



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**SELECT COMMITTEE ON ESTIMATES 2007-2008**

**(Reference: Appropriation Bill 2007-2008)**

**Members:**

**MR M GENTLEMAN (The Chair)**  
**MR B STEFANIAK (The Deputy Chair)**  
**MS M PORTER**  
**DR D FOSKEY**  
**MRS J BURKE**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**WEDNESDAY, 27 JUNE 2007**

**Secretary to the committee:**  
**Ms G Concannon (Ph: 6205 0129)**

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

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

## APPEARANCES

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## **The committee met at 9.32 am.**

### Appearances:

Stanhope, Mr Jon, Chief Minister, Treasurer, Minister for Business and Economic Development, Minister for Indigenous Affairs, Minister for the Environment, Water and Climate Change, Minister for the Arts

### Chief Minister's Department

Davoren, Ms Pam, Acting Chief Executive

Farnsworth, Ms Penny, Director, Social Policy and Implementation, Policy Division

Dorling, Dr Philip, Acting Director - Cabinet and Intergovernmental Relations, Policy Division

Douglas, Mr Ken, Acting Director, Economic, Regional and Planning, Policy Division

Hudson, Ms Catherine, Deputy Chief Executive, Governance and Commissioner for Public Administration, Governance Division

Williamson, Mr Gary, Director, Public Sector Management Group, Governance Division

Dawes, Mr David, Deputy Chief Executive, Business and Projects, Business and Projects Division

Tomlins, Mr George, Executive Director, Strategic Priorities, Business and Projects Division

Mitchell, Mr Philip, Executive Director, Priority Projects, Business and Projects Division

Maloney, Ms Katherine, Manager, Communications, Arts, Communications, Events and Protocol

Kinsmore, Mr Simon, Manager, Live in Canberra, Communications, Arts, Communications, Events and Protocol

Hall, Ms Sue, Director, Corporate Management, Policy Division

Neser, Ms Kate, Chief Finance Officer, Policy Division

Stanwell, Mr John, Director, artsACT

Ireland, Ms Dianne, Senior Events Manager, Special Events Unit

Cox, Mr Ian, Director, Business and Industry Development, Business and Projects Division, Business and Economic Development

Hunt, Ms Dita, Senior Manager, Enterprise Development, Business and Projects Division, Business and Economic Development

McKay, Mr Ross, Aged Accommodation Case Manager

### Cultural Facilities Corporation

Elvin, Ms Harriet, Chief Executive Officer

Wicks, Mr John, Chief Financial Officer

### Department of Disability, Housing and Community Services

Hehir, Mr Martin, Deputy Chief Executive

Overton-Clarke, Ms Bronwen, Executive Director, Policy and Organisational Services

Therkelsen, Ms Judith, Senior Manager, Office for Ageing

Stankevicius, Mr Adam, Director, Governance, Strategy and Community Policy

Hubbard, Mr Ian, Director, Finance and Budget

Land Development Agency

Skewes, Ms Anne, Chief Executive Officer

Morison, Ms Jenny, LDA Board Deputy Chair

Kelly, Mr Matthew, Financial Controller, Corporate and Finance

Rhodium Asset Solutions Ltd

Moore, Mr Ken, Chief Executive Officer

Department of Treasury

Bulless, Mr Neil, Acting Executive Director, Finance and Budget Division

**THE CHAIR:** Good morning, Chief Minister and everyone: executives from the Chief Minister's Department and members, of course. This morning we have the Chief Minister, then he is appearing in his role as Minister for the Arts and this afternoon in his role as Minister for Business and Economic Development. I will just read the card out for everybody.

The committee has authorised the recording, broadcasting and re-broadcasting of these proceedings in accordance with the rules contained in the resolution agreed by the Assembly on 7 March 2002 concerning the broadcasting of Assembly and committee proceedings.

Before the committee commences taking evidence, let me place on the record that all witnesses are protected by parliamentary privilege with respect to submissions made to the committee in evidence given before it. Parliamentary privilege means special rights and immunities attached to parliament, its members and others necessary to discharge the functions of the Assembly without obstruction and without fear of prosecution.

While the committee prefers to hear all evidence in public, if the committee accedes to such a request, the committee will take evidence in camera and record that evidence. Should the committee take evidence in this manner, I remind the committee and those present that 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 I should add that any decision regarding publication of in-camera evidence or confidential submissions will not be taken by the committee without prior reference to the person whose evidence the committee may consider publishing.

Welcome back to the estimates committee for 2007. We will look to a break at about 10.30 am. Chief Minister, would you like to make any opening comments in this output class?

**Mr Stanhope:** Thank you, Mr Chair. No, I have no specific comments to make. Of course, Ms Davoren and her officials stand ready and very willing to assist the committee in any way that they are able.

**THE CHAIR:** Questions, Mr Stefaniak?

**MR STEFANIAK:** Thanks, chair. For the ACT Executive—budget paper 4, page 22—there is \$180,000 for resources received free of charge, which continues to the outyears. What other resources are received free of charge?

**Mr Stanhope:** Which page is this, Mr Stefaniak?

**MR STEFANIAK:** Page 22, budget paper 4.

**Mr Stanhope:** Thank you, Mr Stefaniak. Ms Davoren will respond to your question.

**Ms Davoren:** Those services received free of charge basically represent services provided by CMD in relation to accommodation and other related services.

**MR STEFANIAK:** What sort of accommodation, Ms Davoren?

**Ms Davoren:** I will hand over to Kate Nesar.

**Ms Nesar:** It basically relates to facilities management services, IT services and things like that. I can get you a further breakdown if you would like it, but it is corporate services.

**MR STEFANIAK:** Okay, that would be handy. Who coordinates those services?

**Ms Nesar:** It would be corporate management within the Chief Minister's Department. There also might be resources received free of charge in relation to the Government Solicitor's Office in there as well.

**MR STEFANIAK:** The Government Solicitor's Office?

**Ms Nesar:** Yes, for legal advice and things like that, but I am not sure of the breakdown.

**MR STEFANIAK:** It is always good getting legal advice for free, if you can.

**MRS BURKE:** Good morning, Chief Minister. Good morning, department officials. In budget paper 4, page 20, there has been an increase in the number of staff. Average staffing costs are more than \$127,000. Why are additional staff required?

**Mr Stanhope:** This is an increase in staff for ministers and for members of the executive and reflects incremental increases in workflow within ministerial offices.

**MRS BURKE:** What kind of strategic advice is to be provided to the executive? Could you give some examples of that?

**Mr Stanhope:** Yes. It is strategic advice to ministers within their offices on every issue of policy across the board. Every piece of policy advice that is developed by the government through the public service is, of course, ultimately agreed or approved by ministers through a cabinet process. It is an expensive and exhausting process. Ministers rely very much on in-office advice and support in relation to the development and implementation of policy. This is policy advice and support

provided to ministers to allow ministers to fulfil their responsibilities as ministers.

**MRS BURKE:** Is this indicative of what you are saying here—an increased workload?

**Mr Stanhope:** Most certainly—

**MRS BURKE:** I am just wondering: why the additional—

**Mr Stanhope:** an increasing workload and the complexity of issues which governments face.

**MRS BURKE:** What sort of complexities would those be at this stage?

**Mr Stanhope:** Things like implementation of the most advanced housing affordability reporting strategy. Things like that. Every aspect of government service delivery of policy is ultimately developed through a ministerial office, submitted to cabinet and then implemented by ministers in pursuance of their ministerial responsibilities.

**MRS BURKE:** What will these staff be dedicated to in particular?

**Mr Stanhope:** Providing advice to ministers.

**MRS BURKE:** Any particular areas? You have mentioned one.

**Mr Stanhope:** Oh, no. I must say that at this stage I am not quite sure to whom these particular staff might be allocated or exactly the nature. I would have to look a little more closely at documentation. These will be staff provided for the assistance of ministers in pursuance of their duties and responsibilities.

**MRS BURKE:** I am concerned as to why you believe you need to increase the staffing levels and why they can't be provided from existing resources?

**Mr Stanhope:** You can say that about any increase in staff. A year or two ago we increased staff for you, Mrs Burke. You might actually answer the question you just asked by reflecting on why it was—

**MRS BURKE:** We are talking about executive staff here.

**Mr Stanhope:** We are now.

**MRS BURKE:** Your department not mine.

**Mr Stanhope:** The answer is the same, Mrs Burke, as the answer that you would have given when we increased your staffing allowance. I could review that, if you like, if you think you are overstaffed or that you did not deserve that increase in staffing support.

**MRS BURKE:** Perhaps I have hit a nerve here, Chief Minister?

**Mr Stanhope:** No. The nerve you have hit, Mrs Burke, is the one that relates to the hypocrisy of any member of this place who in recent times has willingly accepted increased staff and then asked, “Why do you need more staff?” We need more staff to meet—

**MRS BURKE:** We do not have departments at our disposal like you do.

**Mr Stanhope:** These are ministerial staff.

**MRS BURKE:** I am just wondering why you cannot achieve what you want to achieve within existing resources?

**Mr Stanhope:** These are not departmental staff; these are ministerial staff.

**MRS BURKE:** I realise that even more so. Perhaps you could provide the committee with a staffing profile?

**Mr Stanhope:** Most certainly. I could do it for executive and non-executive members for the purposes of comparison in terms of workloads. That would perhaps be more useful.

**THE CHAIR:** Chief Minister, while we are talking about staff, on page 35 of budget paper 4, one of the priorities is “building capacity and change management for the ACT Public Service”. What is the government doing to ensure it maintains a high quality public sector?

**Mr Stanhope:** Thank you very much, Mr Chairman. Particularly in this age of extreme skill shortages or labour force shortages and the extent to which the ACT government does compete with the Commonwealth in this government town, there is a need for us to ensure that we have programs or capacity to deal with staff and the quality of staff in the working environment. Through this particular budget we are focusing more now than we have in the recent past. I think it is fair to say that we perhaps should have concentrated a little more on some of these issues previously.

We are, through a range of programs and initiatives, seeking to build capacity within the service to ensure that we are professional and that we do have the capacity in the ACT public service, a public service of enormously high quality. I acknowledge and say publicly that over the last year or two, with initiatives and certainly efficiencies that the government has been pursuing across the board, the ACT public service has responded in a very difficult environment extremely well.

In recognition of the stress that we place on our public servants and our departments, the government is seeking to develop programs for building capacity. I will defer to Ms Davoren on the details of budget initiatives and programs that do go to that.

**Ms Davoren:** The department, through the governance division, and the Commissioner for Public Administration are working across agencies to develop strategies. We will be working primarily through the management council, which is the group of chief executives that meet monthly. But it is in response to the

recognition that we are in a competitive job market. We need to be able not only to retain but also to attract staff. We are looking at a range of initiatives that go to the recruitment end and how we promote and boost the profile of the ACT public service. What is the best way to recruit staff and, looking at recruitment processes, how we can be more agile and responsive in the recruitment market? Looking at the nature of our workplaces and understanding that, if you do have a situation of competition in the job market, you need to respond to what people are looking for in employment in terms of conditions and work quality, and also looking, more broadly, across the culture of the ACT public service. It is a general capacity building initiative and we will be working, as I said, with agencies and particularly with chief executives to pull together a strategy over the next few months.

**DR FOSKEY:** I was wondering how not having an identified public service commissioner is impacting on those kinds of issues?

**Mr Stanhope:** Not having an independent commissioner?

**DR FOSKEY:** We used to have a public service commissioner?

**Mr Stanhope:** We still do, but it is not a separate position.

**DR FOSKEY:** That is right. That is what I am referring to.

**Mr Stanhope:** You are interested in whether or not they—

**DR FOSKEY:** The impact—

**Mr Stanhope:** From my perspective, I must say that I have not noticed a difference, but it may be that the commissioner would care to respond to the question you raise and perhaps give some insight into how the current arrangements work and how they work in place. I have not had brought to my attention, Dr Foskey, any issues in relation to a change in effectiveness in the role and I have not observed any.

**DR FOSKEY:** Ms Hudson—

**Mr Stanhope:** Ms Hudson is the commissioner.

**DR FOSKEY:** Yes. I was just wondering if you would like to say how you are managing to fit in the duties of commissioner along with all your other responsibilities?

**Ms Hudson:** At the last annual report estimates, I mentioned that I think there are some opportunities where it is beneficial to have the role combined. I think this particular initiative is one of those. You are well aware, as a day-to-day issue, of all of the things that are impacting on the public service, whereas perhaps in the past, as a commissioner, there may have been a bit more of a lagged effect in terms of knowing those issues.

I am supported as commissioner by the governance division and, in particular, the Public Sector Management Group. I did not do the job before, but it was a part-time

role when there was a sole commissioner and not combined. Also, in late 1995-99 the same model we have now was in place then. I do not find that it impacts on the way the role is occurring. I think that, with this particular initiative, we are likely to employ one additional person. That will help with attraction and retention particularly and in providing advice to the commissioner and to the head of the public service, which is the Chief Executive of CMD.

**DR FOSKEY:** Has there been any independent evaluation in the ACT public service of the current arrangements? I suppose that is where any commentary would be found.

**Ms Hudson:** No, there hasn't.

**DR FOSKEY:** Are there any planned?

**Ms Davoren:** At this stage, there is no plan to do that, but I think, as Ms Hudson has pointed out, there has been a different approach to the commissioner role. For a period from 1995-99 it was combined with a senior executive role in the department. For a period it was then a separate but part-time role and now it is combined back again.

If you look around Australia, there is no single model for that commissioner-type role. For example, in New South Wales, there is no separate commissioner. There is no one preferred approach. Each approach has its particular advantages and disadvantages. In terms of the public service, in looking at some of the initiatives that we have at the moment, it does make sense to combine the two roles and make the best use of our resources in CMD and also have a very clear combined message about our commitment to building capacity in the public service.

**MR STEFANIAK:** Thanks very much, officials and Chief Minister. I am concerned about assaults on government staff, and we are talking about building staff. It is always concerning to hear that someone doing their job has been assaulted. What statistics are kept for the whole of government on the number of reported cases of assaults on government employees and who keeps those statistics?

**Ms Davoren:** I am not aware of any statistics. I could certainly have a look for you. There may well be access to some detail through our workers compensation records. I would have to take that on notice. At this stage, I do not believe there is any combined record keeping or central record keeping of issues.

**MR STEFANIAK:** I am interested in just how much. You hear of it occasionally with teachers.

**Ms Davoren:** Yes, you do hear of it. It is very disturbing.

**MR STEFANIAK:** I am interested to see whether there are any trends. You hear of it occasionally with parking inspectors who are obviously just going about their duty. I would be interested, too, in the policies the government has in relation to action being taken in response to reported cases. In what circumstances does action actually involve the police?

**Ms Davoren:** I am happy to take that on notice.

**MR STEFANIAK:** Could you please give me details of how many reported cases there have been, say, over the last five years.

**Ms Davoren:** If those records are available.

**MR STEFANKIAK:** If they are available.

**Ms Davoren:** Yes.

**MR STEFANIAK:** Thank you.

**MRS BURKE:** Chief Minister, I am just wondering what impact the appointment of a new chief executive is having on your department and the public service as a whole? We have been without a chief executive since February 2007. It has been four months since the departure of Mr Harris. We do not have a new CEO. Why has this length of time lapsed and we have not had a replacement?

**Mr Stanhope:** We have an acting CEO, Mrs Burke, in whom I have the utmost confidence and faith. I have not been particularly anxious of the fact that the position has not been filled permanently. In fact, at the time we suffered the double blow of the departure of Mr Harris and Dr Grimes. I must say that the departure of each of them was inconvenient, but each of them were pursuing, quite rightly and appropriately and with my blessing, career aspirations which each of them held—one to head a major private sector organisation; the other to accept a promotion within the Commonwealth public service, a most senior position. I think it reflects credit on the ACT public service that our two most senior chief executives have been snapped up by other organisations. It is a reflection or indication of the quality and calibre of chief executives and senior executives which the ACT government has been able to attract and employ.

The timing was awkward, February-March coming together, just as I was beginning to embrace, as Treasurer, the most complex and single issue that ministers are involved in in a single year, every year—namely, the budget. In fact, I indicated at the time we began the selection process for the head of the Chief Minister's Department and the Under Treasurer that they have overarching responsibility for all departments, not just the Chief Minister's Department, with a watching brief and a broad remit to provide all of government advice to me, as Chief Minister, and the Under Treasurer in the context of their role.

I was faced with this choice: do I seek to fast track these two appointments, do I seek to drop a new permanent head of the Chief Minister's Department and a new permanent Under Treasurer into the middle of a budget process or do I allow what was, for me, my number one priority: namely, the budget? Do I allow the two officers in whom I have faith, who are acting as chief executive of the Chief Minister's Department and as Under Treasurer, to deliver the budget for me? And that is the decision I took. In fact, I gave instructions that the processes were not to be concluded before the budget was concluded.

This estimates is the last throw of the dice in that process. In fact, I suggested in

relation to both the appointment of a new head of the Chief Minister's Department and a new Under Treasurer that I had no expectation; in fact, my preferred position was that neither position be filled before 1 July because I did not wish to disrupt a very difficult and detailed process. The budget is hard yakka and I did not want to bring in new chief executives in the middle of a process and potentially disrupt the process.

**MRS BURKE:** That is from your perspective. However, surely it would put some pressure, would it not, on the acting chief executive? Is she required to do her usual duties as well as the role of chief executive?

**Mr Stanhope:** No. I must say, I do not apologise, Mrs Burke, for putting a bit of pressure on chief executives. They all get paid more than me. I am more than happy to put a bit of pressure on them.

**MRS BURKE:** Back to the replacement: four months is a long time. I would still argue the point that it is putting undue pressure on people. However, who is managing the recruitment process? Were any external recruitment agencies engaged for the purpose, what has been the cost and what will be the eventual final cost, in your estimation, of finding a replacement?

**Mr Stanhope:** I am not sure we have all that detail. I will defer to Ms Davoren or to Ms Hudson. Yes, we did employ and have employed external agents for the process. The processes in relation to both positions are very well advanced and will be concluded quite shortly. Ms Hudson or Ms Davoren can perhaps answer that. I forget the name of the company, but I am sure somebody has the detail and I will refer the question.

**Ms Hudson:** There are two different companies. For the chief executive CMD, Fish and Nankivell from Victoria are being engaged, and that will cost an amount under \$100,000, probably around \$70,000. For the Under Treasurer position, it is Corder King, and that will be a similar mark, around \$100,000 or just under that amount. Those processes are both in train.

**MRS BURKE:** As commissioner, are you saying to this committee as well and in agreement with the Chief Minister that there is no undue pressure on the public service at this time in regard to those two positions not yet being filled?

**Ms Hudson:** Well, you did ask about—

**Mr Stanhope:** With respect, that is not an issue for the commissioner. That is a matter for me.

**MRS BURKE:** I am wondering if the commissioner is getting any feedback from the public service, Chief Minister.

**Mr Stanhope:** I have given a direction in relation to the issue, Mrs Burke. Members of the public service—

**MRS BURKE:** You are not going to tell me, then? You are saying there is no

pressure on the public service?

**Mr Stanhope:** I am not saying that.

**MRS BURKE:** Everything is fine?

**Mr Stanhope:** There is pressure on the public service all the time, but the time lines for the engagement of the new chief executive of the Chief Minister's Department and of the Treasury were set by me to meet my priorities, and that is not a matter for speculation or comment by one of my officials.

**MRS BURKE:** No. I just asked if there was pressure.

**Mr Stanhope:** It is not appropriate for an estimates committee to ask an official, who is responsible to me, to comment on a decision that I have made.

**MRS BURKE:** It is appropriate to ask a commissioner if she is getting any feedback in regard to the morale in the public service, surely.

**MR STEFANIAK:** That is reasonable.

**Mr Stanhope:** That is quite reasonable.

**MRS BURKE:** I am sorry. That is the question.

**Mr Stanhope:** No. The question was about commenting on a decision that I had taken.

**MRS BURKE:** No, it was not. It was about pressure on public servants.

**Mr Stanhope:** No official should be put in the invidious position of being asked a question around a decision made by her minister.

**MRS BURKE:** Through you, Chief Minister, the question to the commissioner is: is the morale of the public service where you would like it to be right now?

**Ms Hudson:** In terms of those two positions, I am not aware of any concern about it impacting on morale. People do act in positions, so the other side is that people get opportunities that perhaps they would not have had before to act at a higher level. So, no.

**THE CHAIR:** Ms Porter.

**MS PORTER:** Thank you. I am looking at page 35 of budget paper No 4, 2007-08 priorities. It talks about facilitating delivery of key policy and priority initiatives and it mentions housing affordability as one of the priorities. Could you address the committee on that particular matter?

**Mr Stanhope:** Thank you, Ms Porter. I think as members would be aware and as I have stated on a number of occasions, housing affordability is a major priority of the government and of mine. This is reflected by the fact that the Chief Minister's

Department led the interdepartmental task force that developed our housing affordability strategy. It is a major priority and it is reflected as a 2007-08 priority in the context of the need now for the government to implement what I think is a very fine expansive and very lateral approach to dealing with issues of housing affordability. It deals with the full range of issues that we have identified as impacting on affordability. It will be implemented by a task force which is within the Chief Minister's Department for which Mr Tomlins has a particular responsibility and which comes within the range of responsibilities of Mr David Dawes.

I think, Ms Porter, in the context of the time line and the priority that now exist, the priority is for the implementation of the housing affordability report. I think it would be appropriate for Mr Tomlins to give some background on the process that is in place, the initiatives that have already been commenced and the time lines for some of the other major initiatives.

**MS PORTER:** Thank you.

**Mr Tomlins:** Thank you, Chief Minister. There are a number of initiatives, I suppose, at the strategic level. They start with changes and additions to the statements of intent of the land development authority and the planning authority and include increases in the release of land sales; the introduction of a new affordable house and land package that will see houses brought on the market in the range of \$200,000 to \$300,000; a major expansion of community housing that will see over 1,000 houses built in the affordable range over the next 10 years; an initiative which will see 200 to 400 private rental dwellings brought to the market; and the introduction, or reintroduction, of land rent to Canberra, bearing in mind that housing in Canberra before 1971 was operated on a land rent basis.

Essentially, that will mean that for the new house and land package, instead of about 50 per cent of householders being able to enter the housing market, between 70 per cent and 80 per cent of households will be able to go into the housing market. At the moment, we have an affordability gap between about 33,000, where households become ineligible for Housing ACT waiting lists, and 68,000 to 70,000, where people can move into the housing market and start to purchase housing. We are plugging that gap, which will mean that there will be an increase of some 60 per cent of households moving from 50 per cent to 80 per cent who are able to move into the housing market. That is a major step forward. There also are a number of shared equity schemes being developed and a number of targeted duty concessions as well.

As the Chief Minister has mentioned, there is funding for an implementation task force that is headed by Mr Dawes and a number of other initiatives that are in the budget, such as provision for Housing ACT to purchase some of the new affordable house and land packages. There is additional money for the ACT Planning and Land Authority to be able to assess the estate development plans. Not only have we seen a greater number of packages released in places like west Belconnen and Crace in Gungahlin but also the capacity of the public service to assess private sector plans has been doubled.

There is \$20,000 per annum for a new annual award to recognise excellence in compact housing; \$1.5 million per annum for the concession scheme; deferral of

stamp duty—this will cost approximately \$300,000 per annum in a full year and represents about \$2,000 a year for first home buyers—and \$80,000 per annum to justice and community safety for expanded tenant advocacy services.

So, as the Chief Minister has said, it is a very comprehensive scheme. It is targeted at all housing, but it is particularly targeted at those people in the vulnerable group who have missed out over the last 10 years or so in not being able to get into housing. This program should allow everybody who wants to to move into housing.

**MS PORTER:** Thank you.

**THE CHAIR:** Mr Tomlins, will this land rent scheme be available as an option retrospectively? Would people who have purchased a house and land package be able to transfer their lease back into the ACT government and rent the land back?

**Mr Tomlins:** No, Mr Chairman. That would not be the case. The land rent scheme would only be for land that is released through the land development authority, but of course that is two-thirds of all new land, roughly. The rates that we are talking about—and the figures have yet to be fully worked through—would be something like two per cent of the value of the land for concessional and four per cent non-concessional. So it works out quite well. Of course, the land rent will increase as land values increase from year to year. Unlike the situation where, if you buy your land, it is a one-off payment and you are then settled in that regard. If you rent the land, of course, as land values increase, your rent will increase.

**MR STEFANIAK:** Page 36 of budget paper No 4 indicates an additional 22 new staff. In relation to those new staff, what is the staffing profile for each of them, and in what areas of the department will they be employed?

**Mr Stanhope:** Thank you, Mr Stefaniak. Ms Davoren is happy to expand.

**Ms Davoren:** These obviously relate to forward staffing estimates. We have already started recruitment in some areas. The additional staffing will relate to filling positions that existed before but where recruitment was deferred to make budget savings. Overall, in terms of where we think the staffing will go or is already incorporated into the budget, we have allocated an additional policy officer to support land supply policy, and the Chief Minister's Department received that position as of 1 July last year. So, we have an additional person there to assist in that additional task.

We have also incorporated ongoing funding for a new deputy chief executive position in business and projects, as well as the support staff for that position. There are two new manager positions to support housing affordability and the implementation of that major strategy. There is also currently a task force of around four people dealing with water security.

As part of our budget we have incorporated capacity to have task forces during the year. It will not be permanent staff in the department, but may be staff drawn from other agencies that we will second, so we have incorporated that into our staffing estimate. As I said, initially we will also be backfilling some positions that had been vacant, particularly in the policy division. We will not be able to confirm the details of

what those people will be doing until we really finalise the departmental budget allocations for 2007-08. But generally they will be involved in policy work and across-government coordination activities, looking at service-wide and emerging issues, such as the potential impact of climate change, the impact of the ageing population, policy work flowing out of the work of the skills commission and skills shortage and also ongoing work that has arisen over the last 18 months as part of COAG commitments.

**MR STEFANIAK:** So not all of them are policy? Chief Minister, I think you indicated the day after the budget that these were policy positions.

**Ms Davoren:** We said policy and across-government coordination. Sometimes there is a merging of those two roles; sometimes they are separate. For example, our aged accommodation project manager is involved in across-government coordination of particular projects. It is not strictly a policy role but sometimes in policy you are also doing across-government coordination. So there can be two separate areas.

**MR STEFANIAK:** And in the outyears, is there any intention to further increase the staff or don't you have any intentions yet?

**Ms Davoren:** Given that the budget footprint remains the same, I think we would be pretty much be on the same path.

**MR STEFANIAK:** Okay.

**Ms Davoren:** Unless staff get cheaper.

**MR STEFANIAK:** Chief Minister, has this got anything to do with putting on extra staff before an election year?

**Mr Stanhope:** No. As I also indicated at the time of the budget, Mr Stefaniak, it is as Ms Davoren has just commented on. A number of positions were not filled. There were savings that were made last year as a result of a very rigorous budget. I have also indicated that I did expect of my departments that they show the leadership that I was expecting of other departments in relation to efficiencies that were required as a result of last year's budget. To some extent those efficiencies have impacted on the policy depth and capacity of the department, and I do not believe that is a sustainable or wise long-term position. This is acknowledging emerging priorities, such as housing affordability and water security, as well as restoring some depth and policy capacity within the central policy-making organ of the ACT government; namely, the Chief Minister's Department. This is a lean and mean organisation with overall staffing of, what, 140 or some such?

**Ms Davoren:** We are estimating 146.

**Mr Stanhope:** The Chief Minister's Department is the smallest department. It is half the size of ACTPLA. It is a very small and lean machine.

**MR STEFANIAK:** I have just one final question in relation to that. You talked about backfilling positions. How many of these additional 22 positions are actually

backfilling positions? Does that relate to axing a lot of the business section last year?

**Ms Davoren:** The business section obviously was not axed. It was incorporated into the department. It is now part of the new business and projects division.

**MR STEFANIAK:** Decimated, I mean. It was reduced in size.

**MRS BURKE:** Decimated.

**Ms Davoren:** In terms of particular positions, we are at the point of estimating our staffing capacity over the next 12 months. We need to go through a very detailed process of allocating the budget, and it is just the way of things through June. We are focused on the end of year budget, we have estimates and then we turn to some planning and allocations of the budget. I do not have a detailed sense of where all those additional positions will be. I have indicated some specific positions, but I would not be able to give you a particular answer as to which positions we will be filling as a result of this initiative until earlier into July.

**MRS BURKE:** May I ask a supp to that, Ms Davoren? It did not quite make sense, what you said there.

**Ms Davoren:** I am sorry.

**MRS BURKE:** You seem to be putting the cart before the horse. We seem to have the funding yet you are saying now you are going to plan to see what you actually need. How could the budget—

**Ms Davoren:** No, I did not quite say that. I said we were going to do the detailed budget allocations to give more precision about which positions could be filled. Again, it is about staffing estimates.

**MRS BURKE:** Yes, but with respect a certain amount of money has already been allocated.

**Ms Davoren:** It has indeed, yes.

**MRS BURKE:** So how would you know how to allocate that amount of money if you are now going to go back to do the planning to decide what staff you need, drill down into the departments to see what staff you need?

**Ms Davoren:** No. That is kind of presenting it as a circular issue. As part of the budget process we make some estimates around our needs for the forthcoming year. We then estimate what the impact of that will be on staffing. We then go into a process of planning for the forthcoming year based on government priorities and also setting priorities for the department's activities. I think that is actually a very normal process that most agencies go through.

**MRS BURKE:** Yes. It seems to be a bit blind though, does it not? You somehow seem to pluck an amount of money out of the air reflecting a future need, yet you do not know what those future needs are until after the budget process.

**Ms Davoren:** Well, I do not believe the budget was plucked out of the air. But, again, when you are working with estimates in terms of both budget and staffing, you cannot always be absolutely precise as to what one individual person will be doing six to nine months hence. We will be going through a process of division and departmental planning to identify the priorities for the department. Obviously, some priorities are set very clearly here, such as housing affordability, for example, but there will also be issues around other staff allocations and where we put those priorities.

**MR STEFANIAK:** You said early July. You do not have that information. Could you supply that when you have that, Ms Davoren?

**Ms Davoren:** I could undertake to supply a staffing profile in the middle of July.

**MR STEFANIAK:** Thank you.

**Mr Stanhope:** Just by way of some further explanation or example of the point Ms Davoren just made, sometimes governments impose a priority on departments in the context of a priority that is identified by a minister or by government, and this occurred quite recently in the context of a desire which I had for a centralised capacity to oversight issues in relation to water scarcity.

Ms Davoren just referred to positions now being staffed in the Chief Minister's Department in relation to a task force to oversight a range of the different work that was being undertaken at the time the budget was being developed. I did not have in my mind, and I do not believe that Chief Minister's had in its thinking, the possibility that we or it would be asked by me to provide a capacity to provide centralised oversight of issues in relation to water. That is an example of how priorities and arrangements change in a very short time frame.

To some extent, the Chief Minister's Department requires capacity to respond to emerging priorities, and water is a great example. Three months ago, I knew that level 4 water restrictions were a possibility. They have moved from being a possibility to a probability in a reasonably short time frame, and in order to respond to that move from possibility to probability demands on departments change. The Chief Minister's Department is now funding policy officers involved in ensuring an all-of-government approach to issues around water security.

**MS PORTER:** I just have a supp.

**THE CHAIR:** Ms Porter with a supp.

**MS PORTER:** Thank you. Chief Minister, page 36, business and corporate strategies mentions implementing a Chief Minister's Department people plan. Is this what we are talking about or is this something different?

