



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: Annual and financial reports 2004-2005)

Members:

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

TRANSCRIPT OF EVIDENCE

CANBERRA

WEDNESDAY, 30 NOVEMBER 2005

Secretary to the committee:
Ms A Cullen (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 2.36 pm.

Appearances:

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

Chief Minister's Department

Mr Mike Harris, Chief Executive
Mr Jeremy Lasek, Executive Director
Ms Lucy Bitmead, Executive Director
Mr George Tomlins, Executive Director, Strategic Projects and Implementation
Ms Jocelyn Plovits, Senior Manager, Strategic Projects and Implementation
Mr Alan Franklin, Senior Manager, Strategic Projects and Implementation
Mr Glen Gaskill, Executive Director, Public Sector Management and Industrial Relations
Ms Cathy Hudson, Director, Social Policy Branch
Mr Warren Foster, Senior Manager, Employment Policy and Workplace Relations
Ms Jan Weir, Senior Manager, Strategic HR
Mr Stephen Lloyd, HR Adviser, Strategic HR
Ms Pam Davoren, Executive Director, Cabinet and Policy Group
Mr Phil Tardif, Director, Cabinet Office
Dr Phillip Dorling, Acting Senior Manager, Cabinet and Executive Support, Cabinet Office
Ms Kate Nesor, Acting Director, Corporate Management
Ms Sue Hall, Director, Community Affairs Branch
Mr Greg Ellis, Director, Economic, Planning and Regional Branch
Mr Peter Ottesen, Executive Director, Office of Sustainability
Mr David Butt, Director, Office of Sustainability
Mr Karl Phillips, Acting Chief Finance Officer, Corporate Finance
Mr Philip Mitchell, Executive Director, Priority Projects
Mr Mark Kwiatkowski, Director, Priority Projects

Commissioner for Public Administration

Ms Cheryl Vardon, Commissioner

Actew Corporation

Mr Jim Service, Chairman
Mr Michael Costello, Managing Director
Mr Mike Luddy, Chief Finance Executive
Mr Aspi Baria, Technical Specialist, Water
Mr Ross Knee, Principal Strategic Planner

Arts Heritage & Indigenous Affairs

Dr Maxine Cooper, Executive Director
Mr John Heinemann, Finance Manager, Environment ACT
Mr Darro Stinson, Director, Environment, Protection & Heritage
Ms Mandy Hillson, Director, ArtsACT
Mr John Stanwell, Manager, Major Projects, ArtsACT
Mr Bob Neil, Manager, Heritage Unit

THE CHAIR: Today we are considering the Chief Minister's Department's report. For the benefit of witnesses this afternoon, I am required to advise you of the following: you

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 actions 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.

Thank you, Chief Minister and Mr Harris, for joining us this afternoon. Before we open up for some questions on the annual report of the department, is there any matter, Chief Minister, that you want to advise the committee on in relation to the report?

Mr Stanhope: On 24 November I tabled in the Assembly a minor correction, a corrigendum, going to some matters. I draw that to the attention of the committee.

THE CHAIR: Was that the GST component that was added back into these grants?

Mr Stanhope: That was tabled on the 24th. Apart from that, I have no other comment I wish to make, other than to thank you for the invitation to attend today and to advise that officers of the department stand ready and willing to respond to any issue the committee may care to raise with them.

THE CHAIR: Thank you, Chief Minister. I might lead off with some questions. I refer to the annual report, volume 2, page 53. It deals with employee expenses. According to that report, the increase from 2003-04 to 2004-05 is from \$21 million to \$30 million. Could you inform the committee what the 42 per cent increase was due to?

I will suggest a couple of headings in relation to that. You may be able to provide me with more detail or you may have to take it on notice. To what extent is the 42 per cent increase due to transfers from other departments and therefore potentially offset by reductions elsewhere in the ACT government? Of this increase, what is due to a net increase in numbers of personnel? How much of it relates to salary increases? Are you able to provide that information or some of that?

Mr Stanhope: I am not sure whether Mr Harris can provide it today. If he can't, then we will most certainly provide it immediately we can. One of the assumptions built into your question that was obviously correct was that there were significant transfers, particularly in relation to arts, heritage and environment, and forestry, to the Chief Minister's Department. Indeed there was a transfer of some functional responsibilities in relation to the Office of Sustainability from treasury to the Chief Minister's Department. I don't have the detail. It may be that Mr Harris does, or other officers within the department may be able to assist.

Mr Harris: The substantive answer to your question is that the AAOs are a primary driver for that change. Indeed, there is a brief note on the bottom of page 83 which says that but doesn't provide any detail about the dissection. The AAOs led to something of the order of 350 people coming into the department—some from arts, heritage and environment, who transferred from urban services; a small group from treasury, in energy and water; and a small group in sustainability from urban services; some corporate finance staff from justice; a small team for the asbestos project, offset by about 112 staff leaving the department, through Business ACT and sport and rec; and a small

group in multicultural going to disability, housing and community services. That combination of factors represents the substantive part of the change.

We had a small increase of \$2.6 million in 2004-05 actuals from the amendment budget, which I guess is the bit that is not attributable to AAOs, if I can put it that way. Some small employee costs were incurred as a result of the transfer of corporate finance staff from justice and community safety, offset by additional revenue generated on a fee-for-service basis for those staff; and a small amount relating to the landcare coordinator, wildlife research and monitoring of about \$0.4 million as well.

THE CHAIR: You may want to come back to us on this, but I assume there have been consequential savings through the staff reductions in other parts of the government?

Mr Harris: Yes, there have. Tracking those ons and offs down to a precise dollar amount is a difficult exercise to do, which, with your indulgence, I don't wish to do. Tracking the movements is difficult, but, at the global level, the answer to your question is yes, each of the departments who reduced staff as a consequence have had a transfer of funding of commensurate amounts.

THE CHAIR: Obviously the nub of my question is to ascertain whether we are expanding in this area. It is reasonable, from what you have said, to conclude that it is essentially a transfer of responsibilities that led to that.

Mr Harris: Yes.

THE CHAIR: Another related issue with employment—and I have raised this in previous hearings—is the policy of employing younger people, rather than seeing them leave the territory. What is your policy there? I know that last time I looked at the previous service report it stated that something like 112 people under the age of 20 were employed. I am assuming that is because, essentially, you need to be a graduate to enter the ACT public service.

Mr Harris: No.

THE CHAIR: If that is not the case, it seems a remarkably low number of people in that younger band. Is there a policy against or in favour of their being recruited?

Mr Harris: Yes, we have deliberate recruitment policies that actively favour graduates, that is true, but you don't have to be a graduate to join the service. In fact, we have a lot of cadetships, rangers and a whole bunch of other people who come in at relatively young ages. One of our difficulties is our salary comparatives don't give us a comparative advantage in the marketplace against the commonwealth, particularly in skilled areas. Finance and IT are difficult areas for us—finance, in particular. Treasury have a very difficult job attracting young people into our treasury, simply because the wage rates across the pond are much more favourable and attractive.

Having said that, we have an active graduate program. That program is an across-the-board program. We are currently looking at changing the scope of that graduate program. Whereas at the moment we tend to target generalists, we are now examining ways of targeting specialist graduates and targeting them at a much earlier

time in their educational career, to try to attract them into the service.

THE CHAIR: If you took the people in, say, the 18 to 20 band who would be primarily year 12 finishers who may not have gone onto tertiary studies—I think there were three in treasury, a separate agency—there seems to be very few of those people that we bring into the ACT public sector.

Mr Harris: That is true, because we haven't had, at least in recent times, what I would categorise as a cadetship program that targets people basically in year 12 and says to those people, "We will give you a career and we will give you an education at the same time." That is a program that is adopted in some other states, where, effectively, you run a selection process and often the targeted selection process is to attract particular skill sets—usually finance, I have to say—take those year 12 people, put them on a cadetship program where they do at least a 50 per cent university workload and a 50 per cent normal workload, and then rotate them through your agencies to give them experience and education at the same time. That is an option that we are looking at at the moment.

THE CHAIR: Do you have to have, as a requirement, that they do tertiary studies?

Mr Harris: No, they don't have to.

THE CHAIR: There must be administrative and clerical duties in the department that those people would be keen to fulfil, to get their foot in the door?

Mr Harris: True. But given the educational standards in the territory in particular—we have a very highly educated younger group and workforce in general, and we have very high retention rates in years 11 and 12 and very high rates of transfer into university education—the majority of our workforce is going to come from that area, I would have thought.

THE CHAIR: I understand that. I am more concerned about those who don't meet the grade. In terms of external recruitment—and I mean external to the ACT public sector—what percentage of your staff in the last year or, if you record them on a fiscal year basis, in the last fiscal year come from outside recruitment or advertising as opposed to either transferring between departments or being internally promoted?

Mr Harris: I wouldn't even be able to guess, off the top of my head. I am not sure I could answer that question even if we did research. We probably could in terms of those senior jobs where we actively go to a search process. General recruitment is difficult to answer. I could attempt to find an answer. I am hesitant to take the question on notice because I am not sure I can answer it.

THE CHAIR: I thought you would know, in the last 12 months, whether anybody who has joined the agency has come from outside or within the public sector. I wouldn't have thought it would be that complex.

Mr Harris: Not being close to every recruitment process, I don't have an intuitive feel for that.

THE CHAIR: Can you take it on notice?

Mr Harris: I will take it on notice and do my best to provide a substantive answer.

DR FOSKEY: I have got a group of questions about the Office of Sustainability. I was going to ask those first, if that suits the minister.

Mr Stanhope: Yes, certainly.

DR FOSKEY: Thank you. It is not deliberately mentioned in the annual report but the Auditor-General's report into ecologically sustainable development suggested that there was a role for the Office of Sustainability in taking the lead in sustainability indicators. Have you given any thought to that proposal?

Mr Ottesen: At the moment, the government is preparing a response to that report from the Auditor-General; so I can't comment on the content of that. In the department's directions to agencies or the guidelines on annual reporting, we provided advice, which is now current but which was not taken into account by the Auditor-General because the period for which she was reviewing the annual reports was prior to those guidelines.

DR FOSKEY: Will that be mentioned in the government's response? Will more detail be provided on that?

Mr Ottesen: Certainly that comment has been made, yes.

DR FOSKEY: On page 21, output 1.1, there is a list which indicates that the home energy advice service, the ACT energy wise program and the solar hot water rebate scheme were all successful programs. However, as we know, the solar hot water scheme has been completed and is under review. Has that review been completed? And what are the main findings?

Mr Ottesen: We undertook an internal review of the program. Treasury undertook that for us and concluded that the program was not cost effective. What we did at the time, though, was introduce another program, the ACT energy wise program, which provides for a wider range of opportunities to achieve energy savings and therefore greenhouse gas reductions. You are aware of that program which allows a resident to have an audit done of their house. An expert will come in and look at the house and give some advice on the things that they might do, which can include a range of things in terms of better insulation, better heating, ceiling, drafts and what-have-you. The person can also get a rebate if they spend more than \$2,000 accordingly. We thought that was a better value program.

THE CHAIR: How is that program going? Do you follow through on it?

Mr Ottesen: It is going very well. I have some figures here which I might be able to share with you.

THE CHAIR: I am still waiting for them to turn up at my home after six months. I am curious.

DR FOSKEY: When you say "not cost effective", what are the criteria?

Mr Ottesen: The amount of omissions abatement which is achieved on a dollar basis. I have some figures here—I might have to provide them later—but we do have some numbers on the uptake. All the programs have been very successful.

DR FOSKEY: Clearly Mr Mulcahy is very anxious to have an energy-efficient house. When I asked about this during estimates, I was told that one of the reasons that the solar hot water scheme program was dropped—and this isn't a trick question—was that there is some federal money, some federal grants. Therefore, ACT grants weren't required. Is there any way the ACT can know details about the take-up of those? Are you monitoring? Are there fewer solar hot water services being sold and installed in the ACT? Is there any way of knowing?

Mr Ottesen: The only way we would know was if we talked to the retailers to find out that information.

DR FOSKEY: I thought they would be talking to you. They are talking to us. How are you going with the sustainability legislation?

Mr Ottesen: As you know, the government has given a commitment to introduce legislation, subject to public consultation. We have undertaken some considerable investigations during this year and are formulating some advice now which we will be putting to government on a way forward and what the possible content of such legislation might be.

DR FOSKEY: Are you preparing a set of options?

Mr Ottesen: Yes.

DR FOSKEY: I know you can't give me detail. I am interested in the form of that advice.

Mr Ottesen: If you notice, the commitment which the government gave indicated what it thought might be inside a piece of legislation. We have looked at those; we have also done investigations of what has happened in other jurisdictions and other parts of the world. The conclusion is that there is not a lot that is being done out there. We are working in new territory. We have been looking at a range of options, and that is what we will be putting forward to the government for their consideration.

DR FOSKEY: I note that the Office of Sustainability is responsible for the implementation of greenhouse gas reduction targets and, cross-referencing with the Commission for the Environment report, that there are incentives. It is being suggested that government agencies introduce incentives for use of low-emission vehicles. While our own government has made a commitment to 10 per cent of the fleet being fuel-efficient, low-emission vehicles by 2008, currently we have only got 26 in the fleet, 2 per cent. The government suggests that subscribing to Greenfleet is an answer to reducing greenhouse gases. A lot of us were highly critical of the federal government when it used that as an excuse for increasing our greenhouse gases rather than reducing them. Is any consideration being given to an investment in gas-powered cars?

Mr Stanhope: Gas-fired generators or cars?

DR FOSKEY: Gas-powered cars.

Mr Stanhope: Gas-fired generation is an issue that pops up and down from time to time. In relation to alternative-fuel cars, I will ask Mr Ottesen to respond with the detail. It is an issue that we have pursued. It is not without its issues and difficulties. But we do lead the nation.

Mr Ottesen: The ACT government's car fleet is around 1,200 vehicles. There are already policies in place now which encourage the uptake of fuel-efficient vehicles. There is an incentive scheme to move towards four-cylinder vehicles, and there is a disincentive payment that has to be made if you go for larger vehicles. In the end, it is about fit-for-use, but my understanding is that over recent years there has been a change in the structure of the car fleet more towards smaller and therefore more fuel-efficient vehicles.

The other side of it is that, as you know, the ACT government has a policy to encourage the procurement of hybrid vehicles or low-emission vehicles. The ACT currently has 27 of those vehicles. Our understanding is that is the highest proportion of any government car fleet in the country.

You also mentioned the signing up to Greenfleet. That is another gesture, I suppose, to try to contribute to better greenhouse outcomes. Over the last two years the ACT has been a subscriber to that. Essentially for every car that we have, 17 trees are planted. I understand that there was, in September, a weekend of planting in the ACT where virtually the whole of those two years of trees were planted. That happened just recently because the drought prevented planting until recently.

