidence to the Assembly; but any decision to publish or present in-camera evidence will not be taken without consulting with the person who gave the evidence.

*Amended 21 January 2009*

## **The committee met at 9.01 am.**

### Appearances:

Stanhope, Mr Jon, Chief Minister, Minister for Transport, Minister for Territory and Municipal Services, Minister for Business and Economic Development, Minister for Land and Property Services, Minister for Aboriginal and Torres Strait Islander Affairs and Minister for the Arts and Heritage

### Chief Minister's Department

Cappie-Wood, Mr Andrew, Chief Executive  
Davoren, Ms Pam, Deputy Chief Executive, Policy  
Hudson, Ms Cathy, Commissioner for Public Administration  
McAlary, Mr Luke, Director, Public Sector Management  
Lasek, Mr Jeremy, Executive Director, Culture and Communications Division  
Ogden, Mr Paul, Acting Chief Finance Officer  
Cox, Mr Ian, General Manager, Business and Industry Development

### Department of Territory and Municipal Services

Byles, Mr Gary, Chief Executive  
Divorty, Ms Jill, Executive Director, Shared Services  
Morrell, Deputy Chief Executive  
Vigor, Ms Catriona, Acting Director, Goods and Services Procurement and Policy  
Wardle, Mr David, Director, Territory Records Office  
Ayers, Mr Paul, Director, Planning and Development, InTACT, Shared Services

**THE CHAIR:** I formally declare open this public hearing of the Standing Committee on Public Accounts into the 2009-10 annual reports. On behalf of the committee, I would like to thank the Chief Minister and all the relevant department and agency officials for appearing today.

The proceedings this morning will commence with an examination of the annual report of the Chief Minister's Department in relation to the items under responsibility of the Chief Minister, followed by the annual report of the Commissioner for Public Administration. There will be a short morning tea break at 10.30, hopefully only for a quarter of an hour, and the proceedings will recommence with an examination of the parts of the annual report in relation to the responsibility of the Minister for Business and Economic Development. We will then conclude with the examination of the Department of Territory and Municipal Services annual report with regard to Shared Services, followed by the annual reports of the ACT Government Procurement Board and the Director of Territory Records.

Can I remind witnesses of the protections and obligations afforded by the parliamentary privilege card and draw your attention to the yellow coloured privilege statement which is, no doubt, on your table. Can you, for the record, please confirm that you understand the privilege implications of the statement?

**Mr Stanhope:** We do.

**THE CHAIR:** Before we proceed to questions from the committee, Chief Minister, do you have an opening statement?

**Mr Stanhope:** I do not, thank you very much, Madam Chair, but we look forward to assisting where we are able to.

**THE CHAIR:** Thank you, Chief Minister. Mr Smyth, I believe you have a question on ACT executive.

**MR SMYTH:** I do. Chief Minister, on page 12 of volume 2 of your annual report, in the statement of income expenses I notice the annual budget for the entire executive was \$6.2 million but it came in at \$5.5 million. What is the reason for that?

**Mr Stanhope:** I do not think there is a reason so much more than some staffing positions were not filled. I think it is as simple as that.

**MR SMYTH:** Have those staffing positions now been filled?

**Mr Stanhope:** I think some of them are in the process of being filled. The precise numbers that were provided for and the precise numbers filled is something that I can provide detail to you on but it is simply a question of some positions that were not filled.

**MR SMYTH:** In which offices were those positions?

**Mr Stanhope:** I think across the executive. I know there were positions in my office that were not filled and I think it is probably the case that across ministerial offices there were positions that were not filled across the entire—

**MR SMYTH:** Have those positions in your office been now filled?

**Mr Stanhope:** I do not know whether my entire allocation has been exhausted. I would have to take some advice. I am more than happy to provide a detailed, tracked account across the year of positions that were filled and what their current level of vacancy is.

**MR SMYTH:** If you can take that on notice, that is fine.

**Mr Stanhope:** Sure.

**MR SMYTH:** On page 28, note 9 “Supplies and Services”, hospitality has increased by something like 71 per cent. Is there a reason for that?

**Mr Stanhope:** I would have to take advice. I must say I tend not to keep an eye on that. I am not aware of that variation or what it might be appended to but—

**MR SMYTH:** It went from \$36,000 to \$68,000.

**Mr Stanhope:** Yes. I am sure there is a very simple explanation. I am not sure what it is.

**Mr Cappie-Wood:** Sorry, can I confirm that this is going from \$54,000 to \$87,000?

**MR SMYTH:** Yes, the cost total.

**Mr Stanhope:** I simply do not know the answer to that. I am more than happy to take it on notice. I am not aware of any significant difference at all in relation to the nature of hospitality. It may be that there was a single event or one or two large community events where hospitality was provided, and it would have created that. In the context of such routine hospitality, I am not aware of any difference or change. For a change of that significance, I can only assume that it is one or two major community-type events where hospitality was provided.

But I am happy to take it on notice. I am happy to give a breakdown. I think the easiest thing to do is simply give you a list of all of last year's hospitality and all of the hospitality in each of the last two reporting years.

**MR SMYTH:** That is kind. Thanks, Chief Minister. I have one further matter. Office supplies went from \$36,000 to \$68,000, almost a 90 per cent increase. Is there a reason for that?

**Mr Stanhope:** I think the easiest thing for me to do, again, would be to simply give you the full breakdown of all expenditure in each of the two reporting years. I have no idea.

**MR SMYTH:** Travel went from \$147,000 to \$251,000, which is an increase of almost 70 per cent.

**Mr Stanhope:** That would be primarily overseas travel. I think that is a question really of coming from a reasonably low base in relation to ministerial travel and I think it simply reflects that there was less travel in the year before. I think that would have been the year of the election. I do recall there was very little international travel in that year. Once again, I think the easiest way to respond fully would be to simply provide you with the numbers from each of the successive years.

But from memory, I think it goes from a base of almost exclusively domestic travel with perhaps only one overseas trip in the year before to a situation where three ministers or maybe even four ministers in the following year did undertake international travel. I think that would be the difference. I am supposing here but I will get the complete breakdown for you.

**MR SMYTH:** I have a final one. Professional services, what is included in that category?

**Mr Stanhope:** I will have to take it on notice.

**MR SMYTH:** Thank you.

**THE CHAIR:** Mr Hargreaves, on ACT executive?

**MR HARGREAVES:** Yes. I am on the same page, which is rather rare. I know it is not a big number, it is only \$6,000, but there is a reduction in insurance premiums. Is that workers comp insurance premiums?

**Mr Stanhope:** Mr Cappie-Wood may have some information.

**Mr Cappie-Wood:** Yes, it is made up of a range of insurances and again perhaps we can add that to the list of breakdowns.

**MR HARGREAVES:** There is no change at all to the staff-related expenses. Could you give a bit of a breakdown there? I have got a funny feeling that covers such things as study leave. It seems like there is a nice steady figure there, yes?

**Mr Cappie-Wood:** Yes.

**THE CHAIR:** Mr Seselja, on executive?

**MR SESELJA:** Thank you, Chair. Minister, in relation to the executive you have got the staff members in ministers' offices and various costs that go with that. How much additional support is provided through departments themselves now that the departments' budgets go to the executive?

**Mr Stanhope:** What, specifically within offices?

**MR SESELJA:** Specifically within offices and specifically as support for cabinet or not the ordinary work of the department but in terms of whether it is DLOs, whether it is other support that is in one way or another funded by departments but is effectively support for the cabinet or for the ministerial offices?

**Mr Stanhope:** I am not aware whether the situation has changed at all at any stage in the last nine years of government. Traditionally—and it is certainly the case in my office and I do not believe it is different in any other office—I have two DLOs and that has always been the case in my office. I have no enhanced or additional departmental staff or assistance within my office other than the traditional placement of departmental liaison officers. I believe that to be the case in every office. It is certainly the case in mine. I believe I can speak for every minister when I say it is my understanding that is the case in every other office. I am happy to confirm that but I know of no additional support or extra support over and above that which has traditionally been provided.

**MR SESELJA:** I am trying to get a handle on what is the amount of that support.

**Mr Stanhope:** Sure. Like the number of DLOs or the number of departmental officers within ministerial—

**MR SESELJA:** Whether it is DLOs or whether or not the department has other measures that they have in terms of direct support to ministerial offices. I do not know what those might be but if there is anything additional to DLOs—

**Mr Stanhope:** There was always the ministerial support unit within the Chief

Minister's Department, which is a unit that seems, to some extent, to service the whole of the Assembly in relation to some issues. But it is probably more appropriate that Mr Cappie-Wood respond to the role.

To complete the answer, ministers have, within their offices, departmental liaison officers who are the point of contact most specifically for ministerial correspondence, for the management of ministerial correspondence as well as, of course, for the handling of other documents between a department and a minister—for instance, cabinet documents, telephone calls, points of contact but most particularly the management and control of ministerial correspondence and contact with the minister's office. Over and above that, I am not aware of any other support within office that is provided by departments. Certainly there is not within my office but I, along with all other ministers, am supported by our departments generally, as you would expect.

But there is a unit called the Chief Minister's support unit which has existed since self-government and which looks after issues, for instance around protocol, and manages events. For instance, the ACT Australian of the Year event two nights ago was organised, managed and executed by staff within that unit. That is their function but they do not provide any direct support, within offices, in an administrative sense. They have an overarching function, just as a policy section, to provide policy advice. The support unit provides protocol advice, other support advice in relation to the management of offices. They look after the supply of paper for the photocopying machines and they look after the computers, the telephones that members and staff have.

I am not aware of any other direct support at all but Mr Cappie-Wood may be able to enlighten me and all of us.

**Mr Cappie-Wood:** Clearly, even in terms of the preparation of these documents here, there is a degree of support that sees the Chief Minister's Department being responsible for the preparation of even these documents that go into the annual report. So you would see that because it is within our portfolio. There is a degree of support there, but it depends on how you want to really differentiate that. This is for clarity of reporting purposes.

The chief financial officer has a role in terms of preparation of these accounts that go into the annual accounts as well. The Chief Minister has outlined the support and protocol area. It supports the Chief Minister as government, not in a political sense. It is purely an administrative arrangement. As the Chief Minister outlined, that is support and protocol and basically administrative arrangements and is shared across the executive.

**MR SESELJA:** If the DLOs are the only expense, you separately account for that, and then there is an amount that is spent by departments in relation to that kind of direct support? Is that accounted for somewhere and do we have a number on that?

**Mr Cappie-Wood:** Whilst the DLO numbers can be clearly articulated, they are not separately accounted for because they are seen as a normal extension of the support of government of the day from the administrative body for which the minister is responsible. If it is the minister for DHCS then DHCS will provide a DLO and the

DLO is accounted for within the costs associated with that department, as opposed to a separate entity. They relate to the workings of the administrative unit, not to the workings of the ministerial office.

They are, if you like, the conduit of paper and the smooth workings of the operations between the two offices. They are not on the staff—they are still on the books of the individual agencies and they turn over. There is a DLO policy in place in terms of recruitment processes. We aim to see it as a process, for the DLOs, of making sure that we have staff who go through those positions reasonably regularly. So it is a staff development exercise for the individual agencies.

**MR SESELJA:** We have got the executive budget and there is nowhere else where there is some accounting within the department for that additional direct support that is given to ministerial offices?

**Mr Cappie-Wood:** None of the agencies account separately for their DLO costs. They see that as a support for the agencies in the management of paper flow to the ministerial offices, rather than necessarily direct support for the ministerial offices. Because it is on the books of the administrative unit, it is seen as having a public servant there to assist in the transfer of paper and communications between the two.

**MR SESELJA:** Apart from departmental liaison officers, there are no other staff within ministers' offices who are paid for or accounted for out of the department's budgets?

**Mr Cappie-Wood:** I am certainly unaware of any.

**MR SESELJA:** And how many DLOs across the executive?

**Mr Cappie-Wood:** I am very happy to provide that. It is not always a one-to-one relationship between ministers and administrative bodies. Depending upon the distribution of ministerial responsibilities and the administrative arrangements, that can vary slightly, but we are happy to provide that number.

**THE CHAIR:** Mr Hargreaves, I think you had a supplementary.

**MR HARGREAVES:** Yes, thanks very much. I have just a couple of supplementaries. Would I be correct in assuming that the cost of DLOs is included in the total cost of ministerial support within those agencies? That is what you just said.

**Mr Cappie-Wood:** That is right, yes.

**MR HARGREAVES:** So if one wanted to find out how much that was—an examination of an individual department—it is probably contained within the executive of the department's total block—

**Mr Cappie-Wood:** Yes, depending on how they arrange their costs.

**MR HARGREAVES:** and reflected, possibly, in terms of how much support in the performance indicators—

**Mr Cappie-Wood:** Yes.

**MR HARGREAVES:** Thanks. The only area that was not mentioned—and I thought that it would be nice for the record to have it clarified—is the extent to which the cabinet office itself exists in relation to the Chief Minister’s office. My understanding is that it is actually a segment of the Chief Minister’s Department.

**Mr Cappie-Wood:** Yes.

**MR HARGREAVES:** It is actually located separately.

**Mr Cappie-Wood:** Yes, it is.

**MR HARGREAVES:** There is a liaison when the Assembly is sitting and beyond that it provides its services to the Chief Minister through your own office?

**Mr Cappie-Wood:** That is correct. It is an administrative support process for the management of business of cabinet and, as such, there are other responsibilities for that area, such as intergovernmental relations. That is how we are structured within the Chief Minister’s Department. It relates to an outlook class within our reporting structure.

**MR HARGREAVES:** Thank you. I think that will clarify the record.

**MR SMYTH:** Back to page 12, Chief Minister—employee expenses also dropped from \$4.4 million to \$4 million. I note the notes say there was a change in methodology of calculating annual leave expenses and long service leave expenses. What was that change of methodology and why was it not anticipated when the budget was formed?

**Mr Ogden:** Under the members award, they can opt to take their long service leave as an allowance rather than an accruing of the expense. There was a change in the original year and we expected, through our budgeting, that they would take the allowance through an accruing system, but when the actual expense was incurred the staff opted to take the allowance, which is a fortnightly allowance, instead. It is an award.

**MR SMYTH:** So that is why, on page 27 of the notes, annual leave went from \$238,000 to \$76,000 and long service leave went from \$223,000 to \$53,000. Thank you.

**THE CHAIR:** We will now move on to the broader Chief Minister’s Department. Page 27 notes that you are going to release a triple bottom line assessment tool. Can you tell us more about that? How does it differ from OSCAR that you are currently reporting on? I am sorry, it is page 21 in this one. Can you tell us more about the plans for that and how that will differ from OSCAR?

**MR HARGREAVES:** Oscar is a little gold statue!

**Ms Davoren:** This is work scheduled in the current year. We had hoped to have done it a little bit earlier, so it is still an emerging area. Basically, we are trying to develop a policy assessment framework that looks across the different dimensions of social, economic and environmental dimensions of sustainability. It is still a work in progress, so I guess there is not a great deal we could say at this stage in terms of what that is going to look like. We are still having discussions across government and it is also still subject to taking a proposal to cabinet.

**THE CHAIR:** So it will be looking at programs, actual program delivery, and policy initiatives?

**Ms Davoren:** That is still a matter that is subject to further development and consideration by cabinet.

**THE CHAIR:** Is that currently in the scope? Otherwise I am concerned that you may end up with basically something that is effectively just OSCAR—ESD reporting which, I understand, uses the OSCAR tool.

**Ms Davoren:** It is a policy tool. It is intended as a policy tool, a policy assessment and evaluation tool, but I do not want to get into making commitments about what it might look like until we take that through cabinet.

**THE CHAIR:** Is it likely to look at actual policy delivery as well? It sounds like it is looking at policy formulation, but is it likely to look at policy delivery?

**Ms Davoren:** In terms of policy outcomes?

**THE CHAIR:** Policy outcomes.

**Ms Davoren:** Service outcomes. Again, I do not want to get into too much detail of what it could do. As to the issues that we would be looking at in terms of how we roll that out, again it depends on what kind of frame we propose to government. It may well be a staged implementation. With those kinds of change processes around how we assess and formulate policy, and also how we evaluate it, we may want to do a staged implementation and learn from the process as we implement it.

**MS HUNTER:** Ms Davoren, do you have a time frame in mind around this work?

**Ms Davoren:** We want to complete it in the current financial year.

**MS HUNTER:** How many people are working on it?

**Ms Davoren:** The people working on it are in one branch of the team. At the moment there would be one person who has primary responsibility for that, but of course they have some other responsibilities as well. As we indicated in the annual report, in our division we also have to juggle responding to emerging issues. Again, it is always that question about how we balance our workload. Sometimes new priorities come out and we have to readjust our priorities. That is one of the issues with that piece of work, but it is a clear commitment for this financial year.

**THE CHAIR:** Ms Davoren, can you possibly speak up—

**Ms Davoren:** I am sorry, yes.

**THE CHAIR:** because I could not actually hear all of that? Will this tool include climate change assessment, particularly given the recent commitment to a 40 per cent greenhouse gas emission reduction? Is that going to be significantly facilitated by this?

