



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: Appropriation Bill 2007-2008 (No 2))

Members:

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

TRANSCRIPT OF EVIDENCE

CANBERRA

MONDAY, 26 NOVEMBER 2007

**Secretary to the committee:
Mr H Finlay (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 that have been authorised for publication by the committee may be obtained from the committee office of the Legislative Assembly (Ph: 6205 0127).

WITNESSES

CAPPIE-WOOD, Mr Andrew, Chief Executive, Chief Minister’s Department..... **1**

LASEK, Mr Jeremy, Executive Director, Arts, Communications, Events and Protocol Division, Chief Minister’s Department **1**

NEIL, Mr Bob, Director, Environment and Recreation, Environment Protection and Heritage, Department of Territory and Municipal Services..... **1**

SMITHIES, Ms Megan, Under-Treasurer, Department of Treasury..... **1**

STANHOPE, Mr Jon, Chief Minister and Treasurer **1**

ZISSLER, Mr Mike, Chief Executive, Department of Territory and Municipal Services **1**

The committee met at 9.38 am.

STANHOPE, Mr Jon, Chief Minister and Treasurer

SMITHIES, Ms Megan, Under-Treasurer, Department of Treasury

CAPPIE-WOOD, Mr Andrew, Chief Executive, Chief Minister's Department

LASEK, Mr Jeremy, Executive Director, Arts, Communications, Events and Protocol Division, Chief Minister's Department

ZISSLER, Mr Mike, Chief Executive, Department of Territory and Municipal Services

NEIL, Mr Bob, Director, Environment and Recreation, Environment Protection and Heritage, Department of Territory and Municipal Services

THE CHAIR: We will begin the proceedings. Given that there are a few copies of the privilege statement available, and I am pretty sure that everyone here has heard it over and over again, we will take that as read. If there are any questions about it, please ask. We will begin with Treasury. Thank you for appearing. I invite you to make an opening statement, Mr Stanhope, if you would like to do so.

Mr Stanhope: Thank you, Madam Chair. I thank the committee for the invitation to appear today. Present today are the chief executives and officials of Treasury, the Chief Minister's Department, and Territory and Municipal Services insofar as they have responsibility for environment and water. As indicated, Ms Smithies is the chief executive or Under-Treasurer, and officials from Treasury are available. I do not have any comments that I wish to make. Officials and I stand ready to respond to questions and provide whatever assistance we can.

THE CHAIR: I have some general questions. I refer first to the Costello review and the 2006-07 budget. Have any efforts been made to analyse the impact of that budget?

Mr Stanhope: It is a broad question, Dr Foskey. I will give a broad initial response, and in the context of analysis we might ask Ms Smithies to give some understanding of the way in which we continue to track the implementation of initiatives revealed in last year's budget, which implemented the functional review in large measure. Indeed, aspects of the functional review continue to be implemented. It is an ongoing process.

In a broad sense, the government is tracking very closely the implementation of all aspects of last year's budget, which, as I said, is a budget that essentially implemented the report that was delivered to the government through the functional review. To the extent that we are monitoring it in close detail, we are analysing the implications and impact of that budget in a quite detailed way. As you would understand, the overall budget implications of the implementation of that review and of last year's budget were savings over the budget cycle of \$383 million. We monitor that closely.

It is important that agencies understand my expectation, and that of the government, that the savings of the restructuring, of the realignment of priorities, be achieved. We are serious about it. This was not just a day in the park. The government has required, through last year's budget, major restructuring and reform, to the tune, in the budget, of online savings of \$383 million. We monitor and closely analyse the implications of the implementation of those decisions in a budget sense. We monitor and closely

analyse the implications in relation to service delivery.

The government's aim was to enhance the quality of ACT government services and service delivery. We closely monitor and analyse the decisions on the basis of both budget performance and policy and service delivery. That is a broad response to your question, Dr Foskey. Having set out on such large-scale reform and restructure, of course we are closely, at an agency level and certainly at a cabinet and government level, analysing and monitoring the decisions we took and their implementation.

THE CHAIR: Do you want to add to that, Ms Smithies?

Ms Smithies—I am not sure that I can add much more. A lot of reports are given to government; they go to cabinet. We do quarterly monitoring of financials. We have also just gone through annual reports and a consolidated annual report. It is also worth pointing out that pretty much all of the statements were taken out of agencies' budgets up front. To the extent that we have agencies coming in on budget, they are largely being achieved. Also, reports are given to government and cabinet around staffing numbers within the public service. So there is a fairly extensive monitoring regime that goes towards the status of the 2006-07 budget and, indeed, there will be one around the 2007-08 budget as well.

THE CHAIR: To what extent are some of these appropriation items a response to analysis and monitoring of the impacts of last year's budget?

Mr Stanhope: To what extent are the items included in the second appropriation bill a response?

THE CHAIR: Yes.

Mr Stanhope: I would have to go through the items one by one.

THE CHAIR: I suppose the expenditure on ACTION would leap out as an obvious one.

Mr Stanhope: It does and it doesn't. In relation to ACTION and public transport, the government has been working vigorously on developing integrated and strategic transport plans and a sustainable transport commitment. Certainly, there were some implications for the network as a result of the implementation by TAMS of last year's budget. Some of those were not anticipated by the government, to the extent that the community was affected by a restructuring of the network post last year's budget. Some adjustment had previously been made to ACTION or to the TAMS budget as a result of some of the direct implications of the implementation of budget funding decisions that were taken.

So, yes, I would have to acknowledge that there was, in the package that is included in the second appropriation, some response to some issues that were identified or exposed as a result of a rearrangement of priorities within ACTION. But the decision in relation to, for instance, a determined program of bus replacement for the first time provides, over a budget cycle, year on year, significant specified funds for a bus replacement program, which is not funded, but which is announced and committed to.

From next year's budget, the allocation will not be made in the second appropriation; we will be providing in the order of \$12½ million a year for four years for an enhanced bus replacement program. There are funds in this financial year that are delivered in this year's budget for a bus replacement program, and we are building on that in each of the next four years.

That decision taken was consistent with decisions announced in the climate change strategy and with our commitment to implement a sustainable transport plan for the ACT. It is very much consistent with other reports and decisions. Similarly, the decision to look closely at our network arose out of a network study that had been commissioned and which has now been delivered, work that is continuing in relation to benchmarking efficiencies within ACTION transport, and indeed the Legislative Assembly transport review, which was tabled recently. The government is determined to take seriously the issues that were revealed through that study.

We also have a commitment to enhance public transport. Each of us in this place knows the efforts of all governments in the ACT to reduce our reliance on motor vehicles have not been as successful as any of us would like. It is an ongoing battle. We intend to continue to engage in the battle, to not retreat, to maintain our commitment to achieving some significant results in enhancing numbers of passengers. It would not be fair or right to say, "You're just responding to last year's budget," or "You're just responding to changes or efficiencies." That is not true. This is a genuine attempt to enhance public transport in the ACT, and we will continue to do it. This will not be the end of it. As I said, this is a significant investment. With respect to funds actually appropriated, this year it is essentially a half-year effect. In each of the outyears, the implications of this second appropriation are an additional \$5½ million a year, recurrent for ACTION, and that is not the end of it.

THE CHAIR: We will be exploring that further with Mr Hargreaves.

MR MULCAHY: Given the parlous state of patronage of the public transport system—somewhere between seven and eight per cent—is there any overseas model that you have looked at that is providing you with some guidance as to the approach you are taking, in putting more of a capital injection into public transport to get people out of their motor vehicles? I am referring to cities of a comparable size and, to the extent that it is possible, to those with a similar design.

Mr Stanhope: The detail of that question might be better directed to Mr Hargreaves. I would have to take some advice on this but I do not believe that the new network is in any way modelled on another city or another transport plan. We engaged an internationally regarded transport consultant to advise us on a new network for Canberra.

MR MULCAHY: It was not specifically about the network; it was about your broad approach to public transport and getting people out of their cars. Are there any models you can cite where there has been success that you are trying to emulate?

Mr Stanhope: No, I can't, but I would urge that the question be asked of TAMS officials and Mr Hargreaves. Certainly, international experience has been taken into account in some of the decisions that were taken in relation to the very live debate

about issues around price and the extent to which price has an influence on patronage. The international experience is that it does not; that it is about frequency and reliability. Our experience, as you say, is that everything that successive governments have attempted in relation to public transport in the ACT has led to a position where, unfortunately, and it is a matter of great regret, we have trouble getting above eight per cent. That is not nearly good enough. We can't possibly claim to have a sustainable public transport system that is meeting other policy objectives, particularly in relation to sustainability and climate change, if 92 per cent of us continue to resist the use of a very good public transport system.