Mr Stanhope: I have to say, in relation to the cars, that it has been an interesting exercise in that there have been significant delays in the supply of vehicles that we ordered. It is interesting that, with perhaps the smallest government car fleet in Australia of about 1,200—with 27 alternative-powered cars in a fleet of 1,200—we still exceed, in a percentage sense, the proportion of alternative-powered vehicles that any government in Australia has purchased. We have committed to seek to move over the next three years to around 100 vehicles.

There are significant supply issues, which does interest me. I have to say, in the context of the delay in the supply of alternative-fuel vehicles, that it sends a very strong signal that the major fleet owners around Australia aren't trying and that there is no pressure being applied to major manufacturers. This is an issue that needs to be pursued much more vigorously than it is, and perhaps even by us.

We have undertaken a move to 100 vehicles over the next three years, from the 27 which we currently have. On the current rate of supply, we would probably struggle to meet a target of 100 in the next three years. They dribble out. The difficulty is that there are so few vehicles, so few suppliers, that there just isn't an accumulated demand.

I don't know what the size of the commonwealth car fleet is, but I understand that New South Wales have somewhere in the order of 30,000 cars in their fleet. We have

undertaken a move to 10 per cent of the ACT fleet as alternative-fuel vehicles in the next three years. If a major fleet such as New South Wales made a commitment and the commonwealth committed to just 10 per cent as well—all of a sudden, there is a major demand for a vehicle which is incredibly difficult to acquire at the moment—some of the other major car manufacturers, Holden and Ford, would suddenly get interested. I bet they have got the technology mothballed somewhere; they are not dragging it out.

It is only through pressure from the major fleet owners that we will see the major car manufacturers in Australia respond in the way that they should be responding. It is an issue for all governments perhaps to combine on and to pursue in a collegiate way to bring some market muscle to bear on Australian manufacturers. The cars we are buying are all made in Japan, aren't they?

Mr Ottesen: There are two brands which are produced, the Toyota and the Honda, yes.

Mr Stanhope: There is an issue there. The major Australian manufacturers, I believe, are deliberately stalling the alternative-powered vehicle market down and out.

DR FOSKEY: Perhaps it is an issue for COAG.

Mr Stanhope: I seriously believe it is an issue for COAG.

MS MacDONALD: I note, on page 22, minister, that it mentions that the office developed the policy requirements for the leasing of 26 petrol/electric hybrid passenger vehicles. Do the vehicles that we have here at the Assembly constitute part of that fleet or are they considered to be separate? We have got three of them. Dr Foskey has one, Ms Porter has one and I have got one. Are we on our own or are we considered to be part of that?

Mr Ottesen: They are part of it, yes.

MS MacDONALD: Three out of the 26 are here at the Assembly?

Mr Ottesen: Congratulations.

MS MacDONALD: Minister Corbell's eyes are starting to light up. He is considering getting one as well. I have taken him for a ride in my car.

THE CHAIR: I take us to another area, which is the communications unit. I understand executive support includes the communications unit. It is in output 1.1, strategic policy, coordination and development. The cost of that output is \$21.3 million, according to your annual report, volume 2, page 122. The cost is not broken down in relation to units within that figure. Can you give the committee an indication of what it is now costing to run the communications unit?

Mr Stanhope: I will ask Mr Lasek to respond to that one.

Mr Lasek: I could not give you an accurate figure. In total, executive support, which is communications, events, protocol, honours and awards, and so on, would be in the vicinity of \$2.5 million, but I would prefer to give you an accurate figure after this

meeting, if that is okay.

THE CHAIR: Okay, take that on notice. Can you give us an idea of how many people are now employed in the communications unit?

Mr Harris: Mr Lasek's unit, executive support, is not just communications. It does a range of other things. I just need to make that point.

Mr Lasek: In total, about 15.

THE CHAIR: Is that with all of the different functions, or just communications?

Mr Lasek: All of the functions, sir.

THE CHAIR: How many of those people would be devoted to communications, either primarily or entirely?

Mr Lasek: Three, not including me.

THE CHAIR: As I recall, in one of your former appearances we had people from each of the agencies that had a role in this as well. Are those three the total of all of those, or was there not a larger figure, as I recall?

Mr Lasek: Across government, in all the agencies and departments, there would be about 30 working in communications.

THE CHAIR: But they are not coming out of your \$2.5 million budget.

Mr Lasek: No.

THE CHAIR: So the \$2.5 million is covering the three that are working in your immediate jurisdiction, and then the people involved in events and other related activities.

Mr Lasek: Correct.

MR SMYTH: Is it possible to get an accurate count on how many communications officers there are now across the entire public service?

THE CHAIR: I would like to get that. Are you saying 30 is the precise figure, or is that a guess?

Mr Lasek: It was about 32 last time and it is probably still about 32, but I am happy to confirm that.

THE CHAIR: Please confirm that for the committee. This question might be more for the Chief Minister or Mr Harris. I am wondering how you evaluate the performance of the communications unit and the related components and how you determine whether to reduce or expand the resources and funds that are going into that area.

Mr Stanhope: In relation to those departmental officers that are involved in publications and communications, these are matters that would be under constant notice and review within agencies, as all staff are in terms of their performance and the quality of their output. It is, of course, represented through the quality of the reports that we are discussing today.

There is a range of functions and responsibilities which a communications officer within a department pursues. I think it would be necessary to ask individual agencies to respond to the exact nature of the full range of functions which an officer described broadly as a communications officer engages in. Mr Lasek might be able to give more information on that. I think it is necessary in talking about this issue of communications that there be a full understanding of exactly what it is that a communications officer does. Mr Lasek might give a rundown on what the communications officers that he has described as being within his unit actually do and you will see the range of functions that are pursued.

In terms of decisions that are made about whether to increase or reduce expenditure on communications, the decisions around that are made in the same way as decisions are made in relation to whether to increase or reduce resourcing to any area of government, on the basis of a detailed assessment of priorities, performance, output and capacity, and I do not think there is a single answer that could be given. Have we sat back over this last year and thought that we need more staff in communications? We have not and I am not aware of an increase in the size of any communications unit or staffing in the last 12 months, but Mr Lasek can pursue that.

I think that probably indicates that, to the extent that the status quo has been maintained, the government and the individual agencies are reasonably satisfied with the service and performance of communications units and officers. Having said that, in an ideal world I would love to have an enhanced capacity to communicate and engage with the people of Canberra. The only way we communicate and engage, the only way we consult, the only way Canberrans know what government is doing is through the effectiveness of our communications.

It is one of the most fundamental functions of government and in an ideal world, if we are to enhance understanding, if we are to enhance engagement, if we are to improve consultation, we can only do it through communication. To the extent that the government is often criticised for not consulting enough, or broadly enough, or specifically enough, it is always at the end of the day as a consequence of the number of people we have employed to communicate; in other words, our communicators.

THE CHAIR: Chief Minister, if I am correct in my understanding of what I have heard you say through all the hearings we have had and through estimates, the only area of ACT government that was off limits for potential reductions was that of collecting arrears, fines and so forth in Treasury, where there were people whose job it was to chase down moneys owed to the territory. Are you saying that the—

Mr Stanhope: I'm sorry, I don't understand.

THE CHAIR: The issue is: are those 15 insulated from the savings applied across agencies that you announced earlier?

Mr Stanhope: In the Chief Minister's Department, the answer is clearly no, but I will ask Mr Harris to give you further information on exactly the basis of decisions that were made within the Chief Minister's Department in relation to the application of the five per cent efficiency dividend which was applied to the Chief Minister's Department and which has been met.

Mr Harris: The answer is no, they have not been insulated. The budget for this unit has been reduced by at least five per cent and potentially more than five per cent. Combined with that, the range of activity that the unit has been required to undertake has increased quite substantially. We do more events across Canberra now than we did last year. By events I mean things like the Christmas tree, New Year's Eve, Christmas Eve, the music in Garema Place, and the list goes on and on.

Right across the year there is a program of events which is much broader now than it has been in the past, most of which, if not all of which, is managed through this unit as well as the broader communications issues. We have managed to achieve that by leveraging the private sector much more actively than we have done in the past through sponsorships and a variety of contributions from various people. Of all the people in the public service that are good at putting the squeeze on other people for money, Mr Lasek would have to be amongst the top of the pile as far as that is concerned.

That is reflected in the names that you see around the place by way of sponsorship, and it is not just the usual suspects. There is a broad range of people who contribute to our events. That is an area which is actively pursued through Mr Lasek's area as a way of balancing the budget, basically.

THE CHAIR: So, in terms of voluntary redundancies and 260 jobs helping to contribute to these savings, communications is not expected to surrender positions; their role has been really to transfer some of their event costs to the private sector.

Mr Harris: Voluntary redundancy is simply that, voluntary, and I have not had anybody in that area put their hand up and ask for voluntary redundancy. In fact, people like working there; they do not want to leave working there.

THE CHAIR: Of the savings, I think 47 have been achieved and there are probably another 200 to go, but you will not be looking to make any savings in personnel in the communications unit.

Mr Harris: We have cut the budget, so therefore we have achieved the savings. As I have said many times, there are many ways of achieving savings, and reducing staff is one of them but not the only one. In this case, the shortfalls in providing for the events that need to be provided for compared to the budget that we have had been made up in ways other than staff reduction.

THE CHAIR: The Chief Minister spoke in fairly general terms about evaluation and I am struggling a bit to understand how you evaluate their performance, given that you have said that there are no fewer people, more events and less costs. By creating more and more events, is that something that is meeting some objective or do you believe that that is necessarily the way to go? I am just wondering how you evaluate this particular outlay of \$2.5 million in your agency.

Mr Harris: Through a variety of methods. The obvious productivity efficiency measure of delivering more events with the same people and fewer dollars is clearly one measure and, without going to the quality of events, simply increasing the number is a performance measure in its own right. However, the quality of events and their usefulness or attractiveness as far as the people of Canberra are concerned are important to us and there are very proper evaluations done, surveys and the like, on every event that we undertake. There are surveys of people who attend as to their views and their thoughts and we actively use that information to feed back into our programs in order to make sure that we are improving and increasing the relevance of those programs each time we do one.

Mr Stanhope: I might just say, too, that I attend almost all of them and I have fairly vigorous views in terms of my performance criteria for events as well.

THE CHAIR: What would they be, Chief Minister?

Mr Stanhope: I have a personal governmental view around the sort of entertainment or event which we should be providing and that is reflected in what you see, which is a fundamental measure that any government applies, whether or not a particular event is meeting a government priority or policy imperative, and to the extent that we now have, to a greater degree than ever in our history, events such as Christmas in the city and those for New Year's Eve, Australia Day and Canberra Day, they were deliberate policy decisions taken by me and I have a very close and personal interest in what it is that we are producing and whether or not what we are producing meets the government's policy needs and decision.

In that vein, I am more than satisfied, though there is always room for improvement, and I am not backward in letting Mr Lasek know what I think of improvements that might be made. We will continue to seek to improve but we, over the last couple of years, have produced a range of "events" that I think have set a new standard in terms of publicly supported and publicly provided entertainment and events for Canberra.

THE CHAIR: Your feeling, Chief Minister, is that if you were not orchestrating all these events the people of Canberra would not want to hold them; it really requires the government to stage all these activities.

Mr Stanhope: I think we know that. Take Canberra Day. I don't think there is a single person in Canberra that believes that the celebration of Canberra Day last year was not perhaps the best that we have had since self-government. That was a deliberate decision of government, a decision that was pursued through the attracting of a major sponsorship and then significant funding. It is at the end of the day about money and it is the government—Mr Lasek can provide the fine detail—that is providing \$100,000 or thereabouts for New Year's Eve, it is the government that is providing \$100,000 or thereabouts for Australia Day, and it is the government and governmental agencies and sponsors that are providing \$300,000 or thereabouts for Canberra Day.

Without that enormous public commitment, support and sponsorship, yes, these events would not be happening as they happen. There is community interest and community capacity, and we see that reflected in some celebrations throughout the year, but in terms

of the size, the impact and the quality of, say, New Year's Eve, Australia Day and Canberra Day, to name just three, they are a direct result and response to the organisation of Mr Lasek and his team and of government funding.

MR SMYTH: What is the relationship between the communications unit and the special events unit, and then the relationship between the special events unit and the Australian Capital Tourism Corporation?

Mr Lasek: Firstly, the communications unit and the events unit are co-located on the fifth floor, a close working relationship. Events need publicity and promotion, so the communications unit provide support in terms of media releases, booking advertisements, seeking media sponsorship. The media around town have been overwhelmingly supportive of the events program, but it has been the communications team who have brokered those arrangements. So a very close working relationship between those. On days like Australia Day, New Year's Eve and Christmas when most people in Canberra are enjoying the events or enjoying a day off, the communications team are invariably out there with their sleeves rolled up helping to deliver the event. That is just the way a good close team should work.

The relationship between the communications unit and Australian Capital Tourism, or events and communications, is regular contact. All three are regularly in contact talking about the nature of our events, making sure that the programming fits so that we are not competing against each other. There has been a lot of discussion this week about the Christmas event and the Brindabella cycle classic, which is a new event in town, to make sure that we share infrastructure costs, perhaps some audio costs, and that we are not dragging people away from one event to the other if we can possibly help it. So I guess the answer is a lot of communication.

MR SMYTH: And both units and the NCA?

Mr Lasek: A very close relationship. I would say we meet, especially at the moment, probably twice weekly with the NCA about developing the expanded Australia Day program in particular, about promotional issues regarding events over the summer period. So I would consider it a close relationship.

THE CHAIR: If there is no more on communications, we will move on to one or two other areas. I have a couple more questions in the broad, Chief Minister. I have not got a page reference, unfortunately, but you had a policy group formerly which I gather has been disbanded. Could you explain why the policy group, as such, is gone?

Mr Harris: No, not disbanded. It is called policy and cabinet as opposed to policy, but it is the same group of people.

THE CHAIR: So it is just a change of title.

Mr Harris: Yes.

THE CHAIR: In terms of the role of the economic planning and regional policy group which is mentioned in the chart on page 6 of your annual report, what is the purpose of that. Is that a second-guessing or an alternative line of advice to that you get from

Treasury? I am just wondering what the role of that group is.

Mr Harris: No. As to the way we organise our policy support functions for cabinet and the Chief Minister, which is essentially what the majority of the policy group does, I will use the Treasury analogy. Treasury have budget officers who are expected to be experts in the departments for whose budget they are responsible. We have the same philosophy as far as our policy officers are concerned. So the group that you refer to are expected to have expertise in and understand the operations, philosophies and policies of the departments for whom they are largely responsible. So that when a cabinet submission, or any other policy issue for that matter, from one of those departments comes along, we have people who are expert, who understand the agencies, who understand what they do and why they do it and are therefore capable in an intelligent way of commenting on those policies when they are providing advice to the Chief Minister and to cabinet, or indeed helping the agencies to develop their policy positions, which is another substantial function that we undertake.

