



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: Annual and financial reports 2005-2006)

Members:

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

TRANSCRIPT OF EVIDENCE

CANBERRA

THURSDAY, 7 DECEMBER 2006

**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).

APPEARANCES

ACT Insurance Authority	154
Chief Minister's Department	108, 154
Cultural Facilities Corporation	154
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Department of Treasury	154
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The committee met at 9.34 am.

Appearances:

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

Chief Minister's Department

Harris, Mr Mike, Chief Executive

Davoren, Ms Pam, Deputy Chief Executive, Policy

Tardif, Mr Phil, Director, Cabinet Office

Ellis, Mr Greg, Director, Economic, Regional and Planning

Butt, Mr David, Director, Energy and Water Policy

Hall, Ms Sue, Director, Corporate Management

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

Neser, Ms Kate, Chief Financial Officer, Corporate Finance

Dorling, Mr Philip, Senior Manager, Intergovernmental and Legal Affairs, Cabinet Office

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

Weir, Ms Jan, Senior Manager, Strategic HR

Hurford-Clark, Ms Kirsten, Senior Project Officer, Strategic HR

Haustead, Mr Greg, Acting Senior Manager, Industrial Relations Policy

Tomlins, Mr George, Executive Director, Strategic Priorities

Mitchell, Mr Philip, Executive Director, Strategic Priorities

Lasek, Mr Jeremy, Executive Director, Arts, Communications, Events and Protocol

Cox, Mr Ian, Acting Director, Business and Economic Policy

Hunt, Ms Dita, Senior Manager, Business and Economic Policy

Holmes, Ms Lisa, Chief Finance Officer

THE CHAIR: Good morning, ladies and gentlemen. We will now commence public hearing No 5 of our inquiry into annual and financial reports. This morning we will be examining the Chief Minister's Department in the first instance. For the benefit of witnesses, I need to say that the committee has authorised the recording, broadcasting and rebroadcasting of these proceedings in accordance with the rules contained in the resolution agreed by the Assembly on 7 March 2002 concerning the broadcasting of Assembly and committee proceedings.

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

While the committee prefers to hear all evidence in public, if the committee accedes to such a request, the committee will take evidence in camera and record that evidence.

Should the committee take evidence in this manner, I remind the committee and those present that it is within the power of the committee at a later date to publish or present all or part of that evidence to the Assembly. I should add that any decision regarding publication of in camera evidence or confidential submissions will not be taken by the committee without prior reference to the person whose evidence the committee may consider publishing.

In relation to questions taken on notice, please note that it is the responsibility of each witness, in consultation with the departmental liaison officer, to check the transcript and respond to the questions. Responses to questions taken on notice are required within five full working days of receipt of the proof transcript. Supplementary questions from members need to be provided to the committee secretary within two full working days or by close of business on Monday, 11 December 2006. Responses to supplementary questions are required within five full working days of receipt of the questions.

I welcome the Chief Minister, Mr Harris and the other officials present this morning. Chief Minister, before I invite questions from committee members, do you wish to present an outline to the committee?

Mr Stanhope: No, thank you, chair.

THE CHAIR: I will lead off, if I may, with some questions in relation to the annual report for the Chief Minister's Department. Page 30 of volume 1 of the report states that the new Chris21 HR system was implemented to deliver pay disbursement, leave processing and work force reporting information. However, the new system experienced problems with leave management, as I think we are all aware, on its introduction in July 2005. Chief Minister, as leave processing was to be one of the major functions of the new system, isn't it reasonable to assume that these problems should have been identified and solved during the testing period before implementation?

Mr Stanhope: Any new system reveals in its installation and its start-up a range of teething problems. It is not unusual and not unexpected and it certainly would be the usual experience for any major change of system such as that involved in the introduction of Chris21. In the context of the technical issues that were confronted, I defer to Mr Harris and his officers.

Mr Harris: As the annual report indicates, we did experience some difficulty in the full implementation of the new system. This was a matter of some discussion, as I recall, at last year's estimates hearings as well. There were a number of factors involved. In no particular order of priority, those factors included a decision by the previous provider to withdraw support for that system at a much earlier time frame than had been envisaged when we first entered into the replacement contract. Our risk assessments and other processes had been based on an implementation time frame and a pre-implementation testing period that was at least six to 12 months longer than we were eventually given.

The compression of implementation as a consequence caused some difficulty. Nevertheless, in respect of that difficulty, a very thorough risk assessment process

was undertaken. Given the new environment within which we were working, that risk assessment involved the use of very experienced contractors external to the provider of the Chris21 system but nevertheless knowledge of the Chris21 system. There were also some internal risk assessments as well.

Having gone through that process, we then got into the detail of a very complex whole-of-government computer system which is not unique to us, I have to say. It is used by a number of very large commonwealth departments as well. Interestingly, our implementation program uncovered a number of systemic issues which were issues of concern to commonwealth departments and which, until we had gone through the process, they had not identified or recognised. As a consequence, the majority of issues have been dealt with by the provider at the provider's cost, although there have been some additional staffing costs to us to maintain manual systems while some of these patches have been put in place.

The other issue that was uncovered through the implementation process which did cause some concern was the fact that the new system threw up what were embedded errors in the methodology that the previous provider had provided. Those errors come to calculation errors which affect superannuation contributions in particular for a variety of employees. Those embedded faults in the previous system were not uncovered until we went through the business mapping process that is necessary to write the programs for the new system. I am pleased to say that almost every issue has now been resolved. The one remaining issue, which relates to superannuation, will be rectified and thoroughly tested in the first part of the next calendar year, with implementation before the middle of next year.

THE CHAIR: Do you have any idea of what the revision or cost to the taxpayer will be of the changes in superannuation as a result of picking up these errors?

Mr Harris: As I said, most of the issues that have been uncovered here are issues to do with the system itself and therefore, under contract, the provider is required—

THE CHAIR: Sorry, my question might have been ambiguous. What is the additional liability in terms of superannuation likely to be now that you have sorted out these errors?

Mr Harris: It is difficult to tell because the embedded flaw in the system provided in some circumstances an overcalculation and in some circumstances an undercalculation, in some cases very small amounts of money and in some cases larger amounts but not enormous amounts. It is a fault that has been embedded for quite some time.

THE CHAIR: How far back?

Mr Harris: Probably since the system started, I should imagine.

THE CHAIR: So you are going to have back payments you will have to make to people, changes.

Mr Harris: We will need to go through it. It is not dissimilar to the problem we

uncovered with Totalcare superannuation, where we will need to go back and check potentially every individual record to recalculate.

THE CHAIR: It would be a massive job, wouldn't it, territory-wide, assuming it is all wrong?

Mr Harris: It is a tedious job, but we have got a well-tested methodology for this issue through the Totalcare exercise. It is a tedious job, but I don't think it is a complicated job.

THE CHAIR: Would you be willing to put a broad estimate on what dollars may be involved?

Mr Harris: I would not be able to at this stage. We have done some testing on a very small number of files and in some cases that testing has thrown up a difference of—this is a fictitious figure—\$5.50 over a long period of time. That might be \$5.50 which we owe the employee. On another occasion it might be \$5.50 they owe us. Until we have gone through the records, it would be difficult to say.

THE CHAIR: When do you think you will have a figure?

Mr Harris: In fact, it is an exercise that Treasury are undertaking, not the Chief Minister's Department. As I understand it, they have yet to start thorough testing.

THE CHAIR: So you have no idea, really, as to when the issue will be resolved.

Mr Harris: No. I would be speculating if I tried to put a time frame on it.

THE CHAIR: I know that mistakes happen in the world, but you will recall that this committee was given very solid assurances—I think it was at the last annual reports hearings, but I may be wrong on that and it may have been at the estimates hearings—that the things had been so thoroughly tested before you implemented it. The scale of the problem does amaze me.

Mr Harris: This is an issue for the previous provider, though.

THE CHAIR: The superannuation one I understand, yes.

Mr Stanhope: Superannuation is not a Chris problem.

THE CHAIR: But the Chris21 issue was something that we did discuss.

Mr Harris: Yes, we did.

THE CHAIR: We were assured that the testing had been comprehensive and thorough.

Mr Harris: As I said before, we were not alone. We weren't implementing a brand new system here. It was an off-the-shelf system that had been implemented and had

been used for, in technology terms, a very long period of time in New South Wales and in South Australia. As I said, a number of commonwealth departments use the system and had been happily using the system unaware of the faults embedded in it. It was not until we went through our detailed business mapping processes to write the systems for ourselves as opposed to importing somebody else's systems that these problems were uncovered. To that extent, I guess we have done others a service. It is certainly true to say that the number of users who were subject to these discrepancies was a significant factor in convincing Frontier that it was their cost and not the users' cost.

THE CHAIR: Has the territory been compensated for the problems that have arisen or costs incurred?

Mr Harris: In every area of the contract where it is the provider's responsibility the provider has paid.

THE CHAIR: Normally I would go on, but I know that Dr Foskey has had quite an interest in Chris21. Do you have any questions while we have the officer at the table, Dr Foskey?

DR FOSKEY: No, I do not have any questions on Chris21.

THE CHAIR: I take you now to page 85 of volume 1, which relates to external scrutiny. The annual report states that the Auditor-General's report on ecologically sustainable development, No 6 of 2005, found that there was scope for considerable improvement to the ESD guidelines and information contained in annual reports. Given that the ACT government agreed with the recommendations in the audit report, could you indicate to the committee what has been done since then to improve ESD guidelines and information? If I could add to that, because it probably would be easier to answer it in one go, I am just wondering how these changes compare with the actual recommendations made by the Auditor-General.

Mr Stanhope: Following that audit report, I did write to all of my chief executives across the ACT public service drawing their attention to that recommendation of the Auditor-General and asking them to take personal responsibility for its implementation. I defer to Mr Harris on the steps that have been taken in the Chief Minister's Department to ensure that the recommendation has been implemented by the Chief Minister's Department and all other departments.

Mr Harris: As the Chief Minister indicates, following the Auditor-General's recommendations, I wrote to all of the chief executives and pointed out the requirements that they were now required to abide by and I have had assurances from all of those chief executives that obviously they will abide by those requirements. In terms of our own reporting, we are in the process of adding more information to the annual reports in line with the Auditor-General's report. That would include recording processes within the department to measure energy use, for example, and water use, which we had not done in any way up until that period of time. Those things will take a little while to flow through in the sense of being able to do a comparative analysis from year to year, but we are well on the way to embedding those requirements into our annual reports.

THE CHAIR: So you have not done any monitoring of energy usage by the Chief Minister's Department.

Mr Harris: Yes, we have started.

THE CHAIR: But is that the beginning of it?

Mr Harris: Yes. We have done a little bit.

THE CHAIR: It seems extraordinary. I think that just about everyone in this city would be conscious of their energy usage and has been for a long time. I am amazed that the biggest department is not.

Mr Harris: But bear in mind that we rent premises, so those sorts of monitoring processes have not been an integral part of our activity other than the normal processes of turning lights off when the room is empty and those sorts of things.

THE CHAIR: But even with renting premises. There are commonwealth agencies that have been doing so since the mid-1990s to measure particularly the impact on emissions and the like. Do we do anything like that?

Mr Harris: We are starting to do so now and we are meeting our targets. We have started to measure as opposed to simply putting in place process and practice to minimise use. We have had process and practice for quite some time and that has been effective, but measuring and monitoring we have not done in any major way and we are now doing it in a major way.

THE CHAIR: Are you having energy audits done?

Mr Stanhope: Yes. We completed last year audits of, I think, 17. I would have to confirm that. That is a question, perhaps, that the minister for environment and sustainability, the Minister for the Territory and Municipal Services, might better be able to respond to but, from memory, we have concluded 17 audits of the energy use, capacity and status of buildings occupied by the ACT government. I believe it was 17. I would have to confirm that.

THE CHAIR: But your department has not been subject to an energy audit yet.

Mr Stanhope: I do not know. I know that 17 buildings were. I think it was 17; I would have to confirm that. But we have undertaken a government-wide audit of buildings. It is not complete. I think that two budgets ago the ACT government provided funding for an audit of energy use within ACT leased properties.

THE CHAIR: Is that generally available?

Mr Stanhope: As I say, it is something that is now the responsibility of the Department of Territory and Municipal Services. I would have to take advice. It is not something I have taken advice on for perhaps a year or so. I am aware of the program but I am not aware of the detail. That is why I would have to confirm the number of

buildings.

Mr Harris: Certainly, the Chief Minister's Department has not done an energy audit of Nara House for the floors that we occupy. I know that a number of building owners around the city do energy audits and have been encouraged to do energy audits. Whether the owner of Nara House has done one, I do not know.

Mr Stanhope: I am happy to take that on notice, chair.

THE CHAIR: Thank you.

Mr Harris: Can I just make the point that in the annual report directions there is a new section on ecologically sustainable development which outlines the requirements that have to go into annual reports in response to the Auditor-General's report.

DR FOSKEY: On page 7 of the first volume, the second paragraph from the top talks about the Office of Sustainability, a range of water efficiency programs and the ACT government's strategy for sustainable water resource management, including indoor and outdoor water tune-ups et cetera. That is very much talking about the private sector, and probably the residential sector. I am interested in whether there are commercial sector audits as well, how those are promoted to business and whether they are compulsory—and I am going to have to extend that to government in light of the previous conversation. I am asking about incentives for business to be involved in the water efficiency tune-ups and water audits and about government.

Mr Stanhope: I thank Dr Foskey for the question. The Office of Sustainability transferred to the Department of Territory and Municipal Services in March this year. I do not know whether you have yet met with the—

DR FOSKEY: We have, but it is quite confusing. It was in your department during the period covered by most of this report.

Mr Stanhope: If you want detail of matters pursued—

THE CHAIR: I think the practice is that we take the minister who is now responsible.

Mr Stanhope: I have not received a briefing on these programs since March this year. If you want details of issues you have raised, it would be appropriate to ask the minister responsible, who would refer to those officers who have the detailed knowledge and understanding of the policies that you are seeking additional information about. I understand the confusion.

DR FOSKEY: You are still the minister for water, though.

Mr Stanhope: Yes, but I am not responsible for the Office of Sustainability or these programs.

THE CHAIR: Mr Stanhope is not appearing in that capacity. Just to clarify it for the committee's benefit, our questions today relate to the responsibilities that Mr Stanhope has with CMD. If there are matters that have since been assigned, we

will have to raise those with those ministers, who have yet to appear. That is the advice I have.

DR FOSKEY: Can I still ask a question on notice of the appropriate minister?

THE CHAIR: Not in this context. Chief Minister, I want to go back to page 85 of volume 1 of the annual report. It is a matter we touched on yesterday in your other capacity. The annual report states that the Auditor-General's report on government procurement, report No 6 of 2005, noted that there was "a level of non-compliance with procurement practices for purchases under \$50,000". I am wondering what has been done in your department since this report was presented to achieve compliance in this area and how such changes line up with the recommendations by the Auditor-General.

Mr Stanhope: To some extent, the new structural arrangements in relation to procurement which were a feature of the previous budget dealt with some of the issues that were raised around some of the concerns of the Auditor-General. I will ask Mr Harris to respond in the context of the Chief Minister's Department.

Mr Harris: As with all Auditor-General reports that impact on the department, we ensure that any findings are transmitted to responsible officers. We have a relatively high level of expertise in procurement within the department. Nevertheless, we have gone through a process of transmitting the recommendations to those involved in procurement, ensuring that they are aware of their responsibilities and reminding them of their responsibilities—as we do with all Auditor-General report recommendations or any other independent report recommendations. On a regular basis, through the internal audit program, our own internal audit processes look at our risk areas. Procurement is one of the ones that are always on the list—as are the usual ones. We have just done a credit card exercise. Again, whenever findings come through there are discussions with management about management response. In every case, we take action in respect of the recommendations, be it internal audit or external audit. In some cases, the way we go about implementing might be slightly different from the way the internal or external audit has suggested, but that is done in consultation and we seek to improve all of the time.

