



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: Annual and financial reports 2003-2004)

Members:

**MR R MULCAHY (The Chair)
DR D FOSKEY (The Deputy Chair)
MS K MACDONALD**

CANBERRA

TUESDAY, 22 FEBRUARY 2005

**Secretary to the committee:
Ms S Mikac (Ph: 6205 0136)**

By authority of the Legislative Assembly for the Australian Capital Territory

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

The committee met at 9.05 am.

Appearances:

Mr Jon Stanhope, Chief Minister, Attorney-General, Minister for Environment and Minister for Arts, Heritage and Indigenous Affairs

Chief Minister's Department

Mr Mike Harris, Chief Executive, CMD
Mr Lincoln Hawkins, Deputy Chief Executive Policy (2003-04)
Ms Cheryl Vardon, Commissioner for Public Administration
Ms Pam Davoren, Executive Director, Public Sector Management and Industrial Relations
Ms Sue Marriage, Director, Public Sector Management and Industrial Relations
Ms Penny Shakespeare, Director, Office of Industrial Relations
Mr Neil Tothill, Director, ACT Information Management
Mr Warren Foster, Senior Manager, Employment Policy and Workplace Relations
Ms Lucy Bitmead, Executive Director, Strategic Implementation Group
Mr George Tomlins, Executive Director, Strategic Projects and Implementation
Ms Jocelyn Plovits, Senior Manager, Strategic Projects and Implementation
Mr Peter Ottesen, Executive Director, Office of Sustainability
Mr David Butt, Director, Office of Sustainability
Ms Susan Killion, Executive Director, Cabinet and Policy
Mr Phil Tardif, Acting Director, Cabinet Office
Ms Sue Hall, Director, Community Affairs
Ms Cathy Hudson, Director, Social Policy
Ms Lyn Ella, Director, Office for Aboriginal and Torres Strait Islander Affairs
Mr Peter Brady, Director, ACT Office for Ageing
Mr Greg Ellis, Acting Director, Economic, Planning and Regional Branch
Mr Ross McKay, Manager, Aged Accommodation Case Manager
Dr Maxine Cooper, Executive Director, Arts, Heritage and Environment
Ms Mandy Hillson, Director, artsACT
Mr David James, Acting Senior Manager, Social Policy
Mr Jeremy Lasek, Director, Executive Support
Dr Sandy Blair, Manager, ACT Heritage Unit
Mr Chris Cole, Manager, Corporate Management
Mr Phil Hextell, Director, Accounting Branch
Mr Karl Phillips, Financial Controller

Actew Corporation Limited

Mr Michael Costello, Managing Director, Actew Corporation Ltd
Mr Mike Luddy, Chief Finance Executive, Actew Corporation Ltd
Mr Aspi Baria, Technical Specialist, Water
Mr Gary Bickford, Principal Strategic Planner

THE CHAIR: I commence proceedings by saying that a copy of the transcript will be emailed to those who give verbal evidence to the committee today for correction as soon as it is available and also so that they might identify questions taken on notice. Please

return responses to questions on notice to the committee secretary within five working days or no later than 1 March 2005. To assist in the preparation of the transcript, witnesses need to state their full name and the capacity in which they are appearing on the first occasion on which they give evidence.

Prior to the giving of evidence, I would like to inform each witness that he or she should understand that these hearings are legal proceedings of the Legislative Assembly, protected by parliamentary privilege. That gives you certain protections, but also certain responsibilities. It means that you are protected from certain legal action, such as being sued for defamation, for what you say at this public hearing. It also means that you have a responsibility to tell the committee the truth. Giving false or misleading evidence will be treated by the Assembly as a serious matter.

Chief Minister, I thank you for joining us this morning. Would you care to make a statement before we discuss the report?

Mr Stanhope: Thank you, Mr Chair. I do not wish to make a formal statement, other than to indicate that the Chief Executive Officer of the Chief Minister's Department and chief executives from the department are here. They each stand ready and are all willing to answer any question that the committee may have of them. We stand ready, Mr Chair, to respond to any of your questions and inquiries.

THE CHAIR: Thank you, Chief Minister, Mr Harris and the other officers who have made themselves available. I will kick off with the first question by looking at the statement of performance for the Chief Minister's Department. I refer to some of the measures in relation to quality and effectiveness in the statement of performance for the department for the period ended 30 June. I have several questions in relation to this report, Chief Minister. Would you be able to advise the committee whether you personally review the measures in the quarterly surveys or whether that is a task that you delegate to one of your staff or to the department?

Mr Stanhope: Could you just refer me to the page that you are referring to?

THE CHAIR: To take a particular example, page 120, timeliness. It says that the Chief Minister's satisfaction with timeliness is assessed by a quarterly survey. There are other tables along a similar vein.

Mr Stanhope: I delegate that task.

THE CHAIR: Is that handled by the department?

Mr Stanhope: I delegate the formal process in the first instance to a member of my personal staff in my office. From memory, I do sign the formal documentation.

THE CHAIR: That may be something that you will need to refer, but it would appear from the report that the performance in terms of your satisfaction with quality and timeliness in several areas, in relation to things such as correspondence, briefings and advice, was not at levels that you would consider entirely satisfactory. I am just wondering whether you could enlighten the committee on the reasons for this apparent fall in performance and whether these assessments are significant. Maybe you could

illustrate the sorts of issues that have given rise to these results.

Mr Stanhope: It is fair to say that not all designated targets for correspondence, for a response in a formal way to issues such as questions placed on notice by members of the Assembly, are met within the time limit set. I am not an expert on the formal targets or time lines that have been established in relation to the response to ministerial correspondence or the timeliness, time lines or requirements imposed on the public service generally in relation to responding to questions placed on notice by members of the Assembly, but from time to time the targets are not met and, to the extent that they are not met, I am not satisfied.

There are often legitimate reasons that can be provided for why a particular matter may not have been completed within an established or required timeframe. That is why measures such as these, to some extent, lack some utility insofar as they are a fairly blunt statement of whether or not time lines in every instance have been met. But at times, it is fair to say, ministerial correspondence is not responded to within the designated timeframe and from time to time I am given no explanation as to why the timeframe has not been met. To that extent I am dissatisfied and I am prepared to express my dissatisfaction when the department does not respond within the timeframes that have been established. I do not have a particular issue but across-the-board, from time to time, I am dissatisfied with timeliness.

THE CHAIR: It appears here to extend not only to ministerial correspondence but also to briefings—I assume to you, Chief Minister—and advice. Would you see these performance measures as fairly important in terms of the job being done, or is that not so significant in terms of these measures?

Mr Stanhope: I have from time to time questioned whether this is a particularly useful way of measuring performance. I think that all governments battle constantly with this issue around accountability measures or performance measures from departments. I know that it has been part and parcel of discussion within estimates or annual report hearings ever since I have been in the Assembly, irrespective of which side of the table I have sat on.

In the time that I have been here both governments and oppositions have thrashed out this issue of how to ensure that our accountability measures and our performance indicators are as appropriate or as meaningful or have the utility that you would hope for them. We strive and struggle for better and better ways of measuring performance. At this stage, this is where we are. If it is to have any utility or any use, then it does require ministers to be honest.

It is a double-edged sword. I could express 100 per cent satisfaction with everything, but that would not be true. To the extent that I express less than 100 per cent satisfaction, the opposition asks a question. I think that it is important, though, that ministers do indicate to their departments from time to time that they are not satisfied. Quite clearly, from time to time departments do fail in relation to requirements that ministers set concerning responses to ministerial correspondence. But there are workloads and there are reasons and explanations. Some things cannot be dealt with within a set timeframe as a result of a whole range of issues. The debate is ongoing, but at this stage I do not have anything better to replace this particular format.

THE CHAIR: I have two other questions on this theme, Chief Minister. In terms of whether there can be any improvement in these areas, are there any measures that have been taken or could be taken? Just a small point: I noticed that survey results for the third and fourth quarters were not received. I was not sure whether there was a reason or a change in measures. They are referred to in a footnote.

Mr Stanhope: I am not aware of changes, Mr Chair. I will ask the department to respond to that.

Mr Harris: We are, and have been for some time, working in conjunction with Treasury to a certain extent on new methods of reporting, new ways of reporting, efficiency measures. Mr Smyth will recall that I have said in this place that improvements can be made. One of our challenges is to make those improvements in a way that more adequately informs both the Chief Minister and the Assembly.

It is fair to say that, despite my desire for that to happen, it is taking longer than I would have hoped. Once you start examining these areas you uncover a myriad of measures that have been put in place over a period and it takes some time to unwind those, particularly when they are linked to the budget process and the documentation that comes out as part of the budget, which is why we are working closely with Treasury to try to get a better package of information.

DR FOSKEY: My first question relates to the Office of Sustainability. I refer to page 109 of the report. I am interested to know what is the role of the Office of Sustainability in encouraging whole-of-government sustainability.

Mr Stanhope: That is one of its primary functions in terms of the government's administrative responsibilities. I do expect of the office that it will lead the debate. To the extent that we acknowledge that sustainability impacts on almost every aspect of government administration in its purest sense, I expect the office to be leading the debate, leading the discussion and leading the education that is required as we move along this road to sustainability. I will ask Mr Ottesen to respond in terms of how he and the office are meeting that challenge.

Mr Ottesen: The office is within the Chief Minister's Department and the role of the office is similar to and consistent with the role of a policy group within a central agency. Therefore, we advise, facilitate and coordinate. We undertake some projects as required to assist in raising awareness. We work with agencies on particular projects. I can mention one example here, our measuring our progress report, which was a major output of our work last year. That was an attempt to further debate and understand what sustainability means for the ACT community and create some measures of that which we are then able to use with agencies to stimulate some discussion about sustainability and how they might wish to assess their project proposals in the future. Decision making is ultimately what we are trying to influence.

DR FOSKEY: I am especially interested in the establishment of the green buildings working group, mentioned on page 110. What are the future plans for the group, how is the process working and are there any time lines and targets that you can tell me about?

Mr Ottesen: That group has met once. It was a joint initiative of the private sector and of government. In fact, the Property Council and the Institute of Architects were very keen drivers of the concept of industry and governments working more closely together and also recognising that the built environment, and commercial buildings particularly, are important areas of focus. To some extent the activities of that group have been picked up by other mechanisms. For example, there is the central Canberra project team and there is an environmental capital focus group. Many of the members of that other working group are participating in that and that is advising on the three-year central Canberra project.

DR FOSKEY: Page 121 mentions the city-to-city agreements with Beijing and Hangzhou. I am interested to know whether the Chief Minister has raised human rights issues in communicating with leaders from China, specifically about the Falun Gong and Tibet.

MR SMYTH: Could I just ask a supplementary question before you answer that. I notice on page 109 that you mention the report that was put out in November 2003 with the 11 core sustainability dimensions, 29 headline indicators and 53 supplementary indicators. What is the status of that report now?

Mr Ottesen: The report is out there. We have been distributing it as widely as possible. We have been talking to agencies and others about what is in it. We see that the first phase is very much an awareness-raising exercise. There is a commitment, I believe, by government to produce another one in the next, say, term of the Assembly, about four years. So at this stage it is very much about awareness raising. It is a way of asking, "Where is the community in terms of progressing towards sustainability?"

MR SMYTH: Perhaps this is a question for the Chief Minister. If we are serious about sustainability and turning Canberra into the sustainable capital, the sustainable city, that it could be, is this going too slowly? After three years we have what appear to be draft sustainability indicators out there and some time in the next four years we may agree on what they are and how they will be implemented. Is that fast enough; is that acceptable, Chief Minister?

Mr Stanhope: I believe progress to date has been appropriate in relation to the resources that we have applied to the Office of Sustainability within the Chief Minister's Department and the fact that we were starting essentially with a clean slate within the ACT. It does need to be remembered in a debate around sustainability, measurement of progress and seeking to achieve sustainability, that the ACT government was, I think, the first of the jurisdictions in Australia to establish a discrete Office of Sustainability. It is now very much a feature of governments around Australia, and increasingly around the world.

