



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL  
TERRITORY**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

**(Reference: Annual and financial reports 2006-2007)**

**Members:**

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

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**THURSDAY, 13 DECEMBER 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).

## APPEARANCES

<b>ArtsACT</b> .....	<b>76</b>
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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, Minister for the Environment, Water and Climate Change and Minister for the Arts

### Chief Minister's Department

Lasek, Mr Jeremy, Executive Director  
Tomlins, Mr George, Executive Director, Strategic Priorities  
Davoren, Ms Pam, Deputy Chief Executive, Policy  
Hudson, Ms Cathy, Deputy Chief Executive, Governance and Commissioner for Public Administration  
Williamson, Mr Gary, Director, Public Sector Management  
Cox, Mr Ian, Director, Business and Industry Development  
Dawes, Mr David, Deputy Chief Executive, Business and Projects Division

### ArtsACT

Whitney, Mr David, Director

### Cultural Facilities Corporation

Elvin, Ms Harriet, Chief Executive Officer

**THE CHAIR:** Good morning everyone. As everybody knows, there is a yellow card on the table. I will not read it out to you but I would like to check that you have read it or that at some stage in your career you have read the card and understand the privilege implications of that statement. The statement will be incorporated in *Hansard*.

*The statement read as follows—*

#### **Privilege statement**

*To be read at the commencement of a hearing and reiterated as necessary for new witnesses*

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.

I also have a few housekeeping matters which I need everyone in the room to observe:

All mobile phones are to be switched off or put in silent mode;

Witnesses need to speak directly into the microphones for Hansard to be able to hear and transcribe them accurately

Only one person is to speak at a time

When witnesses come to the table they each need to state their name and the capacity in which they appear.

*Amended 20 June 2007*

**THE CHAIR:** We will begin with the Chief Minister's Department. Mr Stanhope, during the appropriation bills hearings, you said you had had problems contacting the commonwealth government in relation to the centenary celebrations. In the report of the Chief Minister's Department, on pages 27 and 28, it says that the two governments will continue to work together. That is a direct contradiction of what you said in the appropriation bills hearings, so could you clarify that?

**Mr Stanhope:** Certainly. As everybody is aware, the government takes the centenary very seriously. We believe there is a deep interest in the community in celebrating, and celebrating well and appropriately, the centenary of the establishment of the national capital. We began a process of preparing for the centenary two years ago. Everybody would remember the initial work that was done, the launch, the arrangements which we put in place and the arrangements which we sought to expand.

The government has been working with the immediate past minister for territories, Mr Jim Lloyd, and members of his department, in seeking to put in place structures, arrangements and a process for a joint commonwealth-ACT government approach to the celebration. Whilst our efforts at achieving a level of cooperation have been diligent and have been pushed heavily by officials and me, we believe there has not been a level of reciprocity or of engagement by the commonwealth that assures a good celebration.

I have met quarterly with Mr Lloyd over the last two years. Officials have met regularly with officials of the then territories area within Transport and Regional Services. But all of the steps that have been taken to date and all of the actions that have been put in place have been initiated and pursued by the ACT government and there has been a regrettable lack of response on behalf of the commonwealth. Of course, we are hoping that that will now change.

We are now two years closer as well. I am concerned that perhaps there was a feeling within the commonwealth that seven years was too far out. I do not believe it was, but it is now five years out. We have gone from seven years to five years and there has not been—and this was the point that I made—a single commitment in terms of resourcing, structure or process around a cooperative approach to the celebration of the centenary. There has not been one formal decision or expression of commitment to a structure, resourcing, staffing or a cooperative arrangement, other than a willingness to meet and talk in order to receive requests from the ACT government

for the development of such structures and resourcing frameworks. That was the point I was making. We have been talking, but I can't provide you with a single expression that is positive, other than a willingness to participate—a willingness that has not been backed up by action.

To be fair to Mr Lloyd, in every conversation that I have had with him he has expressed the commonwealth's determination to participate in the centenary and its celebration, but on every occasion, whenever we suggested structures and put forward suggested arrangements and funding possibilities, not one of them has ever been responded to. That was the point I was making. We have had plenty of meetings but nothing positive has resulted from any of them.