THE CHAIR: So you would feel comfortable that your department is now broadly compliant with those recommendations made by the Auditor-General.

Mr Harris: Yes, I would.

THE CHAIR: I want to take you to volume 2, page 46. The area I want to address is changes in administrative structure. It is probably quite relevant given Dr Foskey's experience. Page 46 of volume 2 of the annual report lists a series of administrative transfers to and from the Chief Minister's Department in 2005-06. Among them are the transfer of part of the functions of the Fire Management Unit from the Department of Urban Services and the transfer of ACT Information Management to InTACT. Are you able to advise the committee where the recommendations originated that gave rise to these changes? What prompted the changes that you are talking about—the changes in the administrative structure?

Mr Harris: The changes came as a consequence of adjustments to the administrative orders—if I understand your question correctly.

THE CHAIR: I am asking about what prompted the changes, not how the process was achieved. There is a list of things that have been moved in and out all over the place. That is why I said it had some relevance to Dr Foskey's line of questioning—because of the confusion it creates for any of us. I am just wondering what prompted all these changes.

Mr Harris: Let me give you a couple of examples. In relation to the transfer of ACT Information Management to InTACT, we had embedded within the Chief Minister's Department a small group of people who did a cross-government information management policy type activity. The government's decision to centralise information management services within InTACT made it necessary for us to move that group and relocate it within InTACT rather than maintain it as a separate entity within the Chief Minister's Department. Similarly, with the Fire Management Unit, when Environment ACT was part of the Chief Minister's Department, as it was for a period of time, it made sense to relocate the Fire Management Unit from the Department of Urban Services. Because the Fire Management Unit essentially was an integral part of Environment ACT, it did not make a lot of sense administratively to keep it separate. Of course, it has now gone back to territory and municipal services. The answer to your question is, I believe, that, in order to align administrative units with government policy objectives, we did some shuffling of the deckchairs.

THE CHAIR: Do you have any idea of the costs involved in implementing all of these administrative changes?

Mr Harris: I would not have thought they were significant. These are reporting arrangements as opposed to major structural arrangements. We were essentially taking entire units and changing the reporting arrangements. Indeed, the transfer of ACT Information Management to InTACT was probably a cost-effective move, because at least one person, as I recall, took a voluntary redundancy as a consequence of that. The cost of providing that service is now lower than it was before.

THE CHAIR: But I imagine that moving personnel around the town and shifting offices—

Mr Harris: We moved very few personnel. Environment ACT did not move from Macarthur House. And the Fire Management Unit was located there and remained there.

THE CHAIR: So it is more reporting.

Mr Harris: That is right.

Mr Stanhope: Let me just say this, Mr Mulcahy. With a very small jurisdiction and a very small number of ministers with multiple portfolio responsibilities, it is not unusual for this degree of finetuning in relation to reporting arrangements to be a reasonably constant process. Indeed, I am sure that it will occur again. With multiple portfolios and with ministers shuffling multiple portfolios, it is almost unavoidable. It

is a very small government. As much as we each try—I know it would have been an issue of continuing interest to every chief minister that the ACT has had—there is this issue of departmental structures and reporting arrangements that reflect to some extent the interests of good, efficient administration but nevertheless reflect the particular interests, strengths and qualifications of individual members when there are so few ministers carrying such a diverse range of responsibilities.

It is an incredibly testing task, let me assure you, to refine reporting arrangements to the point where one believes one has not just an arrangement that is as efficient as possible but an arrangement that shares workload. I am just making the point from my experience of the last five years that it is incredibly difficult, with five ministers and a massive breadth of portfolios which need to be covered, to share the workload equally, efficiently and effectively amongst a very small group of ministers.

As Mr Harris has indicated, these changes essentially reflect that. The Fire Management Unit was a unit established within the Department of Urban Services when the Minister for Urban Services was also the Minister for the Environment, Parks and conservation, which has major land management responsibilities and which of course is the organisation with front-line responsibility, through the parks brigades, for firefighting and land management, would be the organisation. But then again Environment ACT is not the only land manager and the Fire Management Unit fulfilled other responsibilities for other parts of urban services, particularly responsibility for land management within the urban area. There is a crossover, and it is a constant difficulty within our structure.

These changes reflect that. To some extent, as Mr Harris has said, from time to time these sorts of changes are designed to generate savings. They do not cost at all. People do not move office. There is no shifting of staff. There is no increase in staff. There is no change in paper or phone numbers. It is simply organisations reporting to different administrative structures.

THE CHAIR: But there are new names. I would have thought there were massive costs there.

Mr Stanhope: If there is a new name, but more often than not there is not; it is a unit within a larger structure which does not require any name change or any new letterhead. These are business units operating with standardised departmental letterheads. Those issues around having to print do not apply to these sorts of changes.

THE CHAIR: I am not saying that this is the intention, but do you think that there is the unintended consequence that it potentially reduces the capacity of the Assembly to scrutinise departments comparing year on year when there are these constant changes? Is there some point where you believe it is going to settle? You said that in five years it has been constantly reorganised.

Mr Stanhope: At this micro level, perhaps there are these sorts of changes, but since I have been Chief Minister, apart from changes in personnel, there has been one significant reshuffle, which occurred this year. It is not that there has been major change across the system. These are minor changes—essentially tidying up, more at the edges than major reshuffles or changes of administrative orders. I do not anticipate

any major change, but without a doubt there will be continuing minor changes as we finetune with the intention of making our systems more efficient and more responsive. I am not interested in change for change's sake or in any change that generates cost or expense.

But I do understand the frustration. I share the frustration which Dr Foskey expressed just now in relation to my capacity now to respond to an ongoing relevant issue in relation to the Office of Sustainability. I could respond of a nature in relation to the issues raised in this annual report, but it does need to be understood that since March this year I have not been the minister with that responsibility and it would not be a particularly productive response. But I do understand the frustration and I am more than happy to take Dr Foskey's question on notice and pass it to my colleague.

DR FOSKEY: Thank you very much. I will put it in as a question on notice.

Mr Stanhope: I am more than happy. I understand the frustration. I think it would be obtuse—

THE CHAIR: It does come up in the budget context too.

Mr Stanhope: I know. I am aware of that. It would be obtuse of me not to accept the question on notice.

DR FOSKEY: Relevant to this is the mention on page 8, under the heading "Outlook", of the development of a new cultural change program. I am aware that there has been some work going on across government in terms of what are called integrated government, joined up government or whole of government approaches to issues. I am interested for a start in whether you could tell me about the cultural change program—who is working on it and what it is meant to achieve. I am also interested in how the restructure has affected both this cultural change program in CMD and, if anyone can tell me, the efforts to get a whole of government, integrated government approach across all the departments.

Mr Stanhope: I will ask Ms Hudson to respond to that.

Ms Hudson: The cultural change has a number of different elements that I suppose are trying to be coordinated across government. The most important one is that we act as public servants as one public service, rather than it being a silo effect or feeling that you are part of one agency, and being cognisant of whole-of-government issues. In terms of what is expected, there are various elements and they are things such as looking for whole-of-government outcomes, addressing accountability, trying to do the joined-up stuff better. There are also elements around how we do our work in terms of meeting the challenges of the budget overall and so looking at what we can do perhaps more efficiently and differently.

Some of what gets mentioned in this regard through various forums like HR council is that a lot of the traditions in the ACT public service come from the commonwealth and it is time to say that we are a different beast from the commonwealth public service and to look afresh at how we should do things. Some of the processes that we have just adopted, because that's where the history came from, need to be changed

and looked at, to say, “We want to get to this outcome but we might have to do it differently to get to that outcome.”

THE CHAIR: Can you give us a more specific example?

Ms Hudson: I think some of those examples that have been talked about, but this is not firm position, is how you develop policy perhaps, the processes that you go through, the layers of consultation and looking at all those things. They are the issues that we are looking at and asking, “Can we do this differently?” Perhaps also addressing issues with a lot of change: do we need to address these things quicker than perhaps we have in the past?

THE CHAIR: But are there any tangible examples you can show as to how you might tackle it as ACT versus the way you say we have followed from the commonwealth?

Mr Harris: It is partly a size issue. We have the capacity, because we are a smaller jurisdiction, to get to the end more quickly than the bigger jurisdictions, so we are capable of going from concept to implementation in a relatively short period of time if there is an active will to do so, and that does not mean cutting corners as far as relative ministerial, cabinet, government or Assembly approvals are concerned for that matter. That is partly what Ms Hudson is talking about. It is also about continually reinforcing the ethics of the public service through our graduate intakes, induction processes and our middle management and senior management leadership training programs.

It is about embedding within our public servants the capacity to find a solution rather than present an obstacle but do it in a way that is consistent with traditional public service ethics, reinforcing the fact that traditional public service ethics are about good solid policy development, good solid advice and appreciation of legal implications and all of those things that go with good public service.

DR FOSKEY: Just to go back to the specifics of my question, who is working on the program, including contractors, and have there been any specific problems to date. If so, what were they?

Ms Hudson: Governance division within the Chief Minister’s Department is leading this and we are working with people through some formal mechanisms—the Human Resources Council. Each agency’s director of human resources comes and attends the Human Resources Council. Also we are working to management council, which meets once a month and is all the chief executives. I suppose some of what is changing is making those links also better between the councils such as HR council and taking that to management council.

In terms of consultants we are looking at how we use the take the lead program as part of—

DR FOSKEY: Take the lead?

Mr Harris: It is a middle management training program.

DR FOSKEY: Okay.

Ms Hudson: for SOGAs and SOGBs and we have had a couple of years of that. What we are doing is looking at how we can get some of the things we want to do about cultural change into that developed program as well. We also recently got Tim Orton, who is from the Nous Group, which does the take the lead program, to come and give a presentation on change to all the executives; 130 executives came to that, which was in itself a change probably from recent practice. We haven't had quite as good a turnout as that in the past. That was both a networking opportunity for executives plus some professional development, and the session was on thriving in change more than just surviving; so it was about, in terms of change, that as public servants we can expect that there will always be change

DR FOSKEY: In that case, would you see this restructure assisting in this initiative, which obviously is medium to long term and ongoing, or ways in which it can detract from it?

Ms Hudson: We are certainly aiming to assist and that is partly why we will be doing more in the next part of next year rather than this last six months. We have done a few things but we haven't wanted to do the main components, I suppose, in the last six months because we know that public servants across the ACT are concentrating on all the different things that they need to do as part of implementing the budget. It will be something that we progress, and probably the next session on change management will be about how we can be the best managers that we can be, how we treat our people well.

Mr Harris: It is also fair to say that there is not much new under the sun—most things have been done before one way or another—and part of this program is about reminding our executives and managers that whatever their problem might be somebody has probably been there before and, if you ask, the solution might be there. We are one public service and the traditional networks and use of the telephone to resolve a problem are sometimes a very easy and quick solution to a problem.

MS MacDONALD: They could also meet in person from time to time.

Mr Harris: Yes, that's right.

THE CHAIR: Can I just take you back to two remaining areas under your CMD report? One is risk management. On page 47 of volume 2 it states that the Chief Minister's Department has adopted enterprise-wide risk management—ERM is the acronym—as required by the ACT Insurance Authority. However, this process has been delayed due to the administrative restructuring that has been undertaken within the department. Can you advise what impact these delays might have on the Chief Minister's Department's compliance with ACT Insurance Authority directives, and will these delays have any adverse implications for the department's exposure to risk?

Mr Harris: We are compliant with ACTIA's requirements; I can say that with certainty. I have signed off on a risk management plan for the department and, whilst I have now formally signed off on that, the elements within that risk management plan

are matters which the senior management group in the department have been responsible for and are monitoring on a weekly basis.

THE CHAIR: So when will it achieve what you intend it to achieve in the 2005-06 year? At what point will the processes be settled? You have said here that the processes have been delayed as a result of administrative restructure changes to the department's financial functions; are you saying that is virtually there now?

Mr Harris: I am saying that it is there now.

THE CHAIR: It is done, finished?

Mr Harris: Yes.

THE CHAIR: Page 150 of volume 2 of the annual report shows that the target to review the workers compensation scheme was not achieved. The explanation provided is that funding to support the cost of the review was not allocated in the 2005-06 budget. Would you care to elaborate on why that wasn't achieved; why the money wasn't allocated? I understand there has subsequently been an announcement of a review, from recollection.

Mr Harris: That's right.

THE CHAIR: What has been the delay on that? Is that not seen as a pretty important area of examination?

Mr Harris: The funding for the review has been provided in the 2006-07 financial year, not the 2005-06 financial year, so it will be done this year.

THE CHAIR: My question was why it didn't happen then.

Mr Harris: Through the budget process it was determined that it would be done in the 2006-07 year, not the 2005-06 year.

THE CHAIR: You can't expand on why? I am trying to get some explanation and I was just wondering if you could help me understand, given that you put it in here, why it didn't actually happen.

Mr Harris: I beg your pardon. I wasn't meaning to be evasive; I just didn't quite understand the question. When the targets were first put together there was an expectation that the review would be done in the 2005-06 financial year. For a variety of reasons, one of which was the timing of funding but there were some other complications, we weren't quite ready to do it in the 2005-06 financial year. The decision was taken to delay the provision of the money to the 2006-07 financial year so that the provision of the money, our own personnel resources and departmental resources could be aligned. We had quite a heavy work load—we always do—and we weren't physically in a position to do the review within that particular time frame. As a consequence, a decision was taken, after we'd set the target, to change the time frame, which is why we didn't meet the target.

THE CHAIR: Thank you for making that clear.

DR FOSKEY: I refer to page 11 of volume 1, under strategic policy and highlights. This question is more in the nature of something that isn't there rather than something that is. In previous Chief Minister's Department annual reports there has been mention of the ACT government's review of concessions but that seems not to have been around since 2004. Again, this is a loose end that I would like to follow up. The government was apparently in the process of planning or doing a review of concessions across the ACT and the commonwealth. I am interested to know whether the review has been completed, in which case I'd like to see a copy of it, and, if not, why not?

Mr Stanhope: Which page are you referring to, Dr Foskey?

DR FOSKEY: I'm referring to page 11 but you won't find it because it isn't there and the reason I'm asking it is that it was in annual reports until 2004. It was something that the government had said it was doing, especially in response to community organisations' concerns that there is no clear guideline or list of concessions that low-income people have access to in the ACT. Obviously, that includes the commonwealth, some New South Wales perhaps and ACT concessions. What happened to that review?

Mr Harris: The unit that was located within CMD that looked after those things and about which references were included in previous annual reports moved to the Department of Disability, Housing and Community Services at the end of the 2004-05 financial year—in November 2004 to be precise. As a consequence, the whole of the 2005-06 financial year would be reported on by that department, not by my department

DR FOSKEY: So that's where we follow that up?

Mr Harris: Yes.

DR FOSKEY: Shall I pursue the Community Inclusion Board with you, Chief Minister?

Mr Stanhope: Yes.

DR FOSKEY: Page 13 of the annual report talks about the community inclusion fund and says that summaries of all successful community inclusion fund projects are included on the Community Inclusion Board website. You will be aware that my office went and had a look for that and found out that the Community Inclusion Board website had pretty much closed down. We have since been told by your office, Mr Stanhope, that the website is up for revamping. So we couldn't find out what the successful projects were. Also, all papers, which included the reporting of those projects, had been removed as of 15 November.

I should say that the existing webpage does not say where to go or that the website is being revamped or anything. I'm interested in what the intention is of doing up the website, whether the ACT government intended to put those papers back after they

were removed and whether the Community Inclusion Board provided any advice to the ACT government on the functional review or the budget.