**Ms Davoren:** It is an issue that is within that set of policy concerns. I think there are two ways of addressing that. One is looking at it within the context of a triple bottom line assessment tool. That is one of the issues that we are looking at in terms of our future infrastructure planning. We are trying to develop a climate change vulnerability assessment element of that longer term infrastructure planning. There are a number of connected issues that we are looking at.

**THE CHAIR:** But the triple bottom line will include climate change?

**Ms Davoren:** Again, I do not want to jump in and confirm that this is what it is going to look like before we fully complete the job and take the issue to cabinet. But obviously there will be a range of issues and climate change is one issue that will be included within the range of matters that we will be looking at in terms of developing a triple bottom line assessment tool.

**THE CHAIR:** Is all the work being done internally?

**Ms Davoren:** At this stage it is, yes.

**THE CHAIR:** Is it likely to continue to all be done internally?

**Ms Davoren:** At this stage.

**MS HUNTER:** Within the scope of the work, is it also having a look at how it might interact with the budget and annual reporting and what goes into annual reports? I guess that is part of the scope of all of this.

**Ms Davoren:** We looked at the triple bottom line annual reporting. We had dealt with that issue in the last financial year—and that is reported in our annual report—which is the work that we did in terms of a community engagement around triple bottom line reporting. We had then put forward a proposal to incorporate a triple bottom line report within the annual reports, and that is in the current annual reports—this year's reports that you are looking at now.

We will be having a look at that to see how that is being implemented and also working with DECCW to see how we can better align the triple bottom line report that is in this annual report with the ESD reporting. So we will try to get a better alignment and see whether or not we want to make some adjustments to how that works in the future.

**THE CHAIR:** You mentioned the infrastructure plan was going to have more to do

with potential climate change impacts. Can you talk a bit more about that?

**Ms Davoren:** Again, that is an area of emerging work. It is one new area that we want to incorporate into our long-term infrastructure planning. We are planning to develop a framework for that, looking at how that has been done elsewhere, and incorporate some work on that in the infrastructure plan for next year. Again, it will be an area where we have to develop over a period of time an iterative development of a process. Again, I cannot give you a full story because it is a matter of material that we are currently working on.

**THE CHAIR:** I suspect I know the answer to this, but you mentioned you were looking at the impacts of climate change on infrastructure. Are you going to be looking at it the other way around—the impacts of our infrastructure on greenhouse gas emissions?

**Ms Davoren:** In terms of how we look at the climate change vulnerability framework, I think it is a two-way framework. Again, I think that is an issue that we would be wanting to have a look at. I know it is frustrating, but I cannot tell you what it is going to be like until we complete the work.

**Mr Cappie-Wood:** I might add to that. Whilst prospective investment in infrastructure is one issue which climate change needs to consider, it is the existing investment in infrastructure and the development of strategic asset management plans, which is a progressive process at the moment, which also needs to be taken on board.

**MR SESELJA:** How much was spent on developing the infrastructure plan?

**Mr Cappie-Wood:** It was almost exclusively internal resources. In terms of internal staff time, that has not been calculated at this point in time. It was the time spent in terms of consultations, speaking and engaging with the Property Council. They have been very constructive and we have got further sessions set aside with them. All of those are internal resource costs.

**MR SESELJA:** Will that be calculated at any stage?

**Mr Cappie-Wood:** We had not intended to. Were you seeking clarity on that matter?

**MR SESELJA:** I think it would be useful just to get an understanding of how much of the government's resources the infrastructure plan took.

**Mr Cappie-Wood:** I would suggest it would probably be an estimation because we have not actually been capturing data on that so far.

**MR HARGREAVES:** Does that mean that, because it is done internally, something else may not have been done to make way for that infrastructure plan to be developed? Perhaps something else has been put on the backburner because that was a more important project? Or do you feel that it is just the normal run of business?

**Mr Cappie-Wood:** Certainly, the infrastructure plan is something new within the government's strategic planning framework. It is something essential that is being

asked for by the commonwealth government as the clarity around individual jurisdictions' strategic asset management thinking. To that extent, it is new. We have had to manage it within existing resources. We have had to juggle our priorities and, as such, that is part of the everyday life of a government agency.

**MR HARGREAVES:** In terms of the commonwealth government's infrastructure fund, would it be more difficult to access those funds if you did not have a decent infrastructure plan?

**Mr Cappie-Wood:** I would suggest it would be impossible to do so. They have stated in their criteria for the assessment of infrastructure bids that this is part of their major considerations: do jurisdictions have a strategic planning—and that is beyond spatial planning—hierarchy? We recently had the CRC, COAG Reform Council, panel come and visit the ACT. They have been going to each jurisdiction to assess the strategic planning framework that leads to a clear hierarchy of plans, including the infrastructure plan. They can therefore report back against the criteria which the COAG Reform Council set up for effectively good health in this area.

**MR SESELJA:** In terms of those submissions to Infrastructure Australia, have the ACT submissions now been made public? I know that in a number of the jurisdictions, the actual submissions to Infrastructure Australia were published. Have the ACT submissions also been published?

**Mr Cappie-Wood:** My understanding is that recent consideration called for a refresh, if you like, of the jurisdiction's submissions. At this point in time that is just going through the cabinet process.

**MR SESELJA:** What about the ones that have gone in the past? Have they been made public? I know that other jurisdictions have done that.

**Mr Stanhope:** I must say that I am not aware that they have. It is not something we have given consideration to in recent times, that I can recall.

**Mr Cappie-Wood:** But you have made them public in terms of what the bids have been.

**Mr Stanhope:** Yes, sure. There was the submission in relation to light rail. I cannot imagine any reason why we would have any issues about making them public. I do not think it has ever been raised with me. I am more than happy to take advice on whether there would be any issues but I cannot imagine why there would be. I cannot imagine that there would be any issue at all.

**MR HARGREAVES:** I would be interested to know which jurisdictions have actually put them out for public consumption and those that have not. Would you be able to check that?

**Mr Cappie-Wood:** We would be happy to.

**Mr Stanhope:** I am more than happy; I will take some advice on the nature of them before committing to it but I cannot imagine why we would have any issue with that.

**MR SMYTH:** Just to finish up on infrastructure before we go on, how much have we actually received from Infrastructure Australia in terms of funding?

**Mr Stanhope:** No money specifically from Infrastructure Australia; all the money is received from the commonwealth, and Infrastructure Australia—

**MR SMYTH:** How much have we received from the commonwealth as a result of submissions to Infrastructure Australia?

**Mr Stanhope:** I am not sure whether we have received any.

**Mr Cappie-Wood:** The early part of Majura actually—

**Mr Stanhope:** The first tranche of funding for Airport Road, the \$30 million. To be absolutely certain, I would need to take that question on notice, but \$30 million was received from the commonwealth essentially for the network that is part of Majura at Pialligo. But I would need to confirm the route by which those moneys were approved and provided. Apart from that I am not aware of any.

**THE CHAIR:** Ms Hunter has a supplementary on this subject.

**MS HUNTER:** I do. On page 19 of the annual report it talks about the four areas in which the ACT government is seeking infrastructure funding from the federal government—Majura Parkway, light rail, a new stadium and the VFT. How did the government decide that these were the highest priorities? What process was gone through to decide and is there also a priority list within that list of four?

**Mr Stanhope:** The process essentially was a cabinet process, as I recall it. So the process was a standard cabinet process, which actually involves all ACT government agencies in the delivery of advice to government through that particular process. The cabinet, through that process, determined, on the basis of that submission and the advice received, a range of projects that it felt to be of high priority.

Within the general description of projects in relation to which Infrastructure Australia had sought submissions, there was a fairly extensive period of consultation, negotiation and discussion, as there continues to be between ACT government officials and Infrastructure Australia in relation to their guidelines. Infrastructure Australia have a view and some guiding principles in relation to the sorts of projects that they have been charged with giving consideration to and ranking.

In the context of our priorities, we did rank the Majura Parkway proposal as our first priority. We did that on the basis of a government or cabinet perception, on the basis of advice from officials, on what represented the highest or most immediate priority in terms of major infrastructure that we believe fitted within the scope of the advice which Infrastructure Australia had sought.

I believe Majura Parkway remains, in the context of potential commonwealth funding, our highest priority. Majura Parkway, having regard to the growth of the city in Gungahlin, and also the extent to which the linkage between the Federal Highway and

the Monaro Highway is now a major linkage which is already suffering some stress as a result of the level of traffic, will, over the next four to five years, become a major potential concern in terms of lack of capacity to appropriately manage the numbers of vehicles using it. We believe it remains a major priority.

Having said that, one does also need to take account of the guidelines. We also discuss and consult with Infrastructure Australia and the commonwealth what sorts of projects are likely to be supported. Indeed, Infrastructure Australia supported the Majura Parkway. In the last major round of funding, 11 projects were identified by Infrastructure Australia as projects of national priority, and the Majura Parkway was one of the 11. Unfortunately, it was not funded.

**MS HUNTER:** How were the light rail, the new stadium and VFT ranked, if Majura was number one?

**Mr Stanhope:** In our view, they ranked highly, but in the context of the cost-benefit ratio and analysis which is pivotal to the Infrastructure Australia process, unfortunately, light rail, for instance, rated very low. There is a cost-benefit ratio process which Infrastructure Australia apply to all submissions they receive. Of our submissions they rated, on that ratio, that scale, Majura Parkway very highly indeed. It came in very competitively with all other major priorities, but light rail did not.

**MS HUNTER:** Chief Minister, I am more interested in how cabinet might have ranked them rather than Infrastructure Australia. You are saying Majura Parkway was seen as the most important of those four; how would the other three rate?

**Mr Stanhope:** The most immediate; the project of most immediate priority. One of the measures that we as a cabinet applied was that, if we never, ever received any commonwealth funding for any of these—we listed, I believe, eight projects?

**Mr Cappie-Wood:** Yes.

**Mr Stanhope:** We listed eight projects. One of the considerations I took into account, and I assume my colleagues applied the same measure, and I presume everybody would, was to assume that here are eight projects; assume that you will be required, at the end of the day, to fund them all yourself; assume that your bid is unsuccessful for commonwealth support or assistance. Which of these projects would you do first if you were to fund it entirely by yourself? For me and for the government, of the eight projects we listed, if we faced the prospect of having to fund them entirely by ourselves from our own resources, out of our own budget, the one that I would fund first is the Majura Parkway, and that remains the case. So that was a very important criterion.

Also, it is relevant to note that officials had lengthy discussions with Infrastructure Australia. These conversations are not in the public domain; we do not publish the results of conversations. But you would understand that officials would say, as would I, to Infrastructure Australia, “Which of these projects do you think you are most likely to support?” The advice from Infrastructure Australia was that, on the basis of all the criteria, the project that they would have been most likely to fund or support was Majura Parkway. As it transpires, it is the only one of the projects they were

prepared to support.

That does not mean other projects such as light rail are not of strong interest or importance; they are. I do not have the full list in front of me but we also indicated that we would welcome Infrastructure Australia support for health capital infrastructure. We are in the process of spending or anticipating expenditure of a billion dollars, probably, over the next 15 years or so. I do not quite know the time frame but we are currently engaged in a massive investment in health infrastructure.

With respect to water, we believe that, in the context of Canberra being the national capital, water security is fundamental. We indicated to the commonwealth that they might like to give consideration, through Infrastructure Australia recommendations, to funding some of the water security investments which we are currently making. They chose not to do that, but that does not mean that we did not think it was a very high priority. But it is a priority which we are managing through other means, through Actew and Actew borrowings.

Similarly, with the hospital, it is work we cannot put off. We cannot delay. We are doing it anyway. So those were the sorts of criteria. If you are comparing or asking the question, “Why did you, the ACT government, advocate more particularly for Majura Parkway than light rail?” it is because it is a greater immediate priority and it had a far greater chance of success. Indeed, as I said, the cost-benefit ratio which Infrastructure Australia determined in relation to light rail was incredibly low, to a point where there was no prospect of it being recommended for support.

At one level, the decision that we took to include the very fast train network in our bid was done advisedly, knowing, almost certainly, that it would not be supported. But I was very keen, and I put it to my colleagues, that we should quite deliberately and specifically list a project such as the very fast train, knowing objectively that it would not be successful, but for the sake of ensuring that we continue to remind other governments, the commonwealth and others, that this is potentially a very important project.

I am happy to share, in relation to the very fast train listing by the ACT, the fact that I wrote to the premiers of Victoria, New South Wales and Queensland prior to lodging our proposals to Infrastructure Australia, asking them to join me in a joint proposal to Infrastructure Australia on behalf of all four eastern state governments—that we each list. Regrettably, my premier colleagues were not persuaded by the wisdom of that. Life is ironic, and I must say it is becoming almost a habit but I do need to acknowledge that the \$20 million study that is currently being pursued would have almost certainly not have been pursued were the federal government not a minority government and had Bob Brown not insisted.

**THE CHAIR:** Very true.

**MS HUNTER:** Very true, minister.

**Mr Stanhope:** In their defence, the Labor Party had committed to a study from Sydney to Newcastle. I acknowledge that it was only through Bob Brown’s intervention that the study was expanded to incorporate the whole of the east coast. So

I am grateful to Bob Brown for that. But I do acknowledge that I have been in there advocating and indeed seeking the support of the premiers of New South Wales, Victoria and Queensland and, unfortunately, not achieving it.

**MR SMYTH:** Chief Minister, a different question, on page 16—

**Mr Stanhope:** So Bob and I are on the same page, once again.

**MR SMYTH:** Does that make you a “Lite Green”? What shade of green are you therefore?

**Mr Stanhope:** I would say certainly it is becoming a worrying trend.

**MR SMYTH:** Maybe the worrying trend could move to page 16, where there is a passage entitled “Coordination of the COAG National Health Reform Initiative”. It says:

Policy Division played a key role in coordinating development of the ACT Government’s position on national health reforms ...

What exactly was that role?

**Mr Stanhope:** It was a mammoth piece of work, preparing for the discussions at COAG in relation to the health reforms. Mr Cappie-Wood, I am sure, would be happy to go to that. It involved an absolutely mammoth effort and support by ACT government officials. The COAG agenda over the last three years, it is fair to say, has been frenetic and the imposition on state and territory governments and bureaucracies has been immense and continues to be so in relation to the numbers of agreements and the reporting arrangements. The COAG workload increased by I do not know what fold but massively, and it has been a massive effort by all officials to deal with that agenda. But Mr Cappie-Wood could give far greater detail than I.

**Mr Cappie-Wood:** The reason why this appears in the annual report is that the nature of the engagement with the jurisdictions on the issue of health reform was undertaken through Prime Minister and Cabinet with first ministers’ departments as the first point of contact. We internally, together with Health and together with Treasury, were the primary groups trying to manage the wealth of change options that would be put on the table during the lead-up to the COAG discussions over two days.

We were in considerable discussions with our jurisdictional colleagues about what positions were being taken. That intergovernmental liaison, at first ministers departmental level, Health as well as Treasury heads—and there were some Treasury meetings across the health reform agenda—was very intense indeed, because we were the point of contact for the federal government, as they dictated, in terms of first ministers’ departments.

We continue to play a role in terms of implementation, together with Health and Treasury, as we look at, again, the interjurisdictional processes for implementation of the health reforms, as agreed. And for this reason, we thought it appropriate that we report in the annual report in terms of the efforts that go into this area.

**MR SMYTH:** The final agreement, I understand, has not been signed?

**Mr Cappie-Wood:** Certainly the ACT government, in terms of the undertaking to COAG, has signed one for those. The relative implementation plans—and there are many of them—are at various stages, either having been signed or being negotiated.

**MR SMYTH:** Who proposed that the ACT give up 50 per cent of its GST revenue? Was that a request from the commonwealth or was that offered up by the ACT government?

**Mr Cappie-Wood:** That was a process by which the government—

**Mr Stanhope:** We agreed, through negotiation during COAG, to the terms of the healthcare agreement. I think the Minister for Health has been clear from the outset in relation to the funding implications for the ACT. We were aware of that at that stage. We had done it, not to the precise dollar, but we had a clear understanding of the implications of agreeing and of not agreeing to the healthcare reforms. It was always the case, I have to say, if you go back and check the record, that the Minister for Health has always been completely clear and open about the funding implications for the territory.

That was an incident for us, as it was for every other jurisdiction that has agreed to the final agreement. It was always clear that there would be a different proportion of GST involved for each of the jurisdictions, and that is the case. Every single one of them will be contributing a different proportion of GST, ultimately, to the arrangement, and ours was always going to be the highest because of the level of investment by the ACT in health. It is essentially a scale. You can determine, just through the relative proportions that each of the jurisdictions is paying, which jurisdiction actually is contributing the most to healthcare. We are.

**MR SMYTH:** But does that hold when, for instance, the Northern Territory surrenders 15 per cent or thereabouts of their GST, New South Wales, Victoria, South Australia and Western Australia are at the 20, 25 per cent mark and Queensland starts at close to 30 or 40 per cent?