**Ms Davoren:** The CMD people plan is basically a human resources plan in which we have set some strategies in terms of improving our human resources in terms of a commitment to continuous improvement. The plan identifies issues that we want to work on over the forthcoming year, and they include workforce planning and

reporting, people management and health and wellbeing in the workplace. They are just examples of things. So it is a little plan for the human resources area to work to. It will also involve all of the staff in the department in the kinds of issues we want to work on.

**MS PORTER:** Family friendly working conditions and those kinds of things?

**Ms Davoren:** Those type of issues, yes. Health and wellbeing is also a very big area of interest in workplaces these days.

**MR STEFANIAK:** What are the implementation costs of that?

**Ms Davoren:** It is within current resources within a very small human resources team.

**MS PORTER:** Thank you.

**THE CHAIR:** Dr Foskey.

**DR FOSKEY:** I want to ask some questions relating to output class 1.1 on page 42 of budget paper No 4. I am interested in the annual report on achievements against the Canberra plan. It shows completion dates of March 2007, May 2007 and July 2007. Is that the same report with a moving deadline or do we have three reports there? When will we actually see it if it is only one?

**Ms Davoren:** Thankfully, it is only one report. It is just the way it is reported here. We had initially thought that we would finalise that report by May 2007 but, with the agreement of the Chief Minister, we have deferred the report to the next financial year to provide a broader report back on the Canberra plan. In the past the Chief Minister has reported back on those achievements under that plan through a ministerial statement in the Assembly, but we are currently looking at preparing a broader report. At this stage we are just coordinating all the responses from all the different agencies who are working on those elements of the Canberra plan.

**DR FOSKEY:** I note too that there is an item about the community inclusion board. I have not heard very much about that at all lately. Will it continue through 2007-08? How often has it met in the last financial year? Can we have a report on the programs and initiatives that it was running?

**Mr Stanhope:** Thank you, Dr Foskey. The community inclusion board certainly is alive and well. Its focus has been changed somewhat, but it is still very active. In fact, I believe it had its most recent meeting a week or so ago. I take on notice what you have just said though, Dr Foskey, about its public profile. That is an issue that I might take up with Ms Hatfield-Dodds in relation to the community inclusion board's profile. It is an issue that perhaps we should address. When I reflect on it, perhaps you are right that it is not as visible, nor are its programs as visible as perhaps they ideally might be.

It is engaged in quite a raft of quite significant research and projects. It is very active and remains very committed and continues to have my full support. I would actually invite the department to provide some detail of the nature of the work that it is

currently undertaking, the research that is in hand and some of its successes. Perhaps, Dr Foskey, Ms Farnsworth can just give some detail of the board and its work, and most particularly the very focused research that it currently has in hand. I believe it has an agreed forward research program as well that Ms Farnsworth could provide detail on.

**Ms Farnsworth:** The ACT Community Inclusion Board is in its second term; as the Chief Minister said, its last meeting was last week. It has a significant research program currently in hand, including research on long-term unemployment, a project currently under consideration relating to household debt, and a neighbourhood and belonging research program which is also currently under consideration. We are looking, into the future, at evaluating the community inclusion fund and considering means of analysing indicators of community wellbeing; early intervention has been identified as another priority.

**DR FOSKEY:** Have there been any grants and is there capacity for more grants before the end of the government's term?

**Ms Farnsworth:** The community inclusion fund, which once was associated with—but not directly under—the board has transferred to the Department of Disability, Housing and Community Services. They currently have responsibility for that program and its future.

**DR FOSKEY:** So no longer will the ACT Community Inclusion Board decide where those community inclusion funds are allocated?

**Ms Farnsworth:** Not directly.

**DR FOSKEY:** Okay.

**Mr Stanhope:** All grants have been rolled into the community services grants pool process, but my understanding is that the ACT Community Inclusion Board will still be involved in consideration of those grants. Is this correct, Ms Farnsworth—in relation to just the involvement of the board in the future in relation to the assessment process?

**Ms Farnsworth:** I understand that the Department of Disability, Housing and Community Services is examining a number of those grants programs and the evaluation process for considering future grant programs. I believe that there will be some ongoing role for the board, though perhaps not the same as its current one.

**DR FOSKEY:** It would seem a real dilution of the impact of that board, but perhaps there will be further discussions about that. What is the community initiatives fund? I note that it has been transferred to CMD from DHCS—a bit of a swap over?

**Mr Stanhope:** I will ask Ms Davoren to give greater detail, but the community initiatives fund is a reasonably small, non-specific fund that allows the government to respond—

**DR FOSKEY:** It is page 47.

**Mr Stanhope:** to ad hoc requests from the community for support for activities being pursued through the community. I would be interested to give some indication of the flavour. An issue for all governments is communities and community organisations that do not fit within grants programs or that, in a sort of serendipitous or ad hoc way, are involved in a particular initiative or activity or wish to pursue a fundraising event or community festival and have not made arrangements or do not have a funding source that they can access, particularly relatively quickly. The community initiatives fund is utilised for those purposes.

I do not have the projects here, but I can give you a flavour by mentioning some projects and organisations that received funding over the last financial year. The Naval Association of Australia in the ACT received a \$5,000 grant; the Legacy Club of Canberra a \$5,000 grant; the Young Aboriginal Rotary Network, \$1,000; the Vietnam training team, ACT branch, \$2,000; the Diwali Mela Festival \$2,000; Belconnen Community Service \$4,500; the Canberra Capitals, \$11,000; East Timor communications, pursuant to a communications project that we facilitated under our friendship arrangement with Dili, \$41,000 for a communications system; the Red Cross Ainslie Village Christmas party, \$2,000, the Red Cross Calling Appeal, \$5,000; the Salvation Army Red Shield Appeal, \$1,000; the Down syndrome association \$2,000; Canberra City Pipes and Drums, \$2,000; the Pro Musica chamber festival, \$10,000; and the Celebrating Survival festival, \$2,000. They are an indication of the sorts of grants that are provided to community organisations that have events or functions. Sometimes it is to facilitate an annual conference, sometimes a particular trip. Funding is provided through this particular fund.

**DR FOSKEY:** Can I explore that a bit more? As you said, the community inclusion fund has been transferred to DHCS and this one has come across from DHCS. Is this the sort of fund where the process of application and then grant is cut short?

**Mr Stanhope:** Yes.

**DR FOSKEY:** How do people know about it? Are they ad hoc requests for money?

**Mr Stanhope:** Yes.

**DR FOSKEY:** And then someone decides that they could be funded out of the community initiatives fund? I am not saying that any of the projects was not worthy.

**Mr Stanhope:** No; that is quite right. Your point is well made, Dr Foskey, in that it is always an issue with funds such as this. It is ad hoc; there is no formal process. These are requests to the government; regrettably, we refuse a number. I receive a request a week from organisations or individuals seeking funding support. We all do. I would receive more than a request a week.

I have two options—or the government has two options. One is to simply say, “We have a funding grants scheme; apply for that, and good luck.” Or we can acknowledge particularly the timing of many of these events: there is an event that has been arranged; a community group would like to attend that event, and they cannot because they cannot afford to travel. They write to the government and they say, “Look, we’d

like to do this, and its community building; it's part of our community"—as all these things are. The government does not, through a grants process, have a capacity to facilitate; more often than not, by the time the grant has—we have only an annual process. By the time the process is concluded and the application for \$2,000 has been considered, the event will be over—and the application would probably be swallowed in some way in any event. The community initiatives fund simply allows the government some small degree of discretion, in relation to community-based applications for some funding assistance, to accede to those requests.

**DR FOSKEY:** What was the name of this fund when it was in with DHSC?

**Mr Stanhope:** Community initiatives fund.

**DR FOSKEY:** How long has this money been available for this kind of discretionary grant?

**Mr Stanhope:** I inherited it from the previous government.

**DR FOSKEY:** Okay.

**Mr Stanhope:** It has certainly been available for the last six years, and I inherited it.

**DR FOSKEY:** Is there some sort of advisory group?

**Mr Stanhope:** No, there is not.

**MRS BURKE:** There is no board as such any more?

**Mr Stanhope:** This is a different fund. Mrs Burke, you are thinking of the community grants. That is now incorporated in the community one. That is still administered by the department—by community services. What we have done over and above this particular fund, which has always existed, is to incorporate all grants schemes. I do not know the fine details. It is administered by John Hargreaves—no, Katy Gallagher, through the department of community services. Sandra Lambert is the chief executive. So our grants schemes are now essentially administered through a central grant portal in the department of community services. I must say that I am not across the detail of it.

**MRS BURKE:** Does the ACT Community Inclusion Board still exist as—

**Mr Stanhope:** The ACT Community Inclusion Board exists within the Chief Minister's Department.

**MRS BURKE:** Right.

**Mr Stanhope:** The community initiatives fund is within the Chief Minister's Department, but it is not a traditional grants scheme.

**MRS BURKE:** Do they do similar tasks?

**Mr Stanhope:** No. The community—

**MRS BURKE:** The inclusion board?

**Mr Stanhope:** The community inclusion board, as Ms Farnsworth was indicating, is no longer involved in any detailed sense in the administration of grants.

**MRS BURKE:** Are they more of research body?

**Mr Stanhope:** Yes, they are more a research body now; they are not a funding body.

**MRS BURKE:** Couldn't that money be put to better use in the community? I am just concerned now about direction.

**Mr Stanhope:** Which money?

**MRS BURKE:** The community inclusion board. Wouldn't that money be better put straight to the community, rather than the board members, with respect to them?

**Mr Stanhope:** I am the strongest believer in the ACT Community Inclusion Board and the basis—

**MRS BURKE:** It is a lot of money to administer, isn't it?

**DR FOSKEY:** How much—

**Mr Stanhope:** I do not think it is.

**DR FOSKEY:** Hang on; how much money are they administering, Jacqui?

**MRS BURKE:** Maybe it is—

**Mr Stanhope:** What is the community—

**MS PORTER:** Can we have one question at a time?

**MRS BURKE:** I thought it was \$9 million over four years originally—or was that including the funding?

**Ms Davoren:** That did include the community inclusion fund. I can certainly provide a break-up between the amounts on the fund.

**Mr Stanhope:** Do you have the page there?

**MRS BURKE:** No, I do not; I am sorry Chief Minister. I was just following up from Dr Foskey on a train of thought.

**Mr Stanhope:** No. I must say that I would prefer to answer now. I just think we need to understand. Ms Farnsworth can perhaps provide some more detail about the current focus of the ACT Community Inclusion Board and the work that it does. The ACT

Community Inclusion Board is no longer involved in the detailed assessment of grant applications in the way that it was. It has changed as a result of representations made to me by Ms Lin Hatfield Dodds when she assumed the chairmanship of the ACT Community Inclusion Board. She approached me about a change of direction and focus for the board. She felt that the involvement of the board in the detailed assessment of grant applications was distracting the board from what she regarded as a higher-level priority: the provision of advice to government on issues around inclusion, not so much the administration of a funding scheme.

**MRS BURKE:** Isn't it duplicating that?

**Mr Stanhope:** I accepted her advice in relation to that.

**MRS BURKE:** Isn't it duplicating effort in our community? You have people giving you constant feedback and a department doing research.

**Mr Stanhope:** Yes, but the community inclusion board is a dedicated source of external expertise for the government on issues of community inclusion or social policy. What I do not have available to me about what the community inclusion board provides is the level of combined expertise which people such as Ms Lin Hatfield Dodds, Robin Brown, Larissa Behrendt, Professor Bob Gregory and Ms Mary Ann O'Loughlin bring. This is a board with considerable expertise. The chair is Ms Lin Hatfield Dodds, national director of Uniting Care Australia and president of the Australian Council of Social Service.

**MRS BURKE:** I do not doubt their credentials at all.

**Mr Stanhope:** Professor Larissa Behrendt is professor of law at the University of Technology, Sydney—one of Australia's leading indigenous academics. Mr Robin Brown is president of the ACT Council of Social Service. Professor Bob Gregory is professor of economics at the Australian National University. Ms Margaret Spalding is chief executive officer of Koomarri. Ms Mary Ann O'Loughlin is a director of Allen Consulting. And there is Ms Sandra Lambert and Ms Pam Davoran. That is the ACT Community Inclusion Board. It comprises a group of people of significant standing within the Australian community—indeed, the international community.

**MRS BURKE:** I do not doubt that, Chief Minister. I am just concerned about doubling up.

**Mr Stanhope:** They are a group of people whose expertise I otherwise would not have available to me and who would not be oversighting quite significant research on issues like debt and community inclusion. Indeed, at their meeting last week, they indicated their work program for the coming year. Let me go to what they resolved this week will be their priorities for the coming year in terms of research. It is significant in the context of what is offered by this board that they have determined that their work priorities—there is something wrong with my notes—for the coming year will be the impact of drought and climate change, and measures to address them, on low-income and disadvantaged people, including consideration of issues such as access to energy and utilities; the increased cost of energy, utilities and food; access to services in the ACT by the Aboriginal and Torres Strait Islander community; early

intervention; and the impact of an ageing community. Those are the four topics which the community inclusion board identified last week as being the issues of the highest priority to them in the coming year. I welcome the capacity of a group such as that to provide advice to me and to this community on issues like the impact of drought and climate change, issues around access to services by indigenous people within the ACT, early intervention and the impact of ageing on this community. I welcome the existence of a group with this level of expertise to advise me on those matters.

**THE CHAIR:** Dr Foskey.

**DR FOSKEY:** I am also fully supportive, but perhaps the government might consider making the work of the community inclusion board a little more accessible to those who are interested in such matters.

**Mr Stanhope:** Yes. I think your point is well made. The point is well made. I will raise the issue of visibility of the board with the chair when next we meet.

**THE CHAIR:** Thank you. We will go to the break and come back at 10.55 am.

**Meeting adjourned from 10.35 am to 10.53 am.**

**THE CHAIR:** Welcome back. We are inquiring into budget papers under the Chief Minister's Department. Mrs Burke.

**MRS BURKE:** Chief Minister, I turn your attention to "Changes to Appropriation", at page 47. You may like to keep hold of that and turn to pages 54 and page 56, under "Notes to the Budget Statements", "Operating Statement", "government payment for outputs". Some \$1.69 million is provided for Narrabundah caravan park rental and compensation payments. That is BP4, page 47. You will see that there—the second dot point down. To whom are the payments made?

**Mr Stanhope:** I will ask Mr Tomlins to give the detail of the payment arrangements. I think it is with Consolidated Builders, but Mr Tomlins will have all the details.

**Mr Tomlins:** The payments are proposed to be made to Dytin, which is allied with Consolidated Builders. It is \$1.5 million in compensation for infrastructure, and to do with earning capacity. The other allocation is the rental, in accordance with the lease of the caravan park from Dytin to the government. So there is an offset in terms of their rental that is picked up from Housing ACT, from the residents.

**MRS BURKE:** Chief Minister, at this time, what is the tenure for the residents at the facility and when will the proposed land swap deal with the purchaser of the facility be finalised?

**Mr Stanhope:** I will ask Mr Tomlins to give details of the processes to date and the processes that we now need to conclude. You asked about the status of the—

**MRS BURKE:** Tenure of the residents there, yes.

**Mr Stanhope:** Yes. Mr Tomlins, just go through all those issues in detail.

**Mr Tomlins:** Yes. The detailed arrangements for the tenure are subject to a recent agreement that has been agreed by Dytin—as all agreements with the tenants have to be. Housing ACT has all of the details of the agreement. Essentially, they have until, I think, next February, which is when the agreement with Dytin was to be completed—when the lease from Dytin to the ACT at this stage expires.

I spoke to Mr Zivko in Croatia recently, and to his lawyers, about the fact that the national capital plan is to be amended. There will be a variation to the territory plan to cover that contingency so that the residents have all the assurances they need. Mr Zivko is returning to Australia in the near future, and we have agreed to meet soon after he returns. The issue then is just to talk through what the options are.

**MRS BURKE:** Chief Minister, how are you communicating with the people at the park in relation to this whole matter, given that it is you yourself doing the media commentary and oversighting of it, if I can put it that way?

**Mr Stanhope:** I have responsibility for issues in relation to the land swap, but I do not have functional responsibility for the management of the caravan park; day-to-day contact with the caravan park is via Housing ACT.

**MRS BURKE:** How are you working with the housing minister to ensure that that is an open and transparent process and that full communication is being delivered and afforded to the residents?

**Mr Stanhope:** I have no reason to believe that it is not. Narrabundah caravan park is now being actively managed by Housing ACT as a part of its suite of responsibilities for those clients for whom it is responsible. Housing ACT is an exemplary organisation which I believe maintains very good levels of communication with all of its clients. I have absolutely no reason to believe that they are not doing that in relation to the Narrabundah caravan park.

The concerns that I have in relation to communications with the Narrabundah caravan park around the issue really are some of the alarmist positions that are being put from time to time by commentators that, rather than providing any elucidation of the situation, have done nothing except cause unnecessary concern or alarm from time to time.

**MRS BURKE:** Hasn't that been due to your delay in working with the NCA in a timely manner—most of that? I believe that you were sitting on letters for six months, as has been revealed lately. I do not think that the alarm being raised that you refer to is an appropriate—

**Mr Stanhope:** That is simply not true, Mrs Burke. The ACT government has not been sitting on anything. This is a complex and lengthy process. At the outset, I made it very clear that the process would take at least 18 months. In relation to some of that commentary and some of that reporting, people seem to forget that there is a third party over and above the NCA and the ACT government in relation to this, and that is the person who owns the caravan park. The caravan park is owned by Josip Zivkco and Dytin. We do not own it. We are seeking to gain ownership of it. It is not ours; it

belongs to Joe Zivko.

There is, in this rather complex and difficult negotiation, a triangle. There is the ACT government, which is seeking ownership of the caravan park; there is the commonwealth, which has a planning role or relationship in relation to the caravan park and the potential land swap; and then there is the owner of the caravan park. The owner of the caravan park has a few little requirements of his own in relation to the disposal of the caravan park. The negotiations with him have been long, detailed and legalistic. To suggest that over this last six months we have been sitting on our hands and doing nothing denies the complex negotiations with the owner of the caravan park, Dytin Ltd.

**MRS BURKE:** Why wasn't that advice afforded to the NCA then? They were waiting to hear back from the ACT government—if I can finish—from 7 and 22 December respectively. The ball was in your court. I understand that there was an unsigned letter which you tabled in the Assembly, clearly showing that a letter had been prepared, although that had not been sent from ACTPLA to the NCA until about 8 June. That is a long time. Why weren't the residents of the park communicated with to let them know what was going on? You have used this—

**Mr Stanhope:** The only difficulty that I think the residents of the Narrabundah caravan park have suffered over this last six months is the alarmist and inflammatory positions that you have been generating, Mrs Burke, in relation—

**MRS BURKE:** I thought we would get to the personal—because of your ineptitude, Chief Minister, to actually deliver.

**Mr Stanhope:** to accusations such as this without any understanding—

**MRS BURKE:** No, it is your ineptitude. You sat on your hands.

**THE CHAIR:** Order!

**Mr Stanhope:** of the process that we put in place. I always said that it would take 18 months. As far as I am concerned, we are on track.

**MRS BURKE:** When was the last time you spoke with the housing minister on this?

**Mr Stanhope:** We speak regularly.

**MRS BURKE:** When was the last time, Chief Minister?

**Mr Stanhope:** Well, regularly.

**MRS BURKE:** What is regularly? Yesterday? Last week?

**Mr Stanhope:** Within the last week or two, certainly.

**MRS BURKE:** About Narrabundah, particularly?

**Mr Stanhope:** Yes.

**MRS BURKE:** You are playing catch-up. Can you—

**Mr Stanhope:** I beg your pardon, Mrs Burke?

**MRS BURKE:** You are playing catch-up now, aren't you?

**Mr Stanhope:** Can you explain that?

**MRS BURKE:** No. I can explain that you have been sitting on your hands; you have been dilatory in your actions to resolve this issue in a timely way.

**THE CHAIR:** Have you got a question here, Mrs Burke?

**MRS BURKE:** I would ask now that you provide information to the residents on what is actually happening; make sure your housing minister is talking to the residents and communicating with them; and also table to this committee any relevant information on the process and where it is up to to date.

**Mr Stanhope:** Just in relation to that, Mr Chairman—just so I can provide the information fully—would it be in the interests of the committee, for that full elucidation of this issue, to go back to the basis on which the Liberal government disposed of the caravan park?

**MRS BURKE:** If you have to vent your spleen in that way, you had better do it, but otherwise—

**Mr Stanhope:** Would that be useful to the committee—for the committee to understand the basis on which the Liberal Party disposed of the caravan park, in government; the terms and conditions on which they did that; and the fact that, in doing that, they had absolutely no regard for the future security of the residents? I will do that, will I? I will take that one on notice.

**THE CHAIR:** All the information that is relevant.

**MRS BURKE:** Thank you.

**Mr Stanhope:** I think that is relevant. Perhaps there are documents that we could access from the previous government's time in government—

**MR STEFANIAK:** Probably *Hansard*.

**MRS BURKE:** I am sure there will be. I will look forward to it.

**Mr Stanhope:** to explain exactly why the Liberal Party disposed of the caravan park—

**MR STEFANIAK:** I would like to know what you are doing now too.

**Mr Stanhope:** and actually why the Liberal Party exposed the residents to the uncertainty that they currently face, which we are fixing. Never forget, in relation to the Narrabundah caravan park, that this government is fixing a mess created by the previous government. Nobody disputes that. We all know it.

**MRS BURKE:** One that you agreed to. You forget that.

**Mr Stanhope:** We were not there making the decisions. We did not know what tenders were received and which other applications from other organisations within the community were made. This is the sort of information that—we might have to go back. If the Leader of the Opposition agrees or approves, the Leader of the Opposition may have some of the cabinet documents from the time that might be available, which would of course provide far greater detail on the issues that the cabinet took into account at the time. Do you have those cabinet documents in your possession, Mr Stefaniak? You have the capacity to release those.

**THE CHAIR:** The questions are for you, Chief Minister.

**MRS BURKE:** That is right. Chief Minister—

**Mr Stanhope:** I just want to know which documents we have available to release. Of course, the cabinet documents of the previous government in relation to their reasons for selling the caravan park would be pertinent.

**MRS BURKE:** Okay. On that, can you confirm or deny that you did or did not receive a telephone call to your office prior to the selling of the Narrabundah long stay caravan park?

**Mr Stanhope:** I have no idea.

**MRS BURKE:** You do not? Your chief of staff apparently would know; perhaps you had better ask him. You were given a good, clear heads-up of what was going on, so do not think you can keep going back and back and back. We have had six years of your government—

**Mr Stanhope:** Is this a question?

**THE CHAIR:** Is this a question?

**MRS BURKE:** No, I have asked that.

**Mr Stanhope:** Is this a question or not? If it is a question, I will take it on notice. If it is just a rant, I will ignore it.

**MRS BURKE:** No, it is not a rant. We are just getting things right here.

**Mr Stanhope:** So it is a question on notice? I have taken it on notice.

**MRS BURKE:** We are getting the stories straight.

**THE CHAIR:** Have you got a question there?

**MRS BURKE:** Yes. I asked: was your office contacted prior to the sale by Koomarri?

**Mr Stanhope:** I have no idea. I am happy to take the question on notice, Mr Chair.

**THE CHAIR:** Thank you, Chief Minister. Dr Foskey.

**DR FOSKEY:** I would like to move onto communication. Is that okay?

**MR STEFANIAK:** I have something first.

**THE CHAIR:** Mr Stefaniak.

**MR STEFANIAK:** Thanks very much.

**Mr Stanhope:** But rest assured that we will fix your mess, Mrs Burke. Rest assured. The residents of the Narrabundah caravan park know that we are fixing your mess.

**MR STEFANIAK:** On page 47 of budget paper 4, you have \$43,000 for the Council of Australian Federation ACT contribution. What does this council do that COAG doesn't? In what way does it complement the work of COAG?

**Mr Stanhope:** The council for federation provides an extremely useful forum for the states and territories to meet to consider issues of great concern to each of the residents of Australia. It does it in a cooperative and collegiate way, with the best interests of Australia and all Australians foremost and uppermost in the minds of all participants.

**MR STEFANIAK:** Is it not simply a state and territory Labor Party political campaign to bash the Howard government?

**Mr Stanhope:** No, of course not. Is COAG a Liberal Party device to bash the states and all Australians?

**MR STEFANIAK:** It is a bit hard when there is only a federal Liberal government. You know what COAG is. I have another question, in relation to the *For the future* document, which was part of the last budget—indeed, a priority for this budget. Budget paper 4, on page 35, under “Priorities”, says “continuing to lead and oversee Whole of Government reform implementation”.

**Mr Stanhope:** I am sorry, Mr Stefaniak; which page?

**MR STEFANIAK:** Page 35, BP4, “2007-2008 Priorities”: “continuing to lead and oversee Whole of Government reform implementation”, which continues a priority of the 2006-07 budget. How advanced is that implementation process, and which agencies are still to implement the so-called reforms started last financial year?

**Mr Stanhope:** The progress is well advanced. We see that in the budget outcomes for this year—a significant turnaround, the strongest balance sheet and bottom line that

any government has ever been able to produce since we achieved self-government 18 years ago. The achievements of the reform process are there for everybody to see: an incredibly strong balance sheet, a sustainable economic future, and very sound principles of governance.

In terms of the reforms across agencies, they are well advanced in all agencies. Some of the reforms have been completed; others are yet to be implemented. There is still much hard work to be done. It is important that we continue to oversight—and that there be central agency oversighting of—reform across agencies. In the context of that, Ms Davoren will be happy to expand.

The job is not done. Yesterday, for instance, in discussions with Mr Vanderheide in relation to the Shared Services Centre, we saw that \$12.3 million of savings were achieved on budget as a part-year contribution to the efficiencies gained through that process just in this financial year that we are in. Some \$20 million of savings have been budgeted for and will be achieved in the coming year just through the creation of the Shared Services centre. But it requires constant oversight. Yesterday, Mr Vanderheide and I confirmed the very active management or oversight by agency heads of the shared services process.

The reform needs to be bedded down; it needs to be continued in all agencies. There is a continuation of the reform process. We see it in relation to finalising and bringing together all grant schemes—we discussed this earlier—into a single agency. It is not yet bedded down. There is still work to be done in refining some of the reforms and some of the new arrangements. Ms Davoren can perhaps expand on some of the reporting arrangements that are in place, their oversight, and the fact that we are continuing this process.

**Ms Davoren:** This measure reflects the across-government role of the Chief Minister's Department. It covers not just the oversight of *For the future* implementation, but also implementation of other measures. For example, we have already discussed housing affordability, which is why it was generalised. It could cover any range of cross-government reform.

**MR STEFANIAK:** I suppose I am particularly interested, to narrow it down, in what reforms are not on track and which agencies are yet to deliver or are behind schedule in terms of these reforms.

**Ms Davoren:** As the Chief Minister indicated, I think that all agencies are on track with that delivery; it is already extremely well advanced. But there is the issue of ongoing oversight in terms of some of the major structural reforms, such as shared services, which obviously would have an ongoing implementation issue. The Chief Minister's Department provides reporting up through to cabinet on a regular basis, just to make sure that the cabinet is advised of the ongoing implementation issues. But at this point it is largely oversight—that implementation is on track.

**MR STEFANIAK:** *For the future* stated, in relation to cabinet procedures and the budget process, that cabinet will consider new spending proposals outside the budget context only in exceptional circumstances. What do you mean by exceptional circumstances? Do you have guidelines? If so, can we have a copy of that? And could

you detail to the committee how many new spending proposals cabinet approved outside your budget process for 2006-07?

**Mr Stanhope:** I think we will have to take that question on notice in relation to those spending decisions. There were a couple. I think they are evident from the budget. We agreed to build a new bridge at Tharwa, for instance, outside the budget context. It fell well and truly within our definition of an exceptional circumstance. We were proceeding on the basis that the existing bridge would remain viable into the short term. We have spent considerable funds on upgrading and maintaining it. It was not expected that it would fail an engineering assessment as early as it did—or, indeed, that it would fail an engineering assessment in terms of its safety. We took a decision outside the budget to fund the bridge at Tharwa. That is one example. I cannot remember other examples, but I am aware that there are two or three other examples of decisions that were taken outside the budget context. As to whether there is an explanation or definition of exceptional—I would think not. That is a subjective test and would depend very much on the circumstances. But the Tharwa bridge is an example of what the cabinet regarded as an exceptional circumstance.

**MR STEFANIAK:** If you could provide those details as to the cost of each one.

**Mr Stanhope:** Sure.

**MR STEFANIAK:** Finally and more generally, page 7 of BP4 shows \$2.2 million, growing slightly in the outyears, for across-government policy and coordination.

**Mr Stanhope:** That is what we discussed this morning in terms of—

**MR STEFANIAK:** But why has that output just been put in now? I know it was not there in 2006-07.

**Mr Stanhope:** It is a new initiative. That is the point. I acknowledge that it is an enhancement of policy staff within the Chief Minister's Department.

**MR STEFANIAK:** Are any functions, activities, tasks or resources eliminated elsewhere to enable the establishment of this new initiative?

**Mr Stanhope:** No.

**MR STEFANIAK:** Thanks.

**THE CHAIR:** We will move onto communication. Dr Foskey, you had a question.

**DR FOSKEY:** Thank you very much. I am interested in what evaluation has been conducted on the Live in Canberra campaign.

**Mr Stanhope:** Thank you, Dr Foskey. Mr Chair, for the information of members, Mr Jeremy Lasek, who is the face of Live in Canberra, is on recreation leave this week; Mr Kinsmore will respond to issues on this subject.

**Mr Kinsmore:** Evaluation is ongoing in the campaign. It is very difficult to quantify

awareness, which is what the campaign essentially is—an awareness campaign. We can let you know that we have over 45,000 unique web visits—that is not hits; that is unique web visits—with an average stay of 3.5 minutes. We can tell you that over 2,000 information packs have been sent nationally and internationally to people who have expressed an interest in working and living in Canberra. We have distributed over 1,000 welcome packs through the Canberra Connect shopfronts and the ActewAGL TransACT shopfronts.

Part of the campaign, of course, is retention. We have a program of welcome events. We have a database of over 430 people at this point in time, out of which we know of 100 people who were touched by the campaign in some way, be it they attended an expo or an information session that we held in targeted areas or were in touch with the teams to provide some level of settlement assistance.

**DR FOSKEY:** Is a particular group of people targeted? Given that we do not lack people in Canberra in the first place—we have a skills shortage—is there a particular group of people that the campaign aims at?

**Mr Kinsmore:** Yes. We aim at, obviously, skilled workers and their families. If you are looking at primary target audiences, those people will be aged between 20 and 45. They are targeted nationally, probably in a closer radius to Canberra. We have conducted targeted campaigns in the south and south-western areas of Sydney and the Illawarra area—areas that are close to Canberra, have high levels of unemployment and are high population areas. We also target areas overseas—skilled workers overseas who meet migration requirements. We do that in tandem with the skilled and business migration program.

**DR FOSKEY:** Is there an understanding, and does this take into account, that Canberra already does draw a lot of people from our immediate region because of our schools and other educational facilities and work opportunities? Are they included in welcoming events and other things that are put on for the people targeted by the Live in Canberra campaign?

**Mr Kinsmore:** Yes. We have a lot of people that move to the Canberra region and live in outlying areas—Murrumbateman, Queanbeyan. They often spend a lot of money—

**DR FOSKEY:** Bega, Bombala, Cooma.

**Mr Kinsmore:** If someone was to get in touch with the campaign and seek some sort of assistance, we would certainly act as a conduit and pass them on to people in those local government areas who can provide a greater level of assistance.

**DR FOSKEY:** Do you inform people about the difficulties in accessing affordable housing when you encourage them to come and live here?