I have noticed, as I have engaged with the subject of sustainability in a government sense, the extent to which governments around Australia, and indeed around the world, are all struggling with these same issues, the threshold issues of what we are talking about: how do we engage the community, how do we measure sustainability and what is sustainability, how do we measure progress towards sustainability and what is it that we are seeking to achieve? Mr Ottesen makes the point that at this stage we have sought to engage very much in an educative process.

I am always impatient for change, but enduring change. The process of change is an interesting conversation in itself about how to achieve enduring change, and that is what we are looking for in the debate around sustainability. We had to start somewhere and we have started. I think the challenge for us is to identify the major measures that impact on our capacity to call ourselves a sustainable city. They are issues such as water, greenhouse and energy use. I think it is relevant that the next step that we have taken in an administrative sense post the establishment of the Office of Sustainability is to vest in the Office of Sustainability all responsibility for water and water policy in the ACT and all responsibility for energy and energy policy in the ACT, as well as responsibility for some of the next major steps that we propose to take—for instance, an attempt to introduce into legislation a sustainability act, our commitment across-the-board and in an all-of-government sense to the achievement of sustainability.

I get frustrated and I am always impatient for change, but I also believe that enduring change does require us to look at how enduring change is achieved. I believe one of the essential elements is education and then community commitment and the taking of a community with you on the journey. If we do not do that in relation to sustainability, we will not create the change that we need. I am impatient and I can look at what we have done to date and wonder what more we could have done—and with more resources, a bigger office and a greater education vote, there are perhaps more things we could have done.

I think the debate around what is sustainability has become part of the day-to-day language, but we use it in slightly different ways. One of the challenges is to ensure that the notion of sustainability is not captured. It is about our commitment to the economy, to economic growth and to the environment as well as to our social needs. If we get them out of balance, we will not produce a truly sustainable community. So I think the debate we have had to date and the work we have done in setting some benchmarks have been very useful. The test for us will, of course, be when we produce the next report. If nothing has changed, we can rightly look at how serious we are.

THE CHAIR: When is the next report due?

Mr Stanhope: We have not set a date. Mr Ottesen just makes the point that we will produce another report in this term. I must say that I have not discussed that with Mr Ottesen. We do need to set a date. We have not done that yet. The development of reports such as these is resource heavy and time consuming. There is a real temptation to set strict time frames. We have not done that, but I acknowledge that we need to. We need to set a date.

THE CHAIR: You have said that you are both impatient and frustrated, although in your first answer to the question I asked you said that progress had been appropriate against the resources issued. Is that an acknowledgment that the resources of the Office of Sustainability, a director and assistant with two other staff, are inadequate for the job?

Mr Stanhope: No. In the context of competing priorities, I thought the resource allocation for the Office of Sustainability was appropriate when we established it. We have now, though, as I say, with the latest administrative arrangements order, increased the staff complement of the Office of Sustainability, through the transfer of a range of

other functions, from about five to 25. So there are now 25 staff in the Office of Sustainability. We are now at a stage where, through the investing in the Office of Sustainability, Mr Ottesen has formal responsibility, along with nurturing of the early reports, the setting of some benchmarks and the generation of debate around sustainability within government and the community, for water and energy, as well as all his other sustainability responsibilities. The Office of Sustainability now has a staff of 25.

THE CHAIR: Is that a blurring, then, of responsibilities to make an organisation that is responsible for running the sustainability agenda across the ACT government also responsible for water and energy policy, or is the hunter becoming one of the poachers as well?

Mr Stanhope: I do not believe so. I think it is very appropriate that the Office of Sustainability is a model that is consistent, to some extent, with what has been pursued in other states but, of course, on a grander scale. For instance, Victoria's department of environment is now the Department of Sustainability and Environment. The point that you make could be made in relation to that, but the connection—and I will take some advice from Mr Ottesen on this—in terms of sustainability and other environmental issues has been made in a very concrete way.

I know it has happened around Australia as well, but the major environmental sustainability administrative responsibility in Victoria, for instance, is now vested in the Minister for Sustainability and Environment. All responsibilities for sustainability and the environment have now been subsumed into a single administrative unit. We have not gone that far in the ACT, to the extent that Environment ACT now focuses much more closely on its land management responsibility, responsibility for Canberra Nature Park and our nature reserves and fauna and flora, whereas the Office of Sustainability has now picked up responsibility from Environment ACT for water policy and, from Treasury, for industry policy.

DR FOSKEY: I want to refresh your memory regarding to city-to-city agreements that Canberra has with Beijing and Hangzhou. I am wondering whether the Chief Minister has raised human rights issues when communicating with leaders from China, particularly in regard to the Falun Gong and Tibet.

Mr Stanhope: Yes, over the last two to three years. Not recently, I have to say. Certainly in each of the last two years I have had very direct and vigorous conversations and exchanges with high-ranking Chinese officials in relation, most particularly, to the Falun Gong. I think everybody in Canberra is aware of issues that have beset the Falun Gong demonstration that is, to some extent, a permanent feature at the Chinese embassy within the ACT.

I think people are aware that the Chinese embassy and successive ambassadors and the Chinese government have some concerns about the continuing demonstration by Falun Gong practitioners at the embassy. That has been a matter of conversation between successive ambassadors and me and has been a subject of conversation by me in Beijing with one of the Chinese vice-ministers for foreign affairs.

The Chinese government has, through those representatives, indicated to me its desire

that the Falun Gong not demonstrate within the vicinity of the embassy. I have always maintained that, in the context of Australia's domestic legal arrangements and our domestic attitude to the right to protest, the ACT government would support that right. To that extent, the conversations that I have had have led to broader conversations and discussions around Falun Gong as an organisation. I have not had conversations in relation to the activity of the Falun gong within China, but I have had discussions in relation to the Falun Gong within Australia.

DR FOSKEY: What sorts of resources are dedicated to implementing the Canberra plan? What sort of monitoring will go on each year in terms of working out how far we have got towards reaching the goals it sets?

Mr Stanhope: I will ask Mr Harris and Ms Bitmead to respond to the detail of the question. In a broad sense the government is, of course, absolutely committed to the Canberra plan and to its implementation. At one level much of the work of the ACT government and of departments is involved in the implementation of the Canberra plan across its many elements.

But just to the point that you make—and I will ask the department to respond—I accept that the need to report on progress with the Canberra plan is fundamentally important. We have set ourselves some challenging targets in the Canberra plan. I am determined that the targets be met. The only way that we have of measuring our capacity to meet the targets we set is through annual reporting. But I will ask the department to respond in detail on resources and the mechanisms that we have in place for reporting in progress.

Ms Bitmead: In the Canberra plan there is an outline of the relationship between the Canberra plan and a number of other strategic plans, specifically the economic white paper, the Canberra social plan and the Canberra spatial plan. There have been various other strategic plans that have been developed since the Canberra plan was launched. In terms of the resources that are being applied to achievement of the goals outlined in the Canberra plan, it is most appropriate to look at each of those component plans, to look at the outlines of the visions within the Canberra plan, and then for those questions to be addressed to each of those areas.

What I can say is that, recognising the need to pull together monitoring of achievement against each of these plans to then effectively report against the Canberra plan, the Chief Minister's Department has established a team that is undertaking that work. The team has relationships with areas such as the social plan team to be aware of how that work is being undertaken, what is being deployed, what monitoring work is going on. The Canberra plan includes reference to an annual report by the Chief Minister on progress. The department is currently preparing that report for the Chief Minister.

THE CHAIR: Thank you. Chief Minister, a question on bushfire recovery. For your assistance, there is a reference to it on page 135. Within that outlay of about \$9 million, are there any legal expenses involved with the events since the bushfire, either there or in any other area of the department's expenditure?

Mr Stanhope: You just remind me, Mr Chair, that yesterday, in preparation for today's hearings, the department advised me of an omission in relation to contracts and consultancies relating to the shaping our territory implementation group. Yesterday, I

signed an erratum, which I will have distributed to you. I signed it yesterday. I do not know where the signed copy is, but I will table a copy of an erratum to the report in relation to consultancies and contracts. As to your specific question, I will ask the head of the shaping our territory implementation group within the department to answer it. I am not aware of any legal advice that was sought. Can you just repeat your question?

THE CHAIR: In relation to events since the bushfire, are there any legal costs that were carried by the Chief Minister's Department, either within the bushfire recovery outlays of \$9 million or—

Mr Stanhope: I will ask Mr Tomlins. I am not aware of any, but Mr Tomlins might know.

Mr Tomlins: I am not aware of any. That does not, obviously, include the Justice and Community Safety costs that are not associated with the bushfire but might be associated with coroners or things like that.

Mr Stanhope: The point of the question was: are there any coronial inquests or legal costs that have been met by the Chief Minister's Department, over and above those met by justice? I am not aware of any and Mr Tomlins is not. The department of justice is responsible for all those costs.

MR SMYTH: Just some general stuff to start with: last year the committee raised a comment about the format of the 2002-03 report in that, when you opened it, you often could not read the formatting down the spine and it could not be photocopied. I want to compliment those concerned because it has been formatted within borders that allow you, one, to read it all and, two, to photocopy the typed pages. Well done on that score.

Just a style thing: it is interesting that the even numbered pages are in the top corner of the page but the odd numbered pages have the number at the bottom. It is a style of numbering I have never seen before. If it is a style thing, I would have to say that I do not like it.

At the bottom of page 3, in the second last paragraph, it says:

Mr Tonkin lead the ACT Public Service ...

Does that mean it was an attempt to poison the public service or was this just a typo? It is actually repeated at page 61, where, talking about the shaping our territory implementation group, you say:

... after which it is planned that projects lead by the Group ...

Mr Harris: I think it is a classic example of the deficiencies of the spell checker.

MR SMYTH: That is good. I am pleased that we are not poisoning the entire public service. It does raise some questions about the status of Mr Tonkin and his role now with COAG. I notice, at page s14, he is now in the Office of Special Advisor, Council of Australian Governments and Intergovernmental Relations. Chief Minister, what is the role of Mr Tonkin and who is currently paying his salary?

Mr Stanhope: I will ask Mr Harris to answer the specifics of the question.

Mr Harris: The Chief Minister's Department is paying Mr Tonkin's salary and will continue to do so until the conclusion of his contract, which is in April of this year. He has been working on our behalf with the commonwealth government on COAG matters—initially, bushfire related issues; subsequently, national security related issues.

THE CHAIR: What services, then, is he providing to the ACT? Is it custom and practice for us to be paying people working on commonwealth matters such as security?

Mr Harris: He has been with the commonwealth on matters of national interest in which the ACT has specific interest primarily. It was bushfires, initially; and, as I said, subsequently, national security—partly maritime security issues across the country, but broader national security issues as well.

THE CHAIR: It seems a little odd that we in the ACT would be funding somebody to be working on maritime security. Is that a custom that we have observed with other secondments?

Mr Harris: Maritime security is one element of the complete national security debate that is going on at the present time and it has supply implications across the entire transport network, not only maritime but road transport, rail transport, movement of goods in and out of the country, movement of potential terrorists in and out of the country and across the country. So there are related issues there.

It is not uncommon for jurisdictions to have their public servants working in other jurisdictions on joint national or bilateral tasks or trilateral tasks between three jurisdictions.

MRS DUNNE: Is it common or normal with COAG that senior public servants from a jurisdiction would be working on secondment to COAG but in the pay of their home jurisdiction? If so, can you give us another example?

Mr Harris: It is not an uncommon model across the broad range of commonwealth/state relations for officers from various jurisdictions to be working in teams with other jurisdictions but still on the payroll of their home jurisdiction. It is quite a common practice. We have meetings of senior officials that underpin COAG, with representatives of all jurisdictions. We frequently put together working groups to work on particular issues. If you like, subcommittees of that senior officers group are working on particular issues for report back to COAG.

As I said, it is not uncommon for meetings of those senior officials not only in the COAG area but in transport, in treasury, in health—just to name three—for officers to be seconded across to another jurisdiction to do work but still be on the pay of their home jurisdiction. It is one of the examples of cooperation between the jurisdictions at the bureaucratic level and is provided, I guess, in two areas. Sometimes you have a particular interest in a subject, which was the case with the bushfire issue that Mr Tonkin was working on. Sometimes you have particular expertise and the jurisdiction likes to bring that to bear in order to get a broader national outcome more efficiently than otherwise

would be the case. The alternative is to set those groups up with their own budgets and their own work programs, which ends up being far more costly.