THE CHAIR: But it is not reviewing what Treasury is putting up?

Mr Harris: No.

THE CHAIR: Is that done by any other part of the agency?

Mr Harris: Reviewing Treasury?

THE CHAIR: Yes, or just the general process of cabinet submissions.

Mr Harris: We never understand Treasury's numbers, so we can't do that! We don't have policy officers in the finance area. What occurs is a combination of advice by Treasury and by Chief Minister's Department to cover off on the financial aspects and the broader policy aspects of any proposals that come along so that we are not duplicating each others functions.

Mr Stanhope: It is fair to say, though, that from time to time I receive correspondence, perhaps most specifically by way of example from the Treasurer on an issue for which he has administrative responsibility, on which I require advice. A position might be put to me. I would refer that to Mr Harris for advice on a position that is put to me by the Treasurer on a matter which he wished to raise with me. So, to that extent, it is not second-guessing; it is simply me taking advice from my officials in terms of a response which I might make to a representation from the Treasurer. So, of course, my department provides me with advice on issues and matters raised by the Treasurer on advice from his department.

DR FOSKEY: On page 35 of the report, under output 1.2, and also page 83 there is mention of elder abuse prevention. The report indicates that the government has established a retribution working group to develop a mechanism for receiving complaints about ACT aged care facilities. I am interested in the establishment of that, how people find out about it, whether it has received complaints and how it deals with them. In other words, I would like to know how that works.

Ms Hall: The working group that is mentioned in the annual report was established as a

short-term group to look at the issue of retribution, which was raised as an issue in the annual report of ADACAS for 2003-04. The outcome of that group meeting was that the ACT Community and Health Services Complaints Commissioner worked with the commonwealth Department of Health and Aged Care to finalise an MOU. I think that was finalised in late June this year. That provides a framework for dealing with complaints within the ACT, given that the complaints are a commonwealth responsibility generally.

The commissioner has also undertaken, at the request of the Chief Minister, to assess individual concerns which are submitted to him. He will assess them and, where appropriate, he will refer them to the appropriate authority, whether that be the commonwealth aged care complaints resolution scheme under the MOU or to the ACT police. The Chief Minister also wrote to Julie Bishop, the Australian Minister for Ageing, following up on a recommendation of the working group. As a result of that correspondence, there are now regular meetings with commonwealth agencies and ACT officials looking at any opportunity where ACT officials can gain information so that we can try to establish the extent of the issue in the ACT and be able to monitor that. The Community and Health Services Complaints Commissioner also undertook to report on any complaints made and his report for 2004-05 had no reports on aged care facilities.

DR FOSKEY: I just wonder if people would know how to get into the framework.

Mr Stanhope: For a complaint in relation to elder abuse, Dr Foskey?

DR FOSKEY: For individuals to complain or people, on behalf of individuals, who aren't in the system.

Ms Hall: Within the ACT itself we have an elder abuse hotline, which is advertised widely. Anyone calling that hotline is advised of where to lodge complaints. As to any complaints about health services, the number for that commission is advertised widely and under the MOU we are also, I suppose, enhancing the capacity to share information around, phone numbers and referrals.

DR FOSKEY: I would like to ask some questions about the arboretum. I was lucky enough to have the opportunity to go to the site on the weekend, which was informative.

Mr Stanhope: I hope it was inspirational, Dr Foskey.

DR FOSKEY: The site itself is really a wonderful site. I believe that the issues that I raised were also raised by other people. No doubt, you will have feedback on those. I am interested in the consultation that was undertaken in choosing the plan, or deciding to have an arboretum in the first place, with people with ecological expertise, particularly people in your own government, such as the Commissioner for the Environment and members of the environment department, and what input they had in the choice of the plan.

Mr Stanhope: The plan itself?

DR FOSKEY: There are two stages. There is the decision to have the arboretum and then there is choosing the winning entry.

Mr Stanhope: I will ask Mr Tomlins to respond to those questions, Dr Foskey.

Mr Tomlins: The selection of the winning design followed a two-stage competitive process. In the first stage, which closed in about September 2004, 45 entries were received. From those a short list of five was made from around the country. One of the five had the Hobart botanic gardens and the Minnesota or Minneapolis—I forget which—arboretum as part of the team. Following that, there was a period where they were paid \$20,000 each to develop their proposals. After that, a jury judged the winning design of “100 Forests/100 Gardens”, prepared by Taylor Cullity Lethlean and Tonkin Zulaikha Greer. That jury had on it such people as Aldo Giurgola, an eminent architect; Peter Kanowski, the head of forestry and SRS at the ANU; and Catherine Bull, professor of landscape architecture at Melbourne University and eminent landscape architect. There was also a range of advisers on various aspects of the site such as tree development, tree species, et cetera.

DR FOSKEY: I am wondering if thought was ever given to working with the botanic gardens, given that, from my perspective, the botanic gardens are already doing a lot of this work quite well and that there are opportunities for partnership there, perhaps with education programs or other initiatives, rather than spreading this sort of money rather thinly. Was any thought given to that?

Mr Tomlins: The original suggestion came up in the shaping our territory non-urban study following the bushfire. The issue addressed was what to do with the destroyed forests and what to do about the large number of arboreta—there were 32 before the forest and only a few left after it—that were destroyed. The recommendation from that group, which consisted of people like Peter Kanowski—again—Peter Cullen and Professor Wasson, was that there be an arboretum on the site with trees. The subsequent decision was that it have trees from many countries.

We have had a number of discussions with the national botanic gardens. We know the director, Robin Nielsen. Whilst we have talked to a number of his people and there will be complementary work we will be able to take, there is a slightly different focus. That’s useful because, if we were replicating or extending the botanic gardens, that would be work they would rightly want to do and have additional space allocated on Black Mountain to do. This is a different project which will enable the ANU and the CSIRO to do research in a range of areas they want to do research in—different trees, not only natives. It will provide a tourism benefit as well as a recreation benefit to the ACT community. It has some goals and objectives that are shared with the botanic gardens, although applied to different species, and also some different objectives.

THE CHAIR: I know we are looking at the annual report but, from where things finished up at the end of the year, where are you now in terms of the anticipated expenditure? Are you on track, ahead of schedule or behind schedule?

Mr Tomlins: The capital allocation of half a million last year has been spent. It is \$4.5 million this year and will be \$7.5 million next year. The allocation was made sight unseen, not knowing what the winning design might be. But, now that we have got into it in a fair bit of detail, we are not going to spend all of that money this year.

THE CHAIR: How much will you spend?

Mr Tomlins: Probably not a great deal at all—a few hundred thousand.

THE CHAIR: So most of the \$4.5 million will go back into the coffers?

Mr Tomlins: Most of that will be rolled over and be spent next year in integrated development. There will be some money spent in planting trees next autumn/winter and in some development on the garden, but most of it will be done in one integrated development. That's a far better way to undertake the construction.

THE CHAIR: The ultimate cost, though, is still \$12 million? I thought I heard the figure 20 when the Chief Minister phoned from Japan at some point earlier in the year—that there was a possibility that it could go that high.

Mr Stanhope: At this stage it is \$12 million.

THE CHAIR: So you think you will live within that budget, but you are just not going to spend it this year?

Mr Tomlins: The stage 1 allocation is \$12 million and there are some recurrent funds.

THE CHAIR: Have you been told to slow down anything, or is it just that things are off-track?

Mr Tomlins: No. We have been told very clearly to go as fast as we can.

THE CHAIR: It is just not going to happen this fiscal year?

Mr Tomlins: We could spend money this year, but that's not the best way to do it.

DR FOSKEY: I am interested in where the management of the arboretum will end up. For instance, who will manage the planting and which department will have the ongoing job of management, upkeep and everything?

MS MacDONALD: I nominate Mike Harris.

Mr Stanhope: There is a range of issues around future management of the arboretum on which decisions have not been made. At this stage the project is being managed by Mr Tomlins of the Chief Minister's Department. I have been provided with some preliminary advice on a range of possible management structures for the arboretum, including the possibility of or the potential for creating an independent statutory authority. We believe there is significant private sector sponsorship capacity. There is some thought that, in order to maximise partnerships with the private sector and in order to maximise private sector contributions in cash and kind, and indeed private sector involvement in the development, that might be enhanced or facilitated by a management structure that involves the creation of a statutory authority.

Those decisions have not been made at this stage. Mr Tomlins can give you further detail of the management that will prevail over the next two to three years. It will involve

Mr Tomlins personally and his unit in delivering the project through an interim board. We have an interim board, chaired by Mr Sandy Hollway, which comprises a number of very significant Canberrans in whom I have enormous faith. I may have some difficulty running through the names now but Mr Tomlins could do so.

DR FOSKEY: They are right here. I can see them.

Mr Stanhope: As you would see, they are all very significant Canberrans.

DR FOSKEY: As are we all.

Mr Stanhope: John Mackay, Eric Koundouris, Jim Murphy, Rosemary Follett and Anne Kowalski.

DR FOSKEY: A great deal of expertise in terms of different things.

Mr Stanhope: Expertise in getting things done and delivering projects. If you want something done in this town, you cannot look past John Mackay, Jim Murphy, Rosemary Follett or Eric Koundouris. These are people with enormous depth and experience in both the public and the private sectors. I have enormous faith in their capacity to deliver this project.

MR SMYTH: Just as a supplementary to that: will the recurrent funding for the arboretum be cut by five per cent?

Mr Harris: All budgets in the Chief Minister's Department have been cut by at least five per cent.

MR SMYTH: What will go? The recurrent funding for the ongoing work of the arboretum is pretty small in terms of what is really required. What will you cut?

Mr Harris: When I say budgets have been cut, I am talking recurrent budgets, not capital budgets. Like all other parts of the organisation, the expectation is that you do one of two things as a minimum: either find areas of activity which have low priority and can simply be deferred or indeed stopped altogether, or deliver more. At the end of the day it's a combination of both those things. I have to say, though, that my instruction to my staff is to find unproductive and low priority activity and present to me a proposition that we stop doing it.

MR SMYTH: On page 10, Chief Minister, under shaping our territory implementation group and the priority projects unit, it says that both groups are charged with reviewing and scoping major high-risk capital projects. Then among the list of major high-risk capital projects listed is the International Arboretum and Gardens. What is the high risk relating to the arboretum?

Mr Tomlins: I think it's the next part of the sentence—"and implementing specific high level initiatives allocated by the Chief Minister"—that applies to that.

MR SMYTH: What is a major high-risk capital project?

Mr Tomlins: Some of the projects, I guess, have ratcheted up the risk scale because of the need to get them going quite quickly. While some of the projects like Stromlo and the arboretum are certainly not high risk if they are done slowly, the fact that we are building a criterium circuit at Stromlo and a cross-country track, doing them quickly certainly means that there are associated risks. I can give you one example associated with the criterium track. We are getting advice from Stephen Hodge, who is a five times Tour de France rider. He rode in the Atlanta Olympics. We had a great number of people from the cycling federation and from the Olympic Games and Commonwealth Games teams advising us. Right at the end of the project we asked him to go and look at some other tracks in other states. He came back and said that he'd looked at three or four which met specification but which were no longer going to be used because they were only six metres wide. There is a tendency now, with larger pelotons, to require wider tracks. Our track was seven metres wide and met all the standards. We decided to cut into the budget and find another metre, so it has been increased. Those are the sorts of risks in doing this fairly quickly, and particularly doing one-off projects quickly. We must ensure that we do not build something that will not be usable.

MR SMYTH: Are any in that list in the category of major high-risk capital projects—Tidbinbilla, the Cotter, the dragway, the rural villages?

Mr Tomlins: Yes. In terms of the fact that they have a uniqueness about them, the risks are higher.

MR SMYTH: Can you elaborate on what the risks are?

Mr Harris: The point is that complexity brings with it risk. We are working on the assumption that we want to mitigate the risk as much as possible. We work on the basis that there is risk there, put the resource in at the beginning and through the early stages of the project, to try and identify what those risks are and do something about them. It may be that when we do the risk assessment there are none—and that's fine and we move on. But if we find it, we work on the basis that finding it early is better than finding it late.

THE CHAIR: Dr Foskey, you wanted to ask about the dragway in relation to these projects.

DR FOSKEY: Yes. That was inevitable, I guess. It's quite a straightforward question. I refer to the strategic projects and implementation groups working with the dragway advisory committee to consider threshold issues. I am quoting from the report here. Is the dragway advisory committee also being consulted on the feasibility study outcomes?

Mr Mitchell: The dragway advisory committee is being consulted on the four reports that have been done so far in relation to cost, noise impacts, noise policy and cultural heritage. They are the ones that will be taken to them shortly for their views.

DR FOSKEY: What's the time line on that?

Mr Mitchell: We will be meeting very shortly.

DR FOSKEY: Will you be coming to our meeting tonight?

Mr Mitchell: I will be there; yes.

DR FOSKEY: Excellent. We will hear more then, I expect.

Mr Stanhope: In conclusion, the issue is that we, the government, are very genuine in the consultation we have initiated through this project. We realise the level of community interest in terms of those who have advocated and seek very strongly a dragway for the ACT. We are of course also aware of a level of, if not disquiet, concern within some suburbs of the ACT around the potential impact of a dragway in the Majura Valley. As with so many issues, there is a large group of opponents and there is a group of people with some concerns, at this stage, around implications or impacts that have not yet been fully determined but in relation to which we now have a number of reports.

As you know, the dragway advisory committee has in its membership the presidents of the Hackett Residents Association and the North Canberra Community Council—and a number of other community representatives. They are fully involved in all aspects of the consultation and the work the government has done. They will have access to all the reports, all the findings of all the reports and the studies that have now been completed.

THE CHAIR: Can we assume that you will be honouring your promise to go ahead with the project?

Mr Stanhope: My promise in relation to Majura: I am committed to the construction of a dragway and this government is committed to the construction of a dragway. Our preferred site is block 51 in the Majura Valley. At every stage of the process the statements I have made have always been premised on the basis of appropriate planning approvals being obtained and the issues, particularly in relation to noise, being satisfactorily resolved. We now have two studies, I think, in relation to noise. Those will be made available to the dragway advisory committee within the next day or so.

THE CHAIR: There is nothing in those that would lead you to the view that you cannot proceed?

Mr Stanhope: The reports raise a number of significant issues that will certainly need to be worked through. It is certainly not cut and dried. In relation to noise and issues around a particular activity that generates a certain level of noise, there are noise amelioration steps that can be undertaken, as we have done with the Gungahlin Drive extension. There are important concerns within significant parts of the community potentially affected by the Gungahlin Drive extension, essentially around noise, which the government has undertaken to address through significant noise amelioration works along Gungahlin Drive, involving in some places the construction of earth batters to a height of four metres. It is not a question of saying, yes, of course there are noise implications from the dragway. Do the noise studies that have been undertaken indicate that there are noise issues? Yes, they do. Do the studies indicate that there are steps that can be taken? Yes, they do. How effective will the steps be? Those are the issues that need further work.