It is a conundrum. It is a classic chicken and egg situation. It is a good system but people are not using it. The level of community service obligation or ACT government support or subsidy continues to increase. As a result of this second appropriation bill, it is fair to say that, with respect to the community service obligation, we are acknowledging rises or increases from \$60 million to \$65 million a year, and it goes up and up. It is part of the conundrum for all governments in relation to ACTION.

THE CHAIR: It has been higher, though.

Mr Stanhope: It has.

THE CHAIR: Even within this term of government.

Mr Stanhope: Yes, but the reduction is almost statistically insignificant.

THE CHAIR: In devising this appropriations bill, did the ACT government request or receive any submissions, did it look at the budget submissions that did not get funded last time, in June, or did it look at budget submissions for the next financial year? I am interested in how this appropriation bill was informed.

Mr Stanhope: This particular appropriation bill was not informed by a specific request for submissions. If I were to go through each of the items—I have the list in front of me—I can refer to detailed consultation with a broad range of organisations, agencies and stakeholders. With respect to the stakeholders, I would have thought it involved the more significant of them. For instance, the most significant of the education appropriations are a direct response to previous consultation with the community and with the Australian Education Union and on the basis of advice from the department of education. To the extent that there are a small number of significantly funded education items, the majority of the initiatives in education, particularly those that are funded significantly, are a direct response to previous consultation, promises, advice and consultation.

The most significant of the health appropriations is a commitment to fund an additional specific drug and alcohol rehabilitation facility. That decision has been taken at the end of an extensive consultation process. Issues in relation to climate change are significantly funded. In fact, to one degree or another, there is in the order of \$15 million of funding for what can broadly be classified as climate change initiatives. They are a direct response to the implementation of Weathering the Change, a policy that was consulted on very extensively before it was finalised. The

majority of the decisions in relation to items for appropriation are a direct response to or result of extensive and long-term consultation with the community.

THE CHAIR: The government recently announced another windfall, an excess above budget—

Mr Stanhope: In the September quarter.

THE CHAIR: Yes.

Mr Stanhope: It is only the first quarter. It needs to be treated—

THE CHAIR: There was another one after the tabling of the actual budget. What is the government's approach to these unbudgeted amounts? I am calling it a windfall but it is unexpected revenue. Does the ACT government have a particular way of viewing the expenditure of revenue gained in that unexpected or unbudgeted fashion, and would it consider putting in place programs that perhaps use it for low-interest loans for energy-efficient measures, whereby that money would come back to the government? In other words, seeing it as money that could be special—the rainy day kind of strategy?

Mr Stanhope: We do. Ms Smithies might respond a little more technically than I can in relation to the first quarter response, and it is good. On top of a budget with a significant surplus for this financial year, the September quarter reveals that revenues have increased by \$55 million above expectation. That is very significant. It was unanticipated, accepting that there is a level of conservatism in budget forecasting. So to the extent that our forecasts were conservative, which is appropriate, and which should be maintained as an overarching budget philosophy, yes, there was an element of surprise in the extent of the first quarter report. But it should be remembered that we do budget conservatively, and we will continue to do that. It is only the first quarter.

It is fine and reasonable that we be cautious about whether that particular result will be translated through the next three quarters. Indeed, it is impossible. I believe we are better to be conservative; we are better to adopt the precautionary principle. It is better to have an early surplus that might, over the period of a year, reduce as a result of unforeseen pressures and other risks, than to think, “Yippee!” to relax and to take our forecast off the need for a good, strong, sustainable budget position, and one that does return significant surpluses over the term in order to allow us to invest in the sorts of initiatives that you have just mentioned. It is a good policy initiative. If we have the capacity, as part of an overall policy position, in relation to different areas of government administration, those sorts of proposals should and will be considered.

I am also mindful of the need for us to have a strong cash position in order to invest in infrastructure and to maintain our infrastructure. You can't do it—it simply can't be done, unless we start to borrow—without a strong cash position. You see it through this year's budget, you see it through this second appropriation bill and you will see it in next year's budget—an unprecedented capacity by an ACT government to invest in infrastructure and to maintain our ageing, in places, infrastructure.

THE CHAIR: So your approach then would tend to be to wait until closer to the end of the financial year to see whether you continue to get surpluses and then—

Mr Stanhope: We have just begun our consideration of next year's budget and we will in that budget seek to meet our infrastructure and our recurrent needs on the priorities as we see them at the time. So, yes, we will finalise next financial year's budget considerations in March-April and between now and then we will have a far better and safer idea of what our budget and cash position is and we will make decisions based on the priorities as we see them and the strength of our budget.

THE CHAIR: But you wouldn't see a low-interest loan scheme such as I suggested for energy-efficient measures or other things that might reduce our greenhouse gas emissions as being outside your consideration?

Mr Stanhope: No, certainly not. In the context of that, we have consulted directly and specifically with over 300 organisations. I wrote a personal letter to, I think, 351 Canberra organisations across the spectrum some months ago and asked each of them to advise the government of funding priorities for this year's budget as they saw them. We have had a very significant response and I do not know whether we would have had the capacity to cost, but it is always interesting.

The response has been enormous—as wide as you could imagine it would be when one writes to 351 or thereabouts different organisations, which essentially is a request for a wish list. We would have responses that, if implemented, would probably come into the billions and billions—probably upwards of, I would not mind guessing, \$10 billion or something like that. But it is a really healthy and useful process. We now have, as a result of the consultation we are undertaking this year, thousands of suggestions made to us of priorities as different organisations see them.

THE CHAIR: And will your response to them be purely in the budget or will you be having a dialogue with some of those groups, or will you write them a letter and say thanks—

Mr Stanhope: I have continuous dialogue with many of those groups and in my regular meetings with community organisations budget issues are almost always at the forefront.

MR MULCAHY: With your indulgence, Chief Minister, could I ask a question of Ms Smithies. In relation to the June accounts and also the September quarter—and I understand that you cannot take necessarily the substantial improvement in September as indicative of what will happen through the rest of the year, although it could be—do you ever entertain the idea of recommending to the government any wind back on taxation, or is it just proposals for expenditure? Have you put forward any suggestion that they look at tax reform?

Ms Smithies: Tax reform and all of the tax lines are pretty much examined through each of the budget processes, so that all goes into cabinet as part of the consideration of the budget.

MR MULCAHY: Do you ever put forward any suggestion that we reduce the tax

burden based on the substantially extra revenue that you hadn't forecast?

Mr Stanhope: Treasury makes a range of suggestions and advice available to government.

MR MULCAHY: And would that include recommendations for reduced tax, or is that simply not something that you would ever entertain?

Mr Stanhope: It is something I would certainly entertain. I am not sure that it is a fair question to Ms Smithies, Mr Mulcahy, as it is not for Ms Smithies or any official to advise this committee on policy advice or specific policy advice they may or may not have supplied to the government. The government has received advice from Treasury on the implications or possibility of reductions in taxation—but I do not believe it is a fair question for an official.

MR MULCAHY: All right. Well, in relation to you, is it something that you simply don't believe is possible? If you look at the financials you could actually deliver your services and offer some tax reductions as well. It is not a one or the other scenario, is it?

MR STANHOPE: At one level, Mr Mulcahy, it is a question without answer. We could, of course, cut all taxes on the basis of—

MR MULCAHY: I am not advocating you do—

Mr Stanhope: No, I am explaining why I believe the question is essentially a question without reasonable answer when you say, "Have you given consideration to cutting taxes?" or "Is there a capacity to cut taxes?" Of course there is—but at a price, and the price is a reduction or diminution in the capacity to invest in services. So it is a question of priorities and where one believes the priority is and where the greater priority is. To the extent that governments seek to reflect a community view of things, it is also about a balancing of unmet demand and the appropriateness of responding to the community, or a perception that the community would prefer a slight reduction in taxation rates or charges as opposed to an enhancement of health or education or community safety, for instance.