**Mr Stanhope:** No. Victoria starts at 39. Let us be clear about this. If you look at the Northern Territory's actual budget contribution to the commonwealth, historically the Northern Territory, in relation to its Grants Commission relativity, is 120-something per cent. The commonwealth subsidises the Northern Territory to the tune of a billion dollars a year in relation to its finances generally, over and above, for instance, the relativity of the ACT. So I would expect the Northern Territory to be as low as that.

**MR SESELJA:** Where does this 39 per cent figure for Victoria come from? I have not seen that reported anywhere.

**Mr Stanhope:** I saw it reported last week. It came from a media report that I saw last week. But it is the case. I do not know what all the other jurisdictions are but none of them are the same. I think we are at the high point and the Northern Territory is at the low point.

**MR SMYTH:** We are the highest.

**Mr Stanhope:** Yes, which is a reflection of the level of investment by the ACT government as a proportion of investment in health as against all other jurisdictions. I think, as a proportion in terms of commonwealth, state and territory funding, we invest the most. It is the nature of the system that we have here. In the context of the agreement, of course, we were able very successfully to negotiate targets, outcomes and expectations of the ACT in relation to the performance plan. There are a whole range of concessions in relation to this nature of funding.

The historical aspects of the operation are assisting the enormous cross-border service that we provide. Currently it is 26 per cent or thereabouts across all specialities. The next highest cross-border is Coolangatta-Tweed Heads at, I think, two per cent. The next highest cross-border issue faced by any jurisdiction is at the Gold Coast, with a two per cent cross-border effect. We have a 26 per cent effect, plus the historically high levels of investment and the particular issues we face in relation to payments to our VMOs et cetera.

**MR SESELJA:** Did those other states that held out before agreeing, such as New South Wales and Victoria, negotiate a better deal than the ACT?

**Mr Stanhope:** No.

**MR SESELJA:** What was the negotiation about then?

**Mr Stanhope:** The negotiation to us was about recognition of historical disabilities that the ACT system faces as a result, for instance, of having to deal with a 26 per cent caseload of non-ACT residents and the fact that we only have two public hospitals. We received significant recognition in relation to the arrangements for recognising performance because it is a performance-based agreement. States and territories are expected to dramatically improve delivery in terms of both numbers and timeliness, otherwise the commonwealth payments that are the basis of the agreement simply will not be made or achieved and—

**MR SESELJA:** What are the benefits we are seeing to date of the agreement? We are now at nearly the end of the year.

**Mr Stanhope:** I would have assumed that you would have actually read the detail of the agreement and would have been aware that the new arrangement does not commence, I think, until what, 2013, 2014?

**MR SESELJA:** Did you not say at the time we would see benefits by the end of the year?

**Mr Stanhope:** I do not remember saying that. I do not remember ever saying that, because the agreement does not start. We will see massive benefits by 2020. I think you do need to understand the nature of the increasing investment by jurisdictions across Australia in health. We are in a position now where we are expending in the order of 30 per cent of our entire budget on health. We are just about at 30 per cent.

More worryingly for us, in the context of the commonwealth-state split in relation to the provision of health, we provide about 70 per cent of our healthcare costs.

These are questions you would have been better asking the Minister for Health about, of course. But the raw facts, which you need to understand to be able to engage in a conversation around these issues and around the importance of the healthcare agreement for the ACT and the particular issues we faced, are around the historical difficulties we face in relation to the access to and price of VMOs and other medical professionals, 26 per cent cross-border, only two public hospitals, a city-state and the historical level of investment in health in the ACT, which is reflected in the fact that the commonwealth contributes only 30 per cent of the healthcare costs in the ACT as against our 70 per cent. The average across Australia is almost the mirror reverse; hence, some of the distortion in relation to GST funds or the proportion thereof that will be returned to the commonwealth as a result of the agreement.

The level of expenditure in health will increase incrementally to the point where we are at around 30 per cent and, if nothing changes, having regard to the eight to nine per cent annual increase in growth in healthcare expenditure, we will, on the current trajectory, by 2030 be in a position where almost the entire budget will be consumed by health. That of course is unsustainable. The current trajectories in all states and territories are unsustainable.

The great breakthrough in this agreement, the great breakthrough for the first time ever, was the commonwealth undertaking to cap growth. We grabbed it with both hands. The right thing to do for this territory and this jurisdiction was to know that going forward, once the agreement kicks in, there will be a cap that the states and territories will have to bear and all expenditure above the cap will be met by the commonwealth. It is a very good deal. It is a very good deal for us and I do not resile for one second from the decision that we took to accept it.

**THE CHAIR:** Mr Hargreaves, on another subject, because I think—

**MR HARGREAVES:** Thank you, Madam Chair. I have got two issues that I would like to have a conversation around. The first is on page 18 of volume 1, “Community Inclusion Initiatives”. The home to work project looks like a pretty good one to me. The pilot, I presume, has concluded? If it has not concluded, where are we at and can you give us a bit of an overview on where it is at and what it is intended to do to supplement what we have got?

As background, I look at these annual reports and understand that the annual reports are about history and we should be talking about history. The budget process is about the future. But I shall restrict myself to talking about history.

**MS HUNTER:** When it was talking about building on earlier research, was that the research undertaken by the Community Inclusion Board?

**Ms Davoren:** The Community Inclusion Board within the Chief Minister’s Department’s policy division had done some research in terms of the broader issues around inclusion and that issue around working across government. We had done some preliminary work, which had been published on our website, and then, on the

basis of that, we developed a proposal to put to the commonwealth government's innovation fund round. We were very pleased to get over \$600,000 in funding for that project, which I think reflected the amount of work we had also put in in terms of developing the proposal. It was developed collaboratively with the Department of Disability, Housing and Community Services and we are taking a collaborative approach to our involvement in that project.

The project aims to enhance the coordination of services to public housing tenants, particularly the coordination between local support services and the commonwealth-funded Job Services Australia providers located in the 2612 postcode, which includes the inner north suburbs of Reid, Campbell, Braddon and Turner, because of the comparably high levels of socioeconomic disadvantage and long-term unemployment in those areas. Under the contract that is managed by the commonwealth, the funding goes to Anglicare Canberra-Goulburn which is actually doing the hands-on work but which is also overseen by a governance group which includes, obviously, Anglicare, commonwealth representatives and representatives from ACT government, including CMD and DFCS.

It commenced in 2010 and the pilot will be completed by mid 2012; so it is going over a couple of years. Northside Community Services is also currently working with the first cohort of the project participants. Given that the nature of this work is over a couple of years, we thought it was very important to include an evaluation component. The pilot will be independently evaluated by ANZSOG's Institute of Governance at the University of Canberra and NATSEM to help us in terms of developing responsive service systems and strategic policy frameworks. We are hoping that all parties, commonwealth and ACT governments and non-government participants, are really wanting to try, in terms of project outcomes, to give us something but also get something that can inform that future policy and service development.

**MR HARGREAVES:** You mentioned the postcodes of the pilot and they were basically the super-inner suburbs of Canberra. Was that because there is a significant number of multi-unit developments within that precinct, like, for example, all of the ones up Ainslie Avenue and the ABC flats? Is that the collective of disadvantage that you are addressing?

**Ms Davoren:** Yes, it is and that results in that there is a greater density of people at low socioeconomic—

**MR HARGREAVES:** And what was the reason why you decided to use that particular group rather than, for example, the housing complexes in Narrabundah, the Gowrie-Stuart flat complex, which I think have exactly the same impact on the group of suburbs of Kingston and Narrabundah as do those ones up Northbourne Avenue have on those suburbs?

**Ms Davoren:** That was just a selection that we made at the time and we thought in terms of the numbers that would give us greater benefit for the project.

**MR HARGREAVES:** So that would pick up Ainslie Village as well, I would take it?

**Ms Davoren:** I believe it could, yes.

**MR HARGREAVES:** Okay. I am cool with that. The second part that I am interested in, and this will be of absolutely no surprise to those opposite me, is the whole of government work and coordinating that is going on around those people exiting the justice system. I must say that I was particularly pleased to see that in a policy sense it is recognised that the responsibility for people leaving the justice system is not a Corrective Services responsibility, nor a justice one, because, in fact, our services to those people cease when the judicial decision about when we can interfere with their lives concludes. But that does not stop their problems. That does not fix their problems. It goes beyond that.

I noticed in the report you talk about two public forums which were organised, in 2008 and 2009, by the Community Inclusion Board. I think that is fantastic. I guess I would like you to let me know where we are at in 2010 in respect of that sort of thing.

**Ms Davoren:** We have continued that work and I think that was one of the issues that we thought within our social policy area was continuing that work in terms of our community inclusion commitment around enhancing across-government work and obviously with the issue around people exiting the corrective system. We could see that in terms of the new prison that was an area of potential gap and that we wanted to work to develop a strong across-government model that would support those people in terms of enhancing reintegration back into the community and reducing reoffending.

The start of that work, as you have indicated, was those forums and we have continued to do the across-government work and there have also been external forums involving external stakeholders. One of the interesting issues is that this is again—a bit like the home to work project—working across government but also across sectors because there are, of course, a number of non-government organisations involved in providing services in that area.

So the work is continuing. We are developing a service model which is working across government to provide cohesive services and also across sectors to provide cohesive services. There is a very complex service map at the moment. What we are trying to do is to work through that and develop something that makes sense, optimising the investment in those services to have the best impact.

**MR HARGREAVES:** This actually embraces the through care model.

**Ms Davoren:** It does indeed, which, as you know, has become best practice model for the delivery of programs and services aimed at reducing reoffending and for reintegration.

**MR HARGREAVES:** Presumably this is prisoner centric, so it is about restoring the prisoner into the community long term, as a permanent solution. Are there any services or folding into the model of your considerations around the restoration of the families of the offenders and also the victims of the offenders' behaviour? Is that included in there as well?

**Ms Davoren:** Yes, it is, and I think you have hit on that thing: it is the ripple on the

pond issue. As soon as you start doing that work you realise that obviously the families of offenders are an important part of that service map and that that is one of the big issues: it is not just the offenders themselves but the family context. So we are really trying to look at that broad range of services to address the issue of promoting reintegration into the community and reducing reoffending risk.

**MR HARGREAVES:** Okay, and my last question is: could you possibly arrange for me to get a briefing on where you are at with that sort of thing, please? I do have an interest in it.

**Ms Davoren:** Indeed we could. We would be pleased to do that.

**THE CHAIR:** Mr Seselja.

**MR SESELJA:** Page 15 talks about the department's role in a number of things in terms of coordinating policy, including on planning policy issues. Where is that up to now in terms of that role? Obviously that has been changed significantly with the strategic projects unit moving and the creation of LAPS. What role is left in Chief Minister's in relation to planning policy?

**Mr Cappie-Wood:** There is a strategic planning committee—that is not just land use planning—that now operates to develop a clear understanding about some of the factors which are not only impacting service change but also impacting on the development of the infrastructure plan. That strategic planning group meets regularly. It shares information such as demographic projections. It shares information about land use and land use development, so it is an indicated driver for demand, and that demand is service demand as much as it is for infrastructure and related services.

We use that group as a means of not only information sharing but also inputs to service strategies by individual agencies. You see demographic change over time, you see development patterns over time changing; therefore how are your services changing in response to that—an ageing population, a changing population, centres et cetera? So individual agencies are now being encouraged to ask where their service plans are going and how are they meeting those changing demands. When you then project that into what their existing asset base is, you can assess how their existing service patterns and infrastructure investments are meeting that demand and whether they need to change their asset management plans and hence infrastructure requirements to meet changing needs.

All of that, as you can tell, has both a service aspect to it and an asset aspect to it which then drops down into an infrastructure plan, but also there is a spatial element to that. That spatial element is considered. We have strong input from the ACT chief planner into those discussions and we see that as a more holistic approach, a cross-government approach, to how the city is changing and how we can best manage those changes and improve services along the way.

**MR SESELJA:** Okay. So, Chief Minister, was it in that capacity that you intervened in the planning minister's stoush with the Dickson residents? Is that as a result of sort of overall strategic planning?

**Mr Stanhope:** I did not intervene. In fact, I had a longstanding appointment with Marie Coleman to discuss potential issues in relation to affordable housing, most particularly for older women. Ms Coleman did take the opportunity, on the basis of a pre-organised or arranged meeting, to raise with me issues around certainly the Dickson Residents Group's concerns about some of the outcomes of development. And I had a very nice conversation with her about that.

**MR SESELJA:** Was there anything offered to the residents? They are obviously pretty upset. Was anything offered to try and ease their concerns in relation to their stoush with the planning minister?

**Mr Stanhope:** As I said, the meeting that I had was a meeting that I arranged—actually I believe it was arranged on 7 September before I took some leave. It was arranged for the purpose of discussing the very important issue of ageing in place, the particular issues that ageing in place poses—most particularly for older women that are single, for whatever reason, whether their relationship has terminated through separation or divorce or, most particularly of course, because women tend to live longer than men. It is a fact that, with great respect to them, there are a lot of older women living alone, and living alone still in the family home, and suffering quite significant social isolation as a result. There are a number of facts in relation to an extra difficulty that older women often face in downsizing or finding accommodation within the community in which they have perhaps lived for 50 years.

That was the subject that Ms Coleman most particularly wanted to discuss with me and that is an issue, at one level, that is at the heart of the very public concerns which she and her colleagues from the Dickson Residents Group are expressing around some of the redevelopment that is occurring. Part of the concern, as explained to me by Ms Coleman, was not with redevelopment, not with the renewal of suburbs, but that some of the development was not architecturally sympathetic.

But she had a particular concern, which she raised with me, that in much of the redevelopment a majority of the development are single-bedroom flats. Part of the issue that that particular group is raising is around why that is so and a concern that that is not meeting the needs of those communities. They have a range of other issues, going to sustainability, going to look, going to standard, going to quality, going to the inappropriateness of some development in their view. But it was a subject that I engaged in generally; I engage in all conversations, as is appropriate for a Chief Minister. So I did not intervene in any stoush.

Indeed, there is a conversation, there is a debate, there is an expression, of different points of view by government ministers and planners, and there is a range of views on the issue of densification and infill. Much of the consultation that the government has engaged in is revealing that there is a fairly even split within the community around some of the proposals that have been pursued. It is not a question of the whole community disagreeing. But there is a very identifiable divide, almost down the middle, in the community on the issue of what is appropriate redevelopment. I am happy to engage in that conversation and indeed pleased to see other members of the Assembly engage in that conversation.

**MR SESELJA:** You referred to the concern that Marie Coleman raised about the

types of dwellings. That very concern was used by the planning minister as an attack on some of these people, saying that they were effectively discriminating against single people and against childless couples. Do you endorse that approach from the planning minister?

**Mr Stanhope:** I do not think he was saying that. The minister can speak for himself.

**MR SESELJA:** He has been.

**Mr Stanhope:** I do not think he is saying that at all. The minister is, quite rightly and appropriately, saying this is a conversation that affects all of us and he is encouraging all sectors of the community to engage in the debate and the conversation. It is important to the city and the city's future and it is important to all of us. Mr Barr is quite legitimately raising, firstly, a concern which we are all aware of around the difficulty in engaging younger people in a community conversation, community engagement or in public meetings. And it is a fact; we all know that, and we have a whole range of strategies that seek to deal with it. Mr Barr is engaging very directly with that issue in ensuring that all of us have a stake—in fact, every single resident, all 360,000 of us—in the outcomes of this particular debate, whether it be a stake in the sense of how we become a truly sustainable city or what we do about holding the spread. And the spread has to end. We are limited by our borders, to any extent.

**MR HARGREAVES:** Madam Chair, as interesting as this conversation may be, and as interesting as it may be about various people's relationships, one with the other, there is no relationship to these annual reports. Given time is of the essence, could I ask that we move on to another subject, please?

**THE CHAIR:** You are correct, Mr Hargreaves. Ms Hunter, have you got a question?

**MS HUNTER:** Yes. I want to go to page 8 of the annual report. Obviously, Chief Minister, your department is responsible for coordinating the forward agenda and collaborating on public submissions and so forth. I am interested in your views on the public disclosure of the cabinet agenda and the public interest in making the community aware of issues that are coming up on that agenda—not the substance of papers and so forth but an agenda. I was wondering about your view on that.

**Mr Stanhope:** I have never given particularly strong attention to the issue, Ms Hunter. But I will say in relation to the non-disclosure—and I believe it is related—of business in cabinet, there are very good reasons for not disclosing cabinet deliberations in relation to the health of our form of responsible government. I believe it is a very important principle and I will defend it.

There would be a question, and I honestly have not given serious consideration to the issue, Ms Hunter, in foreshadowing or signalling that the cabinet will, on a particular day, be giving consideration to a particular issue in relation to the lobbying that would have been assumed, the positioning, the nature perhaps of influence that would be sought to be borne, and some of the implications perhaps for those that advise the cabinet in relation to a particular matter that is coming before the cabinet.

I have an open mind about being transparent and I have no desire to not disclose

things that quite reasonably could be disclosed, particularly if there were no undue or unintended consequence or impact on the business of government, most particularly cabinet. On first blush, I cannot see why I would necessarily object but I would want to perhaps think on it.