**MR MULCAHY:** Have you had any direct dealings with the National Capital Authority? With respect to the Canadian visit, what key elements out of the Canadian experience are we likely to see in Canberra for the centenary?

**Mr Stanhope:** Mr Lasek, as you know, did undertake an initial visit. Indeed, Canadian officials have visited the ACT and there have been very productive discussions around the nature of their experience, what they did, their time lines, their levels of investment or resourcing and the sorts of events that were part and parcel of the celebration. I think we have taken a lot from that in relation to the work. A lot of work has been done within the ACT community. We have set up a broad network of organisations. We have separated the possibilities for the year under a number of headings. We have pulled together a whole range of interested constituent groups and organisations, and there is enormous enthusiasm within the Canberra community.

We will certainly, as a government and a community, produce and deliver a fantastic year of celebration in 2013. I have no doubt about that. In the context of Canberra as the national capital, the expansion of the program to include Australia in a celebration of the establishment of their national capital is the aspect that we believe is currently underdone.

I see the celebration as two-tiered—a celebration by the people of Canberra of the centenary of their city and their home, and a celebration of Canberra, the national capital, by the people of Australia. I believe we have the first of those tiers under control. As Dr Foskey indicated, we have just ramped up departmental funding. I anticipate—this is anticipation without pre-empting next year's budget—that in next year's budget we will almost certainly significantly lift the level of our support for the centenary.

**MR MULCAHY:** And the NCA? Is there dialogue?

**Mr Stanhope:** Yes, there has been. Certainly, at office-level meetings and in formal meetings that I have had with the minister, Mr Lloyd, the NCA has been represented. I will defer to Mr Lasek on that point. There is a willingness to engage on behalf of officials, but in the sense of a formal structure, we have been disappointed.

**MR MULCAHY:** I gather that the NCA, being an authority reporting to parliament, do not necessarily need the minister to tell them what to do.

**Mr Stanhope:** Except insofar as there are budget implications; the NCA is reliant on its budget. Mr Lasek can give a little more detail on the nature of the officer-level and other contact.

**Mr Lasek:** Dr David Headon has been our main point of contact at the NCA. He is their cultural adviser. We have involved Dr Headon on a working group looking mainly at the history and heritage of Canberra. That group is chaired by Ken Taylor. Dr Headon certainly has been a regular point of contact within the NCA. The centenary has been raised, I understand, within the NCA at board level. The previous government took the decision that DOTARS would oversee main briefs to the minister. Briefs on suggested governance models and so on that we would put forward to them rested in that area. With the NCA, we were working at an officer level with them, but if there was a dead end, we found it within DOTARS.

On the Canadian experience, we have had regular conversations with the chief executive of the Alberta centenary, with people who ran the Edmonton centenary the year before, in 2004, with people who ran the Saskatchewan centenary in 2005 and with the group who are putting together the celebrations next year for Quebec City's 400th anniversary. They have all been very fruitful conversations. They have been very generous with information. We are looking to use a lot of their guidance in terms of community planning, creating ambassadors programs and their connections. Even though none of those are capital cities, we are looking at how we can use a provincial or a city celebration to guide our planning towards 2013.

**THE CHAIR:** In regard to the Griffin legacy, there is mention on pages 23 and 28 of ongoing consideration of whether to declare certain roads national land "to facilitate implementation of the Griffin legacy developments". Can you tell me more about these developments? Which roads are involved? I refer in particular to section 63, which is being auctioned on Saturday and will have quite profound traffic implications, I would have thought. What consideration is being given to those, amongst a more general overview?

**Mr Stanhope:** For the information of members, I indicate I met with the Minister for Home Affairs, Mr Bob Debus, yesterday, for initial discussions on a range of issues that the ACT government would like to engage the federal government on. Of course, the centenary was on that list. So I had initial discussions yesterday with Mr Debus, who is the minister responsible for the territories.