**Mr Kinsmore:** Yes, we do. We say to people—particularly at seminars that we attend in targeted areas, or people we speak to over the phone or respond to in web inquiries—that they must do their research, do their homework. We give them links. We act as a conduit to housing providers. We have a number of people who support

the campaign—developers. We are talking with a real estate agency that might come on board as a supporter of the campaign. We do not pretend to provide any level of advice in regarding to housing and housing affordability, but we pass them on to the right people, people who can provide that advice.

**DR FOSKEY:** Do you know of numbers of people that have changed their minds when they investigate the availability of affordable housing?

**Mr Kinsmore:** No, we do not have any figures on that. We have some anecdotal evidence of people who find it hard, but we have no real, hard and fast numbers on people who have left because of that issue.

**THE CHAIR:** Ms Porter.

**MS PORTER:** I have a supplementary on the back of that, and a substantive question. Chief Minister, I am aware that you have announced a campaign to help determine accurate Medicare numbers for the ACT on the back of people moving here. Could you talk a little bit more about that? My substantive question is around the output under communication, which talks about the delivery of ACT government community events. After we have talked about the Medicare campaign, perhaps we can talk about community events.

**Mr Stanhope:** I can give some background to that, but in terms of detail of the campaign I would refer it to the department. As we are all aware, for a number of years now the Australian Bureau of Statistics has been reporting the ACT population growth as extremely low—at times, the lowest in Australia. For the year before last, the bureau of statistics reported ACT population growth at 0.4 per cent. That was—probably for the first time since the Second World War—a rate of growth lower than that of Tasmania, which has always held the wooden spoon in relation to population growth, at least in recent decades.

I had always had difficulty in accepting or believing the Australian Bureau of Statistics' annual report on ACT population growth. My scepticism to some extent came from just observing the level of greenfield development, the level of commercial and other development and issues around skill shortage. I could never understand how, in a particular year, at 0.4 per cent population growth, the bureau of statistics was suggesting that our population had grown by 180 people over the course of a year, yet we had built a whole new suburb or developed a new set of units. I used to jokingly suggest that I could count 180 people who had come to Canberra, or by which Canberra had grown, and I was not aware of any mass exodus.

In government many of our assumptions in relation to land release, skills, population, labour force participation or unemployment are to some extent dependent on issues around what our real population is. It was as a result of that disquiet that the Chief Minister's Department has for a number of years now been negotiating with the Australian Bureau of Statistics over its methodology for determining between-census annual population rates of growth.

Another very pragmatic issue of concern to me was that the grants commission determines annual special purpose payments et cetera to states and territories on the

basis of population. To the extent that I have felt deeply and intuitively that the ABS was getting our population wrong, I was concerned about what we could do to try and get it right. For a number of years now, we have had discussions with the Australian Bureau of Statistics. They were cordial and, I guess, constructive, but did not produce an outcome. The bureau of statistics sticks quite stubbornly to its methodology around Medicare address as the determinant of population movement.

We argued that it was not conclusive—that there would be people who would not change their registration; that ours is a highly mobile population; and that there must be other ways of cross-checking. The bureau of statistics sticks to its position in relation to this. The recent census figures, released just four weeks ago, reveal that over each of the last five years our population has been understated by over 1,000. Far from our population rate of growth three years ago being, as reported, 0.4, it was probably in excess of one.

The bottom-line implication of that, let alone the implications in relation to planning, for instance around land release, is that that has cost us around \$10 million a year in grants which we did not receive from the commonwealth—because our population, as revealed on 4 or 5 June, is in fact 5,700 higher than the grants commission, most particularly, had assessed it to be. That was worth \$10½ million in this financial year which we did not receive, and \$10½ million next year which we would not have received but which we now will.

There is some level of comfort now in knowing that, far from our population being the 328,000 which it had been assumed to be, it is in fact 336,000. In June, our population officially moved from 328,500—it might have been 329,000 or thereabouts—to 336,000. I do not think we should rest on that particular comfort for too long. It perhaps gives us some comfort for the next year or two, but the same old assessment system is still being applied by the Australian Bureau of Statistics, and it depends on a count of card registrations.

In a situation where we have just forgone tens of millions of dollars in commonwealth grants, we believe that it would be sensible for us to expend a couple of hundred thousand dollars—I think it is a great investment if, for every person that registers, you can get an additional rightful fund from the commonwealth in relation to grants. So we need everybody that is registered here—everybody that lives here—to be registered here rather than maintaining their registration in Sydney or wherever so that our payments go to Sydney instead of to the ACT.

We are engaging in a communications or media campaign to encourage the people of Canberra, when they move to Canberra, if they moved here some time ago or if they are in the process of moving, just as they change their details on the electoral roll—and we advertise that, and we have a very active campaign to ensure that people maintain their electoral roll registration against the right address. We are engaging in a media campaign to ensure that when you come here, the day you change your electoral roll details, you should change your Medicare details as well. We believe that it is a very good investment.

**MS PORTER:** The next question is about public events.

**Mr Stanhope:** What was the question again, Ms Porter?

**MS PORTER:** Page 39 of budget paper 4, output 1.4, talks about delivering the government's program of significant public events as a priority. It is also mentioned as one of the key priorities on page 35. I wondered what particular events were a priority.

**DR FOSKEY:** Could you also give us a breakdown of how much those various key community events cost, including how much the taxpayer covers, how much is covered by sponsorship and who does the sponsoring?

**MS PORTER:** You might have to take that second one on notice.

**DR FOSKEY:** Yes, it can be on notice.

**Mr Stanhope:** Ms Ireland will be more than happy to provide what detail she has available. To the extent we do not have some of that detail, we are certainly happy to take it on notice.

**Ms Ireland:** With regard to what community events are our priorities, they are events that celebrate significant dates. Canberra Day celebrations, New Year celebrations, the lighting of the Christmas tree and Australia Day are probably our priorities. As to costs, of the total allocated for events in the last budget—we don't have the details for this budget—we spent around \$225,000. That is not including the festival fund, which we deliver also. We raised around \$400,000 in sponsorship.

**DR FOSKEY:** Would you mind giving, on notice, the detailed information that I asked for; in other words, a breakdown of costs of the events between taxpayers' funds and sponsorships and who those sponsors were for those key events? I would really appreciate that.

**Ms Ireland:** On a per event basis, sure.

**MR STEFANIAK:** There is an item on page 43 of BP4 regarding the delivery annually city-wide of a whole-of-government newsletter. How much did that cost or is it going to cost? What is the budget for that?

**Ms Maloney:** Last year, the cost of that newsletter was \$67,000, which equates to 42c per copy.

**MR STEFANIAK:** How will it be distributed and what news and information will the one for the coming year contain? Also, could you tell me if it is going to be available electronically?

**Ms Maloney:** The newsletter goes out in March each year, so we haven't started planning for the next one. The range of information that goes into the newsletter is collated across government. We go to each of the departments and ask them for their input first, and then it is collated and edited and goes to the Chief Minister's office for approval of the articles before it is distributed.

**MR STEFANIAK:** What is the expected cost for this year?

**Ms Maloney:** It will be much the same.

**THE CHAIR:** Does that include the delivery cost?

**Ms Maloney:** It does, yes.

**MR STEFANIAK:** In terms of communications, I noticed in last Sunday's *Canberra Times* a half-page ad on page 7 headed "ACT Budget 07", which refers to there being \$350 million extra for schools, \$66.8 million extra for health, \$13.3 million extra for housing and \$15.7 million extra for emergency services, below pictures of what appear to be a classroom, doctors, a roof being built, and a policewoman, and then it says, "Taking the territory forward." How much did that cost and why did the government take out an ad like that in a newspaper? What on earth is the purpose and the justification for that?

**Mr Stanhope:** To be fair, Mr Stefaniak, I think the idea was borrowed from the commonwealth government. We do learn from other governments.

**MR STEFANIAK:** That doesn't necessarily justify it.

**Mr Stanhope:** We do look at communication strategies employed by other governments around Australia. There is no sense always in reinventing the wheel on issues around communications and engagement with the public. Of course, whilst many of us think that the commonwealth government's response to advertising and communications is just somewhat over the top, our rather modest attempts at perhaps—

**MRS BURKE:** How modest?

**MR STEFANIAK:** How much?

**THE CHAIR:** Order, members! He is trying to answer your question.

**Mr Stanhope:** Our very modest attempts at trying to engage in some of the very sophisticated communication techniques employed by the federal government, the leading government in Australia, are evidenced in this particular ad. There is always an issue—it is good fruit for debate and argument—around communication strategies employed by governments and the engagement by a government with its community over decisions that it takes on behalf of the community. There is no more significant set of decisions ever taken by a government than those that are reflected through a budget. It is annually an indication by a government of its expenditure priorities, the way in which it will expend on behalf of the people of the territory their money.

**MR STEFANIAK:** Are you finding it hard to sell, perhaps, Chief Minister?

**Mr Stanhope:** No, not at all. This is simply that, Mr Stefaniak. This is simply an effort at ensuring appropriate consultation and engagement with the people of Canberra. The people of Canberra have a right to know and understand the decisions

that are being made on their behalf by their elected representatives.

**MR STEFANIAK:** Chief Minister, that was some 18 days after the budget. One might be able to justify taking out some advertisements by way of information within a few days of the budget, which has happened in the past, but you have done it 18 days later. How much did it cost? You seem to be saying that you borrowed from the commonwealth but you do not particularly approve of their advertising. If you do not approve, why did you fire off this type of advertising 18 days later?

**Mr Stanhope:** The budget hasn't passed yet, Mr Stefaniak.

**MR STEFANIAK:** So we are going to have this repeated every week, are we?

**Mr Stanhope:** One swallow doesn't indicate a summer, Mr Stefaniak. I think that this particular advertising or communication campaign has many editions yet to run.

**MRS BURKE:** But how much? What is the dollar value?

**Mr Stanhope:** I am more than happy to take on notice the question around costing.

**MR STEFANIAK:** Especially if it is going to continue raining, we would like to know for how long and how much this is going to cost.

**Mr Stanhope:** As I say, we are good learners here in the territory. We take some guidance from the masters, particularly the Prime Minister and the federal Treasurer. Actually, they have set a certain standard. They have set a standard which we don't seek to emulate because of our limited resources, but they have set a standard, and I will cop it on the chin: we are copying them.

**MR STEFANIAK:** How much?

**Mr Stanhope:** I have taken it on notice, Mr Stefaniak.

**MR STEFANIAK:** Also, if you have taken that on notice, if you aim to continue to run these amazing advertisements, which seems to be the case, if we can have—

**Mr Stanhope:** Just so there is no misunderstanding, I emulate the Prime Minister in relation to this particular policy, but others, of course, I—

**MR STEFANIAK:** You might be better off emulating him in relation to others, rather than this one, which does seem to be a waste of time.

**MS PORTER:** Supplementary to that, Chief Minister, do you have other strategies in mind for doing this sort of thing? I noticed the other day that in the Chief Minister's talkback program there wasn't a question about the budget from any member of the public. I was a bit concerned, obviously, that that level of awareness wasn't there.

**Mr Stanhope:** That is precisely why, of course, we are pursuing this need to engage.

**MS PORTER:** Also, nobody has come up to me at my frequent mobile offices and

asked me whether I can tell them this, that or the other. We have been provided with these very handy sheets about what is happening in our particular electorates, which is fantastic, and I thank whoever provided those to us.

**Mr Stanhope:** I think that does reflect, Ms Porter, just a level of—

**MS PORTER:** Are there other ways we can do this, because I am really concerned that people aren't aware of what—

**Mr Stanhope:** We should do more. I will take that question on notice, too, and actually provide the committee with advice on other ways in which the government might enhance. Perhaps we need to do more direct advertising. Perhaps we need an additional newsletter just on the budget.

**MS PORTER:** That's a good idea.

**Mr Stanhope:** I will investigate that possibility, Ms Porter.

**MS PORTER:** Thank you very much.

**MRS BURKE:** Ms Porter, could you table the information relating to those brochures that you have already put out?

**MS PORTER:** They are just these things.

**MRS BURKE:** Just the budget books.

**Mr Stanhope:** Ms Porter, you have sparked my interest here. Perhaps we should send a copy of budget paper 2 to every household. Maybe that would be appreciated by the people of Canberra.

**MR STEFANIAK:** I don't know if they would appreciate it. If you did go down that track, Chief Minister, how much would that cost?

**Mr Stanhope:** Anyway, I thank you for the question, Ms Porter, and I will actually give consideration to the very legitimate concern you raise.

**DR FOSKEY:** Don't send one to my house, please, as I've got several.

**Mr Stanhope:** You are in an advantaged position, Dr Foskey.

**DR FOSKEY:** I am extremely advantaged and I thank the stars for it every day. I am interested in the events for the centenary of Canberra, given that that is not so far away now. Has there been some sort of advisory board or other body set up outside government and working with government, given that we might see a change in government next year—who knows what will happen?—and that, of course, there will be yet another election prior to the actual events that are planned? I am concerned about continuity, advice and assurance that there are arts groups, community groups and other important representation available so that we have got the very best. We don't want a tin-pot centenary of Canberra celebration, I don't think.

**Mr Stanhope:** It will be an incredibly important occasion for the territory. It's an opportunity which we must grasp, which we can't allow, as you say, to be second rate. There is funding in the budget for a dedicated centenary of Canberra project officer. Mr Tomlins can go to the detail of that and to the detail of the consultation and the engagement which we have undertaken. There is an overarching centenary of Canberra committee of myself and previous chief ministers. One of the issues which we face and which I am very anxious to address is the nature of the relationship with the commonwealth government, as the government with an overarching responsibility for the celebration of the nation's capital, and the role which an ACT government will play in the development of proposals for the celebration of our centenary.

We have sought very hard to engage the Prime Minister and the minister for territories in relation to the centenary of Canberra and appropriate administrative and governance arrangements for the organisation of celebrations and events, and hopefully for an enduring legacy of the centenary for the people of Canberra. I do it exhaustively in my dealings with the minister for territories. I meet the minister for territories regularly. We have regular meetings and the centenary of Canberra is always on my agenda.

We don't yet have a formal response from the commonwealth in terms of a model for engagement other than a commitment by the commonwealth to engage and fully support the centenary. I am anxious about the time frame, just as you are, Dr Foskey. I must say my anxiety is not shared by the commonwealth. I think my anxiety at one level is a result just of the size of our budget and our capacity, and an acknowledgement by me that the commonwealth must take leadership in relation to the celebration of the centenary. To the extent that there will be significant funding implications for a major celebration, the territory is of course looking to the commonwealth to support those.

I think the commonwealth, because of its enormous budget and capacity, doesn't share some of this longer term anxiety which I live with in relation to this. I think their attitude is very much, "Look, it's still six years away; we'll get to it soon." But this far out, it hasn't been all that easy to engage, though they are very positive, very supportive. In my communications with the Prime Minister, in my communications with the minister for territories and in all my meetings with the minister for territories, he has been fully supportive. They are committed to the centenary. They acknowledge its importance to the nation and, of course, its importance to the residents of the national capital. But we have done an awful lot of work. We have sought to engage the entire Canberra community and we are funding a position within the Chief Minister's Department to maintain, to the extent we can, momentum in relation to that. I ask Mr Tomlins to go to some of that detail.

**Mr Tomlins:** In terms of committees, there is the chiefs committee that has been mentioned. A senior manager has been appointed. Unfortunately, she is on leave today. Mr Terry Keyko, the former executive director of the Alberta centennial initiative, is being enlisted to help us with the planning. A five-year plan is being developed. There has been an audit of the 160 projects outlined in the Canberra centenary blueprint publication. There are 11 focus areas, and each of those has a chair. I don't have the precise names or chairs at my fingertips, but there is significant

work being done on that. The sorts of initiatives that are being talked about are world indigenous, corroboree, a series of symphonies, an Australian open golf project, commemorative coins and stamps, number plates, signage, a range of sporting, community and art events as well as various other initiatives to mark the celebration.

**DR FOSKEY:** Could you give the committee the detail? You said there were 11 focus areas. I am sure we would be interested in knowing what they are and who will be chairing those. I am seeking reassurance that there is forward planning, because a lot of the arts events, especially if we have specific Canberra events, which I hope we will do, with an opportunity for Canberra theatre to be involved, just take so long. It would be unfair to dump it on a group when they can't produce the best possible product. I am interested in this project and would love to have more information given to the committee.

**Mr Tomlins:** In relation to that, if there are arts groups that are particularly interested, if they contact the relevant focus area, their initiatives will be incorporated into the business plan.

**MRS BURKE:** I have noticed in budget paper 4 at page 39 that the communications project for 2007-08 has increased by 9.3 per cent, or \$305,000. I know that you have just talked about the Live in Canberra campaign and preliminary coordination of the centenary of Canberra celebration. Is that included in that increase? What does that amount cover?

**Mr Stanhope:** I am sure there is somebody here who can explain it in detail, but I believe some of that funding is for the Medicare campaign. I believe that \$120,000 a year is for that. There was also some additional initial funding which at this stage is not adequate but which was simply to kick the process off, because at this stage we are still finding our way with the Olympic torch relay. There was some small funding initially just to provide some initial capacity to work out exactly what the Olympic torch relay will require of us.

**Ms Nesar:** Sorry, can you clarify the question?

**MRS BURKE:** Yes. It relates to the increase in funding for communication in output 1.4 on page 39 from \$3.271 million to \$3.576 million.

**Ms Nesar:** The increase in 2007-08 is for the Live in Canberra campaign and the counter-terrorism public information campaign. Across-government policy and coordination get some allocation of that. Community events gets \$160,000, and there is the Medicare change of address campaign. It is actually offset by a couple of decreases in superannuation contributions.

**MRS BURKE:** Finally, Chief Minister, when will the government publish and release the next state of the territory report?

**MS PORTER:** You asked that question before, didn't you?

**MRS BURKE:** No.

**Mr Stanhope:** I don't think we have plans to publish a report at this stage.

**MRS BURKE:** You are not going to publish one.

**Mr Stanhope:** I'm just at a bit of a loss. I can't quite—

**MRS BURKE:** Are you doing another state of the territory report?

**Mr Stanhope:** Which report is this one?

**MRS BURKE:** A state of the territory report.

**Mr Stanhope:** When did we last do one of those?

**MRS BURKE:** Are you publishing or releasing a report on the state of the territory?

**Mr Stanhope:** I released a report last week in relation to the social plan. Just give me your definition, Mrs Burke. I am at something of a loss. What do you mean by a state of the territory report?

**MRS BURKE:** You produced a report called the state of the territory report. It is a non-issue—

**Ms Davoren:** I can't recall how many years it hasn't been produced for, but it may have been produced once.

**MRS BURKE:** So you are not considering it, Chief Minister.

**Mr Stanhope:** No, I have no plans for a report called the state of the territory.

**MRS BURKE:** Much like the functional review one.

**Mr Stanhope:** We do publish lots of reports. If you had a specific issue, I could almost certainly—

**MRS BURKE:** Probably the main issue with reports is the tabling of that of the functional review.

**Mr Stanhope:** No, we don't publish cabinet documents. We are not publishing cabinet documents, Mrs Burke.

**MRS BURKE:** So you will be providing no information on that one. Okay.

**THE CHAIR:** We will move on to the arts.

**MR MULCAHY:** There are two parts to my question. As to the increase for the arts, Chief Minister, can you indicate what additional activities or programmes have been taken on that may have contributed to the increased allocation? Of the amount budgeted in output class 1.5 on page 39 of BP4—this part may have to be taken on notice—can you indicate how much of the budget will be allocated to each of the

following: delivering the ACT arts fund; management of the funding agreement with the ANU Faculty of Arts; support for the first year programme for the new Canberra Glassworks; support for the ACT Cultural Council; development and management of the government's arts facilities; and development and management of public arts.

**Mr Stanhope:** I will ask Mr Stanwell whether he can give the breakdown that you have asked for. If we don't have it here, we can certainly take it on notice, but Mr Stanwell may be able to assist today.

**Mr Stanwell:** To give you the exact amounts on all of them it would probably be best to take it on notice, because there are several different parts of the budget. If you look at the GPO increases, on page 39, it is about \$1.172 million. The increase of \$400,000 is mainly due to additional repairs and maintenance for our 10 arts facilities. Many of those facilities are reasonably old. The government has made an additional allocation this year over and above the core regular cyclical maintenance that we do every year.

The new public art per cent for art scheme has an allocation that goes with it. It is like a sinking fund to do with being able not only to look after those works in the future but also take the opportunity to go back and look at some of the existing work that has perhaps not been as well supported in the past. We will be able to do that. So that is \$400,000 and \$121,000. There is a three per cent increase to the base of the ACT arts fund arts grant program. Additional money was provided to a fourth-year initiative, mainly to the key arts organisations—the 22 arts organisations that provide most of the arts programs in the ACT. That increase is higher than three per cent. In the outyears it was a bigger increase.

**MR MULCAHY:** What per cent, Mr Stanwell?

**Mr Stanwell:** It is about 15 per cent. That was projected from an earlier budget, but that is coming in and falling due this year. In combination with the commonwealth, the ACT is re-extending the visual arts craft strategy, which was developed at the Cultural Ministers Council. There is some ongoing matching money of \$10,000 in combination with the commonwealth. It includes a percentage increase for our staff under the certified agreement and some other related administrative overheads to do with the increased costs.

**MR MULCAHY:** You will be able to send a little more detail when you reply.

**Mr Stanwell:** Yes.

**MR MULCAHY:** Maybe I should just put it on record that you are agreeing. Thank you for your contribution. I know you are about to retire from that role. We appreciate your help with arts development in the ACT. Chair, can I also ask Mr Stanwell this: of the amount allocated to deliver the artsACT fund, how much eventually finds its way to artists when you take out wages, overheads and other expenses? In particular, I am interested in the funds that have been allocated to the local film industry after wages, overheads and other administrative expenses are taken into account. Are you able to give some detail on that?

**Mr Stanwell:** In the arts fund—and this is quite common in other jurisdictions as

well—funding to film through arts grants is very much at the developmental end. It is a small program. I do not have the exact figures in my head right now.

**MR MULCAHY:** Are you able to provide that?

**Mr Stanwell:** Certainly. The Cultural Council would really provide advice to the minister once they see the applications. It is not a fixed allocation. It is an allocation that reflects not only allocations for previous years but also obviously the quality of the applications received. This is not an area where funding is provided, say, for large film projects. That has traditionally been provided elsewhere. The funding we provide is to that developmental end.

It is always extremely competitive. Even though the majority of the film makers in the ACT have tended to be operating in either the documentary or the commercial areas, they often had their own individual practice in the creative areas. We have provided developmental funding through the arts program. It is modest but certainly consistent and growing.

**MR MULCAHY:** Just the ratio of admin costs versus what comes to the artists.

**Mr Stanwell:** On the wider question, it is certainly true in most grant programs, not just arts grants programs, that the majority of funding probably goes to established organisations. If you took a narrow view of it you could say that they are employing core staff and paying for telephones, rent and so on. They are the people in the organisation that are delivering the programs. They plan, administer and deliver a wide range of arts programs and arts activities. They might be an organisation like the Tuggeranong Community Arts Association that administers the Tuggeranong Arts Centre and runs a vast array of programs. It would be very difficult, I think, to accurately identify the difference between activity and administration. And, frankly, you could not have the activity without the administration.

**MR MULCAHY:** Yes, I understand that. What if you go from the governmental end: is there any ratio there?

**Mr Stanwell:** You mean from—

**MR MULCAHY:** Yes.

**Mr Stanwell:** The government have broad targets in that and we certainly meet them. But, again, we probably provide a different kind of service. For the small, individual projects, which most people think of as a grant, the administration is pretty lean. In fact, when the grant is made the ratio of administration is also pretty lean because mostly that is going straight to an individual artist or whatever.

In the case of the major organisations, we provide a lot of support. It is over and above a conventional thing of, say, assessing the grant and giving the funding. Those organisations work with us throughout the multi-year agreement. I am not trying to be clever here, but I think it would be a little difficult to just draw a line and say that is grant administration and that is not. Organisations are operating in a high risk environment and are certainly not well funded. We provide a lot of support and advice.

For example, you asked: what was the issue about the amount of money for the glassworks? Yes, there is an allocation of \$571,000 for the funding to Canberra Glassworks Ltd to operate the glassworks for the first 12 months. But, in reality, artsACT will provide a lot of advice and support over and above that. I have been attending board meetings and I have had staff of mine working closely with the glassworks team to ensure that the public funds that we provide to the organisation are going to produce the best result.

**MR MULCAHY:** Can you just explain why the measures for the management of the arts fund for the ANU Faculty of Arts have been discontinued?

**Mr Stanwell:** Sorry.

**MR MULCAHY:** Page 44.

**Mr Stanwell:** Is this an output issue?

**MR MULCAHY:** Yes.

**Mr Stanwell:** I guess they are to do with—

**MR MULCAHY:** You have got “n/a” in 2007-08 for both managing the arts fund and for the ANU Faculty of Arts. What has happened there? What is the change?

**Mr Stanwell:** Renamed.

**MR MULCAHY:** Renamed, is it?

**Mr Stanwell:** Yes.

**MR MULCAHY:** I see.

**Mr Stanwell:** The arts fund was renamed. All the grant funds, I think, were renamed, not just ours.

**DR FOSKEY:** Were these funds going to be operated through the grants portal or are they going to have a separate—

**Mr Stanwell:** Yes: “Manage the Arts Fund” to “Deliver the 2008 ACT Arts Fund”. It is just a renaming. So it is not fair to guess.

**MR MULCAHY:** Okay. So it is not a change?

**Mr Stanwell:** No, it is not a change. Dr Foskey, in terms of the portal, that is a whole-of-government approach to try to provide a more consistent way in for the community who sometimes do not understand that perhaps a different grant program from the one they first think of might be the most appropriate source for potential government support.

The portal will be a consistent way in. And, yes, the ACT arts fund will be listed on the portal. Some grant funds are fairly straightforward in their processes. Obviously in the arts we have the peer assessment process that the government has strongly supported and that usually requires a little more advice. In our case, we usually encourage the applicants to contact us and ensure that they understand the way that process works. But, broadly, all government grant programs will be promoted and accessible through the portal.

**THE CHAIR:** Dr Foskey.

**DR FOSKEY:** I would just like to move to some of the specifics, if I may. Are you aware of concerns about falling enrolments at the ANU School of Music and the various reasons that might be happening, including concerns that the ANU itself does not seem to have the Institute of the Arts as one of its top priorities.

**Mr Stanhope:** I will give an immediate response, Dr Foskey, and I will ask Mr Stanwell to go to some of the details in relation to our relationship and the importance of the School of Music and School of Arts at the ANU. I am aware of the issues that have been raised within the arts community, most particularly in relation to the ANU and the level of support or resourcing which it is able to provide to its School of Arts. In that context, as you are probably aware we are currently reviewing the nature of our funding relationship with the School of Arts in relation to the services that are provided to the community through the School of Arts from direct ACT government funding. This is a matter of real significance to us.

**MR MULCAHY:** Is that likely to be going down, Chief Minister, or up?

**Mr Stanhope:** No. Actually there are no decisions. It is probably not possible for me to speculate at all on the outcomes of that. It is a review that I think was timely. The \$1.6 million is a major funding arrangement. It is the single largest current item of expenditure through the arts budget. It is appropriate that we just test its effectiveness and efficacy from time to time—and that is all this is.

I have no agenda—well, my agenda is to ensure that funding is looked at from time to time and not just accepted; that we look at whether or not we are receiving the best possible outcomes for that major annual expenditure. But I am fully supportive of it and have no predetermined agenda at all in relation to it. But I know that there is a concern, particularly reflected through the potential implications for the Canberra Symphony Orchestra, about the continuing reduction in the number of instruments being taught or available in the School of Music.

It is an issue that I have discussed at length with the vice-chancellor. Indeed, in the recent past—in the last month or so—I convened a meeting with Professor Chubb of the major stakeholders within the community vis-a-vis the School of Art and had a very constructive discussion around how we, as a community, need to continue to work together to ensure the sustainability of arts.

There was a very open and frank discussion around the issues facing the Australian National University in the context of the commonwealth's funding formula arrangements for universities—the difficulties of cross-subsidisation that are imposed

on universities in those faculties or areas where there are very small student numbers, as against those where there are very high student numbers. There are some real institutional issues that need to be confronted by the ANU which we as a community have to own as well. But we do need to find our way through. So that is a broad background.

I acknowledge that this is an issue of growing concern within the community, impacting most particularly on the potential longer-term implications for the Canberra Symphony Orchestra without the base or the rock of the School of Music to support the orchestra.

**DR FOSKEY:** Are you getting any advice on developing or maintaining the range and quality of music performance and teaching in the ACT or are you relying on the conservation with the university?

**Mr Stanhope:** I think we have. I think Mr Stanwell is more able to respond to that specific than I, Dr Foskey.

**Mr Stanwell:** The most important thing to recognise in this question is that it is a commonwealth institution. The ACT government's capacity to influence the ANU is significantly limited. We have a funding agreement that reflects two streams, if you like. One is a traditional desire to ensure that ACT students were best placed in terms of their ability to enter the School of Art and School of Music. There has been a range of programs over many years, including the excellent music program in schools, that have helped students. We believe that those activities will continue and grow.

The other more contemporary approach has been the community outreach program, from which the title is derived, where those institutions have operated more actively in the ACT community—public music programs and giving access of Llewellyn Hall to ACT groups and, with activities of the School of Art, things like the Domain program, their open art classes and their lecture series.

The issue that you are referring to is a more complex one in that it is about the commonwealth funding ratios and the shifts that the university is encouraging the School of Music and the School of Art to consider—in the case of the School of Music, moving more towards a theoretical, more university-based approach; less practical and performance based and more the old conservatorium approach. When they look at their enrolments in some instruments, unfortunately they are falling. If you put those two facts together, it creates the potential for them to say, “We can't afford to support certain instrument programs,” which, as the minister has said, poses long-term dire consequences for the Canberra Symphony Orchestra and other practice.

Following the meeting that the minister referred to, we have begun direct dialogue with the pro vice-chancellor, who is responsible for the School of Art and School of Music. We have involved the Canberra Symphony Orchestra and the department of education and some key players in the arts community. We are trying to encourage all of those elements to come up with perhaps some longer-term community solutions. But the real challenge is that it is still in the end a commonwealth institution, and we can only seek to influence that. There are considerable limits on what we can achieve as the ACT government.

**MR MULCAHY:** Chair, could I just raise another issue in the limited time we have, and that is the percent for art scheme.

**DR FOSKEY:** We have not finished music yet. There are other questions on music. Could I just finish off this question?

**THE CHAIR:** Yes.

**DR FOSKEY:** In relation to music, there are other organisations that are prepared and do work to produce live music in the ACT. Music ACT is one of those. How is that going? Has it received any government funding of late, given the many community programs it runs? At the end of the last term in office your government released a paper in response to an Assembly motion which recommended future actions, including support for such a group. Are you prepared to revisit the issue of live music, apart from the discussions that Mr Stanwell has described, in terms of support for community-based activities?

**Mr Stanwell:** The government, through the arts fund, supports a very large range of musical activities, almost all performance based. It is a competitive grant program, like most grant programs. It is application driven. Off the top of my head, I cannot comment on current funding to that particular group. I can get you the list of grants.

**DR FOSKEY:** I was going to ask as a question on notice if you could do that.

**Mr Stanwell:** Obviously the 2008 grant program applications are under assessment right at this very moment. I will find out whether that group has applied. The minister will receive recommendations from the cultural council in due course and then he will make the decision on the funding. But that is the process we operate on, and they are obviously free to apply.

**THE CHAIR:** Ms Porter.

**MS PORTER:** Thank you. Minister, I think Mr Stanwell said that we have a maintenance program for public art. I know this is a particular interest of yours and I am just trying to clarify.