DR FOSKEY: And how expensive too, I expect.

Mr Stanhope: Of course. How much will the noise amelioration cost? How much will

the dragway cost? What will we get with the \$8 million commitment that the government has made to the dragway? This is a genuine process, a genuine advisory committee which has the full confidence of the government, which has been taken into the confidence of the government and will be provided with all the information that the government has and on whose advice the government will rely. We have a full commitment to the construction of a dragway. We do not walk away from that. But, as with everything, we are going to be sensible about it. We are not going to build a dragway in the Majura Valley if it is going to completely destroy the lifestyle and amenity and capacity to live at peace in half a dozen suburbs around north Canberra. Of course we are not going to do that.

THE CHAIR: Thanks, Chief Minister. Unfortunately, I have to move on because I have still got the Commissioner for Public Administration report and the Actew Corporation, so we will have to ask members—

MR SMYTH: Can I just ask one question?

THE CHAIR: I will take one quickly, Mr Smyth, and then we have to close it down.

MR SMYTH: That's kind. Thanks, chair. Mr Harris, in your transmission letter, you state that the report is an honest and accurate account and that all material information on the operations of the Chief Minister's Department during the period 1 July 2004 to 30 June 2005 have been included. What's your definition of "material"?

Mr Harris: Materiality?

MR SMYTH: Yes.

Mr Harris: I am required under the Audit Act, under the Financial Management Act, under the Public Sector Management Act and under legislation that covers many pages in the list here to take account of almost every matter of personnel, every matter of dollars and cents, every matter of probity, every matter of honesty. The rules and regulations under which I sign a document like this basically require me to sign in blood my life, and if there's an error I am effectively signing my life away. I do not take that responsibility lightly, so the answer to your question is: everything is material.

MR SMYTH: Okay. How much was spent on the office of special adviser between 1 July 2004—

THE CHAIR: I would love to hear this answer, Mr Smyth, but I have now 10 minutes left for two more reports, so I am going to have to close it down at that point. We can take the questions on notice and the deadline for that will be Monday, 5 December, close of business. I have to move to the Commissioner for Public Administration. So we will conclude that part of the hearing and move on now to the Commissioner for Public Administration.

I have just been reminded by the secretary that after tea we do have another section we have still got assigned for this so, given that case, Mr Smyth, go ahead with your question. I thought we did not have enough time, but we still can do it. It may mean that we have to hear the folks from Actew after afternoon tea. That is most likely, as I have a

lot of questions. Are you ready with your question, Mr Smyth?

MR SMYTH: How much was spent on the office of special adviser in the financial year covered by this report?

Mr Stanhope: We will take that on notice.

MR SMYTH: Okay. Given that the office of special adviser existed on 1 July, why isn't it reported upon in this annual report?

Mr Stanhope: That has been answered in another place. There was no legal requirement for an annual report in relation to that office. It was a special adviser with a particular reporting requirement. The office did not exist at the reporting period. Consistent with the legislation, no report was provided.

MR SMYTH: So, if an office disappears before the end of the financial year, you do not have to report on it?

Mr Stanhope: I understand, Mr Smyth, that you have a report to that effect from the auditor. Are you questioning the auditor's report?

MR SMYTH: No. The auditor says—

THE CHAIR: I think, Chief Minister, it's really not your job to question the committee today.

Mr Stanhope: I am just saying that Mr Smyth has independent advice on that issue from the Auditor-General. I rely on the Auditor-General's advice. It's a pity Mr Smyth does not.

MR SMYTH: The advice says that the current reporting requirements under the Annual Reports Act and the Chief Minister's directions leave a gap in accountability where an administrative unit is abolished or the appointment of a chief executive is ended during the course of a financial year. Obviously you are happy with that gap in accountability. Are you happy with that gap in accountability, Chief Minister?

Mr Stanhope: In this instance, yes.

MR SMYTH: You are. So that's acceptable. You promised to be more honest, more open, more accountable, but we are going to have this gap in accountability, as pointed out to you by the Auditor-General.

Mr Stanhope: In the particular instance of Mr Tonkin, and your fevered pursuit of Mr Tonkin, Mr Smyth, yes, I do not share your desire to seek to continue to belittle and humiliate a fine, outstanding ACT public servant.

MR SMYTH: No. I am holding you accountable for your expenditure, Chief Minister.

Mr Stanhope: Mr Smyth, I am not in the game that you are in, of taking at every opportunity the chance to belittle and to humiliate public servants—for your crass,

cheap, political purpose and political gain.

MR SMYTH: I know you are embarrassed. I have not done that. Chief Minister, what benefit was received by the ACT taxpayer?

Mr Stanhope: You have hounded—

THE CHAIR: Order! We will take one comment at a time.

Mr Stanhope: Mr Smyth, what benefit is there in you continuing to hound a highly-respected senior public servant in the way that you have?

MR SMYTH: What benefit was there in you shunting him off to the feds?

Mr Stanhope: You demean yourself. There you go, you see.

MR SMYTH: What benefit did we get from it? I know it's about you, Chief Minister.

Mr Stanhope: It's simply a continuation of the vendettas which Mr Smyth, and I have to say the Liberal Party, pursue against hardworking ACT public servants.

MR SMYTH: No, it's not true, Chief Minister.

Mr Stanhope: Get out there and ask them, Mr Smyth, if you ever get the opportunity.

MR SMYTH: You'd be surprised at what they are telling us, Chief Minister.

Mr Stanhope: I know exactly what they say about you, Mr Smyth.

MR SMYTH: Oh, do you?

THE CHAIR: Order! Please could we try and bring this back to questions and answers rather than warfare.

Mr Stanhope: Yes, we can. Mr Smyth, I have answered the question and I will not be hectored.

MR SMYTH: Oh!

Mr Stanhope: I won't be hectored by you, Mr Smyth. I have answered the question. The answer is that Mr Tonkin is no longer employed by the ACT government. He terminated, I believe, somewhere in April. Mr Smyth has advice from the Auditor-General which indicates that there was no formal requirement for an annual report to be provided by Mr Tonkin. An annual report has not been provided by Mr Tonkin. I do not require an annual report of Mr Tonkin, and one will not be provided. That's the answer.

THE CHAIR: Any further questions?

MR SMYTH: My supp would be: what benefit, Chief Minister, was received by the ACT taxpayer—the benefit for the taxpayer—as a result of the activities of the office of

the special adviser?

Mr Stanhope: Enormous benefit through the invaluable work that Mr Tonkin did for the nation—and we are part of the nation. The work and the value is inestimable.

MR SMYTH: What was that work?

Mr Stanhope: Certainly the major work that was done in relation to the COAG bushfire inquiry—a major piece of work for which—

MR SMYTH: But that finished in November 2003, 2004.

Mr Stanhope: Mr Tonkin can claim enormous credit and which benefits us all.

THE CHAIR: All right. I think we have explored that one about as far as we can go.

Mr Stanhope: It is and I do, just for the record, abhor these continuous attacks by the Leader of the Opposition on ACT public servants. My government will stand beside ACT public servants.

THE CHAIR: Order, Chief Minister! I am trying to maintain some semblance of order in this set of hearings and I would now like to—

Mr Stanhope: Well, I need to state for the record that I abhor these continuous personal attacks over and above the needs of politics or good governance—certainly for the needs of politics but over and above the needs of good government.

THE CHAIR: All right. I think we have now prompted Dr Foskey to raise some more questions.

DR FOSKEY: I do have a couple more questions for the Office of Sustainability. It's a question for you really, minister, as well but no doubt Mr Ottesen can assist. Will the ACT be able to meet the greenhouse gas reduction target that the Assembly adopted to reduce greenhouse emissions to 1990 levels by 2008, which is the end of this term of government?

Mr Stanhope: No.

DR FOSKEY: Any more?

Mr Stanhope: The last time the Office of Sustainability costed it, if I remember the figure correctly, it was \$114 million. The greenhouse strategy was an incredibly poor quality piece of work, which simply cannot be achieved. It cannot be achieved without basically closing down five or six schools and Calvary hospital and I do not intend to close down five or six schools and Calvary hospital.

DR FOSKEY: Has there been an economic analysis of the impacts of climate change on the ACT?

Mr Stanhope: There's been an economic analysis of the cost of implementing the

greenhouse strategy, which the previous Liberal Party put in place. At the last assessment, it would have cost, over the space of two years, \$114 million, I believe, to implement the measures required to get to somewhere like 68 or 70 per cent of the target. I think the expenditure of something in the order of \$114 million on initiatives to reduce greenhouse gas towards the target—I am working on memory here on stuff that I have not looked at for over a year—would still have left, I think, the last 30 per cent of the target unmet. We simply do not have those resources for a single—

THE CHAIR: Have you published that review, Chief Minister?

Mr Stanhope: With the costs, yes.

DR FOSKEY: I have a copy of that. The strategy, therefore: will this government come up with a better strategy?

Mr Stanhope: Yes, we have not walked away from it. I do not disagree for one minute that the issue of climate change and greenhouse gas emissions and their interrelationship is probably, in the context of issues facing the world, one of the most serious, along with issues around international poverty and—

DR FOSKEY: It would be pretty hard to say which was the major issue in the world.

Mr Stanhope: Yes, there are two or three but to some extent they are interrelated. This is a massive issue for Australia and the world—I do not dispute that for one second—and governments really do need to begin to panic a little bit. As you know, just under 60 per cent of greenhouse gas emissions for which we must claim ownership are electricity generation induced. The majority of the rest are petrol induced. The two main drivers for the people of the ACT in greenhouse gas emissions are electricity generation and motor vehicle generation.

We have made some significant policy decisions in relation to electricity. We now, in terms of our own supply, require of our supplier, Actew, that 23 per cent of all the electricity that the ACT government purchases and consumes be produced from renewable sources. We are moving in a direction of seeking to ensure that the ACT meets its sustainability goals and of course this leads them. It's difficult and it's expensive. To the extent that 60 per cent of our greenhouse gas emissions come from the use of electricity, the single major issue for the ACT is to change the way in which we source electricity and the way in which we use electricity. Mr Ottesen can give more detail, but, yes, we are working on a major overhaul of the existing strategy. It simply is not achievable. It simply is not doable and never was—not without the most massive investment and investment of an order that a jurisdiction of this size simply cannot make in terms of dollars. We need to be smarter than that.

DR FOSKEY: Perhaps some more commitment from the federal government might assist in us meeting our target, which was after all a reasonable target to set.

Mr Stanhope: I do not know whether it was a reasonable target to set, in a way. There's a danger in setting targets that are simply unachievable. You cannot take a community with you to say, "This is the target: reduce your electricity consumption by half over the next four years." They will say that's not reasonable so that cannot be done. There's a

danger in that and people will walk away from the issue. It's difficult if people will engage. In terms of the work that we are doing and the way forward that we envisage, I will ask Mr Ottesen to give a little more detail. This is a major issue, Dr Foskey; I do not deny it. It is one of the most significant issues we face as a community.

Mr Ottesen: We are undertaking a review of the existing strategy with a view to having the government able to release a revised strategy towards the end of next year. As the Chief Minister has mentioned, the issue of emission abatement is really critical. We need to be able to deal with that effectively and efficiently and so we are doing a lot of research to understand as best we can what is possible and reasonable for this community to do in terms of emission abatement. The other significant area which has emerged in recent years and which was not addressed thoroughly by the previous strategy was the issue of adaptation. Research is now showing that, even if emissions stopped now, the world will change. Therefore, communities are now going to have to start to understand what the impacts are on them and prepare for, plan and ultimately implement new policies to deal with those changes. We think that a new strategy which really focuses on climate change should be about both emission abatement and adaptation.

THE CHAIR: Thanks, Mr Ottesen. I think we will take a break there.

Meeting adjourned from to 3.32 pm to 3.47 pm.

THE CHAIR: We will now move on to the Commissioner for Public Administration. I welcome Ms Vardon to the table., I wish to pursue the issue I raised earlier. I will start by referring to the state of the service report. Pages 50 to 56 contain data on the age distribution of ACT government employees. You will note from page 56 under table A17 that less than one per cent of the employees are under 20 years of age. The under-20s share of total employment in 2004-05 was 0.73 per cent, lower than in both 2001-02 and 2002-03, when it was at 0.8 per cent. Nearly half of the 122 employees—I think I might have said 112 earlier—some 59 of the under-20s, are in fact casuals. I refer to page 54, table A14. Chief Minister, what is the government's policy on creating opportunities for young people to make a start in the work force? Can you indicate if there are any incentives to employ young people? Do you have any positions designed as starting places for young people?

Mr Stanhope: I will ask the commissioner to respond to that, or Mr Harris. I am aware, of course, of the questions and responses from earlier today in relation to the issue. I think that the question you ask can be answered by reference to our support for apprentices and apprenticeship programs, our support for the graduate intake arrangements and an acknowledgment, of course, of the need to ensure that we do respond to the ageing of our work force. But underpinning that—I think the point might have been made earlier—is that it should never be forgotten that we operate under a regime where selections are based on merit.

There is a rigorous process involved in relation to selection for employment within the ACT government service, and that is as it should be. It has to be open and transparent and we do need to be accountable for the decisions that are made. The ACT government, not surprisingly, is an employer of choice for very many Canberrans. We do need to accept our responsibility to ensure that our employment practices are beyond question and beyond reproach. I invite Ms Vardon and Mr Harris to respond in terms of issues

around the ageing profile, our support for apprentices and our support for the graduate intake program.

Ms Vardon: Thank you for your invitation to attend today. I can add very little to what the Chief Minister and Mr Harris have said about young people and their employment in the ACTPS. There is one point I would like to make, though, and that is that for a public service anywhere in Australia at this moment to accept young people straight from school is becoming something that does not happen very often. The usual intake points into the public service are from base level degrees. We do not have those levels of very junior positions any more to any great extent, as Mr Harris pointed out.

THE CHAIR: You do not have positions that are not graduate-based; is that what you are saying, Ms Vardon?

Ms Vardon: No. Most of the positions in the public service in the ACT and around Australia are generally not open to young people directly from school, but they are open to young people who have gone to university and have a base grade degree.

THE CHAIR: That is a very elite view of recruitment, I would suggest to you, Ms Vardon. My question, to make it very clear, was about what we are doing to create opportunities for people under the age of 20. The assumption out of that probably would be that it is rare to get a graduate under the age of 20. My concern is that, of the 122 people employed, half of them are hired as casuals, and you are now down to 0.73 per cent of your entire work force made up of people under the age of 20.

We have had enormous debate in recent times—in fact, it is all over the front page of the paper again today—about young people leaving Canberra. My question is: what are you doing to create opportunities for the people in this particular band to get opportunities within the ACT public sector? Are you saying that you are simply not interested in pursuing those people? Is that essentially the takeout of it?