**MR MULCAHY:** Did he give you a cheque?

**Mr Stanhope:** No. I must say that the cheque I was looking for was a cheque in relation to Googong dam. With respect to our initial discussion, the reason I asked for an early meeting was to discuss ongoing negotiations in relation to Googong dam, but I took the opportunity to outline that one of the other areas of significant importance to the territory on which we would wish him to take a lead was the centenary. That is by way of information: we have already started a conversation with the new government about the centenary.

**THE CHAIR:** Positive?

**Mr Stanhope:** Yes—comrades in arms.

**THE CHAIR:** Oh good! Nothing dividing you.

**Mr Stanhope:** The issue around the Griffin legacy and the references you made were the subject of action and were resolved at some level. I will ask Mr Tomlins to respond as he handled negotiations with the NCA on road issues. The government is very concerned about the traffic implications of a number of proposed developments and the implementation of a number of aspects of the Griffin legacy, including those associated with the Acton precinct, as well as City Hill, section 63 and the commonwealth's intentions in relation to commonwealth land on Constitution Avenue. We have done significant work on these issues and have initiated an overarching traffic study. Mr Tomlins can go through the decisions that have already been taken on a transfer of ownership of some roads, the conditions under which the transfer was made and some of the rationale for the decisions we have taken.

**Mr Tomlins:** Quite a number of roads have been transferred to the commonwealth, essentially those roads in the parliamentary zone; Russell; those associated with the approach to the Governor-General's residence; Parkes Way between Commonwealth Avenue and Kings Avenue; Commonwealth Avenue; Constitution Avenue; Kings Avenue; parts of State Circle; Dunrossil Drive; the road within the Russell defence precinct; the little bit of Coranderrk Street between Constitution Avenue and Parkes Way; Wendouree Drive between Constitution Avenue and Parkes Way; and a bit of Morshead Drive between Kings Avenue and Menindee Drive.

I suppose the return for that is that the commonwealth is spending \$32.2 million duplicating Constitution Avenue and \$26.6 million building a grade-separated interchange where the roundabout is at Parkes Way. That will facilitate development of security buildings along Constitution Avenue and additional defence buildings at Russell, as well as assisting traffic movements, east-west obviously, with the duplicated Constitution Avenue.

The traffic studies that we undertook looked at the metropolitan role and the local role of the particular roads in question. There are a range of sensitivities. For example, Northbourne Avenue, with a range of traffic lights, carries about 1,000 an hour, compared with Parkes Way which is a freeway without traffic lights and which carries over 2,000 vehicles per lane per hour. Parkes Way between Commonwealth and Kings avenues is carrying about 1,400 vehicles per hour. Commonwealth Avenue is carrying about 1,500. They are both particularly susceptible to, I suppose, a loss of capacity; hence the imposition of costs on the territory if too many traffic lights are imposed without due consideration.

We were very keen to make sure that all of those issues were taken into account with the studies that we did. That led to a memorandum of understanding with the commonwealth, through the NCA, which essentially requires the commonwealth to initiate discussions with the ACT. Essentially, the projects cannot go ahead unless the ACT agrees. That is the status of the MOU.

**THE CHAIR:** With regard to section 63 and the traffic implications, when we had the conversation about City Hill in 2005, there was talk about realigning the road and

making quite a few changes, and it would be very sad to pre-empt or somehow divert those plans because they were not fully formed.

**Mr Tomlins:** The studies did look at those plans. They could not be implemented unless substantial other expenditure on transport occurs. What has been done instead is essentially keep the option open for a range of changes that protect the existing capacity of the traffic system. Studies have shown that section 63 will increase the stress on a couple of intersections—the intersection of Northbourne Avenue and London Circuit—and will increase the capacity on a couple of other intersections in Civic—

**THE CHAIR:** Such as?

**Mr Tomlins:** The intersection of Barry Drive and Marcus Clarke Street is another one. Studies are now progressing on those. We have had discussions with the National Capital Authority, and there is agreement in principle to the improvement of the Northbourne Avenue and London Circuit intersection. Work is being done by Territory and Municipal Services on the appropriate way to handle that. Apart from that, though, the proposals that are in place for off-site works being required by the developer should be able to handle the capacity of development on section 63.