**Mr Stanhope:** Involved with facilities.

**MS PORTER:** The facilities, but what about the actual art?

**Mr Stanhope:** And also for public art, yes. We do have a significant suite, I think, in ACT government ownership. There is something in excess of 100 acknowledged pieces of public art, which is a very broad description. But at no stage have we ever provided a process for the maintenance of our public art. We have now established a sinking fund to ensure that we have the capacity to maintain our public art.

Public art ages, it is vandalised and it breaks down. Most public art these days is adopting technologies. Batteries run out and there are electric failures. Public art is not just about a piece of public art—a statue sitting in a public place and left there for

centuries or eons. It does require maintenance. We have never had a maintenance fund, so we have established a sinking fund to ensure that, when we do commission new art, we have the capacity to ensure that it is appropriately maintained. I do not have the detail. Mr Stanwell did refer to \$400,000 for art.

**MS PORTER:** I thought that is what I heard. I was just trying to clarify it, that is all.

**Mr Stanwell:** That is for the facilities—\$120,000 for the—

**Mr Stanhope:** If you could just explain what the \$400,000 is essentially.

**Mr Stanwell:** That is primarily for the facilities. There is a range of, I suppose, major maintenance activities and also, effectively, some minor capital upgrades—the sorts of things that would become second priority after the more pressing things. That is a fantastic opportunity to bring those up to standard. That is \$400,000 in additional money this year. In the case of public art, there was a small program that virtually just cleaned the works each year. That is all it did. There is an allocation of \$120,000 which will be used to do proper maintenance and respond to the problems that the minister has referred to.

**MS PORTER:** Okay. I am very pleased to see the Belconnen Arts and Cultural Centre included. I am sure you are too.

**Mr Stanhope:** I certainly am, yes.

**MS PORTER:** Could I just have an idea of the time line?

**Mr Stanhope:** I think perhaps Mr Stanwell could give greater detail of that. The project is reasonably well advanced in that previous budgets did provide forward design capacity. So much of the advanced thinking and design in relation to the arts centre has already been undertaken. We are in very close consultation with the Belconnen Community Service on how most appropriately to meet the needs of Belconnen. I am not quite sure of the first or next step, but Mr Stanwell will be able to assist.

**Mr Stanwell:** We need to finalise the design. Originally it was conceived as being one large centre. Over time it became clear that it was more appropriate to do that in two stages. The activity grew. Rather than having people rattling around in a large building you had community demand occurring in parallel. The funding for the previous year that increased the community arts officer support has produced fantastic results already. That is clearly going to work really well. We need to finalise the design.

The issue with all building projects, of course, is the Christmas period. If we can get the design finished and the tender documents out by Christmas, then we will be able to start building early next year; if not, and if it slips a little, it will be the middle of next year, but we will be in construction in 2008.

**MS PORTER:** Thank you very much.

**THE CHAIR:** One last question from Mr Mulcahy.

**MR MULCAHY:** Chief Minister, this is a multifaceted question. I take you to page 49 of BP4 which reports the cost of the percent for art scheme as \$887,000 in 2007-08, \$745,000 in 2008-09, and \$490,000 in 2009-10 and \$171,000 in 2010-11. It also reports a provision for the percent for art scheme of \$480,000 in each of the years 2008-09, 2009-10 and 2010-11. Could someone provide clarification as to why there is a difference between the costs for the percent for art scheme and the provision for the scheme at the bottom of the page and if that means finance from another source?

There are two other parts, Chief Minister, I would like to ask you about. It is a pretty well established view of Treasury, irrespective of which party is in power, that there are inherent dangers in hypothecating either taxes or expenditure. It seems to be the case with this scheme that it encourages people to spend funds allocated as opposed to the rigour of scrutinising requests for expenditure. I would be interested in your view about that risk with this approach you are taking. The second part is: isn't it somewhat unfair on other areas of the arts that so much of this funding that you are tying to capital works is going to simply one form of artistic expression when there are so many other worthy areas of the arts that are struggling to get financial assistance?

**Mr Stanhope:** I understand the concern that you raise about hypothecation. I am no great fan of hypothecation, Mr Mulcahy. It is one of those interesting issues that ministers regularly raise. It is very attractive to the departments and, from time to time, the ministers. But I have held a fairly strong line in government in relation to hypothecation. We do it here and there. But, as a general rule, particularly in relation to recurrent expenditure, it is not a practice that I particularly support. In the context of recurrent expenditure, I would not necessarily disagree with you and it is not a policy which we have broadly embraced.

That is my essential position in relation to hypothecation where it involves the hypothecation of annual recurrent expenditure. This is a capital bid or a capital project. It is a design simply to reflect, in the context of any year's capital budget, a percentage that would be devoted to public art as it goes up. But, conversely, as the capital budget comes down, as it will, we have a period now, over the last couple of years and this coming year, of very significant capital budgets. There is, I believe, a capacity to make up some ground in relation to public art.

For instance, for the purposes of an inspection of public art, I visited the Woden Town Centre in Phillip the last week. There is one piece of public art at Phillip which was commissioned in 1972. There is no other public art in the central core of Phillip. There is one single piece commissioned by the NCDC in 1972. We have gone 30 years, in the second largest area of employment in the ACT, without a single further commission, that I can see or identify readily, in 30 years.

I do not believe that reflects well on who we are as a community or on our commitment to the arts and to, I believe, the nature or the expression of the society we live in that most Canberrans would wish. I just use that as an example. Indeed, as a result of that visit yesterday, my office is in the process of constructing a letter to Mr Stanwell saying, "Could I have the Woden Town Centre assessed in the context of its public art and the possibility, through this particular scheme, to contribute to art

within the Woden Town Centre.”

Mr Mulcahy, I see the percent for art scheme in relation to public art in its current emanation as very much a catch-up. I believe this is an area of art investment which we have not focused on to the extent that we might have. There have been efforts. I know that that Gary Humphries, as minister for the arts, was very supportive of public art. I am aware that Mr Humphries supported public art as minister for the arts. Our response or approach has been very fragmented and I want to put some rigour into it. It might be within a few years that we would look at this scheme. Nothing is forever. But I believe that this scheme needs a few years at least to run to make up for that.

People comment to me constantly that they can visit Mildura or Wagga, let alone Sydney, Brisbane or Melbourne, and experience art in a public sense in the public domain in places where we live, walk and play to a far greater extent than one can in Canberra. As the national capital we have some significant public art. In Anzac Parade we have the finest single collection of monumental art of perhaps anywhere in Australia. But when you come into our cities, into our town centres, where we Canberrans live and work, I believe it is an area of artistic expression that we have underdone. I am determined to make up that ground.

You need to put it in context. The previous question to yours, Mr Mulcahy, was a question relating to a \$9 million investment in infrastructure in Belconnen for a building—that is \$9 million. We have just opened a \$12 million art centre on the Kingston foreshore. We invest in infrastructure for other forms of art. Perhaps we do not notice it. The glassworks has cost \$12 million plus. The Belconnen Arts Centre will cost \$9 million plus to allow the furtherance of other artistic expression. I believe the expenditure of \$1 million or \$2 million on public art in that sort of comparison is quite reasonable.

**MR MULCAHY:** Could someone clarify that question on the numbers—

**Mr Stanhope:** I must say that I do not know the answer to that myself.

**Mr Stanwell:** They are outyears for projects that are currently approved. The provision is just a notional, if you like, hypothecation. It acknowledges the fact that there will probably be new projects in future years.

**MR MULCAHY:** Should they be read on top? For example, 2007-08 financing of \$887,000, add that to—

**Mr Stanwell:** Yes, I think that is correct. I might just clarify that.

**MR MULCAHY:** Sorry, for 2008-09 you would add \$480,000 and \$745,000.

**Ms Nesar:** Yes, that is correct. The figures in the top table are based on the current capital works projects in the capital works program and it is simply one per cent of those. The provision at the bottom is simply an indication of what Treasury has set aside within the forward estimates. The figures in the top table will obviously change in next year's budget and will reflect the one per cent based on the capital works project.

**THE CHAIR:** The second line is really a guesstimate?

**Ms Nesar:** That is right. It is just to show a provision to make sure that there is something in the forward estimates to reflect that provision.

**THE CHAIR:** Dr Foskey has a supplementary, but I am aware of the time as well and we still have two other classes to look at with the Chief Minister. Chief Minister, do you have a spare five minutes?

**Mr Stanhope:** I am very pressed today. Could we commence at 2 o'clock? There is a very long provision this afternoon for a couple.

**THE CHAIR:** Yes, if your officials could come back at 2 o'clock we will deal with ageing.

**Mr Stanhope:** Yes, I would much prefer that today. I have a tight schedule at lunch today. I would much prefer to just complete the non-completed items at 2 o'clock, if it is only going to take 15 or 20 minutes. I am in the hands of the committee of course, Mr Chair.

**DR FOSKEY:** That is excellent, Mr Stanhope.

**Mr Stanhope:** So is that agreed?

**THE CHAIR:** Yes.

**DR FOSKEY:** In relation to the public art you are planning for Woden Plaza, have you consulted the Woden Community Council as to the cultural facilities in art that they would like, given that they have, time after time, pointed out that their cultural facilities are extremely limited and that might be a greater priority for them than a piece of public art?

**Mr Stanhope:** I have a public art program, Dr Foskey. The comment I made was specifically related to public art. If a particular community insisted to me that they did not want a bar of public art, I would listen to their view and question it. But in relation to other funding and access to other arts facilities, that is an associated question. I am not sure it is particularly helpful in policy making or the pursuit of any particular policy initiative to say, "We have got this policy and that policy. Somebody is dissatisfied with the extent to which they are able to access this particular policy, so we will abandon another policy and actually transfer the funds over"?

**DR FOSKEY:** The question was whether you consulted the Woden Community Council in relation to this public art?

**Mr Stanhope:** I have not even consulted artsACT yet. My office is writing a letter to Mr Stanwell to raise the subject. I have not even consulted my own officials yet.

**Mr Stanwell:** We will certainly consult with the Woden Community Council.

**Mr Stanhope:** But when I do consult with my own officials, my officials will consult with the relevant community.

**THE CHAIR:** Any further questions—

**Mr Stanhope:** This was just another brilliant idea I had on the spur of the moment.

**DR FOSKEY:** Does this include the Cultural Council?

**Mr Stanhope:** We are short of thinkers.

**DR FOSKEY:** Are we going to do that this afternoon now?

**MS PORTER:** Absolutely.

**THE CHAIR:** Thank you, Chief Minister and officials. We will see you again this afternoon.

**Mr Stanhope:** At 2 o'clock.

**THE CHAIR:** Yes.

**Meeting adjourned at 12.24 to 2.04 pm.**

**THE CHAIR:** Thank you, Chief Minister. We return to the estimates hearing for your portfolio as Minister for the Arts. We will go now to the Cultural Facilities Corporation. Then we will deal with ageing, and we hope to get to the LDA by about 2.20 pm.

**Mr Stanhope:** Thank you, Mr Chair.

**THE CHAIR:** We will wait for your departmental staff. Welcome to the 2007 estimates hearings. Are you aware of the details of the witness card there in front of you?

**Ms Elvin:** Yes.

**THE CHAIR:** Thank you. Are there any questions for the Chief Minister? Dr Foskey.

**DR FOSKEY:** I would like to ask a couple of questions about the cultural council, if I may? You are not the right people?

**Mr Stanhope:** No.

**DR FOSKEY:** Have I missed my opportunity to do that?

**Mr Stanhope:** Well, you could ask me, Dr Foskey. If I can assist, I will. That actually is a question for artsACT.

**DR FOSKEY:** I might switch straight to the Cultural Facilities Corporation and put

those questions on notice, if that is okay?

**Mr Stanhope:** That is fine, Dr Foskey.

**DR FOSKEY:** I heard yesterday or the day before that the Civic library actually leases space from the Cultural Facilities Corporation. Who is going to be carrying the costs of the repairs and when the library is likely to re-open?

**Ms Elvin:** The repairs are being covered under insurance through the Australian Capital Territory Insurance Authority, and the library will be re-opening on 16 July.

**DR FOSKEY:** Will it be a new carpet or is the carpet able to be rehabilitated?

**Ms Elvin:** It will be all new carpet. Unfortunately, it was not possible to salvage the existing carpet.

**DR FOSKEY:** Will it be of the same quality and nature?

**Ms Elvin:** Yes, it will. The way insurance works, as I understand it, they replace like with like.

**DR FOSKEY:** Has the design fault that caused the situation to be so dire been overcome so that we do not have to go through this again?

**Ms Elvin:** Well, in fact, we have checked to see if there was a design fault. The advice that we have received is that the building has been designed in accordance with the appropriate Australian standards and that the reason for the extent of the damage was the severity of the storm, which led to large volumes of hail blocking the box gutters and downpipes.

**DR FOSKEY:** Was not the plaza draining into the building, though, because of the gradient and the lack of drainage prior to the door of the building?

**Ms Elvin:** Certainly there was some water that did come in through the door at the Civic Square level. The challenge there is to provide an access that is accessible for wheelchair users but which also provides a level of protection to the library from water intrusion. As I said, although the building has met the appropriate design standards, after the experience of the storm there are a number of things that we can now do to improve its resistance to storm damage in the future. We are, in fact, having some additional strip drains designed for the front of that door.

**DR FOSKEY:** That is good news.

**THE CHAIR:** Are there any other questions on cultural facilities?

**MR MULCAHY:** Yes, chair.

**THE CHAIR:** Mr Mulcahy.

**MR MULCAHY:** You answered most of what I was going to ask on the design issue. Another matter, Ms Elvin and Chief Minister, is that the other day the Chief Minister indicated that there was a possibility that the Cultural Facilities Corporation may end up having a role in relation to the Albert Hall, amongst other possible prospects. Could you, first of all, expand as to where those discussions might be if you are likely to take over a management role? Given that the current management arrangement, I understand, expires next Saturday and if the current operator walks away, does the Cultural Facilities Corporation stand ready to step into managing that facility or are there other contingency arrangements that have been put in place?

**Mr Stanhope:** Thank you, Mr Mulcahy. The government is currently considering a range of options, as I indicated on Monday, I think it may have been, in relation to the future of the Albert Hall. There is a process in place that is consistent with the management arrangements for the Albert Hall over the last 11 years, namely, we have gone to public tender around the management of the Albert Hall. In the context of issues raised by planning decisions initiated by the NCA and, admittedly, with support from ACTPLA and the ACT government, there has been, as we know, considerable public interest and public discussion around the future and the best arrangements for maintaining the fabric and the management of the Albert Hall.

The government is responding to that very direct feedback and that very direct expression of view by, at this stage, not discontinuing the tender process. It continues to proceed. It will not be finalised, as you have just indicated, by the end of the current contractual period, which is the end of this week. The department is in negotiations with the current manager with a view to a further extension of the existing management contract. I am hopeful—I do not have advice on that at this stage—that the current arrangements will persist for a further period, say, six months or whatever period we can negotiate.

This would then allow the government to consider some of the positions that have been put to it in recent times, essentially, that other management options be pursued; that other options be considered in relation to restoration of the fabric; that the ACT government itself, after an 11-year hiatus, again manage the Albert Hall and that we remove the function from the private sector. We are engaged in discussions across government, including with the Cultural Facilities Corporation, in relation to possibilities. At this stage no decisions have been made. The government at this stage has not yet decided that it will not proceed with a private tender arrangement. It is still a—

**MR MULCAHY:** She expressed doubts the other day about the viability of that under those terms.

**Mr Stanhope:** Yes, and I must say that was in the context of that and in the context of the issue that you raised about the ongoing viability of the capacity of a private sector manager to attract the level of business or community support to make the Albert Hall a viable commercial proposition in the absence of significant upgrades. It is a classic chicken and egg situation. Is there a private sector operator? That is why we go to tender. That is why we have an open and transparent process, to see whether or not the private sector, with its expertise in the commercial sector, has the capacity to imagine a future or a possibility for an institution such as the Albert Hall. That is what

we were looking for. We were looking to the private sector, through this process, to come back to us and say, “Yes, I can use this facility for this purpose and I can make it work. I can make it commercially successful and viable.”

I do not know what response the government has had. I have not discussed the tenders or responses that have been received. It may be that one of them is absolutely brilliant, a brilliant piece of vision by a private sector entrepreneur that says, “Yes, I can make it work and if I invest a million or \$2 million, I have got a goer here.” But if there is not a response to the tender of that order, then I do not disagree with the point you put on Monday, that perhaps the government should reassess that basic equation. If we, the government, invest in the maintenance of the fabric and do some significant restoration, does the equation change dramatically? We are reconsidering that.

In the context of that, we are considering that if we were to resume management, if the tender process is not successful, then how would we manage it? What would we do with it? What would its future be under government management? Would it essentially go into mothballs, as the powerhouse did for 50 years? We do not want another iconic heritage building sharing the fate that the powerhouse shared for the last 50 years. We locked the door and walked away for 50 years.

**MR MULCAHY:** Is there any risk, though, that if those negotiations do not reach settlement before the weekend, it may have to be closed down for the moment or is there a contingency plan under which you will take the management on?

**Mr Stanhope:** At this stage, Mr Mulcahy, I have no reason to believe or assume that those negotiations will not be successful. I do not believe that the Albert Hall can close. I think we all know, just by observation, the fate that befalls buildings that are closed. They fall into gross disrepair very, very quickly and that is not a fate or an outcome that I would support.

If the negotiations fail and the tender is not proceeded with, then the government will, through one agency or another, manage the Albert Hall, in the interim at least, until final decisions are made. But the Cultural Facilities Corporation is one of a number of options that are being considered.

**MR MULCAHY:** Okay.

**Mr Stanhope:** We are negotiating with Ms Elvin and the Cultural Facilities Corporation around the implications for the organisation of that. You know, it is not an easy thing. The Cultural Facilities Corporation manages facilities for the purpose of facilitating culture or the arts and, to the extent that the Albert Hall does not neatly fit that description, it would perhaps be a very uneasy fit. But we are considering it.

**MRS BURKE:** Chief Minister—

**MR MULCAHY:** Could I ask one last question, chair, just on CFC? The repairs and maintenance for 2007-08 are now estimated to cost \$261,000 more than previously estimated. Would you be able to just provide some information about what these additional repairs or maintenance is all about?

**Mr Stanhope:** Thank you.

**Ms Elvin:** Yes, of course, Mr Mulcahy. In fact, there is more information given on page 84 of budget paper No 3, if you happen to have that. If you do not, I can quickly run through.

**Mr Stanhope:** Just go through the elements.

**Ms Elvin:** That additional repairs and maintenance money includes a range of facility and building repairs and collection management works at Calthorpes' House, Lanyon and Mugga Mugga, and that would come to approximately \$112,000. Also included is a range of works at the Canberra Theatre Centre, including replacement of 1,000 watt lamps with 600 watt lamps, relocation of the server for the ticketing system and repairs to the Canberra Theatre orchestra pit.

**MR MULCAHY:** Is that an energy saving measure or some other reason?

**Ms Elvin:** It is partly an energy saving measure, but also an improvement to the existing lamps.

**MR MULCAHY:** Okay.

**Mr Stanhope:** For the sake of completeness—I beg you pardon, Mrs Burke—it needs to be acknowledged that a \$500,000 bid for the upgrade of the entrance to the Canberra Theatre was proposed by the Cultural Facilities Corporation, but it is a TAMS bid. The proposal was to upgrade Knowles Place, which is a very uncomfortable entrance—I think a dangerous entrance—to the Canberra Theatre at night. For people that are not particularly mobile or not necessarily all that steady on their feet, it is potentially a very difficult entrance.

**MR MULCAHY:** It was announced in the budget, was it not?

**Mr Stanhope:** Yes, it was announced in the budget. For the sake of completeness, that initiative was generated by the Cultural Facilities Corporation, but it is a municipal services responsibility to upgrade the place.

**MR MULCAHY:** Okay.

**MRS BURKE:** Chief Minister, I wanted to clarify something on the Albert Hall.

**Mr Stanhope:** Yes.

**MRS BURKE:** Would there be a potential—did you allude to this the other day—that the government may kick in with some initial funding to get it to an acceptable level in terms of the toilets and so forth and then contract out or somebody like the Cultural Facilities Corporation—

**Mr Stanhope:** We are considering all those possibilities—all those options, Mrs Burke. At this stage, frankly, we are having another look at all the possibilities. I must

say I am not dissuaded that the private sector model which we are currently pursuing is not in the best interests of the territory and the Albert Hall. But in the context of the very significant community and public interest, the very strong feedback that we received from that process, the government is respecting that. It accepts that there is a very strong view within the community that the current management arrangements need to be looked at. We all acknowledge and accept the need for the Albert Hall to be operated and for some significant financial input, and my advice is at least \$1 million.

**MRS BURKE:** Yes.

**Mr Stanhope:** The government has been hoping that the private sector would make that contribution, as one always does—

**MRS BURKE:** Is not there an issue, though, that—

**Mr Stanhope:** but if does not, then we will.

**MRS BURKE:** Yes. They cannot tender apples for apples because, really, one will tender at a different level from another person in terms of upgrade and so forth.

**Mr Stanhope:** Under the current—

**MRS BURKE:** I do not want to labour this point.

**Mr Stanhope:** That is the point, I think, of going to the public. The government is looking for the best possible return for the people of the ACT.

**MRS BURKE:** Of course, but does not the government have a responsibility, then?

**Mr Stanhope:** If the private sector, an entrepreneur or a business with the tender document says, “If I can do this consistent with the tender and the management structure, then I will invest \$1 million to upgrade the facility because if I invest the \$1 million and you give me a lease for so many years, I can get this fantastic return on my investment.”

**MRS BURKE:** I understand that.

**Mr Stanhope:** That is the bottom line.

**MRS BURKE:** I just think it is a little unfair. We have let it run down so badly. It is for consideration, and you are doing that; so we may leave that there.

**Mr Stanhope:** That is so. This is the government acknowledging that the private sector does do some things well.

**MRS BURKE:** I have said that, yes.

**Mr Stanhope:** The private sector and private sector entrepreneurs have a capacity to look at an issue, at a prospect and say, “Yes, I can see my next million dollars”—

**MRS BURKE:** I can see that after the initial stage.

**Mr Stanhope:** whereas a public servant looks at it and thinks, "It is a hall."

**MRS BURKE:** Yes.

**THE CHAIR:** Ms Porter, have you got a final question on cultural facilities?

**MS PORTER:** Yes. It is the final one, is it? Minister, on page 489 of budget paper No 4, strategic indicator 2, states:

The Corporation will seek to develop increased awareness of its facilities amongst the ACT community and visitors to Canberra ... to increase visitation to its facilities—

Could someone give me some more information about what is being done to do that? Strategic indicator 1 mentions development of strategic partnerships. Could someone address that for me as well, please?

**Mr Stanhope:** Thank you, Ms Porter. I am sure Ms Elvin can respond to those particular issues. Certainly the corporation has a very active program of seeking to enhance visitation. It works constantly at just that, but I think perhaps Ms Elvin can outline the initiatives that have been pursued.

**Ms Elvin:** Thank you, Ms Porter. The strategic objective that you mention is supported by a whole range of specific actions in our annual corporate plan. To work towards that objective we will do a whole range of activities, such as marketing and promotional activities, for example, but also a range of activities to involve the community in what we do. Those extend, for example, from our three advisory committees, which each include community members and involve them in providing advice to the organisation, through to community events and public programs that involve a range of people from schoolchildren through to seniors in the various activities of the corporation. As I think you see in the performance targets for this year, we are actually projecting a higher target for visitation in the 2007-08 year above the 2006-07 year.

In terms of strategic partnerships, which I think is another part of your question, a very active part of what we do is partnering with other organisations, be they cultural organisations or community organisations, in providing joint activities. For example, we partner with the national trust in providing a volunteer program, particularly at Lanyon. We partner with the school of music and the school of art in providing activities at the Canberra Museum and Gallery. We partner with the multicultural festival in putting on theatre presentations and also exhibitions and public programs; with Celebrate Canberra in putting on activities to mark Canberra Day and activities around that. So there are many different ways in which we work with a whole range of organisations to put on joint activities and enhance the benefit to the community.

**MS PORTER:** Could you tell me a little bit more about these advisory committees?

**Ms Elvin:** Yes, of course. Under our act we are required to have three advisory committees covering, first of all, the performing arts; secondly, museums and galleries and, thirdly, historic places. So we have three committees covering those three different areas. Each committee has about eight or nine members and they include experts in those particular fields. For example, on the historic places advisory committee we have a number of well known Canberra experts, such as Professor Ken Taylor and Eric Martin, who advise us in an expert sense. But we also include in those committees a number of more general community representatives so that the committees can act as our eyes and ears in the community and bring a broader community perspective into what we do, as well as that expert advice as well.

**MS PORTER:** For overseas visitors, and I am sure you do have overseas visitors.

**Ms Elvin:** We do.

**MS PORTER:** How do you specifically target visitors visiting Canberra? Is it coming here and then finding out once they have got here or are you able to do anything to attract people who happen to be coming to Canberra before they get here?

**Ms Elvin:** It is a range of both. Recently Lanyon was featured on *The Great Outdoors* program, which, of course, has national coverage. We work closely with the tourism area to ensure that Canberra Visitors Centre information is available, either to be sent out to people or for them to access once they arrive in Canberra. We work a lot with school groups, including international school groups. We have a program at Lanyon, for example, called *Lanyon by starlight* that involves many children from America, and obviously those programs are booked in advance. So it is a range of, I suppose, providing information in advance and also targeting people more specifically when they come here.

**MS PORTER:** Fantastic. Thank you very much.

**THE CHAIR:** Are there any other questions in this output class? We will go to ageing, then.

**Mr Stanhope:** At the outset, I extend to the committee the apologies of the Chief Executive of the Department of Community Services, Ms Sandra Lambert. Ms Lambert is not well today. She regrets that she is unable to be here, and apologises for her absence.

**DR FOSKEY:** Okay. There is not a lot of detail in the budget about expenditures and other matters relating to the ageing. Could you please explain to me how the linkages between the aged portfolio and other areas, such as health, housing and community affairs, are managed within the bureaucracy? I am assuming that your role is a co-ordinating sort of role.

**Mr Stanhope:** That is correct, Dr Foskey. The role that I enjoy as Minister for Ageing is very similar to that which I have as Minister for Indigenous Affairs. In a direct policy sense, health issues affecting the ageing, for instance, are the responsibility of the Minister for Health, and so on. I think Ms Overton-Clarke would be able to provide the most direct explanation of the administrative arrangements that apply to

our overarching and across-government support for ageing.

**Ms Overton-Clarke:** The arrangements for the whole-of-government responsibility for ageing came to the Department of Disability, Housing and Community Services along with ageing and Aboriginal and Torres Strait Islander affairs. So the department has the whole-of-government responsibility. Of course, it works very closely with both the Department of Health and Chief Minister's Department—in particular in the residential aged care smoothing arrangements in Chief Minister's Department; and for health matters the Department of Health, ostensibly two particular areas, the HAC scheme and also the other parts of health that are more related to acute care. So it has a number of relationships across the whole of government but primarily with the Chief Minister's Department and the Department of Health.

**MR MULCAHY:** Chief Minister, one of the key theme areas from the ACT Ministerial Advisory Council on Ageing strategic plan for 2006-08 is listed as transport, and page 7 of the report says there are significant access barriers. What advice, if any, was provided by the council in relation to the changed ACTION timetables last year, and has the council established a subcommittee as per page 21 of the strategic plan to review transport options for elderly Canberrans?

**Mr Stanhope:** I will ask Ms Overton-Clarke to give a detailed answer to that question.

**Ms Overton-Clarke:** There are a number of ways in which the advice on the bus timetables has come into the government. Most recently in a meeting with the Chief Minister, the Council on the Ageing, which is also part of the Ministerial Advisory Council on Ageing, has talked about issues around and the effects that the bus timetable has had. The Ministerial Advisory Council on Ageing is giving advice to government on the best ways of changing and improvements in the bus timetable. So it is working closely with the government.

**MR MULCAHY:** Can you be more specific as to the sort of advice that is coming forward?

**Ms Overton-Clarke:** Yes. Within the office for the ageing we have decided to conduct a telephone survey for members of the seniors card to investigate if the changes to the timetable are making a difference to the patterns of travel for older Canberrans. As you would know, the seniors card is taken up by 95 per cent of the aged community, so we are using that extensive base to survey them.

**Mr Mulcahy:** How many are you surveying?

**Ms Overton-Clarke:** Well, it will be a representative sample. The details have not yet been worked out, but we are looking at issues around the concessional fare that we currently give in off-peak times and whether changes to the timetable have become a disincentive in any way for seniors to access their normal activities.

**MR MULCAHY:** Okay. Chief Minister, the ACT Labor policy as part of ACT Labor's plan for older Canberrans declared that you would hold rate increases to CPI for long-term residents. In light of the recent increases and the shift to calculating future increases according to the wage price index, have you considered the impact on

elderly people from this decision to cancel this undertaking that you made to the people of Canberra?

**Mr Stanhope:** This is an issue you and I have discussed in a number of forums.

**MR MULCAHY:** Once or twice.

**Mr Stanhope:** My response remains the same. Certainly there is, as the CPI is currently measured against the wage price index, a differential, and indeed at the moment, and it may not always be thus, the wage price index is higher than CPI and of course there is an implication for that. There is an additional charge. It may not always be the case. It may be the CPI—with another couple of years of Liberal government federally certainly—and increases of interest rates et cetera might change to a point where it exceeds the wage price index. But at the moment I accept the point. There is an additional impost.

As I have explained previously, and I stand by this explanation, the overarching point behind last year's budget and the efficiencies and the reform process that were instituted last year and which are still underway, is that the ACT government—this government and all governments in the future—need to ensure that expenditures are supported by revenue in equal proportion.

**MR MULCAHY:** I did ask you if you considered the impact on the elderly.

**Mr Stanhope:** I have considered the impact. I have provided you with detailed advice from Treasury on the essential difference between a wage price index and the CPI. On a charge of \$100—and this is the distortion which you make always in relation to your calculations, a worse-case picture which does not explain the precise impact—which is increased by a wage price as opposed to CPI the difference in the charge overall is, say, the difference between \$100 and \$102 or \$103. A \$100 charge on a Canberra resident—

**MR MULCAHY:** There are no \$100 rates applying in Canberra.

**Mr Stanhope:** I just make the point. Just as a base example, even if you set a \$500 charge, the difference on a \$100 charge between CPI and wage price is a couple of dollars. That is what we are talking about. You know that, but it does not suit your purpose to explain to your constituents exactly what the difference is because it suits you to present this as some sort of outrageous grab for cash.

But there is a difference—and this has been explained and illustrated publicly. Of course there is. Wage price is higher than CPI at the moment. A charge that increases by wage price as opposed to CPI is higher at the moment, but the difference between CPI and wage price on, say, a \$100 bill is somewhere in the order of \$3. I do not have the exact figure but that is what we are talking about here. So the harum-scarum that you are engaging in is not matched by the facts of the matter. But there is a difference—it is higher.

**MR MULCAHY:** I will not get into a debate but \$20 or \$30 to someone on a pension is a lot of money. Chief Minister, you declare that you will continue to lobby the New

South Wales government for reciprocal senior cards concessions on New South Wales public transport. In light of the failure of all the Labor jurisdictions to agree to a national seniors card reciprocity scheme, what consideration have you given to entering into bilateral individual arrangements with those states that are happy to co-operate and extend that benefit to Canberrans? As I understood, we have been happy to extend that same reciprocity to the states that would offer it to our residents.

**Mr Stanhope:** The approach we have always adopted, and in all fora that the ACT government attends in relation to the issue of reciprocity, the ACT government stands ready to co-operate and participate but a number of jurisdictions are not.