Mr Stanhope: Thank you, Dr Foskey. I share your interest in the fate of the website. I must confess I haven't been briefed on that and wasn't aware of the issues you have raised. I will be interested in the answer. Whether or not the Community Inclusion Board was consulted or provided advice to the functional review is something on which I will have to take advice. The functional review did consult quite broadly but I do not have a list of those with whom it consulted. I am more than happy to take that second part of the question on notice and Ms Davoren, I'm sure, will be happy to inform us all about the website.

Ms Davoren: The website is undergoing maintenance and it was just a change of provider to get some more effective website support, so it has to be rebuilt. I also take Dr Foskey's comment that there should be an explanation of that on the current website. We will get you a timing on when our website will be rebuilt.

DR FOSKEY: There might be now but there wasn't a week ago.

THE CHAIR: You don't use InTACT for that sort of service?

Ms Davoren: To some extent but my understanding is that an external provider was supporting that website and we are actually bringing it within CMD arrangements, which would in part be supported by InTACT as well as staff within CMD.

DR FOSKEY: Page 145 of volume 2 notes that \$320,000 of the community inclusion fund was rolled over from 2005-06 to 2006-07. I am interested in what this money was earmarked for, whether it is still earmarked for the same projects and why it was rolled over.

Ms Davoren: First, it is still being rolled over back into the community inclusion fund. It was rolled over to reflect the basis that there was some planned expenditure. You then have to adjust that expenditure on the basis that some grants are for 12 months, some for two years and some for three, so you have to adjust the costs over the forward years.

DR FOSKEY: Do you know what project that money is earmarked for?

Ms Davoren: I couldn't tell you but I can certainly take that on notice.

DR FOSKEY: Thank you, and what level of funding is available in the fund for 2006-07 and 2007-08?

Ms Davoren: My understanding is that \$1.8 million remains uncommitted and available for future grant rounds. I also note that management of that fund has now transferred to the Department of Disability, Housing and Community Services.

DR FOSKEY: That's just administrative management?

Ms Davoren: Yes, it is part of the 1 July changes

DR FOSKEY: Is the grants portal up and running, by the way? I know it is not your area but—

Ms Davoren: I would have to take that on notice.

DR FOSKEY: We can look ourselves. Page 14 mentions the successful household debt project. Did this project provide any insight or recommendations about changes that could or should be made to our concessions regime, or any other recommendations of interest, and is that report available?

Ms Davoren: The report is currently being considered by the Community Inclusion Board and they would be making advice to government on the basis of the report, so I think it's a little bit too early to draw any conclusions about what the nature of those recommendations might be. Certainly once those recommendations are made to government the intention is that the report will be made available.

DR FOSKEY: My next question is about the Narrabundah long-stay park. There doesn't appear to be any mention in the report of activities around the long-stay park, which I am aware were happening within CMD. Is that right?

Mr Harris: It will be in the 2006-07 report, however.

Mr Stanhope: Yes. I think the actions taken post-dated the financial year.

DR FOSKEY: Would you rather I didn't talk about that now?

Mr Stanhope: No, I'm happy; it's not in the report.

THE CHAIR: It is not related to the reporting period.

Mr Stanhope: This department's interest or involvement with the Narrabundah caravan park did not commence until the financial year that we are in, so it is not a matter that is reported on in the annual report under discussion.

THE CHAIR: I do not want to be too restrictive if the Chief Minister is happy to field something on it. It is the Chief Minister's call.

Mr Stanhope: I'm happy to but I am in your hands, chair.

THE CHAIR: Okay, we can take something on that.

DR FOSKEY: I am interested basically in how much this has cost so far. I absolutely want to thank the Chief Minister for taking on the project as he did but I am aware that there will probably be some issues arising, such as cost and, I also believe, with endangered animals. I wonder whether the residents can feel assured that the final lease arrangements will be settled in consultation with that group and with appropriate community services.

Mr Stanhope: I will ask Mr Tomlins perhaps to fill in, but once again a difficulty that

I face in responding to the question is that the matter has now reached a stage where essentially the responsible minister is the Minister for Housing. I would be more than happy for Mr Tomlins to give what would have to be a broad-brush explanation of the sorts of costs, to the extent that you asked about costs, that the ACT government has undertaken to meet.

In the context of the future of the park, I am able to assure you, on behalf of the Minister for Housing and the relevant department, that there will be full and detailed consultation with each of the residents about the future of the Narrabundah long-stay caravan park. The government has not yet made decisions around the future structure or management or administration and the arrangements that will apply, but housing has re-accepted and is reincorporating those residents of the Narrabundah long-stay caravan park as part of the clientele of the department or ACT public housing.

The other thing I might offer now, too, is that I have no doubt that the department and ACT Housing will be more than happy to give a full briefing on all of the issues; if that would be helpful I am sure officers of housing would happily meet with you to talk about the issue. I think at this stage Mr Tomlins could perhaps do no more than give you just a broad brush of the sorts of costs that we have incurred.

DR FOSKEY: Thank you. Mr Tomlins would be aware that I have followed the process pretty closely so anything new would be helpful.

Mr Tomlins: Yes, I have seen you at the public meetings, Dr Foskey. The major costs associated with the agreement are in the agreement, and that is that we provide a land swap with the developers, as you know; we provide \$1.5 million to cover the development and the earning potential of the services within the block that we service—a new block, which is estimated at up to \$0.5 million. We are paying rent to Dytin and we are collecting the rent from the tenants, so there is a small margin there.

DR FOSKEY: Which way is that margin?

Mr Tomlins: That margin, because of some of the non-payments—it is a fairly small margin—is a loss to the territory.

Mr Harris: If all the tenants pay all their rent, there is no cost.

THE CHAIR: What is the percentage of default?

Mr Harris: Much lower than it was before.

THE CHAIR: What is the percentage of default?

Mr Harris: I do not know, but the housing inspectors are very diligent at their task.

Mr Tomlins: I have been speaking to housing recently. They have indicated that they are following up the defaulters quite diligently.

THE CHAIR: But you don't know what the percentage is?

Mr Tomlins: No, I don't.

Mr Harris: It is significantly lower than it was under the previous regime.

THE CHAIR: Can we get that figure?

Mr Tomlins: Yes.

DR FOSKEY: I am aware that there were reasons why rent wasn't being paid beforehand; partly because people didn't know where to pay the rent or didn't feel they were getting much for it.

Mr Stanhope: I think we have overcome those problems of identity.

DR FOSKEY: Yes, I'm sure you have.

Mr Tomlins: The other costs are fairly small. The land across the road has been withdrawn. There are some maintenance costs.

DR FOSKEY: What does "withdrawn" mean?

Mr Tomlins: Essentially there is a rural lessee who has a lease over Callum Brae and the land across the road was part of that land. The alternative site, the site of the swap, has been withdrawn. Now it will have to be fenced. There is a process to be gone through under the commonwealth's environment protection biological conservation act. There is a variation to the territory plan and I have a draft of that with me. We have had discussions with the National Capital Authority in terms of the implications for the national capital plan and, whilst we do not have a definitive answer from them, it would seem that they will not be stating that they require to make a change to the national capital plan. The other costs are the project management costs for the land servicing and running this process, so the administrative costs, which I cannot put a dollar value on.

DR FOSKEY: When there is a development approval application, what are the broad parameters of that? Do we know what the—

THE CHAIR: Dr Foskey, I think you are getting into a whole range of different areas of planning. I don't want to be difficult; we are happy to take questions to elucidate some information but I think getting into the planning process is probably not for today's hearing.

DR FOSKEY: I'm sorry, Mr Tomlins; I will follow that up some other time. I am now going to move on and talk about the arboretum. I am interested in the species that have been ordered and delivered. Obviously I care about those plants and I know they have been expensive; that is one of the reasons I have been asking questions about them. I am interested in whether the plantings have been deferred and what provisions have been made to keep them safe until, hopefully, next season and what the whole mix of species is composed of.

Mr Stanhope: Thank you, Dr Foskey. I welcome your interest in the arboretum. You

will have noted, of course, with great interest the commonwealth's investment in the Lindsay Pryor Arboretum announced last week—an additional million dollars by the federal government in the Lindsay Pryor Arboretum. It is quite exciting that the federal Liberal Party are embracing our arboreta in the way that they are and are investing so heavily in the ACT's arboreta. It gives me great comfort to know that the Liberal Party, federally at least, are interested in the development of arboreta within the territory.

DR FOSKEY: Or the maintenance of existing arboreta.

Mr Stanhope: There is a significant component of replanting that the commonwealth is pursuing in the Lindsay Pryor Arboretum—long overdue, of course—taking the lead from the ACT government, which is not unusual of other governments around Australia.

I might ask Mr Tomlins to expand on the Weston Creek arboretum, the arboretum that we developed between Weston Creek and the Cotter Road, and the species there. Mr Tomlins was heavily involved in that arboretum as well—and the 15,000 trees that we have planted there and the steps that we have taken for their care.

DR FOSKEY: Is that an arboretum?

Mr Stanhope: Of course it is.

DR FOSKEY: Are we calling everything an arboretum now?

Mr Stanhope: It is an arboretum. It is a planting of 15,000 trees in situ—it's an arboretum. You could call it a forest, you could call it a bit of bush, you could call it a planting, you could call it a landscape buffer—but it is essentially an arboretum. As I have said about this, some trees are evil trees. We now have the Liberal arboretum trees in the Lindsay Pryor Arboretum—a Liberal arboretum—and then on the parkway we have a Labor arboretum, the Bonaparte trees, in the context of all trees being equal but some trees being more equal than others.

DR FOSKEY: Living trees are more equal at the moment, I think.

THE CHAIR: Did you say Mr Tomlins was going to give us some information, or are you stealing his thunder?

Mr Stanhope: I am just giving some context. The other interesting issue in relation to exotics is that on the site identified by Walter Burley Griffin for an international arboretum, the site that we have taken from Walter Burley Griffin's vision for Canberra—

DR FOSKEY: He wasn't a great ecologist, though he was a very good town planner.

Mr Stanhope: It is interesting, isn't it, that we can walk away from those parts of the Walter Burley Griffin vision that perhaps don't fit our ideological mindset and we can perhaps suggest, "Well, Walter Burley Griffin wasn't a great ecologist so we'll ignore those parts of his vision that don't fit with our particular mindset." But it is interesting,

of course, that on that particular site now there are just over a million exotics—pinus radiata. I asked for advice yesterday on the stage or the time at which the recommendation of Mr McLeod about the removal of any pine forest from west of the Murrumbidgee as it applies to that particular site needs to be permitted. I visited the site recently. There are now radiata three to four metres high on that site—a million of them—which we planted but which we have undertaken to remove. Another aspect of the issue of the management of that site is that we now need to actively remove a million pinus radiata—

DR FOSKEY: Christmas trees?

Mr Stanhope: There is a difficulty for us with that, of course. That is a market, an industry. For the ACT government to enter into competition with those in our business sector that have sought to create the business of Christmas tree supply I think raises some difficult issues for the territory. It may be that we will have to find some other potentially commercial use but there is certainly a loss facing the territory in the removal of those trees.

It is interesting to discuss the fate of those million exotics on that site that we planted and the implications of their removal from that site. Just picture in your mind's eye that site after we bulldoze away a million trees. What would you do with that site, fundamental to the vista and the aspect and the vision of Burley Griffin, when we bulldoze the million pinus radiata that are currently there? I know which vision I would prefer. Mr Tomlins, what species have we identified at this stage for the arboretum and what is the current view of what we might do with them?

Mr Tomlins: We currently have a thousand Wollemi, sequoias, candle gums, mesa oaks, dragon trees and ginkgos. It is not my field of expertise, but I can get you the technical terms for them. All have been vetted by the tree group and experts as endangered species. They are being carefully tended to.

DR FOSKEY: Is it a thousand each of those?

Mr Tomlins: No. We do have a thousand Wollemi. We do not have a thousand of each of the others. The numbers vary. They are currently under our control, being tended to, subject to a decision as to when is the best time to plant.

DR FOSKEY: Is there a danger of them becoming root-bound or something like that? Has there been an absolute urgency to plant them?

Mr Tomlins: It is a question of what is the best strategy in terms of planting them as to their long-term growth potential. If you do not plant them, they can become root-bound.

DR FOSKEY: They can, but they can be repotted.

Mr Tomlins: They can be repotted and they can be repruned, but that becomes expensive very quickly.

DR FOSKEY: There are probably lots of people who would like to help. That is

really useful. They are not endangered at the moment.

Mr Stanhope: They are an endangered species. This is a major act of conservation by the ACT government. I have no doubt that in the future this project will receive accolades from all of the significant Green and wildlife groups round the world. The vital work that this government is doing to conserve endangered species is a matter of enormous pride.

THE CHAIR: I think that Dr Foskey's question was about whether these were in particular.

Mr Stanhope: Right, whether they could survive the drought.

DR FOSKEY: I agree with the vision, but it is clear that the climate is putting obstacles in the way of achieving that vision as quickly as one would like.

Mr Stanhope: It is at the moment. That is certainly the case.

Mr Tomlins: We are getting extensive and detailed advice from experts on that.

THE CHAIR: We will adjourn for morning tea. The committee has no more questions for the Chief Minister's Department. When we resume we will go straight to the Commissioner for Public Administration. Any officials who are not relevant to that are free to leave.

Meeting adjourned from 10.54 to 11.05 am.

THE CHAIR: We will now resume public hearing No 5 of the inquiry into annual and financial reports. The next area to be examined is the report of the Commissioner for Public Administration. I need to advise witnesses that the committee has authorised the recording, broadcasting and rebroadcasting of these proceedings in accordance with the rules contained in the resolution agreed by the Assembly on 7 March 2002 concerning the broadcasting of Assembly and committee proceedings.

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

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

In relation to questions taken on notice, please note that it is the responsibility of each witness, in consultation with the departmental liaison officer, to check the transcript and respond to the questions. Responses to questions taken on notice are required within five full working days of receipt of the proof transcript. Supplementary questions from members need to be provided to the committee secretary within two full working days or by close-of-business on Monday, 11 December 2006. Responses to supplementary questions are required within five full working days of receipt of the questions.

We are now looking at the report of Commissioner for Public Administration. Chief Minister, unless you have something you want to say ahead of time, we will go straight to questions.

Mr Stanhope: I have nothing to say, thanks, chair.

THE CHAIR: I will start by referring to page 3. The annual reports states that the two staff supporting the commissioner in 2005-06 ceased their employment during this period and that support for the commissioner is now provided by the governance division of the Chief Minister's Department. Were those terminations of employment planned or anticipated?

Ms Hudson: I started as acting commissioner on 1 July this year. The occupants of those positions ceased employment, as it says, late last year and in February. My understanding of that is that the department was looking at the dual roles of the commissioner and deputy chief executive as to how it could make them as cost effective as possible.

Mr Harris: With the coming together of two events, the resignation of the previous commissioner and the recommendations coming out of functional review and budget decisions, the merging of the commissioner's role and function with that of the deputy chief executive of the governance division of the department did lead to some rationalisation of staff there and those two people, as a consequence, took voluntary redundancy.

Ms Hudson: One transferred to another department.

Mr Harris: Yes, I beg your pardon, one voluntary redundancy and one transfer.

Ms Hudson: One was a temporary employee.

THE CHAIR: Can you explain how the commissioner is now supported through the new CMD arrangements?

Mr Harris: There has always been significant support for the commissioner provided by the department. The commissioner had specific staff allocated when we had a separate commissioner, although it was a part-time role, but relied upon support from the broader department in terms of HR, finance and other personnel within the governance division, and that level of support is still provided.

THE CHAIR: Can you say how many equivalent staff are now at the disposal of the

commissioner?

Ms Hudson: It is mainly the public sector management group. That group is, I think, around the 20 mark. Various individuals in that group, depending on their expertise, assist the commissioner.