**MS HUNTER:** The JACS committee of the Assembly is holding an inquiry into FOI and there is a movement, I guess, across the country around greater openness and transparency.

**Mr Stanhope:** Sure.

**MS HUNTER:** So I am just interested in—

**Mr Stanhope:** I support that—

**MS HUNTER:** floating that issue.

**Mr Stanhope:** but I would want to think about it.

**THE CHAIR:** I would like to continue a little bit on Mr Seselja's line. I believe the consultation on vision 2030 was run out of the Chief Minister's Department. When are we going to get some public output on that? I believe you were going to give us some sort of summary of conclusions. How is this going to feed into the myriad other plans?

**Mr Stanhope:** Yes, the formal part of that particular process is now concluded and Mr Cappie-Wood can outline the steps that the department is now engaged in. I have yet to receive any detailed advice or information. I had some preliminary advice in relation to the numbers of people engaged but beyond that I am not privy to the detail of the responses and the contribution. I am sure Mr Cappie-Wood can give details of the process that will follow now.

**Mr Cappie-Wood:** The consultation conversations and the variety of different approaches we have taken on this have now come to a conclusion. Elton, the group that have been advising us along the way, are currently doing their independent report across all of the forums, general forums face to face, online forums and the tens of thousands of ideas and suggestions coming forward there, and the online and telephone survey results. All of that is being collated into the report. We anticipate that that report will be going to government before the end of the year. We want to get it out as quickly as possible because we think it tells a good story. I think it is a very good, transparent approach to capturing the views of people about the challenges that Canberra faces.

That is providing very useful information. As I have said to you before, very useful information out of this goes into the development of the statutory review of the spatial plan, the development of various environmental policies during the course of the next calendar year and the next tranche in terms of the sustainable transport and transport for Canberra plan. I have a meeting planned for next week with the chief executives of those respective agencies to go through how we, in a coordinating sense, move to that next stage. In terms of indicating how the 2030 outcomes feed in to the next stage,

we are trying to make sure we can write that into the report as best as possible.

**THE CHAIR:** You said it was going to be a transparent process. What are you going to be transparently publishing out of it?

**Mr Cappie-Wood:** Effectively, together with making sure we have got linkages to the online repository of all of the datasets which we have collected, so that people can see and continue to go over all of the comments, there are all of the survey results. The survey results are very interesting, both online and telephone surveying. Those survey results are of a sufficient size and a sufficient methodology to be able to be statistically accurate. I am sure everyone will be interested in being able to go through those.

There is a summation. Obviously, it has to be a case of “out of all this, what are the themes, trends and issues?” There are outlying issues but there is some common ground in terms of people’s views and perceptions in relation to handling the challenges of change in the future. That is demographic change for an ageing population, a growing population; it is how we house those people, how we get around this city and how we become more environmentally sustainable.

That was a very strong theme. People recognised that change was inevitable in terms of an ageing population and a growing population. If you were to say what the collective view was, it was that they supported and were understanding of that but they were also expecting government to be able to deal with that in the sense of increased sustainability in terms of how we would manage the city in the future, as well as increased attention to some of the details about how they look and integrate into the future.

**THE CHAIR:** You mentioned the sustainable transport strategy, which I believe was due out in May this year, and you are going to be integrating vision 2030 into it. When are we likely to see a sustainable transport plan?

**Mr Cappie-Wood:** To the extent that transport for Canberra incorporated the sustainable transport principles, the first tranche of transport for Canberra was considered and resourced in the last budget. So there is increased resourcing for initial elements of busways, there is increased bike riding, walking capability et cetera. So that is a progressive rollout. We want to make sure that what we are hearing back from the community can now be incorporated into the next elements of that as well.

**THE CHAIR:** Do you have any idea of when we will finally see the sustainable transport action plan which was promised this year?

**Mr Stanhope:** Mr Byles will be here, I understand, later this morning. We will ask him when TAMS appears.

**THE CHAIR:** Okay. Are there any time lines on the other plans? You mentioned the spatial plan.

**Mr Cappie-Wood:** What I am wanting to do is have discussions with government about how they are best integrated and moved forward in a cohesive way. That is

something which is actively—hence the meeting with the chief executives next week on this matter.

**THE CHAIR:** Before I go to the next question, what I am proposing to do, given the considerable interest in the Chief Minister' Department, is hold back morning tea for a quarter of an hour. Mr Smyth, do you have a question?

**MR SMYTH:** I do. Perhaps it is good that Mr Lasek has joined us. The Loxton review into events and festivals, Chief Minister: where is that at and when will we have the government's view on what might occur as a consequence?

**Mr Stanhope:** We are engaged in quite a detailed process, Mr Smyth. Mr Cappie-Wood has probably been oversighting it. I will leave it to Mr Cappie-Wood and Mr Lasek to respond.

**Mr Cappie-Wood:** The Loxton review of events was put out for comment as well and those have closed. Whilst it has closed, we are still receiving any late ones as well. Those responses are being evaluated against the initial criteria as to why we commenced this process. We will be looking to collate and provide advice to government in terms of how to best move forward in the events area before the end of the year.

**MR SMYTH:** How many submissions have been received?

**Mr Cappie-Wood:** The exact number—I have not counted the late ones.

**Mr Lasek:** At last count it was 28. Mr Cappie-Wood is right; the closing date was 5 November and I think we still received one or two last week. So 28 is the last count and I think that might be about it.

**MR SMYTH:** Have they been posted on the government's website?

**Mr Cappie-Wood:** I am not sure if they have been posted on the website.

**Mr Lasek:** No, they have not been at this stage. The intention was that there is some summary and there is a process of going back to all of the people who submit to check that they are comfortable. Some have said they are not comfortable with their submissions being public. So before there is any posting, we want to check that people are happy for their submissions to be posted.

**MR SMYTH:** My understanding was that there was a commitment they would all be posted.

**Mr Lasek:** I am not sure about a commitment that they would all be posted. Obviously, if someone says they are happy to make a submission provided it is not posted, we would be reluctant to break that commitment.

**Mr Cappie-Wood:** People can request their own privacy in relation to views they express. It is not a forced position by government.

**MR SMYTH:** Chief Minister, I draw your attention to a motion in the Assembly on 20 October that was passed unanimously, I understand. Paragraph (1B) (b) of Mr Rattenbury's amendment read:

- (b) the Government's commitment to a transparent consultation process by updating the Community Engagement website to make clear that all submissions made to the consultation will be available online;"

Is the government going to make sure that that occurs, in agreement with the Assembly?

**Mr Stanhope:** I would support the position that Mr Lasek just put. If somebody wishes to engage in a government process on the basis that their contribution is not made public, what does the government do? Does it say, "Well, if that's your view then please don't make your views known because we are duty bound by an Assembly motion to reveal what it is that you wish to keep confidential"?

I have to say, Mr Smyth, I was not aware of that motion. I believe it is unreasonable, when somebody makes a submission to a government process on the basis that it be confidential, for us to then say, "Well, too bad." Quite frankly, I am not prepared to do that. If that is the intent of the Assembly then my intention would be that we write back to those people and give them an opportunity to withdraw their submissions.

**MR SMYTH:** It must have happened while you were away on holiday. But none of your colleagues, I understand, objected and the motion went through on the voices. My understanding was that the Deputy Chief Minister had given a commitment that it would be made public.

**Mr Stanhope:** I am more than happy to look at it. I do not know about the motion but I would find it unreasonable. If somebody has lodged a submission and has said that they do not wish the submission to be made public then we need a process, just as this committee has a process. If somebody appears before you and says, "I wish to give evidence but I wish to give it in camera," you can say, "Well, we're not prepared to hear your evidence in camera," in which case the witness could say, "Well, I won't give you that evidence."

I would expect that we, as an Assembly or as a government, would extend the same courtesy to people making submissions to a government process. If somebody makes a submission believing that the submission will be confidential then I would regard it as a major breach of trust to make it public. If the Assembly, through a motion, has proposed that, irrespective of the views of a submitter that their submission will be made public then I would have thought, as a matter of honour and integrity, they be given an opportunity to withdraw their submission.

**MR SMYTH:** I understand that earlier in the week the Loxton review on the arts came up. Those submissions are not being made public?

**Mr Stanhope:** No. We are going through the same process of ensuring that those that have made submissions—I understand that is what we are doing? It was not our intention—

**Mr Cappie-Wood:** It was originally said that people could come forward and make those submissions in a confidential manner. We have not committed to obviously putting those on the websites. But in the midst of this there was obviously a Legislative Assembly motion and we may have to reconsider how we approach that.

**Mr Stanhope:** I think this is a straight matter of integrity. People have made submissions, believing that they would be confidential, and the Assembly have now introduced a motion suggesting that they be tabled—which I was not aware of, I have to say; this is news to me. As a matter of just straight simple integrity I am not going to now release submissions that people have made believing that they were making them under the veil of confidence and that we were aware of that and accepting of that at the time they made the submission. If it is the will of the Assembly that they must be tabled, I have to tell you that my proposal would be to invite them to withdraw their submissions.

**MR SMYTH:** So the process now is that we have finished receiving submissions. When will the government respond to the submissions and to the report?

**THE CHAIR:** Mr Smyth, this is really—

**MR SMYTH:** No, no—I am on Loxton festivals and events review.

**THE CHAIR:** But this is not the portfolio.

**Mr Stanhope:** Events is. There are two arts—

**MR SMYTH:** It is the Chief Minister's—the events report, the Loxton report of events was by the Chief Minister's.

**THE CHAIR:** Okay.

**Mr Lasek:** We would expect to have summarised the Loxton reports and recommendations and the 28 or so submissions in the next weeks and provide that to government and I guess it is then for government to consider its response.

**MR SMYTH:** All right. Given that perhaps the biggest event that we may have in a century of the existence of the ACT is—what—two years, one month and about five days away, what is the status of the centenary of celebrations and how much has the federal government committed to those celebrations?

**Mr Stanhope:** I think preparations and arrangements for the centenary are proceeding extremely well. We are very lucky to have as our artistic director, our creative directive, Robyn Archer, who has not stopped working with events within the Chief Minister's Department since her appointment. There has been a frenzy of activity and I am very pleased now with the level of understanding and engagement, the stakeholders that have been engaged and the development to date of a potential program.

It remains an issue of some concern for us that the commonwealth have not engaged

as fully as we would like our national government to engage. The ACT government has made, over time in relation to contributions, significant monetary commitments. We have put enormous energy and effort into organising and engaging with the community, and we are seeking to engage with the commonwealth, but as of today not particularly successfully.

I raised the issue again yesterday with the now federal minister with responsibility for the ACT, the minister for local government, Simon Crean. I had a very good meeting with him yesterday and raised again our strong desire for the commonwealth to take a significant public position in relation to the centenary insofar as, most particularly, it affects all Australians as a celebration of their national capital. All I can do is continue to make those representations, which I will. I have not had an opportunity yet to meet personally or directly with the Prime Minister but I anticipate doing that, hopefully over the next four weeks or so, and I will make the representations to her directly as I did yesterday with Simon Crean and as I will—I have meetings scheduled—with the Treasurer and the minister for finance in the next couple of weeks. In the context of the budget I will certainly be making those representations again.

I think it is vitally important that the commonwealth engage, and engage seriously and genuinely, in working with the ACT government both to fund and to celebrate our centenary, and I remain hopeful.

**MR SMYTH:** There must be a point, though, at which if the federal government will not commit we have to make submissions about what is in the program and what we can afford as a jurisdiction—

**Mr Stanhope:** We are doing that. We are already, as you would expect—

**MR SMYTH:** So where is the critical point? When is the crunch time?

**Mr Stanhope:** We are developing the program. It is just that the program that we are developing of course could be significantly enhanced if the commonwealth were to make a contribution, most particularly to sort of operational aspects of the celebration.

Our approach to the commonwealth has been broadly on two bases: one, a commitment to a celebration and all of those activities, most particularly, that would constitute a celebration, and the role and opportunity for the commonwealth to engage in that; and, secondly, we have worked hard and long at encouraging the commonwealth to support a lasting physical legacy of the centenary. So we have been pitching at both those levels and as of today we have been unsuccessful.

**MR SMYTH:** Some in the business community have said to me that potentially the opportunities are already diminishing. You are normally booking international conferences three, four, five years out and some of the professional conference organisers are saying to me that without a program they cannot sell the event to anyone. When will the program be available?

**Mr Stanhope:** Mr Lasek might be able to give some idea of time lines et cetera.

**Mr Lasek:** We are relying largely on some commonwealth commitment. We were

hopeful that that would happen in the next commonwealth budget. Robyn Archer has created a program that, as the Chief Minister said, can grow and grow very quickly, because that money will need to be committed almost immediately to an expansion of the program. I think the timing for the broader release of the program would be towards the end of next year.

**MR SMYTH:** Towards the end of 2011 for a 2013 event. Is that not just too late? It is certainly too late in most cases for conference organisers, and if you are trying for further events trying to pick up something at the end of 2011 that might start in 2013 is a very, very small window in which to get events through.

**Mr Lasek:** I think Robyn Archer has spoken with the business community and she understands their concerns. It is just difficult to roll out what we hope will be the program without knowing what the full funding will be. I think she is sensitive to their concerns. She is also mindful that we cannot go off half-cocked with a program that at the moment is still evolving.

Also the program itself, contracting of people who will help to deliver the program, is still a work in progress. I think the intention is to get it out as early as possible. If we can provide the business and the convention industry with as much information as we can, we will certainly be doing that because we are in regular contact with them and we are regularly meeting with the national institutions who obviously are federally funded and they are 100 per cent behind the centenary and working almost as frenetically as our team in Chief Minister's Department on a very special program of events for 2013.

So we are looking for, hopefully, a financial contribution from the commonwealth. Meanwhile, the institutions individually are also going to play their part in 2013 and have some very exciting proposals which at the moment they are not in a position to roll out until they are finally confirmed.

**MR SMYTH:** I guess, Chief Minister, the question then is: when is crunch time? When do we need the commitment from the federal government to ensure that we can release a program at the end of 2011, which in my opinion is an extraordinarily late time to release such a program for a year-long festival?

**Mr Stanhope:** We have been assiduously seeking a commitment for the last five years. You are quite right, though, Mr Smyth: we reach a point where it is almost too late and I would think that any commitment after this next budget by the commonwealth would make it extremely difficult for us to incorporate any enhanced commonwealth funded element into the program; that is, in the context of that first tranche that I mentioned, the celebration. But, in relation to a physical legacy, that is a decision that can be made right up until 2013.

I would think it is reasonable to say that if the commonwealth did not commit in the 2011-12 budget funds for the celebration of the centenary then it is extremely late.

**MR SMYTH:** Sure. Just on other federal funding, I notice that you did speak with Mr Crean yesterday. The money for Constitution Avenue and the Burley Griffin legacy projects: how much longer do we wait? The former federal government

committed those moneys. They put those funds aside. They should have been paid by now. If it was an ordinary taxpayer, would the government have given them this much leeway in the non-payment of a bill? How much longer do we let the federal government get away with this?

**Mr Stanhope:** I raised the issue with Minister Crean yesterday in very strong terms. Mr Crean was not previously aware of the issue and I think that is one of the issues—with changes in the ministry or within that particular responsibility. But Mr Crean took my representations very seriously. He asked me to write to him and to provide him with details of the arrangement, the formal agreement which the ACT government entered into with the then government. As you are aware, there was an arrangement; I believe a contractual agreement. It was not necessarily drafted as a contract but there was an exchange of letters between the ACT and the commonwealth—

**MR SMYTH:** Exchange of land.

**Mr Stanhope:** That is exactly right. There was an exchange of letters which led to an exchange of land. It was a contract and the commonwealth—you are quite right—the then Treasurer, Peter Costello, honoured it. That is the point. We honoured it. We formally transferred land to the commonwealth. The then Treasurer, Peter Costello, honoured the arrangement. He appropriated, I believe, \$40 million. Regrettably, the incoming government, I am advised, informally through discussion, were not aware at the time of the existence of that exchange of letters or the agreement or the exchange of land. But you are quite right, Mr Smyth. I do not deny it and I do not seek to defend the commonwealth. It is now three years since the money was removed—and I made that point to Mr Crean.

I also indicated to Mr Crean that I personally see it as a matter of honour—that two governments entered into an arrangement; one of those two governments has honoured the arrangement and one of the two governments has not. I indicated to Mr Crean that it was a fundamental tenet of the relationships between governments that they must be able to trust each other.

**THE CHAIR:** On that note, I think we are going to have to break for morning tea. When we come back after morning tea we will start with the Commissioner for Public Administration. I anticipate, however, that there will be questions on notice about the Chief Minister's Department because I think that many of us still have questions.

**Meeting adjourned from 10.44 to 11.01 am.**

**THE CHAIR:** Mr Smyth has what he assures me will be a very quick follow-up from this morning.

**MR SMYTH:** Chief Minister, appreciating that it is the Minister for Health—but on the GST allocations Chief Minister's has a role to play here—you said you thought Victoria was surrendering more than 30 per cent of its GST. From the federal government mid-year update, Victoria is about 25 per cent each year. Could you please table your understanding of what the relative proportions are from each of the jurisdictions for the next three years?