**MR MULCAHY:** But have you taken it up state by state?

**Mr Stanhope:** I am not sure we have. I am just a little out of touch with what we have done on a bilateral basis. Having said that, as Ms Overton-Clarke just indicated, currently a significant survey is being undertaken by the office with the support of COTA. I met with COTA just in the last week or so to discuss the survey and a range of other matters, and of course this issue of concessions, and concessions being restricted to peak times.

**MR MULCAHY:** That is just locally, though, is it?

**Mr Stanhope:** That is just locally.

**MR MULCAHY:** That will not deal with the interstate stuff.

**Mr Stanhope:** That is a significant issue. We are now undertaking a survey. We are looking to better understand the implications for ourselves. It is essentially for us the first part of a cost-benefit in relation to a potential change to the current arrangements. We need to understand the implications, and in the context of a bilateral arrangement I will take some advice, even here now, but I would ask Ms Overton-Clarke. There are issues—and I think every individual jurisdiction is looking at the implications for them—of reciprocity. It is different; we have a single public transport network—buses. Jurisdictions that have trains and large infrastructure that receive a lot of visitors—

**MR MULCAHY:** I thought it was only New South Wales and Queensland that were kicking up about this.

**Mr Stanhope:** I would have to defer to Ms Overton-Clarke.

**Ms Overton-Clarke:** Yes. It is only Tasmania and us who are very keen to expand interstate reciprocity, to extend and push it.

**Mr Stanhope:** The other jurisdictions, of course—surprise, surprise, the two smallest jurisdictions.

**Ms Overton-Clarke:** That is right.

**Mr Stanhope:** Yes, the ones without extensive train networks.

**Ms Overton-Clarke:** The responsibility has now transferred to the Community Services and Disability Minister's Council for the mechanisms that we are using, and that is the venue through which we are continuing to explore and try to influence our position.

**MR MULCAHY:** But are you going to enter into an agreement with Tasmania, given it has demonstrated willingness as a starting point?

**Ms Overton-Clarke:** I do not know how worth while that would be. That is something that we are still negotiating with all the jurisdictions. It has only recently transferred to Community Services Disability Council.

**MR MULCAHY:** So it is out of your purview?

**Ms Overton-Clarke:** It is within Ms Gallagher's purview, so she is the responsible Minister.

**DR FOSKEY:** I have a supplementary question, but I believe it is in Ms Gallagher's purview. In relation to concessions, the government committed to undertaking a review or relooking at that question of concessions, which is a bit of a pig pen. How is that going?

**Ms Overton-Clarke:** Do you want to ask that tomorrow of Ms Gallagher?

**DR FOSKEY:** I am just asking if someone can answer it today and I do not have to ask it tomorrow.

**Mr Stanhope:** It is probably more appropriate for that to be asked tomorrow.

**DR FOSKEY:** Yes, thank you.

**MS PORTER:** I seek guidance, minister, as to whether I should ask this question now. It is with regard to mature age employment and the silver lining initiative. Can I talk about that now?

**Mr Stanhope:** Yes.

**MS PORTER:** I would like a little bit more background about any mature age employment initiative we have in general and also, of course, this particular one.

**Ms Overton-Clarke:** Yes. The silver lining initiative was announced on 8 May and it has been done through the ACT and Region Chamber of Commerce and Industry. It is really to raise employer awareness about workforce ageing issues. It was developed by the Ministerial Advisory Council on Ageing in conjunction with the chamber of commerce and industry. It is really in the context of, as the population ages, the importance of retaining people in the workforce and the benefits and advantages that it can bring to superannuation amounts, and also the context of that generation moving into caring arrangements with their own parents. So it is a wrapped-up initiative that is being progressed now that it has been developed by the ministerial advisory council through the chamber of commerce and industry.

**MRS BURKE:** A clarification, Ms Overton-Clark. You mentioned at the beginning of your response to a question “smoothing arrangements”. What might they be? Did you say “smoothing arrangements”?

**DR FOSKEY:** She did.

**MR MULCAHY:** She said with aged care, I think.

**MRS BURKE:** Yes. I just wondered what that was. Sorry, it is going back a couple of questions but you said in your role you undertook or it was your role to undertake smoothing arrangements.

**Ms Overton-Clarke:** Sorry, all I meant by that was that in the context of ensuring that residential aged care—

**MRS BURKE:** I think it was a federal territory thing, was it not?

**Ms Overton-Clarke:** Yes, that is right, and the release of land and so forth. The Chief Minister set up a streamlined process through his department to ensure that there is release of residential aged care.

**MRS BURKE:** So you are the interface for what goes on between the commonwealth and the territory?

**Mr Stanhope:** Mr Ross McKay in the Chief Minister’s Department is a policy officer, but one of his major roles is essentially to case manage all applications for land for the provision of aged care facilities within the ACT. So it is a role that sits within the strategic projects area of the Chief Minister’s Department, and Mr Ross McKay essentially case manages all applications by providers for land and the planning issues that arise. So it is a smoothing, a project management case management approach to all aged care facility issues within the territory.

**MRS BURKE:** Thank you. Just finally, are we on track for fulfilling all the commonwealth places or allocated places now? I know that we have done a lot of catching up, but is there more to be done in that process?

**Mr Stanhope:** Well, there is always more to be done.

**MRS BURKE:** No, sorry, have all the commonwealth allocated places been—

**Mr Stanhope:** I will ask Mr McKay to just give a brief rundown on where we are up to but at this stage I have expressed a degree of interest in some of the delays that we are experiencing in relation to some projects that have been fully approved and in relation to construction that has yet to commence. That is an issue Mr McKay has been pursuing on my behalf in recent times.

For instance, the Illawarra proposal for Lake Ginninderra was approved by ACTPLA 11 months ago, yet unfortunately construction has not commenced. That is 100 beds fully approved 11 months ago. I am seeking explanations for why work has yet to

commence. So Mr McKay handles all of those issues not just at the front end but at this stage, where the land has been delivered, approvals have been granted and still to move on it.

**Mr McKay:** The projects currently underway are Calvary Bruce in Bruce, Goodwin in Ainslie and the Ridge Crest Retirement Village in Page. The Calvary Bruce has 100 beds which will become operational, they expect, in August this year—these can be held up by rain and such like—and the completion of the 30 independent living units is expected at that same time. Goodwin Ainslie expects to have its 103-bed facility this year but, given progress, I think that will probably go into the first quarter of next year. Ridge Crest at Page is 24 independent living units which I believe will be completed around September this year.

Illawarra Retirement Trust in Belconnen, St Andrew's in Hughes, Mirinjani in Weston and Southern Cross Care in Campbell all expect to commence in the following quarter, the third quarter of 2007. The Illawarra Retirement Trust is 100 beds and 150 independent living units. St Andrew's is 74 beds, Mirinjani at Weston is 64 beds and Southern Cross Care at Campbell is 40 beds. They have all their approvals and it is just their tendering and construction process that needs to be implemented.

There are other projects. Goodwin at Monash has 40 beds approved. It is going to build a 110-bed facility with 150 independent living units. That project has received development approval. There is Uniting Care in Gordon. It has received a 100-bed allocation. It intends to build 100 beds and 80 independent living units. It has yet to submit a development application.

Baptist Community Services in Griffith is going to build a 160-bed facility. That would entail moving 103 beds from Morling Lodge at Red Hill, and it intends to get another 60 beds. Baptist Community Services also has 60 beds allocated for the Nicholls site on which it intends to build a 100-bed and 150 independent living unit facility. It is proceeding with development applications for both of those facilities.

Kankinya in Lyneham has a 16-bed dementia-specific extension. It is not going to increase the number of beds in its facilities but make them more user friendly, coming up to the 2008 requirements by the commonwealth. Mandir Ashram at Farrer has applied for a block of land with 60 beds and 80 independent living units, and that is in the land sale process and in the design phase. So they are all the projects that are currently underway.

**MR MULCAHY:** But the question has not been answered. What is the shortfall between the commonwealth-approved places and those that we have? What is that and is there an explanation?

**Mr McKay:** I do not keep a record of the commonwealth's provision allocations because allocations come in and out, depending on operational requirements of the facilities.

**MR MULCAHY:** What is the published figure there?

**MRS BURKE:** Yes, you did talk about meeting commonwealth requirements by 2008, so we need to know what they are.

**Mr McKay:** That is correct. The provisional allocations which require beds to be built are currently 686. So 686 beds are either under construction or in the design phase.

**MRS BURKE:** Would you, for the purposes of the committee, table that information and give us any further information you have on those 686 beds? Or have you just given us the breakdown? I am a little unsure now.

**Mr Stanhope:** We will be happy to do that.

**MRS BURKE:** I think it needs to be simplified rather than going on now.

**Mr Stanhope:** If you give Mr McKay an opportunity to put it in a form, we would be happy to do that.

**MRS BURKE:** Yes, thank you, Chief Minister.

**MR MULCAHY:** If I could just restate, Chief Minister, if we could get the approved commonwealth places and the differential in between those that are either under construction or—

**MRS BURKE:** I think Mr McKay got that.

**MR MULCAHY:** Yes.

**Mr Stanhope:** Yes, sure, no worries.

**THE CHAIR:** Thank you, officials from the Chief Minister's Department.

We will now move on to the Land Development Agency. Yesterday afternoon we were not able to deal with Rhodium because of the time line. The Chief Minister has made himself available for Rhodium at the completion of today of business and industry development.

I welcome Ms Skewes from the Land Development Agency. Ms Skewes, are you aware of the paragraphs in the witness card in front of you?

**Ms Skewes:** Yes.

**THE CHAIR:** Chief Minister, do you want to make any opening comments on this output class?

**Mr Stanhope:** No, thank you, Mr Chair, I have no comments, other than that Ms Skewes and her officials stand ready and are very willing to assist the committee in any way that they are able.

**MS PORTER:** Chief Minister, we did talk about it earlier, but I am wondering

whether, now that we have the LDA with us, we could discuss the land strategy to do with affordable housing mentioned on page 517 of budget paper 4. The second dot point, under priorities, talks about assisting in the delivery of the government's land supply strategy with regard to the affordable housing action plan. I was just wondering whether we could go to that now.

**Mr Stanhope:** Certainly, Ms Porter. I am sure Ms Skewes would be happy to give some detail of the strategies which the Land Development Agency has in place to ensure that those aspects of the affordable housing strategy or action plan that go to the affordability and availability of land—indeed, those issues for which the LDA are responsible—are being handled and the processes that the agency follows to work with other ACT government agencies in the implementation of the affordable housing action plan, acknowledging of course that there is a significant role for the LDA, just as there is for a range of other agencies. Ms Skewes will be happy to talk about the delivery of land consistent with the affordable housing action plan.

**Ms Skewes:** Certainly the Land Development Agency sees itself, as stated in the budget papers, as having a key role to assist the government in the delivery of its land supply strategy, and in particular the affordable housing action plan. The Land Development Agency, in response to the government's requirements for affordable housing, has undertaken a program to accelerate land release, and that land release program will be particularly accelerated in our greenfields program, which will involve a whole variety of land coming forward to the market progressively over the next period of time to assist in meeting the numbers that the government is keen to see with respect to land supply.

About 15 per cent of the blocks will target house and land packages priced in the range of \$200,000 to \$300,000. The government was keen to see that, as part of the affordable housing plan, there was a targeting of house and land packages as an integrated product in that price range. One of the other initiatives that the government is keen to progress is the 120 dwelling sites being provided for community housing, and that will occur on an annual basis over the course of the budget period. There is a range of other initiatives really associated with building the supply of land progressively and supporting also local industry to be able to respond to the market.

**MS PORTER:** Would one of those be the next dot point in that area, which talks about the joint venture arrangement for Crace, or is that a different issue?

**Ms Skewes:** The government, through its land release programs, will certainly look at its initiatives with respect to affordable housing and there will be a variety of land releases that will seek to integrate affordable housing into those land release programs, and Crace is certainly one of those.

**MS PORTER:** How is that progressing?

**Ms Skewes:** The Land Development Agency is currently in a tender process to procure a private sector joint venture partner for the development of the land at Crace and we are very keen that, following that tender process, we proceed with that land being offered to the market in a timely manner. We expect that the development of Crace, which I think has the capacity to supply something like about 1,200 lots to the

market, will occur over the course of the next eight or so years, depending on market conditions.

**MR SESELJA:** I am interested, Ms Skewes, in the land bank. I know that ACTPLA handles that, but the LDA is involved in the delivery. Are you able to tell us how long it takes in the shortest circumstances, where there is a need to get something onto the market and a decision by government that there is such a need, to get a block in the land bank that is planning ready onto the market and building to commence?

**Ms Skewes:** As you are aware, Mr Seselja, the planning and land authority does the broad planning for the new land release areas. Certainly the government has a very strong view about the sequencing and the timing of that land release. The land goes through a process of broad structure planning. Obviously the requirement is to have a territory plan in place that provides the zoning provisions. In addition to the structure planning, there is more detail—what we call concept planning—which also the planning authority does. The concept plan really prescribes the detail of the subdivision, the potential for blocks to be yielded from the site. Generally it has a range of blocks that will be produced in relation to the land that is being developed. Once it is decided that the land is ready, the planning and infrastructure requirements are generally in place, the land at that point becomes available to the Land Development Agency to be able then to progress the servicing and also to progress the sale of that land into the marketplace.

**MR SESELJA:** I am just interested in what is a short time frame. If we have X blocks in the land bank and we suddenly need more blocks to market, how long would it take to take one of those blocks that has been identified and all those studies have been done and actually have building commencing? What is an indicative time frame for the shortest period?

**Ms Skewes:** The program the LDA has been operating, notwithstanding there is a lot of preplanning that occurs, and they take variable time frames that the planning authority could better respond to, is that we would seek to get land and offer land to the market and generally it takes something in the order of about six months, for example, to service maybe 200 blocks of land, and that really is dependent on the capacity of the industry to mobilise, to generate the infrastructure to be able to service and then settle and sell a block of land. So there are quite significant lead times, as you are well aware, in terms of the land development process and the timing and delivery of land to the market.

But it is not just the LDA, as the Chief Minister has indicated. There is a whole variety of agencies that facilitate the planning and servicing of land into the market. We have found over the course of the last three years very good cooperation from those organisations in facilitating the delivery. But one of the things, importantly, with the accelerated program is that we are very mindful of the capacity of the industry because we do rely on the civil sector in particular. We rely very heavily on consultancy, planning and engineering firms to deliver the detailed plans and prepare those plans to facilitate the necessary approvals.

**MR STEFANIAK:** Chief Minister, in relation to the Kama site, in 2006, up till October, it was proceeding to sale, involving a number of your agencies—the LDA,

ACTPLA, health and disability services—and some other groups, like the NCA and the commercial real estate agents panel, and also the multicultural and indigenous affairs area. Chief Minister, why would you direct in October that the sale not to progress so it could be utilised for a bush healing farm when advice from the department—in fact, ACTPLA and the LDA—indicated that, firstly, there appeared to be no direct grant processes or a formal decision of cabinet that they were aware of? There was an issue in relation to the question of fair process. There was also the fact that the area of the site was significant and the removal of the site from the land sales program would result in the loss of revenue for the ACT government, and also that one of the requirements for a bush healing farm would be a site with a bush setting in a river corridor or mountains, and a bushland land use policy.

**Mr Stanhope:** I think there is some confusion evident in just that preamble and in relation to the decisions that the government has taken in relation to Kama. Kama is block 1616. It is 66 hectares of rural land that includes seven hectares of designated land. The remainder is hills, ridges and buffers. There is a house on the site which is currently rented and the land is grazed under agistment licences. In December 2005, TAMS asked ACTPLA to advise the LDA to prepare the northern section of the block for release to the market. That was when I first became aware of the proposal. The LDA, actually not at that stage but as a result of that particular request, prepared lease and development conditions in conjunction with Environment ACT and began the preparation of a land management agreement.

TAMS subsequently asked that the lease and development conditions of the land management agreement be put on hold. That was as a result of my intervention when I became aware that there was a property with a dwelling within an urban setting in close proximity to the city that we owned and that was proposed to be released. I did that because of a project the government has been consulting with the indigenous community on for some time around the establishment of indigenous-specific drug and alcohol services. There is a proposal that has been on the table for some time. To some extent, it arose out of a COAG trial in relation to addressing indigenous disadvantage within the ACT and one of the proposals that was identified by broad ranging consultation with indigenous communities within the ACT was the need for indigenous-specific drug and alcohol rehabilitation services, and the government has worked in partnership with indigenous communities on that proposal for that time.

The indigenous communities classified this particular project or this aspiration as a bush healing farm. It is essentially a drug and alcohol rehabilitation service with some additional aspects around rehabilitation and growth by people within indigenous communities that have suffered seriously as a result of their addiction and the level of their dysfunction, and the government is sympathetic to this particular proposal and sympathetic to the aspiration for a bush healing farm alcohol and drug rehabilitation service to be provided in essentially a rural setting.

My attraction to an established facility, building or homestead was essentially one of cost, accepting the desirability of an urban setting. Previous scoping which had been undertaken by the then Minister for Health, Mr Corbell, suggested that a purpose-built drug and rehabilitation facility would cost somewhere in the order of \$10 million, a significant cost. That cost, of course, would be significantly reduced if a drug and rehabilitation service could be developed in an established building, just as the

Ted Noffs centre was and is in north Watson. An existing piece of infrastructure, of government-owned infrastructure, was utilised for the establishment of Ted Noffs because of the cost savings inherent in utilising existing infrastructure. So that is the background.

In the context at this stage of no site being mutually agreed for the establishment of an indigenous-specific drug and alcohol rehabilitation service, I wished this particular option to be kept open. We are looking at a number of sites. We are mindful of the cost. We are mindful of meeting, to the extent we can, the aspiration and hope of the indigenous community. We are mindful of the need to address this most pressing issue impacting on indigenous people within our community. Indigenous people have by far and away the highest level of illicit drug use of any identifiable group within our community. They suffer enormous dysfunction as a result of that use, and the other issues which indigenous people face, and this is a high priority for the government.

I don't think, in the context of the discussion we have been having nationally over the last week or two, that anybody would seriously suggest that there is a higher social use for any piece of land than to address the most significant social issue facing the nation, namely, indigenous discrimination and dysfunction. Inherent in the Liberal Party's position, or at least the position of the Leader of the Opposition, which is a position not being shared by his colleague Mr Smyth—

**MR STEFANIAK:** No, don't verbal us.

**Mr Stanhope:** On the one hand we have Mr Smyth condemning the government for not having proceeded to this—

**MR STEFANIAK:** We are just talking about this bit of property.

**MRS BURKE:** This is a deflection by you, Chief Minister.

**THE CHAIR:** Order, members!

**Mr Stanhope:** We go then to the inherent position of philosophy underlying Mr Stefaniak's position on this. Mr Stefaniak says, "This land is too valuable for an indigenous-specific drug rehabilitation facility. This land should be flogged to the highest bidder."

**MRS BURKE:** Is it culturally appropriate?

**THE CHAIR:** Order, Mrs Burke!

**Mr Stanhope:** "This particular site should be flogged to the highest bidder. This particular site should not actually attract a use for indigenous people, for goodness sake." Mr Stefaniak suggests, "Find a lower value piece of land and actually put the indigenous people there. Treat them as they have always been treated. Treat them as they have been treated for the last 200 years."

**MRS BURKE:** Ask them what they want. Have you asked the community?

**THE CHAIR:** Mrs Burke!

**Mr Stanhope:** “For goodness sake, don’t provide indigenous people with a piece of high-quality land central to the city.”

**MR STEFANIAK:** Don’t verbal me, Jon. Get real.

**Mr Stanhope:** Mr Stefaniak says, “Would you provide high-value land to Aboriginal people?” That is what Mr Stefaniak says in opposing—

**MRS BURKE:** No, he is not. You are totally deflecting.

**MR STEFANIAK:** Definitely not.

**Mr Stanhope:** Look at his press release. Go to his press release and look at it.

**MRS BURKE:** Can you bring him to order, chair?

**Mr Stanhope:** Mr Stefaniak’s press release is scornful of the proposal.

**MRS BURKE:** Chair, I asked you to bring the Chief Minister to order.

**THE CHAIR:** I will call you to order, Mrs Burke, again.

**Mr Stanhope:** This question was asked by Mr Stefaniak and I am answering it. Mr Stefaniak was scornful of the prospect of an indigenous drug and alcohol service being provided.

**MR STEFANIAK:** On that site.

**MRS BURKE:** It is against all the advice, Chief Minister.

**Mr Stanhope:** It is not. It needs to be understood, and Ms Skewes can actually confirm this, that this land had not been transferred to the LDA. This land had not even been transferred to the LDA.

**MRS BURKE:** In relation to the healing farm, it wasn’t a culturally appropriate site, surely.

**MR SESELJA:** They were going to auction it, though, weren’t they?

**Mr Stanhope:** No. Actually, you have been misled, too, Mr Seselja.

**MR SESELJA:** By the documents.

**MR STEFANIAK:** Yes, we have both got the documents.

**MRS BURKE:** Have you got the documents, Chief Minister? Read the documents.

**Mr Stanhope:** The land had not been valued.

**MR STEFANIAK:** It was in the process of it.

**Mr Stanhope:** The land was not identified within the 2006-07 budget as land to be sold. It was a site which was being prepared as inventory to be released at some date in the future. Planning studies were being undertaken to see if the land was suitable for development.

**MR SESELJA:** The LDA asked for valuations from real estate agents, didn't it?

**Mr Stanhope:** It did ask for valuations, but it was not on the inventory of property to be sold in 2006-07, in this financial year. There is no budget assumed, no revenue assumed, from this site. It was not listed for sale. No revenue has been forgone. The land was not listed for sale. There was no impending auction or imminent auction. The land hadn't even been transferred from TAMS to the LDA for the purposes of sale, let alone listed, let alone included within land to be sold in the financial year.

I don't know and I am not responsible for what officers write on files, but those are the facts. The government had made no decision. Of course it hadn't gone to cabinet. Do you know why it hadn't gone to cabinet? It hadn't gone to cabinet because not even the minister had a view on whether or not it was appropriate. Not this minister, the Chief Minister, or the Minister for Health at this point in time has a view on whether the land is appropriate for this purpose. We are looking at a number of sites.

We haven't yet decided to proceed with a healing farm or a rehabilitation facility. We almost certainly will, but no decisions have been made. But we can't make a decision on whether or not Karma is suitable for an indigenous drug rehabilitation facility if it has just been flogged to the highest bidder. That would mean it wasn't available. The process we entered into was to determine whether or not Karma, in ACT government ownership, should remain in ACT government ownership on the basis that it might be a suitable site for an indigenous drug rehabilitation facility. If it has been sold, it's too late, the horse has bolted; there is no sense in considering whether a particular facility is appropriate for use.

Were we going to compulsorily reacquire it after selling it? After selling it, say, "Here is a good site for a rehabilitation facility. What a pity we sold it?" We reserve land every week for one or other purpose. Mr McKay has just indicated the land bank that exists for future aged care facilities. We recently reserved a very valuable piece of land in Phillip for a morgue, land that could be sold for a range of commercial purposes but we thought that we were going to need a new morgue. We are currently considering reserving land for a cemetery in Tuggeranong. We reserve land constantly for new schools, for churches and for our future health needs.

**MRS BURKE:** Who have you consulted with on Karma?

**THE CHAIR:** When he has finished on this question, Mrs Burke, you will have an opportunity.

**Mr Stanhope:** This is the business of government. This is about planning for the

future. This is about reserving land that is needed for future identified high-priority purposes. The logical absurdity of this position of the opposition that we shouldn't have held up the sale of this particular block of land is that it actually wasn't on the land supply list. It wasn't mooted for sale. There is no revenue forgone. We were simply assessing whether this is a piece of property that should be retained for consideration as an indigenous-specific drug and alcohol facility. The notion is that you sell it and then decide. What, we should have sold it and then decided whether or not it might have been a site after it was gone?

**MRS BURKE:** What planet are you on, Mr Stanhope?

**THE CHAIR:** Order, Mrs Burke!

**Mr Stanhope:** That is nonsense. It wasn't listed. It is still with TAMS. It was never transferred to the LDA. It was never included in land to be sold in 2006-07. No revenue has been forgone. As to the suggestion that it hadn't gone to cabinet, of course it hasn't gone to cabinet because we haven't yet got to the point where we are considering how we are going to proceed with this initiative, but why take out of the equation or of the cabinet submission or the advice to cabinet a piece of land or a facility that should have been included, even if only to be dismissed as an option?

**MRS BURKE:** It didn't go to cabinet because you intervened in the process.

**Mr Stanhope:** Why take out of the equation this particular facility without even considering it? That's what we have done. What we have said is, "Here is an ACT government-owned facility in a rural setting. Does it meet the criteria for the establishment of an indigenous-specific health facility?"

**MRS BURKE:** Who did you consult with?

**THE CHAIR:** Mrs Burke, you will have an opportunity to ask a question.

**Mr Stanhope:** We consulted broadly with the indigenous community, we consulted with health and we consulted with the Office of Indigenous Affairs and through that process a cabinet submission is being developed.

**MRS BURKE:** Oh, "is being".

**Mr Stanhope:** As there is with every government initiative. You need to get your facts straight. Suggestions in files that "this should not be a direct grant"—the government does not direct grant to itself; it is our land. There are two suggestions there which the Leader of the Opposition referred to—

**MR STEFANIAK:** I think the documents speak for themselves.

**MRS BURKE:** Have you read the documents—

**Mr Stanhope:** that this should be direct granted—

**MR STEFANIAK:** Read the documents.

**THE CHAIR:** Order!

**Mr Stanhope:** When is the last time the government direct granted its own land to itself?

**MRS BURKE:** You are moving right away from the nub of the matter.

**THE CHAIR:** Mrs Burke, if you continue to interject I will name you.

**Mr Stanhope:** The two comments that are made in the file note that Mr Stefaniak refers to—just think about them. This should be a direct grant process? Name me one instance where the ACT government direct granted to itself land which it owns. And the second dot point that you referred to—

**MR STEFANIAK:** It is your own official saying it. Read your documents.

**THE CHAIR:** You asked him a question; he is trying to answer it.

**Mr Stanhope:** He might be saying it, but it is nonsense, isn't it? But you adopted it.

**MR STEFANIAK:** Read your documents.

**MRS BURKE:** Rambling on—just deflecting from the real issue.

**Mr Stanhope:** I am not reading blinking file notes. I know what I have done.

**THE CHAIR:** Are there any more questions on this?

**MR STEFANIAK:** You are not going to—

**Mr Stanhope:** I have asked—

**MR STEFANIAK:** That is very arrogant.

**Mr Stanhope:** I have asked a very simple question.

**MRS BURKE:** You interfered in the process; that is why it did not go to cabinet. Is that true or not?

**Mr Stanhope:** That is not only false; it is silly.

**MRS BURKE:** Right; okay.

**Mr Stanhope:** It is going to cabinet. I have not interfered in a single process. There was no process; there was consideration about the future of a piece of land.

**MRS BURKE:** But you were doing some things. That is a process, isn't it?

**THE CHAIR:** Order, Mrs Burke! You have asked your question. Now let him answer

it.

**Mr Stanhope:** I said, quite rightly and appropriately, “In considering the future of this piece of land, please give consideration to whether or not it is a site on which we should establish—”

**MRS BURKE:** That is a process.

**Mr Stanhope:** I said, “Please give consideration to whether or not in relation to all—”

**MRS BURKE:** When is a process not a process?

**Mr Stanhope:** “the other possibilities for this piece of land, including its sale on the open market—whether we should decide not to sell it on the basis that we have a priority use”. And who in this room or in this community is going to look me in the face now and tell me what priority is higher than establishing an indigenous-specific alcohol and drug facility for our indigenous community?

**MRS BURKE:** Don’t start playing the emotional political football, please.

**Mr Stanhope:** Name a higher priority. Name it.

**THE CHAIR:** Mr Seselja.

**Mr Stanhope:** Name the higher priority now.

**MRS BURKE:** We are patiently waiting.

**THE CHAIR:** Mr Seselja, do you have a supplementary to this question or is yours a new one?

**Mr Stanhope:** There is not one.

**MR SESELJA:** Yes, a supplementary to this. It is in relation to one of the Chief Minister’s earlier responses. Chief Minister, you said that the site has not been committed for sale—not for sale or for the purpose of the bush healing farm. The minute that was prepared for ACTPLA in relation to this says:

Mr Nic Manikis has expressed the view that the Chief Minister has already committed the site for the proposed purpose. However there has been no direct grant process or formal decision of Cabinet ...

Is that statement incorrect? Secondly, you said that you were not proceeding to auction. An email of 25 October from Anne McInnes to Graham Mundy from the LDA says:

As you are aware, we were in the preliminary stages of proceeding to sale by auction ...

I understand that auction from the documentation was to proceed in October. Are you saying that the documents that we have that say there was a valuation ahead of an

auction in October are incorrect?

**Mr Stanhope:** I am not saying that at all.

**MR SESELJA:** Or did you want to correct what you said before?

**Mr Stanhope:** No, I do not want to correct it, but there was no auction imminent. As you have just said, they were in the preliminary stages of developing a block. This block, block 1616, is not listed in the inventory of property to be sold in 2006-07—in other words, in this financial year.

**MR SESELJA:** But it was going to be sold in October 2006, I think the documents demonstrate.

**MRS BURKE:** Yes.

**Mr Stanhope:** That is not the advice that I have. The advice I have is that the LDA did not identify the revenue from this property in the 2006-07 budget. It was a site being prepared as inventory to be released at a future date. Before any formal steps were taken to release this block or to auction it, I asked for this block to be assessed as a possible site for an indigenous-specific drug and alcohol rehabilitation centre. That is quite appropriate, quite reasonable and the right thing to do.

We were in the process, and remain in the process, of determining what our response to this particular very important health initiative is. We have not yet decided. Why would we exclude one of the very few sites available to us that potentially fit the parameters which have been put to us, through extensive indigenous consultation, as important?

In relation to what Mr Manikis said or did not say—I do not know what he said. I do not know what officers in the LDA said. I do not know what they thought when they were writing notes about “This hasn’t been put to direct sale.” Why would it be if we were going to keep it? I do not know what the thinking was of somebody or what had been suggested to them about a piece of land that—

**MR STEFANIAK:** It seemed pretty well advanced.

**MRS BURKE:** Yes.

**Mr Stanhope:** So what? It was not put—

**MR STEFANIAK:** So what?

**MRS BURKE:** That is what all the debate is about, surely.

**THE CHAIR:** Order!

**Mr Stanhope:** Yes, so what? Should I withdraw the holding position on the block of land in Phillip that we have set aside for a morgue? We have not decided to move the morgue yet; we might leave it at Kingston. Should I withdraw it and we will just see if

we can find another site in the future? Should we at this stage abandon the land in the land bank for aged care facilities—land that we could flog off for housing today? Of course I should not. If the government has an identified future need for land, it identifies it. It does not say, “You could get more for that block of land if you sold it off for commercial development rather than building another morgue on it. Stick the morgue somewhere else.” We plan. We plan for the future, and we do it.

**MR SESELJA:** Chief Minister—

**Mr Stanhope:** No, just let me go on. Let me read a brief that I have received in relation to views that are being purportedly expressed by Mr Manikis. It is a pity Mr Manikis is not here; he was the project officer that led the review of Kama as a possible site in concert with officers from the Department of Health. Mr Manikis says today that he did not express the view that the Chief Minister has already committed the site for the proposed purpose as stated in the brief. He cites the brief he put up which provides—he actually refers to the brief which he put up which provides options for the way forward, including a description of the process that would allow the option for the Kama site to be used as a health facility. Information in the brief to the Chief Minister was provided to him by ACTPLA.