THE CHAIR: So that you do not have any dedicated staff; you have a number and take your chances.

Ms Hudson: No. But, as Mr Harris said, a lot of the expertise within the group has been called upon over the last few years and there is a great deal of content knowledge around the role of the commissioner in the staff within the public sector management group.

THE CHAIR: But no dedicated people anymore.

Mr Harris: The commissioner had unfettered access to staff within the department and still has unfettered access to staff within the department.

THE CHAIR: I am a little surprised, I suppose, that you do not have any assigned staff whatsoever. That must make it quite a challenge, I would have thought.

Mr Harris: They were, essentially, secretarial and support staff. The professional expertise almost exclusively came from professional staff within the department and it is the rationalisation of those secretarial and support functions that has occurred.

DR FOSKEY: Am I to understand that the commissioner will be replaced as commissioner?

Mr Harris: No.

DR FOSKEY: Okay. So that a lot of the things said in this report won't apply anymore. One of the main things about the commissioner was her—given that it was a woman—ability to independently analyse and provide advice about the public service. How can that continue under the new arrangements?

Mr Harris: The acting commissioner can speak for herself, but from my perspective the commissioner's roles and functions are statutorily defined and the individual performing those roles and functions has a responsibility to do certain things. The department will support the commissioner in doing those things.

Ms Hudson: It is a dual role of Deputy Chief Executive, Governance and commissioner and that model did operate before 2000 and appeared to work quite effectively. Naturally, you need to be mindful of how to balance those two roles. I would point out that there are actually some advantages in knowing some of the issues that are affecting the service and management of the service more immediately perhaps than you might otherwise know with a standalone commissioner.

DR FOSKEY: Advantages, but probably some disadvantages, too. It is said on page 2 that the traditional *State of the Service Report* is going to be replaced with a

work force profile. Is that the second half of this annual report?

Ms Hudson: No, it is a separate document. What has been in the past the *State of the Service Report* included as an annexure the annual report for the commissioner. The previous commissioner determined that in order, I suppose, to manage the workload across the year the annual report would be done first and separately and then a work force profile would be done. The work force profile is in the final stages and should be released by the end of the year. There was substantial cost associated with the production of the *State of the Service Report* and most of the important information that was covered in that is still covered in this annual report and the soon to be released work force profile.

THE CHAIR: So that all the information we have previously seen on workplace absenteeism, injury and so on will be still published in a form that the Assembly will be able to see.

Ms Hudson: Yes.

THE CHAIR: I take you to page 8 of your report. It says that the ACT government reform agenda is making significant structural adjustments that will have an impact on expenditure. It also states that the commissioner will be supporting the significant cultural changes—we talked about that a little bit earlier—that this will bring to ensure a smooth transition to the new arrangements. I am not sure whether this question is for you or the Chief Minister, but how soon will the impact on ACT government expenditure be felt through operational cost savings? What is the expected short-term cost of implementing the transition in the meantime?

Mr Stanhope: Is this under the outlook for the coming year?

THE CHAIR: Yes.

Mr Stanhope: Is your interest essentially in relation to the Shared Services Centre, Mr Mulcahy, or in relation to issues around the changes to superannuation?

THE CHAIR: It is more, really. It is said here that the commissioner will be supporting cultural change and that this will deliver ultimately savings. I am just wondering when they will kick in. Do you have any idea?

Mr Stanhope: As it is the acting commissioner's report, I will ask her to respond in terms of what may have been in the mind of the commissioner in making those statements. I defer to Ms Hudson.

THE CHAIR: Shared services are a part of that.

Mr Stanhope: Shared services and decisions taken. There were some very significant decisions which will have a range of impacts in terms of employee costs, notably decisions taken in relation to superannuation, as well as a range of decisions around streamlining and reconfiguring, as well as the establishment of the Shared Services Centre. But I think that perhaps it would be more fruitful if Ms Hudson responded.

THE CHAIR: I will qualify my question to help you a little, if I may. Your report is identifying a role for yourself as commissioner in this whole process and my interest is in whether you are going to have a role here in ensuring that these savings are achieved as part of the cultural change.

Ms Hudson: The first couple of sentences in the paragraph you are looking at are about the context in which the ACT public service is finding itself right now. The commissioner's role is more about a monitoring and oversight type of role in terms of being aware that it could be a difficult time for some staff. For example, there does not seem to have been an increase, but there may be an increase perhaps in grievances coming up whereby the commissioner is asked for some involvement. I suppose that is the part in terms of the difficult time for affected staff. In terms of cultural change—

THE CHAIR: Significant cultural change.

Ms Hudson: We are doing the commissioner's awards—I think nominations actually closed yesterday—and they are around categories of service delivery for the future budget implementation and also people management and leadership, so those awards are supporting that change agenda by particularly including for the future budget implementation and recognising those public servants who are going above and beyond, I suppose, in terms of implementing that on the government's behalf.

THE CHAIR: So that we can understand where you are at there, are you saying that you are playing a significant role with the cultural change to drive higher expectations or performance levels in service amongst the public servants?

Ms Hudson: The commissioner's awards have always been there, but they have different categories to emphasise—

THE CHAIR: Where is the change now? You are talking about significant cultural change.

Ms Hudson: Okay. There is another element that I would also like to mention. The commissioner is the chair of the human resources council, which was mentioned before, which is a key mechanism, I actually think, to collaborate and share ideas about the important things in the ACT public service in terms of human resources. That is another role. One of the key ones that we are looking at is what everyone is looking at—attraction and retention issues and what we can do there. That is a part of cultural change as well, I think.

Mr Harris: Certainly the responsibility for delivery of cultural change rests as much with the department and me in response to decisions taken by the Chief Minister and cabinet as anywhere else. What I have asked the commissioner to do and what she is indicating in her report she will do is, through her independent offices, is support the range of cultural change mechanisms that we would like to put in place in order to support change in the first place and deliver some of the differences that we talked about earlier this morning.

THE CHAIR: I take you to page 18. Table 6 shows that there was a substantial

increase in the number of investigations into code of ethics breaches in 2005-06 compared with previous years. In fact, the total of 127 investigations in 2005-06 is almost double the total of 64 in 2004-05. Could you inform the committee how such a dramatic increase could occur in one year and, in the same context, let us know what has been done to improve adherence to the code of ethics by ACT government agencies and employees?

Ms Hudson: We actually think this is a really good result because in the past our relativities of breaches of code of conduct compared to the commonwealth were significantly lower and we wondered why that was. We actually think that, with increased emphasis over the last few years around the importance of the code of conduct, that is why we have more breaches. We think it is a good thing. Also, as previously mentioned, the emphasis on the code of conduct and ethics has, while I have been in this position, increased partly due to some leaking of material, ensuring again, I suppose, at all the different levels the importance of people knowing about section 9 of the Public Sector Management Act and the code of conduct elements in there. That has happened through chief executives re-emphasising that with their staff. So we actually think that is a good result in terms of the numbers.

THE CHAIR: Ranking high on the list are alleged breaches of section 9 (d), relating to treating members of the public and other public employees with courtesy and sensitivity to their rights, duties and aspirations. I happened to hear a broadcast last night on ABC about what I think is called supermarket rage or checkout rage and an escalation in the number of people being aggressive with checkout staff. The program looked at all sorts of solutions and the obvious one, I would have thought, is that if people in retailing want to slash staff and make customers wait longer they may be contributing to the agitation. Public servants are being held to account here over these experiences, which are not condoned. I am just wondering whether they are a consequence of people in some areas being put under undue pressure to perform in the current climate and, as a result, finding themselves subject to complaint and a doubling here, according to your report, of breaches of the ACT's code of ethics.

Ms Hudson: That is not my understanding, but I can look into that further.

THE CHAIR: To what do you attribute this massive increase? Is it just that you are monitoring more rigorously?

Ms Hudson: It is individual agencies monitoring across the broad spectrum.

THE CHAIR: So you do not think that there has been a significant increase in breaches of the code, per se. It is just that they are catching more people in responding to public complaints.**

Mr Harris: We have had a deliberate program of reminding employees about the code of ethics and their rights and obligations and their ability to seek remedies. That has been going on for more than 12 months. I think that, as the commissioner says, what you are seeing is, through awareness campaigns, people being much more aware of rights, responsibilities, obligations and what should not be tolerated. We have been deliberately encouraging people to report these matters because we do not tolerate them. At chief executive level, I have made the point on a number of occasions during

the last 12 to 18 months that such behaviour is intolerable and one of the best ways of removing it from the public service is to encourage people to report these things when they happen so that the perpetrators can be appropriately dealt with.

THE CHAIR: Can you give some kind of weighting, because I do not think it says that in this report, as to the percentage that relate to internal disputation—supervisor to subordinate or employee to equivalent employee—versus those that relate to external complaints from members of the public?

Ms Hudson: I can't. I am not sure if any of my colleagues would be able to. We do not have that information provided by agencies, but we could get it.

THE CHAIR: I do not really want to have resources allocated to that. I just thought that you might have a sense of it.

Ms Hudson: What we do have a sense of and what is reported on the next page and is in line with what was recommended in the 2003-04 *State of the Service Report* is that agencies are actually responding more flexibly to these issues, which we also think is a good thing and a good trend, in terms of sanctions.

THE CHAIR: What does that mean?

Ms Hudson: It means that they are not just saying that it needs to lead to dismissal or a reduction in employment.

THE CHAIR: More moderate levels of outcome in dealing with issues.

Ms Hudson: Yes, different strategies, and sometimes transferring to other duties or to a different area.

Mr Harris: It is dealing with the issue rather than simply administering punishment.

THE CHAIR: Right. I am just conscious of the fact that people in frontline service positions sometimes cop a fair bit of grief.

Mr Harris: Sometimes unfairly.

THE CHAIR: That is right, because of other factors that may be beyond their control.

Ms Hudson: I am not getting any grievances that would lead me to believe that that is an issue.

DR FOSKEY: In relation to the matter of breaches of the code of ethics, who does those investigations? Do they come under the commissioner's purview, or does she coordinate the investigations?

Ms Hudson: In most cases it is dealt with by the agency, but there are some times when it is appropriate for the commissioner to be involved.

DR FOSKEY: Would the commissioner always know that these were occurring at

the time? Is her advice sought?

Ms Hudson: No.

Mr Harris: Common practice dictates that, depending on what you believe is the level of severity of the complaint, it pays to take advice on the best method of investigation. In other words, the more serious you think it is, the more likely you are to consult with the commissioner.

DR FOSKEY: I refer to the discussion about the Human Rights Act, which is on page 10 of the report. Will there continue to be a separate report of the commissioner? Will it always be this small in future?

Ms Hudson: Yes. The intention is to have a separate report as an annual report.

DR FOSKEY: A separate annual report as well as statistical analysis separate from that.

Ms Hudson: Yes.

DR FOSKEY: It will always be quite small now, I guess.

Ms Hudson: That is the intention at this stage.

Mr Harris: There is no legislative requirement for a state of the service report per se, but there is for an annual report. In conjunction with the commissioner, we are trying to provide an annual report which is compliant, like all the other annual reports, but not remove the statistical information that was otherwise presented as the state of the service report incorporating the commissioner's annual report.

DR FOSKEY: Will those reports contain information about increases in stress leave, for instance?

Mr Harris: Indeed. From time to time they may contain information that is relevant at a particular point in time but, as circumstances change, not relevant at a later point in time—stress being a good example. We might be going through a period where psychological stress, for example, is increasing for some reason. The commissioner's report might provide information about that at a particular point in time. If that issue declined to a point where it was no longer an issue, then a future staffing profile might make no mention of such an issue.

DR FOSKEY: Would stress be a likely factor to be looked at in this report, given the number of changes taking place in the service and anecdotal evidence that there are a lot of people undergoing quite a bit of stress due to adjusting?

Ms Hudson: I am aware, more in the deputy chief executive role, that the psychological stress claims are trending down. This is something we have been wanting to watch. Just as a logical thing, you would do that with significant change. But for the first eight months of this year it has been trending down.

THE CHAIR: What do you attribute that to?

Ms Hudson: We would attribute that to work that was done over the last few years around the occupational health and safety “safety first” initiative.

THE CHAIR: I do not want to take too much of that, but can you just explain what you are doing.

Ms Hudson: In the office of IR we have an area that looks after the occupational health and safety and policy areas. That works across agencies on how to address these issues. Basically, a more interventional approach has been taken. That has assisted in getting the number of claims down.

Mr Harris: It comes from statistical information we get on our claims through ComSuper or through our OH&S reporting processes.

THE CHAIR: Are you challenging the claims more aggressively, or are you saying you are working at ways to reduce stress?

Mr Harris: No; we are not challenging them. We are taking that information and trying to target areas where we think the trend is going up. Stress and psychological was one of those. Through early intervention programs we are attempting to do something about it before the claim is put in, rather than waiting until afterwards. We are starting to see the benefit of that, both in reductions in our premiums and in reductions in the incidence, unlike the commonwealth, whose claims are still going that way.

DR FOSKEY: That will be an interesting one to have a look at. On page 10 it talks about agencies being surveyed about issues in administering the Human Rights Act. One agency apparently had problems with two specified requirements of paragraph 4.6.11 of the cabinet handbook, which says:

Draft and final Bills for the Bills Schedule must be accompanied by the proforma cover page ... the Bill itself, Explanatory Statement, Presentation Speech, Human Rights Compatibility Statement and Memorandum from Parliamentary Counsel.

Could you please outline the exact problems the agency incurred and what has been done to resolve them?

Ms Hudson: I can give you some more information. It was the Department of Treasury. It was concerned with the tax administration legislation and the difficulties around the process of obtaining the memorandum from Parliamentary Counsel’s Office and the human rights compatibility statement. I would probably need to take the second part of your question on notice in terms of how it was resolved. I assume it was resolved.

THE CHAIR: Who dropped the ball there? Was it parliamentary counsel or Treasury?

Ms Hudson: The information I have—you specifically said you wanted to know which agency—is that it was the Department of Treasury. I am not necessarily saying that they dropped the ball, but I would think that, in terms of looking at tax administration legislation, perhaps there were some challenges in understanding the impacts around the human rights legislation.

DR FOSKEY: I would appreciate some more information about that. Thank you. I can ask the rest of my questions on notice.

THE CHAIR: All right. I understand Ms MacDonald does not have questions on this section. So you might take any further questions on notice. Thank you, Ms Hudson. We might move to the Department of Economic Development.

THE CHAIR: Chief Minister, I have a question relating to the Small Business Commissioner. I know that is coming up next, but this is in the context of the department's report. The annual report states that the Small Business Commissioner has a legislative responsibility to encourage the introduction of small business service charters within the ACT public sector. Does this charter include payment and invoicing terms between ACT government departments and small businesses?

Mr Stanhope: I will have to take advice on that. Mr Cox may be able to assist.

Mr Cox: The payment terms under the charter reflect the standard rates of payment that apply to government business invoicing, which is 30 days. There is a normal financial requirement to pay those invoices within 30 days. I believe all the charters which were developed with the agencies reflect those terms.

THE CHAIR: Do you monitor that? Is anyone monitoring the adherence to that?

Mr Cox: Up until 30 June, those charters were put in place by the Small Business Commissioner. They were sequentially put in place and I believe most were up to completion around 30 June. As things stand now, there has been no monitoring activity over the last five months.

THE CHAIR: It is not normally part of the internal audit briefing that you have in each department to see how promptly they are paying accounts?

Mr Harris: I would have thought that, if we were not promptly paying accounts, the relevant business would very quickly lodge a complaint and that would be dealt with.

THE CHAIR: Not necessarily. A lot of larger enterprises are very slow in paying bills. Governments have a bit of a reputation in different areas of Australia for being good or bad in this regard. I was just wondering what our performance is.