**Mr Stanhope:** Well, to the extent that I have them I would be more than happy to do that, Mr Smyth.

**MR SMYTH:** Thank you, Chief Minister.

**THE CHAIR:** We will now move on to the Commissioner for Public Administration. Commissioner, have you any opening words?

**Ms Hudson:** No.

**THE CHAIR:** In that case I would like to ask you something which I am sure will not surprise you. My memory is that last year we made some recommendations about independence for your role. My understanding is that nothing has progressed as far as that is concerned. Can you just talk about how this may progress, and what some of us see as the inherent conflict of interest position?

**Ms Hudson:** As I mentioned last year, the current arrangement replicates the model used between 1995 and 1999 where a senior executive with departmental responsibilities also carried out the role of the commissioner. I do not consider that there is a conflict of interest in terms of the dual role. I need to be mindful, and anyone in this role needs to be mindful, of carefully balancing the respective roles.

I believe that there are some advantages in having that deeper and more immediate understanding of the management of the types of issues that come through the Deputy Chief Executive, Governance, and then having that knowledge in terms of the commissioner's role. But importantly, in terms of the commissioner's role, it is statutorily defined. I am supported in doing that role by people within, particularly, the Public Sector Management Group, but in the broader Governance Division. I do not consider that there are any circumstances where that is a problem.

In terms of whether that issue has been taken on board, my understanding is that the government's response has not agreed to that recommendation. In terms of other things that are happening at the moment, perhaps the Hawke review might look at that issue. I am not sure what the outcomes of that will be. It may be that there will be other views of looking at similar situations where there are dual roles. It is a small jurisdiction. To have independent commissioners full time, all the time, on all the different things that perhaps you think you might want, I really think you need to look at fit for purpose in the ACT.

**THE CHAIR:** Have you looked at solutions other than full-time permanent? One that comes to mind is maybe some sort of arrangement with the commonwealth in terms of providing resources. They clearly have a similar role with a whole agency doing a similar role.

**Ms Hudson:** They do. On two occasions each year—and I make it a priority—I attend the commissioners conference. It is called a conference but it is actually a meeting of all the commissioners, eight to 10 people. Many of the issues that get addressed at those meetings are issues that I need to be mindful of. I always reflect and learn a great deal from attending those meetings.

I would have to say that probably some of the issues are more closely aligned to the Northern Territory than the APS in terms of the issues that we face, being a small jurisdiction and looking at various issues there. During the year we had someone from the Northern Territory come down and present to us on workforce planning. I think our challenges are more aligned with some of the smaller jurisdictions. One of the things that I am very pleased about is that whenever I say, “Would I be able to see what you are doing in your area?” there is always a lot of cooperation across all states and territories and the commonwealth.

This year we have reviewed how we do our independent panel for investigations. I suppose we could have looked at what the commonwealth does in some of those situations but, again, we really need people who understand our situation, our employment framework—how our agreements and all of those procedures fit in. That is what we do by getting a panel of investigators. I am pleased with the way that that has worked.

**Mr Stanhope:** I should just say that at one level it is unfair, I think, to ask an official whether or not they accept the nature of the administrative arrangements that apply to them. That is not a decision they make. It is a decision I make. I think it has to be understood and respected that Ms Hudson, in her dual roles, is performing them directly as a consequence of decisions which I took, not decisions which she took. Of course, I am more than happy for Ms Hudson to comment on how she believes the arrangement is working. But it is a decision of government which reflects, as Ms Hudson said, the nature of our jurisdiction, the size of our jurisdiction, and our public service.

There are a number of arrangements that one might point to which are also a feature or an incident of the size of this jurisdiction. They are just the nature of the jurisdiction of a city state. For instance, we do not have a specific ombudsman; we rely on the commonwealth. We do not have a commissioner for privacy; we utilise the services of the commonwealth privacy commissioner. The Conservator of Flora and Fauna is in exactly the same position as Ms Hudson with dual responsibilities, some statutorily based and some traditionally public service oriented.

We have responded across the board in a number of areas to our unique situation as a small jurisdiction, a city state, with a range of priorities, and we have sought to respond to meet that circumstance. But I think that has to be understood. As I say, I am happy for Ms Hudson to be asked these questions about whether it works. Is it appropriate? Could it be done better? But, at the end of the day, they are decisions of government and officers fulfil their duties and responsibilities consistently with government decision.

**THE CHAIR:** Thank you, Chief Minister. Mr Smyth.

**MR SMYTH:** Thank you, Madam Chair. Commissioner, an issue that I have raised in the last couple of years—it is in regard to what is now the long service leave board but it started with the construction industry long service leave board—concerns the transfer of a public servant from one department to the long service leave board. There was an issue about the transfer of that person’s entitlements. I operated under

the idea that there was just a single case, but an officer from your department this year said that there are probably many cases. Are you aware of this problem and have you had any input in assisting the resolution of the problem?

**Ms Hudson:** Yes, I am aware of the issue that you are talking about, but I am not aware of it in my role as commissioner. I am aware of it in my role as Deputy Chief Executive, Governance Division, and Office of Industrial Relations reporting through me. I am not sure if it is, in this situation, given the previous question—

**MR SMYTH:** Take it from me—either a public servant or the commission. That very answer highlights—

**Ms Hudson:** Would you like—

**MR SMYTH:** That very answer, Chief Minister, actually highlights what Ms Le Couteur was talking about and the division of responsibilities here. When will this issue be resolved?

**Ms Hudson:** My recollection is that this question was asked of the office of the IR minister's annual reports and we took it on notice to follow up. Essentially, we have resolved all of the issues that we wanted to look at to ensure the governance arrangements were appropriate, apart from one issue which was to do with the long service leave balances. In terms of that being sorted, it is a matter for Treasury. Because it is to do with financial management they have the lead role on that.

I understand the expectation is that things will not change, as it is a whole-of-government policy position that has worked in a whole-of-government sense. The balancing act that they are looking at—is it worth changing a whole-of-government position for one or two or three occasions that it seems to be a problem for?—remains with Treasury and they are still considering that issue.

**MR SMYTH:** All right. Items that end up in annual reports are serious or significant items. It was reported for a couple of years and it has been asked at various reports hearings for a number of years. Are you concerned, as the Commissioner for Public Administration, that it has taken a long time to resolve?

**Ms Hudson:** No, I am not. Again, as Deputy Chief Executive, Governance, I am on the audit committee for CMD, which is actually a joint CMD-Treasury audit committee. I can say as a member of that committee that we have had robust discussions across the table about needing to sort that issue out because it is actually in an audit follow-up action to get an answer on that.

**MR SMYTH:** So has the Commissioner for Public Administration followed that audit trail and has the Commissioner for Public Administration raised concerns that it has taken two or three years to resolve?

**Ms Hudson:** No. That is not part of the commissioner's role. I am saying that, as Deputy Chief Executive, Governance Division, I have a role in the audit committee and also a role in terms of Office of Industrial Relations in that matter being followed up there. But it is not a commissioner's role.

**MR SMYTH:** Why do you deem it not a commissioner's role to look at an issue affecting the public service?

**Ms Hudson:** As I have said to you, my role is defined in terms of where I step in and where I do not—the types of issues. In fact, the beginning of this annual report outlines what those statutory powers are. That is not the type of issue that would come to me.

**MR HARGREAVES:** So you do not consider actually—

**Ms Hudson:** It is more likely an issue to go to the Under Treasurer than it is—

**MR HARGREAVES:** So you do not consider, commissioner, that the commissioner's role, in fact, is to look at every single thing to do with public administration rather than to look at the terms of reference that you have, the statutory obligations you have and stick to them, because anything else is a responsibility of other line agencies, particularly subordinate to the Chief Executive of the Chief Minister's Department; would I be right there?

**Ms Hudson:** Correct. The other thing is that the person in Treasury who is following it up is liaising with the Under Treasurer.

**MR HARGREAVES:** That is in a specific issue?

**Ms Hudson:** And then reporting back to the audit committee. That is the process that is actually—

**MR HARGREAVES:** That is in a specific issue, isn't it? Is it not the case that some people misunderstand the role of the Commissioner for Public Administration and think that this particular officer has an overarching responsibility public service wide when in fact the statutory obligations are quite clear?

**Ms Hudson:** Well—

**MR HARGREAVES:** We should refer people to those statutory obligations?

**Ms Hudson:** I do have some responsibilities, in terms of the management of the service, to provide advice to the Chief Minister. But I can honestly say that it has never occurred to me that that would fit into that category. I am far more likely to do so in the public sector management space than in something that I would consider is financial management and the lead is somewhere else.

**MR HARGREAVES:** Could I get the view of the CEO of the Chief Minister's Department on that dichotomy or that distribution? I am concerned that the perception of what the commissioner's role is is actually wrong. People need to have a clearer view of what can and cannot be the case in that position.

**Mr Cappie-Wood:** I do not have the statutory obligations in front of me but it is clear that there are three main elements to this. One is obviously advice for the

commissioner directly to the Chief Minister in terms of the management of the service. Another one is the implementation of admin orders and assistance in that area. The third is being able to look at and advise on public service standards. That, in a nutshell, is it.

I would see this particular issue as rightly saying, “Here is an anomaly that needs to be fixed.” It is a matter that is an anomaly. It is a matter that has been raised appropriately with the audit committee. It is a matter that the audit committee, which covers both Treasury and CMD, has detailed to Treasury as a financial management issue to be resolved. It is up to the audit committee to report back on the resolution of that. Yes, I am disappointed that it has not been resolved prior to this date.

**MR HARGREAVES:** And to whom does that audit committee report?

**Mr Cappie-Wood:** The audit committee reports to, effectively, the chief executives of both Treasury and the Chief Minister’s Department.

**MR HARGREAVES:** Okay, thanks.

**MR SESELJA:** Commissioner, on pages 28 to 30 of the annual report it refers to certain investigations undertaken. There are a number of investigations: ACT Health—a very high figure in terms of the cost of the investigations. Why is that? The figure that I have is \$76,000 for three investigations as opposed to the costs with other agencies. What is the reason for that?

**Ms Hudson:** Perhaps I can start by explaining my role in this space as well. There is some explanation there about the costs but I can tell you a bit about the costs.

In terms of the *Over the horizon* report, the basic purpose of the report is to articulate changes in the levels of fraud and corruption across the ACTPS, alert chief executives to emerging risks and summarise whole-of-government efforts to combat fraud and corruption. My role and the role of the SERBIR group that bring together that report is to facilitate the exchange of information and ensure agencies have a proper understanding of what they need to do and their responsibilities. It is not my role to follow and know every single incident and what actually happens with that. In fact, the appropriate people to ask on those issues are the chief executives of those departments.

In terms of your specific question on the costs, I would assume that perhaps those costs are more likely linked to having an external investigation, whereas some of the other costs may be more internal. But in terms of the costs that are outlined there, they are just the direct costs, not indirect costs.

**MR SESELJA:** You said your role is not to conduct these investigations. That is done by the agencies. Your role is to make sure that the procedures are in place so that the investigations are undertaken properly. In reporting on this, this is a fairly summarised version of these various investigations and the associated costs. Do you get more detail than that? For instance, do you get detail about, in Health, what the possible fraud and misuse of information was, what the level of the officers involved in the investigations was? How much detail do you receive in relation to these?

**Ms Hudson:** I am not on the SERBIR group. Luke McAlary is the chair of the SERBIR group and he may have more information on that. In terms of my role, there has been some public comment about increases in fraud and corruption. The trend does not reflect that. There was an increase from last year compared to this year, but that is because last year was a low year. In fact, since reporting has started, in 2006-07 there were 25; in 2007-08 there were 22 investigations; in 2008-09 there were 12; and in the most recent it is 20-odd. So that is the broad thing.

The other thing that I look at is the types of fraud. We still have a profile that staff fraud is the highest, and the other categories are broadly similar over the last few years in terms of procurement issues, contract management. Luke McAlary might be able to answer more specifically.

**Mr McAlary:** The commissioner is correct in respect of the methodology by which the costs are determined. I think in this particular case it is reflective of the engagement of external investigators. I do engage with the individual SERBIRs in the various agencies around particular investigations at times. The responsibility for the conduct of the investigation remains with them, and the responsibility in terms of the framework around corruption and fraud prevention remains with the chief executives.

Those discussions will go to a certain level of detail, and of course in terms of providing us with this information there is a reporting mechanism by which agencies forward us these details. As I say, across individual cases there may be some discussion as to how to conduct the particular inquiry, but there are also issues of privacy and confidentiality in terms of those discussions.

**MR SESELJA:** Sure, but my question is around how much detail you actually receive, because this is obviously a very summarised report in terms of the Commissioner for Public Administration. Presumably, from what you are saying, you do receive that more detailed information. For instance, there are criminal charges with some of them; what is the nature of those criminal charges? In relation to the level of the officers, are we talking about senior management or are we talking about junior officers? Do you have that information? Is that reported to you?

**Mr McAlary:** That information is usually exchanged in discussions between SERBIRs. In terms of the reporting of information, this is effectively the level of detail that we ask from agencies.

**MR SESELJA:** So you do not get anything in addition to what is actually reported here?

**Mr McAlary:** I get additional information and I talk to individual SERBIRs about particular matters. I will go to them on occasion and they will come to me as well.

**MR SESELJA:** Are you able to provide any of that additional information to the committee—for instance, particularly around the levels of the officers who are investigated under these various fraud investigations?

**Mr McAlary:** We could certainly provide you with some advice as to what is

happening in terms of the level of officers and whether there is a particular classification involved or what the general trend is, whether it is senior or junior.

**MR SESELJA:** How many of these investigations resulted in dismissal?

**Mr McAlary:** As I think you can see, a number of the matters are still pending. I could not give you the precise figures in respect of that. I know what is happening in terms of terminations across the service generally, but as for those which are particular to the outcome of fraud and corruption investigations, no, not off the top of my head.

**MR SESELJA:** Are you able to take that on notice?

**Mr McAlary:** We can take that on notice.

**MR SESELJA:** Thank you.

**THE CHAIR:** I am afraid we will have to finish on the Commissioner for Public Administration at this point because we still have a lot to go through. So thank you very much.

We are now moving to business and economic development. Officials, you were all here earlier, so there is no need for me to repeat the information about the privilege statement, I assume. Minister, do you have an opening statement in this role?

**Mr Stanhope:** No, I have no specific statement that I wish to make.

**THE CHAIR:** A few months ago you released the clean economy strategy. I have got a couple of questions relating to that. How much did it cost the government, and the ACT in general, for the scoping study? And what are the next steps that you anticipate with it and the timing for those in particular?

**Mr Stanhope:** Mr Cox and Ms Hunt will be happy to take questions on this area.

**Mr Cox:** The total cost of the UC study was \$70,000. In terms of next steps, as you may be aware, the study has been released publicly. It was released in early September. It was formally left open until 11 November as a promulgation and sanction process. We have received a number of submissions. We also conducted a number of consultations with particular interest groups, and also through the community councils process. There were, I believe, five of those conducted and we have also received submissions from various individuals.

The process from now on is that an IDC has been set up. That IDC will start meeting in early December. I think we have scheduled meetings of the IDC on at least a monthly basis, and I think it will probably end up meeting on a more than monthly basis over the next three to four months, in the December through to February, March, April period. The intention is to conclude that work around then, which aligns also with the budget process.

**THE CHAIR:** What departments are on in the IDC? And did you say that is going to

feed into the budget process? That was the bit I thought you were saying, but I did not quite hear.

**Mr Cox:** I did not say “feed into”; I said it would run parallel to the budget process.

**THE CHAIR:** So is it likely that it will lead to any sort of impact? Is there going to be something in the budget as a result of this?

**Mr Cox:** It depends on what comes out through that consideration process. I think it is too early to pre-empt what may or may not happen.

**THE CHAIR:** Will the timing be such that it is possible?

**Mr Cox:** It is possible, yes.

**THE CHAIR:** What departments are actually on the IDC?

**Mr Cox:** The concept of the IDC was presented to management council and all key agencies were invited to be on it. I would have to check but obviously the policy division of CMD, DECCEW, TAMS, ACTPLA and Treasury, and there may well be a couple of other subagencies on it which I would have to report back on.

**MR SMYTH:** Thank you, Madam Chair. Chief Minister, the Business Council of Australia recently released a scorecard on red tape reform and how it affects business. On page 9 of the report it says that some jurisdictions such as the ACT, Tasmania and South Australia have not improved in any significant way since the last scorecard. Indeed, we ranked lowest of all jurisdictions, with a score of three out of 10. Chief Minister, why has not the reduction in red tape improved in any significant way since the last scorecard for the ACT?

**Mr Stanhope:** I think that particular ruling or score is around the non-existence within the ACT of a so-called independent regulatory impact committee. We have chosen not to employ one. I have to say that I do not think the case has been made. I have to say that it really raises some serious questions about the worth of a ranking such as that because they do not take into account the specific jurisdictional issues.