The brief outlines what needs to be done in support of the fact that the Kama site has only been an option for government consideration. He also alerted the Chief Minister to the emerging opportunity of other sites. I will not go to those. ACT Health, in consultation with the office for Aboriginal affairs, is finalising a cabinet submission on this issue for consideration in the near future. Mr Manikis stated that he does not believe that the site is unsuitable. He also stated that it is suitable, on the basis that it has most of the characteristics requested by the indigenous community—that is, large enough to undertake limited animal husbandry, close enough for families to visit, within a 30-minute drive to a hospital. The one disability in relation to what the community requested was that it does not have a watercourse. That is the sum total of my knowledge of what Mr Manikis does or does not think.

**MR SESELJA:** In relation to the identification of the sites, Chief Minister, at last year’s estimates, in June 2006, Katy Gallagher said that it may cost up to \$10 million and that a number of sites had been investigated. It would appear that at that point this site was not included, because after that time documents show that LDA was preparing the site for sale. When was it that this particular site was considered as being suitable or possibly suitable for the bush healing farm, given that, by implication, it would seem that the previous investigation had not identified this site? As I said, in June 2006 Katy Gallagher said that a number of sites had been identified, yet subsequent to that the LDA was looking to prepare this particular site for sale.

**Mr Stanhope:** Just as we are currently also preparing this entire area for potential sale through initial studies in relation to the Molonglo. This is part of the Molonglo development. We are also currently doing major concept planning, or initial planning, in relation to the lot.

**MR SESELJA:** But they were going to sell this a month later, so it is not a long-term thing.

**Mr Stanhope:** No. I am just saying that there are potentially thousands of blocks around Canberra that fit exactly the same description—that LDA and ACTPLA were doing preliminary work in relation to the future sale.

**MR SESELJA:** This was not preliminary work.

**Mr Stanhope:** Ms Skewes just mentioned Crace.

**MR SESELJA:** This was six weeks down the track they were looking to auction it.

**Mr Stanhope:** I do not have that particular time scale here. I find it remarkable that it is now suggested, in the face of advice that I have, that this site was not identified by the LDA for sale in the 2006-07 budget but now you are telling me that it was to be sold and fast-tracked for sale. Preliminary work had commenced, but before that work had got to any state of fruition I asked for it to be considered for what I still regard—and I am flabbergasted that you do not—as the highest possible priority this community could imagine for a piece of land that would be suitable for an indigenous drug rehabilitation facility.

There is a leap in logic here in this discussion we are having that just continues to avoid me—namely, that you do not think that reserving a piece of land for consideration for the establishment of an indigenous-specific drug and alcohol rehabilitation facility is a very high and laudable aim for a suitable piece of land. You have a choice: it can be—

**THE CHAIR:** Another supplementary?

**MR STEFANIAK:** Yes, thanks.

**Mr Stanhope:** The land could be leased for a rural purpose or the land could be retained and used for what is perhaps one of the highest order social purposes imaginable. Ms Skewes, are you across this?

**Ms Skewes:** Just one of the comments I can add just broadly about LDA's processes with respect to land sales is that we do like to look at options for land release as part of our program. We are very keen to be able to respond to the market with a variety of offerings. It is certainly not unusual for us to get involved in preparing land for release and providing advice to government on options for alternative sites.

In relation to our program generally, I can certainly confirm that the revenue was not within our budget for 2006-07, but it is quite usual, with our range of planning processes, that we like to get in as early as possible to look at the broad planning, options for sites, options for land release, site constraints and issues around them. We generally see that as part of our due diligence in preparing land for the market. Often, the earlier that is done the better. You can then try and mitigate some of those issues as best you can through the sale process; hopefully, that will lead to a good outcome for the government generally. So it is not unusual, as part of our due diligence work, for the government to expect us to get in and get ourselves organised with release options for pieces of land.

**MR STEFANIAK:** Thanks for that. I certainly understand that. But I think the documents speak for themselves. I will just quote one other document. I am interested to hear the Chief Minister talk about a brief from Mr Manikis and that, amongst other things, he indicated other sites. That might be telling. On 19 December 2006, in a minute from an officer in strategic asset management in the property group at TAMS to Kathleen Pooley, she indicated:

I understand that Nic Manikis had put up a proposal not supporting the site for the Health facility but the Chief Minister is determined to proceed.

**Mr Stanhope:** That is just nonsense.

**MR STEFANIAK:** So that is wrong, is it?

**Mr Stanhope:** It is, quite clearly.

**MR SESELJA:** A lot of misleading documents.

**MR STEFANIAK:** There are a lot of misleading documents here, Jon.

**MRS BURKE:** A lot of misleading documents.

**Mr Stanhope:** I had no determination to proceed—absolutely none. I wanted the block—that is just nonsense.

**MR STEFANIAK:** Then there is a whole series of documents here which you suggest are nonsense.

**Mr Stanhope:** That statement is nonsense.

**MR STEFANIAK:** How do you explain that?

**Mr Stanhope:** I cannot.

**MR STEFANIAK:** You cannot. Exactly.

**Mr Stanhope:** Call the official.

**MR STEFANIAK:** You cannot.

**Mr Stanhope:** I cannot explain why somebody would put in a piece of paper that I was determined to proceed. I was determined to ensure that this block was assessed for suitability.

**MR STEFANIAK:** It is through the whole series of documents.

**MRS BURKE:** Absolutely.

**MR STEFANIAK:** So clearly even experts like people in multicultural and indigenous affairs are saying that it is not—

**Mr Stanhope:** Like who?

**MR STEFANIAK:** Mr Manikis, for example, is saying, on this document, that he does not support the site for a health facility—in other words, it is unsuitable.

**Mr Stanhope:** All I can do is—

**MR STEFANIAK:** No-one has a problem with the health facility.

**Mr Stanhope:** I have a brief today.

**MR STEFANIAK:** No-one has a problem.

**MRS BURKE:** No.

**MR STEFANIAK:** No-one has a problem with the health facility, and don't verbal us on that.

**MRS BURKE:** No.

**Mr Stanhope:** What do you have a problem with then?

**MR STEFANIAK:** What we have a problem with is you interfering in the sale—what appears to be a process of a sale—

**MRS BURKE:** You have interfered.

**THE CHAIR:** Do you have a question, Mr Stefaniak?

**MR STEFANIAK:** of a perfectly good block of land which is not suitable for the purpose you want it for, and your interference in that process.

**Mr Stanhope:** Who says that?

**MR STEFANIAK:** That is the problem.

**MRS BURKE:** That is the advice given.

**Mr Stanhope:** From whom?

**MR STEFANIAK:** So what do you say in relation to this particular email of 19 December?

**Mr Stanhope:** Which advice are you relying on to say—

**MRS BURKE:** Which advice are you relying on?

**MR STEFANIAK:** I am relying on those documents.

**Mr Stanhope:** I don't.

**MRS BURKE:** You don't ask the questions. We do.

**THE CHAIR:** Order, members!

**Mr Stanhope:** I had better look at these documents.

**MRS BURKE:** Which advice is the Chief Minister relying on? He was all over the place on this issue.

**Mr Stanhope:** I am not.

**MRS BURKE:** You are, clearly.

**Mr Stanhope:** I have not received advice on whether or not—

**MRS BURKE:** It is here.

**THE CHAIR:** Order, Mrs Burke!

**Mr Stanhope:** we would proceed to develop a drug rehabilitation facility on this site. That will be included in a cabinet submission, which I understand is currently under development but which I have not seen. I do not even know if it is in draft form. But I think any government has the right at any time prior to a public contractually based process to determine a use for any piece of land—in advance of a legal or public process where tenders are being called for. A government has the right. I have the right to walk out of here today and announce that the sale of section 63 will not proceed. I could walk out of this room now, within my rights, and say section 63 will not be sold.

**MR SESELJA:** Chair, I have something by way of follow-up.

**THE CHAIR:** Mr Seselja, is this a supplementary?

**MR SESELJA:** Yes, to the previous answer. I was searching around for the document. This is the document that I was referring to. It is dated 17 August. It is an LDA letter and it is out to a number of agents asking for advice—asking for valuations. It refers to the property known as Kama and says:

We anticipate that the auction will occur on Tuesday 24th October 2006.

I am happy to table that if that is okay.

**MR STEFANIAK:** I am happy to table the one I referred to as well, Mr Chair—both of them.

**THE CHAIR:** Yes.

**MR SESELJA:** That would indicate that the plan was to sell it on 24 October 2006.

**Mr Stanhope:** It was being prepared for sale; there is no doubt about that.

**MR SESELJA:** That is not quite what you said to the committee earlier in the answer to the question.

**Mr Stanhope:** I did. I said that preliminary work was being done for the sale but we had not got to the state where expressions of interest for a sale had been called.

**MRS BURKE:** But you said there was no process at one stage.

**Mr Stanhope:** An auction date had not been publicly announced.

**MRS BURKE:** So when is a process not a process? We are all over the place.

**Mr Stanhope:** Ms Skewes, I ask you: was there a publicly announced sale date? Had expressions of interest or tenders been called?

**Ms Skewes:** I do not believe that we had got that far down the line. Our officers were being prudent in doing the necessary backgrounding work. I do not think there was any public release of that particular site for sale.

**MR SESELJA:** You were two months away from selling it and you told us before that there was no plan to sell it. It sounds as though—

**THE CHAIR:** Is there a question there, Mr Seselja?

**MR SESELJA:** Yes; I am asking the Chief Minister if he wants to correct what he said before.

**Mr Stanhope:** No. There is nothing I wish to correct—absolutely nothing. There was a process; that is how I became aware. I became aware of this land because the fact that there was a process in place was drawn to my attention—that consideration was being given to preparing this land for sale. I said, “Before this land is sold, I’d like consideration to be given to whether or not there is a further government use.”

We are doing it with schools at the moment. We are saying, “Don’t dispose of any of these properties—these schools that have been closed—until we determine whether there is a government purpose for that particular building.” We are doing it with the schools. When I became aware this land was on the market—or potentially on the market—I insisted that the same consideration be given to this particular piece of land: “Before you sell this land, I want advice on whether or not this land has the potential to be utilised as an indigenous drug and alcohol rehabilitation facility.” That is quite reasonable and appropriate.

**THE CHAIR:** With that, we will go to the break.

**Mr Stanhope:** And I would do it again.

**MR STEFANIAK:** You seem to be the only person who felt it was suitable.

**THE CHAIR:** Order!

**Mr Stanhope:** I asked for advice on whether it was suitable.

**THE CHAIR:** Order, members!

**MRS BURKE:** The advice was given, and they said, “Don’t do it.” You are saying—

**Mr Stanhope:** Let me take on notice the question of whether or not I received advice as to its suitability. I honestly cannot remember. Mr Chair, could I just indicate that I will provide advice to the committee on whether or not I received advice as to the suitability of this particular land and what process was utilised to determine whether it was suitable or not. I have no memory of receiving any such advice. I may have, but I do not recall receiving any such advice.

**THE CHAIR:** Thank you.

**Meeting adjourned from 3.33 to 3.52 pm.**

**THE CHAIR:** Good afternoon. Welcome back, members, Chief Minister and officials from LDA. I understand we will continue with some of these questions on the land site for Kama until about five past the hour. Then we will go to the LDA, and members have indicated they want to try and finish LDA by 5.00 pm.

**MR STEFANIAK:** I have got one question.

**THE CHAIR:** Yes, Mr Stefaniak.

**MR STEFANIAK:** Ms Skewes and Chief Minister, for the sake of clarity in relation to this issue of Kama, I wonder whether you could actually table the proposal referred to in the email from Margaret Whitem to Kathleen Pooley dated 19 December 2006. She says she understood Nick Manikis had put up a proposal. So we would like to see that.

Further, in relation to the FOI request, a number of documents were exempted. We do not seek to have the ones on page 2 tabled, but there were exempted responses of four auctioneers dated August 2006, September 2006, August 2006 and 25 August 2006, which I will hand to the committee secretary. Could we have those documents? If they are commercial-in-confidence, if there is any problem there, I am sure we can make some appropriate arrangement in relation to that part of it, but I would seek to have those tabled. Perhaps I will hand that to the committee, chair.

**Mr Stanhope:** I will take the request on notice, Mr Chair.

**MR STEFANIAK:** Thank you.

**THE CHAIR:** Mr Seselja.

**MR SESELJA:** No, I do not think I have got anything more on this.

**THE CHAIR:** We will move on to other questions in LDA.

**MS PORTER:** Dr Foskey had one.

**THE CHAIR:** I might just kick off. Chief Minister, the planning and environment committee looked at the draft variations for the rural villages. I wonder if you could bring us up to speed on where they are in their redevelopment and what benefits we might see out of the redevelopment of those rural villages.

**Mr Stanhope:** Thanks, Mr Chair. I think as all members are aware, there has been very good progress, although somewhat delayed and very frustrating, of course, for the residents. But there has now at last been very significant progress with the redevelopment of Stromlo. Construction has commenced and is proceeding apace. Indeed, the Village Building Co are very confident that they will have the first of those houses completed well before Christmas, which I think is great news.

The Village Building Co have been fantastic in the way in which they have approached the redevelopment of Stromlo. It has been a very good and productive partnership, with a village of 20 public houses and 20 private sector or privately sold blocks for development, and I think it will potentially produce a very good outcome for the residents that are still there. Those that lost their homes will return; indeed those people will become residents at Stromlo. So the process and the progress in relation to Stromlo are very good and I think the future outcomes are excellent for a truly sustainable continuing community and village at Stromlo. The village will exist between Weston Creek and Molonglo. Certainly, as a result of its geographical location, it will have the capacity to develop its own identity and its own sense of community, and that will be to the enormous benefit of those that have lived there for some time who continue to live there and those that lost their homes. Indeed, they will be making Stromlo their home.

In relation to Uriarra, once again I am aware that the progress has been reasonably slow. The government now, or at least the developer—the Village Building Co again—is at the point where I think all approvals have now been granted. One of the last issues to be resolved did relate to water and its reticulation, the relationship with Actew and the purchase and provision of water within the settlement, and that has now been resolved. My understanding is that construction of the first new home at Uriarra will commence very shortly—I think within the next month. Once again, the great benefit, of course, is that a significant number of residents of Uriarra who lost their homes will be able to return, if that is what they wish. There are a number of continuing residents.

The government has also undertaken that any of those residents of Pierces Creek, who unfortunately will not be able to return to Pierces Creek because a decision has been taken not to redevelop Pierces Creek, have been offered housing in Uriarra, if that is what they wish. In addition, there will a significant number of blocks of land for sale to the market. I believe that through the process, through the planning, in time there will return to Uriarra, as with Stromlo, an enduring whole community that will re-establish an identity as a rural village. It has been reasonably long in coming. I do regret that. I share the sense of frustration of the residents, but I am very pleased now

with the progress that has been made. We are at the point where all of those that lost their homes will, hopefully within the space of the next six months or thereabouts, have homes to return to.

**MRS BURKE:** Was that at Uriarra?

**THE CHAIR:** Chief Minister, is there any opportunity—

**MRS BURKE:** Was that Uriarra?

**DR FOSKEY:** Yes.

**MRS BURKE:** Did you just say Uriarra as well?

**Mr Stanhope:** Yes, both.

**MRS BURKE:** I am sorry, chair.

**Mr Stanhope:** Work is about to commence at Uriarra.

**MRS BURKE:** So they are not going to be back home within six months? They could be.

**Mr Stanhope:** The first residents will be returning to Stromlo before Christmas and work will commence immediately at Uriarra and—

**MRS BURKE:** So how long —

**Mr Stanhope:** Certainly in the first quarter of next year I am hopeful that the first residents will return.

**THE CHAIR:** Chief Minister, you talked about those that were residing at Pierces Creek going to Uriarra. If they do not want to take that option, are they able to go to Stromlo? Is there an option?

**Mr Stanhope:** I must say I am not aware of—

**THE CHAIR:** It is probably something for Minister Hargreaves.

**Mr Stanhope:** I would have to take that on notice. I will take that on notice. Yes, I would hope that that option would have been made available, but I am just not entirely sure. I would have to check that.

**THE CHAIR:** Thank you. Are there any questions on the LDA? Dr Foskey.

**DR FOSKEY:** Yes. I am going to return to last year's hot spot for the LDA—EpiCentre. Given that the NCA has recently announced that it strongly disagrees with ACT's legal interpretation of planning laws applying to Fyshwick, which could end up costing the ACT around \$60 million in compensation, would the LDA do anything differently if a similar situation to that involved in the EpiCentre sale arose again? My

question is in relation to the objective to realise a better return on the territory's land assets.

**THE CHAIR:** I should advise members, too, as I did when this question came up in front of ACTPLA, that there is something before the courts at the moment.

**DR FOSKEY:** Yes, there is. Anyway, the question is asked.

**Mr Stanhope:** Thank you, Dr Foskey. I think what needs to be said first in relation to the issue you raise, which is, in hindsight, would the LDA manage the process differently or does it have issues that might have addressed in a different way, is that one needs to refer to the exhaustive inquiry undertaken by the Auditor-General in relation to the sale and processes in which the LDA processes were essentially endorsed by the Auditor-General. In that context, I am not sure that the LDA would do things differently.

In relation to some of the ongoing issues in relation to EpiCentre, these are matters, of course, more relevant to ACTPLA and the Minister for Planning. In any event, they are subject to litigation and I must say the sub judice rule and its application to committees really would make it problematic for either me or Ms Skewes to engage in a discussion or debate around EpiCentre in the face of litigation with significant implications.

**DR FOSKEY:** I ask a supplementary to clear something up. The Auditor-General's report did make a couple of recommendations in regard to the LDA, both of which, I believe, were rejected by the LDA. Is that right?

**Mr Stanhope:** I would have to ask Ms Skewes for detail on that. Could you just respond to what the recommendation did relate to and your response to those?

**Ms Skewes:** Certainly. Just to reinforce the comments made by the Chief Minister, the Auditor-General found the sale process was conducted fairly and appropriately. There were a number of recommendations in respect of the Auditor-General's report that LDA commented on and the government has had the opportunity now to review the outcomes of that report. Certainly, from the point of view of administrative processes, we believe, as reinforced by the Auditor-General, that the process we conducted that yielded a very good outcome in respect to the sale price for the territory was appropriate. The comments that we have made in respect of the Auditor-General's report have been considered, I believe, by government. Broadly, the sale processes that we undertake are very similar now to the conduct where we are doing a restricted auction. We have done recent restricted auctions following the sale of the EpiCentre site and we have broadly followed the process that we followed in respect of the EpiCentre sale.

**DR FOSKEY:** A lot of the issues raised by the Auditor-General were around issues of communication, and I guess that is perhaps where the lessons could be learnt. It is in no way a reflection on the agency to indicate that it may have increased or changed its processes in that regard. I would like a response to that.

**Ms Skewes:** Well, just in relation to the communication processes, as with any block

of land we sell, we do require the cooperation and the input of a range of organisations in respect of the conditions and circumstances of a site and the servicing arrangements. When a piece of land comes forward, we do rely on information that is provided generally as part of the due diligence process. We conduct sales on a very regular basis, and I certainly think that the protocols and procedures around the conduct of our sales are robust. We have continued forthwith, following the EpiCentre sale, with a very, very big sales program in the 2006-07 period. All of those sales, across both the residential component of our portfolio and the commercial component, have, I believe, been done very appropriately and very, very rigorously from a government perspective.

**DR FOSKEY:** Has communication between the LDA and ACTPLA improved, or are they good, if you did not think there was a problem in the first place, even though the Auditor-General did?

**Ms Skewes:** Yes. LDA and ACTPLA obviously work very closely in respect of our particular roles in relation to land sales. We continue, I think, to work very effectively together, as we do with a range of other agencies. That is how we have conducted our sales program over the course of the last 12 months, and I imagine that is how we will proceed forward into the future.

**THE CHAIR:** Are there any further questions on the LDA, members? Mr Seselja.

**MR SESELJA:** Yes, thank you, chair. Minister, the *Canberra Times* recently reported that the chair of the LDA would not be reappointed. Are you able to confirm that?

**Mr Stanhope:** Not at this stage, no. The government is engaged in a process. That process involves the planning and environment committee and the cabinet. That process has not concluded to the point where I have information in relation to certain aspects of the process. I am not in a position to respond today. Certainly I will be in a position to respond, hopefully within the next few days.

**MR SESELJA:** Is it fair to say that the LDA under your leadership is taking a slightly different approach from what was taken under the previous minister?

**Mr Stanhope:** To the extent that the LDA will, into the immediate future, be required by me to concentrate very heavily on issues around affordability—I am not suggesting that it did not take account of those issues previously—certainly in the context of this government's expectations around the implementation of the affordable housing task force report, there is a particular focus through both the LDA and ACTPLA and other government agencies on implementing the affordable housing report. One might say that there is perhaps a new focus on certain aspects of the LDA's responsibilities which I will be paying very close attention to. But, no, it would not be fair to say that under me the nature of the relationship between the LDA and the government will change.

**MS PORTER:** Thank you, chair.

**THE CHAIR:** Yes, Ms Porter.

**MS PORTER:** Minister, pages 518 and 519 of budget paper No 4 mention two sets of figures. One is a staffing increase that I am interested to know about; the other is an increase in revenue.

**Mr Stanhope:** I will ask Ms Skewes to go to those details, thank you.

**MS PORTER:** Thank you.

**Ms Skewes:** In relation to the human resource component or the staffing levels of the organisation, we expect that we will, in accord with our statement of intent for the 2007-08 period, be able to increase our staffing levels currently, and we expect to finish the financial year with the staffing level of about 52 staff in the organisation. That is 52 full-time equivalent staff.

As you will see from land sales revenue, we are delivering a very big program in 2007-08. We expect to increase that staffing level to 60.8 as at 30 June 2008. So as a result largely of LDA's accelerated program to deliver the government's objectives in respect of affordable housing, it is clearly obvious that we need to be able to resource that appropriately to meet the sort of time frames and requirements that we are seeking to do to assist in housing affordability.

It is also likely that that complement of staff will probably be required to increase in the forward years. We have found that certainly our capacity in areas such as project management and a variety of aspects to do with our land sales program do need appropriate resourcing. So we have built those into the forward projections and certainly we expect a very modest increase in the next 12 months in relation to our staffing levels.

**MS PORTER:** And the increase in revenue on page 519?

**Ms Skewes:** Yes. Our land sales revenue program, as you can see from the figures that are provided in the budget papers, do indicate that over the 2007-08 period land sales are estimated for 2007-08 to be \$381 million compared with an expected achievement this year of \$185 million. This will certainly be an aspect of our program that we will commence in relation to, in particular, the residential land release program. That will be underpinning that number very strongly. As I have indicated, we are looking at new major development fronts, particularly in north Gungahlin. But we also expect that by 2008-09 we will be launching very strongly into Molonglo and starting a land development front in Molonglo. Over the budget period we will be expecting residential land releases to be continuing very strongly.

The other thing that we are mindful of building into the program is that, particularly as commonwealth plans for employment increases in and around the territory come to further fruition over the next 12 months or so, we will be able to have land that is ready and able to be serviced and brought online. Certainly the residential program is a very important part of the delivery of that outcome for the next financial year, as is a very active commercial development program.

I think we are also very mindful of supplying the government with a strong supply of

land in the industrial land sector. I think we have been able to perform well over the last couple of years, but we are very conscious of the need to be able to have further supplies of planned, well-serviced infrastructure ready industrial land. So we are very mindful of that, and those sorts of things underpin that large increase that we are looking for next financial year.

**MS PORTER:** Thank you very much.

**MR SESELJA:** Given that you will be moving on to Molonglo in 2008-09, why is it that the amount of revenue drops off so significantly after spiking in 2007-08?

**Ms Skewes:** Our program in 2007-08 is predicated on a number of transactions that we hope will come to fruition in that particular time. As I indicated, we have a number of key projects, and some of those are certainly coming out of the government's affordable housing action plan. You will probably recall that the government is keen that we englobe land into the marketplace, so that is built into the program. We also seek, as part of some of those englobo sales, to provide land through to institutional investors so it can be built on and provided as rental housing.

As I indicated earlier, we are also involved in some large tender processes at the moment, Crace being one of those, that we expect will supply strongly. So we have a number of very active projects that we see coming to conclusion in the 2007-08 period that we hope will underpin, subject to the market conditions and market response, that particular revenue figure.

**THE CHAIR:** Are there any further questions on LDA?

**MRS BURKE:** Yes, probably through you, Chief Minister, to Ms Skewes, if that is all right.

**Mr Stanhope:** Certainly.

**MRS BURKE:** Unless you can answer this. There was some media attention last year regarding the site office at Wells Station. I was just wondering how much that cost. I do not remember seeing that.

**Mr Stanhope:** I must say I am not aware of that issue, Mrs Burke, but if Ms Skewes can assist, I am sure she will. If she cannot, I am sure she would be happy to take it on notice.

**Ms Skewes:** Are you referring to the sales and information office that was established last year at Wells Station?

**MRS BURKE:** Yes, what was referred to as the site office? Presumably that was the function it fulfilled.

**Ms Skewes:** Yes. We did not have a facility specifically referred to as a site office. We did have a sales and information centre. I will take that one on notice. I do not have those figures with me.

**MRS BURKE:** All right. Perhaps you can advise of the cost and the industry norm, with comparatives with what we have spent to the industry norm, and, if you would, how many other site offices the LDA build.

**Ms Skewes:** I can answer that one now. Because of the major development activity in Gungahlin and north Gungahlin, you would appreciate that the public need a place where they can come and access information about land releases. The building community we found particularly avail themselves of opportunities to deal directly with the agency through its sales offices. We operate a sales and information centre in Harrison. It is the venue for all that information. At that sales and information centre we also provide a venue for our land ballot program and our other sales processes. We only operate one other site outside our main office, and that is the facility in Gungahlin.

**MRS BURKE:** Could you give us the cost of that one as well. On the back of that, what happened to the Wells Station site office? Was it demolished? I am not very clear. If it was demolished, why didn't we think of utilising it somewhere else?

**Ms Skewes:** It was noted that we had a temporary sales and information facility, which was decommissioned. There were a variety of options in that process of looking at the decommissioning of that facility. You may be aware that we are involved now with a sales and information centre that is part of the Gungahlin display village that has been undertaken as a joint initiative with some 22 builders and also the HIA. So we are able to consolidate the presence much more strongly with the building industry, and that was specifically done for the purpose of being able to facilitate to the public opportunities for them to come and deal with the land development agency in relation to land sales and at the same time have the opportunity to go and inspect what I believe are very fine display homes in that display village, be able to deal with the builders directly, see the sort of product that they are creating and what the opportunities are and then come and talk to the land development agency about the sort of land is available and what is most suited to the particular blocks—

**MRS BURKE:** I do not have a problem with all that. I just want to know specifically what happened to Wells Station. Was it demolished?

**Ms Skewes:** It was actually the original facility and it was only put in temporarily to provide that marketing presence. The building was very much a temporary accommodation. It was a refurbished government portable-type building. We made various attempts with a number of community organisations to see whether they would be interested in that particular facility—

**MRS BURKE:** That is what I was wondering.

**Ms Skewes:** In fact, there was not interest in the facility, and we did canvass that fairly vigorously over a number of months. As you would know, the government has committed to the building of the public school facilities adjacent to the Wells Station development. That site is being integrated because there are access roads that will go into the school site. For that reason it had to be relocated, and certainly the process we went through to identify alternative community uses did not prove to be fruitful in the

end.

**THE CHAIR:** Are there any other questions on LDA?

**MR SESELJA:** Yes.

**THE CHAIR:** Mr Seselja.

**MR SESELJA:** Thank you, chair. This was touched on earlier, but given that there has been a shift to market some land englobo as opposed to the previous arrangement, I want the minister or Ms Skewes to take us through the issue around englobo land sales. What do you see as the advantages of going down this path? What will it add either for the taxpayer or for home buyers?

**Mr Stanhope:** The government has responded very much to the very significant spike in demand that has occurred in the last two years through a new approach, at least in the context of the last five years. In all my discussions with industry in relation to this matter I have been very open that it is something of an experiment. I have laid down a challenge, which I believe industry is prepared to accept. Industry insists that a level of competition, a single englobo release will enhance our capacity to bring land to the market quickly and, through normal market responses, to a degree of competition that will potentially have some impact on affordability, on land and house prices, and at the same time maintain the quality of outcome that is a feature of the last five years within the territory. To that extent I will—

**MR SESELJA:** How will that quality of outcome be maintained?

**Mr Stanhope:** How will it be maintained? Well, I think that is the challenge for industry. It is certainly the challenge for Village Building Co as the purchaser of the first englobo release at west Macgregor. I had this conversation with Bob Winnell genuinely and bluntly, that I and the rest of Canberra will be watching very closely to assess his claim that he will maintain the same level of standard and development which the LDA has consistently produced since its establishment. I have to say if the west Macgregor development does not live up to that promise, then the government will think very, very seriously about the future of any further englobo releases. I have said that to Bob Winnell and I have said it to the master builders association and to the property council. The industry is very loud in this proclamation that it will match, if not exceed, standards established by the LDA, and I will watch with interest to see whether they do. I am not joking. If they do not, then that is it. The challenge is to engender some competition, impact on affordability and maintain quality, and I am not sure that any of those three outcomes are negotiable.

But I am hopeful. I have taken the industry at face value. I have also, of course, taken some quite detailed advice on the potential for competition and for an englobo release to address sooner rather than, perhaps, longer this enormous spike in demand that we are experiencing for housing within the territory and, indeed, to deal with the level of non-affordability of housing. It is new and it is a direct response to a dramatic spike in demand that even the industry two years ago had not anticipated. Indeed, two years ago industry leaders were urging the government to go slow; make sure you do not flood the market; do not release too much land; keep a hold on your supply. Now, of

course—and it is always the way in government—what the industry was urging us two years ago is very conveniently forgotten by the industry.

I remember distinctly as recently as two years ago conversations in relation to both residential and commercial land that now conveniently are assigned to the dustbin of history. That was then; this is now. I accept that. The market changed quickly, but we do need to respond quickly and this is one method potentially of achieving good outcomes. But we will watch and observe with very close interest.

**MRS BURKE:** So Macgregor is the litmus test, Chief Minister?

**Mr Stanhope:** Macgregor is a litmus test. I have been very blunt in all my discussions with the master builders, with the property council and, indeed, with the successful bidder, the owner of west Macgregor. I have met with Bob Winnell and I have said, “Bob, a lot is resting on your shoulders, mate.” He accepted it. He accepted the challenge. I remember his response. He said, “We know and we accept the challenge you set”.

**DR FOSKEY:** Figures I saw today indicate that the percentage of first home buyers taking up residential land has dropped by 20 per cent. How can you ensure that englobo sales and, indeed, LDA developments will have a reasonable share of affordable land? It is clear that one can release land but it may not at all affect affordability or allow for first home buyers to access the market.

**Mr Stanhope:** I will ask Ms Skewes to go to the detail of what the LDA is doing to meet that concern, Dr Foskey, but I will preface that by saying that this, of course, is the major challenge which the government is confronting and which we are seeking to meet through a range of initiatives. But, in the context of what it means on the ground in our determination to address that very issue, it would be best if Ms Skewes went to the detail of how the LDA is meeting it and, perhaps, some of the initiatives within the affordable housing report or response which impact, for instance, on issues around over-the-counter sales. Ms Skewes could perhaps go to those particular initiatives.

**Ms Skewes:** Certainly, as the affordable housing action plan indicates, it is an issue that requires a multiple range of responses. The LDA itself has been doing quite significant work, again with local industry participation, around the sorts of products that can be brought into the market. One of the areas we are looking at in particular is the house and land packages. The government, as part of the affordable housing strategy, is keen to get 15 per cent of the land release program being offered through house and land packages. They, ideally, would be situated somewhere between \$200,000 and \$300,000. We have been investing quite a bit of time and energy in design outcomes so that the housing that is created within that price range meets a range of demographic and lifestyle requirements in the marketplace, so it is housing that can be of a form to accommodate individual people or couples as well as families.