MRS DUNNE: The first of those types that you described, where you said that there are committees of experts in jurisdictions coming together, would that be their only work or would they be coming together for meetings, going away, back to their home department to do some work and other things?

Mr Harris: It depends on the nature of the task. If I revert to my transport background some three or four years ago in Western Australia: we had a transport safety expert who was on my payroll who spent the better part of a year and a half working on national rail safety issues which were of benefit across the country. He was paid by us for that entire time. There are quids pro quo in this. Sometimes we do not participate and other jurisdictions do, but we benefit from the outcome. What comes around goes around in these sorts of things. It is an example of cooperation between the jurisdictions.

THE CHAIR: Given the pending expiration of Mr Tonkin's contract in April, will you be appointing a successor, given the importance you are attaching to this work on security and the like?

Mr Harris: It is unlikely at the moment. The security issues are being picked up in other ways, going forward to cabinet. The government has established a security subcommittee of cabinet which is forming linkages into the national counter-terrorism committee.

MR SMYTH: The ACT cabinet or the federal cabinet?

Mr Harris: The ACT cabinet. There are now broader processes at work within the ACT to pick up the counter-terrorism debate and link in with the commonwealth and other jurisdictions. There are memoranda of understanding which have been developed between the commonwealth and each of the jurisdictions which will cover the broader policy areas going forward. So at this point in time we do not see a need for that particular resource to continue in that way.

MR SMYTH: Mr Tonkin is there representing the interests of the ACT, with his expertise. Was he given instructions as to the desires of the ACT Chief Minister in regard to both national security issues and the outcome of the bushfire inquiry?

Mr Stanhope: No, he was not.

MR SMYTH: If he was not, if he was there representing the interests of the ACT and was not given any instructions as to what the ACT wanted, is it usual to send off to a COAG committee free agents to do whatever they want?

Mr Stanhope: Mr Tonkin is a deeply experienced officer with, I think, three decades of commonwealth public service experience at the highest levels and a person who headed the ACT public service for a number of years. He is in the fairly unique situation of having had a detailed knowledge and understanding of each of the jurisdictions. To the extent that he was in the broad, I might say, representing the interests of the ACT government, it is perhaps better expressed to say that he was a person with a deep understanding of the ACT government and the ACT generally. In that regard, he had a

capacity to understand and represent the interests of the ACT government, but he was not instructed; he was working on secondment to the commonwealth.

THE CHAIR: Were there discussions with him about the COAG report?

Mr Stanhope: No.

THE CHAIR: Do you recall when you first received the COAG report?

Mr Stanhope: No. I would have to check. What I do know is that, in early August, I received a request from the commonwealth to approve its tabling by the commonwealth in the Senate. I agreed to that request, I think within a day. Then the commonwealth, for reasons that I did inquire about but were never explained to me, chose not to release the report in August, having received, as I understand it, the agreement and approval of each of the states to its release. We need to understand this and clear this up in relation to the COAG report: I agreed to its release last August. The commonwealth chose not to release it last August.

MRS DUNNE: When did you agree to the COAG response to the report?

Mr Stanhope: Within a week of receiving it, in general, I was actually on leave at the time. My understanding—once again, I will take advice on the specifics—is that at the time that we received the request to approve the response we responded within a week, that is, five months after having already agreed to its release.

MRS DUNNE: What you are saying is that there was no COAG response until some time in late 2004.

Mr Stanhope: That is my understanding, yes. I would have to check the dates. But my understanding is that I agreed in August to the release of the report. A response was developed in collaboration. When the response was finalised, the Prime Minister sought the agreement, then, of each of the jurisdictions to the release of the agreed response. My understanding is that we agreed within a very reasonable time frame. But I would have to check the dates.

MRS DUNNE: Could you get back to us with those dates?

Mr Stanhope: I am advised that the final response was received by the ACT government on 11 January and we formally agreed to its release on 20 January, having agreed to the release of the report in August.

MR SMYTH: You mentioned that the cabinet had set up an ACT security subcommittee. Which ministers were on that?

Mr Stanhope: Myself and the Minister for Police and Emergency Services. The subcommittee meets with officials. It is designated as a cabinet subcommittee. The cabinet has appointed me, as Chief Minister and Attorney-General, and the Minister for Police and Emergency Services as the cabinet members of the committee. The committee meets with officials as a committee of the whole, essentially. The officials that comprise that broader committee are the head of the Chief Minister's Department, the chief

executive of the Chief Minister's Department; the chief executive of the department of justice; the deputy chief executive of the department of justice, who is the official within the ACT public service with primary carriage of issues in relation to terrorism; the ACT Chief Police Officer; and the Commissioner for Emergency Services.

MR SMYTH: The committee was established when?

Mr Stanhope: In the middle of last year.

MR SMYTH: In that time has the security subcommittee—

Mr Stanhope: It first convened in the middle of last year and then was formally established post-election. It had met and we essentially thrashed out how it might operate.

MR SMYTH: Has the security subcommittee of cabinet met with our designated officer working on security issues for the federal government?

Mr Stanhope: No.

MR SMYTH: Is it not odd that you would have a subcommittee of cabinet interested in security that meets with senior ranking officials of the ACT—

Mr Stanhope: The subcommittee of cabinet has not met with Mr Tonkin. I can't speak for our officials. I know now, in terms of the ACT government's continuing evolution of our arrangements for responding to the concern around terrorism—the very heightened and real concern around terrorism—and the potential attack, this is an area that is now consuming significant amounts of the time of officials. Indeed, it now consumes, I understand, more than half of the work of the deputy chief executive of the department of justice and is becoming more and more, and will continue to be, resource intensive. We meet, as a jurisdiction, constantly with the commonwealth in relation to issues around terrorism and our response to the threat of terrorist action and activity.

MR SMYTH: Mr Harris, have officials met with Mr Tonkin?

Mr Harris: Officials have met with Mr Tonkin. Indeed, the officials that the Chief Minister just referred to met with the appropriate commonwealth representatives looking after counter-terrorism and related matters for a full briefing in December of last year. That included the deputy secretary from the Department of Prime Minister and Cabinet; senior representatives from the Attorney-General's Department; Federal Police; and others. That was a significant briefing event.

Some of the work which Mr Tonkin had been doing feeds into those higher organisations, and it is appropriate that we meet with those officials and other officials. They are the people who report to the federal cabinet and, indeed, are the people who run the dialogue and the arrangements between the commonwealth and the states.

MR SMYTH: We have an official that we pay, that is our secondment to COAG, that is our national security issues expert, I assume, because he has been given that job; we have a subcommittee of cabinet that meets with senior officials from the various departments;

but we don't talk to our man in COAG? Is that normal or logical?

Mr Stanhope: Let me say, as a member of COAG: I receive regular briefings from the head of ASIO, from the head of the Australian Federal Police, from the head of the ONA. I receive briefings in relation to these issues from the heads of organisations, including the head of the Attorney-General's Department, the head of ONA, the head of ASIO, the Australian Federal Police Commissioner. I take advice and receive briefings from the heads of organisations. You can berate that I don't receive briefings from every official involved in terrorism, but I take briefings that I believe are appropriate regularly in relation to these issues.

MR SMYTH: What is the purpose of having Mr Tonkin there if he has never represented the broad interests of the ACT?

Mr Stanhope: Mr Tonkin is on secondment to the commonwealth and has been engaged in providing a number of services to the commonwealth and, through the commonwealth, to Australia at large. Mr Tonkin is not working with the commonwealth as an ACT government representative; he is working as a commonwealth official.

You can take any line of questioning you like. Why not just be blunt and come out and say what it is that you want to say. Don't beat around the bush. Mr Tonkin is on secondment to the commonwealth, working as a commonwealth official. If you have an issue around that, just put it on the table.

MR SMYTH: I don't have an issue—or I didn't—but the story seems to be changing as we probe deeper.

Mr Stanhope: No, the story has not changed a bit.

MR SMYTH: It has, because earlier in the piece you said that—

MRS DUNNE: Excuse me—

THE CHAIR: Order! We will have just one question at a time.

MRS DUNNE: I want to go back to what Mr Harris said before. He said it was not unusual to have people seconded, et cetera, and gave the rail safety expert example. Is it usual to have someone, in the old parlance, at the permanent head level seconded—I presume he is taking his permanent head salary with him—to act as an adviser? I think the Chief Minister—it may have been you, Mr Harris—said that Mr Tonkin was working on our behalf at COAG.

Mr Harris: I do not believe I said "working on our behalf".

MRS DUNNE: I wrote it down when either you or the Chief Minister said it.

Mr Harris: If I did, I did not mean to give that impression. Seconded officers work on particular projects. As the Chief Minister said—and I believe I said—those particular projects, by and large, are ones of national interest rather than purely of parochial interest. Indeed, that is the case.

MRS DUNNE: Is it usual that someone of Mr Tonkin's elevated stature would be seconded in that way?

Mr Harris: It is not unusual.

MRS DUNNE: Can you give me another example of someone at permanent head level or at that level in the public service being seconded to COAG in that way?

Mr Harris: I cannot think of an earlier example of a permanent head or the head of a department, off the top of my head. I am sure, if I dredged back through my memory of 20-odd years, I could probably find you an example. Let me tell you that I know of two examples of senior executives from the ACT who have been on secondment—one was a lady called Linda Webb; the other was a lady called Moiya Ford—in the first case, working with the commonwealth immigration department for 12 months; and in the second case, working with SOCOAG in Sydney.

MRS DUNNE: Chief Minister, you said before—I do not remember the figures because I did not write them down—that the Office of Sustainability has moved from a modest number to a substantially larger number of people. Could you provide, on notice, details of where those bodies came from? A large number, I understand, came from Treasury. Did any come out of Environment ACT—people who worked on water policy and who would have gone to the Office of Sustainability?

Mr Stanhope: I am more than happy to take the question on notice. Yes, some of the officers that are now part of the Office of Sustainability did come from Environment ACT and some came from Treasury.

MRS DUNNE: Could you also give us an indication of the funds that go with those people?

Mr Stanhope: Yes, we would be happy to do that.

MRS DUNNE: I just wanted to ask a little about the discussion paper on energy. Where is it up to? Where are you in the process? When might members of the Assembly and members of the public see your fruits?

Mr Ottesen: We are formulating advice at the moment to provide to government on our suggestions on the way forward, what will be the scope of such a policy or strategy, what should be the timetables developed and what steps should be involved in terms of consultation. We are preparing advice now.

MRS DUNNE: The previous view that we would see, at least in agreed paper form, some energy policy and discussion paper mid-year, is that still likely or have you gone back from that?

Mr Ottesen: I am not aware of our saying that. Did we say previously that we would have such a discussion paper by then?

MRS DUNNE: "Treasury has commenced scoping an energy discussion paper. It is

expected that this paper will be completed in mid-2005". That is not a public discussion paper; that is where a government agency should take—

Mr Ottesen: That advice was prepared under the previous administrative arrangements. Treasury people have come across to the office. We are reassessing the situation.

MRS DUNNE: Do you envisage that there will be an energy discussion paper?

Mr Ottesen: Yes.

MRS DUNNE: Any sort of ball-park date when that might be in the public domain?

Mr Ottesen: I cannot give you a definite response now, because we will have to give advice to government.

MRS DUNNE: When do you think you will be giving advice to government?

Mr Ottesen: We are preparing advice now.

MRS DUNNE: Would it be fair to say that the energy policy paper has stalled?

Mr Ottesen: No. I think I said that we are preparing advice now.

MRS DUNNE: You are preparing advice which is getting the government's view about whether or not we will go forward with this and what the timetable will be.

MS MacDONALD: Don't put words into Mr Ottesen's mouth.

MRS DUNNE: No, I am asking a question.

THE CHAIR: Order! Please let Mrs Dunne be heard.

MRS DUNNE: Before the election there seemed to be a stronger emphasis on actually getting out a discussion paper; there was good legislation passed towards the end of the last Assembly about greenhouse trading and those sorts of issues. I am starting to get a sense that there may be some stalling of the process. Are you concerned that there isn't progress? If there is a stalling of the process, how are you going to kick start it?