Mr Harris: Having signed off on these charters, every department now has an obligation to abide by the charter.

THE CHAIR: The annual report states that the Office of the Small Business Commissioner was abolished on 30 June 2006 and that the relevant functions would be delivered from within the Chief Minister's Department. That is cited on page 17 of

this report. Does “relevant functions” imply that only part of the functions to assist small business will be in place for 2006-07? If so, which ones have been discontinued?

Mr Stanhope: I think it needs to be understood—and this is, of course, an issue that has been aired publicly—in relation to the decision to abolish the Small Business Commissioner that a range of functions that had been undertaken by the Small Business Commissioner will be reintroduced into the department.

Perhaps Mr Harris or Mr Cox can assist me in the context of the formal responsibilities of the Small Business Commissioner and the extent to which individual aspects of those responsibilities have been continued. But suffice to say that the government has adopted a new approach to the provision of advisory services and functions. I think you are aware of that.

Mr Cox would be happy to give you an update on the steps that have been taken by the government to implement new advisory services or functions. That was, of course, a significant part of the role of the Small Business Commissioner, as identified by him and, indeed, as required of him by the government.

The second most important of the range of functions or responsibilities which the Small Business Commissioner undertook was in relation to red tape reduction—reducing business regulation and essentially allowing business to get on with the business of business. The government similarly is participating in a COAG-sponsored red tape reduction program and contributing significantly.

So the functions of the Small Business Commissioner have in large part been incorporated but will be delivered under vastly different models. To the extent that one could summarise the Small Business Commissioner’s functions as advisory, mediation or red tape reduction roles, in one capacity or another each of those roles continues to be pursued or available via a range of different mechanisms.

THE CHAIR: Maybe I could reverse the question and ask: what will not be provided now, given that you have identified that only relevant functions will be taken over?

Mr Stanhope: I will have to take advice on that.

Mr Cox: There are, I believe, five legislated functions under the old act. Some are quite specific, in particular the one around advice and mediation of disputes. The Small Business Commissioner in relation to one was going through a process through the early stage of this year to look at an alternative dispute resolution service. The conclusion that I believe the commissioner came up with, through a range of consultation and public documents, was that the level of dispute referral to the commissioner was relatively low.

Probably the most important aspect of that finding was that there were parts in the system, the bureaucracy or private mediation services that were actually quite effective in dealing with those disputes. It was more of a communications issue—getting an understanding within the small business community that services were actually available. That was the path that I believe the commissioner was going down.

There are some other functions there. I would probably have to take those on notice and provide an answer via that process. The commissioner was also quite active during the draft cabinet process, providing advice around small business issues in terms of cabinet documentation.

THE CHAIR: Can you tell me, Chief Minister, what the reaction from ACT small business, or their representatives, has been to the closure of the office?

Mr Stanhope: Once again, I welcome the assistance of Mr Harris and Mr Cox, but I have no memory of a single specific representation from the business community around the abolition of the office. I cannot myself recall a single conversation or a single representation about the abolition of the office—in relation specifically to the Small Business Commissioner. I certainly have received representations and I certainly have had a range of meetings where some interest—and at one level some concern—has been expressed on specific aspects of the reshaping of business support by the ACT government, but I recall none directed to me specifically in relation to the abolition of the office of the Small Business Commissioner.

THE CHAIR: Dr Foskey, you have a supplementary?

DR FOSKEY: Yes. I am supposing that Dr Schaper was employed under a contract for some years—please correct me when I have finished if I am wrong—and completed only one and a bit years. This report that we are not discussing yet is the first report for a full year that he has ever submitted. I am wondering what the costs of concluding that contract were, given that the office received an allocation of \$346,000. What were the costs of concluding the contract?

Mr Harris: The commissioner was a statutory officer appointed under the provisions of the legislation which established the commissioner's roles and responsibilities. He had a standard ACT public service executive contract. Under the terms of that contract, he was provided with a separation payment that was calculated on the basis of his salary and length of service with the territory.

DR FOSKEY: Given that I expect he left because of some inconvenience to him, I thought there might have been some other payments. Some of the things that the Small Business Commissioner was pursuing do not look as though they are likely to just be seen as core business of the economic development department. I know he was looking at small non-profit organisations, because they did not fit anywhere as a third sector. I am just wondering if that work will be followed up within the department of economic development.

Mr Harris: There is no department of economic development any longer. There is a division of business and economic development within the Chief Minister's Department.

DR FOSKEY: Thank you for the correction.

Mr Harris: To the extent that work is done with the non-profits, that is probably unlikely to come through this section of this department. It is more likely to come

from another department, I would think. In terms of our relationship with business, there are two areas that are brought to our attention the most. One is in the area of skilled staff; the other is red tape reduction, which the Chief Minister referred to earlier. They are the two areas where business is constantly saying, “We need attention.” The other areas are very much either under control or very low on their radars at this time as matters of importance to them. Our concentration with business is on those two areas, but our concentration is on business entities rather than not for profit entities.

THE CHAIR: I am not sure if it will be easy for you to answer this, but the annual report states that the department—when it was a department—had a total staff of 104 as at 30 June 2006. Are you able to give us any idea of how many people are now employed in essentially the business and economic portfolio?

Mr Harris: Fifteen.

THE CHAIR: The rest have all gone?

Mr Harris: Not counting me.

THE CHAIR: That is all I have. Dr Foskey, do you have anything else on economic development? We will go on to small business.

DR FOSKEY: I notice on page 11 that the ACT government provides \$188,000—

Mr Harris: Page 11 of—

THE CHAIR: It is still economic development.

DR FOSKEY: Of economic development. It says that we provide \$188,000 “to support Canberra commerce offices in Shanghai and Washington DC in partnership with ACT businesses”. What do ACT businesses contribute to the operation of these offices?

Mr Harris: We have three offices now. There is one in Shanghai, which is operated in conjunction with John Hindmarsh. There is one in Washington DC, and we are renegotiating the arrangement with the company in Washington. These are joint facilities. Hindmarsh have an office in Shanghai for their own commercial purposes. In 2005-06, we paid something in the order of \$75,000 for access to office space, translation services, secretarial services and contact services so that ACT entities that want to explore opportunities in China generally, and Shanghai in particular, have an office environment into which they can go and where they have those services available to them. It is very much a shared arrangement between us and commercial operations. I think it is fair to say that that shared arrangement allows the private company to have a slightly larger presence than perhaps they otherwise would. Certainly from our perspective we could never access services of that scale and that type for the amount of money that we have available.

DR FOSKEY: You said that there were three offices.

Mr Harris: There is a second office arrangement we now have in Chenzhen in China, which is near Hong Kong.

THE CHAIR: Do people pay for the service or is it free?

Mr Harris: The renegotiation arrangement with John Hindmarsh in Shanghai is that, if people become habitual users, they will pay a fee, but irregular use is free of charge. The first use is definitely free of charge, but if people then start to abuse the process or, as I said, become habitual users, we have an arrangement in place where a charge is levied, and that will come back to us.

DR FOSKEY: Would you have records of how often those offices are used by ACT government staff?

Mr Harris: By government staff?

DR FOSKEY: Perhaps I misunderstood. It is not for when government staff visit those places?

Mr Harris: No.

Mr Stanhope: It is for businesses. It is to provide a soft landing for businesses seeking to enter those markets.

DR FOSKEY: Do you see that arrangement continuing?

Mr Harris: We have just renegotiated the Shanghai arrangement for a period out to the end of September 2007. The Washington one has been renegotiated for a further 12 months.

Mr Cox: It is in the final stages of negotiation. The intention is to extend it for 12 months.

Mr Harris: And the Chenzhen arrangement has only just been put in place. I would have to defer to Mr Cox on that.

Mr Cox: Expiry next September.

DR FOSKEY: Is that on a similar cost sharing arrangement?

Mr Cox: It is a similar model. The costs across the three offices are quite different.

DR FOSKEY: I suppose you will be reporting on that in next year's report.

Mr Stanhope: Just on that, so there is no misunderstanding, the ACT is probably the only Australian jurisdiction which does not have permanent, staffed government offices around the world. Some other jurisdictions have only minimal state or territory presence, but I understand that, because of our size and our capacity, the ACT is the only Australian jurisdiction to not be represented in an overseas destination. For instance, if one walks through London one sees the New South Wales state office, the

Queensland state office, the South Australian state office and the Tasmanian state office. The Northern Territory shares an office in London. The ACT is the only jurisdiction without an active shop frontage in London.

Most of the states now have a presence. I understand that three states have permanent, staffed offices in India. As one goes around the world, there are permanent, staffed government offices—essentially to facilitate access by business, not to provide a shopfront, an office or a home for public servants, government officials or ministers. The ACT is at a disadvantage. Our great competitors in terms of skills, people, business, connections and contacts are the states and territories. To the extent that we are seeking to export, to do business around the world and to grow the ACT economy, our competitors are the states. We are at a significant competitive disadvantage when it comes to overseas representation and the making of connections and introductions.

The philosophy here is that we are in partnership with business—with some support from the ACT government and some ACT businesses. There are three. There is a consortium in Washington, but in Shanghai and Chenzhen they are individual businesses with which the ACT government has developed a partnership. There have traditionally been a number of offices associated with the Washington office. It provides an opportunity for businesses that travel from the ACT—small ones, because ours is a small and micro business environment—to use an office rather than operating off a laptop in the lobby of the hotel that they lob into in Washington. We say, “Here’s an office; here’s a desk; here’s a telephone; here’s an internet connection. Here are people who know their way around Washington. Here is somebody who can advise you whom to contact in the first instance.” That is the nature of the service.

THE CHAIR: How many people have taken up the facilities in the last year—how many businesses over those three offices?

Mr Stanhope: We can take that on notice.

Mr Cox: There are separate contracts with KPIs attached to them which we monitor and manage, so we can provide that on notice.

DR FOSKEY: To conclude my line of questioning on this, I would like to know whether the ACT government itself gains visibility through these offices.

Mr Harris: Yes.

DR FOSKEY: Does it have its name on the shopfront or out there on the street? Is there a brass plate on the door?

Mr Harris: I have not been to the Shanghai or Chenzhen offices. I have been to the Washington office, as has the Chief Minister. Within the office space there is certainly recognition of the territory and its contribution. I would expect it to be the same in the other two, although I confess that I have not been to them so I cannot answer that question personally. However, if Mr Hindmarsh is not giving us due recognition I will take it up with him.

DR FOSKEY: That is probably due in return for payments. I would like to ask a few

more questions.

THE CHAIR: Yes. Can I just ask the officers one thing. We have had ACT government participation in the world biotech conference, and I went to the conference earlier this year. Is the office in Washington actively trying to source biotech partners or is that something you handle from here? I know that you were at the same meeting.

Mr Stanhope: We do it from here.

THE CHAIR: So they do not really have a role in chasing business at the moment?

Mr Stanhope: No. It is very much just a host. It is a passive—

THE CHAIR: Just a base for people who want to operate.

Mr Stanhope: Yes. That is essentially what it is.

THE CHAIR: Is Washington the best place for something like that? Wouldn't you be better in New York or Chicago?

Mr Harris: For our businesses it is.

Mr Stanhope: In the context of particularly defence. In fact, CEA have been a major driver of the Washington connection.

DR FOSKEY: On page 111 there is a heading "Waivers and write-offs". Apparently \$5.486 million in debts was waived over and above debts written off. I am interested in which debts were waived and why.

Mr Cox: I believe those figures are payroll tax waivers that reflect—

DR FOSKEY: Could you explain a little further?

Mr Cox: They are waivers on the otherwise payment of payroll tax that had been provided under contract to companies in the past, such as EDS, Fujitsu—

Mr Stanhope: Business incentive arrangements.

Mr Cox: It is part of the ACTBIF arrangements that were—

THE CHAIR: They were incentives, not bad debts.

Mr Cox: That is right. There is a public breakdown of that which I can provide if necessary.

DR FOSKEY: That would be useful. On page 66, you talk about the water recycling group and the grey water recycling system project. I am interested in what assistance was given, in what form it was given, what conditions were put on assistance and whether there are any other plans to support initiatives for grey water installations. It

is the first one—the knowledge fund. I believe the knowledge fund has gone, has it?

Mr Stanhope: Yes.

DR FOSKEY: I am wondering how you are going to continue to support innovative ideas.

THE CHAIR: Did the knowledge fund go with Mr Quinlan?

Mr Stanhope: In a sense. One should draw no conclusions, though.

DR FOSKEY: Anyway, to return to my questions, how much assistance was given, what form did it take and what conditions were there? And are you considering how we might continue to assist such sustainable innovative programs without the knowledge fund?

Ms Hunt: The grants were given under the knowledge fund grants program. I cannot give you the exact figures now but I can provide those at a later date if you would like them. The conditions that were in place were that the grants were milestone driven, so certain milestones had to be met before any funds were paid to them. Both those have concluded.

Mr Stanhope: The ACT government has, through this latest budget and restructuring of Business ACT, determined on a different framework of support for business within the Australian Capital Territory. That framework does not include a continuation of grant-based support through schemes such as the knowledge fund or indeed through incentives such as payroll, stamp duty or other revenue holidays. There is a debate that we can have around that.

The ACT government believes that the new direction and approach is appropriate for the times. The ACT economy is the strongest in Australia. Levels of business confidence, levels of turnover, levels of spend, levels of profit, unemployment, are the highest in Australia on every single indicator. Levels of economic growth are the highest in Australia. In that particular environment at this particular time, in the context of the cycle, one has to ask: why would we continue as the strongest economy in Australia—perhaps with some argument about Western Australia, but in the latest Australian Bureau of Statistics report on economic growth the ACT had the second highest level of growth in Australia—why would we, as the second-smallest jurisdiction in Australia, maintain a program of business support spend 161 per cent above the national average? We wouldn't. In the context of our other priorities—the size of our jurisdiction, the strength of our economy, the performance of business—it just doesn't make sense to maintain a regime which reflected the second-highest level of business support of any jurisdiction in Australia. That is the view that I came to and the view that is reflected in the new arrangements.

We believe and continue to believe in the importance of supporting business. We have, in close consultation with businesses throughout the ACT, identified the two most pressing current requirements of business within the territory—the issue of skills, skilling up, population and labour force—and we have responded very positively to that through the establishment of the Skills Commission. The Skills Commission is a

one-of-a-kind commission throughout Australia and it is the most innovative response, I believe, of any of the jurisdictions to skill shortages.

The other issue that is always identified to us by business as of major importance, particularly in the context of a macro jurisdictional position, is the provision of advice, mentoring and support. We have provided significant additional funds for those services in this last budget to replace to some extent some of the knowledge fund funding that was previously granted. I believe the annual allocation to the knowledge fund was around \$4 million. We are providing an additional \$1 million for mentoring and support. We are providing \$500,000 for the Skills Commission.

We continue to support business significantly commensurate with our size and our capacity, our priorities and in acknowledgment of just how strong the ACT economy is and just how well businesses in the ACT are doing. The last report of the chamber of commerce on business performance, particularly of members of the chamber, is just staggering. Over 90 per cent of ACT businesses increased their profit in the last quarter and expect in this quarter to increase it again. Almost all businesses in the ACT in the last year have increased their staffing levels. Why in that environment would this government continue to support that sector at levels of 160 per cent above the national spend on business support?

DR FOSKEY: I am pursuing the issue of sustainable industries and I guess the Stern report put it in black and white that the market has totally failed to deal with climate change. I think that is still the issue with sustainability industries. There is quite a lot of evidence that shows that Canberra does have an edge and could make itself a place of excellence in that area. That is why I am asking how we can continue to nurture those kinds of things. Obviously one way is to provide a market for them. If we are going to take the market approach, we could be that market. I am interested in how we are going to further, as our contribution, the ability for these industries to grow—and expand out of the ACT one hopes.