**Mr Stanhope:** There are implications. Mr Tomlins, you may wish to give some indication of the issues in relation to Edinburgh Avenue and the possible implications of the extension of Edinburgh Avenue to Vernon Circle. At the heart of Dr Foskey's question is an issue about Vernon Circle and Edinburgh Avenue.

**Mr Tomlins:** The developer has a choice of extending Edinburgh Avenue to provide services into section 63, akin, if you like, to the development of Constitution Avenue into the car park and the road linking to the Assembly building, turning and going into the car park to the south. They can do a development which is essentially a stub like that or, should they desire, they can continue Edinburgh Avenue right up to Vernon Circle and provide a traffic intersection there. They also have the option—

**THE CHAIR:** Would you leave it up to the developer to make that really momentous decision?

**Mr Tomlins:** Yes, because the works that they can do are strictly controlled by the territory. It is really a question of timing that they are being given a choice on. The territory will eventually connect Edinburgh Avenue to Vernon Circle. There are advantages to the territory in doing that.

If we were to mandate that, that is then an added cost which would come off the premium paid for section 63. We are providing that as a choice. If the developer wants to do that before the territory would decide to do it of its own accord, then that is a flexibility that the developer should have. The territory is saying that we are not going to pay the cost of those additional roadworks because we do not see the need for it yet.

That leaves the cloverleaf coming off Commonwealth Avenue, linking London Circuit. When Edinburgh Avenue is constructed, that cloverleaf would be removed.



The traffic analysis showed that, provided there is reasonable capacity for public transport access—in other words, buses can use the Edinburgh Avenue link; and we are doing a little more work on that—Edinburgh Avenue would be an acceptable replacement for the cloverleaf.

**THE CHAIR:** Do you think you have the stages right and the timing right? Do you think everything is being done in the right order? Would you have rather seen the road issues more developed before putting a major part of the area—

**Mr Stanhope:** We are satisfied that we have the order right. There are a whole range of pressures. There is something of a jigsaw. There is the issue in relation to parking, of course. Part of section 63 involves the removal of a very significant car park in City West. There is the issue of Edinburgh Avenue. In an ideal world, with bucketsful of money, the extension of Edinburgh Avenue, I think Mr Tomlins, would cost in the order of \$20 million. Was that correct?

**Mr Tomlins:** There was a scheme essentially between \$18 million and \$20 million. That is right.

**Mr Stanhope:** The issues for government in relation to the assessment that has been made as a result of quite detailed traffic studies, traffic flows and implications of section 63 have indicated that, at this stage, there is not a priority for the construction of Edinburgh Avenue to Vernon Circle. Certainly Edinburgh Avenue needs to be extended into section 63.

The question then is: does it need to be extended into section 3 and all the way into Vernon Circle? As Mr Tomlins indicates, the advice to government was that the extension of Edinburgh Avenue to Vernon Circle would cost between \$18 million and \$26 million. The government then needs to make a judgment, on the basis that it is not necessary at this time in relation to population, traffic flows and our traffic modelling, whether to proceed with Edinburgh Avenue at this stage.

The government asks, “Would we, nevertheless, now commit between \$18 million and \$26 million to a road extension that might be needed in 10 years time or do we actually devote those resources to roads or other infrastructure that we believe are a priority now?” That is the nature of every budget and they are the decisions that governments take in relation to every consideration of expenditure. We do not have that capacity all the time to say, “Yes, this will be needed and it would be nice and convenient and very, very tidy to do it now. We will commit \$26 million, potentially, to a road which our modelling indicates is not needed now but will be needed at some stage.”

There are other roads where there is significant stress and that are of high priority. That is the basis for the decision. In terms of order, of course we believe we have the order right.

**Mr Tomlins:** If I could add to that, the nature of the studies that we are doing now is a value-management approach which is essentially looking to see how we can achieve the functionality in those roads at a lower cost. That is what is happening at the moment.