Mr Ottesen: We are, as I said, preparing advice for government. With the new arrangements for the setting up of the office, we are going through a transition stage of bringing the various parts of the office together. We have felt it important that we look at energy and the government's statement that it would like to have an energy policy and strategy. So we are going through an exercise of identifying what the scope of that might be, what research might have to be undertaken to underpin, an appropriate timetable and, obviously, an appropriate engagement strategy with the community and other people. That process has started, but I am not in a position to give you a definite answer on when it is likely to occur, because we have yet to provide that advice to government.

MRS DUNNE: Do you see that you have to create this policy from the ground up, drawing upon work that has been done in other jurisdictions, both here and overseas?

Mr Ottesen: Certainly we should be learning from what happened elsewhere and recognise that many elements of such a strategy are already in place in the ACT. So it is a question of building on what we have, drawing those bits together, but also learning from the experiences of others.

MRS DUNNE: Chief Minister, do you have any sense of when you would like to see this paper in the public domain so that there can be public discussion of the issues? Do you attach any urgency to it? Is it a high priority, a low priority or a middle priority?

Mr Stanhope: It is a high priority; it is an election undertaking which we will, of course, meet. We had a discussion earlier about priorities and the time lines and our capacity to do everything that we would like to do and do it immediately. But at times it is not possible.

I am very aware, for instance, that the Office of Sustainability, over the last perhaps six weeks to two months, has been very heavily involved in working up some proposals in relation to the national water initiative. Some significant work has been done in relation to water.

As I indicated to Mr Smyth, all ministers and all governments are often impatient and do feel a level of frustration. To the extent to which we have the resources to do everything we would like to do—I would like to do everything immediately, overnight—I do get impatient when I am required to wait. But I am accepting of the workloads and I am accepting of a whole range of priorities. It needs to be said that it is only four months since the election. There are 44 months left in this term.

MRS DUNNE: We are counting.

Mr Stanhope: I am sure you are counting. We will meet the undertakings and the promises we made. I think it is important, for a range of reasons, that the work that we have undertaken to do in relation to energy and an energy policy be done sooner rather than later. Of course, it is tied in inextricably with our commitment to greenhouse reduction. We are working on that as well.

I do not have a date, a proposed program or a proposed program in terms of time frames and anticipated work. Mr Ottesen has just indicated that they are preparing advice for me. When I receive that advice, I will respond to it and respond to it without delay. We will take it from there and make whatever announcements I am in a position to make around the way forward.

Despite, as Mr Ottesen indicates, the fact that work in relation to some of these areas has been undertaken around Australia, the ACT is at the forefront of the debate in a whole range of areas around sustainability, around energy, around water. Mr Ottesen, at the same time as fleshing out a program for the development of an energy policy, has commenced work on the creation of sustainability legislation for the ACT—something else in relation to which there are not many models to draw on.

We are doing a lot of work from the ground up in the ACT, and we have in relation to sustainability. One of the things I have become very aware of over the last three years is

the extent to which the ACT is at the cutting edge of the debate on a whole range of issues around sustainability in the environment. Mr Ottesen is carrying that responsibility.

MRS DUNNE: Do you actually envisage that there will be a fully formed policy, with policy outcomes and progress towards those outcomes, in the 44 months left of this government?

Mr Stanhope: Definitely. Certainly we will have a fully fledged energy policy well within that time frame.

DR FOSKEY: I am impressed by the interest in energy expressed by members of the opposition. I would like to ask a question. Hopefully, it requires a simple answer. The regional management framework was certainly mentioned at page 12 of the report. I was unable to find any further references to it. The quote is:

... to develop a Regional Management Framework to deliver better policy development and service delivery outcomes across the ACT-NSW border.

I was just wondering whether there was an actual document that can be seen or whether it is still in the process of being developed and how I might find out more about it.

Mr Harris: The framework to which you refer is an arrangement that we are developing between ourselves and our near neighbours, particularly Queanbeyan, to put in place cooperative approaches to cross-border problems. I guess that is the best way of describing it.

We interact, obviously, because of our proximity, in a whole range of areas and there is common sense in trying to develop frameworks within which that interaction can be worked through, where we have perhaps different approaches or different legislation, different local government regulations and so forth. I would ask Ms Killion to provide you with a bit more detail.

Ms Killion: The regional management framework is in draft form. Officers from the Chief Minister's Department and the New South Wales Premier's Department have developed a document setting out the rationale objectives and operational aspects of the framework. The strategic themes to be considered in the framework—this framework has not gone to either government, so it is really in draft form—are water, regional settlement patterns, infrastructure, economic development, service delivery and emergency services.

DR FOSKEY: How can I find out more about that? Can I be kept in touch about the process?

Mr Stanhope: Most certainly, Dr Foskey. I am more than happy to keep members involved. It is still very much a work in progress. At this stage, there is no draft available. We accept it as a very important priority. Two weeks ago I met with the mayor of Queanbeyan and a number of his councillors about the regional management framework and issues relating to water supply. I am meeting Mr Pangallo and his council again next week. An item on the agenda for that meeting is progress in relation to a

whole range of cross-border issues.

Members would be aware of public comments that Mayor Pangallo has made about the extent to which much of the future planning of Greater Queanbeyan Council is dependent on a range of decisions that need to be made by, in the first instance, the New South Wales government in relation to regional settlement patterns and settlement arrangements. I assume that this decision will be made by the New South Wales department of planning. Flowing from that, decisions need to be made in relation to water. It is very important work. As the matter progresses, I am more than happy to keep members advised.

MS MacDONALD: My question relates to indigenous affairs. On page 19 there is a reference to beginning work on the development of a strategic plan for 2004-05 in relation to indigenous affairs. In light of everything that has been going on with the abolition of ATSIC and all the turmoil there, I am curious as to what this involves and its progress.

Mr Stanhope: The strategic plan under “ACT Ministerial Council on Aboriginal and Torres Strait Islander Affairs”?

MS MacDONALD: Yes.

Mr Stanhope: I am very keen to develop a far clearer all-of-government response to a whole range of issues in relation to indigenous affairs within the ACT. We have been determined to deal with indigenous issues in an all-of-government way. A whole range of issues impact on indigenous disadvantage and the life and capacity of indigenous people to contribute or participate fully in society—they go to issues around education, employment and health—and the extent to which, at the end of the day, each one of these subsets of status impacts on a person’s capacity to be a fully participating member of the community.

We all know that there is a whole range of indicators in relation to health, education, employment, housing and poverty—each of which essentially impacts on the other. At the end of the day, it is sometimes hard to determine what came first to lead to dislocation and disadvantage.

The work that is being done at a government level is designed to draw all of the issues together so that we can better understand how we need to deal with all of these issues. The strategic plan that you refer to is a strategic plan developed by the ministerial advisory council in relation to its work and the role that it sees for itself. The council has developed a strategic plan in terms of how it wishes to see its work and its role progress. It has identified a range of issues and how we as a community might better address them. The reference to the strategic plan is the strategic plan of the ministerial advisory council.

A major focus of the government’s work—in addition to the work that we continue to do through each of our departments—was on the decision last year to enter into, with the commonwealth, ATSIC and the ATSIC regional council, a shared responsibility process in relation to a number of projects or issues that it has been agreed through consultation we should seek to progress within the ACT. At their heart, they are issues around health.

There is a very strong desire within the indigenous community for an indigenous healing centre. There is a very strong focus by the indigenous community on education and an additional focus on issues around justice. We are working on a whole range of proposals in each of those areas.

MS MacDONALD: Thank you for the information about the strategic plan and how it fits in with the ministerial council. The issue of self-determination has been a major one within the indigenous community, particularly since ATSIC has been abolished. I am curious to know how this government sees itself playing a part in providing self-determination for not just the Ngunnawal people but other indigenous Aboriginals and Torres Strait Islanders who are living in the ACT and how they can participate in the future of the ACT and self-determination. I would be interested to hear your views on the Aboriginal tent embassy folding into that as well.

Mr Stanhope: In relation to ATSIC and its abolition, I and the ACT government have a view that the abolition of ATSIC is to be regretted. I do not disagree that perhaps ATSIC did not exhibit the success, or produce the successful outcomes, that many had hoped for it. It has been criticised for showing a lack of national leadership, and the circumstances of indigenous people around Australia have perhaps not advanced to the extent that indigenous people, and perhaps Australians generally, had hoped. To that extent ATSIC must bear some responsibility, and its leadership must accept responsibility for perhaps some of its failings.

An attitude I take to ATSIC and its abolition is that I think it a pity that, rather than seeking to perhaps even insert an administrator or amend the legislation or seek to provide stronger support in terms of support for leadership, it was decided that the way to deal with perceived ills, a perceived lack of progress, was simply to abolish the organisation holus-bolus and then to continue on to abolish ATSIC representation at regional levels. I think it is a retrograde step and I believe history will judge it to have been such insofar as it has in one fell swoop, in my estimation, been a dreadful blow to indigenous hopes for self-determination. I think it has been a dreadful blow that has not yet been explored or articulated by indigenous communities around Australia—a dreadful blow to indigenous pride, a dreadful blow to indigenous self-confidence and a dreadful blow to the determination by many indigenous people to achieve reconciliation.

I simply do not see how, by abolishing the only democratically-elected national indigenous body and associated regional elected indigenous bodies, one can in any way pretend that one has any intention of working in partnership or in tandem with indigenous people. I believe it to be a wrong decision of a very high order. I think it to be a seriously flawed decision and I believe history will show it to have been such. I do acknowledge, and have to always acknowledge, that my party federally, and I think at the state level, have been complicit in the decision and I stand apart from them in relation to it. I think they were simply wrong and I have told them.

It is interesting that the commonwealth, in seeking to articulate a proposed replacement body for indigenous regional councils, has said that it will work with each of the jurisdictions in relation to a representative structure that reflects or meets the particular circumstances of individual regions or individual jurisdictions. The position that I have put to the commonwealth is that the ACT government would support essentially an ACT-elected indigenous representative body to replace the Queanbeyan regional council.

Indeed, before the commonwealth took the decision to abolish ATSIC, it did consult nationally on an appropriate structure or appropriate reform of ATSIC, and the ACT government responded to that process by advising our preferred position of an ATSIC regional council that served just the ACT. The Queanbeyan regional council is the only regional council in Australia that crosses a political or a state/territory border or jurisdiction, and it was never ideal. It did create complications in relation to the representation of indigenous people in the ACT that the majority of the members of the regional council serving the ACT were members of New South Wales rural communities. I believe we did need to address that, so my position now in relation to indigenous self-determination is to support it for the indigenous people of the ACT. I am hoping that we can negotiate that position with the commonwealth.

The commonwealth has said that it will negotiate future representative relationships with each of the states and territories, and my hope is that the commonwealth will agree to support essentially a replacement regional council for the ACT that respects what I believe to be the strong desire of the indigenous people of the ACT to elect those representatives that will stand and speak for them. That is the model that we will pursue in the ACT. I am hoping at this stage that the commonwealth will continue to fund the maintenance of an electoral roll and will continue to support elections for indigenous people in the ACT.

That in the broad is our desire. We will negotiate that position with the commonwealth and at the end of the day I am hoping that the commonwealth will agree to support that. If the commonwealth does not—and I will not pre-empt it—we will consider again a way forward. I am hopeful that the commonwealth, in terms of everything that Senator Vanstone has said, will be supportive of the position that we are putting.

I am very aware of the debate within the community and the disquiet that many Canberrans feel about the unregulated development of the tent embassy as essentially a camp ground and I understand why that offends the sensibilities and sensitivities of some residents of Canberra. I have to say for myself that the tent embassy has never caused me those same concerns. When I stand and look at the tent embassy, I do not feel the objection or repugnance that some others apparently feel. I see it for what it is. I see a group of human beings desperately seeking to achieve justice that they believe has been denied them and I accept and empathise with the stand that they take.