Ms Vardon: I am simply reporting on the public service as it is and making a comment more broadly on other jurisdictions in Australia.

THE CHAIR: Yes. I am not interested, with respect, in other jurisdictions. I am keen to know what we are doing in the ACT to give these people a break in the ACT public sector.

Ms Vardon: As the Chief Minister and Mr Harris have said—remember, I do not have responsibility for strategies across the service for these matters; I simply report on them—we have a graduate program which takes in a range of people who have graduate—

THE CHAIR: Can I take you back? Let us move on from graduates. We keep hearing about this. I am talking about people under the age of 20 who are not likely to be graduates. What are we doing about that particular class of people?

Mr Stanhope: I think we need to put this in some context, chair. What the ACT government is doing, for a start, is providing the best education system in Australia. We are producing, through our schools, the most highly educated cohort of school

students in Australia. We are setting them up with the foundation building block for a good career and a good future through their capacity, through their education and through what education brings them, and that is the opportunity to pursue careers in a whole range of areas. Those opportunities are denied to those that do not have access to a first-class education system such as ours. But we do not say that we will employ so many nine-year-olds and we will employ so many 20-year-olds irrespective of their educational qualifications or their capacity or experience.

THE CHAIR: I would not imagine you employing nine-year-olds because it is not legal.

Mr Stanhope: We have a range of positions within the ACT. We are a major employer. We provide enormous opportunities across the board in a whole range of disciplines to enable the government to serve the people of the ACT. We support a whole range of programs through our enormous support for the Canberra Institute of Technology. We are not an employment agency; we are a government. We provide support for people throughout the ACT. We provide more opportunities, in particular educational opportunities, to people within this territory than any other government in Australia.

The fact is, of course, that it is through education that most job or work opportunities are created. It is one of the reasons we have an unemployment rate of three per cent. It is because we are highly trained and highly educated. One of the downsides is that a highly trained and highly educated population is the most in demand and the most mobile. They have an enormous potential to pursue opportunities elsewhere. The corollary, of course, the reverse, the sort of scenario that you are painting is: do not educate people.

THE CHAIR: No, it is not.

Mr Stanhope: It is. Do not keep them at home. If the model you are proposing is that, in order to keep them at home, we should take them into the ACT public service at the age of 18 or 19, not fully qualified and not fully trained, but just give them a job in the hope that they will stay here, I think that is not particularly consistent with reality. We provide enormous opportunities in the ACT public service for those that have the qualifications, the capacity and the experience to take them. We cannot lower our standards and we will not. We will not abandon a merit selection regime in order to isolate jobs for 18-year-olds.

THE CHAIR: I do not think anyone is asking you to lower your standards and abandon opportunities for graduates, but I struggle to understand why, unless you are tertiary educated, the not welcome sign is up here in the ACT public service. That is what your figures and those pronouncements seem to be suggesting, Chief Minister.

Mr Stanhope: That is not what we are saying.

THE CHAIR: That is what those pronouncements seem to be suggesting, Chief Minister.

Mr Stanhope: But we want a highly educated and highly trained work force.

THE CHAIR: And if you are not tertiary educated, you are not welcome.

Mr Stanhope: No. The ACT government, through our support for the CIT and the support that we continually provide in relation to schools and apprenticeships, is doing more than the private sector. If you want to get into the issues around skills shortage, you would not be pointing the finger at the ACT government. You would actually be looking at the role, responsibility and attitude of the private sector.

Where have all the apprenticeships gone? Where are the apprentices in the private sector? Where did they go in the good times? What effort do the major employers in the private sector in the ACT put into apprenticeships these days? They do not put as much effort into the support of apprenticeships as this government does. We provide support for schools-based apprenticeships, CIT apprenticeships and, indeed, those organisations that train apprentices.

I think it is a simplistic and somewhat circular argument. You are asking whether we isolate positions within the ACT government on the basis of age, whether it is 60-year-olds or 16 to 18-year-olds. No, we do not and nor will any other government or major employer. I do not envisage that we will ever have so many 60-year-olds or so many 16-year-olds that we can corral them into a range of jobs depending on their age. The same argument that is made for those less than 20 years of age can be made in relation to an ageing population.

THE CHAIR: My argument is that you are simply not letting them in the door. I will go to Ms MacDonald and see what she has to say.

Mr Harris: We do not have the positions either.

THE CHAIR: There are lots of jobs I see around this sector that certainly would not require a university education. Dropping off mail would be one.

MS MacDONALD: I was going to ask a question of the commissioner. Unlike Mr Mulcahy, I know that public services across the country—probably across the world—are not taking people unless they have a qualification from a university. I am aware that we do take people with CIT qualifications. Ms Vardon or the Chief Minister may want to make a comment. There has been a shift in focus in terms of the way the public service employs people. The whole notion of, say, working your way up from the mailroom to the position of chief executive is not something that people consider possible any more. Do you have a comment about that?

Ms Vardon: From the mailroom to chief executive? I agree with you. I think those days are long gone, especially for girls who did not get a chance to work in the mailroom. I would say, though, that the very best advice that we can give young people in year 12 is, first of all, to hang in and complete year 12 if they want to get a job anywhere. They should complete year 12 and get a further qualification from the CIT or TAFE or a base level university degree. For many employers around the world, not just in Australia and not just in Canberra, the entry level point for a job has shifted. If you want the permanent ongoing position, as far as we have those these days, the entry level has shifted from being a school leaver many years ago to having some kind of qualification or being able to pick up an apprenticeship or a traineeship somewhere.

MS MacDONALD: When Mr Mulcahy asked that question, I thought it was an

interesting point. The other day I talked about John Turner having worked his way up from the mailroom to the position of chief executive. I think that he was the last person in the ACT service to do that.

Ms Vardon: The last person in the world, just about.

MS MacDONALD: Probably.

MR SMYTH: I started in a mailroom and I have aspirations.

MS MacDONALD: Yes. The second last dot point on page 6 talks about the representation of women at senior levels in the ACT public service needing to be closely monitored. I appreciate, Chief Minister, that you are not the Minister for Women anymore, but it certainly is something that, as Chief Minister, you have a great deal of influence on. Do you want to make a comment on that statement as to ways that we can try to encourage more women into senior levels in the public service, especially given the recent report about that issue?

Mr Stanhope: Let me just say before I ask the commissioner to respond that the government is acutely aware of the need for all employers to be mindful of ensuring that there are opportunities for all people that work for them. Ours is an interesting public service: 67 per cent of the ACT public service is comprised of women. I note from this report that in the order of 36 per cent of those at AS06 level and above within the ACT government are women, almost a mirror reverse of the representation of women within the employment of the ACT government. One could construct a whole range of rationales for that. For instance, the single biggest employer within the ACT service is the Department of Education and Training, at 29 per cent of the entire work force, the vast majority of whom are women.

Mr Harris: Including the chief executive.

Mr Stanhope: Mr Harris makes a good point. The chief executive of the Department of Education and Training is a woman, as are a significant number of the senior executives within the department. The second biggest employer is health and, of course, a significant number of the employees of the department of health, nurses, are women. It is all very easy to say that 67 per cent of the work force are women, but only 36 per cent of those at AS06 and above are women and therefore there is ipso facto a major gender imbalance and obvious glass ceiling. I do not accept that for one minute.

The argument has to be taken back a whole range of steps. Why are women overrepresented in the teaching profession? Why are women overrepresented in the nursing profession? Why are women overrepresented in the caring profession? They are overrepresented because those professions latterly have been traditionally undervalued. Through the construction and nature of society and the way in which families have developed, attitudes around the role of men and women within families and family relationships, and just power structures that have existed for the last century, we find women at different times forced into caring professions. It is represented in our work force, an ageing work force. It is changing, not so much in teaching but it is changing slowly and inexorably.

It is just too simplistic to say that 67 per cent of the employees are women and 36 per cent are receiving what might be regarded as a more senior wage; therefore, there is an obvious glass ceiling and governments are not conscious of the issue and do not have strategies in place to deal with it. That is incredibly simplistic and denies a couple of thousand years of history. It does; patriarchy. It denies two to three millennia of history and relationships between men and women. That is what it is all about. You come down to today and see this enormous imbalance of men and women in a range of professions.

MS MacDONALD: I certainly was not suggesting that the ACT government was responsible for it.

MR SMYTH: Thanks for that thesis.

Mr Stanhope: Men are responsible for it and to blame for it.

MS MacDONALD: To a certain extent.

THE CHAIR: Could we move on to Dr Foskey, please.

DR FOSKEY: It is an interesting discussion.

MS MacDONALD: Ms Vardon, were you going to add to it?

Ms Vardon: I was going to add to it. I agree with all the things that the Chief Minister has been saying. It is a complex issue with a lot of history. The comment in the annual report—I think you were referring to that, Ms MacDonald, not the state of the service report—was that the representation of women at senior levels may be stalling. What alerted me to that as something that needed to be monitored was that the overall representation of women in the service from previous reports to now has gone down a little. So it is something we need to continue to work on.

DR FOSKEY: On page 12, under the heading “Leaving the public service”, you refer to JACS as having the largest number of employee-initiated separations. Has that raised any concerns or spurred any further investigation or action from your office, or any proposals or such from any other part of government?

Ms Vardon: No. If they are leaving, that can be due to a whole range of factors.

MS MacDONALD: Sorry, Dr Foskey, on what page of the report is that?

DR FOSKEY: Page 12 of the annual report.

MR SMYTH: Page 61 of the state of the service report.

DR FOSKEY: You are suggesting that there could be any number of reasons, but I thought it might be interesting to establish what the reasons were and you might have considered that as well. Thanks for your answer.

MR SMYTH: Ask the Chief Minister whether he is concerned.

DR FOSKEY: The question is to the Chief Minister. He can delegate it to Ms Vardon if he wishes. Do you have any response to that, Mr Stanhope?

Mr Stanhope: No, I have no information on that, Dr Foskey. I am more than happy to take the question on notice, if you wish.

DR FOSKEY: Okay, that would be good. I turn to page 18 of the report and the reference to a code of ethics.

MS MacDONALD: Are you talking about the state of the service report, Dr Foskey? Page 18 of the annual report refers to the compliance index.

DR FOSKEY: The state of the service report, sorry, I do not have it with me. You repeat your concern about the lack of executive training in ethics and values. How has the ACT government responded to this remark?

Ms Vardon: In fact, there has been improvement since the last time I commented on this. I am happy to provide you with an update, if you would like one, on ethics training for managers.

DR FOSKEY: I would like that.

Ms Vardon: As I said last year, my first concern has been to encourage the foundation of an ethically-based governance culture in the whole of the service on a whole-of-agency basis. As the report says, most agencies now, and this is a great improvement, have programs and training to raise values and ethics awareness. There are some specifically-targeted programs too; we have seven agencies running programs targeting line managers, three agencies running programs for executives, and one agency has a program for new starters which I think is picked up in the following year.

In the report, I emphasise the importance of leaders' modelling values and ethics. We do that in a range of ways. For example, Mr Harris and I identify some high-potential leaders across the service and we mentor and coach them as a group, which explains to them various governance responsibilities, and certainly ethics is part of that. I can also say that the proposed templates for performance agreements for chief executives which are being finalised will have a requirement to uphold and model ethics and values, which will flow down to all executive performance agreements over time. So there has been very great improvement, I am pleased to report.

DR FOSKEY: The number of formal investigations into breaches of the code of ethics has risen from 48 to 64, which does not indicate that things are necessarily improving, unless the reporting is itself an indication of more awareness.

Ms Vardon: I think it is an improvement in reporting processes. There has been much greater focus on ethics, values, the codes and accountability for them.

MR SMYTH: Commissioner, I refer to page 71 of the state of the territory report. I note that the classification by gender category lists 159 senior executives. Was there a reason for this increase of 20 people over the number in last year's report, a 14 per cent increase

in the number of senior executives?

Ms Vardon: There has been a steady increase in the number of senior executives. I have tables for those increases, coming from a fairly low base in about 2000, I think it was, of 89. From 2000 to 2001 we had a huge increase and there has been a steady increase from then, up to 154 senior executives today. Within the reporting period, there were in fact 150 senior executives, two of whom were part-time. That does not include statutory appointments and statutory appointments are made on the basis of the remuneration being aligned with that of the senior executives.

MR SMYTH: Could you explain the difference between the charts on pages 71 and 73? The chart on page 73 says there were 150 senior executives but the one on page 71 adds up to 159.

Ms Vardon: I can. The correct figure is 150 for the reporting period. The 159 includes some statutory officers, but I have since separated those statutory officers out.

MR SMYTH: But chart A38 on page 71 does list statutory office holders in a different classification already, so were some missorted?

Ms Vardon: That is right; nine of them should be in the statutory officers category.

MR SMYTH: Mr Harris, is it possible to get the position numbers for each of the executive positions as identified by the commissioner?

Ms Vardon: I can supply them, anyway.

MR SMYTH: Thank you.

THE CHAIR: Thank you, Ms Vardon. We now move to the Actew Corporation. I need to read a notice, for the benefit of witnesses, as there are a number of new witnesses in the room. You 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 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, is there anything you want to say before we take a few questions on the Actew Corporation?

Mr Stanhope: No, thank you, other than to say that the chairman, the chief executive and officers of Actew are here and stand ready to assist the committee in any way in which they can.

THE CHAIR: My first question is this: after reviewing the report, there is a group profit for 2004-05 of about \$71.2 million. That appears to be a return of around 5.1 per cent on assets of about \$1.4 billion. Does the corporation believe that this meets the mission to achieve a satisfactory return—and I quote—“on our water, wastewater, energy and communication investments”? That is on the first page.

Mr Stanhope: I will ask the chairman, in the first instance, to respond to that. He may choose to ask his chief executive and officials to respond.

Mr Service: That is a very good question. I have to say that my board colleagues would certainly regard the return as unsatisfactory. But we all need to keep in mind that our revenue is not controlled fundamentally by us; it is controlled by the ICRC. That regulator chooses, in effect, what return we can achieve. Our operating costs are also subject to the most minute attention by the regulator, and that is probably quite reasonable. We would like to return more because it would come back to the taxpayers, but we live in a constrained world.

THE CHAIR: What is your desired rate of return, if you could achieve that?

Mr Service: If it was my own business and it was my own money, I would want about twice that.

THE CHAIR: You would be looking at 10 or 11 per cent?

Mr Service: In reality, in the utility world, if we could achieve perhaps 7 per cent or thereabouts in current interest rates and current inflation rates, I would regard that as reasonably acceptable.

THE CHAIR: Given that your profit was basically paid over as a dividend to the ACT government, how is Actew expected to generate and retain services for future capital expansion?