Mr Stanhope: There is a range of roles and responsibilities that government can pursue in relation to business support and one of those is to ensure that the skilled staff are available to ensure the research and development that is required for businesses such as those that you mentioned. Specific innovative knowledge-based industries seeking change in relation to sustainability and climate change require skilled qualified people. It comes down to what is the role of government in business. The government is not in the business of business. We are in the business of government and of support and of encouragement and of facilitation.

DR FOSKEY: It's in the business of economic development, though.

Mr Stanhope: It is in the business of economic development but it is not in the business of business. It is not in the business of picking winners either. That is business for the market; that is what businessmen do. Businessmen take those risks and businessmen make those choices and businessmen invest in business. When government begins to invest in business, there is a question around the wisdom of that.

THE CHAIR: It sounds like one of my speeches, Chief Minister.

Mr Stanhope: Yes; it worries me from time to time. We can go through the history of attempts in this jurisdiction to pick winners. We tried to pick a winner in relation to Fujitsu. It cost us millions. We tried to pick a winner in relation to—

DR FOSKEY: I think we might be on a winner with sustainability industries, though.

Mr Stanhope: Not with a particular business, though, no, we are not. We thought we were on a winner with Fujitsu, which was a business concerned with IT development. It cost us millions. We thought we were in the business of picking winners in relation to airline companies that might wish to do business with the ACT and it cost us \$10 million. The history of picking winners in this town is not great. In fact, it is littered with some abject failures.

DR FOSKEY: From which we have learned, no doubt.

Mr Stanhope: Yes, we have learned. We have learned: don't try to pick winners.

DR FOSKEY: But set up an environment in which sustainability industries can develop.

Mr Stanhope: Precisely, absolutely—set up an environment in which we do have the best educated and most skilled work force in Australia, which we have done.

DR FOSKEY: We do in relation to sustainability.

Mr Stanhope: We do, so why aren't they making a quid?

THE CHAIR: I do not want to get into a debate here.

Mr Stanhope: We can. At the heart of this question, though, is the role of government in business and it is about creating the environment, and that is what I am saying is the thrust of this government's current support for business. It is around the appointment of the Skills Commission. It is around the appointment of a private-sector-funded mentoring and advisory service. It is around support for the Australian National University, the University of Canberra and our tertiary education institutions and the work that they do. It is around the significant relationship that we have developed with the best research university in the Southern Hemisphere, the Australian National University, and the significant support and the strength of the partnerships we have created there. It is around the \$10 million injection into a venture capital and support fund. It is around those sorts of roles that we are now focusing our attention on and it is around ensuring that we continue to support a vital economy.

There is a whole range of indicators and levers that have led to the situation that we now find ourselves in. Of course there will be a significant argy-bargy around what the levers were in the context of why we have the second-fastest-growing economy in Australia. But it is a fact that we do, and in that environment business fully accepts its role in innovation, development and research—a role that we support to the extent that we can.

DR FOSKEY: Given the role you attribute to the Skills Commission, is there anyone on the Skills Commission with expertise in sustainability industry?

Mr Stanhope: There is a range of experts in relation to what needs to be done to develop and attract skills. We have—

THE CHAIR: Chris Peters is fairly expert, isn't he, minister, in many areas?

Mr Stanhope: Chris Peters, for sure; he is an expert in everything.

DR FOSKEY: On sustainability industry?

Mr Stanhope: We could go through a list of who is and who is not and which skills are represented on the Skills Commission. The Skills Commission has the top five educationalists in the Australian Capital Territory. On the Skills Commission are the Vice-Chancellor of the Australian National University, the best university in the Southern Hemisphere; the Vice-Chancellor of the University of Canberra, the second-best university in Australia; the head of the Department of Education and Training, Dr Michelle Bruniges; the head of the CIT, Dr Colin Adrian; and the head of the department of engineering and computer science at the Australian National University. Five of our leading educationalists are members of the Skills Commission. If amongst them you cannot say that this is an organisation that has a detailed understanding of every aspect of every industry, you are drawing a long bow. Added to those, of course, are leading business representatives and businessmen.

DR FOSKEY: But nobody who was specifically chosen for skills in this area?

Mr Stanhope: No. There was nobody specifically chosen from the sustainability industries. There was nobody specifically chosen from any of the other areas of major demand. There is nobody with specific expertise in biotechnology. There is nobody with specific expertise in the defence industries. There is nobody with specific expertise in cheffing—an area of major skill shortage in the territory. There is nobody with specific expertise in taxi driving—a calling where nobody can find employees. There is nobody specifically representing a thousand industries all screaming for skilled employees.

DR FOSKEY: Will the Skills Commission be actually commissioning expert reports into which industries are right for development and how to develop them. We like those experts; how will that expertise be brought to the Skills Commission?

Mr Stanhope: The Skills Commission is primarily charged with the issue of skills, not industry development.

DR FOSKEY: I think they go hand in hand.

Mr Stanhope: They do, but it is not an industry development body; it's a skills commission, a body designed to address the issue of labour force skills and everything that spins from that. Of course a million things spin from that. Everything is after all connected to everything else; we know the great circles of life. Skills are connected to the population, population is connected to economic growth, economic growth is

connected to housing affordability and housing affordability is connected to land supply.

I have no doubt that the Skills Commission as it does commission research, which it will and it has a significant research budget, will connect all the dots in relation to skills. I have no doubt that it will be very complete advice and that it will go to those basic fundamental issues of: where do you start? You start with the fact that we don't have enough skilled people. Why not? Because we perhaps don't have the population that would support the skills that this particular community is currently screaming for. Why don't we have the population that this community is currently screaming for? Perhaps it has something to do with housing affordability. Perhaps it has something to do with other aspects of the reputation of the Australian Capital Territory. Perhaps it has to do with image. Perhaps it has to do with the weather et cetera.

I have no doubt that the Skills Commission, particularly when one has regard to the calibre of its membership, will provide the government with advice on all of the levers or the pressure points that lead from a position of the fact that in the ACT now, with 2.6 per cent unemployment and a 75 per cent participation rate, we simply do not have enough people to do the thousands of vacant jobs and we are yet to feel the full force of the commonwealth's declared intention of employing somewhere between another 5,000 and 8,000 public servants.

MS MacDONALD: Chief Minister, on the issue of the Skills Commission, I know that the commonwealth's report into the industry training councils was supposed to come out at 30 October and it hadn't come out at that point. Are you aware of whether or not it has come out yet? I haven't followed that up since—

Mr Stanhope: I must say I have no knowledge of that. Mr Cox may have. I am not aware of the report at all; I am sorry, Ms MacDonald.

MS MacDONALD: I know this was investigated quite significantly on 2 November within the Senate committee. The issue of funding for the industry training councils has been one of ongoing concern to the industry training councils because Minister Hardgrave has not given any commitment as to what will happen to the future of those training councils.

Mr Stanhope: I will take that on notice. I am afraid it is not an issue I am across.

THE CHAIR: Chief Minister, in the remaining time we have, we might move to the Small Business Commissioner. We have touched on it, but we will formally move to that report. Page 9 of the report states that the commission put forward ideas for reform in several policy areas. Can you give the committee an indication of what ideas were put forward and whether any or all of these have been adopted by government agencies?

Mr Stanhope: I would have to take some advice on that, Mr Chair.

THE CHAIR: It is at the bottom of page 9, the last sentence on the left side. It states:

During the year, the Commission put forward ideas for reform in several policy

areas.

Does anyone have any idea what they were?

Mr Stanhope: Mr Cox may be able to assist us with that.

Mr Cox: I am looking at a draft version of the report.

THE CHAIR: I know the simplifying business names idea; I remember reading about that. It is referred to in the next point.

Mr Cox: I can speak about simplifying business names. It is a project that is actually being progressed through the auspices of COAG, particularly by the Small Business Ministerial Council. I am a representative on a senior officials group, which comprises all the other states and territories, plus a large number of commonwealth agencies that are now looking at a business case model to actually develop an integrated, with one front-in entry point, web-based system to progress what would be a seamless and cross-jurisdictional naming registration process. That business case is being finalised now and will be considered by the Small Business Ministerial Council in March or February next year, with a recommendation from that point to go through to the higher COAG level.

THE CHAIR: Have any of the other ideas been picked up? One that is cited there is the concept of having to have a recognised auditor certify workers comp declarations each year, which, according to this report, is at odds with current practice in New South Wales and Victoria. It is obviously another burden and cost to people. Is that being looked at by any area of government?

Mr Cox: I am not aware of it being actively pursued by any part of the ACT government, no.

THE CHAIR: Are any of these other recommendations for reforms being taken on board?

Mr Harris: Cross-border licensing anomalies have been picked up through the COAG agenda.

THE CHAIR: That is as a consequence of this recommendation, is it?

Mr Harris: No.

THE CHAIR: Or has it always been—

Mr Harris: We constantly work on cross-border licensing anomalies. Through the COAG process now there is an arrangement in place where ministers in respective states can sign off on processes to rationalise those cross-border licensing arrangements. That was generated through the COAG process separately from what the commissioner might have been doing. We have already talked about regulation through COAG.

I do not know about the Small Claims Court issue. We have to take that on notice and, as Mr Cox has indicated, workers comp is one we will have to take on notice. The only other one that is there is the GST cut-off thresholds. Whilst we can lobby—and the commissioner did—the banks committee and there has been some progress, it is ultimately an issue for the commonwealth and the commonwealth Treasury.

THE CHAIR: Are you likely to take that issue up with COAG? Is that part of your agenda?

Mr Harris: I am sure we would continue to support an adjustment to the thresholds for those smaller businesses. I guess it is a compliance issue and a regulation issue, as well as a GST threshold issue. But at the end of the day, it is, as I said, a commonwealth Treasurer's responsibility rather than ours.

THE CHAIR: I understand. Chief Minister, on page 10 the report states that 11 ACT government departments and agencies were asked to prepare a small business service charter—and we talked about it a bit earlier—but the Land Development Agency had not completed their charter, as requested. Could you give us some idea why the LDA did not complete their charter and, if possible, expand on that?

Mr Stanhope: I do not know the answer to that, Mr Chair. I am happy to take that on notice and give a response to that later.

THE CHAIR: I appreciate that. In terms of future steps to ensure that ACT government departments improve their awareness of small business needs, is there any further information you can share with the committee as to what is being done in that regard?

Mr Stanhope: I am not aware of any formal requirement in the context of policy or cabinet arrangements. Mr Cox may be able to help you. I am not aware of formal arrangements that are currently in place.

Mr Cox: I cannot take that any further either. The commissioner had commenced a process of organising small in-agency seminars to educate procurement officers and people, if you like, with an interface with the business community on small business dynamics and issues.

THE CHAIR: Page 14 states that the commission endorsed the work done by the federal Department of Industry, Tourism and Resources in producing a business cost calculator—and I think we discussed this at an earlier hearing earlier this year or last year—in which there is an attempt to measure the dollar and time cost of administration and regulation of small business. Is it possible to introduce such a mechanism into the ACT government? Are there any plans under consideration?

Mr Cox: That business cost calculator I think was finalised by AusIndustry and DITR around the middle of this year, June-July. It was presented in draft form to the Small Business Ministerial Council and there was a suggestion at that meeting that each of the states and territories take that model back through their jurisdictions for consideration. I have actually passed that draft model through to our agencies here, through the Treasury agency. Beyond that, nothing has proceeded.

Mr Harris: At the end of the day, though, through the red tape and regulation programs that we have already talked about through COAG and other mechanisms, if you remove the necessity to fill out those forms, you essentially deal with the problem. The practical response is to reduce the amount of regulation and red tape and therefore the amount of compliance and therefore the amount of forms that small businesses have to fill in. If you do that, you are making a direct impact on them. I am sure that most small businesses would prefer to fill out fewer forms and therefore incur fewer costs, rather than be told how much it is costing them to comply with the current level of regulation.

THE CHAIR: Do you not feel there is a lot of benefit for you out of this business cost calculator? It is telling you the obvious, is it?

Mr Harris: My personal view is that it probably is telling us the obvious and that it might be nice to know, but I am sure the small businesses out there would simply say, "Give us less of it so it costs us less."

THE CHAIR: Is that a view, Chief Minister, of the government?

Mr Harris: I said that was my personal view.

THE CHAIR: Yes, I understand that.

Mr Stanhope: I must say I have an open mind on that matter, Mr Chair. I await further developments.

THE CHAIR: I have one minor final question. Page 15 states that the commission's office reported an operating deficit for 2005-06. It is more dollars than the big picture, but I wonder what the deficit was. What did they end up having to expend? Does anyone know?

Mr Harris: We can certainly find out what the deficit was, but I would suggest that, like all of us, the deficit is driven by things like depreciation, which are unfunded items. We all run deficits as a consequence of—

THE CHAIR: It virtually says that there was not enough money to run the office. It mentions "leaving very little financial resources to meet basic operational costs and in meeting the commissioner's existing legislative commitments". It sounds like a little bit more than the notional depreciation.

Mr Stanhope: We are happy to take it on notice. I must say I do not know, Mr Chair, but I am happy to provide the information to you.

THE CHAIR: That is all I have. I will hand over to Dr Foskey.

DR FOSKEY: On page 14, paragraph 1.4.5 makes the point that mediation services remains an important issue for local firms and that many of the disputes that the commissioner's office handle could have been best resolved by a professional mediation service, which is low cost, timely and user friendly. Will the department

take on that proposal, given that conflict can become very costly, especially if it is allowed to escalate? That seems to me to be one discrete recommendation that can be taken up.

Mr Harris: It is not a role the department would be taking up. The department is not resourced for the provision of mediation services.

DR FOSKEY: But if the commission's office has gone, that is something that it was doing that is not being done any more.

Mr Harris: The view is that there are adequate processes through the various ombudsman's office, AAT and other arrangements to provide those services if they are required.

DR FOSKEY: Is there some process by which the firms can be pointed that way? Obviously they did not know about that until—

Mr Harris: We provide those sorts of advisory services for anybody who cares to ask the question, but we are not in the business of providing the service ourselves.

DR FOSKEY: I did not suggest you were.

Mr Harris: We would provide every support to any business that required information about where they might get access to mediation or any other business related service, for that matter.

Mr Stanhope: That is the major focus, Dr Foskey, of changes that have been initiated through the most recent budget. There is an additional million dollars for advice and it is a different approach to delivery. The department is currently in the process of finalising an open tender for the provision of those services. The department has received very active interest from business representative organisations. We have a number of business representative organisations, and I believe there is quite strong interest through an open tender process in the provision of government funded and resourced advisory and mentoring services. That would be run by business for business and funded by the ACT government.

I have no doubt that if a business has a significant issue, such as conflict with another business or conflict with a client group or a conflict of any sort, the first stop that they will stop at is the business advisory service, which will be run by one of their own constituent organisations, subject, of course, to the final outcomes of the tendering process.

DR FOSKEY: Mr Chair, did you ask about the website?

THE CHAIR: No.

DR FOSKEY: I have not looked, but I assume the commission's website is no longer there. Where would people go if they tried to hit on that? Will the same sort of information and service be available via the web?

Mr Cox: I believe the commissioner's website—and I have not checked it recently—redirects to the Business ACT portal. There are contacts through that, 1800 numbers and so forth. But I will check that for you.

THE CHAIR: Thank you, Chief Minister, and officials. We will now adjourn this hearing and resume after lunch.

Meeting adjourned from 12.27 to 2.08 pm.