I look at the indigenous struggle for justice, I guess, through different coloured glasses from others and I understand that, after two centuries of the effects and impact of disadvantage, there is still a level of anger and frustration within some indigenous communities about the lack of progress and the length of the road yet to be travelled. I believe that seeking to brush those concerns aside will not advance the debate at all. I believe that the future of the tent embassy is and must be decided by indigenous people. I understand and can sympathise with some of the concerns within the Canberra community about the unregulated nature and spread of the tent embassy—and I do believe that is an issue that does need to be addressed—but I do not believe that some of the proposals that it is sought to impose on the tent embassy or indigenous people in the first place will work or are appropriate having regard to the symbolic importance of the site.

MR SMYTH: Following on from that, Chief Minister: some years ago the then minister

for territories actually appointed a consultant, I think from Brisbane, whom I understand you have met with. What position did the government then put to that consultant about the future of the tent embassy and what is the government willing to accept if we move down this road to some sort of permanent monument?

Mr Stanhope: The position that the ACT government put then was very similar to that that I have just expressed—that we understand and support absolutely the symbolic importance of the tent embassy as an icon of the struggle for justice by indigenous people; a struggle that has yet to succeed. We put the position that only indigenous people should decide the future of the tent embassy, but we also put the position that we did not support its unregulated development as a camp site.

MR SMYTH: Many of the local Ngunnawal elders have expressed to me their disquiet about it. What role does their opinion have in the formulation of government policy, given that I understand there has been no welcome to the country for the people who are currently there and that many of the local Ngunnawal people feel affronted by that. Given that we often say that we respect the ongoing traditions of the Ngunnawal people and their elders, will we put much weight to what the local Ngunnawal want, or are you seeking a national consensus on what might happen there?

Mr Stanhope: I think the views of the Ngunnawal community in the ACT must be respected, but I think their view is one of a range of views that need to be taken into account in relation to the future of the tent embassy. I believe that the views of other indigenous representative organisations must be taken into account and that indigenous people themselves must negotiate that outcome. I honestly do not believe that an imposed outcome in terms of the future of the tent embassy will succeed. It will simply cause—

THE CHAIR: Chief Minister, can I just take you back to the department's annual report. I am referring to output 2.2, programs and services (economic development), within output class 2, economic development, sport and recreation. It appears targets were amended from an estimated cost to programs—

Mr Stanhope: Excuse me, chair. Mr Quinlan is the minister with responsibility for those areas.

THE CHAIR: All right. So that does not fall within your area. In terms of the financial statements of the Chief Minister's Department, it would appear from my reading that InTACT services have increased by \$500,000 within the postage, printing and stationery category. Could you provide some light on what appears to be a significant increase? Has it always resided within that account heading as an outlay?

Mr Stanhope: I will defer to Mr Harris.

Mr Harris: Two things have happened in respect of InTACT charges. The formula that they used for determining the fee to be paid by each agency changed, and it changed in two ways. Its components were broken down almost by computer. So agencies, rather than paying a flat fee, which they had been until recently, were now paying a fee which specifically identified the number of computers they had, the type of computer they had, the type of service they bought and so forth. The second component of the change was

much more a user-pays approach rather than a flat fee.

Across-the-board, if you add them all up, there is probably not a lot of difference, but high use agencies, as a consequence, now pay more than they did before and low use agencies pay less than they did before. So it is reflective of two things: actual usage of computer services provided by InTACT rather than an across-the-board fee and a slightly more scientific way of breaking the fee down into the component parts that individual agencies use so that agencies have a choice about what they buy and what they do not buy.

THE CHAIR: Notwithstanding that they are a creature of the territory, how do they compare with possibly outsourced funding in terms of the provision of those services, in terms of both cost and performance, in your view?

Mr Harris: They would be better placed to answer that, although I do know from my own experience that a number of benchmarking exercises have been done on InTACT's service provision over the last two years. The first of those provided somewhat mixed results. The second provided much better results, to the point where they can make a substantial argument to prove that they are competitive in the services that they provide. It is always possible, of course, to pick out one component of the whole-of-government service that they provide and say that you can go to the corner store and get it cheaper, and it is true.

I can go round the corner here and buy a computer at probably a cheaper price than the one that InTACT might provide me with, but InTACT are providing a whole-of-government computer service which provides not only the machine but also the software programs, the security systems, the network storage systems, the whole-of-government email systems and broad platforms, which do not come with a single computer. When you look at that whole-of-government service, their benchmarking exercises, to my knowledge, show them to be competitive.

MR SMYTH: What did you actually get for the extra \$500,000 for publishing and printing. I assume that you have paid the bill. What did the Chief Minister's Department get for the extra \$500,000 or the \$500,000 increase? Was it for publishing and printing?

THE CHAIR: It comes under postage, printing and stationery, which is a curious account. I do not know why it would not be under IT and office equipment, Mr Harris.

Mr Harris: I cannot give you that level of detail off the top of my head and I would not pretend to do so. I am happy to take it on notice and provide you with a detailed breakdown.

MR SMYTH: The HR replacement system project commenced in 2001 and the contract for the current system expires on 30 June this year. My understanding is that the new system is not completely ready for introduction on 30 June this year. Will it be up and running or will we continue with the old system?

Ms Davoren: The project commenced in 2001 in terms of preliminary scoping. We went to market with a request for a proposal in April 2003. Through that year and into the beginning of 2004 we went through the process of detailed evaluation and proof of

concept. In April 2004, one of our current providers, CITEC, which provides our pay calculation and disbursement services, indicated that they would not continue to provide those services beyond 30 June 2005. As a result of that, we reengineered our implementation process to deliver out first pay on our new system on 14 July this year. We will still have PERSPECT running, but that is not going to help us in terms of actually delivering pays to people. That is why the urgency. We are proceeding on target and on budget with that new implementation timetable.

MR SMYTH: The timetable seems to have slipped from the very start. In the 2002-03 budget there was \$7.5 million, and then there was \$3 million, \$1.7 million and \$1.7 million. How much has been expended to date?

Ms Davoren: I do not know that it is quite fair to say that the timetable has slipped all the way through. We have gone through what I think is a standard process in terms of reasonably standard timetables. Money was provided up front. We have rolled over each year. But in terms of our total expenditure, the current financial year we will be spending approximately \$4.8 million of the money, because we are paying large amounts to Frontier for the provision of licences and also the intensity of the services that Frontier is providing to us in terms of implementation. That will leave us with about \$1.2 million remaining to go through the process after implementation of stabilising the new system and also rolling out some of the elements of a new HR system that are not currently available to us.

THE CHAIR: Is Frontier the new provider?

Ms Davoren: Frontier is an Australian-owned company which own Chris 21, which is our new HR system.

THE CHAIR: Is Frontier the financial advisory firm in Melbourne?

Mr Harris: No, it is a different entity.

THE CHAIR: Do you expect a seamless transition come 1 July? Obviously it is your ambition, but do you expect it to be accomplished?

Ms Davoren: I would like a seamless transition. In any system like this there are always things that happen. We are trying to do as much as we can up front. I have the right people in place to be able to manage that. We are working very closely in partnership with InTACT with the expectation that we will all be standing together as we move into implementation. We have plans in terms of the project team. Also, Frontier will be supporting pay centres to deliver those first pays and supporting InTACT as we hand over the business as usual—maintenance and support to the team there.

MR SMYTH: The first pays on 14 July will be written by the new system.

Ms Davoren: That is correct.

Mr Harris: It is important, I think, to note that we went through a very rigorous risk assessment process in about August of last year, a bit earlier, and out of that process came a very detailed plan to take us through until 30 June. We revisited that in January

of this year, again with a very rigorous risk assessment that had two facets to it. One was: is what we have done to date consistent with the plan and delivering the outcomes? The answer was, largely, yes. But, more importantly: is the plan going forward still the right plan, will it work, and what are the risks that it will not work? The assessment was that it was the right plan, that it was being implemented efficiently and effectively, and that we had very low levels of risk of not achieving the desired outcome. Those levels of risk, I think it is fair to say, are not in areas of significance in the project.

THE CHAIR: Have you had that externally evaluated? Have external consultants looked at that?

Mr Harris: They were external consultants who did the risk assessment and those results get fed back into the plan. When we get to the first of the dual runs we will contemplate doing another risk assessment.

MR SMYTH: The 2002-03 report says that the contract was scheduled for signing in April 2004, which left you with an implementation phase of 12 months. When was the contract signed?

Ms Davoren: The contract was signed in September last year.

MR SMYTH: That leaves you with only an eight or nine-month period for implementation.

Ms Davoren: In order to meet a new implementation schedule a substantial amount of work had to be done in the lead-up to contract signing. We did not stand and wait until the contract was signed; we were doing important work in terms of agencies—leave mapping, data migration, all the kinds of things that you need to support a seamless transition and implementation process. So the project was ongoing. We had a pre-implementation study that had already been planned and had started at that time, then moving up into our implementation process.

MR SMYTH: On 1 July, will all the modules be up and running?

Ms Davoren: No. Our commitment in the initial project is to replace PERSPECT functionality. On 1 July, we will be replacing that functionality. As I said before, we will be using the remaining months to stabilise that system and to roll out some additional enhancements that we currently do not have available.

MR SMYTH: What will not be available on 1 July?

Mr Harris: It is only additional functionality. Chris 21 provides additional things which we do not have at the moment. As at 1 July, we will have everything that we have at the moment and then the capacity in the future to roll out additional stuff that we do not have at the moment.

THE CHAIR: I ask members to put further questions on that on the notice paper. We will take a break and resume on the state of the service report.

Meeting adjourned from 10.39 to 10.59 am.

THE CHAIR: Consideration will now be given to the state of the service report. Again, Chief Minister, I invite you, if you wish, to make a statement, or would you like to go straight to questions?

Mr Stanhope: I have no statement to make, Mr Chair.

MR SMYTH: May I compliment the commissioner for the report. Of all the reports that I have seen this year, this is the cleanest set out and most concise in terms of accessibility and understandability of information. In many ways it is a model report. Well done, commissioner.

Some people who are dear to me have questioned your chronology of the administration of the territory. On page 9 the report says, “1974 the ACT House of Assembly is formed.” That is not actually correct. In 1974 it was the ACT Legislative Assembly that was formed. That is what it was known as. Indeed, the House of Assembly was first elected in 1979. So if you are going to do the chronology next year, it might be nice to correct that. When you get to 11 May 1989, it says, “...the first ACT Legislative Assembly is convened”. Historically, it is just not true.

On page 63 of the report, under the heading “Leaving the public service”, the reasons for separation include “employee initiated”. It then says, “Death of employee”. We have actually had a discussion in this committee over the last couple of years about the use of those words. I wonder whether we might be able to change that. The only reason that I can think of for an employee-initiated death would be, in fact, suicide. That is a bit sad. I suspect that this generally means it is just members of the service who have passed on. I do not have a better set of words, but we have had the discussion before. It is actually the third year that it has appeared in that form. It is just an unfortunate way of portraying it. I do not have any suggestions. Somebody may be able to come up with something better. It might be interesting.

The question I would really like to talk about is: what are we doing about the ageing work force? How are we preparing for the work force in the future, given that the average age in the public service seems to be about 42? The number of people under the age of 20 in the public service is now only 112. We have a rapidly ageing work force. What advice are you giving to the government about how we cope with the baby boomers?

Ms Vardon: There is some debate, I have to say, in the public service about when ageing actually starts. I think 42 is a little too young, myself. The group of 60-plus is actually increasing, which is a healthy sign. Certainly, the balancing issue is between the people who are heading towards their chosen retirement age, and that is largely governed by superannuation rules, particularly for those who have been in commonwealth superannuation schemes of one sort or another over time, and bringing young people into the service through graduate programs.

I am pleased to say that, following the review of the ageing work force a year or so ago, many agencies have now put strategies in place to deal with the attrition rate through retirement and people moving on. That has been particularly important to address in the education system because a large number of teachers—baby boomers, as you say—will

retire fairly soon. Those strategies are encapsulated in agencies' much-improved work force planning strategies. I am pleased to say that is all happening, although there is a large potential for loss of skills, experience and corporate memory, which is particularly important in the ACT.

The other statistic to file away is that the representation of workers of 50-plus over 2003-04 remained fairly static, at about 29 per cent of the work force. It may well be that people who have declared previously that, yes, they intend to retire will change their minds as greater opportunities open up for them.