That is, in a way, a debate or a conversation that is related almost exactly to one we have just had around why do we not have an independent commissioner for public administration. We do not because we are a very small jurisdiction. And I think serious consideration has to be given to in what way is the removal of red tape in the ACT enhanced or advantaged by the establishment of an independent body to provide advice on it. I must say that I think it is a methodology or an approach that can be seriously questioned. Certainly, for me, I must say, it renders the rankings irrelevant and meaningless.

It actually does not go to the existence or level of red tape. It just goes to a process issue in relation to how the issues are managed or the oversight that is given to them in the ACT. My response, bluntly, is that, certainly to me, the whole thing is meaningless and not worth wasting the time reading.

**MR SMYTH:** The comment that the ACT actually has sound regulation-making principles, you do not accept that then? There are some little gems in the document that might be—

**Mr Stanhope:** I must say that, to the extent that the entire reporting of the issue has been based on a ranking which I believe is totally flawed, it renders the entire process worthless.

**MR SMYTH:** Do you accept that more work can be done on red tape reduction in the ACT?

**Mr Stanhope:** Constantly and absolutely, but having some national body, with absolutely no understanding of the nature of this jurisdiction in regard to the differences, releasing absurd rankings does not assist or actually give their particular capacity to be involved in the argument any credibility, as far as I am concerned, and I give the report precisely—

**MR SMYTH:** So the Business Council of Australia has no credibility when it issues this report?

**Mr Stanhope:** In relation to this ranking, absolutely none, as far as I am concerned.

**MR SMYTH:** The Treasurer has said in her response that the issue is to be discussed in cabinet. Is the issue of red tape of concern to the ACT government?

**Mr Stanhope:** Massively. That is why we devote enormous attention to it.

**MR SMYTH:** What have you done in the last three years to reduce the amount of red tape on businesses in the ACT?

**Mr Stanhope:** We are working hard, along with all other jurisdictions, on a national program aimed and designed at dealing with red tape but I would think that a significant proportion of the work that most particularly COAG and other ministerial councils have done over the last three years and continue to do, and in relation to which all agencies are engaged, is about reducing red tape. We do as much as any other jurisdiction. Indeed, here in the ACT the ease of doing business here in the territory is as good as if not better than the ease of doing business in any other jurisdiction in Australia.

**MR SMYTH:** If it is easy to do business in the ACT, is the business sector growing? Is the number of businesses in the ACT growing or declining?

**Mr Stanhope:** Our economy is certainly growing. I understand that CommSec regards it as the strongest growing economy in Australia. Mr Cox may be able to give you numbers in relation to the growth of the sector and the number of businesses. If not, we will be happy to take it on notice but I am sure Mr Cox will have some insight into exactly what is happening within the sector here.

**Mr Cox:** I suspect he may be referring to the recent ABS—

**MR SMYTH:** That may be one source.

**Mr Cox:**—one source of interest—report that was released about two months ago. From memory, it does contain some small movements which are higher than the other states around exits and entries. The rate, though, is relatively small, from memory. That particular data series, I think, has now been running for two or three years. It replaced a previous survey-based data series. It is settling. It is based on tax-ASIC active ABNs.

I did have a look at the data when it came through and I think there were some qualifiers around sector mix. From memory, the sectors where the largest negative impacts were through the GFC period were in the hospitality area. The areas that had positive growth in other states and territories were in agricultural farming. If you take a “where is the ACT likely to have greater impact across these aggregate numbers?” view, it would be in the hospitality area. But it does not have the income support and program support that the other states and territories have in the agricultural and forestry product areas, so you would see a small deterioration or less of the league table effect in the ACT.

We also had a look at business insolvency data. The trends are pretty much consistent with the other states and territories. It is not consistent necessarily with that ABN based data series.

**MR HARGREAVES:** As a supplementary, going back to that red tape question that Mr Smyth was talking about, I am looking at the Commissioner for Public Administration’s report. It acknowledges the work of Jim Corrigan from ACTPLA, who has introduced processes to reduce the backlog of development applications from 525 to 180. Planning has got to be the biggest bucket of red tape you ever saw in your life. I would assume that, in terms of red tape reduction, this work from Jim Corrigan, in the context of doing 1,807 development applications in a year and knocking his backlog down from 525 to 180, is a reasonably good example, would it not, of the reduction in red tape across the sector? Whilst this is outstanding, I do not think this is unique. Am I right?

**Mr Stanhope:** That is certainly the case. It is a very pertinent point and it is exactly right. You could go through every one of our agencies and you could find similar examples where there has been a very significant move on removing impediments otherwise defined as red tape. We have done it across the entire planning system in relation to all of those issues around approvals and the nature of approvals. We are doing it in relation to issues around development and land supply. We are doing it in relation to taxation.

For instance, some changes are being made in relation to payroll tax and its administration across the states and territories, seeking uniformity. I would be happy to go to the raft of COAG agreements for national uniformity, all of which are designed at removing red tape and making it easier to do business across borders and making it easier to do business within borders.

The work in relation to red tape that has been pursued by governments, most particularly through COAG and ministerial council processes, is enormous. It is

absolutely enormous. There is always more to be done. It is probably one of those issues where at the end of the day you can always find a way to smooth the processes and to smooth the doing of business within a regulatory framework. But there is massive work going on across the whole of government and between governments.

**MR HARGREAVES:** And individuals themselves within the agencies seem to be actually committed to and throwing themselves into innovation to reduce red tape? Is that right?

**Mr Stanhope:** There is an acute sensitivity to issues around regulation and red tape and impediments at a bureaucratic, public service, administrative or statutory level that impact on business. It is uppermost in the minds of all those that are involved in the legislative process and, indeed, those that administer the programs. It is something we are acutely aware of, sensitive to and work hard at. But of course there is always more to be done.

**THE CHAIR:** We might move to a new subject: Capital Angels, which I understand Lighthouse is now managing. Can you give us an idea of how successful the project is? On the investment part, how many companies have we invested in? Is this the ACT's money or is it private sector money that is being invested in this?

**Mr Cox:** Capital Angels has been around in various iterations for about the last five or six years. Business ACT provided a small grant to establish Capital Angels, I think in about 2005, and it worked with an organisation called the Kaufman Foundation to establish some processes and rigour around how the network would work. It is essentially a collection of private, high net-worth individuals that meet in a structured format to look at company opportunities. It works through a pitch-club process. A company will express interest in pitching before a group of individuals.

The way it has been working over the last 12 months in particular is that the Lighthouse organisation took over the management of the meetings and the process because what was tending to happen was that companies that were in equity conversations were coming through a Lighthouse door and quite often connecting up to the Capital Angels process. So the board of management of Capital Angels and Lighthouse entered into a contractual arrangement where Lighthouse actually delivers the program.

It is meeting about once every two months and each two months, typically, two to three companies will pitch. Two or so companies that may have been through the Angels process or through a program process will provide an update of where they are at financially. But at the end of each meeting there is an expectation that the members will actively consider some sort of equity investment in the companies that were put before.

Just anecdotally, the rate of investment in those particular companies would be, if 10 are presenting per annum, perhaps five are having active investment within them. What is being invested in those companies is typically private money. However, the ACT government has got an equity relationship in some of the funds. It is CBDF principally. CBDF has made one or two investments in some of those companies as well.

But principally the outcome is private money going through. Private Angels have carved out a particular, I guess, environment for themselves where they want to encourage private sector equity investors and they shy away a little bit from government involvement in that process.

**THE CHAIR:** Basically the only government involvement is that you are principally paying for some meeting facilitation through Lighthouse, or is even that—

**Mr Cox:** But it is done on a cost-recovery basis, actually. It is—

**THE CHAIR:** It is really something that you are aware of, more than something that is—

**Mr Cox:** It is something that we participate in from an information point of view because the companies that are going through—

**THE CHAIR:** It seems like a good idea.

**Mr Cox:** We try to and do actively refer them to other funding sources, in particular commonwealth money. Some of them may not have been through a Lighthouse process, so we try to refer them through a mentoring or advisory process if that is what the particular requirements of the company are.

For the dinners themselves, it is an evening format. It is done on a user pay basis. You pay to be part of it. You also pay to be part of the private Angel investor. There is a fee to get a seat at the table, to invest. Typically, the events are sponsored by members of the business community—organisations in the business community.

**THE CHAIR:** Does it do any work around the transparency of the decision-making process and conflict of interest issues? I am aware of the people involved. There appears to be some commonality between one investee company and the people running Capital Angels.

**Mr Cox:** I would have to take that on notice. I am not—

**THE CHAIR:** Thank you. Do you have any idea of the sum of money that has been invested through this program?

**Mr Cox:** I can tell you, without names, that a recent company which had a medical application raised \$500,000 out of the Capital Angels process.

**THE CHAIR:** You mentioned that five companies might be invested in over a year. We are talking probably of a couple of million dollars a year. Would that be a rough sort of quantum of the size of the program?

**Mr Cox:** With the Angels, that has not been applying on average for the last few years. The Angels network has moved up and down in terms of its activity and its level of organisation. It is currently well organised and very active and has established new rules and processes. I would anticipate that sort of level of equity funding, around

\$1 million a year. They should achieve that without too much trouble.

**THE CHAIR:** Thank you. Mr Smyth?

**MR SMYTH:** Just to go back to the ABS report, were you aware of the summary of finding or the ABS report that was released on 21 October about the number of businesses?

**Mr Stanhope:** I do not recall being advised on that. I was out of the country at that time, as you might recall, but I do not recall a brief on it.

**MR SMYTH:** There are a number of facts in the document from the Bureau of Statistics. For instance, in the year to June 2009 we recorded the lowest net growth in the number of businesses established in the ACT. Is there a reason for that?

**Mr Stanhope:** I would be more than happy to take the question on notice, Mr Smyth. I am not sure what is the relevance of that particular finding. But I would be more than happy to explore—

**MR SMYTH:** Are you concerned that we have the lowest growth in the number of new businesses in the country?

**Mr Stanhope:** Not necessarily. I am certainly heartened by the fact that we have the strongest growing economy in Australia. And it would be interesting, Mr Smyth, to determine and perhaps take advice on the circumstance which led to us perhaps having the lowest growth in businesses but the strongest growing economy. It is an interesting correlation, isn't it?

**MR SMYTH:** Perhaps you would like to tell us why?

**Mr Stanhope:** As I say, I am happy to take advice on it, but it raises a very interesting question that you raise for consideration—the fact that on that ABS dataset we have the lowest level of business creation in that financial year yet we have the strongest economy in Australia. I would be interested in receiving some advice on whether there is any correlation between the two.

**MR SMYTH:** We will await that advice.

**Mr Stanhope:** Goodness me, though, it is exciting to think that perhaps if there had been a slightly higher creation of businesses we would be massively in front of the rest of Australia in terms of economic growth and activity, not just in front of them.

**MR SMYTH:** We will see. One of the other statistics is that as of June 2007 there were 25,093 businesses operating in the ACT and of those only 17,991 were still operating in June 2009, which was the second lowest rate of survival in the country. Are you concerned that we have the second lowest rate of survival of established businesses in the country? What is the government doing to assist businesses to survive?

**Mr Stanhope:** What we are doing is creating an environment in which we claim the

mantle of the strongest growing economy in Australia, as a result, certainly, of this government's stewardship of the territory and the creation of the environment in which business thrives. But I think in isolation, Mr Smyth, and without some comparative analysis of that particular data, of itself, it is quite dangerous to suggest that any of those outcomes mean anything. It would be certainly worth having them analysed and understood. I am more than happy to await that advice. But I am not prepared to suggest that any of those numbers mean anything without some comparative analysis and some comparative data and some longitudinal work.

On the history of the creation and otherwise of business within the territory, it is a peculiar feature of our economy and of our business base, of course, that it is almost exclusively a small and micro business base. It is different from other places and it may very well be that in any community or jurisdiction where overwhelmingly the business type is micro and small, for instance—Mr Cox perhaps carries these numbers around in his head—I would have thought that part of the explanation of those numbers is that of the numbers of businesses 12,000 to 14,000 of them are businesses with fewer than three employees, and thousands of them are sole operator businesses. When you are looking at the number of businesses that have been discontinued, how many of them, for instance, are sole employee businesses?

We have, as a proportion, I think, more sole owner-operator-employee businesses than any other jurisdiction in Australia—thousands of them operating out of the back bedroom—and so the structure and the nature of business creation and operation in the territory is vastly different from anywhere else and I would have thought that that sort of consideration would need to be taken into account when you ask the question why. And I would think it has perhaps got something to do with the fact that in our business sector a massive proportion are single operator businesses—a business name, a computer and a bedroom.

**MR SMYTH:** If you are going to take it on notice, that is fine. I am sure Mr Cox is aware of the document. Mr Cox, or perhaps Chief Minister, do we know what percentage of employment in the ACT is currently in the private sector?

**Mr Stanhope:** The last advice I had was that it was sitting fairly steadily around 40 per cent and indeed I think as a result of significant additional employment in the commonwealth in recent years, in fact, the proportion may have swung marginally back to an increase in public sector employment—marginally as a result of enhanced—I believe, but I would be more than happy to take that on notice, Mr Smyth.

**MR SMYTH:** Thank you.

**THE CHAIR:** I would like to ask about page 41. I believe it is under Regional Development Australia ACT. I think that is yours. It is on the same page as Lighthouse and all of those sorts of things. Is that you really?

**Mr Cox:** Historically, yes. It has moved to another part of the Chief Minister's Department, the relationship with RDA.

**Mr Cappie-Wood:** Please ask the question.

**THE CHAIR:** I understand that we have just got a Regional Development Australia grouping for the ACT and we are not actually part of a region, to be precise. Given it is meant to be a regional development opportunity initiative, why is it just on an ACT basis and why aren't we part of a capital region or whatever? It says we have got a "memorandum of understanding with RDA Southern Inland". Why are we a single entity and not part of a bigger regional entity?

**Mr Cappie-Wood:** There is a bit of history here with these RDAs being formed by the commonwealth government without necessarily too much consultation, I have to say, with jurisdictions. Their thinking behind this was to try and make sure that at least the linkages that would be formed between the RDAs and the jurisdictions were not creating too much of a mixed model. We have indicated to them some of the interesting anomalies that this would then create for ourselves and how we would have to work more closely with the surrounding RDAs as well as other regional networks. The other regional networks are the regional leaders forum, which is jointly chaired by the Chief Minister and the minister for regional development in New South Wales, which is currently Steve Whan, as well as the regional organisation of councils, including the newly formed SEROC, South East Region Organisation of Councils.

We have had discussions with those groups about how the layering, if you like, of regional groupings needs to be able to work collaboratively together irrespective of where the boundaries are, because no matter where you draw the boundaries someone will always see it as slightly wrong.

The current RDA, which is jointly funded by the commonwealth government and the ACT government, have produced a preliminary report. They are currently reviewing that this year in terms of their strategic plan. Clearly what we are trying to see them do, rather than just replicate the Canberra plan in a different form, is to look at much more regional relationships and to make sure that the regional perspective that they are meant to take is better integrated with the surrounding RDAs together with the regional leaders forum and the SEROC and other ROCs in terms of organisations of councils.

I think we are in a sort of evolutionary period here to see how they best manage this. Quite interestingly, I was at the University of Canberra celebrating with ANU the creation of CURF, Canberra Urban and Regional Futures, which is designed to engage more broadly across the region. Professor Will Steffen from the Climate Change Institute and Professor Barbara Norman from the urban and regional planning area of UC have come together to form this group. They see that they can play a pivotal role in trying to bring together that regional context, particularly within an adapted climate change environment. So we see these groups forming. Barbara Norman is also the deputy chair of our RDA. So we see a degree of linkages across boundaries, rather than just sort of saying, "Hello, we are stuck with an RDA just for the ACT government."

**THE CHAIR:** You said they are doing a report. How is that going to influence the things the ACT government is doing? We have got our spatial plan et cetera and the transport plan also seems very relevant to this. How will it feed in?

**Mr Cappie-Wood:** We are currently in discussions with them about how their thinking is evolving and certainly trying to project beyond the boundaries of the ACT government. So it is ACT within the region that they are beginning to form some of their views around, and to look at collaborative means with the other RDAs and other regional organisations to be able to form a view about what relative prioritisation should be placed in a regional context, including the ACT.

That might go to questions of regional infrastructure prioritisation, activities around sustainable development and environmental improvements. So there is a variety of collaborative themes they are wanting to pursue across the regional context, which would actually relate quite well to the regional leaders forum; the work that the commissioner for the environment does across the region as well. She does, literally, a state of the environment regional report and presents that to the regional leaders forum. So there is a variety of themes and linkages between what work we do inside the ACT looking at the region and how the RDA will work as well. But, as I said, this is an evolving area.

**Mr Stanhope:** I do expect, Ms Le Couteur, that with some experience, say a year or so, of the operation and the current structure, there is—I think this is at the heart of your question—very good cause to keep an open mind about reviewing the structure of an ACT-specific RDA. Mr Cappie-Wood has gone to some of the complexity and overlap in relation to regional engagement or consultative mechanisms that we currently have. I have met with Craig Sloan, who chairs the ACT RDA, and I think it is fair to say that Mr Sloan thinks that it is a live issue, an issue that we need to keep an open mind about as well, and I have agreed with him on that; that we would keep an open mind about potentially a restructure in the future, incorporating into a more regionally based RDA.