Mr Service: That is a considerable challenge, but we need to keep in mind, of course, that our annual depreciation, which runs into many, many millions, is essentially to ensure that we are retaining enough capital to replace the assets that are wearing out. In fact, last Saturday the board and management had a long discussion about the very important issue that you have just raised.

We are reviewing all our depreciation rates, all our wearing out rates, the life of our assets—all of those sorts of things—to again satisfy ourselves that we are retaining enough in capital terms to replace these assets over the long term, because clearly security of supply is the most important thing for the territory community.

THE CHAIR: Depreciation might theoretically address asset replacement but it doesn't really give you provisions for expanding the business.

Mr Service: That is entirely right. We either have to borrow to do that or we have to persuade the government to lower its dividend expectations. Every successive government in the ACT, of whatever variety, has taken the view that we should pay 100 per cent of our profits in dividends. We, in a perfectly pleasant way, have regularly suggested to governments they might take a different view. I have no doubt that debate will go on for a long time.

THE CHAIR: Are you mindful of that challenge that is being presented to the corporation, Chief Minister, that if you take all their profits out every year they are really

challenged in terms of their future expansion, if they are going to be competitive in an increasingly deregulated market?

Mr Stanhope: I am mindful of the debate. I am more than comfortable with the performance of Actew. The discipline on the decisions government brings to bear in relation to the dividend is responded to exceedingly well by Actew. I invite Mr Costello to add to that.

Mr Costello: We have the capacity, with the low gearing, to borrow to invest in what we hope will be successful new enterprises if that is what we wish to do. We are geared at about 30 per cent. For a business like ours, it would be quite acceptable to be closer to 50. That leaves, if we chose to, plenty of room to borrow. Most of our debt is due to capital repatriation we made some years ago, but it still leaves us with plenty of room, if we needed to, to borrow if it was for a suitable return.

THE CHAIR: If you were running it truly on a business footing you really wouldn't, I guess, want to see all of your profit paid back to your shareholders every year; you are effectively, in a way, running it like a non-profit corporation, aren't you?

Mr Costello: My chairman has expressed our view on that fairly clearly. It has been that way for many, many years.

THE CHAIR: I know it also transcends a Liberal government, when they sold off power lines or something, but I don't necessarily suggest that makes a lot of sound sense for your corporation. The profit distribution from ActewAGL was \$48.5 million. There is a reference on page 8 of the report that profitability was affected by regulatory price decisions. Is this the same issue about the ICRC reaching a view, or are there other factors here that are related to that?

Mr Service: That is a fair comment. It is worth keeping in mind, of course, that there is a move for electricity regulation to move out of the territory and state sphere and into a national regulatory process. Gas is—I was going to say “unregulated”; that is not quite true—very close to unregulated. But we need to remember, of course, that particularly the electricity market is now highly competitive.

There are a number of electricity retailers licensed in the ACT. One of them, in particular, has been extremely active here and continues to be. I am very pleased that ActewAGL has been able to pretty much retain its customer base against strong competition. Competition for the community is a good thing; we are not terrified of it.

THE CHAIR: Some of us have been around for a while and remember that, at the federal level, we set up the Prices Justification Tribunal which regulated all sorts of interesting things. They eventually got rid of it. If you didn't have that regulatory impediment of the ICRC, what do you think your profit situation would be from ActewAGL? Have you got any ability to guesstimate that or is there a—

Mr Service: My personal view is that it wouldn't change much because, although management and the ActewAGL board would love to put up the prices, the fact is our competitors wouldn't allow us to do that. That is the whole purpose of competition, of course, to protect the community against predatory pricing.

THE CHAIR: So the ICRC is really not having such a moderating role as you mentioned earlier on, if that is the case?

Mr Service: In electricity, it is more and more competition that is having the constraining role because there is a lot of the electricity market now that, in effect, is not regulated at all. If Energy Australia or Origin Energy fixes price X, we have to at least match that price or, hopefully, do a bit better. I think we have the most reasonable prices in Australia, but that is probably a prejudiced statement.

THE CHAIR: Why have you put in your annual report that this committee considers that your profitability was affected by regulatory decisions?

Mr Service: Partly, it is because of timing; partly, it is because the regulatory process itself is extraordinarily expensive. Some of us wonder whether the cost of that is fully justified. That is not a debate I want to run here, but it is an interesting question.

THE CHAIR: So expensive that it impacts on profit?

Mr Service: Yes. The regulatory cost is millions, not hundreds of thousands.

THE CHAIR: You are saying that if you didn't have that regulatory impact you would be making maybe a couple of million more, which you would have available for profit distribution from ActewAGL?

Mr Service: Something of that sort of number.

Mr Costello: Of course the regulator sets the monopoly price for the wholesale in electricity and gas, not the retail price.

Mr Service: We don't have competition there because we have got the only distribution system.

THE CHAIR: I take you to another area. It deals with, I guess, the vexed subject of TransACT. Telstra has made statements that the future of communications is in wireless technology. Do you agree with that observation?

Mr Service: I wouldn't want to answer that question directly because the TransACT board, in fact, only four days ago had a very long session on the whole change of technology in the telecommunications world. It is fair to say that the TransACT board takes the view that, in the long term, we are not a pure telco; we are something much more than that; we are a media company; we are a distributor of content—all of those sorts of things. There is huge technological change—there has been since day one—and it is going to continue.

It is dangerous for me to say that I don't agree entirely with Telstra's views of the world because they have a great many technicians and we have only got 150, but some of what they are claiming will be the future for them is put in a way that quite properly is put to persuade the community, the regulators and commonwealth politicians to a particular view of the world. That is not a view we would entirely agree with.

Having said that, wireless is certainly, in some parts, the coming thing. There is no question about it. We are doing a lot of experiments in the ACT on it right now.

THE CHAIR: Is this impacting on your decision as to whether or not to proceed with more cable work for broadband, is that still continuing on regardless or are you briefing—

Mr Service: At the moment we wouldn't, I don't think, put in another metre of fibre cable because we don't see the economics of it. We are finding ways to provide the same service differently.

THE CHAIR: Is it your ultimate ambition to offload that investment in TransACT?

Mr Service: My personal view is that the long-term interests of the territory would be for us to sell our interest, but at the moment I don't believe we would make a sale at the sort of number that would impress either the TransACT board or its various shareholders—remembering that the territory only owns a quarter of it and that there are three-quarters of it we don't own. TransACT has reached the stage where it is now leaving the capital expenditure side; it is cash flow positive. That was a great milestone.

THE CHAIR: You have written off your investment, as I recall it in the books?

Mr Service: We have.

THE CHAIR: Do you know what the perceived value of the enterprise is now, if there was a bidder?

Mr Service: I would prefer not to answer that question, given that there are some discussions by another shareholder in terms of sale. It would be very embarrassing to have a public debate about value just at this moment.

THE CHAIR: You have written off what we have put into it, haven't you?

Mr Service: We have. We have written it off. But my personal view is that it is still worth a reasonably substantial amount of money and, if the current trends in growth continue, it will grow in value as well.

THE CHAIR: I will go to one other area and then hand over to another colleague. My first question, Mr Costello, is: for how long is the review that you are undertaking for the government on performance of agencies and the like going to tie you up? While you are undertaking those duties, is somebody else going to be moving with the role of chief executive?

Mr Service: With respect, that is a question that would be more appropriate for me to answer. Mr Costello consulted with me before he accepted the proposal by the government to undertake this. I sought and obtained from him some undertakings about his performance in Actew. The first thing he did was cancel a month's holiday that he had. In a sense, that is his own time he has chosen to give away. I am satisfied, from Actew's point of view, that we are getting now and will continue to get his full attention.

If we don't, he and I would have a vigorous debate.

THE CHAIR: I don't understand what your answer is. First of all I don't think it is appropriate that he should forfeit leave to carry out a function for the government. The second question is: you say he is going to be able to do his job as the head of the Actew Corporation. What I am curious to know is this: how is he going to do that if he is tied up doing consultancy for the territory government? Is somebody stepping into his shoes while that goes on? Can we deal with that issue?

Mr Service: My judgment is that he is giving to Actew, not to the government but to Actew, sufficient hours to do the things that I and my board colleagues expect him to do. And he is continuing to do that. If he chooses to work other hours at night times, weekends, whatever, for the government, that is a matter for him personally. My responsibility is to ensure he contributes to Actew, as I expect him to do, and he is doing that.

THE CHAIR: I find it very difficult to believe that somebody will be, as an evening or weekend job, reviewing the operations of the territory government. He is a very highly paid executive. Are you telling this committee that he won't be devoting to this task time that he would normally be working for the corporation?

Mr Service: No, I am not telling you that, with respect, and that isn't what I said. He is devoting the hours that are needed to Actew. Whether he chooses to do those at 9 o'clock in the morning or 7 o'clock at night, it is a matter for him. I don't care when he does them, as long as he does them.

THE CHAIR: Nobody is stepping into his shoes while this goes on?

Mr Service: No, certainly not.

THE CHAIR: What is the time line that he will be tied up for on this other work, are you aware?

Mr Service: Michael, would you answer that?

Mr Costello: I am required by the government to report by about the end of March or early April.

Mr Stanhope: It needs to be understood, to provide some perspective, that the government has engaged a dual reviewer, Mr Greg Smith, an ex-deputy secretary of the federal Department of Treasury, who is devoting his time to the review on the basis of a contract or a consultancy separately negotiated.

In addition, the government is providing significant, what I might call, secretariat resources. It is not as if Mr Costello is there working away at a desk eight hours a day on the function and strategic review. The ACT government has provided a senior, learned secretariat of up to 10 to 12 ACT government officials who are doing the beavering away on this very, very important task.

Mr Costello is leading it as a result of his expertise and the particular insight that has

been gained by him in undertaking a similar—in the context of Western Australia and the size of the Western Australian government, as apposed to ours—major review of the same order but for a much larger government with a much larger measure of expenditure. You need to have the perspective: Mr Costello is essentially leading or directing a team of up to a dozen senior and experienced ACT government officials.

THE CHAIR: Would you be paying additional compensation on top of his current remuneration?

Mr Stanhope: To Mr Costello, no.

DR FOSKEY: First of all, I congratulate Actew on using the global reporting initiative framework for this sustainability report. This is an international benchmark for sustainability reporting. I would be interested to hear from the Chief Minister whether he would consider using this reporting mechanism for other government agencies and territory-owned corporations reporting?

Mr Stanhope: It may be the case that your question arises out of a rather critical report by the Auditor-General in relation to the quality of sustainability reporting by ACT government agencies. I am aware—and I am sure you are aware—that the Auditor-General singled out Actew for particular praise in her report and excepted Actew from the criticisms which she made of other ACT government agencies. There were, I believe, one or two other notable exceptions from the Auditor-General's criticism.

I took to heart the Auditor-General's remarks in relation to the inadequacies which she disclosed in her report on sustainability reporting. I wrote to the chief executive of the Chief Minister's Department at the time. I asked him to communicate to and request of each chief executive within the ACT service undertakings that the Auditor-General's report and its recommendations will be fully implemented in further reporting on sustainability by ACT government agencies. I took the Auditor-General's criticisms to heart and responded with a direct direction to every ACT government agency head that they comply with the recommendations of the Auditor-General.

That is the standard I expect. I intervened directly and have made direct demands of all ACT government agencies. To the extent that the Auditor-General applauded the approach which ActewAGL has taken to sustainability reporting, I would expect all those agencies who didn't fare so well to look to the ActewAGL sustainability report for guidance in terms of what I expect of them in the future.

DR FOSKEY: Will they have assistance from the office, given that it is not part of Actew's job to provide assistance?

Mr Stanhope: Yes. I don't know what administrative arrangements will be put in place. I have simply made a direction and I expect it to be compiled with. I don't know the steps which individual agencies and chief executives will take to ensure that the direction which I issued is met. But I have absolutely no doubt that, if they value their jobs, the direction will be met.

THE CHAIR: Heads will roll otherwise?

Mr Stanhope: I gave a specific direction. If my chief executives think it is a fair thing to ignore directions from me, then yes, they should be looking at their contracts fairly closely.

DR FOSKEY: I want to ask some questions about Actew's structure. On page 3, we have the company profile in a diagram. What effect do you or the Actew people think the splitting of AGL into AGL ACT Retail Investments and the AGL Gas Co will have on gas delivery to ACT residents?

Mr Service: Can I give a slightly more general answer? The matter of the demerger of AGL, the split of it into two companies, is a matter of considerable importance from Actew's point of view. After all, at present AGL is our partner in ActewAGL. That was recognised even in the act that the Assembly passed to permit that merger to happen.

We spent most of last Saturday talking through, with a lot of advice, the issues that the AGL demerger raises for us, including gas supply. We have put to AGL an extensive series of issues that we—I should go further than say “want resolved”—require to be resolved, and we await their response. I should say that the verbal discussions we have had with AGL about these matters have been perfectly friendly and cooperative.

It is probably fair to say that AGL needs considerable help from us to achieve what are its objectives. Our job is to achieve our objectives. Our objectives are to maintain ActewAGL as a unified multiutility that provides very good service to the community. That is our starting point, and I can assure you it will be our finishing point. We will not accept anything that is likely to interfere with that.

DR FOSKEY: Will the regulatory measures in place to deal with the contradiction between the profit-driven motivation of AGL and the conservation and the public-good-driven motivations of Actew be effective in dealing with AGL's new corporate structure?

Mr Service: It depends very much on the final outline of that structure. From our perspective, that is a matter not resolved. However, we should point out that AGL is probably the largest regulated utility in Australia and is very used to living in a regulated world. And we certainly haven't in the past found that that impeded our Actew relationship with AGL. In fact, we have had a very happy and very productive relationship, I have to say, and that has led to a considerable improvement in profits that go directly to the citizens of the ACT through the government and has led to an improvement in the standards of service we provide as well.

THE CHAIR: Chief Minister, there was a report in the last week or so of a commonwealth/territory/state ministerial conference. If I read the report correctly, it indicated that there was a general inference of agreement to transfer regulation of the retail side of either electricity or energy to a commonwealth role eventually or at least an agreement to work to that point. Can you indicate to us where that is at or what was agreed?

Mr Stanhope: I have to take that on notice. I didn't attend that meeting. I was represented at that meeting, I think by Mr Gilbert. That was a meeting in Perth. I am

aware of the issue. I prefer to take advice and respond to you in writing.

THE CHAIR: Thanks. I have a couple of issues. If we can step back to the ICRC: the performance report for 2003-04 by the ICRC, released in September 2005, found that the incidence of complaints made to ActewAGL about distribution electricity increased by 66 per cent. The complaints were due mainly to customers not being notified of pole replacement work and damage to vegetation. Did this work continue during 2004-05? If so, what has been done to alleviate the number of complaints?