Appearances:

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

Chief Minister's Department

Harris, Mr Mike, Chief Executive

Lasek, Mr Jeremy, Executive Director, Arts, Communications, Events and Protocol

Stanwell, Mr John, A/g Director, artsACT

Neser, Ms Kate, Director, Corporate Finance

Cultural Facilities Corporation

Elvin, Ms Harriet, Chief Executive Officer

Wicks, Mr John, Chief Financial Officer

Ramsay, Mr Alan, Manager, Corporate Services

Department of Disability, Housing and Community Services

Lambert, Ms Sandra, Chief Executive

Sheehan, Ms Maureen, Executive Director, Housing and Community Services

Manikis, Mr Nic, Director, Office of Multicultural, Aboriginal & Torres Strait Islander Affairs

Overton-Clarke, Ms Bronwen, Executive Director, Policy & Organisation Services

Stankevicius, Mr Adam, Governance, Strategy & Community Policy

Department of Treasury

Grimes, Dr Paul, Under Treasurer/Chief Executive

ACT Insurance Authority

Mathews, Mr Peter, General Manager

Exhibition Park Corporation

Sadler, Mr Tony, General Manager, Exhibition Park Corporation

THE CHAIR: I need to read you the following statement. The committee has authorised the recording, broadcasting and rebroadcasting of these proceedings in accordance with the rules contained in the resolution agreed to by the Assembly on 7 March 2002 concerning the broadcasting of Assembly and committee proceedings. Before the committee commences taking evidence let me place on record that all

witnesses are protected by parliamentary privilege with respect to submissions made to the committee and evidence given before it. Parliamentary privilege means that special rights and immunities attach to parliament, its members and others necessary to the discharge of functions in the Assembly without obstruction and without fear of prosecution.

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

In relation to questions taken on notice, please note that it is the responsibility of each witness, in consultation with the departmental liaison officer, to check the transcript and respond to questions. Responses to questions taken on notice are required within five full working days after receipt of the proof transcript. Supplementary questions from members need to be provided to the committee secretary within two full working days or by close of business on Monday, 11 December 2006. Responses to supplementary questions are required within five full working days from the receipt of questions.

This afternoon we are considering the arts portfolio, relevant parts of the CMD annual report relating to the arts portfolio, the Cultural Facilities Corporation, relevant parts of the CMD annual report relating to the indigenous affairs portfolio and, under the Treasury portfolio, the ACT Insurance Authority and Exhibition Park in Canberra. Chief Minister, before I go straight to questions is there anything you want to inform the committee about?

Mr Stanhope: No, thank you, Mr Chair.

THE CHAIR: Chief Minister, page 48, volume 1 of the CMD annual report states that the ACT Cultural Council provided peer assessment of applications to the 2006 ACT arts fund, an input to the review of the 2007 arts fund, the development of the government's arts action plan and proposal of the City West performing arts facility. Given the significant influence the ACT Cultural Council has on the ACT government's arts policies, can you explain how members of the council are selected and how their objectivity on matters of funding and policy direction is assured or guaranteed?

Mr Stanhope: I will ask Mr Stanwell to respond to the formal processes employed in relation to both the selection of members of council and its modus operandi.

Mr Stanwell: Members of the council are appointed by the Minister for the Arts. Appointments are usually based on a two-year term with an extension if the member believes that is appropriate and the minister supports that decision. From time to time public expressions of interest are sought through advertising in the media, and a register of interested parties is kept. There is also a process through the peer

committees where appropriate members demonstrate their interest and ability.

There is an attempt to get a good spread of appropriate art form, administrative marketing and business expertise and that is always provided to the minister. There is a code of conduct under which members all agree to operate and that is monitored by the chair and by artsACT staff. Once appointed by the minister the council always meets with at least one senior artsACT member present, and the director of artsACT is an ex officio member of the council. Conflict of interest issues and matters such as that are always raised at each meeting. Any issue where there might be a possibility that some difficulty might arise is raised, discussed and minuted.

THE CHAIR: How were the members of the ACT public art panel selected?

Mr Stanwell: By a similar process and in discussion with the minister. A range of appropriate people were considered, their willingness to serve was determined and the minister made a decision as to final membership.

THE CHAIR: Do you just sort of cast around in the community?

Mr Stanwell: Very much so. It is an area of government where we enjoy a pretty close relationship with the community. People often are proposed to us. They let us know when someone new has come into town, or perhaps they have had a reduction in their responsibilities and they might have some time. Most of these committees represent a fairly onerous task.

THE CHAIR: Have you ever thought about a more independent assessment or mechanism for arts funding?

Mr Stanwell: I think it is very independent. The minister retains the final decision. I have been connected in various ways with the ACT government's arts portfolio over almost 20 years and with a range of ministers. I believe they have all been very satisfied with the quality, the independence and the appropriateness of that advice. I have certainly not been aware of any concerns that that mechanism is flawed. From time to time we will obviously get individual issues around which there is a bit of heat in the community, and we are sensitive to that, but I believe the mechanism works extremely well. As I said, I believe that a range of ministers have found that to be true.

THE CHAIR: Page 48, volume 1 of the report states that during 2005-06 artsACT renegotiated a two-year funding agreement with the ANU Faculty of Arts. What are the terms of this new agreement and how does it differ from the previous agreement with the ANU Faculty of Arts?

Mr Stanwell: There is a longstanding relationship between the ACT Arts portfolio and the ANU School of Art and School of Music, which are now a part of the Faculty of Arts. A few years back we formalised that into a proper agreement, not unlike the multiyear funding agreements required for major arts organisations. They have been three-year agreements. In the previous three-year agreement, which finished in 2005, there had been some view that the reporting mechanisms were not comparable to those required of other major grant recipients, so it was proposed to allow that focus to be strengthened.

A lot of work was done on negotiating appropriate program goals and indicators. The minister advised the ANU that in light of the fact that their program had never been reviewed in the interest of good public policy processes it was appropriate to review the agreement. We just recently tendered for consultants to undertake a formal review of the program which is to be completed before the termination of the current two-year agreement.

THE CHAIR: I have one other question relating to page 48 of the report and I will then hand over to Dr Foskey. Page 48 of the report states that progress was made in completing the design and preparation for the construction of Canberra Glassworks, further design on the proposed Belconnen Arts and Cultural Centre, and consideration of options for the provision of an enhanced performing arts facility in City West. Are you able to provide us with a breakdown of costs for these projects in 2005-06 and tell us how they compare against the budget?

Mr Stanwell: It would probably be best if I took that question on notice. I certainly can provide that information.

THE CHAIR: I will now hand over to Dr Foskey.

DR FOSKEY: Are we dealing with cultural areas in the report?

THE CHAIR: We are dealing with the arts area of the CMD and we will then deal with cultural facilities.

DR FOSKEY: I refer to the development of the arts strategy and to the arts action statement. Was the review of the 2007 arts fund published, a review to which the Cultural Council contributed?

Mr Stanwell: To a large degree the review of the arts fund by council was procedural. The emphasis was on efficiency of the assessment process and on the sorts of issues Mr Mulcahy raised relating to ensuring that we had the best possible process. That was the major emphasis of that review. A large number of improvements were agreed to and implemented. Council played an appropriately major role in developing artsACT. In addition, we sought input initially on the draft and then consultation with all major arts organisations and key players in the arts community. But council certainly played a significant role in that.

DR FOSKEY: Could that review, its terms of reference and the Cultural Council's contribution to that review be made available to the committee?

Mr Stanwell: Yes. I am just wondering whether that was recorded separately. It is probably quite achievable to get that as a separate item. We can certainly do that.

DR FOSKEY: I refer to page 49 of the report which deals with delivered funding programs. When I asked about indexation during the budget estimates process I was advised that arts organisations received competitive grants rather than providing ongoing service. Yet Jigsaw and the Youth Theatre, to name just two organisations, have been funded every year for at least the past 30 years. Could you advise the

committee whether general arts grant funding has been sufficient and will be sufficient to allow for increases in grants to key multiyear funded arts organisations, equivalent to CPI indexation?

Mr Stanwell: A range of grant programs across government, including the arts, do not automatically receive indexation. Like all other areas of expenditure they are decided by the government of the day in the budget process. To my knowledge grant programs have not been treated any differently from that. It has been acknowledged in the question you are referring to that there were some areas of activity, primarily in the community services area. I understand that not all of the ones in that were followed.

Those that are perceived as service level agreements where they are undertaking work that the government would otherwise be required to do have tended to receive indexation. But I suspect it is still a government decision at budget time anyway. In the arts program some grants received indexation and some did not. The Cultural Council has tried to offer multiyear funded organisations CPI in the first year at least, or the year where there is perceived to be the most inflation, and to accommodate that within the fund. We, like other areas of government, then put the proposal to the government for indexation if the budget so allows.

THE CHAIR: Thank you, Mr Stanwell. I would like to explore that further but the clock is against us. We might move now to the Cultural Facilities Corporation and put on notice any questions relating to the arts area and the CMD. I refer to page 7 of the annual report which states that the corporation achieved a five per cent reduction in its submission for 2005-06 and the forward years by pursuing a program of revenue initiatives and cost savings. Where were these revenue initiatives and cost savings achieved? Has the five per cent reduction adversely impacted on the operating effectiveness of the corporation?

Ms Elvin: That revenue raising and cost reduction program was quite broad ranging and covered things like increasing ticket prices, venue hire charges and, in some cases, admission charges to properties, together with expenditure reductions across the whole range of our activities. We feel that we were able to accommodate those revenue increases and expenditure reductions without an adverse impact on the services and activities that we provide.

THE CHAIR: Do you believe that the further budget reductions required in the forward years will impact on the corporation's capacity to fulfil its role?

Ms Elvin: In implementing the further reductions to our budget we are seeking to do that in a way that has the least possible impact on the community services and activities that we offer. We have devised a broad-ranging program of revenue increases and expenditure reductions for this current financial year. That will be a more broad-ranging program than last year's in view of additional budget cuts. That will include additional items such as restructuring of the organisation which will involve a number of staff reductions. Another large element of our program is to reduce the areas we occupy in North Building and on which we pay rent, and to hand those back to Property ACT in order to achieve rental savings.

MS MacDONALD: I congratulate you—I am sure other committee members concur with me—on finishing Civic Library, which is to be opened tomorrow. I place on record my sadness at not being able to attend that opening. I have not had an opportunity to look through the library but I understand that it is a magnificent building. Did you want to talk about the completion of that project? What sort of role do you believe the library will play in Civic and in the wider community?

Ms Elvin: Yes, of course. Thank you for those supportive comments. We are delighted with the outcome of this project. We think it is not only providing much better services for theatre patrons and library users; it is also invigorating and enhancing the whole Civic Square precinct. Referring to your question about Civic Library in particular, that does not come under my direct responsibility.

One of the key instigators for the combined project was to bring Civic Library back into Civic Square, recognising the complementary functions between Civic Library and other parts of Civic Square—facilities such as the Canberra Theatre Centre, the Canberra Museum and Gallery and other facilities such as the multicultural centre, the National Trust, Craft ACT and the ACT Assembly which, of course, has its own library service.

We are already discussing with Civic Library a range of cooperative programs. For example, we are looking at whether we can link up children's theatre activities with children's book-reading programs in the library and therefore enhance the overall experience for children. We are looking at perhaps linking those back to art-making workshops in the Canberra Museum and Gallery studio. So we are very excited by all the possibilities. There are other opportunities. For example, the new Civic Library has an extensive collection of resources for people from non-English-speaking backgrounds, so clearly there are good links with the multicultural centre.

DR FOSKEY: I also congratulate you but for a different reason. In the theatre sense, you have done well financially and you have earned the usual high approval from patrons. I am interested in exploring the impact of the budget on the CMAG. I heard you referring to releasing some space in North Building. I am also interested in establishing how many positions were lost. What other impacts have the budget cuts had?

Ms Elvin: As I said, we are trying to implement those cuts in a way that has the least possible impact. Referring to the spaces that we have handed back in North Building, they include a space that we currently hire out plus what is called our resource centre. That resource centre contains a number of materials which we are looking at accommodating in a different way. It includes a space that is currently occupied by the Canberra and District Historical Society. So we have been working with it and with Property ACT to look at alternative accommodation options for them.

Referring to staff cuts, the overall cut we are seeking to achieve equates to five full-time positions across the corporation. We are going through a highly consultative process with staff and with unions to achieve those cuts in a way that produces the best outcomes for the organisation and that has the least impact on services to the community.

THE CHAIR: I would like to ask one other question relating to the Cultural Facilities Corporation. Page 36 of your report states:

Two focus groups were held in 2006 with ACT schoolteachers and the CSO members to discuss the future development, refinement and educational outcomes of the Symphony for Kids program.

What were the key findings as a result of that exercise? How will those findings influence the way in which Symphony for Kids is conducted in 2006-07?

Ms Elvin: We felt at that stage that we should review the program to establish whether it should continue and how it should be shaped for the future. Those two focus groups gave us some positive feedback on how that program is received and also some guidance as to how it might develop in the future; that is, the age groups it might focus on, the nature of the programming and so forth. Those results have helped us in our future development of the program and in our liaison with the Canberra Symphony Orchestra.

THE CHAIR: Will that program continue? Is that what you are saying?

Ms Elvin: Yes, that is our clear intention.

THE CHAIR: Thank you, Ms Elvin. Minister, given the time factor, we might now go to CMD indigenous affairs matters.

Mr Stanhope: Thank you, Mr Chair.

THE CHAIR: Chief Minister, page 61, volume 1 of the CMD report states that the executive support branch provided funding for three festivals with an international multicultural focus. Is there a requirement for a minimum quota of festivals of this type to be funded by the government? If so, what might have been that requirement or quota? Is there a minimum quota or a requirement for a set number?

Mr Stanhope: No, I am sure there is not, Mr Chair. There is no quota within festival funding. There is no quota. There is no direction by the government or policy position in the decisions around the funding of festivals. The three of them were able to be described as multicultural. That was a statement of a post facto result, not a policy outcome.

THE CHAIR: What about compared to previous years? How were these numbers of festivals supported?

Mr Stanhope: With that international multicultural focus? I would have to take that question on notice. I am happy to provide you with that information.

Mr Manikis: It is not part of indigenous affairs.

THE CHAIR: No, that is true.

Mr Stanhope: I am happy to provide you with that information as it still comes under

the department.

THE CHAIR: Page 64 of volume 1 of the report states that an indigenous arts development forum was held in May 2006, which was attended by 15 people. Invitations were sent to some 90 people and advertisements for the event were placed in the *Canberra Times* and in the *National Indigenous Times*. What was the cost of advertising this forum? Do you have a view as to why the turnout was so poor, given the effort that was made to attract interested parties?

Mr Stanhope: The program is run by artsACT, I think in partnership with the commonwealth. I am happy to take that question on notice, Mr Chair. I do not know the details of the advertising costs. In the context of turnout, frankly, we would be pleased with a turnout of 15 indigenous artists in the Australian Capital Territory and we would have thought that a good result. As I recall, this program, which we fund in partnership with the commonwealth, is designed to enhance access to the arts by indigenous people in the community with talent in the arts.

DR FOSKEY: I refer to the ATSI framework. Page 63 of the report deals with the development of an Aborigine and Torres Strait Islander framework to guide higher whole of government policy and actions in this area. What stage has this project reached, what is the current time line and when will the agencies put that framework into action plans?

Mr Manikis: That ATSI 2006-13 framework is a draft. It is a draft at the moment; it was used by agencies at the beginning of this financial year to draft and develop their agency service plans. That draft framework will be considered by the task force on indigenous affairs, which is meeting soon to confirm the framework as a final. At the moment it is a draft. It has been used by agencies to develop discrete agency service plans for delivery of services to the indigenous population, but that framework will be considered by the task force shortly.

DR FOSKEY: Thanks. Page 15 talks about the work done by the ATSI consultative council. Has this council been consulted with regard to the work of the sustainability office or the ACT government policies on climate and water?

Mr Manikis: That consultative council has been consulted on those issues in 2005-06.

DR FOSKEY: Do they tend to be just consulted on things that are seen as direct ATSI issues rather than on issues on which they might have a particular view?