We have as a government—I as Treasurer and we as a government, a cabinet—in every budget we have delivered debated the question of the appropriate level of tax rates and charges, and part of that debate is, "Is this too high?" "Is this about right?" or "Is it too low?" When one considers or debates within a cabinet within those parameters, of course consideration is given: yes, is this a tax that we should consider adjusting or changing, either up, down or in terms of, say, thresholds et cetera, et cetera?

MR MULCAHY: But you would agree, would you not, Chief Minister, that if you look at the current figures for the ACT you can achieve your wish list here of the appropriations that you are proposing and on top of that deliver tax reductions—for example, get rid of the utilities tax—and you would still not adversely affect the financial position of the territory; you could still produce those services?

Mr Stanhope: We could, but if we abolish the utilities tax we reduce our revenue by \$17 million a year, and that is \$17 million that would not go into the mix in relation to a consideration of our capacity to enhance funding for public health or the Canberra Hospital and—

MR MULCAHY: But you're not putting that into this allocation anyway—

Mr Stanhope: Today, no we are not, but we look to the future and we look at the budget position in the forward years. Mr Mulcahy, whilst for this year we have forecast a healthy surplus and the September quarter certainly does suggest that that surplus may increase, the surplus for the outyears is not of the same order; it is still healthy—

MR MULCAHY: But they have not been adjusted to reflect any of the substantial increases—

Mr Stanhope: Not yet, no, but—

MR MULCAHY: They are not really realistic—

Mr Stanhope: Perhaps they should be adjusted up, but when one looks at the 2008-09 anticipated surplus, even with adjustment as a result of the increased growth of the economy and the improvement in the budget position, it is not that fantastic that it is not without some risk if we begin to cut taxes or increase expenditure above reasonable limits.

MR MULCAHY: Can I just take you to another area, the Beijing Olympic torch relay, which is appropriated here at just under a million dollars, to be held on 14 April next. Did that come as a result of representations from the territory, or did it come anyway as a decision to give it to Australia?

Mr Stanhope: The decision?

MR MULCAHY: The decision to hold it here, yes: was that our effort or was it the commonwealth's?

Mr Stanhope: We have maintained very strong and cordial relationships with Beijing through the sister city relationship. I have visited China three times in the last five years. We have very strong and cordial relationships. The Beijing administration is very aware of Canberra as the national capital and as the sister city of Beijing and the extent that we have maintained those relationships at a high, strong level was, I am sure, relevant to the decision.

MR MULCAHY: Were there any financial commitments, spending commitments, made to the Olympic committee or any other organisation to attract the—

Mr Stanhope: No.

MR MULCAHY: Can you help us understand, for those of us who are not familiar with the logistics of running this event, how this \$950,000 is going to be spent?

MR STANHOPE: Jeremy Lasek will have the details. Let me just say that it is a significant amount of money and when we received our first cost estimates for the management of the relay it did take me somewhat by surprise. Most of these costs are costs specifically attributable to the requirements of BOCOG, the Beijing Olympic committee. The relay will be conducted according very much to advice and requirements of the Beijing Olympic committee and the initial estimates when first provided to me did surprise me. It was well above my expectations of what the cost or impost would be. But, having said that, I still believe that it is a reasonable investment in terms of the exposure and our relationship with China and the opportunities that our sister city relationship and the hosting of the Olympic relay hold for us.

But, as a result of my concern about the cost, and the fact that I believe the other aspect of the Beijing decision that the ACT or Canberra would host the relay was our status as the national capital, in that regard I asked Mr Cappie-Wood to meet with Dr Peter Shergold, the head of the Prime Minister's department, with a view to the commonwealth government, as the government of Australia reflecting its role and responsibility for national issues as reflected through the national capital and its interest in the national capital, and seek out from Dr Peter Shergold the commonwealth's preparedness to contribute. Mr Cappie-Wood might be able to give you some further understanding of the nature of the understanding, but we have an understanding struck with Peter Shergold that the commonwealth will meet half the cost. But having regard to the impending election and issues around decision making the nature of the arrangement we have with the commonwealth is that we would appropriate the full amount through this second appropriation—

MR MULCAHY: So in fact you may end up only having to outlay half this amount?

Mr Stanhope: I will just ask Mr Cappie-Wood to answer. We have an understanding with Dr Peter Shergold that the commonwealth will meet the first half a million dollars.

Mr Cappie-Wood: In those discussions, in which we clearly outlined what the logistical arrangements are and what the requirements of BOCOG were in relation to holding this particular event, they were receptive in terms of the opportunities this would present to Canberra and to the nation and they were prepared to provide advice to the incoming administration that it would be beneficial to facilitate this event and to accommodate up to 50 per cent of the cost, but they will be looking to us, because of the nature of the administrative arrangements at the time, to outlay and we would therefore recoup 50 per cent of that. So what you see presented here in the supplementary appropriation is our estimate of full cost, and we would anticipate that 50 per cent of that would be forthcoming from the commonwealth government on display of receipts and true costings.

MR MULCAHY: When did you meet with Dr Shergold?

Mr Cappie-Wood: It was certainly prior to the caretaker period. I can provide the exact date; I do not have that in front of me at the moment but it was certainly in the position where budgetary arrangements had been, if you like, ruled the line under and any further commitments from the federal government would have to be considered

by an incoming administration, but they are providing appropriate submissions to the incoming administration to that effect.

Mr Stanhope: So we have a level of comfort; we do not have a contract or an MOU. We have a degree of comfort around the—

MR MULCAHY: And the detail, Chief Minister, if Mr Lasek can tell us where the money goes.

Mr Lasek: We have an agreement with BOCOG as to all the 22 cities around the world where the torch will be visiting. The agreement is very complex. It is a significant logistical exercise putting something of this scale together, including a convoy with up to 16 vehicles that will traverse the city. We have only got the torch for one day and I think the aim of the exercise for us is to maximise the exposure of the city. We have had an indication from BOCOG, the Beijing organising committee, that there could be a hundred Chinese media visit Canberra with the torch, and some of that media will be looking at significant live coverage back into China. We have also had some early discussions with the Australian national media, who are very interested in being part of the day. So our aim is to not only host the torch but maximise the opportunity for the city—very much a one-off opportunity for Canberra.

MR MULCAHY: That is good, but I don't think my question has been answered. I was asking how you are actually spending the amount. We have heard about the 16 vehicles, but I don't think that will cost—

Mr Lasek: We are going to require additional staffing, and we have already started to recruit some staff to assist in the delivery of the event. We are looking at two or three staff for the next six months or so, through to April. We will need to market and promote the event appropriately. The event is happening on a weekday, Thursday the 24th, on the eve of Anzac Day. We want to make sure that we get the message out to Canberrans and to people around Canberra that they should look at being part of the day. It will be a day of great celebration, so we will be doing some promotion.

MR MULCAHY: Do you have a budget you could table for the committee's interest?

Mr Lasek: We have a draft budget. We are still in the process of—

MR MULCAHY: It might be quicker to table it; we could move on then.

Mr Stanhope: I would be happy with that, Mr Mulcahy, or, if you wish to have a single briefing—

MR MULCAHY: If we can see the budget, that will cover it. I will move on to another topic. We pursued the matter of Family and Community Fun Day in the Assembly, and I have heard your perspective about Christmas, and non-Christians having to subsidise this event. Can I take it one step further. There is a \$75,000 outlay. I know that is not in itself a huge amount in a \$36 million appropriation, which in itself is a fairly small figure in our total budget. But it is still, from my perspective, a fair amount for a one-day party. Are you looking to have these parties also for the Queen's birthday and for Labor Day? Is it planned to recognise those events as well?

Mr Stanhope: We have a significant program of support for community celebrations. At this stage I do not believe the government has any plans to expand, beyond the current arrangements, the nature of community celebrations. The most significant days in terms of cost that we celebrate are New Year's Eve, Australia Day and Canberra Day. Across the board we provide significant funding through the Christmas tree for the celebration of Christmas and events associated with the Christmas tree. This year, and it may turn out to be a once-only and once-off—

THE CHAIR: I wanted to ask whether it was going to be an annual event.

Mr Stanhope: The Minister for Industrial Relations, Andrew Barr, has signalled, in relation to Family and Community Fun Day, that in the event that Labor won the federal election, which is now history, and subject to amendments that the federal government makes to the Work Choices legislation, the government would reconsider. We have not yet taken a decision that we won't maintain a public holiday.

MR MULCAHY: That was where I was going to go next. The idea is that, now that you have a Rudd government, and assuming they restore the union picnic day, you won't have the necessity to have a family and community day; you will have a union picnic day. Is that what you are likely to do?