There are some cross-border complexities then around appointments. Some of the complexity is that there is not at the moment anywhere in Australia a cross-border RDA. It is a particular feature of our jurisdiction and it creates some political complexities. It is easier administratively to stick within your border but it is perhaps, in the context of this region, not necessarily very practical.

**THE CHAIR:** Mr Smyth?

**MR SMYTH:** Thank you, Madam Chair. Chief Minister, on your business and industry development website on 12 October it announced the first group of case managers for Commercialisation Australia had been announced. None of those were based in the ACT. Have you taken this issue up with the federal government?

**Mr Stanhope:** Certainly prior to the announcements that I did or we did formally. Mr Cox, I think, could perhaps give some further information about the process that we engaged in, or that was engaged in, in relation to the particular issue.

**Mr Cox:** The case managers for CA are being appointed in tranches. The first tranche of 11 were appointed around the time you mentioned. There are three based in Sydney that we have had extensive contact with. They have territorial interest in the ACT's innovation space. One of those people in particular, Patrick Mooney, is partially based in the ACT and is working closely with ACT companies so he is dual based.

**MR SMYTH:** How is he partially based?

**Mr Cox:** He owns a house in both cities, in Sydney and in Canberra. He has spent a considerable period of time living in Canberra as well so he is quite familiar with the innovation and the company dynamics in the ACT. I believe CA are also going through another process to appoint. I believe they have not appointed case managers in Tasmania, South Australia or WA. So principally at the moment the first tranche have been eastern seaboard appointments.

The other interesting dimension to it is that one of the particular needs of the CA model is to link our companies with other sources of capital. You can take obviously a parochial view that we did not get an appointment in the ACT. But you can also take the other view, that having three case managers that have quite deep sector expertise in Sydney around biotech and pharm and so on and quite strong links to capital markets and sources of capital in Sydney is not a bad outcome; having the ability to connect to those sorts of expertise and those sorts of pools of capital. I think we just have to wait and see how it pans out.

**MR SMYTH:** So is there an expectation that we may have a full-time appointment in the future?

**Mr Cox:** As an agency, we have certainly been making the point privately to our commonwealth colleagues, and it would be good to have in the next tranche of appointments a case manager based in the ACT, yes, certainly.

**MR SMYTH:** Did you take this up with Mr Crean yesterday, or will you take it up—

**Mr Stanhope:** I did not yesterday. I do not believe he is the responsible minister. But I must say I believe I corresponded. I would have to check that, but I am certain I have made direct representations to the relevant minister in writing. Beyond that, I would have to check the nature of my representations. It is a live issue which we continue to pursue, as we always do in relation to seeking appropriate support being made available by the commonwealth for the ACT.

**Mr Cox:** Could I also make the point that, out of CA's first tranche of company investments, the ACT has actually been well represented. In terms of numbers, it is running at around 10 to 15 per cent of total companies invested in and also funds employed. They are very early outcomes, I admit, but the outcomes are actually quite positive.

**MR SMYTH:** The Chief Minister is taking the correspondence on notice; that is fine. Can you provide the committee with those figures—the percentage and the companies?

**Mr Cox:** Yes.

**MR SMYTH:** What is the aggregate amount of spending on R&D in the ACT and how does that compare with the other jurisdictions? Do we have access to that data?

**Mr Cox:** The data is available. I do not have it at hand. There are two reports that ABS releases, typically, I think, at about two-year intervals. One is government expenditure in R&D and one is business expenditure in R&D. The total aggregate is actually quite high, compared to national averages. It is around five or six per cent, compared to a national averages total spend of around two per cent. A lot of that is dominated by public sector R&D.

**MR SMYTH:** Could you provide that detail to the committee? Thank you.

**THE CHAIR:** Can I ask a final question about TradeConnect. You say that 22 businesses have been given matched grants for specialist services and activities. In determining which businesses, do you prioritise clean economy or green economy initiatives and are there any specific grant opportunities which focus on clean economy or green economy?

**Mr Cox:** The prioritisation is done with Austrade, so there is a readiness for export test that is applied. So in terms of TradeConnect, there is no specific clean or green dimension to the assessment or criteria process. With our other grant program, which is InnovationConnect, I think we had about 28 grantees last year, of which six or seven are in the clean or green tech space—so about one in five coming through ICon.

**MR SMYTH:** The award modernisation, the modern award system, since its introduction, has that led to an increase in calls for assistance in understanding the awards to Business ACT?

**Mr Cox:** The award modernisation? I am not sure what the question is.

**MR SMYTH:** There has been a movement to simplify the award system—fewer awards covering more industries. It is reported in the press as the modern award system. For instance, Business SA has had an extra 170 calls each day since the start of the process. Has Business ACT received additional calls as a consequence of this?

**Mr Cox:** They would not come through BID, that level of inquiry. They may well go through Canberra Connect and then go to the Office of Industrial Relations or some other point in the bureaucracy. They do not come directly to us.

**MR SMYTH:** Can we find out a number, or if there has been an increase in calls?

**Mr Cox:** We will take it on notice.

**THE CHAIR:** Thank you very much. We will have to end this part of the public hearing at this point. There may be some questions on notice for you as well. Thank you very much, Mr Cox and Ms Hunt. We will now move on to TAMS and Shared Services, ACT Procurement Board and Director of Territory Records.

### **Short adjournment.**

**THE CHAIR:** I think we are now in a position to resume this public hearing. We are looking at the Department of Territory and Municipal Services annual report with respect to Shared Services, followed by the ACT Procurement Board and the Director

of Territory Records.

Can I assume that you have all seen the yellow privilege card and that you are happy to agree to it? Thank you. Minister, do you have an opening statement?

**Mr Stanhope:** No, thank you, Madam Chair. I do not have a specific statement that I wish to make. Mr Byles, Ms Divorty and other officials from TAMS are ready and eager to assist the committee in any way that they are able.

**THE CHAIR:** I will start with ICT. As no doubt you are all aware, the Assembly a couple of months ago passed a motion on this. I guess the simplest way of asking my question is for a progress report on all the things that were discussed and committed to in that.

**MR HARGREAVES:** You might be a bit more explanatory, Madam Chair, if I can respectfully ask. The *Hansard* does not have a memory of what went on in the motion.

**THE CHAIR:** I do have a copy of my original motion but I was also trying to find the amendments which the government moved.

**MR HARGREAVES:** We are well prepared today, aren't we, Madam Chair?

**THE CHAIR:** I have got the amendments which Mr Stanhope moved. Basically, Mr Stanhope committed that the plan for all of this was going to be reported to the Assembly by 30 March 2011. You were going to commit to measuring its ICT environmental impact, commit to expediting the ICT sustainability plan, including consideration of life cycle impacts of ICT, commit to considering all the actions in the Australian government's ICT *Quick Wins* paper, commit to making data available on government websites as soon as it is advertised in the media and to ensuring that information is in all appropriate formats and retained while useful to the community, develop a policy to encourage appropriate telecommuting and teleconferencing; and report back by 30 March.

I hope that you are well aware of this motion. Could you give us a progress report on this?

**Ms Divorty:** I would like to call on one of my staff from InTACT, if that is okay. Paul Ayers will join us at the table.

**THE CHAIR:** I sincerely hope that InTACT is aware of this motion. I guess that should be my first question: are you aware of this motion?

**Mr Ayers:** We are, yes. A lot of the stuff that the motion actually covers is work that was done by Mick Chisnall, the ex-GM of InTACT, who is actually doing an all-of-government ICT strategic plan. A lot of that ICT strategic plan for all of government is very much covering the green issues. I think you will find a lot of that work will be done and covered, including things like measures, as part of that investment.

**Mr Stanhope:** What is the time line? Ms Le Couteur is interested in the time line.

**THE CHAIR:** Will it all be done by 30 March?

**Ms Divorty:** We are still on track for 30 March, we believe. Some of the work that Mr Chisnall was doing will be completed earlier than that. We are certainly hoping for a first draft within the next month. We are still on track for 30 March, we believe.

**THE CHAIR:** Okay. With the information being available on government websites, I particularly refer here to ACTPLA, because I continually have a small stream of people complaining about not being able to find information on ACTPLA's website because it is no longer there. It is particularly an issue.

**MR HARGREAVES:** That is ACTPLA's problem, isn't it, Madam Chair?

**THE CHAIR:** It is not just ACTPLA's problem. I assume the reason they do it is that I believe they are one of the biggest spenders, as far as InTACT is concerned, on storage and they leave stuff out because it costs them to keep it up. Are you working on a way that we can have more information available, if not directly online at least so that people can ask for it and get it? It is a cause of frustration to members of the community when they know the government must have the information somewhere but it is not actually available.

**Mr Ayers:** We are working with ACTPLA very closely about their information management challenges, shall we say. As a shared service provider, we do work with them under their guidance. So it is probably a question best asked of ACTPLA.

**THE CHAIR:** Are you guiding them in terms of ways that they could achieve—I would assume their aim would be to have more of this information publicly available at X dollars and that InTACT sets the prices and the methodologies they can use. Are you working with them to make it more feasible to have more information actually available?

**Ms Divorty:** We are working with many agencies about storage options, different tiers of storage and different pricing of storage options. ACTPLA is one of those agencies.

**THE CHAIR:** So there will be two or three-tier options?

**Ms Divorty:** There are several tiers of storage options.

**Mr Ayers:** At all different costs.

**THE CHAIR:** One of the most obvious other ICT questions is about internet speed. I am not sure if things here in the Assembly are worse than in other agencies. I guess that would be my first question. Are we particularly unlucky or are the speed issues we have got standard throughout the ACT government? Whether it is just us or everybody, what is being done to address that?

**MR HARGREAVES:** It is just you, Madam Chair. Everybody else is fine.

**THE CHAIR:** Thank you, Mr Hargreaves, for that useful information.

**Mr Ayers:** We have had some challenges. A lot of those have been to do with some ageing hardware. As part of the new network refresh program that is going on that is funded you will see an increase in internet speed. A lot of the challenges that we have had in the last few months have been related to old hardware.

**Mr Stanhope:** Ms Le Couteur was asking about the Assembly speed specifically. You are talking about the Assembly, are you, or generally?

**Mr Ayers:** Generally, and the Assembly as being part of that.

**MR COE:** Are you talking about the server hardware or individual desktop hardware?

**Mr Ayers:** No, it was the server hardware. It was basically the firewall.

**THE CHAIR:** That has been refreshed?

**Mr Ayers:** That has been refreshed, but there is a series—

**THE CHAIR:** A couple of weeks ago there was an email. So that was it?

**Mr Ayers:** An email was sent out; that is right. That was it. You would have found now that has improved, but we have still got some more improvement. As part of this network refresh, there is new equipment being put in all along the way. There is a series of upgrades that happens. Over the next few months you will find your speed increases quite dramatically. Please let us know in the next few months if it does not improve on what it is now.

**MR COE:** Have any agencies approached you or have you heard of any agencies investigating other options separate to InTACT?

**Mr Ayers:** No.

**MR HARGREAVES:** They wouldn't tell him!

**THE CHAIR:** Mr Smyth?

**MR SMYTH:** Chief Minister, the issue of shared services has run into trouble, along with other jurisdictions, particularly Queensland and WA, and there are some concerns over it in Victoria. Are you aware that Queensland has now abandoned its shared services model?

**Mr Stanhope:** I was not aware of that, Mr Smyth, but, once again, it is just a signal of how superior the ACT administration is in that we have instituted shared services and it works remarkably well for us. But other jurisdictions, of course, without our capability, our capacity and our level of ministerial leadership, struggle—and our inherent modesty.

**MR SMYTH:** Queensland has got PricewaterhouseCoopers to do a review. Has there been a review of the shared services arrangement in the ACT to ensure that we are receiving (1) the savings that were promised and (2) the level of service that was promised?

**Mr Stanhope:** We are receiving the level of savings that was promised, Mr Smyth, because they were simply taken out of the bottom line and they have not been reinstated. So we do not need—

**MR SMYTH:** So there has not been an extra cost inserted for shared services?

**Mr Stanhope:** We do not need an outside consultant to tell us what we have done to our bottom line.

**MR SMYTH:** So the cost has not risen for shared services?

**Mr Stanhope:** Well, you have asked me would I consider engaging an outside consultant—

**MR SMYTH:** No, I asked you had there been a review. I have not asked you to engage a consultant.

**Mr Stanhope:** No, you did. You did.

**MR SMYTH:** I said, “Are you aware that Queensland has?”

**Mr Stanhope:** You asked me a question and I am answering the first question, Mr Smyth.

**MR SMYTH:** No. I asked, “Has there been a review?”

**Mr Stanhope:** I am not prepared to respond to constant interjections to a question that I am answering, Madam Chair.

**MR SMYTH:** Well, you shouldn’t twist my question. He’s very good at verballing people.

**THE CHAIR:** Mr Smyth, let the Chief Minister answer.

**Mr Stanhope:** I will take the question on notice.

**MR SMYTH:** He’s also very petulant.

**MR HARGREAVES:** Now, now.

**THE CHAIR:** Thank you, Chief Minister. Mr Hargreaves, you have the next question.

**Mr Stanhope:** Don’t be obnoxious, Mr Smyth. I have taken the question on notice.

**MR SMYTH:** If you are going to insult me, why don’t you speak up instead of just

whispering your insults across the room, Chief Minister?

**THE CHAIR:** Mr Smyth, please.

**Mr Stanhope:** Mr Smyth wasn't interested in an answer. I have taken the question on notice.

**THE CHAIR:** Mr Hargreaves has the call.

**MR HARGREAVES:** I used to do that. I used to see that. When I was lost for a question, I would start a fight just to see how—

**THE CHAIR:** Mr Hargreaves, have you a question?

**MR HARGREAVES:** Yes. Where does Canberra Connect fit into all this?

**Mr Byles:** Canberra Connect report to the transport and infrastructure division, Mr Hargreaves.

**MR HARGREAVES:** Thank you. I am aware that you can do all sorts of things online. It is a connect between Canberra Connect, of course, InTACT and Rego ACT. It is all connected.

I did a case study this morning that I thought I might share with you. I was missing, you might recall, Chief Minister, for about 10 minutes recently. I had this panic attack because I had a rego due. I thought, "What am I going to do?" So I bolted upstairs, rang up Canberra Connect, got onto the whole thing through the internet system and stuffed it. I rang Canberra Connect again, a bloke fixed it and I was back here in 10 minutes, totally fixed. How about that for fast? All of those people who remember sitting in the rego queue up at Dickson will appreciate how fast that is. You might like to comment on that.

**Mr Stanhope:** I would, Mr Hargreaves. Indeed, Canberra Connect provides a fantastic service for the people of Canberra—not just a fantastic service subjectively but objectively in the context of a community response to the service. The levels of satisfaction that members of the Canberra community express and consistently express in relation to the speed and the quality of the service from InTACT is absolutely outstanding. It is a great credit to Canberra Connect and all of the officers there. They have amazingly high levels of community support and positive feedback in relation to quality, timeliness and standard of service.

**MR HARGREAVES:** A point that I also observe, Chief Minister, is that without that supporting IT infrastructure behind Canberra Connect, there is no way they could deliver what they deliver in the speed with which they do it. I presume that the partnership that they have with InTACT and Canberra Connect is, in fact, the whole mainframe upon which they deliver that service.

**Mr Stanhope:** I would assume that to be the case, Mr Hargreaves, but I am more than happy for Ms Divorty or Mr Byles to give greater detail around the close working relationships between InTACT and Canberra Connect, if that would be of assistance.

**MR HARGREAVES:** It would be of immense assistance because I am not completely aware of how InTACT interrelates with Canberra Connect.

**Ms Divorty:** InTACT, of course, is the partner to all agencies within the ACT government in terms of ICT provision. With Canberra Connect not only a partner but also living within the same department of TAMS, there is a very close working relationship at all levels. Canberra Connect, of course, provides very necessary services within the Canberra community. We have a very close relationship with InTACT and Canberra Connect. Paul, you might like to comment further?

**Mr Ayers:** It works well. That is the beauty of shared services, isn't it?

**MR HARGREAVES:** Yes, it is, but how does the actual computer ICT bit fit? How does that work?

**Mr Ayers:** There is a combination of things. All Canberra Connect equipment, if you like, runs on the shared network. Canberra Connect have got a capability in that space. They look after all the web pages, all the delivery, connected through Rego ACT, for example, that you would have used. That rego system is run by a team of 20 developers who report to me, who are constantly updating the system and ensuring that it performs at the level it should.

**MR HARGREAVES:** So you have got officers out-posted in the various spots?

**Mr Ayers:** That is right. Our rego team, for example, sits out at Dickson, with the business.

**MR HARGREAVES:** I would be interested in knowing just how many people are actually out-posted on the thing with various departments. Perhaps you could take that on notice. We do not want it right now.