Mr Manikis: The council, as far as I am aware, from time to time does consider policy documents that range beyond indigenous-specific subjects, but not every single document.

DR FOSKEY: Let me turn to the new representative arrangements for Aboriginal and Torres Strait Islander people in the ACT. Where is that project up to? What is the time line? Have you grappled with the difficult problem of ATSI people moving in and out of Canberra, and if so how?

Mr Manikis: The focus of the work of the consultative council in the previous year,

2005-06, continued on, particularly with community consultation aspects. There were several meetings. A community report was done on what the community's expectations are of such a body. Where we are up to at the moment is that the Office of Aboriginal and Torres Strait Islander Affairs has been working hard with our government solicitor to develop a draft constitution and draft electoral regulations. That is where we are up to at the moment. Those documents are on the way up for consideration by government.

DR FOSKEY: Is that community report available?

Mr Manikis: That would be a matter for government, I think.

Mr Stanhope: It is probably broadly broadcast within the community. Yes, it has been distributed throughout the indigenous community; there would be no reason not to make it available.

DR FOSKEY: Thank you; I would be very interested in that. There is a diverse range of ATSI groups in the ACT. Are you looking at a majoritarian or consensus style of democratic decision making as a solution to those issues?

Mr Manikis: There are many issues to be considered, as you can imagine. It is a complex area. The community has, in the first instance, responded to most of the issues as to the way they would like the new body moulded. At the moment, the draft constitution and the electoral regulations, which pick up most of those issues that you have just raised, are before government for consideration before they go out as drafts to the community yet again. I think we will be in a position to get the community to provide some more feedback on a firmed up model at that point.

Mr Stanhope: Those decisions have not yet been made, Dr Foskey. As you have raised, and as Mr Manikis has said, these have been long—one might say protracted—but detailed negotiations. That is the model pursued and preferred by the Aboriginal and Torres Strait Islander Consultative Council—to the extent that in relation to some time lines that I had imagined we might meet in relation to the establishment of this representative body, the consultative council has come to me and said, "It's a long process, this process of consultation." Indeed, the consultative council from time to time asks for more time. They do not want it rushed; they want the indigenous community to own the outcome. The issues that you raise are still matters of active discussion within the broader community.

One other issue which you did raise earlier concerned having a mobile population. The last advice I received from the consultative council on its negotiations or its consultations was that the consensus within the indigenous community was that it should be an ACT resident or representative body. I must say that that is a position that I lean to myself, without being dogmatic about it.

But in any model that one imagines, it would be very difficult for the ACT government to extend across the border voting rights or representative rights. We were the only ATSI regional council which crossed the border under the previous administrative arrangements for indigenous representation throughout Australia. There was only one indigenous representative organisation or ATSIC regional council

which crossed the border. It was the Queanbeyan ATSIC regional council, which represented the ACT. It was an uncomfortable model in terms of representation. It created a range of difficulties. The second last and third last of the most recent chairs of the ATSI Queanbeyan regional council were residents of Nowra. In a representational sense, it created significant issues for ACT resident indigenous people to have such a broad representation. These things have not been finalised, but we are getting there. I think it will be ACT specific.

THE CHAIR: We might now move on to the ACT Insurance Authority, followed by EPIC. The officials that are not involved should feel free to leave; we can place other questions on notice. We will move to the ACT Insurance Authority.

Chief Minister, the annual report states on page 4 that there were “significant increases in incident numbers” in the 2005-06 period. Could you advise the committee what is meant by “significant” in this context and how many more incidents were reported in 2005-06 than in the previous fiscal year?

Mr Stanhope: I will ask Dr Grimes and Mr Mathews to respond to that.

Dr Grimes: You are referring to that comment immediately under the heading “A.3 Highlights”?

THE CHAIR: Yes.

Dr Grimes: I will invite Mr Mathews to provide some further information on that.

THE CHAIR: It is on page 4. It says there were “significant increases in incident numbers” in the 2005-06 period. I was just wondering if you can explain what that means. I am looking at the third line under “Overview”. It says:

... despite significant increases in incident numbers due to better reporting by agencies.

I am just trying to ascertain what you mean by “significant”. Is that a massive increase or a marginal increase? I am just wondering about comparative data from 2005-06 to 2004-05. Am I making myself reasonably clear?

Mr Mathews: When we talk about “significant”, we mean doubling or tripling—huge increases in the number of incidents reported. There are two real reasons for that. One was a lack of understanding of what really needed to be reported. The second was that, as we have discussed in the past, some agencies were somewhat reluctant to report issues where they saw privacy concerns.

THE CHAIR: Could you assist the committee in understanding the types of incidents that you are citing here. Are these injuries?

Dr Grimes: Mostly in the field of injuries, yes. For more mundane property losses, the reporting has been fairly consistent. It is personal injury claims—both public liability and medical malpractice.

THE CHAIR: The annual report states on page 5 that the “adoption of the new Australian equivalent International Financial Reporting Standards for accounting” altered the prudential margin for outstanding claims from 10 per cent to 17 per cent. How do these figures compare with other Australian state and territory government jurisdictions and their prudential margins? I am just wondering if you could tell us what would be considered an ideal prudential margin figure.

Dr Grimes: Firstly, the base figure of 10 per cent was something that we decided on internally. We start with a claims provision of the most likely outcome, which virtually gives you a 50 per cent chance of sufficiency. To that we added a 10 per cent margin. Not all Australian jurisdictions have that same margin. What we have decided to do, and what we understand most other jurisdictions will also do, is follow the new standards, which will increase that sufficiency to 75 per cent. For an organisation like us, 75 per cent is quite comfortable. In a different class of business—for instance, workers compensation—they moved to something like 90 per cent, because of the vagaries and the long-term nature of workers compensation.

DR FOSKEY: I have a supplementary question to that, Mr Mathews. Does the increase in the prudential margin required by the new reporting standards imply that we need to pay an extra \$8 million in premiums to cover a higher outstanding claims estimate, or does the government cover that risk internally?

Mr Mathews: It does influence the premiums directly. Yes, it is an extreme cost. The point to remember is that it is virtually a safety margin: we do incur extra liabilities, but it gives us a better chance of anticipating any increases in liabilities as the claims develop.

DR FOSKEY: On pages 5 and 9, the report refers to better tailoring of risk analyses to the reality of ACT government insurance environment. It says:

The process of estimating the expected cost to Government of insurable losses is now far more reliable and transparent. In the past, actuarial analysis of the Territory claims data had to rely more heavily on industry standards than on our own claims experience, which has now become a major factor in the estimate of claims liability.

Are our own estimates lower than those suggested by industry standards?

Mr Mathews: No. The case is really that we did not have sufficient data for our actuaries to compile a profile that was appropriate to our own experience. As the years have gone on and our data has improved, we have been able to construct a forward estimate of our own liabilities rather than relying on industry experience. Industry experience is not particularly good if you try and apply that to a portfolio as specific as our own.

DR FOSKEY: Do our reinsurers accept our claims liability estimates concerning our premiums?

Mr Mathews: They do, but it must be mentioned that reinsurers set their own estimates. We may have an estimate of \$5 million on a claim; reinsurers may see a more adverse outcome and may be carrying \$6 million or \$7 million. We have

quarterly claims reviews where we sit around a table with the reinsurers, the Government Solicitor's Office and our brokers and discuss the various figures that we have as estimates. That gives the opportunity to cross-reference whether the reinsurers are happy with that estimate. At times they will intimate that their estimate may in fact be different from ours.

THE CHAIR: I have one last question on insurance. I notice that substantial six-figure amounts have been paid out for expert witnesses on the coronial enquiry. Are they all being met by our insurers?

Mr Mathews: Initially we met the first \$5 million. In the year that the bushfires occurred, we met \$5 million of all claims and the government's legal costs. Above that, our reinsurers meet any costs. We are into that region now.

THE CHAIR: All right, thank you very much.

DR FOSKEY: Can I ask a supplementary question?

THE CHAIR: Yes, sure.

DR FOSKEY: Like the bushfire situation, if the EpiCentre sale is found by the court to be unlawful, does the insurance office factor in potential damage costs?

Mr Mathews: We have not actually put numbers on it yet, but we have addressed the issue; we have put our reinsurers on notice that this may escalate. We have taken all the precautions we can take at this stage to make sure that, if it does become a damages claim, we can recover from insurance.

THE CHAIR: Is that just a prudential measure that you have taken or have you based it on some concern that there may be litigation to flow? I guess there is litigation already, isn't there?

DR FOSKEY: Yes, that is the point.

Mr Mathews: The case here would fall under a "claims made" policy. As soon as you become aware of circumstances that may lead to a claim, you give notification. Out of an abundance of caution we have given that notice.

MR SMYTH: Did you do that off your own bat or did ACTPLA or the LDA inform you that this might be the case?

Mr Mathews: We took the initiative in doing that. We liaised with the relevant departments to make them aware that we were going to take that step.

THE CHAIR: Thanks for that. Thanks, Mr Mathews. I'm sorry we have sort of rushed you through today, but I still have to talk to EPIC in the remaining seven or eight minutes. Chief Minister, we will move to EPIC. The annual report states on page 10 that, among its significant risks and issues, EPIC must continue to manage environmental issues "resulting from requirements related to nearby dwellings". There have obviously been concerns expressed by residents of Watson regarding

noise pollution. My questions to you are these. Are these being addressed in the context of this observation? What is the government doing with respect to future developments, given that the more we populate this area with development the more likely, I would think, that the pressures would increase for EPIC to find a new home? I understand that that could be horrendously expensive and may be quite impractical?

Mr Stanhope: I will make some opening remarks and then defer to Mr Sadler. The issue of noise and EPIC and some of its activities is one that that I think we are all aware of—most significantly through the annual Summernats. To the extent that noise is an issue for EPIC, there are sporadic events throughout the year. For instance, there are the fireworks at the show and on other occasions. But in the context of an anticipated level of complaint, it is essentially around Summernats.

As you are aware, the government undertook a significant inquiry or investigation into the level of noise that is emitted from EPIC, most notably around Summernats. The response to that, if not quite comforting, revealed that the extent to which noise is an issue for the residents of Dickson and Watson is not at a high level. There are some residents who are irritated, and understandably so, but noise is not regarded as a particularly inhibiting factor in terms of current development and EPIC in its current range of activities. To the extent that there will be development occurring as Gungahlin spreads and completes a full circle, it will be an issue to be addressed, to ensure that new residents buying in suburbs that are creeping closer to EPIC do not suffer noise pollution.

I have to say to you, Mr Chair, that it has not been raised with me as a significant issue. It is an issue that we have actively pursued, particularly through the operations of Summernats. I would defer to Mr Sadler in the context of the number of noise complaints and the level of anxiety or concern which EPIC has around noise. It is not an issue that I have been briefed on as an issue of concern around the future of EPIC. I do not believe it is a significant or a concerning issue.

Mr Sadler: As the Chief Minister has said, we do have compliance issues, if you like, with the three big events that we have at EPIC: the Summernats, the Royal Canberra Show and the folk festival. We also occasionally stage one-off events like the AC/DC concert, which obviously has massive potential for problems, but, with good work by the promoters of all those events, and with the diligent work of the staff there, we are able to comply with the rules and regulations as they are set down at the moment.

The compliance point, for those people that do not know, is on the non-EPIC side of Northbourne Avenue, basically where the closest houses are from the oval itself—the main arena. We have some very good friends in large pine trees, and also Northbourne Avenue itself, which assist in our being able to realistically comply with the current regulations. We have increasing pressure from the residents of the new units further along Northbourne Avenue.

Mr Stanhope: Starlight.

Mr Sadler: Opposite Starlight; yes, that is correct. As more and more people come into the area, it is logical to expect that there could be more and more complaints about noise.

THE CHAIR: Isn't it true that your board and/or the Summernats people have expressed concern about the future?

Mr Sadler: I'm sorry, I couldn't hear you.

THE CHAIR: Is it not true that your board members and Summernats have expressed concern about what the future scenario will be if this development continues close to EPIC?

Mr Sadler: Yes, there would be concern for us if there were to be a major increase in residential on what is known as block 751, which is the only area of the venue that is not landlocked by roads—by Northbourne Avenue, by Flemington Road and by what will become the Sandford Street extension when it runs through from the roundabout into Mitchell.

THE CHAIR: Mr Smyth, do you have a question?

MR SMYTH: Just as a follow-up on that particular paragraph, can I ask this. The last line in that paragraph says:

Potential events are being turned away because of this issue.

Given that EPIC is such a big tourist venue—with Summernats, the show and the National Folk Festival—is it possible to get a list of events that have been turned away because of these issues?

Mr Sadler: I think we could pull that together. One that springs to mind straight away that went down to the greyhound facility at Narrabundah was a tractor pull. Large vehicles like that have got a potential for noise. We do not condone it. I had an inquiry yesterday—I do not know how serious it was—about using the burnout strip as the dragway. Obviously there would be no way that—

THE CHAIR: Was that the Chief Minister?

Mr Sadler: No, no, that wasn't.

Mr Stanhope: I'm not that desperate yet.

Mr Sadler: It certainly was not the Chief Minister. I think it was a member of the public. We just point blank say, "Well, we are not even starting negotiating or doing that."

MR SMYTH: Yes. You mentioned block 751 Gungahlin.

Mr Sadler: Yes.

MR SMYTH: Chief Minister, back in June the following answer was given:

Dr Grimes met with the trust and we are forming a working party with the

decision makers to work through issues regarding the possibility of EPIC getting block 751.

Chief Minister, where has that working group gone? Has EPIC got block 751 at this time?

Mr Sadler: I can answer that. We, the trust, have received some draft comments from the departments that are likely to have a major impact into the decision on the master plan. We received those on 30 November. We are currently working through those. We are hoping that it will be submitted to the government for decision in January or February.

MR SMYTH: This plan to acquire block 751 has been going for about four or five years now, I understand.

Mr Sadler: Yes, it has.

MR SMYTH: What stands in the way? Why has it taken so long to get a decision? Why is it that, after a four- or five-year process, we are only now beginning the development of a master plan concept to convince the government to give EPIC block 751?

Mr Sadler: EPIC initially commissioned a company to do a master plan study for us. We did not feel that was adequate, and we had to virtually recommence the process. Given that the trust meets only once a month, it becomes a long, convoluted process.

MR SMYTH: Chief Minister, are you supportive of block 751 going to EPIC so that it actually has a future? It lists that acquisition in “Future priorities” and says that one of the risks and issues involved is the non-acquisition of that block. It says:

The lease of Block 751 Gungahlin is seen as a major factor for EPIC’s survival.

Are you supportive of EPIC acquiring this block?

Mr Stanhope: I am very supportive of EPIC and its sustainable future. We have entered into a process in relation to that. I have had very direct representations from Dennis Algie and Geoff Cannock around the importance—for them and their operations through the agricultural society and all other operations of theirs—specifically in relation to that land and parking. The government has responded positively. We responded very positively to the representations of EPIC in relation to an appropriate site for Quamby; indeed, the government adjusted its decisions in relation to Quamby as a result of representations from EPIC. We listen very seriously to EPIC. We are concerned for its future and we take its advice seriously. We have a process, and I will not pre-empt that, but I have very strong support for EPIC. I am absolutely committed to EPIC’s sustainable future on that site. We will do what we need to do to ensure that future.

MR SMYTH: Is it possible to get a copy of the master plan concept—for that to be made available to the committee?

Mr Sadler: When it is finalised, yes.

MR SMYTH: Thank you.

THE CHAIR: Thank you. Well, we might call a halt there. Thank you, Chief Minister, officials and other members of the committee for your assistance in the last two days.

Mr Stanhope: I thank the committee members too.

THE CHAIR: We stand adjourned.

The committee adjourned at 3.03 pm.