Mr Stanhope: I would be interested in some analysis of the community's response to Family and Community Fun Day before the government formally commits to its abolition and to the restoration of the union picnic day or a celebration of—

MR MULCAHY: Would you be putting on, as part of a union picnic day—

Mr Stanhope: No. Indeed, there were two centres of celebration on Family and Community Fun Day. One was organised, facilitated and funded by UnionsACT and one was supported by the ACT government. At this stage, while the government may provide some support for UnionsACT as a community organisation, it is not my intention or the government's intention that we would be providing that level of support for union picnic day.

THE CHAIR: Was that holiday just for this year or has it been officially gazetted? Is there a plan for it to be?

Mr Stanhope: No. In the context of its declaration, it was just for this year. I believe that is the case. I would have to defer to Mr Barr on that.

THE CHAIR: We will ask him about that.

Mr Stanhope: It may be; I am not quite sure of the wording of the instrument. It was done by a disallowable instrument.

MR MULCAHY: No, I don't think it was.

Mr Stanhope: I am not quite sure.

MR MULCAHY: It was a notifiable instrument. I don't think it was disallowable.

Mr Stanhope: Yes.

MR MULCAHY: I probably would have pursued it, Chief Minister!

Mr Stanhope: You are quite right: it was a notifiable instrument. I can't recall its terms. I would have to check.

THE CHAIR: There was discussion that we are down a holiday here in the ACT; I am not sure. Or was union picnic day the holiday that we were considering—

Mr Stanhope: The government maintains its position and does not resile from the fact that hardworking Canberra families deserve support and recognition. One can certainly justify anything that relieves the burden on families and enhances community life and the strength of our community. Having said that, certainly there was an element in the decision to support an additional public holiday in response to the draconian and perversely and gratuitously unnecessary attack by the Howard government on unionists and on the celebration of a holiday of significant and enormous meaning to unionists and to people who support unions and unionism.

THE CHAIR: I want to ask you about the future of Canberra study. I am interested in the time line for that. Is that related to updating the Canberra plan? What is its purpose? Who is conducting it?

Mr Stanhope: It is a study that will be undertaken by the policy area within the Chief Minister's Department. I have asked Mr Cappie-Wood and his department to make sure that we remain abreast of demographic and other changes within the ACT. To that extent, it will inform the government's policy response to issues associated with the changing demographic and the ageing population, issues around regional growth and advice on how to ensure that we capitalise on local and regional activity, so that we continue to drive the economy and so that our policies and programs remain relevant. There are significant implications for health. We can't underestimate it. I sometimes think we become a little blase or complacent about the implications for our health services and our capacity to deliver the same level and range of health services to a population that is ageing as rapidly as ours.

These are very significant issues, and we do need to be as well informed as possible in relation to the impact of ageing, demographic change, the economic costs and benefits, the issues around the implications for our workforce of an ageing population and a decline in the number of people available for engagement in employment within the paid workforce. These are major issues. I have decided to provide this quite modest funding to ensure that we stay on top of our game. I have no doubt that, at the end of the day, the outcomes of studies such as this will inform necessary adjustments to the strategic plans, such as the Canberra plan, which underpin our decision making.

MR MULCAHY: There is a line item for the equine influenza assistance package. How did the greyhound racing club get into that game?

Mr Stanhope: I was going to ask whether Mr Cappie-Wood had anything to add to

that last issue around funding. We would be prepared to respond further, if you wish, Dr Foskey. I took a decision in relation to the greyhounds which replicated and was informed by a similar decision taken in New South Wales. If one understands the nature of betting, particularly TAB betting, there is a suite of products available—thoroughbreds, the trots, the dogs and sports betting. If you go to a TAB on any afternoon, there are four products offered—thoroughbreds, trots, dogs and sport—at any ACTTAB, in an environment where the number of thoroughbred races has been reduced by probably half or more.

At the outset the thoroughbred industry in New South Wales essentially ceased to operate, as it did in Queensland. With respect to the nature of betting at the TAB, the burden then fell very much to harness racing and to dogs. There is quite a small pool in a greyhound racing area such as the ACT. There is quite a small pool of owners and dogs available to maintain interest, to keep it going and to ensure that the race meetings are maintained and the product remains available. The decision to make a modest commitment to greyhound racing of \$7½ thousand was on that basis, of maintaining product.

The harness racing club, unfortunately, has not been able to continue to race at EPIC. There are significant concerns within EPIC about the potential for an equine influenza outbreak amongst harness racehorses stabled at EPIC. Indeed, there was serious concern that, were there to be an outbreak, Saturday night would not have been able to proceed, Summernats would have to be cancelled, and next year's Canberra show would not be able to proceed. In terms of their risk analysis and decisions around risk, EPIC has asked the Canberra Harness Racing Club not to race at EPIC. The Canberra Harness Racing Club is now racing at Goulburn. There is a cost to us in that, which we are meeting.

A normal Canberra greyhound race meeting stimulates, on the New South Wales TAB, turnover of around \$200,000. Last week's Canberra harness racing meeting in Goulburn turned over \$360,000 on the New South Wales TAB because of the scarcity of product. So it is for the same reason that we are supporting the Canberra Harness Racing Club: it is to ensure that they keep racing.

MR MULCAHY: Wouldn't it have been logical for the equine influenza package—and I am not being critical of supporting the industry—to have come from the Treasurer's advance? Isn't that really for these sorts of scenarios, rather than being brought into an appropriation?

Mr Stanhope: I think it is fair to say that had the government not decided to pursue a second appropriation, it would have come from the Treasurer's advance. If you are going to have a second appropriation, you are committing to certain expenditure and you have a choice between the Treasurer's advance and a second appropriation bill, which we are now debating, you would not get a chance to debate a Treasurer's advance in this way or to explore or investigate it. It is as simple as that. Yes, if the government had decided not to pursue a second appropriation bill, this additional funding for racing, as a result of equine influenza, would have come from the Treasurer's advance. It is a matter of "on the one hand this, on the other hand that". But here we are; we are being open and transparent. There is an opportunity for the Assembly to involve itself, and I believe that is appropriate.

MR MULCAHY: I appreciate your kindness in wanting to ensure we have the opportunity for debate on this matter, Chief Minister, but it still goes back to the point which I have raised previously—that is, the less you touch the Treasurer’s advance, and there was \$29 million appropriated for that, the more you are putting into the appropriation, the less ultimately you have available for things such as tax reform, from my perspective, or spending on more services, from what you would advocate.

Mr Stanhope: But then at the end of the day the Treasurer’s advance is not expended, it returns and the—

MR MULCAHY: I assume you are going to spend that as well, Chief Minister.

Mr Stanhope: I do not think you should necessarily assume that, and the record for the Treasurer’s advance shows that. I do not think there was any year that part of it has not been utilised, but there are years when very little of it has been utilised. I am not free and easy with the Treasurer’s advance, Mr Mulcahy.

MS MacDONALD: There has also been a history in this place when use of the Treasurer’s advance was roundly criticised.

Mr Stanhope: That is right. There are very strict rules that apply to the use of the Treasurer’s advance, as there should be.

MR MULCAHY: On the per cent for arts scheme, is that just now going to be automatically—

THE CHAIR: Hang on; you have jumped subjects, Mr Mulcahy.

MR MULCAHY: We are still on the Chief Minister’s—

THE CHAIR: That is right.

MR MULCAHY: You want to have a go on the last topic, do you?

THE CHAIR: I want to talk about the centenary of Canberra scoping study.

MR MULCAHY: I’m sorry but I was halfway through a question.

Mr Stanhope: I can answer this question very quickly, Dr Foskey.

MR MULCAHY: It is the arbitrary formula. Is that going to always be the case now—any capital outlay you will simply assign one per cent for arts projects even if they are not in a particular project’s plan?

Mr Stanhope: Yes. That is the way in which the policy has been constructed.

MR MULCAHY: So you are just basically stockpiling if there are no projects underway?

Mr Stanhope: Yes, except that I do not intend to stockpile funds in this particular fund. We have an active acquisitions and commissioning program. We have a lot of ground to catch up in relation to public art. I will not make a speech about it now; suffice it to say that this is a policy initiative that I support absolutely. I believe it has been underdone. I believe we as a community have let ourselves down since self-government and I must say that at different times during the previous regime, the commonwealth administration of the ACT, some public art was delivered—and some good public art as well as some marginal public art. Public art does age, though, and one should never assume or accept just because there is some art in public places that it ages well or that it endures. It does not.