THE CHAIR: Just look at the other end of the spectrum, though, that Mr Smyth alluded to. If you look at these figures, 0.7 per cent of the work force is under 20 and declining. Does this not send a message to young Canberran school leavers that there is little prospect of employment in the ACT public service?

Ms Vardon: The message for school leavers has always been, increasingly been, that it is difficult to find work in the public service anywhere. That is more of an employment issue for the whole of the ACT community. We are making a conscious effort to recruit people as young as we can directly from university, through some traineeship, and there is an intention to increase those, although traineeships for young people, particularly through our very successful graduate program. This year, for example, there are 31. I have spoken to them recently with the chief executive of the Chief Minister's Department and they all looked pretty young to me—in their early twenties. Not young to you. The issue there is not getting them into the service; it is retaining them in the service. That is the important part.

THE CHAIR: I understand that, but if I interpret what you are saying correctly, given the pronouncements we are hearing that not everybody is suited to university life and that people ought to look at broader options, you appear to be saying that, unless you are a university graduate, the ACT public service is not the place for you. I would have thought that is not a desirable message, given you are the second biggest employer in the territory, I think. There are a number of people who finish secondary education and are not necessarily moving on to tertiary education who might be good recruits. Do you not think we ought to look at trying to recruit some of those people?

Ms Vardon: A correction, with respect. My words were to do with all jurisdictions in Australia recruiting people into the public service and that it was a reasonably difficult entry point for people of very young age. There is a reason for that, which is across all jurisdictions. However, through a more careful and concentrated use of traineeships for younger people, we can certainly address that. To become a nurse or a teacher, a university degree is necessary, and that is where the largest part of the work force is.

THE CHAIR: Do clerical staff require tertiary education as well?

Ms Vardon: The competition for jobs in Australia, the whole employment scene has been very competitive.

THE CHAIR: Just in the ACT, though.

Ms Vardon: In terms of the ACT, the issue with clerical positions is the number of

entry-level positions and that fact that, like all other jurisdictions, we do not have that very basic ASO position in the ACT.

THE CHAIR: You mentioned that you see traineeships as an area. How many would you now have on the traineeship award within the ACT public service?

Ms Vardon: I do not have the direct answer to that, but I can certainly find out for you.

MS MacDONALD: You have addressed my question to a large extent, Ms Vardon. I was going to ask how the entry level compares with that of other state and commonwealth public services, because it is not my understanding that it is easier. As about the youngest person in the room, it has certainly not been my recollection from my memory of when I was leaving school that it has been easy to get into the public service.

You also raised the issue of traineeships. I know that a public sector training package was developed a few years ago when I was actually working in that area. I would be interested to find out where that is at because there were, I know, a number of hiccups with that training package. Would you be able to find out the status of that and the sorts of training packages that people are going through? Obviously, it depends on the area that they want to work in as to what is the most suitable training package for them to do. It is more of a statement than a question.

THE CHAIR: Will you take that on notice?

Ms Vardon: Yes.

MR SMYTH: Coming back to work force planning, you say on page VII of your report, about half-way down, "It is not clear to me that the momentum is being maintained." You refer to a retirement intentions survey that generated many good ideas. What leads you to say that it is not clear that the momentum is being maintained? You then follow that up by saying, "We might need to identify some more specific initiatives". What did you actually have in mind that might happen?

Ms Vardon: There is an issue to do with the age of the report and what has happened in the time since. But particularly looking back at that year, there was a time—it may have been to do with the time between appointments of the commissioners; I am not quite sure, but there was a bit of a lull, I guess, in activity—between the retirement intentions survey and people actually taking it on board with their work force planning strategies.

That is the key to it. That is one area where the ACT, with its can do-type culture about getting on with things, has lacked those skills in coming up with good work force strategies which, in pragmatic terms, deal with how we are going to retain older workers. In the case of the education department, there are some quite specific strategies now in place to address that. We do not want to lose a whole range of teachers who at the moment fill positions where there are national shortages, indeed international shortages. In the year that the report covered, there was certainly a lull, but a lot of good intentions.

MR SMYTH: On page 78 there is a table A.55 that looks at workplace injuries. I noticed that stress-related injuries went from 22 in 2001-02 to 58 to 2002-03 and 66 in 2003-04. That is a 200 per cent increase over the three years. Are there adequate

strategies in place, or are you concerned that there are not adequate strategies, to look at why we have had this threefold increase in stress in the ACT public service?

Ms Vardon: I am satisfied that there are now adequate strategies in place. There is still some work to do—it is not a static matter—but the increase in psychological injuries or stress is on the increase around Australia, and I have to say that the increase in the ACT is nowhere near as large as the increase in the states. Through the way in which bullying is perceived and addressed in the workplace, there are some very clear policies and strategies to deal with that. In fact, some of our strategies in Australian terms have been prize-winning strategies.

MR SMYTH: Is there a reason why it has increased? Have you done any work to ascertain why there has been this sudden increase?

Ms Vardon: Greater awareness, greater knowledge of the policies and greater encouragement of people to stand up for their rights and, if people are feeling stressed, to demand better leadership, better management and better treatment in the workplace. That is certainly part of it—greater identification.

MS MacDONALD: Would you say that there has also been a greater awareness of it within the newspapers and in the reporting of it, which would increase the number of people standing up for their rights as well?

Ms Vardon: Yes, and the other side of that is that the ACT is coming first—I am not sure it is something in which we want to be prize winners—in terms of the strategies that it has. Managers and leaders are really paying a great deal of attention through their own training, coming to forums that we have provided, on the whole issue of organisational health, which is the key to it.

THE CHAIR: In a further extension of that, referring to page 77 of your report concerning unscheduled absences, does it cause you some concern that amongst the highest level of unscheduled absences through either sickness or compensation are employees in the department of health? I am wondering whether you would support the notion that this may well be attributable to either unreasonable workplace stress or morale issues, especially in light of the data presented on page 77 that indicates that nurses rank amongst the highest job group of unscheduled absences.

Ms Vardon: I think ACT Health, although it is agreed that it had some catching up to do in terms of morale, has really looked very carefully at the whole issue of stress and morale. Nurses can be particularly prey to that because of the very nature of their work, particularly through lifting patients, having to use equipment, et cetera. That is being addressed through very pragmatic ways of training. By and large, the nurses that I have come across are devoted to their work. The way in which their morale is addressed is through having their work valued and having their voices heard. If they are having back injuries through having to lift patients without proper training or help and that is addressed, that goes a long way towards reducing unscheduled absences.

THE CHAIR: That would probably fall within the compensation group of unscheduled absences, would it not?

Ms Vardon: Occasionally. Sometimes people do not describe what has really happened to them when they take an unscheduled absence.

THE CHAIR: Would you expect with these measures that you will see a reduction in those figures next year?

Ms Vardon: I would hope so, yes.

DR FOSKEY: I must say that I did find your report very readable. I am not sure whether that is because I am getting used to reading annual reports or it has that light touch. But I did look for and could not find—perhaps it is there and you can direct me to it—any reference to or any reporting on efforts to support ecologically sustainable development, as directed in the annual report preparation directions on page 24. Could you assist me?

Ms Vardon: I do not think we addressed the issue that you have referred to.

DR FOSKEY: I do not think you did, either—maybe next time. Apart from that, it is a good report. In your overview you refer particularly to the role of statutory bodies monitoring agencies, in this case government departments. At the bottom of page v you refer to the need for statutory bodies monitoring these agencies to have a role clearly expressed in legislation, a full understanding of that role, and appropriate powers supported by administrative protocols with the operational agency. Would you be able to expand for me on what these powers might be and how we can ensure that that independence—although the word does not appear there, I am sure you would probably find it appropriate—can be maintained?

Ms Vardon: Certainly, Dr Foskey. A number of people in the ACT are charged with responsibility for integrity systems, including me, the Office of the Community Advocate, the Community Advocate herself, the human rights commissioner, the Auditor-General and the Ombudsman. You are familiar with that list. It is important that the operating agencies with responsibility for service delivery have a clear understanding of the role, jurisdiction, independence and powers of each of those bodies and in fact take notice of them, and that that is reflected in the legislation, if there is legislation, of the operational department. It is also up to the people with integrity system responsibilities to meet from time to time and to monitor that there are no overlaps, that there is no confusion and that their responsibilities are clearly heard and understood by line agencies.

DR FOSKEY: In your overview on page vi, and later in more detail in the table on page 40 and a more discursive passage on page 41, you suggest that there might be a need for programs targeting senior staff members who have a particular responsibility to model and provide guidance on values and ethics. I have three questions. What kind of training do you consider appropriate? Who has the right or the power to say that that training is required? Can it be mandated that that training must occur?

Ms Vardon: First of all, that whole issue of ethics is wrapped up in the broader prominence of what governance means in the jurisdiction. Understanding public sector ethics and employment principles is an important strand of governance. So in a sense any training that a public service executive undertakes will have some component of that. But, more specifically, I have to say that the whole issue of governance is about taking

personal responsibility, not just simply the training of senior executives. It is something that has to permeate the whole sector and bring closer together the policy matters and the service delivery outcomes. Who has the power? Ministers in the government have power to require that. Chief executives have power, and I have some power to do that as well. But it is one thing to have that power; it is another to act in collegiate and collaborative ways to make sure that the training happens. I am satisfied that, after various reviews, the training that is happening in the ACT at this moment takes account of ethics and values within wider governance. I can talk about those training programs if you wish at some later stage.

DR FOSKEY: Perhaps you could take those on notice, because Mr Mulcahy is suggesting that I be concerned about the time. May I just take a couple of strategically chosen questions?

THE CHAIR: Feel free, Dr Foskey.

DR FOSKEY: The Kingston foreshore is cited on pages 30 and 31 as an important example of sustainable urban development. I might have missed something there. I am wondering whether you can explain the ecologically sustainable development principles that are exemplified in the project and how they will be undertaken and incorporated in future site development.

Mr Harris: Could I make a suggestion that that question might be better directed towards the Minister for Planning, who has specific responsibility for the LDA, which in turn has specific responsibility for the Kingston foreshore development. They can give you a much more expansive answer than the commissioner, although I am sure the commissioner could provide a perfectly adequate answer.

DR FOSKEY: Mr Harris, just to cite you because you are cited in the report: you have said that a high level of consultation occurs in the ACT. What in your opinion are the benchmarks of good community consultation and could you provide an example of excellent instances?

Mr Harris: I think the benchmark of good consultation is listening. If you listen, you have a better capacity to understand other points of view and embody those points of view in the advice that is provided. If you spend all your time talking at people and not listening to them, you by and large miss the point. I think we have a number of examples and I am happy to provide you with a specific list on notice. I cannot think of one off the top of my head, but I am happy to provide you with a couple of specific examples that have come out of the bushfires. There has been some really good work done there. Child and family centres are another example where good consultation generated good outcomes. There are several others, but I will get you a list.

DR FOSKEY: I agree with you on those, and I would appreciate the list. Thank you.

THE CHAIR: I ask members to put other questions on notice. Thank you for that. We will now move on to Actew. I have three questions in relation to reports that Actew argued for a more favourable price path decision from the pricing commission. I will give them to you, if I may, together. Could you inform the committee what impact the commission's pricing decision will have on Actew? How does the ACT commission's

decision compare with equivalent decisions in other jurisdictions? Are there any factors that Actew believes that the commission should have taken into account but did not in making its pricing decision?

Mr Stanhope: I will ask the chief executive of Actew to respond to the question.

Mr Costello: Like everybody else, we make our submissions to the independent regulator. We propose, and he disposes. We believe that the value of our assets, based on the expert outside advice we spend much time on getting, is nearly double the asset base which the regulator ascribes to our assets; that is, instead of some \$800 million, we believe it is closer to over \$1.4 billion. These are our water and sewerage assets.

He was not convinced by our argument. Therefore, the return on assets is based on a much lower asset base than we think is correct. We have argued this with him very vigorously both before the commission and since he delivered his report, but that is the basis on which he made his decision.

He also came up with a weighted average cost of capital that was lower than we believe the risk profile of our water business warrants. In particular, he did not include in that the risk of water restrictions and the impact that has on our revenue.

He set our revenue based on a historical pattern of about the mid-65 gegalitres, or thereabouts, a year. That is how he based our calculation. He did not include in our average weighted cost of capital the risk of water restrictions. He said that, if that were to happen, we should come back to him.