**Mr Ayers:** Yes. Pretty close to every agency has got an ICT team that sits out in the agency.

**MR HARGREAVES:** Is there a sort of template number that you would have in place or does it depend on the agency?

**Mr Ayers:** No, it is probably dependent on the agency's needs. It is not so much the agency; it is the systems that we are trying to support. When Shared Services were created, they had a model called commonality and propinquity, which is a better—

**MR HARGREAVES:** I am sorry I asked.

**Mr Ayers:** Yes. It is basically looking at all the stuff that people do and saying, "How common is it across the government?" Propinquity is how close to the business it needs to be. We interviewed every staff member and said, "Where are you best off doing the work that you do?" Some of it was created like a help desk, for example, where it is probably central. But if you are developing or working closely with a business, you need to be close to the business. The model worked really well, I

thought. That is one of the reasons I think it was so successful.

**MR HARGREAVES:** If my memory serves me correctly, there has been a really big hit here. You have actually gone right down to the officer level.

**Mr Ayers:** Yes.

**MR HARGREAVES:** I can remember—in fact, it was when one of your officers, Elaine Temby it was, was connected with ACT Health—they were out-posted into health centres and they tried to introduce another system. The lesson that was learnt was that they forgot to ask the person who was going to use the system. So now you are actually doing that, aren't you?

**Mr Ayers:** Yes.

**MR HARGREAVES:** Sensational. What a lesson.

**MR COE:** The committee process is in full flight at the moment! Shared Services had an issue six months or so ago with regard to people's salary information on the W drive. The government, I think, contracted a firm to look into the security arrangements. I think that contract cost something like \$50,000. I was wondering whether that report has been handed to you yet and what the findings were.

**Mr Byles:** That was in early May—the problem that occurred with the W drive. Of course, we were disappointed about that and we took some remedial action to rectify the problem. It was not as successful initially as we had hoped. However, we then addressed it. We sought the assistance of an outside IT security firm—I think that is the terminology—and I think the name of that contracting firm has been made public—WalterTurnbull.

**Ms Divorty:** Yes, we announced that last time.

**THE CHAIR:** At estimates, yes.

**Mr Byles:** They undertook the review, but I will ask Ms Divorty or Mr Ayers if they can give an update on where that is.

**Ms Divorty:** I am happy to do so. WalterTurnbull conducted a review on our behalf. As Mr Byles indicated, it was not a simple and easy task. Some of the recommendations from that review were to have ongoing audits and controls around the W drive, but some of the more comprehensive controls would be to either abolish the W drive or have a fully electronic records management system that could cope with the records that are in the W drive and actually keep appropriate permissions in place. Some of the larger recommendations are still under consideration. Some of the more immediate ones, such as audits and tracking of what is in the W drive and permission controls, are already in hand.

**MR COE:** The scope of that report was very broad and extended beyond the W drive. I am pretty sure it said something like “the security arrangements in government”, or something as broad as that. What recommendations were made that extended beyond

the W drive?

**Ms Divorty:** The recommendations extending beyond the W drive would have been towards electronic document control systems.

**MR COE:** But was that only for information that was currently in the W drive, or were there recommendations that needed to be applied in other areas of InTACT or Shared Services, or across the whole government?

**Ms Divorty:** I would have to take that on notice, Mr Coe. I believe it was only in relation to the W drive, but I will check that for you.

**MR COE:** Is that report able to be published?

**Ms Divorty:** It has not been to the audit committee as yet. It is still in, if you like, the management comment phase, so it is not finalised yet.

**MR COE:** When will it be finalised?

**Ms Divorty:** I would have to take that on notice as well.

**MR COE:** Okay. To the best of your understanding, is that the sort of document that would be published after it has gone through the audit committee?

**Mr Stanhope:** That is a question for government, Mr Coe. I have not seen the report or been briefed on it yet but, consistent with our attitude, if there is no reason for it not to be released—if there are no issues around security or confidentiality that would impact on security or our operational capacity—then I cannot imagine why it would not be released. But that is a decision for the government, not for officers. I would be more than happy to give consideration to its release after I have received it and received advice on the appropriateness of its release. I understand your interest and I understand the interest in reports such as that being made public. My inclination would be, subject to advice to the contrary, to release it. But we just need the process to run.

**MR COE:** Sure. Finally, are you able to advise how many government employees were affected by the issues with the NAB and the payment this morning?

**Ms Divorty:** No. I would have to take that on notice, Mr Coe. I am not sure how many staff were actually affected.

**MR HARGREAVES:** Was that a bank issue?

**Ms Divorty:** It was.

**MR HARGREAVES:** My understanding of the email was it was not an issue for Shared Services; it was actually an issue at the NAB, wasn't it?

**Ms Divorty:** Yes, I believe so. The information I have is that it was not just the ACT government that was affected. It was actually their overnight processing by the NAB

that was affected.

**THE CHAIR:** I just continue on from where I started.

**MR HARGREAVES:** Are you going to read it all again, Madam Chair?

**THE CHAIR:** I am not going to read it all again. Is the ICT sustainability plan going to take into account the government's recent commitment to a 40 per cent greenhouse gas reduction by 2020? Will it be trying to encompass that? The other one is about e-waste. One of the biggest impacts of ICT is the end-of-life disposal of equipment. Can you comment on those two?

**Ms Divorty:** Broadly speaking, all of the government's priorities are taken account in the ICT strategic plan. Paul, you might like to comment on that?

**Mr Ayers:** Yes, it is all covered. You know that we are under contract with an ISO provider who is compliant with all of those ISO standards. Currently we are complying and all of our e-waste goes through that contractor.

**THE CHAIR:** But are you doing any additional work to reduce the amount of e-waste? It may, hopefully, be reasonably disposed of, but the first thing is not to have it.

**Mr Ayers:** Yes, agreed. Hopefully that will be covered by the overall plan.

**THE CHAIR:** Mr Smyth, quickly because we need to move on.

**MR SMYTH:** There was a recent article entitled "Canberra not safe from cyber war" and it focused on the hacking into the federal parliament website and then some other attacks, particularly on the Australian Federation against Copyright Theft. What are the arrangements to secure our websites and how much do we liaise with the federal government and learn from their experiences?

**Ms Divorty:** Paul will have a chance to answer that. We have not brought our head of security with us but we are happy to answer it as much as we can. If we have to, we will take some on notice.

**Mr Ayers:** Our head of security, Peter Major, actually works very closely with the commonwealth in relation to cyber security. He is on a number of cross-jurisdictional committees associated with cyber crime and is very close to the best practice, if you like, of ensuring that we are not targets. The ACT government, let us face it, is not a high target anyway but we are certainly getting the learnings off the commonwealth and bringing them back in. You are dealing with standard practice, best practice, as far as cyber security goes, with our security team at InTACT. So all of our standard patching, standard management of our web systems, is of the highest quality.

**MR SMYTH:** Thank you. The recent email sent out, reportedly on behalf of the LDA, how was that able to happen?

**Mr Ayers:** It is more an educational thing, that one. We understand that what

happened was that someone has done a cut-and-paste of an email list that has gone out and created another email basically of the cut-and-paste. What they did was not rocket science, did not require any hacking, but what it did require was education on effective use of ICT.

**MR SMYTH:** In regard to hacking then, have there been attempts to hack into the ACT website, database or—

**Mr Ayers:** Thousands a day.

**MR SMYTH:** Have any been successful?

**Mr Ayers:** No, not that we are aware of. Certainly, we monitor it and anything that stands out, that is different, is investigated. But at this stage we have got no record of anyone actually getting in and doing anything. That is the ones that we at InTACT have got control of. There are some out there that actually are not hosted by InTACT. They are done by third parties. We cannot comment on those.

**MR SMYTH:** How would you come up with a figure of thousands each day?

**Mr Ayers:** We have monitoring systems. We get reports every fortnight on how many cyber attacks are done. Actually, it is quite funny. You have a look at things that are done during school holidays and the number rises.

**MR SMYTH:** The peaks and troughs.

**Mr Ayers:** Yes.

**MR SMYTH:** Is, for instance, last year's report on numbers available to the committee?

**Mr Ayers:** Absolutely, yes, the numbers are available.

**THE CHAIR:** Mr Coe, quickly?

**MR COE:** Are you suggesting that, if it does indeed peak during our school holidays, some of these attacks are coming locally, as opposed to coming from bots on the other side of the world?

**Mr Ayers:** Yes. We can track whether they are done locally or overseas, and 99 per cent would be overseas stuff—Russian, yes. We will not name the particular countries involved.

**MR HARGREAVES:** Knock yourself out. Let us put them in the paper.

**MR COE:** The peaks that happen in the school holidays, are we talking Northern Hemisphere school holidays?

**Mr Ayers:** Northern Hemisphere, yes.

**THE CHAIR:** Mr Coe, was that your final question? I understood you—

**MR COE:** That was much more a supplementary and a burning desire—

**THE CHAIR:** We need to basically wind up on Shared Services because we have only got 10 minutes left and we have still got the Procurement Board and Territory Records.

**MR COE:** I am happy to put a couple on notice then.

**THE CHAIR:** We will put questions on notice. Thank you very much.

We now need to move to the Procurement Board first and then Territory Records. Thank you very much for joining us, Ms Morrell. Do you have an opening statement on behalf of the Procurement Board?

**Ms Morrell:** No, I do not.

**MR HARGREAVES:** Haven't you got a seven-minute opening statement?

**THE CHAIR:** Thank you, Mr Hargreaves.

As you would be aware, the public accounts committee, which of course you are now talking to, has recently put out a report on government procurement matters. What will your role be in developing the government's response on this—or your own response on this?

**MR HARGREAVES:** There is no such thing, Madam Chair. It is all a government response.

**THE CHAIR:** Mr Hargreaves, we will let Ms Morrell—

**Ms Morrell:** These are probably questions that are going to be more satisfactorily answered by Procurement Solutions. The board's role is to look at procurement plans for high-risk procurements and to assist agencies develop good risk and evaluation plans with different agencies. These particular questions that you have got to ask are probably better answered by Procurement Solutions, if you would like me to hand that over to Ms Divorty.

**THE CHAIR:** Yes. But I am not sure whether we have got Procurement Solutions.

**Mr Stanhope:** Yes, we do have them here as well. I think, for the sake of removing this confusion, it would be appropriate to have officers of Procurement Solutions here as well as the board. The advice to government in relation to procurement issues, procurement as it is pursued, is provided by Procurement Solutions. So your question really is a question for Procurement Solutions.

**THE CHAIR:** Okay.

**Mr Stanhope:** If Ms Morrell stayed here and Ms Divorty and Ms Divorty's officers

could assist you.

**THE CHAIR:** Certainly.

**Ms Divorty:** Thank you. Procurement Solutions is of course part of Shared Services. I know it does become quite confusing because of the branding of the different elements of Shared Services. I have Catriona Vigor here, who would be able to answer that question for you.

**Ms Vigor:** Thank you very much for the report. We have started digesting it and we plan to coordinate a response. We need to consult with quite a number of agencies, including the Government Procurement Board, as an entity, and develop some advice to take forward to our ministers and have them consider that before they can give you a response.

**THE CHAIR:** This question, I think, is one for the board.

**Ms Vigor:** Okay.

**THE CHAIR:** Let us stick with Procurement Solutions. There are only seven members on the board but there is capacity for nine members. The missing members are the non-employee members, as I understand it. Why are we missing members? Is this an issue? Are replacements being sought and do you have an idea of a minimum number of non-public service members?

**Ms Morrell:** As the government capital works program rolls out each year, there are requirements for different sets of skills on the Procurement Board to best evaluate those procurement plans. We have always had a few vacancies for members on the board so that we could seek the right skills, particularly with the capital works program.

**THE CHAIR:** Does that imply you are likely to fill those vacancies shortly?

**Ms Morrell:** We are always in the process of filling vacancies as they become vacant.

**MR HARGREAVES:** But did you not just say that you keep a couple of them vacant so that you can actually have specific expertise on the board? You would not fill them permanently, you would actually fill them short term, yes?

**Ms Morrell:** That is exactly right, Mr Hargreaves. As we know the capital works program each year, that is when we seek to fill those particular positions for that year.

**MR COE:** How long have they been vacant?

**Ms Morrell:** We nearly always have one or two positions vacant, Mr Coe, to allow us that flexibility of membership and expertise.

**THE CHAIR:** It does mean that there is normally a majority of public service employees on it? At present, the positions that are vacant are the non-public sector? I assume that is what you normally do.

**Ms Morrell:** Yes. The membership is always a majority of public service members anyway. It is stipulated.

**THE CHAIR:** Yes. It is very much a majority.

**Ms Morrell:** That holds with the vacancies. Sometimes we have public service member vacancies as well.

**MR COE:** How long is a term on the board?

**Ms Morrell:** Members can be elected for up to five years.

**MR HARGREAVES:** Or up to five weeks, depending on what you want?

**Ms Morrell:** They are often appointed on a year-by-year basis.

**MR COE:** That surprises me. If there are always one or two spaces and you have got that flexibility to put people on the board for a short term, I do not understand why there are always one or two spaces. Because there are always one or two spaces, that means you are not using them. So you are either not using that faction on the board or the system with the other remaining seven spots is working well as a rotating system. Does the board need to go down to seven or eight in size or do you think you need to have nine people and continue on with the rotation as you are currently doing it?

**Ms Morrell:** The current membership works very well because it does give us that flexibility to allow us to get specific skills if we need them for particular procurements. However, yes, we do usually have one or two vacant to allow us to get those skills. I would suggest that the membership is accurate the way it is. Sometimes it is quite difficult for us to find the particular skill we need. It is a small jurisdiction, as you are aware. When we have a large capital program, specific skills, particularly constructions skills for example, can be quite difficult to find. So we might have a membership vacant for a longer period of time while we seek those suitable skills. But in general it works very well.

**THE CHAIR:** A very quick question from Mr Smyth, because we have still got one agency to go.

**MR SMYTH:** On page 6 of your report, in the second paragraph, you speak about the influence that was brought by a number of key government developments upon the board, in particular the Expenditure Review and Evaluation Committee's review of government initiatives. You finish with the sentence:

The Board awaits with interest the findings of this review.

Have you received those findings yet?

**Ms Morrell:** No, I have not received those findings.

**MR SMYTH:** Do you know when they are due?

**Ms Morrell:** No. I would have to take that question on notice. I am not sure when they are due.

**THE CHAIR:** Mr Hargreaves, you have a supplementary?

**MR HARGREAVES:** No. I am really thrilled to bits with the board. I do not need any questions.

**THE CHAIR:** In that case, any other questions will be put on notice, because we still have an agency to go. Thank you very much, ACT Procurement Board and Procurement Solutions.

We now move on to the Director of Territory Records. I will try to be fairly quick. There has recently been a review of the Territory Records Act. Looking at the recommendations, the one I am particularly interested in is electronic records. Basically it said that what was going to need to be done would need to be done by agencies' actions rather than through legislation. Can you please talk to us about what actions are being done with respect to electronic records?

**Mr Wardle:** We are working very closely with agencies, first of all to look at the systems that they are planning to introduce or that they have in place already, to see what we can do to make existing systems more robust so that they meet the requirements for records that we need under the provisions of the Territory Records Act.

We are also looking at new initiatives that we can take. There is one that will be going to our Territory Records Advisory Council tomorrow, which is the new standard for records management in the ACT government on digitisation and conversion of records. We have been testing this with the courts, the DPP and the Government Solicitor, to make sure that the government can be satisfied that digitised records will give the courts the satisfaction they need when the ACT government puts some material in a digital form to the courts. We are moving ahead with that as well. So it is a mixture of things that we are doing as the Territory Records Office and working closely with agencies, looking at their existing systems.

**THE CHAIR:** Are you looking at things which are less traditional records? I am aware there is a small ACT government presence on Facebook. There are some government events on Facebook. It is not being used extensively but this is presumably the direction that we are going to be going in and those sorts of things. What are you doing with respect to that?

**Mr Wardle:** Social networking is probably a challenge right around all of the jurisdictions in Australia. You are right: they are government records. If the government chooses to use social networking to make information available to constituents, we need to capture that advice, just as we do when we are looking at government websites. It is just another form of making government information available. We are looking at a lot of the challenges at the moment.

We do not have all the answers that we would like but we are well aware of the issues.

We need to be able to capture a lot of this information, and we are doing it in different ways at the moment. But certainly, over the next year or two, we will need to make more progress, just to make sure that we are capturing this information on behalf of government.

**THE CHAIR:** You have people actively working on web 2.0, the social media and those new issues?

**Mr Wardle:** We are trying to keep across it as much as we can. We are talking to agencies that wish to use some of this material. We have put out a recent records advice, which is on our website at the moment, just for those agencies looking at web 2.0 issues, just so that they are aware, so that they can analyse whether it is a government record they are creating in this area or whether it is not as important as that. So we are starting to alert agencies to the issues that they would face in this.

**THE CHAIR:** The time has expired. Thank you very much, everyone who has been here this morning and this afternoon, for your attendance. Chief Minister, there will be some questions on notice.

**Mr Stanhope:** Certainly.

**THE CHAIR:** We will obviously be forwarding the draft transcripts to people as soon as they are available. On behalf of the public accounts committee, I thank all the witnesses today and conclude this public hearing.

**The committee adjourned at 12.46 pm.**