I do not say this politically, Mr Mulcahy, but I believe that every government since self-government, having regard to budget pressures, has allowed art, most specifically public art, to just drop off the list of to-do things, and I believe at a price for our city and for an expression of our commitment to a cultural life. I believe it genuinely; it is part of the policy of my government. I believe we have an enormous amount of ground to make up. When I visit Brisbane or Melbourne or Sydney or other cities around Australia, even including some regional cities, I believe they have shown far greater attention to the public domain and to art within the public domain than we the national capital have, except for the attention that the commonwealth has shown in areas of national significance.

There is a big difference, it seems to me, between the magnificent public art that has been delivered, for instance, in Anzac Parade and in some other parts, including within the parliamentary triangle, as an expression of we the nation, as opposed to public art within the non-designated areas. Just go to the parliamentary triangle. The commonwealth over this last decade has invested significantly in public art through public memorials in the parliamentary triangle, at the federal parliament house. More public art has probably been introduced into the parliamentary triangle, including within new Parliament House, than has been included in the rest of Canberra over this last 10 years and I do not believe that that is appropriate or reflects who we are.

So this is a policy that I believe is important. It is easy to drop art off any budget when you have funding pressures in areas of high need. It is easy to decide that other aspects that are nevertheless important should give way. It is a hard part of our budgeting.

THE CHAIR: Given that I am not sure but I do not think you are an art expert, what will be the process for deciding what is commissioned or purchased and where it should go?

Mr Stanhope: I would rely very heavily on the cultural council, artsACT, and most specifically the Public Art Advisory Committee. I must say I am perhaps a little bit unnecessarily defensive about my capacity or the capacity of any politician to make decisions around public art—

THE CHAIR: I don't think it's probably not a wise one.

Mr Stanhope: You are quite right. I have decided that, Dr Foskey. I have made no decisions about the selection or purchase or commissioning of any specific piece of

public art. I do not believe it is appropriate for those without some training or expertise or understanding to be involved. I know what I like, but I have left and leave those decisions entirely to the cultural council, the Public Art Advisory Committee and artsACT. I often ask for advice about the suitability of particular sites. I do involve myself in that decision. I have a view that we need to concentrate in the first instance on Civic, but I have also asked for advice and consideration to be given to the needs of Belconnen, Tuggeranong and Phillip. Indeed, in the latest round of advice to me it is proposed that some additional works be provided for Belconnen, Phillip and Tuggeranong.

THE CHAIR: Before we move off CMD, there is an item for the scoping for the centenary of Canberra. It is not a big item, but that is a big event that is coming up pretty soon and I am aware that if we want to get some of the world-class acts here, or if we want to plan ahead, for instance, a drama prize or something like that, we need to be setting in place some framework now perhaps, some particular events. Because this is just a scoping exercise, I am wondering where we might be in relation to that. It is only four or five years away.

Mr Stanhope: I might ask Mr Lasek or Mr Cappie-Wood to give us some more detail and put meat on the bones of this proposal. As you say, Dr Foskey, I am sure every member of the Assembly and of the Canberra community believes that this is an opportunity that holds enormous potential for the ACT and for the people of Canberra. We have always adopted a position on this that a partnership with the commonwealth is fundamental to maximising the opportunity or the potential. I have accepted that the ACT government, the ACT Assembly, on behalf of the people of the ACT—those of us who call Canberra home—want a celebration of our home town centenary. But over and above that, and almost more importantly in a big sense, is that it is the centenary of the creation of the national capital of Australia, a great national capital for a great nation, and that is the responsibility that the commonwealth government needs to grasp, to support, and essentially to fund, if we are to maximise the opportunity, if we are really to celebrate Canberra as Australia's national capital.

The ACT government has the capacity to celebrate a magnificent birthday party for those of us who call it home—proud Canberrans. But there are two aspects of this. I have to say that one of the areas of enormous disappointment to me in relation to my attempts to engage the commonwealth on an issue of significance in the last two years is this. I have had no responses of any significance in two years from the previous commonwealth government and it is an area of enormous frustration to me. I wrote to the Prime Minister on a number of occasions and received no response or support. I received positive platitudes but no overt support or willingness to engage. I met with the minister for territories on a quarterly basis and this was the number one agenda item on my agenda at every meeting I attended with the former minister for territories.

We started this process with seven years to go; we are now down to five years to go. I think the point you make is well made. We believe that we are reasonably well organised but the great and the missing link and the potentially fatal missing link is a commitment by the commonwealth to the celebration of our centenary. We are at a point now with five years to go where we can no longer delay. This funding is to allow us, the ACT government, to go to a next level in our consideration. This is about scoping the sorts of things that others have done—the sorts of events and

projects that have been identified through previous work that we did in the centenary of Canberra blueprint and how we deliver them and what it will take to deliver them in terms of resources and money. I realise time is running but Mr Lasek can just give a slightly more detailed response to how we will use this money.

Mr Lasek: As the Chief Minister said, we came up with hundreds of ideas from the community. We have had 11 working groups working hard at looking at each of those ideas and to some extent putting some priorities around them. We are now at the point where we need to assess what is deliverable but more importantly what it will cost. The main aim of the scoping study is to give us guidance in future budgeting and to make sure that we do not miss any key opportunities that the centenary provides. So we see it as a really important piece of work and are very keen to get on with it.

MR MULCAHY: In addition to the scoping study you have also talked here about building capacity within the Chief Minister's Department. Can you just explain to the committee how capacity is going to be built? Does that involve extra staff? Are there plans underway to commit funds to the event apart from the scoping work?

Mr Lasek: We have a team of one currently working on it, and not full time on it because she is also supporting some of our event delivery, including Beijing. But to achieve what we really want to achieve we will need a good, strong team.

MR MULCAHY: So what is the size of team that is being promoted?

Mr Lasek: At this stage that would be part of the scoping study as well. We also need to know what commitment the commonwealth will give because we would expect to be working in partnership with the commonwealth and we would need to know what sort of resources they would put to the centenary too. As the Chief Minister said, we got to the stage this year where we had to make a decision about this without the commonwealth and we are hoping that over the next 12 months we will get a strong alignment and teams working both at the ACT level and at the commonwealth level.

MR MULCAHY: It is this budget figure that I am working on. It says here that we are going to have the scoping of the celebrations through assessing feasibility of projects and building capacity within CMD to manage the preparations over 2008-09, but the amounts you have got here are \$150,000 and \$250,000. I am wondering what that covers. If you are building capacity, is it more people or—

Mr Lasek: Our intention in the next few months is to engage someone part time in admin support and we have a senior officer who is responsible for the centenary. So in the next six months that is certainly the resources. We will be looking to work out what future resources we need and what budget amounts we might need between now and 2013 to achieve what we want to achieve.

MR MULCAHY: So the next year one is just a guesstimate, is it, that \$250,000? It is not really based on—

Mr Lasek: We are anticipating that the work that is done in scoping in the next, say, six months might require further scoping of some key events, maybe sporting, arts or cultural. So we do need that capacity.

MR MULCAHY: It does not seem to me that there is much provision for capacity building here, even though that is the explanation for the budget expenditure.

Mr Lasek: A small amount of additional capacity.

THE CHAIR: Just to complete our discussions on the appropriation relating to CMD, of this appropriation how much would cover new positions or expansion of existing positions?

Mr Cappie-Wood: The vast majority of this money is on expenditure which is designed to deliver results as opposed to incorporation within the, if you like, recurrent costs of the department. We are looking at possibly three officers in terms of total—that is not necessarily full time—that would be covered by the total amounts. As you can see, most of these are time limited so they have to be taken on with that in mind. All of these clearly have very clear deadlines associated with them, the vast majority, apart from the centenary of Canberra scoping study, finalised within this financial year, and we are looking at temporary staffing requirements to assist us in achieving that, and that is effectively concluded at the end of that funding period.

THE CHAIR: So we will be looking for next year's budget to put people on to fully resource the centenary planning group and so on? We will possibly see some more substantive expenditure on employment there?

Mr Cappie-Wood: That is subject to budget consideration, of course. A number of these—the scoping study as well as the future of Canberra study—are pointing to having a better appreciation about what we have to do strategically. That would inform later decisions on resourcing. That does not necessarily mean staff—

MR MULCAHY: Who is doing the study?