Mr Service: With respect, the number of complaints is extraordinarily low for a utility. There will always be a degree of tension particularly about pole replacement, which is a very important issue of public safety. The ICRC, in its wisdom, at one stage in fact said that we were spending more money than they thought was desirable on pole replacement. The board has come to a totally different view and, in fact, has substantially increased funding.

The problem is that it is very difficult often to give people sufficient notice if we think a pole is becoming dangerous. Sometimes you have got to deal with it immediately. Also, when we do give notice, which is the normal process, weather intervenes, other problems intervene, and sometimes you just can't meet the notice period. The system is not perfect and it is not possible to make it perfect because some of the things are outside our control and indeed outside the householders' control as well.

THE CHAIR: The increased expenditure is probably a correlation with the increased number of complaints that have been reported?

Mr Service: I would have thought so. Pole replacements increased.

THE CHAIR: You have indicated, however, that the rate of complaint is quite low. What is that for 2004-05?

Mr Service: I can't answer that. Do we have that figure here?

Mr Costello: We can get it for you.

THE CHAIR: It was 4.24 per 1,000 customers in the previous year.

Mr Service: We are certainly happy to get it for you.

THE CHAIR: Thank you. Another one on the ICRC: it found that the corporation had a greater incidence of sewerage breaks and chokes in water than sewerage providers in other jurisdictions. I am referring to pages 8 and 108. The incidence was 23.3 per 1,000 properties for Actew Corporation's network, compared with 10 for Sydney water and four for Brisbane water. Can you explain why the incidence of these problems in Canberra is so high?

Mr Service: Given the geology of Canberra, its climate extremes and the number of trees we have, we will always have a worse record than most of the rest of Australia. For example, every time the clay base dries out, it moves; every time it rains again, it moves. All of those things break pipes.

THE CHAIR: Has that changed, compared to 2004-05?

Mr Service: Over the years, it is probably likely to get worse as our infrastructure ages. We are spending quite a lot of money on those areas. Michael, you may have some current figures on that.

Mr Costello: I will ask Mr Baria to join us, if I could. The key problem, of course, is the drought and the large number of trees. These pipes tend to be in the back garden of people's houses. They plant trees over or near them. In drought, there is only one place it can get water: sewerage and sewage pipes. That is why we have a particular problem here. You might want to add that, Aspi.

Mr Baria: As the chairman has rightly pointed out, a considerable amount of cause of the recent increase in the sewer chokage has been the dry weather. The clay soil of Canberra when it contracts puts pressure on the piping and provides the chokages we have seen recently. Actew replaces its sewer through a capex program as well, so we have a sewer replacement program to ensure that the number of sewer chokages remains at a reasonable level going forward.

THE CHAIR: I assume they do the same in Sydney and Brisbane. What are the figures now? Do you know that, Mr Baria, the instant rate for 2004-05?

Mr Baria: No, but I should be able to provide that. I'll take it on notice.

THE CHAIR: Do you think it has improved or do you think it's still dramatically higher than the other jurisdictions?

Mr Baria: Until about three months ago, we were still in the grips of a drought so the numbers up to that period would have remained on a reasonable account.

THE CHAIR: Still high. So you see the drought primarily as the problem that's giving us the—

Mr Baria: The drought, as well as, as the chairman pointed out, that Canberra is a green city. We do have a lot of trees, whose roots, especially in the drought conditions, do find their way into the sewer pipes.

Mr Costello: And I think the drought has a different effect here from what it does in a place with different types of soil. It has a particular effect on the clay soil, which it won't have in a city like Sydney or Brisbane with different types of soil.

THE CHAIR: Just one other area and then that will be my line of questions. There has been ongoing debate, but it has surfaced recently again, on the issue of water supply to regional New South Wales. I know, Chief Minister, you replied to a question, I think from Ms MacDonald, about that; but is there any further information you can clarify here in terms of the state of play? Are we waiting on New South Wales to respond in some constructive fashion? Are you able to update the committee on the state of those arrangements?

Mr Stanhope: Yes, I am. I must say it has been a protracted and, for some, frustrating business but it is a framework agreement. I must say at all times in relation to the debate around a cross-border water agreement, a cross-border regional settlement, that these are very significant issues, enormously significant issues, and we're simply determined to ensure that we protect the ACT's position to the greatest extent possible. That's our only interest.

I must say that, with the breaking of the drought, there certainly has been some easing of some of the tensions in relation to the ACT government's willingness or readiness at this point in time to sign the agreement that has been drafted by ACT, New South Wales and the commonwealth. The dam at Yass is full. I know its limited capacity and they are keen to look to the future. Similarly, the pressure is off in Goulburn. There are still some major development proposals across the border. We have a genuine real interest in the future of those, but, as I've indicated time and again, decisions in relation to those are in the hands of New South Wales. New South Wales previously announced in relation to those that it will in any event conduct a public inquiry—a commission of inquiry I think they called it—into Tralee and The Poplars, and I think that might even extend to Googong; I'm not sure.

In terms of the state of play, we have draft agreements that are essentially agreed and complete but there were some matters of detail, significant detail, around the edge about which I wrote to the new minister, Frank Sartor. Mr Sartor has now responded to me. Coincidentally, Mr Sartor will be in Canberra next week for a regional leaders forum and I intend to discuss the agreements and the correspondence between Mr Sartor and me of recent time before I take the issue further. So we're getting to the end stage in this.

I am sensitive to and empathetic with the needs of our neighbours in New South Wales and their desire to seek to source a future water supply from the ACT. But my primary responsibility is to the ACT. Actually, in the context, almost my sole responsibility is to the people of the ACT. There is a whole range of issues, particularly in relation to cross-border payments and cross-border impacts and the impact of cross-border development on the ACT.

And at one level it's not just about saying, "Look, don't be mean. There's plenty of water. Share it," when you just happen to have in place the infrastructure to capture it and the head works capable of shifting it. There's an issue in that of itself. We do have the infrastructure. In the context of the debate, things do frustrate and irritate me somewhat. In Yass my good friend Nick Carmody has got a dam; he just doesn't want to increase the size of it. We've got dams. We ran into a problem in this last drought and Actew spent \$50 million or \$60 million, because I wasn't prepared to do what Nick Carmody and what the Mayor of Goulburn have done. I wasn't prepared, nor was Actew prepared, to simply sit and pray and look for somebody across a border to provide us with certainty in the future. This is a fair comment; I'm not being nasty or bitchy in saying this. We've confronted similar issues to the issues that Yass and Goulburn and others are complaining about, and we dipped our hands into our pockets and we spent \$50 million to \$60 million. That's what we did. We fixed the problem.

At one point I do find it a bit tiresome that our neighbours look to the ACT government and essentially say; "Look, when are you going to fix our problem for us?" In the first instance, I'm fixing our problems, and then I'm happy to help them with their problems.

But I'm fixing ours first. One has to look at what has done in the last three years in terms of expenditure, in terms of drought proofing the territory, in terms of providing security of supply for the people of the ACT. And it cost us; it cost us I think about \$60 million. Yet Nick Carmody out there at Yass is whingeing about having to increase the size of his dam by two metres to be able to get himself another six-month supply. Nick's a mate of mine but I am frustrated by this "Poor me" stuff: "We need you to actually worry more about us than you are worrying about yourself."

We've had this debate in the chamber too. I just use the one example of education. There are 4,800 kids in the ACT that live in New South Wales—we believe at a cost of at least \$22 million to us—and here we are negotiating the possibility or the prospect of another thousand or two kids, through developments across the border, coming into the ACT. So what: we just build another couple of high schools? You need to look at this in this light. If we supply water, without a watertight agreement, an understanding, to settlements across the border and another 1,000 kids come into the ACT, that's another high school. It's another 100 schoolteachers. That's the sort of thing we're talking about.

THE CHAIR: Are you saying really, Chief Minister, that if Actew Corporation is going to try and run itself as basically a business enterprise, notwithstanding as a government-owned one, unless you can settle the issue of education, underpayment on health and a range of other things, it's constrained from going and negotiating deals in terms of provision of water?

Mr Stanhope: No.

THE CHAIR: I mean they've got to sell their product.

Mr Stanhope: They certainly do.

THE CHAIR: Surely, there's an opportunity to get an improvement—

Mr Stanhope: And I support Actew. The government has had this conversation with Actew and I expect Actew to vigorously pursue opportunities to increase its profit.

THE CHAIR: So you haven't told them to put the brakes on for the moment.

Mr Stanhope: No, absolutely not. Indeed, I believe Actew have responded to an expression of interest in cross-border water supply and the provision of infrastructure in anticipation of the successful conclusion of a cross-border settlement and a cross-border water arrangement. I support that if there's a quid to be made. But the point I make in relation to some of these cross-border payments is that I want it watertight in the agreements that we're negotiating. We're not just going to stomp up and say, "Well, look, you build 5,000 houses out at Tralee or Googong et cetera, and the ACT will happily pick up the costs of the infrastructure demand that will fall on us, for instance in relation to education." It's a staggering number to me that there are in ACT schools today somewhere between 4,000 and 5,000 students who live in New South Wales, who do not pay rates in the ACT, who do not pay for their education—other than those that attend private schools, and even for those we meet 17 per cent of all their costs. This is an enormous subsidy.

THE CHAIR: Have we done any numbers on how much these people are spending over here?

Mr Stanhope: Well, of course, and that is the balancing act, and I am enormously sympathetic. Plus New South Wales could come to me and say, “Well, we run a railway for you.” Eighty per cent of the people that travel on the Sydney-Canberra line are ACT residents and it’s a service provided by New South Wales which they’ve costed at \$50 million a year. This is a two-way street. And you’re quite right: 60 per cent of the people that live in Jerrabomberra work in the ACT, and we benefit enormously from that. There’s a tremendous kick on for us. But they don’t pay rates here. None of the stamp duty on the purchase of their properties came to us. None of the land sale revenue came to us. It all went to Frank Pangallo and to Morris Iemma. These are very real issues for us, and I’m not signing this thing until we’ve crossed all the I’s and dotted the T’s.

THE CHAIR: Just to conclude though and take it back to Actew Corporation: where are they up to in terms of those discussions with the City of Queanbeyan, I guess, is the primary one over there because they will be integral to the provision of water?

Mr Stanhope: I’ll invite the chairman or the chief executive—

Mr Service: Queanbeyan is very straightforward because we’ve been providing water to Queanbeyan for as long as I can remember. There have been—

THE CHAIR: But the expanded needs, Mr Service.

Mr Service: Well, there have been a number of discussions over several years about the possibility of Actew actually acquiring the water and sewerage distribution systems in Queanbeyan and running the whole thing as if it was part of our present operation. Those discussions, while they have been frank and positive, have run into some barriers in New South Wales, which, as I understand them, relate to the question of: is this really the Queanbeyan council or is it the New South Wales government, and those sort of complications, which are not matters that Actew has any power to deal with.

We are still on the record with Queanbeyan that we would always be interested in taking over their system—no doubt they would want some money for it—and in terms of efficiency and so on I think that would be a very good outcome. Again, subject to whatever agreement our government and the New South Wales government and the commonwealth enter into—and that’s a matter for government—we would be happy then, of course, if we were running the Queanbeyan water system, to expand it to more customers.

THE CHAIR: Have they responded to that proposal?

Mr Service: It has been discussed, as I say, at least three times that I recall, at some length, but it has always run into this barrier in New South Wales and—

THE CHAIR: I don’t understand, Mr Service. What’s the barrier?

Mr Costello: Who gets the money.

Mr Service: It's who gets the money: does the Queanbeyan council get the money or does the New South Wales government get the money?

Mr Costello: We pay them. We buy their network. Who gets the money?

THE CHAIR: And that's unresolved on their side of the border; that's the stumbling block, is it?

Mr Service: It is from our perspective. There may be other stumbling blocks that they've chosen not to convey to us, of course.

THE CHAIR: All right. Any other questions?

DR FOSKEY: Yes. Nonetheless, one of those customers, Queanbeyan council, does seek to reduce its use of water by a number of measures, including no-cost water audits, free installation of dual-flush toilets, free water-efficient shower heads and rebates for energy-efficient washing machines. This program has been taken up by thousands of Queanbeyan residents, as opposed to the ACT program, some of which people have to pay for, which only 400 or so homes took up in the financial year. So is there any consideration of taking it further and doing the kinds of things Queanbeyan's doing?

Mr Stanhope: Everything, of course, Dr Foskey, costs somebody something. The suggestion is that this is a free service and nobody pays; somebody always pays. There's something not quite as simple or as simplistic as this analysis that Queanbeyan are actually outperforming us in relation to the sustainable use of water; it's simply—

DR FOSKEY: Well, Queanbeyan, of course, is trying to reduce the costs of buying water from the ACT to some extent.

Mr Stanhope: Well, it's an absolute furphy. I'm just not quite across the detail of the degree of the furphy or the way it works, but there's a pea and thimble somewhere—

DR FOSKEY: You can smell something.

Mr Stanhope: I do. There is a pea and thimble somewhere in this arrangement. Who knows about this?

DR FOSKEY: It might require a PhD or an honours thesis perhaps.

THE CHAIR: It sounds like only you, Chief Minister. Everyone's ducking for cover.

Mr Stanhope: I'll provide you with a detailed response of Frank—

DR FOSKEY: That would be wonderful.

Mr Stanhope: Pangallo's mirrors, smoke, peas and thimbles in relation to this matter.

DR FOSKEY: All right, okay.

Mr Stanhope: John Mackay knows all about it, I think. Somebody explained it to me in

detail, and for once in my life I saw it and I said, “Haha, that’s how he does it.”

DR FOSKEY: Well, it would be very interesting.

Mr Stanhope: I’ll get a detailed response.

DR FOSKEY: Okay, great. That’s it for now.

THE CHAIR: That concludes the questions for the moment, members. If we have any further, we’ll put them on notice and send them. Thank you for your appearance, Mr Service, Mr Costello, Mr Luddy and Mr Baria.

We’ll now proceed back on to Chief Minister’s Department to deal with the arts, heritage and indigenous affairs portfolio. As there are some new witnesses here, I need to advise you that you 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.

I might lead off with a question in the heritage area. The statement of financial performance in CMD annual report volume 2, page 61, combines environment and heritage. At page 133 information is provided on the cost of heritage from 4 November 2004 to 30 June 2005. The cost for that is \$1.4 million, and obviously more for a full year. It is not possible from that information provided to see how much heritage spent on each of its activities. Volume 1 outlines the key achievements for heritage, but there is no indication of the cost and benefits of each achievement. The information provided is too general to really facilitate analysis. Of the two main activities listed, what was the cost of providing secretariat support to the ACT Heritage Council and task force, and what was the cost of managing heritage assets?

Mr Stanhope: I’m afraid I don’t have that information. I’ll just ask Dr Cooper to respond.

Dr Cooper: It is quite specific information that you are after. We do have it, but I will have to take the question on notice. It is available but I do not have it with me.