The work that we have been doing has drawn us to other states, looking at models of integrated housing, as we call it, or turnkey solutions so that people can get access to an appropriate block of land in a good quality estate with amenities and services available to them, but also have the opportunity to buy a house and land package that is of a reasonable quality, well-integrated with the suburban environment, and

certainly priced at a point that for them is affordable. We have work currently underway, because we are very mindful of the government's keenness to get some of this affordable land and these integrated products delivered in the 2007-08 period. We have already started integrating into our estate development plans, as we call them, opportunities for this sort of product development.

A fair amount of energy and time are going into building up the product offering to ensure that we can meet market requirements in respect of housing affordability. But, as the Chief Minister has said, we have got a range of other initiatives. We are working with the community housing sector, Community Housing Canberra in particular, looking at both demonstration projects, as well as supplying land to them that helps meet their market niche and the sort of client group that they are seeking to respond to.

It is also important, we believe, as part of the affordable housing approach that we promote opportunities as well for over-the-counter sales for affordable land, noting that, while the ballot system has been, I think, very effective in getting land to end consumers, we need some flexibility around how we can deal with land in an over-the-counter manner. That is an initiative that the government is moving forward on and that we would seek to have in place so that we can commence our affordable housing sales and offer people the opportunity to deal with us directly over the counter.

One of the other important things, as the Chief Minister said, is that this market has been a very changeable market in the last two years in particular. In 2005-06 the Canberra residential market, I am told, was in very slow and difficult conditions. Those conditions probably emulated the conditions of the early-1990s, where the market was very subdued and certainly land sales on the residential front were very hard to come by. So what we have seen over the last two years has been very much an increase in demand, a spike in demand. We need to be able to respond to that effectively through building an inventory of land so that land is available for parties to come forward and for consumers to come forward and purchase it. One of the other initiatives that we have built into our forward budget program is the building of an inventory to be able to support the requirement for people to come in and purchase land and see the block and acquire that directly from us.

As the Chief Minister indicated earlier on affordable housing, we have a number of demonstration projects that we are also in the marketplace for with tender processes currently underway. These are demonstration affordable housing projects and we earmarked superlot sites in both our large Franklin estate and the land release at Dunlop, where we are again targeting house and land packages, getting an integrated outcome in the vicinity of house and land packages of between \$200,000 and \$300,000.

Again, we hope that that project, which will be undertaken in close cooperation with the industry and the building community, will also be an early demonstration of what the public generally are able to provide and, I think importantly, give the general consumer confidence that they can get a quality product, a product that meets their lifestyle requirements, in an affordable price range. The upshot of the question is that we have a range of initiatives that are well advanced and we certainly are expecting to

see in the 2007-08 period strong initiatives in respect of delivery on the government's affordable housing action plan.

**DR FOSKEY:** Minister, given that you have put quite stringent proposals to developers like Mr Winnell, isn't this an opportunity to trial inclusionary zoning to make sure that we do get affordable housing outcomes?

**Mr Stanhope:** There is immediate appeal, Dr Foskey, but I think there is also a body of opinion that it wouldn't necessarily be productive to impose on our developer that sort of stringency. It wouldn't necessarily, I think, achieve the outcomes that would necessarily be desired. We are imposing an obligation or a requirement on Mr Winnell to produce a certain percentage of blocks—to some extent, it is an extension of what you propose—and I think perhaps that's appropriate.

To the extent that we are looking very much at, as I said, three potential outcomes from the englobo release, and one of them is the impact on affordability, we are seeking to achieve that through the designation of a certain proportion of land at a certain price with a potential for house and land packages of a certain price, and we are seeking to achieve the aim that you would seek through that particular initiative in relation to land. My advice is that that is appropriate.

**DR FOSKEY:** It is just that it sounds as though the government is in the seat of power in relation to this issue and, given that it has been introduced in pretty well every other state in Australia and in many other countries, here was the opportunity. I was just hoping that you would consider it. Would you?

**Mr Stanhope:** I would consider anything at any time, Dr Foskey, but we have just had released a report and we have just accepted, I think, 60 recommendations and we are in the process of implementing those, and implementing them rigorously. At this very early stage, in the first couple of months of implementation, I hadn't proposed to reconsider or revisit those recommendations, but I am awake and alert to any good idea and believe that governments need to constantly monitor outcomes from policies which they implement. I don't dismiss any good idea, Dr Foskey.

**DR FOSKEY:** Excellent.

**MR SESELJA:** Still on englobo, minister, you talked about competition in the market, and your new planning minister has acknowledged the importance of that in terms of housing affordability. We had him before the estimates committee recently and he said that changing policy around englobo makes it easier to bring land to the market quicker. He also acknowledged that there were capacity issues within the LDA. Given that competition is generally a good thing and it is acknowledged by your new planning minister, when did it dawn on you that bringing competition into the market may well produce better outcomes, particularly in the area of affordability?

**Mr Stanhope:** The thing that needs to be understood is that there is already competition. There is a range of aspects to competition. There is a capacity for choice and there is a level of competition both within the ACT and, of course, cross-border, and I don't think it is fair to suggest that the LDA is an organisation that doesn't relish competition and doesn't have the capacity to respond appropriately. Indeed, I think it

will be interesting for the private sector or the market actually to have to compete with an established developer such as the LDA, having regard to the outcomes that it has been achieving and the very, very high standards that the LDA is now noted for.

But it is not a question of when it dawned on me. I am responding to an unprecedented, unheralded and unexpected spike in demand, much of which arose from decisions out of our control, such as budget decisions of the commonwealth government that significantly increased employment within the territory. These were changes in demand that occurred quickly, occurred to the surprise of almost everybody within the market, including the private sector and most specifically the private sector, a private sector which, through the property council and the master builders, had been urging caution on the government and on the LDA as recently as two years ago.

We are talking about just two years ago. I had conversations at boardroom lunches with the master builders and with the property council in which I was informed of the dire consequences for the industry of the release of more residential and commercial land. I can almost remember the sentences and the words used by leading figures within the property council and the industry in the territory about the consequences for commercial property owners in Civic if a single additional block of land was released in the city centre. Now, of course, I am castigated by the very same people, the very same organisation, for being tardy in the release of commercial land. It is the nature of the environment we are in that the very people who now berate the government for its land release policies, were two years ago pleading with me not to release more land. We need to understand this historical context to understand some of the demands on the LDA to respond as quickly as we are now magically expected or intended to respond.

It is in that context, Mr Seselja, not a dawning on me about the benefits which competition can bring to the market. It was actually the realisation, having relied on advice and expertise from the property sector to release no more land, of being confronted with an enormous demand which that very sector didn't anticipate and, one might say, to some extent which lulled me into a sense perhaps of mistake. I respect the property council and its members, and when leading members of the property council said to me, "Chief Minister, for goodness sake, if you release any more land in the city you will send us broke," I listened to that. They are now saying, "Chief Minister, if you don't release any more land directly to the market we'll go broke." It is the same story.

It is just that the circumstances have changed rather dramatically. It is that circumstance, the enormously fast turnaround in demand with the consequential implications of that enormous turnaround in demand and the disconnect between demand and supply that, of course, is an essential ingredient in affordability, that has led me to support this englobo release and a future englobo release with a view to actually getting a better connection between supply and demand and a faster impact on affordability. But this is not some late awakening.

**MR SESELJA:** Given it is in response to this spike in demand, if there is a slowing in demand in coming years, are you suggesting that we may well do away with englobo and go back to the old system?

**Mr Stanhope:** At this stage, the government's intention is to stabilise the price of land. We don't want the price of land to crash. It is not in anybody's interests for that to occur now, except perhaps those that are seeking to enter the market, who wouldn't mind at all, but existing home owners with significant investments need to have their investments respected and protected. But we do need to stabilise the price and we need to stop the incremental increase in the price of land and houses within the ACT. I believe that in that context and the embracing of englobo land releases we need to look at the implications of not being prepared to release additional land englobo into the future.

We need to do that to keep faith with this first release, the moneys that were paid, the investment made by this particular developer, and perhaps a bid that another investor might have made or might not have made consequent on decisions of the government. We have announced that we will, in order to stabilise the price or to reduce the level of increase, persist with this, and I think we need to do that in the context of providing the industry with certainty. Subject to the outcomes of this—if it is an absolute disaster, we will have another think: never say never—my intention is to proceed with englobo releases at least into the short term, so there will be another englobo release next year and there will almost certainly be another one the year after, and then we will have a look at what is happening out at west Macgregor.

**MR STEFANIAK:** How much are you going to spend in 2007-08 on sales and marketing? Do you have a budget for that?

**Ms Skewes:** We have an advertising and marketing expenses program and we anticipate that in 2007-08 that will be about one per cent of our sales revenue, and that's what is indicated through our budget papers.

**MR SESELJA:** I have a question on the Kingston harbour project that was announced initially, I think, in late 2004 with a view to its being finished early in 2007 and then there was a further announcement in, I think, April that it would be another two years. Are you able to take us through some of the delays in that project coming to fruition?

**Ms Skewes:** The Kingston harbour foreshore project and the construction of the new harbour are well underway. As you indicated, Mr Seselja, the government announced a couple of months ago that that contract has been let to McMahan Contractors. The project itself, as you can imagine, is a major piece of civil works, a major step forward really to making the plans for Kingston foreshore come to life. The program itself to get the construction project to the point of being able to award the tender has been for us a very serious undertaking. As you can imagine, you would undertake works related to Lake Burley Griffin—certainly the construction of the new harbour and the reclamation of a section of the lake edge are major works—very seriously in your procurement process. We have undertaken very detailed investigations of the environmental conditions. We have looked obviously at the impact on the lake. We have actually been, we believe, as vigorous as we can with respect to the tender process and the contract arrangements.

There was, as you would imagine, a variety of matters that needed to be dealt with as

part of preparing the site for the tender and for the construction which related to a whole series of approvals related to the planning and environmental aspects of the development. We are obviously delighted now that we are on track with a construction program. Just to indicate the quantum of that program and the amount of work, it will probably take 18 months to two years to have that lake edge and that reclamation effectively completed. It is a major undertaking by the LDA, certainly with the support of government, and importantly for us it is really a part of the whole vision of transforming Kingston foreshore very much into a very vibrant and important part of the Canberra lifestyle. It has been a major undertaking. It certainly has taken some time to have all the necessary planning and environmental matters brought to a conclusion so we could successfully then let the tender contract.

**MR SESELJA:** But you understand, though, why someone who bought an apartment in Kingston in, say, 2005 after the announcement might feel somewhat short-changed as the government had said that they would have a nice harbour in early 2007 and now it is not going to happen until 2009.

**Ms Skewes:** I believe that certainly the sales processes that have been undertaken by the parties that bought land adjacent to where the harbour construction activity is occurring have effectively communicated through their sales processes the timing. We do have very good communication processes with those developers and they are well aware of the government's timetable for the construction of that program. That is now well underway and certainly the actual detail of the work is on site. It is quite a detailed construction project that requires the contractors to do the necessary design work and then proceed on site with the actual construction activity. That is well underway and I believe that certainly the developers of the adjacent areas have been informed about the timing and the progress on that.

**MR SESELJA:** Are you saying that, as there were delays after the announcement in 2004, through agents and others it was communicated to purchasers that there were delays and that the project was being pushed back?

**Ms Skewes:** Certainly my understanding is that the parties who have bought some of those large development sites that are now almost completed have been well aware of our construction program and I would expect that they are managing the communication processes effectively with their purchasers.

**MR SESELJA:** What was the level of input from the Land Development Agency to the establishment of the housing affordability program?

**Mr Stanhope:** Of the report? I must say I would have to defer to Ms Skewes or to my department in relation to that. I am not aware of the arrangements that applied, but certainly there was broad consultation. Ms Skewes could perhaps respond to that.

**Ms Skewes:** Certainly the LDA was consulted very actively as part of the process of preparing the affordable housing action plan, recognising that the plan does cover a variety of aspects, some of which are certainly not related to the Land Development Agency. But the areas relating to land release, to mechanisms around delivering targeted house and land packages, the provision of land to community housing providers and the methods of land sale were all areas on which obviously it was

important that the affordable housing task force engage with the LDA to understand the capacity to deliver the program, to consult with us from an industry perspective. As land developers, we well know some of the processes and some of the aspects requiring to be delivered, so we were certainly consulted actively in that process. When the government then formally released the strategy and the action plan, we were able to have that well integrated, as we have, in the statement of intent that the government was then able to endorse for the organisation for 2007-08.

**MR SESELJA:** Is the LDA supportive of the move to englobo as a means of delivering more affordable housing?

**Ms Skewes:** The LDA has supported the government with its englobo program. The LDA, over the course of the last three years in fact, has already engloboed land to the market. We welcome the opportunity to work with the private sector. We do welcome competition in the marketplace. There is natural competition in the marketplace. We have, over the course of the last few years anyway, had sites that we have offered as what we call superlots to the market, and they have been well received. So we will continue our program based on the statement of intent. We have built into that program the requirement for continued englobo releases and we are more than happy to continue to offer those opportunities for the marketplace, as long as the government is of the view that that is its preferred position.

**MR SESELJA:** I have a technical question. The LDA now pays an agreed value or a nominal value to the ACT government for the transfer of land. I understand that wasn't the case before, but it is now. Can you take us through the process of valuing that land and how that value is come to—for instance, how many valuers?

**Ms Skewes:** As you are well aware, the LDA moved to PTE—public trading enterprise—arrangements 12 months ago. The Land Development Agency acquires land—it is not a transfer; it is a land acquisition—from the Department of Territory and Municipal Services. There is the formal process required that has been put in place with Treasury support in relation to those land acquisitions. For example, we would go and acquire formal valuations at the point that the acquisition is required. We would get those valuations, agree on a price and undertake the transaction directly with the Department of Territory and Municipal Services.

**MR SESELJA:** For instance, with a big lot like Crace, but I don't know if Crace was done before—

**Ms Skewes:** Crace is not perhaps a good example, but the west Macgregor sale, for example, was an acquisition by the Land Development Agency.

**MR SESELJA:** Prior to sale to markets, what was the valuation process there? How many valuers would you have used?

**Ms Skewes:** We received two valuations on that and the value was struck in negotiation with the Department of Territory and Municipal Services and that acquisition was made.

**MR SESELJA:** Would it be the standard for big lots that you would get two

valuations, and for smaller lots perhaps just one?

**Ms Skewes:** We haven't had any experience yet because they tend to be acquired in reasonably sizeable portions of land, but the west Macgregor arrangement was a typical arrangement.

**THE CHAIR:** We will move on to—

**Mr Stanhope:** Just before concluding with the LDA, I was asked before a range of questions about what I knew and I took a question on notice. I have just received a note from the chief executive of the department of health which reads, "At no stage has health given any advice to the Chief Minister that Kama is suitable or unsuitable for a bush health farm." It was signed by Mark Cormack, the chief executive. I hope that clears up that little bit of information but, in the context of the process we are engaged in, as I have said, it hasn't been concluded. A cabinet submission has been drafted. A number of sites will be considered. Kama will be one of them. At this stage, I have received no advice about whether Kama is or is not suitable for a bush health farm or, in other words, an indigenous-specific drug and alcohol rehabilitation facility.

Officers might be scurrying around writing notes to each other, attributing views to me and suggesting I am determined to do something. I am determined to get the best possible outcome for indigenous people at whichever site is advised to me as the best possible site. On that list of sites is Kama. At this stage, I have received no advice about its suitability. We are engaged in a process seeking to meet the needs of our indigenous community. That is just one bit of clarification that I can provide in relation to what I knew or did. If any other information about what I knew or did is provided to me, then I will make that available to the committee and I will seek further clarification tomorrow and provide advice. I table this letter from Mark Cormack.

**THE CHAIR:** Thank you, Chief Minister. We will move on to business and economic development. I thank the officials from the LDA and welcome the next group of officials. I just want to make sure that you are aware of the clauses in the witness card in front of you there. Okay. Chief Minister, do you want to make any opening comments on this output class?

**Mr Stanhope:** No, I have no opening comments, other than the usual. I am very happy for officials to respond to the needs of the committee in any way that they are able.

One thing I might like to say in relation to Rhodium is that I need some guidance. I have an appointment notionally for 6 o'clock, which I have delayed. I am opening new legal offices for a legal firm, Snedden Hall and Gallop, at Deakin. I accepted an engagement from 6.00 pm to 7.00 pm this evening. I have indicated that I will be arriving at Deakin by 6.30 pm. They are expecting me. They have a major function at which I have a role to perform, so I need some guidance. I can't remain beyond about 6.05 pm.

**THE CHAIR:** The indications to me, Chief Minister, were that we would probably finish by 6 o'clock. If I need to come back, I am happy to deal with Rhodium when I

return from leave after next week.

**DR FOSKEY:** Chief Minister, the first dot point on page 40 refers to business and industry development moving to the development and management of an outsourced business advisory and mentoring service. I am interested in what led the government to move to making that decision to have an outsourced business advisory and mentoring service.

**Mr Stanhope:** The genesis of that particular change is, of course, contained within the decision announced in last year's budget in relation to rationalisation and reform of business and the way in which business and industry development would be pursued by the ACT government. In relation to the process that has been employed and the rationale and the expectations in this particular area, it would be appropriate, I think, for Mr Cox to provide that detail.

**Mr Cox:** The service replaces a previous outsourced model known as CanBAS, which was run by a company called Something Ventured. It is not really a move from an insourced to an outsourced model. We are actually moving from a model that was funded as an outsourced arrangement for, I think, four or five years prior to what is in place now to something that has got additional funding. The new service will be known as Canberra businessPoint. A soft announcement, if you like, was made about two or three months ago. It will become fully operational from 1 July this year and there will be a public announcement and a public event shortly to bring that service to full public view.

In terms of the underlying philosophy, the 2006-007 budget removed the two major grants programs that the government ran—the knowledge fund and the export growth program. The policy philosophy moving forward was to move from a grant-based or individual relationship based form of support for businesses to a more general service provision based around information mentoring and advisory services. The Canberra businessPoint service is an extension of the old CanBAS service with significant additional funding.

**DR FOSKEY:** I could not anywhere find targets for numbers of clients assisted. First of all, please point them out to me if they are here. But are these statistics being passed on to the department and how are we going to assess whether the service being run privately is successful?

**Mr Cox:** The CanBAS service ran for six months in this last financial year, to December, so they are within our outputs and our accountability indicators. There are numbers. Those numbers on page 45 are the targets and outcomes of the six months of the CanBAS service that ran from July to the end of December last year.

**DR FOSKEY:** You have “n/a” for 2007-08.

**Mr Cox:** That relates to the CanBAS service. The new service went through a procurement process which commenced in around October last year. It went through a full public procurement process with the intention to develop a contract—I think announced around the end of January this year. There was a negotiation phase with the successful tenderer, which is Deloitte Growth Solutions. That is the small business

consulting arm of Deloitte. And the service itself and the contracts were signed from 1 April this year. There has been a build-up phase for two or three months since those contracts were signed. As to what is in place now, there is a service-level agreement with Deloitte which actually articulates what those outputs will be.

**DR FOSKEY:** Has the government considered privacy issues around a private business running the business advisory service?

**Mr Cox:** Not specifically.

**DR FOSKEY:** In relation to the security of the information on the private business that the business running the advisory service has from those companies, is there some way of ensuring that?

**Mr Cox:** I would imagine that would be governed by normal client service relationships. It was not an issue in the past with the old CanBAS model and it was not raised during the genesis of the current model.

**DR FOSKEY:** And just finally on this little group of questions—

**Mr Cox:** I have a clarification on that last answer.

**Ms Hunt:** The contractual arrangement with Deloitte ensures that all privacy laws are abided by. So it is an issue that has been taken care of.

**DR FOSKEY:** Thanks. Presumably Canberra businesses are aware that the business database is held by a private firm. Are Canberra businesses aware that the database is held by a private firm?

**Mr Cox:** The full service has not become operational. I do not think that issue is going to be—

**DR FOSKEY:** They will be made aware, I assume.

**Mr Cox:** They will be made aware, yes.

**DR FOSKEY:** Last year we lost the small business commissioner. I am wondering if you have had any feedback from your clients and other parts of the community about that—one way or the other.

**Mr Cox:** As a negative?

**DR FOSKEY:** I do not know. People might have said that it is great he has gone. I am just interested in you passing on any feedback that you have.

**Mr Cox:** There has been no direct feedback to me in my role.

**DR FOSKEY:** Any to the government, Mr Stanhope?

**Mr Stanhope:** I do not believe that I have received any representations at all in the

last year in relation to the matter.

**THE CHAIR:** Ms Porter.

**MS PORTER:** I was going to ask some pretty similar questions to those of Dr Foskey but, going back to the new model we now have before us, could you elaborate on the benefits of the new model compared to the other one?

**Mr Cox:** The new model will be an extension of the past model. The past model run by CanBAS was fairly heavily focused on the small and micro traditional small business sector. The new model takes all that up as well but it also has a deliberate focus on what the deliverers and the government are calling high-growth firms—the more traded sector. The CanBAS model did not tend to operate in that traded goods part of the business community. The new model will also push further down the commercialisation-innovation path. The old CanBAS model did not pursue that actively.

The CanBAS model was principally about providing baseline advice to start-ups and micro entry-level firms. The new business point service is capturing that CanBAS delivery content and taking it some steps further into those areas of commercialisation and innovation. There is also some mentoring and advisory support around entrepreneurship—actually working one on one with companies and their managers to develop and assist them through, say, growth phases or particular plateaus in that company's development.

**MS PORTER:** We identified that this was an issue with organisations that needed this mentoring?

**Mr Cox:** In the economic or business development literature in Australia, it is pretty well identified as a critical issue going forward. Most of the other states and territories have some degree of service offering in that high-growth entrepreneurship area. So we are moving into that. Some of the old approaches did work in that space as well, but this particular model is formalising particular products and services around those skills and requirements.

**MS PORTER:** Thank you.

**MR STEFANIAK:** The first page of chapter 1 of the economic white paper says that there is a need to diversify the ACT economy to build a stronger private sector. Given the number of times that you have expressed regret at the narrow economic place of the ACT economy—I think you last expressed it before this committee on 18 June—what action have you and are you taking to achieve the diversity sought in the economic white paper?

**Mr Stanhope:** We are taking a range of steps to provide a significant level of support. I regret that I do not have the figures here with me today, but in the context of national comparisons I believe that it is still the case, despite a reduction in direct budget funding for business and industry development within the ACT, that the ACT government funds at above the national average in relation to business and industry support. I believe that Treasury has done some recent work in relation to that but I do

not have that work with me.

We continue to fund business and industry development support at above national average levels on a per capita, pro rata basis. I would be happy to provide confirmation of that to the committee. I will get hold of a paper on that which Treasury has prepared for me and provide it to the committee. So, first and foremost, we need to acknowledge the significant level of support, and continuing support, by the ACT government for business and industry development. We have a raft and a range of support schemes available to support industry and business development within the territory, aimed at supporting and facilitating a diversification of our essentially narrow private sector base.

We are making enormous progress. We see that through the strength of the economy. We see that today in the very low unemployment rates, the very high participation rates and the overall strength of the ACT economy. On national comparisons, the ACT economy, on almost every indicator over the last couple of years, has ranked second or third behind Western Australia and Queensland in terms of economic growth and activity. The signs in relation to the growth and strength of the ACT economy are there.

We are still very much a public sector and government town. Whilst the employment ratio has changed vis-a-vis the public-private mix, the source of money or the source of the majority of the dollars that circulate in this town and that drive this economy are still sourced from government purchasing, to the extent of around 60 per cent. We are here to ratchet off that, and we are doing it enormously successfully; all of the indicators tell you that

We are engaged in a very active program of international trade missions which I believe incrementally will increase our base. We have the business information mentoring and advisory service. In partnership with the states and territories, we involve ourselves in issues around the continued focus on regulation and red tape reduction and the implications of that for business. We support NICTA with very significant funding. We engage actively with COAG and with treasurers in relation to continuing reform in business and industry. We engage very closely with the region through the Canberra region development board and the regional leaders forum and, more specifically, with enterprises within the region. We address issues to the extent we can. We have taken national leadership in relation to issues around population such as the Live in Canberra campaign.

We engage and have engaged very definitively in relation to issues around skills. The number one issue, business tells me—the number one area in which they want support and innovative thinking—is skills. To that extent, the skills commission, which has a significant workload, is working to address issues in relation to skills across the board. I await with interest its first significant report, accepting that the skills commission comprises leaders in academia and business. John Miller, Chris Peters, John Hindmarsh and other leaders of business and industry within the territory are very important parts of the skills commission. I await their advice and look forward very much not just to the advice but to the opportunity for implementing any recommendations or advice which they provide to me.

That is a range—a broadbrush explanation—of the support and initiatives which the government pursues in relation to business and industry development.

**THE CHAIR:** Ms Porter, you have a sup. Then we will go to Mr Smyth.

**MS PORTER:** You mentioned the trade missions. Could you explain to us or give us some more information about what benefits have flowed from recent trade missions that you have undertaken or which have been undertaken?

**Mr Stanhope:** The trade missions that we have engaged in this year have been potentially as successful as any that have emanated from the Australian Capital Territory. Any mission such as that is very much about the medium and the longer term; any short-term benefit, result or response which one achieves is a bonus in relation to measuring outcomes from trade missions. This year's trade missions to India and China follow other trade missions in recent years to the United Kingdom, the United States, the Middle East and—a number—China. There has been a continual program of supporting business in missions internationally. We now support three commercial offices: two in China and one in Washington.

The essential purpose of the missions is to establish relationships and connections and to develop partnerships for investment, research, manufacture and commercialisation. Those sorts of contacts are, I think, acknowledged by everybody as contacts that will be developed over time. Some of the benefits are immediate. For instance, both the Indian and Chinese missions this year—the Chinese mission being a very recent event—have already produced contracts—contracts that have been signed—and expressions of interest, memoranda of understanding and undertakings to continue to maintain contact. In relation to the visit to India, an Indian company has now established headquarters in Canberra. We are expecting other companies to follow suit.

These trade missions have enormous benefit. We see that in the United States—a better or more well developed market. Canberra businesses, in particular in the defence industries, are now performing incredibly strongly in the United States market, particularly in relation to defence and security. We have companies here in the ACT at the leading edge of defence research. They have some significant sales, particularly in the United States—as do some of our other major IT companies and innovators.

There is a range of benefits, and we must continue them. Having begun this process, it is important to continue. It is difficult for a small jurisdiction such as ours, but one should not underestimate the importance of international missions and their capacity to generate immediate as well as medium and longer-term benefits. But it is hard. We have developed a very good partnership with Austrade. One of the significant differences between the international trade missions of this year as against previous years is the very heavy involvement of Austrade. For a fee, we have essentially subcontracted Austrade to manage the business contact and aspects of the mission. It has been enormously successful. I commend Austrade unreservedly for their expertise and their professionalism. It is a model which we will continue to use into the future.

One other issue needs to be mentioned in relation to the capacity that the trade

missions have for supporting a broad range of community, business and other activity—the capacity for our educational institutions to develop partnerships and connections that allow the very significant industry for the ACT of education, education export and education services to be supported.

I have made three visits to China as Chief Minister. The Australian National University, the CIT or the University of Canberra have been participants on each of those. Similarly, on the visit to India this year, the University of Canberra was a participant. The Australian National University, I believe, now essentially sells itself through its reputation, but other institutions are still actively seeking students. It is a very large industry—if one might call it an industry—for the ACT as a services economy. The biggest single part of our exports is education services.

**MS PORTER:** Thank you.

**MR SMYTH:** The economic white paper goes on to say that we need to lessen the economic dependence we have on commonwealth activity because a common and more diverse private sector represents the bridge to the new economy that will help the ACT create a more dynamic and attractive society. Since you have come to office, what has been the percentage growth of the private sector as a percentage of the total economy?

**Mr Stanhope:** I do not have those numbers. I would be happy to make them available to the committee if we have them. In an environment and in a period in which the construction sector within the territory has exceeded all previous records in relation to activity, I have no doubt that the private sector contribution to the economy would be very strong. Having said that, of course, the federal government has also been in a period of significant expansion and has employed significantly larger numbers of people in recent years. It may be, indeed, that the enormous activity of the private sector, particularly through the construction industry, to some extent might be matched by additional commonwealth activity and expenditure. I do not know the answer to that question, but if we do have it, or if Treasury has it or can develop it, I will be more than happy to make it available.

**MR SMYTH:** It sounds as though you think that it has grown as a percentage of the economy.

**Mr Stanhope:** It has been growing persistently in recent years—I think over the last decade. I have no reason to believe that it has not grown again; I simply do not know. In this last year, or last two years—perhaps even the last three years—commonwealth activity has increased significantly as well, to the extent that I have no doubt that the level of private sector economic growth has increased significantly. I would imagine that it has increased again as a proportion. The only hesitation I have in saying that definitively is that commonwealth expenditure has risen significantly as well in recent years.

**MR SMYTH:** If it is growing significantly as you say, what is the rationale for cutting the staff budget for business programs in the coming year?

**Mr Stanhope:** To some extent there is a direct link. One of the rationales is that, since

coming to government, we have traditionally expended incredibly heavily on business and industry development. I do not begrudge that, but we were expending at a level that almost led the nation. As with all areas of ACT government expenditure, there is a limit to our capacity to lead on per capita expenditure in almost every area of government service delivery. The point goes back to last year and an assessment of the extent to which we, against the national average, expended on a whole range of areas for government service delivery. We just about led the nation in our per capita contribution to business and industry development, and we still exceed on the—

**MR SMYTH:** But you will provide the figures that prove that?

**Mr Stanhope:** Yes. I released them last year. I just make the point that I cannot recall them. That is why I have undertaken to make them available, just to confirm it. My understanding is that, on a rigorous assessment of the levels of per capita expenditure on business and industry development, the ACT, whilst having dropped significantly, still expends on business and industry development in excess of the Australian average. I do want to confirm that, and I have undertaken to do that. Certainly, as of this time last year—indeed, 14 months ago—our expenditure was leading Australia, and that is not sustainable. As much as I and the government regret any reduction in business and industry support, or indeed in any other area of support, it is just not sustainable for us to lead the nation in every area of expenditure on service delivery. That is why the reform process—

**MR SMYTH:** But if you diversified your economy and you had a bigger tax base you might be able to do that.

**Mr Stanhope:** As I say, over the last year I think our economy has grown—it is as strong as or is the third or second strongest in Australia. That is the other side. Your question was: “If we’re going so strongly, why have you reduced the level of government support?” It is in periods of enormous growth at the top of the cycle that business does not look so earnestly to government for support.

I remember—there is a lesson in it—a recent discussion I had with Ross Barrett in relation to economic activity and the strength of the ACT economy. I said, “How’s business, Ross?” He is the general manager of Woden Contractors construction and a significant figure in business within the ACT—President of the Master Builders Association. I said, “How’s things, Ross? How’s it going? How’s business?” He said, “Let me tell you, Jon, if there’s anybody in business today who’s not making lots of money they shouldn’t be in business.” To some extent, it is an anecdotal summary or response to the rhetorical question you posed: “If things are so good, why aren’t you spending more money in business?” To some extent—

**MR SMYTH:** I did not ask why you are spending more; I asked why you are spending less.

**Mr Stanhope:** You asked why we do not spend more. To some extent, that response of Ross Barrett’s provides food for thought. Business is so strong; business is doing so well. It is when business is so strong and business is doing so well that business, to that extent, does not look to government to provide the level of support which would be appropriate if one comes off the top of the cycle.