Mr Cappie-Wood: In terms of the scoping study?

MR MULCAHY: The scoping study.

Mr Cappie-Wood: That has not been decided yet. At this point in time, we are just looking at the brief for that work.

Mr Lasek: I think it is our intention to go to an expression of interest.

THE CHAIR: Will it be a consultant? What skills will you be interested in at this early stage?

Mr Lasek: Looking at the breadth of what the centenary might deliver, I think someone with very broad skills and experience, perhaps in event management but certainly in project delivery, project management. It will be a fairly broad brief.

THE CHAIR: We might move on unless committee members have other questions on CMD.

MR MULCAHY: There is only one—

THE CHAIR: That is the committee.

MR MULCAHY: No. I am not sure if you said this, Chief Minister—I may have tuned out—but on the future of Canberra studies, do we know yet who is conducting that and what the reporting requirements will be?

Mr Stanhope: I will ask Mr Cappie-Wood to answer that.

Mr Cappie-Wood: The question was asked earlier as to when these studies would be undertaken. We are looking to try to conclude them within the first quarter as much as possible.

MR MULCAHY: It was not a matter of when; I asked who is conducting them.

Mr Cappie-Wood: We are putting together a brief at the moment. In relation to the one for effectively the population studies, we are currently in discussions with APS about the capacity to get much finer-grained detail than we currently have across Canberra. Based on their advice, we will then be also better informed as to how exactly we want to shape the brief of the work to be undertaken. We would look to see that work being available to all government agencies as well, to inform their service planning. But at this point in time we have not selected anybody.

THE CHAIR: Do you want to ask more about equine influenza—or Treasury in particular?

MR MULCAHY: No.

THE CHAIR: We might move on to some of the other areas of your portfolio. We are not calling the Minister for Health. I was wondering if we can talk about the ATSI alcohol and other drug rehabilitation facility with you.

Mr Stanhope: In the broad, certainly. I will ask Treasury to remain, but there are no more questions for the Chief Minister's Office?

THE CHAIR: We thank you for coming.

MR MULCAHY: I want to ask something about environment.

Mr Stanhope: I will ask environment and Treasury to remain.

THE CHAIR: That would be good. And Indigenous—

Mr Stanhope: Treasury is the font of all knowledge and information.

THE CHAIR: We have moved onto environment, but there is also climate change and water if it is okay to ask questions on those right now.

Mr Stanhope: Yes, certainly.

THE CHAIR: I will let you go first, Mr Mulcahy.

MR MULCAHY: You are not going to go to the facility?

THE CHAIR: The ATSI rehabilitation centre? We have not called the Minister for Health. You said that you could cover that in general, Mr Stanhope. There is some funding here to look at the actual scoping. Have you got any sense of nuts and bolts, like where it might be and how it might be managed?

Mr Stanhope: No. I cannot answer questions as specific as that. Indeed, at this stage there is no answer to either of those questions. I might just say—and perhaps Ms Gallagher and Mr Cormack will be able to fill in on the processes that are currently in place—that the government’s intention is to maintain or to continue consultation. That has been part and parcel of consideration of issues around drug and alcohol within the Indigenous community.

Those consultations have started and are part and parcel of the decision—actually, they have not started; those consultations have been ongoing. I believe as recently as in the last month there was a combined stakeholder group, including from Winnunga Nimmityjah and Gugan Gulwan, from the Aboriginal reference group, in relation to drug and alcohol issues. Indeed, a couple of other Indigenous organisations are represented on a group that has been consulting with the Department of Health and the department of community services in relation to this proposal.

Within the Indigenous community, there are a range of views about an appropriate model, and indeed about an appropriate location. There is no unanimous position. Our hope is that, through an exploration of available models, a consensus position will be achieved. I must say that my interest is in the establishment of a therapeutic model that potentially would be adjusted to not just be culturally appropriate but also meet the broader expectations of the Indigenous community within the ACT.

But, at the end of the day, I want a model of care that will produce the best outcomes possible. In that regard, I will take advice from the Department of Health, the office of Indigenous affairs and the broader Indigenous consultative group. I have no preconceived notions or ideas. I will take advice. The consultation will be led by Ms Gallagher and Mr Cormack. The ultimate decisions will be decisions undoubtedly made by cabinet on the basis of recommendations from the Minister for Health.

THE CHAIR: I will ask Ms Gallagher, though she is not appearing.

Mr Stanhope: Ms Gallagher is the lead minister for this project.

MR MULCAHY: In relation to the commissioner for the environment, on page 102 of the supplementary budget, it says that this bill will appropriate \$2.486 million to “provide for the expansion and enhanced responsibilities of the Office of the Commissioner for the Environment”. Can you explain what this enhancement is about and what these additional responsibilities are likely to include?

Mr Stanhope: I think you are aware that this has been an ongoing issue for some years—the opportunity for an enhanced role for the commissioner for the environment. It has been one of those classic debates within administration as to whether a part-time office funded appropriately provides optimal outcomes. It is a debate we have everywhere—whether a full-time commissioner with a full-time complement of staff would enhance incrementally the implementation or the carrying out of the statutory role and function.

For the last 10 years or however long it is—I think it is just over 10 years—we have had a part-time commissioner for the environment, with quite limited staffing. I have taken the decision to render this a full-time position, which has required some additional funding to fund a full-time commissioner as well as providing a staff allocation that I believe is appropriate for the support of a full-time commissioner for sustainability and the environment.

To go to the second part of your question, we are also broadening the nature of the role. The commissioner for the environment will, subject to the passage of some legislative amendments, be known as the Commissioner for Sustainability and the Environment. I intend—and I have given some indication of this in “Weathering the change”, the climate change strategy—that the Commissioner for Sustainability and the Environment will have a formal role in relation to particularly the auditing of the implementation by ACT government agencies of action plans within the climate change strategy.

I would like the commissioner to have enhanced sustainability reporting requirements to carry through on our commitment to sustainability. I believe, and I must say that the detail of this has not been finalised yet, that I will work with the Commissioner for Sustainability and the Environment, Dr Cooper, to seek to cement new arrangements for the coordination of the management of our water catchments. At the moment, there is no formal arrangement in place for catchment management; there is no specific responsibility invested in a specific official for the management of our catchments. I believe that, through a full-time commissioner for sustainability and the environment, there is an opportunity for a catchment management role to be invested in—

MR MULCAHY: How would that interact with Actew Corporation?

Mr Stanhope: Those are issues that will need to be decided. But there are two levels of interest in our catchments. Actew invests quite significantly in catchment management in order to fulfil what I believe is its legitimate interest in maintaining the quality of water within the catchment. But, at the end of the day, in this debate or argument that we can have about the role of a water utility vis-a-vis an administering department, there is potentially a crossover between the role and responsibility of a utility as opposed to the role and responsibility of a policy or management entity such as Environment ACT.

I think that one way of dealing with a reasonably fraught issue—namely catchment management—is to seek to construct a framework that allows a full-time commissioner for sustainability and the environment to have a role in the coordination and monitoring of our water catchment.

Another part of the conundrum of having a part-time officer with part-time staff is that at times there is an inability to respond to any community involvement, interest or requirement for a particular environmental issue to be pursued, say through investigation. It is a classic that, because there are limited resources available, the commissioner has not sought a particularly high level of public profile because—it happens to organisations everywhere—of the fear that achieving a high profile is to attract a level of interest or workload that cannot be managed and is thus counterproductive. I believe that, through the appropriate funding or additional funding, a full-time commissioner with full-time staff—

MR MULCAHY: How many full-time staff are you going to have in this unit?

Mr Stanhope: I am not sure. I think it is an additional three staff. I would have seek advice on that. Yes, probably three.

THE CHAIR: What about the move? The commissioner did express a desire to move from Mitchell to Dickson.

Mr Stanhope: I believe that is occurring. Yes, that is a current issue that is being addressed. The commissioner will be moving to Dickson.

THE CHAIR: Is that covered in the funding?

Mr Zissler: The accommodation is being addressed as part of the whole-of-government accommodation strategy. It is funded and the accommodation work is occurring as we speak.