THE CHAIR: How many people are employed in heritage?

Dr Cooper: Approximately 15. If you want a more precise answer, I can come back to you.

THE CHAIR: If you would not mind doing so when you get an opportunity.

DR FOSKEY: On page 183 it is recorded that there were four grants from the ACT heritage grants program to Environment ACT; in other words, heritage for heritage grants. I am just interested in why the government is receiving grants from itself.

Dr Cooper: Could you just pick out the specific ones? Page 183, the Heritage Advisory

Service; is that the one?

DR FOSKEY: Yes.

Dr Cooper: That is a grant that does not come into the organisation; it actually goes to Philip Leeson, who runs the Heritage Advisory Service. It is a service that has been running for several years and we have found that that advisory service, from a government perspective and a community perspective, reduces by at least half the number of appeals that end up in the AAT over heritage issues. It is very much an active way of stopping conflicts and ensuring that we actually end up with good heritage outcomes when people redevelop their housing.

THE CHAIR: Is he the gentleman who has just been appointed chairman of the heritage council?

Dr Cooper: No, not Philip Leeson.

Mr Stanhope: Explain who he is. Is he a public servant?

Dr Cooper: He is a consultant who gets approximately \$15,000 a year to run that service. Originally we had it with HIA and you could go round to their place and he was there at specific times. We found that that was not that effective and we have now got a telephone contact for him. That is how that works. It is really a grant that is aimed at helping a whole suite of people and, in order for that grant to be taken up, you do need specific expertise.

DR FOSKEY: I misled you there. On the bottom of page 184, for HG04/CP02, there is \$46,000 and then there are the final three on the next page for "Environment ACT—Heritage". Could you explain those four entries?

Dr Cooper: Yes, Dr Foskey. The heritage festival, as you are probably well aware, is a program whereby we fund an enormous number of activities within the community. I think that over 100 activities are funded out of that particular program. Those funds all go out to various areas within the community to ensure that we do have the heritage festival. Those funds do not sit within our agency in terms of the activities that are out there. We do employ a person in a coordination role to ensure the activities do occur within the community.

The heritage in schools one is a program whereby we run heritage activities with the education department to ensure that our children are well conversed with heritage values across the city. That one is in partnership with the education department. The one for the advisory service I have outlined for you. The one for conservation volunteers heritage projects goes to a group that undertakes conservation works on various things like Duntroon Dairy. You can go there and see them participating in that.

THE CHAIR: We will move now to the arts. The refurbishment of the Manuka arts centre has been completed. Could you indicate what was the final cost of that? A quarter of a million dollars was allowed for it in the 2004-05 budget.

Ms Hillson: The allocation was over two years and the total was close to \$500,000.

THE CHAIR: Was that within budget, because it was split?

Ms Hillson: Yes, it was within budget.

THE CHAIR: Turning to the Kingston powerhouse glass centre, you report that the architects have been selected, the preliminary sketch plans have been received and the marketing and communications strategy has been completed. Can you indicate now the estimated total cost and the completion date? Do you think you will now make it within the expected time frame?

Ms Hillson: The estimated cost is, as had been anticipated, capital funding of \$7.075 million, with an additional commitment from the Land Development Agency of \$3.77 million. Construction is expected to start early in the new year, with completion by December 2006.

THE CHAIR: Is that within the time frame; you will make it on time?

Ms Hillson: Yes, it is.

THE CHAIR: The public art program was due to be completed in June 2005 at a cost also of a quarter of a million dollars. You say in the annual report that you progress significant public art projects. The question I have is: was the program completed in June 2005 and what was the cost of that?

Ms Hillson: The program, as you are aware, constitutes a number of individual projects and each of those individual projects has its own time line. The allocation to those individual projects still stands. In terms of the actual expenditure within that year, I will probably need to take that question on notice.

THE CHAIR: Okay.

Mr Stanhope: I might just say that I accept personal responsibility for some churn in relation to finalisation of a formal public art strategy, program or plan. I am continuing to take advice from Dr Cooper and Ms Hillson in relation to our capacity in future to tie to major capital works programs a public art component within the overall bid. It is an idea that I am pursuing and it has created some churn within work that has been done within artsACT in recent times in relation to how to deliver public art. It is just an intervention of mine that, perhaps the best way of describing it, has created a bit of churn in terms of where we are up to with a formal public art plan or strategy.

THE CHAIR: Are you having a rethink about it?

Mr Stanhope: I am just trying to refine it.

THE CHAIR: Will there be more for statues of people?

Mr Stanhope: No, perhaps not for statues. I have written to the Prime Minister on the basis of representations I received from Sir Robert Menzies' daughter in relation to something I think is a serious issue.

THE CHAIR: I was being facetious; it is not part of your public art program.

Mr Stanhope: No, those statues aren't. I am encouraged that it is some time now since I wrote to the Prime Minister.

THE CHAIR: I did not mean to distract you.

Mr Stanhope: I just like to give information. I like statues, actually. I know that it is a bit infra dig these days, but I like them. I am not forcing this particular view of mine on artsACT or on the community, but I would love to see statues of Sir Robert Menzies and John Curtin in the parliamentary triangle. I just think it would be a really significant gesture.

I am encouraged by a conversation with Tim and Nick Efkarpidis in relation to their proposals for the redevelopment of Acton that in their concept drawings and designs they propose a major public art component; in other words, "We're building a building of \$100 million and we will commit to \$1 million or \$2 million worth of public art." In other words, as a proportion of the expenditure on a significant piece of capital work, Tim Efkarpidis and NICTA, in relation to the Acton redevelopment, have come to me and said, "We will contribute. We would like that there be a significant expression of our commitment to art for the community's sake through this redevelopment." They are doing that and that is the idea that I have had previously. I know this happens in other places.

THE CHAIR: So, instead of the government just going out and funding, they are actually trying to get this feature in new developments.

Mr Stanhope: Yes. I think that the government itself needs to show some commitment, and we are doing it. For instance, I have arranged for the new library in Civic Square to incorporate in the final design and outcome an additional piece of major and significant public art as a beacon to the library in the new theatre link. I think there is a tremendous opportunity, but we need to refine it and need to try to work out how to make it work.

THE CHAIR: Mr Kennett was very fond of those sorts of things.

Mr Stanhope: He was, one thing Jeff and I might have in common.

DR FOSKEY: I have a couple of questions about the cultural council. The reference is page 83 of the report. The cultural council is drawn from the community, as explained there, and there are processes in place to let people know how to be involved, but it seems to me that there is nothing much going the other way and the development of the new arts development strategy seems to be happening without any public discussion of what might be in it. I am interested in why the cultural council does not let the wider community know what it is thinking about. Doesn't it think that that might be a way to get better policy?

Mr Stanhope: I'll defer to Dr Cooper.

Dr Cooper: The cultural council certainly is a conduit but it is a conduit, we believe,

both ways. In terms of some of the policy initiatives, in the last few months they have been focused very much upon the grants program and the plan is that in the next few months they will certainly be talking more broadly on policy issues to advise the Chief Minister on the broad range of arts activities. So it is a matter really, Dr Foskey, of programming of their time and their resources. It is all there and it is all going to occur. Certainly, with the constituents that they speak with, my understanding is that there is a flow two ways.

DR FOSKEY: I guess I am informed by people who are not among the constituents that are in the flow.

Dr Cooper: We would like to help there so, if you could let me know who those people are, we will certainly make sure that that link occurs.

Mr Stanhope: At a more fundamental level rather than a personal level, I hear what you are saying, Dr Foskey. I seek to meet regularly with Paul Hetherington, the chair of the cultural council. I have enormous faith and confidence in Paul. I think that, in light of the feedback which you have provided, he would be very keen to seek to enhance the flow of information and the degree and level of consultation that there is. I will take up the issue with him. I know from my last meeting that the council is desperately keen to be involved. I would like to think that we can develop a more refined and more meaningful role for the cultural council than just as a conduit. I would like them to be more heavily involved certainly in policy development and even in the delivery of some of the government's policies in relation to the arts.

You have touched on a point which I have some sympathy for. I am always mindful of advisory bodies and councils being able to utilise their enormous expertise and enthusiasm and drive programs and policy. I know that Paul Hetherington and the council are desperate to be closely involved both with the community and with the government and its arts policy and program. It is something that I am happy to continue to respond to.

THE CHAIR: We will turn now to indigenous affairs.

MRS BURKE: Chief Minister, page 33 of volume 1 of the annual report notes that the community affairs group is undertaking or has undertaken consultation with the community to develop the elected indigenous representative body model. When are you likely to announce this model? Have you commenced elections for the body? When established, probably more importantly, what impacts will the body have on the effectiveness and perhaps the life of other indigenous councils or bodies which advise you, particularly the Aboriginal and Torres Strait Islander Community Consultative Council and the United Ngunnawal Elders Council?

Mr Stanhope: Those are very much the issues that are at the heart of the consultation. Some of the questions that you have raised are questions at the forefront of the minds, I know, of the indigenous community. Ms Hall could provide some finer detail on some of the time lines. At this stage, the consultation is genuine. My position in relation to this is that I support the creation of an indigenous representative body that will be elected by indigenous people, but I know that there is a range of views within the indigenous community. I have had some meetings and some consultations where there has been a

high level of concern at some of the implications and I have met with some members of the indigenous community who tell me they quite flatly oppose the prospect of an elected representative body.

One of the issues that they raise to support their opposition is the very point that you make, that is, that we have through Winnunga Nimmityjah and we have now through the Aboriginal justice advisory committee indigenous organisations actually administratively responsible for the delivery of outcomes and there is a concern that we not upset those organisations that are running very effectively.

Back to the specifics of your question: there is a range of views. The indigenous community does not have a single view on this. There are some people strongly of the view that we should proceed, determine a model and hold elections. There are other members of the community who are quite opposed to an elected representative body. I will at the end of the day take the advice of the community on whether or not we proceed with this initiative. As I say, no elections have been held and none will be held until a model has been determined and indeed until the indigenous community, through the consultative process, come back and say to me that their advice to me is that we proceed. If they come back and say they are not agreed or disagree, then we will not proceed.

MRS BURKE: So you are not wedded to the idea of going ahead.

Mr Stanhope: I strongly support it and I will advocate it, but no. I have said at every single meeting that I have had that if the advice from indigenous people to me, and we are trying to develop a rigorous, transparent consultative process, is that on balance indigenous people in the ACT do not want to elect their representatives, then, if that is what they tell me, I will listen to them.

MRS BURKE: Ms Hall was going to respond on the time line.

Ms Hall: To follow up on what has been said, it has been a topic of discussion at meetings of the united Ngunnawal elders and also of the consultative council. There was on 28 October a joint commonwealth—ACT government forum to seek the community's views on representation and, as the Chief Minister has said, they are wide and varied. The Chief Minister's consultative council is playing a key role in assisting us in developing a consultation strategy. As part of that, we are short-listing consultants at the moment to assist in facilitating meetings, the first of which—these are ones organised by the council—is going to be held in mid-December, with five or six additional meetings planned for early 2006.

MRS BURKE: Public meetings? Are they open to the public?

Ms Hall: Public meetings, yes. At this stage, we are hoping that during that time we will be able to gauge whether or not the community want a body in fact and, if so, what sort of model. It will depend on what comes out of those forums as to whether we reach that end point at that stage or not.

DR FOSKEY: I am aware and I am sure you are aware, minister, of a process that is being undergone by the community itself, along with a group called the Journey of Healing, of camps which are seeking slowly, as it must be, to bring together the very

disparate community in the ACT. I am wondering whether you see the continuation of those camps as a way of moving towards some point and how they complement the process that Ms Hall has just outlined.

Mr Stanhope: I am very supportive of the Journey of Healing and the work that they have done. I receive representations regularly on how effective and how healing some of the camps have been, particularly with some of the issues which beset the community, some of the internal issues and some of the relationships within the community which are fractured. Ms Hall may be able to give more detail in relation to funding. The issue of the funding of the camps has always been rather vexed and represents a challenge to the government from time to time in relation to the nature of the planning. We have open and transparent funding processes but at times, in relation to issues such as some of the work which the Journey of Healing has done, an open, transparent and accountable process really does not work to their advantage. A government sympathetic to a high-priority issue would like to have a capacity to provide much more in the line of ad hoc funding.

I have to say, with great respect, that many of the applications for funding which we receive are out of time. We cannot find a funding or a grant scheme that is currently open to meet the particular timetable. It has always been quite a fraught issue for us. I am not sure at this stage whether there is any specific funding for any further camps. We do, in relation to all of our programs, have a whole range of competing applicants. We have supported a number. I am very supportive but, in terms of an end result, sometimes it is difficult for us to assess the actual outcomes or the achievements of some of the work that is done. Ms Hall may be able to give more detail on it. I am enormously sympathetic. I receive representations regularly, but in a reasonably ad hoc way, and at times I have had enormous difficulty in responding positively within the context of our funding frameworks. I do not know whether Ms Hall can add anything.

Ms Hall: There is very little I can add to that. The Journey of Healing have received a range of one-off funding from different ACT government programs and I am aware that they are also putting in for commonwealth funding. The programs that they have run have mainly been concentrated on the Ngunnawal community and developing relationships and capacity within that community. I am aware that at the moment they are putting in for a number of other grants programs that are currently under assessment.

MRS BURKE: I will put the rest of my questions on notice, but there is one I am interested in and I ask for your forbearance, Chief Minister. It probably crosses over indigenous or Aboriginal heritage, but mainly pertains to heritage. On page 66 of volume 1, under the fifth dot point, there is reference to the development of a number of heritage travel routes. I noted that a heritage trail is to be constructed on Red Hill to promote tourism and heritage awareness. Chief Minister, if this is the case, can you clarify why you indicated to me in answer to question on notice No 585 that no such work is being undertaken on a heritage walk and the Department of Urban Services and the Red Hill regenerators park care group have been unable to clarify that work is being undertaken to construct the trail? What forms of consultation were required with traditional Ngunnawal land owners in the development of the heritage trails that are listed there? It is a two-part question. The Red Hill one is a bit of a mystery to me. It is said that it is going ahead. Maybe you can clarify that.

Mr Stanhope: I cannot, I am sorry, Mrs Burke. I would have to take advice about it. I am happy to take it on notice, but perhaps in the interim Dr Cooper can provide some information.

Dr Cooper: The heritage trail that we refer to in the heritage component is primarily about the trail to do with the road, so that the trail that we are looking at is a driving trail. When we talk about our heritage trails, they are not necessarily physical walking trails.

MRS BURKE: Okay, so there are no walking trails intended around Red Hill.

Dr Cooper: I cannot answer that question.

MRS BURKE: Okay. I am happy to have it taken on notice.

THE CHAIR: Chief Minister, Mr Harris, Dr Cooper and other officers of the agencies, I thank you for your attendance this afternoon.

The committee adjourned at 5.30 pm.