**MR SMYTH:** In regard to that staffing cut, do we know how many staff there were at 30 June 2006, how many there will be this year at 30 June, and how many you expect—given that you are cutting the staffing budget by half—at 30 June 2008?

**Mr Cox:** At 30 June 2007?

**MR SMYTH:** Yes.

**Mr Cox:** We have either 18 or 19 FTEs and three vacancies. So there are 16 staff presently in the organisation. There are two short-term contractors as well who probably will be there for a period of three months to get through a couple of particular projects. There has also been the recent addition of the deputy chief executive, business and projects, plus one other support person. So the FTE at the moment is 20 or 21 permanent. I may be one short. It is about 21.

**MR SMYTH:** So you are reducing your staff budget by half by 30 June 2008?

**Mr Cox:** I think the employee expense figure is on page 64 of budget paper No 4, employee expenses, \$1,874,000. There is not a nice neat staff number figure against that. We will manage and run to that budget, but that would imply a figure of about 18 or 19 people, excluding the deputy chief executive.

**MR SMYTH:** You have 16 with three vacancies, so approximately 20 people?

**Mr Cox:** Yes.

**MR SMYTH:** You are going to halve your budget and it is only going to drop to 18 people. Your employee expenses last year were \$3.6 million and they are going to be \$1.8 million for the coming year.

**Mr Cox:** That figure, I believe, includes \$1.946 million in redundancy payments.

**Ms Davoren:** There is no intention or requirement to cut the staffing level during the course of this year. We are looking at achieving a staffing level of around 21 or 22 across the course of the year, and that includes the new deputy chief executive. Again, they are estimates which you make at the beginning of the year. As we work through the year we work with teams. If you need additional support, we work across the department to provide that, but that is the current estimate of what we want to maintain in that area over the next 12 months.

**MR SMYTH:** At the start of this financial year, 30 June last year, how many staff were there in business—

**Mr Cox:** I could not answer that without going back over records.

**MR SMYTH:** You will take that on notice?

**Mr Cox:** Yes.

**DR FOSKEY:** I note on page 45 that business migration applications failed to meet targets this year and the target has been reduced for next year. Fifteen business migrants per year are not very many. Does the government consider this program a success and will there be work to improve it?

**Mr Cox:** I will let Dita Hunt take that question. She manages the program.

**Ms Hunt:** Are you referring specifically, Dr Foskey, to business migrants or skilled migrants?

**DR FOSKEY:** Business migrants. The target was 25 and 15 is the outcome.

**Ms Hunt:** Business migrants are a category of visa that require quite a significant investment amount and quite a serious level of business planning and business acumen. So we do not encourage business migrants who do not have the capacity to start a successful business in the ACT. So 15 is probably quite a sound number.

**DR FOSKEY:** Is there a way of ensuring that a goodly proportion of the business investments from the business migration program stay inside the ACT?

**Ms Hunt:** We encourage the temporary category, which is the 163 visa. That means that they cannot get permanent residency without being successful in their business endeavours in the ACT for, at least, two out of four years.

**DR FOSKEY:** And that means profits stay and hopefully are spent in the ACT?

**Ms Hunt:** That is right.

**DR FOSKEY:** Are there specialist programs within the skilled and business migration programs designed specifically to help skilled female migrants or new arrivals who have been victims of torture and trauma? I note that New South Wales has successfully run such programs.

**Ms Hunt:** We do not have a specific program for that. We have started to have a settlement service and work closely with business migrants. There is nothing specifically in place for women but certainly for the business migrants themselves. We are talking to the business point people at Deloitte's to have them working with our business migrants as well.

**DR FOSKEY:** Is there a possibility of tabling the kinds of businesses that are amongst those 15 who were the successfully outcome? Is there a list? I am not asking for the people, I just want to know what kinds of businesses they were.

**Ms Hunt:** Yes, we can provide that.

**DR FOSKEY:** That would be great.

**MR STEFANIAK:** Also where from?

**Ms Hunt:** Yes.

**DR FOSKEY:** Is there government supervision to ensure employers who take on people through the skilled migration program will and do pay employees appropriately, at least on minimum awards?

**Ms Hunt:** Quite a lot of work has been done with all jurisdictions in the commonwealth, particularly around the temporary visa category, the 457 guest workers, and there has been quite a lot of publicity around that. There is a lot of action being taken to strengthen that process. DEWR, in particular, is visiting a lot of businesses and ensuring that, certainly, when we sponsor skilled migrants that the contracts that employers have fulfil all of the regulations required and the levels required.

**DR FOSKEY:** So you work fairly closely with DEWR, by the sounds of it?

**Ms Hunt:** Absolutely.

**DR FOSKEY:** Given Canberra's demographics, and we keep hearing how we are all ageing and we can feel that we are ageing, is there a plan to establish a mature workers program within business and industry development given that, again, New South Wales has successfully run a program like that?

**Mr Cox:** There is no specific initiative being developed. However, that is an issue that the ACT Skills Commission is looking at now.

**MRS BURKE:** Chief Minister, you would probably be aware of this with your Treasury hat on. On page 30 of the for the future report released June 2006 in regard to the economic and financial outlook for the ACT you allude to the fact that the government will gradually withdraw from venture capital arrangements. Can you tell me how far down the path that is? What triggered it? What impact will this have on the budget? Where is that change, if any, expressed in the budget papers?

**Mr Stanhope:** I think Mr Cox could respond to that, Mrs Burke.

**Mr Cox:** That essentially means no new contributions. So there are, in place, three involvements the ACT government has into venture capital.

**MRS BURKE:** And who would they be at this stage?

**Mr Cox:** ANU Connect Ventures, which was a \$10 million repayable grant contribution made in 2004. That is a joint arrangement with the ANU and the NTAA super fund. There is the Canberra Business Development Fund, which originally was a joint venture with FAI Insurance, I think, set up in about 1997. The government has made two financial contributions matched by FAI-Hindmarsh Group. So there is, essentially, \$6 million in capital under management. There was also a contribution made to an ICT incubator called Epicorp, and I believe—I would have to check—it was a \$1 million contribution—one of three made in association with commonwealth government money. So there are essentially those three government contributions to the local venture capital market. They will not be withdrawn from. The funds under management will not be withdrawn by the government. The intent of that statement

was there will be no new contributions to those funds.

**MRS BURKE:** Is that expressed in the budget, in the funding you have already got and is it going to be, or has it already been allocated?

**Mr Cox:** It does not appear in this set of papers. That money is under management now.

**MRS BURKE:** I am sorry, why would it not appear?

**Mr Cox:** It would have been a past allocation made in previous budgets.

**MRS BURKE:** The same page of the report says that the government will bring expenditure on economic development into line with national averages. Could you table for the committee's information what those national averages are?

**Mr Stanhope:** Yes. That is essentially what I alluded to before in relation to the work that Treasury has done. To the extent that we have those I am more than happy to table them.

**MR SMYTH:** Chief Minister, you said earlier the reason for the reduction in funding for business programs was that everything's going very, very well and that businesses have not asked for it.

**Mr Stanhope:** I did not say that.

**MR SMYTH:** What did you say then, Chief Minister?

**Mr Stanhope:** I said it was a response to reforms initiated last year in recognition of the fact that we were expending it well above the national average on business and industry development, and it was simply unsustainable for us to continue to do that. I also said that it was interesting, in response to comments made to me by Mr Ross Barrett: in the context of the rhetorical question you asked, why, when the economy is so strong, would you reduce funding for business industry and development? I said, "Well, in the context of comments made to me by Ross Barrett, perhaps if you are going to reduce it is at a time when industry is not looking for assistance to the extent that it would be if the economy were not so powerful."

**MR SMYTH:** Which is what I said: industry is not looking for assistance. Unfortunately, an article by Megan Foley in the *Canberra Times* on 9 June quotes Craig Sloan, the chair of the business council, saying:

The Government really needs to broaden its horizon and start to invest in other industries and other business avenues.

He went on to say:

... the government needed to re-establish a "knowledge fund" to help develop and attract business to Canberra.

Chief Minister, we have this contrast to what you have said and what the business council was saying. Why are you not investing in other industries and other business avenues and why have you sought to de-establish the knowledge fund and will you re-establish it now in response to the business community's call?

**Mr Stanhope:** I must say I do not know a business representative organisation in the ACT that is not forever asking for money and more funding, so I think we need to put that in context. The business council has a view, the property council has a view and the ACT government has a view, and we make the decisions in government. They make representations, which we take seriously and respectfully consider, but show me a business representative organisation that does not want more expenditure on its sector and to pay less tax. I am aware of the views of business but this government's priorities are reflected in the decisions we have made in this budget.

**MR SMYTH:** The article goes on and mentions the property council. We will leave it alone at this stage. The article goes on to a Mr Malloch, who I think is the chair of the area consultative committee, who says:

The Government has just pulled the drawbridge up a little bit higher for business to jump over.

Chief Minister, why would you do that? Why would you make it harder for businesses to operate in the ACT when your economic white paper says you want to be the most pro-business jurisdiction in the country?

**Mr Stanhope:** We are and that is reflected in the fact that of all the non-resource jurisdictions we have the strongest economy in Australia. It is very difficult for Mr Malloch or Mr Sloan to argue with any credibility that the drawbridge is too high when we have the strongest economy of the non-resource or the boom states in Australia.

**MRS BURKE:** Who is making that happen? Certainly I do not think the government.

**Mr Stanhope:** I find it interesting that the business council or business Australia, people of the standing and sense of Craig Sloan and David Malloch, will say the drawbridge is a bit too high here, that it is a bit too hard to do business in the ACT. It has the lowest unemployment, highest participation rates and strongest levels of growth in Australia.

**MRS BURKE:** Good on the commonwealth. It created the environment, not you, and businesses will succeed—

**Mr Stanhope:** We are talking about the environment here and we are talking about how well business is doing. So to say on the one hand we have the strongest economy of the non-resourced states in Australia but it is all too hard does not add up. Statements such as that are in response to a budget. Of course, who screams loudest when any budget is brought down? Business does. We expect that now, and we give those assertions or statements on budget day or in budget week the credibility and the attention they deserve, which is very little.

**THE CHAIR:** We do want to try to get to ratings, so if you try to wind up the questions.

**MR SMYTH:** You said when you were Leader of the Opposition that you wanted to be a low-taxing jurisdiction. In the same article by Megan Foley, Craig Sloan also said on tax increases:

... the increases delivered a blow to Canberra businesses already struggling to find skilled staff.

He was talking about payroll tax. Why have we not gone to being a lower-taxing regime, particularly, for instance, as New South Wales just reduced taxes on business in its budget?

**Mr Stanhope:** Yes, it just abolished a tax that we do not have. It is interesting, is it not, that two-thirds of the taxes which Michael Costa, to his great credit, reduced are taxes that we do not have. The other is a reduction in land tax, which is at 1.7 per cent, whereas we are at 1.3 per cent. New South Wales has reduced it to 1.6 per cent and, of course, it has a very different regime in relation to the land tax from us. So it is a very dangerous route to follow to suggest we do what they have done in New South Wales in relation to land tax. I think you would find a few of the big owners and the real estate agents on your case if you go out and say we will adopt New South Wales standards of land tax.

**MR SMYTH:** No, I did not say that; I said reduce it to the same percentage then, Chief Minister.

**Mr Stanhope:** In other words, the Liberal Party would increase land tax from 1.3 per cent to 1.6 per cent?

**MR SMYTH:** No, you cannot lie to the committee and say things like that. The Liberal Party did not say that, Chief Minister, and you know it.

**Mr Stanhope:** You just did.

**MR SMYTH:** You always twist and connive.

**Mr Stanhope:** You have asked us to support the New South Wales system of land tax.

**MR SMYTH:** When you do not have a reasonable answer you twist and connive, and you do it all the time.

**Mr Stanhope:** I am just making the point quite reasonably. You have pointed me to tax reforms in New South Wales, one of which was the abolition of a tax which does not exist in the ACT. The other was to reduce a tax to 0.3 of a per cent higher than it exists in the ACT.

**MR SMYTH:** Well, reduce it by the same percentage then. You will not, will you?

**Mr Stanhope:** I have no intention of reducing land tax, absolutely none. There are

reforms that we could make and we have made in relation to stamp duty and changes in the threshold. We have responded where we believe it is appropriate for those that we wish to support. At this stage business needs to accept its role within the community and the need for it to support the services it depends on. But I find it a bit rich and completely and totally lacking in credibility for any business representative organisation in the ACT, having regard to the strength of this economy and all of the indicators, to whinge about tax rates or levels or its capacity to do business.

**MR SMYTH:** David Malloch did not whinge. He went out and set up his own Capital Angels because you withdrew funding for innovative business. He has had 16 businesses so far and 40 per cent have been funded.

**Mr Stanhope:** Well, that is a great result. That is the private sector.

**MR SMYTH:** Why do you not work with the other 12 businesses?

**Mr Stanhope:** If the private sector can do it as well as government then let the private sector do it.

**MR SMYTH:** Well, the private sector can do it with government, surely.

**Mr Stanhope:** This is another great benefit of some of these reforms of not being complacent or getting into a rut. It forces the private sector to say yes, let us accept responsibility for ourselves, let us create organisations like Capital Angels. That is a great outcome, a great result. And we provided seed funding for Capital Angels, so there you go: a great partnership.

**MR SMYTH:** Thank you, Mr Cox, for telling the Chief Minister.

**Mr Stanhope:** But it is a great sign of what reform and changes in approach can be achieved. It is great to see the private sector accepting some individual responsibility, not just waiting for government to do it all.

**MR SMYTH:** They do it every day when they open the doors, Chief Minister.

**THE CHAIR:** We will move to the next output class.

**DR FOSKEY:** How is the government supporting businesses with sustainable practices or encouraging business to adopt sustainable practices?

**Mr Stanhope:** In the context of the construction industry, both the commonwealth and the ACT governments are increasingly assisting business to change its practices by the demands we make of it in relation to the quality of facility that we are prepared to rent in the first place. So, there is a major cultural change afoot within the ACT in relation to commercial building standards. I most certainly respect enormously the attitude the commonwealth has taken in its demands in relation to its accommodation requirements, and it is forcing a sea change in attitude, behaviour and culture within the territory.

So it is a complex question, Dr Foskey. Change occurs as a result of a whole range of

different drivers. Some simply are through the imposition of demands or requirements in relation to, say, office accommodation, which have led to a revolution in building construction in the commercial sector in recent years. In the space of two years we have gone from our first five-star commercial building at Brindabella Park to a position where four major buildings are being constructed at four-and-a-half star or above, and that is a dramatic change in relation to the commercial sector.

Similarly in relation to, say, business being forced to adapting the product it provides. We see that in relation to some of our sustainability planning requirements. But to the extent that your question may have gone to not just the major product government purchases but to the extent to which business embraces philosophies, then once again it is through leadership, education and the programs and projects currently being run in relation to, say, water use and the extent to which businesses responded.

We see it in just some of the simple areas, and in some of the dramatic leadership that has been shown by major citizens such as Terry Snow, the leader in the commercial sector in sustainability, a program managed very much by Tom Snow. But are we out there subsidising business to embrace sustainability? No, we are not. These are responsibilities that we expect citizens to embrace. We do that in a range of ways, and we expect business to respond as citizens similarly.

**DR FOSKEY:** Will the climate change strategy when it appears have a component that is directed at business?

**Mr Stanhope:** It is a very broadly encompassing policy, Dr Foskey, which I look forward to releasing in the near future.

**DR FOSKEY:** How did it go at cabinet, Mr Stanhope?

**Mr Stanhope:** It is still going.

**DR FOSKEY:** That is a pity. How many businesses running sustainability—what we might call environmental industries, which the white paper indicates would be targeted—have been supported by the government in the last financial year?

**Mr Cox:** In the last financial year we have not had in place a grants program.

**DR FOSKEY:** You haven't?

**Mr Cox:** Typically those sorts of companies that you are referring to came in via the knowledge fund route. They were supported by technology development projects.

**DR FOSKEY:** How can you currently, without the grants program, assist such businesses with advice, with seeding funds, et cetera?

**Mr Cox:** There isn't an in-government seeding fund arrangement. Those companies and businesses can access venture capital, development capital, through the network I described earlier. The other part of the answer to that question is Deloitte Growth Solutions, a service that provides capability development help. Those conversations can be had with Deloitte. The other answer to the question is that

AusIndustry has a range of programs around—for example, environmental management and better practices in companies, and this is not a cost-shifting answer to the question. The government actually has in place protocols about how our programs relate to AusIndustry programs in other states and territories. In some of those areas, I think it is more appropriate for organisations like AusIndustry that have a national program development focus to be in that space.

**MR SMYTH:** So the federal government supports environmental industries; the ACT government doesn't. Is that your answer?

**THE CHAIR:** Thank you, officials from business and industry development—

**MR SMYTH:** I have plenty of questions on this class.

**THE CHAIR:** We are due to move on to Rhodium, Mr Smyth.

**MR STEFANIAK:** We have got until 6 o'clock on this.

**Mr Stanhope:** I am leaving at five past six, Mr Stefaniak. At five past six all further questions on Rhodium can be placed on notice. I am quite comfortable with that.

**MR STEFANIAK:** Let us go to five to six at least and see how we go.

**Mr Stanhope:** I am in your hands but I have other arrangements. I agreed to be here until six today. I worked on the basis of the committee's agreement that I would be here until six. I have another engagement and I am not prepared to stand up 100 people that are expecting my presence and I am leaving here at five past six.

**MR STEFANIAK:** I am not saying you should.

**MR SMYTH:** Nobody is asking you to.

**MR STEFANIAK:** You are here until six anyway.

**THE CHAIR:** Order!

**Mr Stanhope:** I am just making it clear that I am not returning to Rhodium. All other questions on Rhodium that are not presented by five past six today will need to be placed on notice. Just so long as that is clear.

**MR STEFANIAK:** That may not be for you, Chief Minister.

**Mr Stanhope:** It is, Mr Stefaniak.

**MR SMYTH:** I have at least one more question. Chief Minister, in the white paper eight sectors will be targeted as diversifying the economic base. In the same article by Megan Foley following the budget, Craig Sloan says:

... it—

the government—

has wasted an important opportunity by not spending the predicted surplus on more innovative ways to ensure the economy remained strong.

When will you commence diversifying the economic base by diversifying into new industries?

**Mr Stanhope:** Mr Sloan may think it is a waste not to spend money on industry and business developments. The government has other priorities. It is the government that determines priorities. At this point in time, despite the fact that the Business Council might not agree, my priorities are health, education, community safety and other forms of community support.

**MR SMYTH:** So the white paper is not a priority anymore?

**Mr Stanhope:** It is a priority. There is a whole range of priorities, but business and industry development does not exceed health or education or community safety or housing or indigenous support as a priority. It is in the list of priorities but it follows a number of others. Mr Sloan could come out and say, “The first priority must be more money for business.” Well, Mr Sloan—no. The first priority is not more money for business. The first priority is not more money for the big end of town. The first priority is to support health services for all Canberrans, education for all Canberrans, housing for those in need, to ensure community safety, to support indigenous people et cetera.

As we go down the list of priorities, yes, we will get to business development and innovation—to the extent that we now have the strongest balance sheet and the strongest bottom line that any government has every produced. Of course, having achieved that through the savings, the efficiencies and the tough decisions that we have taken—

**MR SMYTH:** And the high taxes.

**MR STEFANIAK:** And the Howard government.

**Mr Stanhope:** It is interesting, isn't it? We have actually achieved this fantastic result—the strongest balance sheet, the strongest bottom line. The people that have whinged most have been the Property Council, on behalf of the property sector and business—whinge, whinge, whinge. As soon as the results have been achieved, “Oh, look, now that you have achieved this great result—grab, grab, grab—can we have it? Well, no. You can't.

**MR SMYTH:** You identify out of nine new industries and initially the following sectors will be targeted. This document is from December 2003. When will you target these sectors and when will you commence to diversify the economic base of the ACT?

**Mr Stanhope:** The ACT economy is the strongest performing economy in Australia outside the resource states.

**MR SMYTH:** So you do not know when you will do this?

**Mr Stanhope:** We are doing fantastically well.

**MR SMYTH:** You do not have an answer, though?

**Mr Stanhope:** It is a position that is—

**MR SMYTH:** You do not have an answer as to when you are going to diversify the economic base.

**Mr Stanhope:** constantly commented on to me by business about just how great a place Canberra is to do business.

**MR SMYTH:** So you cannot answer?

**Mr Stanhope:** I am proud of what we have achieved in terms of strengthening the ACT economy.

**MR SMYTH:** So there is no commitment to the economic white paper.

**THE CHAIR:** Thank you, again, to the officials from the business and economic development section of C and V. We will now go on to Rhodium. Whilst Rhodium officials are coming, I remind you that this line in the budget paper has been discontinued. You will find the details in appendix F, starting at page 589. Mr Moore, thanks very much for coming back today to deal with this. I have advised the committee that this line is discontinued in the budget. You are aware of the articles in the witness card in front of you?

**Mr Moore:** Yes, I am.

**THE CHAIR:** Thank you. We have got til about five past six, Mr Moore.

**MR STEFANIAK:** At the top of page 596 of BP4, under “Balance Sheet” it is stated:

Due to the anticipated sale, Rhodium is expected to cease trading by 30 June 2007 and therefore a nil balance sheet has been reported and the proceeds accounted for as an impact reported on the Operating Statement as explained above.

Rhodium are expected to cease trading by 30 June. Is that on track? Is that actually occurring?

**Mr Moore:** The sale will not be completed by 30 June as was anticipated when the budget papers were put together. There is no definite date at this stage for the sale. That is well progressed. It is being managed through ACT Treasury, as you would expect Rhodium is not leading its own sale. We expect to be trading for a few months—maybe up to three months in the 2007-08 period. The financial statements, including the Budget Paper 4, obviously are predicated on our balance sheet being

taken back into the territory on sale.

**MR STEFANIAK:** That would appear somewhere else. To accommodate all that, say you had sold in September or something, that will be in some sort of statement in next year's budget papers?

**Mr Moore:** Yes.

**MR STEFANIAK:** Turning now to the operating result—I am just wondering if this is the figure. How much has the territory lost out on to date as a result of the problems with Rhodium? I am looking at a figure which may not relate to it—page 591 of BP4—of minus \$5,756 million. Does that indicate what it has cost us to date as you now wind up Rhodium or is there some other figure of what it has cost the territory?

**Mr Moore:** That was the expected operating result back when the papers were put together. We have subsequently updated our forecast and we are now predicting a slight operating profit for the year—

**MR STEFANIAK:** We have gone from minus \$5.75 million anticipated loss to an anticipated profit?

**Mr Moore:** But that loss has been taken back by Treasury into a Rhodium restructuring fund, as I understand it. There are Treasury officials who probably could explain the contra entry as to where that has gone.

**MR STEFANIAK:** Is it a real loss?

**Mr Moore:** No, it is not a real loss.

**MR STEFANIAK:** Will we end up with a real loss?

**Mr Moore:** It is an accounting treatment based on the 30 June expected sale date: taking the net balance sheet out of the Rhodium accounts, sweeping the net assets, if you like, and putting them back into the general territory. It is not our real operating result for the year.

**MR STEFANIAK:** You are anticipating no actual real loss at the end of the day?

**Mr Moore:** If not for the sale we were expecting to make a small operating profit for this year.

**MR STEFANIAK:** Because of the sale.

**Mr Moore:** Without the sale we would have made a small operating profit.

**MR STEFANIAK:** Those statements reflect our balance sheet and the net assets being taken back to the territory, as I understand it.

**Mr Stanhope:** Mr Bulless from Treasury may be able to add to that. I do not know whether there is anything to add.

**Mr Bulless:** I do not think there is much more I can add than what Mr Moore has articulated. Essentially it is a transaction to allow us to take Rhodium out of the government's budget financial statements. The obvious contra would be the sale proceeds from the sale of Rhodium when it is executed in a short time.

**DR FOSKEY:** I have a couple of questions. First of all, has any consideration been given to the idea of selling part of but not all of Rhodium? I would like to hear the arguments for and against. Secondly, was a cost-benefit analysis conducted which led to the decision to sell Rhodium in toto?

**Mr Stanhope:** Dr Foskey, it was not ever suggested to me that we should part sell Rhodium. I am not sure whether or not it was a consideration that officers may have taken into account. I must say I tend to qualify my statements, but I have no recollection or memory of it being suggested to me that we should part sell Rhodium. Indeed, it is not something I gave active consideration to. I can say that definitively: I gave no active consideration. I am not aware and cannot recall having had any conversations around a part sale. In the context of the overall decision making and rationale and the basis on which the decision to sell Rhodium was made, I do not believe a partial sale would have been considered or would be appropriate. I think Mr Bulless has perhaps been directly involved from the outset. Mr Bulless may even correct me if I was advised or if it was considered, but at least he could respond in terms of departmental thinking.

**Mr Bulless:** The thinking we employed at the time was that, if the government decided to proceed to sale, the best way to optimise that sale would be to sell the company as it was, which was with its private sector business and the ACT government fleet contract. That is what has been offered to the market. We did not look at a break-up of the company and that was the advice that we gave.

**Mr Stanhope:** Dr Foskey, my recollection of all discussions, advice and briefings I received was that, in the context of a sale that would appeal to the market, the package of both private and government aspects of Rhodium would perhaps appeal more to the market and would return or optimise return to the government through the sale of the business—what might be broadly regarded as a going concern. That was very much in our minds.

**DR FOSKEY:** The second part of that question is: was the cost-benefit analysis which persuaded the government that a complete sale was appropriate able to be tabled?

**Mr Stanhope:** Mr Bulless informs me that detailed work and consideration in relation to costs and benefits of retaining or selling Rhodium was part of the functional review. It is a document with cabinet status which I will not be tabling.

**DR FOSKEY:** Could the cost-benefit analysis be extracted for these purposes?

**Mr Stanhope:** There may be aspects of it that could be, Dr Foskey. I would be happy to take that question on notice and take further advice from Mr Bulless and Treasury on what information might be made available.

**THE CHAIR:** Mr Stefaniak, do you have a few more for the minister?

**MR STEFANIAK:** Yes. I will give you three more and put the rest on notice. Chief Minister, did you or any current or previous fellow shareholders at any time either formally or informally give Rhodium, its CEO or any of its directors any guidance as to the broad strategic direction you wanted it to take? If not, why not; if so, what was that broad direction?

**Mr Stanhope:** I had a number of discussions. Two things need to be said in answer to that question. The arrangements that apply to the oversight of Rhodium in terms of ministerial responsibilities need to be understood. The Treasurer has ministerial responsibility for Rhodium and essentially takes the lead on issues relating to Rhodium. In the time of most significance to Rhodium I have been Treasurer now for just over a year. In relation to issues around Rhodium's future and strategic direction, the previous Treasurer was the shareholder with day-to-day ministerial responsibility for Rhodium.

Having said that, as a shareholder of Rhodium I was engaged and in receipt of advice from Treasury in relation to the management of Rhodium. I also received briefings from Rhodium and, yes, I have received and held wide-ranging discussions with the chairman and board of Rhodium in relation to its strategic direction.

**MR STEFANIAK:** The next question is: I asked, on notice, on 19 October—

**Mr Stanhope:** But, in furtherance to you, I cannot answer for my fellow director. You asked, "Did I or other shareholders ...?" I cannot answer for Mr Quinlan.

**MR STEFANIAK:** Yes, I note that. On 19 October I asked you:

What actions will the Minister take to ensure that Rhodium continues to buy vehicles from local ACT motor vehicle dealers regardless of whether or not Rhodium is sold.

The answer was:

It is common practice for Financial Management and Leasing companies to utilise the local dealer network, especially for novated leases. As long as the local dealers remain competitive, it is highly likely that their services will continue to be required if Rhodium is sold.

Rhodium has been sold. You also indicated:

The Government's selection criteria will, however, request interested purchasers to indicate how they would utilise the local dealer network.

Are you, in fact, doing that? What provisions are you making with any purchaser that they do give preference to the local dealer network?

**Mr Stanhope:** I am not sure, Mr Stefaniak. I will take advice from Mr Bulless, but I have never in my time as Chief Minister or as a minister involved myself—ever—in a

tender process during or until it is completed. I could not answer the question you have just asked.

**MR STEFANIAK:** I am not saying you should involve yourself, Chief Minister. I am saying—

**Mr Stanhope:** I do not even know the answer to the question you have asked. I am not sure that it is appropriate for either Mr Bulless or Mr Moore to respond to a question linked to a tender process which has not yet been concluded.

**MR STEFANIAK:** You have actually told me already—

**Mr Stanhope:** I might be wrong. It might be publicly available information. It might be information that is made available through the tender process.

**MR STEFANIAK:** I would assume he is doing that, Chief Minister, because—

**Mr Stanhope:** I have not involved myself in the process.

**MR STEFANIAK:** If I read out the last sentence, I think it will help you:

The Government's selection criteria will, however, request interested purchasers to indicate how they would utilise the local dealer network.

Is that occurring? You are in the process of the sale.

**Mr Stanhope:** That is the point. That is an expectation. I do not know the answer to this. There are issues around procurement, propriety and probity, Mr Stefaniak, which I do not wish to impinge—and I am sure my colleagues do not either—but to some extent, yes, it was the government's expectation. You then asked, "Was that expectation achieved?" You then require either me, Mr Bulless or Mr Moore to provide you with details of a tender. I am not sure that in the context of —

**MR STEFANIAK:** I do not want the details of the tender—

**Mr Stanhope:** Yes, you do.

**MR STEFANIAK:** I just want to see that if you are requiring that—

**Mr Stanhope:** You want to know whether or not in the tenders received that particular expectation was met.

**MR STEFANIAK:** No, not in the tenders received. I am just asking: is that part of the selection criteria? Is that your intent? Is that what you are actually asking for in terms of—

**Mr Stanhope:** If you are asking if it is part of the selection criteria then perhaps we can. But I am just cautioning that neither I—

**MR STEFANIAK:** I think you misunderstand me.

**THE CHAIR:** Chief Minister, can I suggest you take that on notice.

**Mr Stanhope:** Mr Bulless might be able to respond to that question.

**Mr Bulless:** My recollection is that there is a criterion in the selection documents, published on the BASIS website, that asks for a response in relation to their local activities in the ACT.

**MR STEFANIAK:** My last question you can take on notice. Again I asked a question about the Brumbies sponsorship and what had occurred with the CEO. I have a bit of concern about the board here and perhaps you can help me. You stated:

(4) The Rhodium Board has advised that the former Chief Executive Officer briefed the Rhodium Board about the sponsorship arrangement after it had been agreed with the Brumbies.

There is no date given. You continue:

(5) Advice was only provided to the Government well after the arrangements were made between the Rhodium CEO and the Brumbies in January 2006. Treasury records indicate that a copy of the March 2006 Rhodium Board Minutes (signed off by the Chair on the 5 May 2006) was received on or about 11 May 2006.

Are there any concerns in relation to the board and how quickly it acted to get in contact with government when there were problems? Are there any issues in relation to the board? Are there any ongoing issues or is that all part of history now that you are selling the company?

**Mr Stanhope:** Mr Stefaniak, I have always responded very positively to the way in which Bob Samarcq and the board responded to issues in relation to the activities of the then CEO. I believe the board acted entirely appropriately in relation to the significant issues of concern—appropriately, which means, I think, in a timely fashion. This now is some history. I would have to go back as I do not have a full recollection, but my recollection at the time, my strong memory now and my strong, continuing view is that the board acted in an exemplary manner on becoming aware of the issues of significant concern that have beset Rhodium. I personally have no concerns.

**THE CHAIR:** Thank you, Chief Minister, for your extra time today. Thank you, Rhodium officials for coming back and for your extra time again today.

**The committee adjourned at 6.07 pm.**