Mr Stanhope: Just to finish the last part of my answer to Mr Mulcahy, there has also been an uncomfortable fit within the department between the statutory responsibilities or function of the Conservator of Flora and Fauna. These are statutory responsibilities. There has been potential for conflict of interest in having a departmental officer responsible for implementation of government decisions in relation to the environment also, with another hat, making decisions as the Conservator of Flora and Fauna.

There is another investigation which I believe will result in some statutory functions of the Conservator of Flora and Fauna being invested in the Commissioner for Sustainability and the Environment, but we have not nailed down just how that will work. My expectation is that the Commissioner for Sustainability and the Environment will also become, for all intents and purposes, the Conservator of Flora and Fauna.

So there will be a clear separation between the implementation of the statutory function as opposed to administrative functions. There is a very uncomfortable fit. At times the conservator has been put in a very difficult position in terms of perceptions of conflict of interest—making a decision as conservator consistent with the legislative requirement and then going out and administering the decision or implementing it as a public servant.

THE CHAIR: It becomes a very large job, Mr Stanhope, if all those functions are

poured into it. Effectively, it is a commissioner for water involved there.

Mr Stanhope: We have not made that decision yet. If any aspect of this proposed enhancement of function is problematic, it may be that role. I have not received advice yet. I have some degree of confidence that those other functions that I have mentioned—auditing functions in relation to climate change, integration of functions to conserve flora and fauna—are far more straightforward. There are issues in relation to catchment management on which I am awaiting advice. Indeed, I am engaging with Dr Cooper in relation to how she believes the function of commissioner for water or a Commissioner for Sustainability and the Environment with responsibility for coordinating water catchment functions will fit, and how it would work. I am hopeful that we can achieve that.

THE CHAIR: Turning to the implementation of the climate change strategy item, there is \$836,000 this year, it goes up next year and then there are smaller amounts in the following four years. It is around \$2 million over four years. In the climate change strategy, action 27 indicated that the community grants program would be \$1 million. I am interested in seeing a breakdown of how much of each of these items is going to the various actions listed in the climate change strategy.

Mr Stanhope: Within this second appropriation bill, with respect to specific actions, and funding that has been provided for specific actions, there are 43 actions in the action plan attached to the climate change strategy. Action 8 within Weathering the Change relates to energy efficiency of public housing. This second appropriation bill provides funding of \$8 million. These action items are being implemented by the responsible department, as appropriate. So you are quite right, Dr Foskey: this is an initiative that will be administered by Housing ACT. Housing ACT, pursuant to action 8, has been provided with \$8 million over the next four years. It is the government's intention that that will continue for 10 years at \$2 million a year. This is the first \$8 million of that particular commitment, and it will be appropriated through this bill.

Action 14 relates to the provision of free bus travel for bicycle riders using ACTION on-bus racks. An amount of \$164,000 has been provided for that. In addition, \$70,000 of capital has been allocated, to add a further 50 bike racks to existing buses. That action has been funded to the tune of \$234,000. Action 15 relates to doubling the new home owners entitlement to trees and shrubs to \$220 and promoting the planting of species that are better suited to a changing climate. An amount of \$438,000 over four years is being provided for that. Action 25 relates to making a start on the 25-year wholesale renewal of Canberra's urban forest. We have provided \$400,000 for that.

THE CHAIR: This is about developing a strategy for that. I am interested in that strategy. Can anyone here talk about how who is doing that and what kind of criteria it will use?

Mr Stanhope: We will almost certainly go through an expressions of interest process. We will call for tenders. We will consult on this. This is a very significant issue for the people of Canberra. Rather than just rush in and start replacing trees in individual streets, we propose, through this funding, to engage a panel of prominent landscape architects and scientists to advise us on how to pursue a replacement. This is a

massive undertaking that will take years to achieve. We believe that, over the next 25 years, we need a complete renewal of our urban forest. We will hit a point, and we don't want to hit it on the same day, when there will be a major diminution of the quality of the urban forest of some streetscapes as the trees age. Some of these trees are now hitting 100 years and they will start to die at an increasing rate. We need to pre-empt that and to begin a staggered replanting regime to ensure that we don't have to clear fell entire streets of trees that have reached the end of their healthy life. This amount of \$400,000 is about how to do it. It is about having a master plan involving the best scientists and landscape architects that we can engage to give us advice on how to achieve that outcome. The potential costs of a renewal of the order that we believe is necessary are quite large. This is probably the cheap part of this program. Action 27 relates to the establishment of a grants program for community and not-for-profit groups.

THE CHAIR: How much has been put aside for that?

Mr Stanhope: One million dollars over two years.

THE CHAIR: That is incorporated in this appropriation?

Mr Stanhope: Yes, it is. There is \$300,000 in this financial year and \$700,000 in the next.

THE CHAIR: That will be a submission and grants process?

Mr Stanhope: Yes. We believe the first grants—

THE CHAIR: Who will allot and decide those successful grants?

Mr Stanhope: It will be done through the normal grants program by the department or departments.

THE CHAIR: With an eye to working out which would be the most efficacious measures to reduce—

Mr Stanhope: Certainly. The Office of Sustainability and the Environment have been very precise in determining those programs or policies that will deliver quantifiable reductions in carbon emissions. Action 43 relates to the commissioning of a carbon sequestration audit. We provided \$50,000 to review current and potential natural sequestration levels and opportunities.

In addition to those, \$7 million—there was no action item to list this against—is provided in this second appropriation for drought proofing and water demand management measures related most specifically to sports grounds, open spaces and public housing. An additional \$24 million has been allocated for increased ACTION bus services and support for public transport is also a specified item within the climate change strategy.

THE CHAIR: With the sport drought proofing self-help scheme, I am interested in where the self-help comes in. A master plan is being presented, which presumably

will prioritise matters. Perhaps someone here can tell me what such a master plan might look at, and what the self-help element is.

Mr Stanhope: That particular item is being implemented by the office of sport and Andrew Barr. I understand the issue broadly but Andrew Barr has been involved in quite direct discussions with sports, the sporting industry, ACT Sport and Sports House in relation to that item. It would probably be more profitable to pursue it with him.

MR MULCAHY: This is in TAMS but it is to do with water demand management, so you might have some views on it. There is a \$525,000 allocation on page 103 of the supplementary budget papers for retrofitting dual-flush toilets and low water use urinals in ACT government owned commercial buildings and to fund education awareness initiatives. How extensive is that retrofitting? Will that cover all of the buildings that you own or is it just a percentage?

Mr Stanhope: I think it is just under 10 per cent.

MR MULCAHY: Is that all? What is the nature of your education awareness initiatives?

Mr Stanhope: I do not know whether the nature of particular education to be pursued has been determined yet. In relation to all issues around demand management, whether it be water or energy, one of the most significant areas of expenditure in terms of outcomes is education. In relation to the moneys for retrofitting of housing properties with dual-flush toilets, this is a direct grant for Housing ACT. I believe it serves a dual purpose of supporting those on lower incomes to assist in the reduction of their household costs by reducing their water consumption and therefore their water bills. I believe this is an important initiative at both those levels. It is targeted most specifically and directly at people on lower incomes and it responds to our obligations as landlords. These particular moneys will probably retrofit somewhere between 800 and 1,000 houses. As you know, we have 11,000 public houses. Many of the newer ACT Housing properties already have dual-flush toilets and water saving shower heads. This project might go on for 10 years. In an equity sense, the government does need to pursue, for its own housing, initiatives such as this. In the past we have had a whole range of incentive schemes. There is an issue around equity and cost shifting between different segments of the community in some of those programs.

MR MULCAHY: How much of the \$525,000 relates to education?

Mr Stanhope: There is an investment of \$225,000 in education and awareness issues. I am not aware that any specific education program or initiative has been identified.

MR MULCAHY: So half of it is actually going—

Mr Stanhope: No.

MR MULCAHY: You have here \$525,000. I am talking about the ones for ACT government commercial buildings.

Mr Stanhope: I will go through them: \$500,000 will be spent over two years to retrofit ACT Housing properties with dual-flush toilets et cetera; \$300,000 will be invested in a commercial building retrofit program. We anticipate that 15 commercial buildings will be retrofitted with low-flush urinals and dual-flush toilets on a fifty-fifty funding basis with building owners. This is a subsidy scheme; we will pay half the cost. We believe the allocation of \$300,000 will allow 15 major commercial buildings to be retrofitted. An amount of \$375,000 will be spent on installing Control irrigation system controllers in an additional 15 government schools. An amount of \$600,000 will be spent on upgrading and repairing school irrigation systems in 13 schools, to improve capacity. An amount of \$225,000 over and above those initiatives will be invested in education and awareness initiatives.