MRS DUNNE: Can you actually give an exposition on how much you think revenue is affected by water restrictions?

Mr Costello: We think, over the year, it is likely to be close to \$8 million in revenue—about to \$8 million to \$10 million.

THE CHAIR: I asked you also about a comparison with other jurisdictions. Did you have a view on that which you would like to share?

Mr Costello: Some people have been unkind enough to refer to the regulators' club—they always seem to be very similar in their outcomes; and I think it is fair enough to say they were this time—particularly in the way they value asset bases around the country. Regulators are very conservative, I think, because they see it as part of their charts to have the interests of consumers at heart.

Their view is that, if they valued the asset base at the level that we think is correct—and the independent advice we got says it is correct—they would have to very substantially raise the price of water. To be honest, we think, as a demand management tool, that accurately reflects the cost of supplying water and the scarcity of supplying water. The regulator came to a different opinion, and that is that. We have to live with the result.

THE CHAIR: I noticed in the report—and this well pre-dates Dr Foskey's and my election to parliament—this ongoing difference between Actew and the Auditor-General on the question of gifted assets. Is that any closer to resolution? Does it affect your

standing in the financial marketplace if you wanted to look at yourself as an external corporation?

Mr Costello: No, it does not affect our standing in the financial marketplace. The gifted assets issue is a difficult problem. As you know, the way it works at the moment is that, when a development takes place, the developer is required to put in place various pipes and so on and so forth and is then required to gift them to Actew. We never know quite how much that is going to be.

There is an approximation done for us by the Land Development Agency—isn't there, Michael?—each year and we put that in our papers. But we have no idea whether it is actually going to be that. This year I think it is going to be significantly less than they forecast. I think Michael can give the exact figures. It is \$7 million less than they forecast.

The curious thing from our perspective—and it is the view of our board, which is required by law to come to these decisions; whatever the auditor may think, we are required to put it in—is that this should go to capital as an asset. However, it does not; it goes to revenue and therefore counts as part of your profit. Yet the regulator will not give us a return on that asset. We basically have in our revenue line what is said to be profit but in fact we cannot get a return on it.

It is a very difficult situation which we have taken up with Treasury here and we are seeking to resolve it in various ways so that something sensible happens out of it. We think we have made considerable progress but, in the end, it is a decision for the Treasurer to come up with.

MRS DUNNE: Is that also a problem for other jurisdictions or is it peculiar to the ACT where people do, essentially, off-site works or works on a land development—

Mr Luddy: It does happen in other jurisdictions. For example, Sydney Water, I understand, when they get a gifted asset, instead of recording it as revenue, write it down to \$1. Even though it is \$2 million, they write it down to \$1, because the regulator does not give them a return. They write it down, reflecting the fact that you do not get a return from the regulator at all.

MRS DUNNE: For instance, a sewer or something like that that comes from a land developer is not considered an asset anywhere along the line.

Mr Luddy: It is an asset, but we do not get a return on that asset. The argument is that we have not bought it; therefore, we should not get a return on it. However, it comes into our bottom line as revenue, not capital, and therefore is regarded as part of our profit on which we are required to declare dividends. It is a complicated circle, but it has been like this forever.

Mr Costello: Mr Chair, back to your original question: if the board of Actew made no comment on how the gifted assets were treated in our accounts, the Auditor-General would not have said a word; it is just that the board of Actew thinks that it is correct—even the accounting standard says that—and the board applies that accounting standard, but the board honestly believes that it is distorting the result.

Mr Luddy: That is just a comment from the board, and he is responding to our comment. It is not a qualification of our accounts. Our accounts follow the standard that he requires.

THE CHAIR: I would have to look back at it, but was there anything else in that qualification that the Auditor-General provided that was a matter of concern? I thought there were a few other issues.

Mr Costello: There used to be a concern about the valuation of our TransACT assets and equity accounting for TransACT.

THE CHAIR: You have written that down, I think, to the tune of \$40 million. Is that right?

Mr Costello: We had written that down to \$40 million. The Auditor-General believed that we should equity account for that. At the time the board took the view that we should not equity account for it because we did not have the influence over TransACT that would warrant our doing that.

However, in the last reporting period, you will notice that TransACT is now operated within the framework of ActewAGL, which clearly means that we now would have to equity account for it. You will notice the qualification now in our accounts only relates to the historical record. It will drop out after another three years. It does not relate to the latest set of accounts. He no longer qualifies us on that equity accounting issue. That relates to the previous financial year. It will stay in the accounts for another three years because it is a four-year qualification.

It is not for us to talk in detail about TransACT; that is the business of their board, not us; we are simply a shareholder. But TransACT undertook a major strategic restructuring, particularly on its new roll-out. That has very significantly enhanced its performance, along with going to ActewAGL. We think it is now on a much more steady basis.

We have not written it off; we have written it down to zero because we cannot see a medium-term prospect, that is, within the next 10 years; we cannot be confident we are going to get a return in dividends. Therefore, we are required to value it at zero. But if things continue the way they are and improve, we will be required to revalue that upwards from zero. When that happens—and we are confident of that—the board will consider that.

THE CHAIR: I suspect, from what you are saying, you doubt that you will ever see your original investment returned, based on the projections that you are making now?

Mr Costello: Today, I could not say that I was confident, and that is why we are valuing it at zero. But I must say, the way it has gone in the last year, it has been extremely heartening.

THE CHAIR: You might get a reasonable return on that.

Mr Costello: We might in the end, but I am not sufficiently confident to say that yet. But what we are much more confident of now is that the situation there has very much stabilised and is very much better than it was.

MRS DUNNE: You said earlier that water restrictions were a risk to your revenue of something to the tune of \$8 million. With dam levels at about 50 per cent, have you actually gone to the government and asked for an easing of water restrictions?

Mr Costello: Water restrictions are not a decision by the government; they are a decision by Actew. We are required to consult the department of the environment and to notify the Chief Minister.

MRS DUNNE: Who writes the disallowable instrument that makes the water restrictions?

Mr Costello: I do. We are looking, at this very moment, at the question of what we do on 1 March. We have to put out a new instrument before 28 February because, if we decide to keep to stage 3, we still have to put out a new instrument. If we decide to go to stage 2, we put that instrument out too.

In looking at the decision, the fact is that we are about 4 per cent to 5 per cent below where we were this time last year. However, when you look at the difference stage 2 and stage 3 would make during a normal autumn and compare that with the significant back-up now from the contingency plans that we have been able to put in place since February last year, then I think a lot of the pressure that might have been there to continue stage 3 has eased. We will come to a final conclusion in the next 24 hours.

MRS DUNNE: It was reported to me by a constituent over the weekend that somebody at the Regatta Point exhibition had told them that Actew had at some stage gone to the government and asked for an easing of the water restrictions and the government had declined. Is that right?

Mr Costello: The first thing to say is that it is not the government's decision under the law. Secondly, while I am required to consult the environment department and notify the Chief Minister, as the responsible minister, at no stage has it ever been suggested to me that we should not ease restrictions—absolutely not.

MRS DUNNE: Have you contemplated between October, when the stage 3 water restrictions regime came in, and now an easing of those restrictions?

Mr Costello: We looked at it at the end of December because the regulation only runs for three months. I certainly did not for a moment think that we were going to ease it then. We did, as you know, in December—and have continued through January and February—have a look at the weekend change, which, to some extent, eased the need to ease. But even if we had not done that, there is no way I would have seriously considered going to stage 2 during that period.

MRS DUNNE: Has your experience with the weekend watering regime caused you to rethink the practicality of stage 3 water restrictions? Would it be easier to say that people can water once a week on the weekend and not worry about the hand-held nonsense

during the week?

Mr Costello: The hand-held nonsense, getting rid of sprinklers during the week, is the reason that this jurisdiction alone in Australia has achieved its targets of reduction. It has done so, I may say, for several years in a row. It is the only reason we have succeeded. What you are suggesting is that we just have the weekend, once a week, for every family and not have anything during the week. We can make the restrictions that tough if you like.

MRS DUNNE: Have you seen a change in behaviour in that people do not hand water during the week because they have the flexibility of watering on the weekend?

Mr Costello: No. I have to be honest. I do not think anyone could say that, from looking at raw figures. It just depends on the temperature on the day. What has been different, I think, in this period from last period—correct me if I am wrong, please, Mr Baria; you are the technical specialist from Actew—is that this spring and summer have not been as hot and we have had rain spread more evenly than last summer and slightly more rain.

Our problem—the low levels of our dams—relates to what happened in March, April, May, June, July last year, when we had, in March, April and May, the worst rainfall that we have had in our recorded history, the lowest rainfall, and very, very hot months. That is what really caused us trouble. We will have to keep an eye on that, obviously, this year too. If we find, after a month, in March, we have had another extraordinarily hot month and no rainfall whatsoever, we may have to think again.

The answer is: we are satisfied that we have achieved our aims of water reduction; we are the only jurisdiction in Australia that has been successful in doing so. You know the very old-fashioned phrase: “If it ain’t broke, don’t try to fix it.”

DR FOSKEY: My first question relates to page 30, where you briefly summarise your priorities for 2004-05 under the heading “water demand”. Can you provide details of the activities, other than managing water restrictions, proposed for 2004-05 in the statement “working with the government to achieve increased efficiency of water usage”?

Mr Costello: Sure. There is the reduction in per capita consumption. I will get someone to give more detail on this. We are engaged in new activities in the recycling area and we are contracted by the ACT government to run the water efficiency program.

Dr Bickford: As Mr Costello has said, on behalf of the ACT government we are contracted to manage the government’s water efficiency program, and we do that in conjunction with ActewAGL. The main component we have in place this year is an indoor retrofit program whereby customers are able to get a plumber in at a subsidised rate to put in place low-flow shower heads, have an audit of the household, have leaks repaired, and put in low-flow tap fixtures. That is at a cost to the customer of \$30 and a subsidy from the ACT government of \$100.

We also have in place, having just recently started it, an outdoor program whereby we will have somebody come round to your house and conduct an audit of how you use water outdoors and make recommendations on things that you can do to improve your water efficiency. As part of that program, there are also various products available to

help manage outdoor water use.

In conjunction with those two programs, we have two other programs—a commercial program and an ACT government program. We are working with the commercial sector to look at how we can reduce water use within that sector, principally through initially running audits of some of the high water users and trying to identify opportunities for them to save water. Also, the ACT government is looking within its own departments and examining ways in which it can reduce water use by each department. That is the broad scope of the program that we have in place from a water efficiency perspective.

MS MacDONALD: I am aware of the \$30 voucher system for either indoors or outdoors, which I think is a great idea. Can you tell us what the take-up of that has been? From a personal point of view, I am wondering whether you can get your own plumber in to do the work.

Dr Bickford: We have plumbers engaged to do that work and we put them through a training course so that they know what to do and make sure that they have the appropriate material to give out. It is not just that the plumber comes into your house and fixes the fittings. They also provide advice and information on how you can save water. We have a program whereby plumbers are contracted to us to do that work; so you cannot get in your own plumber.

MS MacDONALD: And the take up.

Dr Bickford: The take-up rate is not in my head, I am afraid. I will have to get back to you with the numbers on that.

DR FOSKEY: Could you get back to me too, please?

Dr Bickford: Sure.

DR FOSKEY: My second question relates to the section of the annual report concerning Actew China Pty Ltd. I am curious about this entity. Could you please describe the principal activities associated with the 16.875 per cent interest in Beijing Green World Environment Protection Technology Company Ltd and how this investment relates to Actew's priorities as a utility in the ACT?

Mr Costello: Could I make a comment before I ask Mr Luddy to talk specifically about China? Actew's task is not just to be a utility. It is certainly required to carry out all those tasks and has licences to do so, but it is also interested in looking to expand its business—it was under my predecessor and is under me. We hope to be a successful business, to be a well run business, and provide the best returns we possibly can in unregulated areas, where price controls are not on, to the ACT government to use in the obvious ways—in schools and hospitals and for other purposes. So it is not just as a utility. Obviously, that comes first.

Mr Luddy: Actew China has been dormant for about two years or so and those investments referred to in the account for Actew China were made some years ago. We are just keeping a watching brief on those investments, but there is nothing dramatic happening within Actew China at the moment.

THE CHAIR: Do you ever expect to see the \$750,000, I think, that you put into that venture returned?

Mr Luddy: It may be, but because of accounting standards being very conservative we are forced to write these things down. Unless you are getting some dividend coming out of it, you are forced to write them down, but it is still an operating joint venture and we are hopeful that at some stage it will bring dividends.

THE CHAIR: I have a question for either the Chief Minister or Mr Costello. It is a little bit out of left field. I get lots of calls about the chief executive's role as a strident political commentator. Would you care to comment on the appropriateness of that, given that he appears to be the highest paid official in the ACT government? Where do you think that it might impact on good relations in dealing with his colleagues at a federal level, which I am sure that you must have to do on a regular basis?

Mr Stanhope: I will ask Mr Costello to speak for himself, but let me say that I have had a conversation with Mr Costello on this subject. The conversation was to the extent that, as far as I was concerned as the Chief Minister of the ACT, it was matter for his judgment and I have no issue with the activities which Mr Costello or, indeed, other members of the ACT public sector engage in, to the extent that they do not impact on the ACT government. I do not believe that Mr Costello, writing as another activity for a national newspaper, impacts on his capacity to perform his function as the general manager of Actew; but Mr Costello, of course, can speak for himself.

THE CHAIR: I only raised it, and I would not normally care, because it just keeps coming up in phone calls. I have had them since the day I started and I felt that it was appropriate to raise it.

Mr Stanhope: Let me respond to that, and I would welcome a response from Mr Costello if he is of a mind to give one. I have not had a single telephone call or conversation on the matter. It is interesting, Mr Chair, that you are receiving telephone calls around Mr Costello's journalistic endeavour but I, as Chief Minister, have not had a single telephone call, a single letter or a single conversation on the subject, except with Mr Costello.

THE CHAIR: It is often the case with these things that they go to shadow ministers.

Mr Costello: I think it is only right that I should say that I am not an official.

THE CHAIR: I meant a statutory officer.

Mr Costello: No, I am not a statutory officer, either. I am employed by a corporation under the corporations power. So I am not an official and I am not a statutory officer. That is the first thing to say. The second thing is: when I was hired in this job, it was made absolutely clear to me by my board, especially by Mr Jim Service—if you have ever dealt with Jim, you will know that he can be fairly forthright—that if it were in any way to affect my role with Actew or if it were to be seen to be causing a problem, then he would require that I cease and desist immediately. I gave him the undertaking that, if he did ask me to do so, I would do so. So there it is.

MRS DUNNE: I want to revisit a question which I put on the notice paper some time ago and to which I got a two-word answer last week. It went to the subject of risk assessment for our water infrastructure as a result of the views expressed by the CSIRO board about climate change and the impact that it might have on water infrastructure, particularly dams. The question I asked was: has a risk assessment been done? The answer I got to that was yes. Could we receive a copy of the risk assessment and also some indication of what work, if any, is being carried out as a result of the risk assessment?

Mr Costello: I see no reason why not. We have an audit and risk management committee which only last year completed a very extensive risk review of all our activities, including those you mentioned. I see absolutely no reason why that should not be made available to you. We are happy to do so.

MRS DUNNE: Thank you. My next question probably is more for the Chief Minister. It may have been more appropriate to ask it this morning, but I had to go to another committee meeting. If it is a little out of turn, I apologise. Mr Costello will be reporting to the government some time in March on the water options. Chief Minister, who will be advising the government on the response to the water options?

Mr Stanhope: It is my intention to take advice from across government in relation to all of the government's broad interests in relation to a decision around an additional water supply. I will be taking advice in that regard from Environment ACT, from the Office of Sustainability and, indeed, from any other agency of government that has an obvious interest or a position to put in relation to the subject.

I agree absolutely with comments which I heard Mr Costello make over the course of the last week in relation to the importance of the community being involved at each step of the process in the decision which the government, on behalf of the community, ultimately takes in relation to a future water supply. It is a very significant decision, not just in terms of the potential capital outlay but also in the context of the environmental and other community interests that are involved in a decision as large and as significant as this. But, in terms of a coordinated government or all-of-government response and advice to me from an alternative source, it will be facilitated through the Office of Sustainability in the Chief Minister's Department.

MRS DUNNE: I just have a feeling, Chief Minister, that there has been a bit of a shift in approach. I think that when this issue first arose, and the issue of augmenting the water supply, there seemed to be a view that Actew was going to provide you with the advice which would be the basis for the government making a policy decision. I got the feeling in December when the interim report came out that you were very uncomfortable with the approach that Actew was taking, because your response seemed to be saying, "This is not a government report. This is an Actew report and we will be taking advice on it". I want to get a feeling about when you will stop taking advice and when you will actually make a decision.

Mr Stanhope: I am not at all uncomfortable with the process that the government is engaged in. It was my decision that Actew was requested to engage in the work that it has engaged in for well over a year in relation to the very detailed work that has been

undertaken in relation to a future source. I took the decision, and I do not resale from it for one minute. I am very comfortable with the process. Actew has invested enormous time, energy and resources in the development of the two reports—the one that has been delivered and the one yet to be delivered. It could be expected and it is only to be expected, I would have thought, that the government, through me as the responsible minister, would take advice on the recommendations and on the decision that is ultimately taken by the ACT government.

MRS DUNNE: But isn't the advice that Actew is giving supposed to be the advice that you will be taking?

Mr Stanhope: It is. It is the report and it will contain recommendations and I will take advice on the recommendations. I do not think that that is unusual. I think that, in relation to a decision of this magnitude, it is not to be unexpected that I would take advice from my officials. I will take advice from Mr Harris, essentially, in relation to a position which may be put to him and which he will facilitate by his officers in the Office of Sustainability. It would be remarkable to suggest that in relation to a decision as major of this, on the basis of a recommendation from Actew, I would not take advice from the head of my major policy department, and that is what I will do.

I am not suggesting that I have any lack of faith in the process or in the report which Actew will deliver or, indeed, the soundness of its recommendations. I will give consideration to the recommendations, as we do with recommendations in every report that is provided to government. The government takes advice and prepares a response. The government will prepare a response to the Actew recommendations around a future water source and the response will be, ultimately, provided to me under the signature of Mr Harris, the chief executive of my department.

MRS DUNNE: What is the timetable? Mr Costello and Actew are going to report to you some time in March. Is that report going to be released at that stage or will we have to wait for a government response before we actually see the final Actew report?

Mr Stanhope: Quite frankly, I have not given consideration to that. I am very aware of the high level of public interest in the issue. I think that there would be some expectation that the government might be given an opportunity to digest the report. At this stage, I had not anticipated not releasing the report, but it would be, of course, on the basis that the government will respond to it in the fullness of time.

As I say, I had not actually considered the issue and considered the process, but I have always said that any decision that the government takes in relation to the recommendations contained in the Actew report also will be informed by detailed community consultation. I want the community involved in this decision. That is why it is very pleasing that the process that Actew has adopted, including the formal unveiling of the three options that were detailed in its previous report, has been the focus of public display and public consultation, and public response, of course, is being invited on each of those options and on the future.

THE CHAIR: Members, I am conscious of the time and we have not yet addressed the arts. Chief Minister, we could extend for 10 minutes, if that would be within your schedule, otherwise we could reschedule to discuss the arts. Are you available for

another 10 minutes?

Mr Stanhope: I am. If it is convenient for the committee, I am happy to stay another 10 minutes, but I do have an appointment.

THE CHAIR: Further questions in relation to Actew should be put on the notice paper. I thank the officials, employees of the corporation and others for their involvement. We will move quickly to the arts. Chief Minister, I have a question. Could someone inform the committee on the status of the planned national choreographic centre and the planned funding sources for this facility, if they have been determined?

Ms Hillson: Our understanding is that the choreographic centre has a vision for a dance centre. Currently they are preparing a business plan for that centre, with a small amount of assistance from the ACT government. So it really is at a very early investigative stage.

THE CHAIR: The funding scenarios have not been contemplated at this point of time.

Ms Hillson: I do not think that the choreographic centre has fully explored what that might mean. The very first stage for it is to do a business plan, both for the future of the choreographic centre itself and for a dance centre. Certainly there has been some discussion and a commitment to look at the possibility of relocating the choreographic centre to City West.

THE CHAIR: Can you give us any indication of what the timing would be on that?

Ms Hillson: At the moment, we are working with a number of performing arts groups, including the choreographic centre, to articulate a vision or a proposal or a concept for what the role of the performing arts might be in City West.

THE CHAIR: No idea over how long?

Ms Hillson: There are a number of plans for City West, so we are working on that very quickly. We did commission some work last year to look into the needs of the performing arts sector in relation to City West. The early investigation of needs has certainly been undertaken.

THE CHAIR: I have a second question and then I will hand over to Dr Foskey, who has some questions. In relation to the proposed glassworks, could we get some update on the planned opening date of that facility? In relation to the retail arm, will that be operating on a competitive neutrality basis in terms of other retail ceramic and glassworks in the area? Is that retail arm going to be tendered out? On what basis will it function?

Ms Hillson: As to your first question, the timing at this stage looks like the second half of 2006. With the appointment of the architect design team, we will have very shortly a tight and detailed time line and schedule. As to your second question, there has been a business plan undertaken for the glass centre. It did identify the role of a retail outlet within the glass centre. It also acknowledged the very strong role of other retail enterprises in promoting and selling art glass in Canberra. There has not been any decision yet about how that might operate or about particular space or size or tenancy arrangements. That is all yet to be determined.

DR FOSKEY: It would be a real pity if the arts were marginalised by lack of time. It can often happen. This leads to my first question, although I do not know whether it is a question or a comment. The Chief Minister's Department web site does not have the arts on the front page yet, although it has all the other areas for which the Chief Minister has responsibility. That might be something to look into.

The Cultural Council is the ACT government's principal advisory body on the arts and the development and implementation of arts capital: the arts development strategy for the ACT—your title. Is there an annual report of the Cultural Council available? Are there discussion papers or strategy documents available to the public and, of course, to MLAs?

Ms Hillson: Arts capital: the arts development strategy is the current arts strategic planning document. That was developed a few years ago. The Cultural Council will this year be reengaging with that document, revising it and providing some advice back to government as to what future directions might be. We will be reflecting on that strategy document and looking to the future and taking into account things that have changed since that document was originally produced. That is the major document that is available.

DR FOSKEY: I am just going to hope that you answered my question about discussion papers and strategy documents available to the public. I would just like them, if they are available.

Ms Hillson: As the Cultural Council will be working on the revision of arts capital, it will be consulting with the arts sector. There will be a number of opportunities to discuss what future actions might be considered.

DR FOSKEY: The Belconnen arts and cultural centre is great. It has come on the back of a lot of activism from the community and community research. I know the Woden community is also very keen, and no doubt has started lobbying for its own centre. Is there any similar research happening for that locality?

Ms Hillson: The ACT government's arts facility strategy identified a gap in needs. It did identify the fact that there were some areas of the ACT that did not have access to community arts facilities. Belconnen obviously was one of them and Woden was another. The government is committed to progressing the Belconnen arts centre. There certainly was a needs assessment done prior to this commitment, as well as for the glass centre, the Powerhouse, at Kingston Foreshore. The other major commitment is the redevelopment of Civic Square and the facilities there. So there are a number of major projects under way at the moment. As I said, the facility study did identify a gap in need for Woden. We would anticipate at some stage looking at those needs, as we did for Belconnen.

DR FOSKEY: The public art discussion paper mentioned on page 74, released in August with comments due in October, policy due for release at the end of 2004, has it been released? We do not think it has. In that case, what is the time frame now?

Ms Hillson: We have had feedback on the discussion paper. We are not at the point of writing a public action plan for consideration by government. We have collated all the

responses. We have had very interesting feedback and positive response to the discussion paper. We are planning to present some advice to government on the outcome of those discussions fairly shortly.

THE CHAIR: Time has expired. I thank members for their participation. Further questions should be placed on the notice paper. I thank the Chief Minister and Mr Harris for their cooperation

The committee adjourned at 12.10 pm.