MR MULCAHY: Is that for everyone in public housing?

Mr Stanhope: No, that is for the community.

MR MULCAHY: Broadly?

Mr Stanhope: That is for community education. Over and above that, Actew just this week has had five electronic notice boards, and it is undertaking a three-month trial of putting daily messages addressed to commuters on all of the major roads about the need to maintain discipline in relation to water use. So Actew is about to pursue a major electronic education program around demand management.

THE CHAIR: In relation to the drought proofing item, and drought proofing of parks and open space, I note that you say there will be funding for the conversion of existing irrigation systems in parks adjacent to lakes to use second-class water. One of the issues that has come up a few times from constituents is concern about the sustainable use of lake water. Are there going to be caps and restrictions, and at what levels, to ensure that the levels of our lakes do not go beyond what is needed for birds and recreation, and to ensure that it does not start stinking or encourage algae growth? That is an issue that came up at Gungahlin last summer. It seems that the intention is to use them more, whereas the need is to use them sustainably.

Mr Stanhope: We accept that, Dr Foskey, and we will ensure that we do that. But to the extent that there is capacity—and the point you make in relation to Gungahlin is well made—we believe that there is capacity in Tuggeranong, Lake Burley Griffin and Ginninderra to support some of our parks through enhanced irrigation sourcing lake water and perhaps other sources of water. I think it is important that, whilst we undertake a significant sports oval drought-proofing exercise, we do not forget the public domain, or the broader public domain—parks and places where people congregate.

Our capacity as a government to reduce our water consumption through enhanced irrigation systems and through the use of the lake should be explored, and I am determined that we do that. Of course, we need to use the water sustainably. We need to ensure that levels are maintained within the lake. We know, for instance, in relation to Lake Burley Griffin that the NCA controls that. There already is some significant irrigation from the lake, most significantly, Royal Canberra Golf Course, of course. I must say that there certainly are higher order public interests, but it is a longstanding

contractual arrangement which I am sure will be maintained.

But there is much more that we can do. We need to be innovative and we need to explore those options. We have not yet finally tied down—we have broadly tied down—the parks and public areas that will receive these \$3 million, I think it is. Some of the details and some of the planning that will need to be undertaken in some of those parks have not yet been pursued. So there is some feasibility work that we do need to do. But the department is hot to trot, as always, and we will have a look at the detail on that shortly.

THE CHAIR: I look forward to that. May I ask about the implementation black water scheme? Most of our recycling system schemes are based around grey water.

Mr Stanhope: Yes.

THE CHAIR: Is this a new departure? Whereabouts is the black water going to come from?

Mr Stanhope: One of the issues that were as pursued with some vigour by the committee that Maxine Cooper chaired in relation to water—what was that called; the water task force—as part of its remit was to undertake some quite extensive consideration of the capacity for sewer mining, or the greater capacity. We have come to no concluded decisions around that capacity or the cost efficiency of pursuing it. But it is one of the options that should be pursued in relation to this particular initiative.

There is capacity, I believe, within Tuggeranong or perhaps Belconnen. We have two major urban grey water systems at O'Connor—well, there are three major systems providing grey water to Lower Molonglo, from which, of course, the Belconnen golf course and the ex Hardy's winery, which are extensive areas, are irrigated. But it is restricted essentially to those two. There is no grey water irrigation in Tuggeranong and there is significant grey water irrigation in north Canberra. There is none on public lands in Belconnen. There is none on public lands in Tuggeranong. I think in terms of geographic distribution of our capacity to main urban parks and places, we should be looking at the capacity to expand our grey water or black water capacity. We will look at it through this project.

THE CHAIR: That is another interesting one. Of course, the Civic petrol plume, is that something I can talk about with you?

Mr Stanhope: Yes. Actually, Mr Zissler is across this.

THE CHAIR: I am interested in the geographic area that we are talking about.

Mr Stanhope: I actually touched on this in the Assembly the other day. There is some information. I will defer to Mr Zissler. I was actually struggling with the time. This plume developed in 1977. It has been there for how many years—about 30 years now. In fact, it was discovered on the occasion of the explosion that killed a plumber who was working beneath the old Civic theatre. That is where it is. The existence of the plume was revealed when a plumber working in the Centre Cinema basement was

killed. That is how the plume was revealed. Every government since 1977 has managed the plume, mainly through ventilation. But Mr Zissler is across it.

Mr Zissler: With the increased work around Bunda Street it came to our attention again late last year. We routinely monitor it and we were increasingly concerned about that. So this project, in effect, looks at ameliorating it as much as we possibly can. We have already gone through a process to appoint a company. They will hopefully start work before Christmas. In effect, they will just be sucking out the water and petrol and scrubbing it. That will take place over quite a significant period of time, possibly up to two years. It is not a matter that can be done instantly. We have got something like 14 bores going at the moment and we will keep monitoring those. It starts maybe as soon as before Christmas, but more likely in the New Year.

MR MULCAHY: Will that solve the problem, ultimately?

Mr Zissler: We are hoping to solve the problem ultimately. One of the problems, as I understand it, not being a technical expert, is that the reason we have so many bores there is through rock fissures. We have to make sure we keep pumping them. They then settle. We go back and pump some more, it settles again and we pump some more. But the intention is certainly to remove it totally, yes.

THE CHAIR: So we have groundwater contamination happening there. Those fissures are also the way the water gets into the aquifer. Has there been any monitoring as to whether it goes further?

Mr Zissler: The actual size of the plume over time has become smaller and smaller. Back in 1977, it was quite substantial in size. I do not have the exact number before me, but we are down to 14 bores which now find petrol. It was a much greater number. There were 40 before and we down to 14.

THE CHAIR: Forty bores?

Mr Zissler: It has now come down in size.

Mr Stanhope: The commonwealth inserted 40 bores when the issue was first discovered in 1977.

Mr Zissler: It is down to 14. So it is quite a relatively small area on Bunda Street, block 21 section 35. As we all appreciate, the considerable work around there has just drawn it to our attention. We are just trying to finalise it, I suppose.

THE CHAIR: Are there any other petrol plumes of this type that you know of around Canberra?

Mr Zissler: I am not aware of any at this time brought to the EPA.

Mr Neil: We are aware of some fuel spill in Chisholm from the BP service station. That is currently under active remediation by BP. It is a different aquifer. The Civic one is quite historical. It has not moved and there has been no indication of any off-site contamination of water.

MS MacDONALD: The one in Civic has not moved. Are you suggesting that the one in Chisholm might move?

Mr Neil: No. They have put in appropriate extraction technology downstream of Chisholm service station. We do not expect any problem from that, no.

MS MacDONALD: I know this is not related to this appropriation, but since Chisholm has been raised, may I ask this. What is the estimate on the length of time for the remediation process within Chisholm?

Mr Neil: Our expectation is that BP will be down there for at least five years.

Mr Stanhope: Five years?

Mr Neil: Yes.

Mr Zissler: It is a long time.

THE CHAIR: These bores are not very obvious, I take it, and they are within a very small area. Are they connected to pipes? Are these bores just monitoring or are they actually the means by which the petrol will be extracted?

Mr Neil: Some extraction will come from those, but they put in a slightly larger diameter for extraction.

THE CHAIR: I think this is partly Andrew Barr's area, but I want to mention the Gungahlin wellbeing precinct. There is a mention in the item that there will be some water initiatives there. Is this going to be connected with the urban waterways project and will there be—

Mr Stanhope: Whereabouts is this mentioned, Dr Foskey?

THE CHAIR: It is mentioned on page 149 of the document. It is under education and training, but I am asking about it in relation to the urban waterways project. There is precinct, park and stormwater works for the Gungahlin wellbeing precinct, which would seem to be a TAMS part of—

Mr Stanhope: That would be ACTPLA.

THE CHAIR: Okay.

Mr Stanhope: That is Andrew Barr and ACTPLA. That is not part of this.

THE CHAIR: So you cannot advise whether it is part of the \$17 million—

Mr Stanhope: I can advise you it is not.

THE CHAIR: It is not. Okay. It was useful asking it, then. I have come to the end of my questions. Mr Mulcahy?

MR MULCAHY: No.

THE CHAIR: Thank you very much for your Monday.

The committee adjourned at 11.25 am.