**MR MULCAHY:** At page 36 of budget paper 4 for 2007-08 ACT budget, it shows that staff levels have increased to a level of 146 full-time equivalent staff from a level of 124 full-time equivalent staff in 2006-07. I also refer to pages 55 and 56 of the annual report of the Chief Minister's Department, which shows a staffing profile of 137. Does the government expect this staff level to increase during the rest of the financial year?

**Mr Stanhope:** On the basis of decisions taken in both the last budget and the second appropriation, there will be an increase in staff. I will ask Ms Davoren to give a rundown on our expectations. Certainly decisions that were taken in the 2007-08 budget and in the second appropriation do have staffing implications. Having said that, we have over the last two to three years reduced overall staffing, both full time and casual, by about 1,000, with about 600 of those being permanent full-time staff. I ask Ms Davoren to go through the staffing numbers.

**Ms Davoren:** As you mentioned, the 2007-08 budget paper estimated 146 full-time equivalent staff in 2007-08. Our current full-time equivalent number, at the end of November, is 143.3. In the last little while, there were some results of some recent recruitment. We have some additional positions in policy, to replace some temporary vacancies. I think we are running pretty consistently, but we will reach the 146 FTE that we estimated.

**MR MULCAHY:** My question was: did you expect it to increase during the rest of the financial year?

**Ms Davoren:** I think at this point we are looking at probably some of our positions. That might be in the vicinity of five or so positions. Again, with staffing, it is an estimate.

**MR MULCAHY:** What areas of the department have benefited from the additional staff? How have these extra staff improved the operation?

**Ms Davoren:** Again, in a small department, we are talking small numbers of staff, obviously. We have some additional staff in policy. That is permitting us to have a stronger across-government role in coordinating across-government issues, supporting task forces, providing stronger carriage across government issues and being able to—

**MR MULCAHY:** Could you be more specific rather than general? What areas have benefited?

**Ms Davoren:** In terms of economic policy, regional policy and social policy, we are looking at a review of the Canberra plan. That is an initiative for next year. We have put staffing into that area. We have done additional work on water policy, supporting the portfolio role in territory and municipal services. We are looking at doing some demographic studies. That was an issue in the supplementary appropriation. We have put staff into that function to support that. Again, it is our capacity to carry a larger number of projects than might not have been so in the past and support across-government coordination of a range of issues.

There are additional staff in governance, which are looking at, again, across-government staffing issues. There is an attraction retention project that the ACT government is looking at. I will ask Ms Hudson to discuss that in more detail. There are also some additional staff supporting project facilitation in business and projects division. Mr Lasek is here. He can tell you about the work that is occurring on the Beijing torch relay and supporting the centenary.

**MR MULCAHY:** We know about the Beijing torch relay; we have had that information. There were 22 extra policy officers, I think, in the budget. Are they all in these various offices that you have gone through?

**Ms Davoren:** Yes. Again, that was an estimate. There are people across the department. I think we explained that it was framed on the basis of across-government policy and coordination roles. That funding has been distributed across the department to support the extra capacity.

**MR MULCAHY:** Chief Minister, can I take you to page 40 of the annual report of CMD. It sets out future projects of the department, including the coordination and delivery of an information campaign on the 2007-08 budget. Is this correct or should this refer to 2008-09?

**Mr Stanhope:** I am not sure. Mr Lasek can answer that.

**Mr Lasek:** Because this is an annual report for the previous year, I think this reflects the information campaign that was delivered this financial year, reflecting the ACT budget.

**MR MULCAHY:** It says “future directions”. That leads me to the question: is any additional money going to be spent promoting the current budget, the 2007-08 budget? Can you indicate to us how much you have spent so far on that?

**Mr Stanhope:** At this stage, I have not anticipated any future information in relation to the 2007-08 budget. Mr Lasek might be able to give you some details of the cost of the information campaign that was delivered very successfully to the wide acclaim and applause of the people of Canberra.

**Mr Lasek:** The figure would be in the vicinity of \$100,000. I do not have the figure to hand. I will take that on notice.

**MR MULCAHY:** Chief Minister, how much has the department allocated to promoting its next budget, the 2008-09 ACT budget?

**Mr Stanhope:** That would be the government’s intention. That money would not have been appropriated yet. That is next year’s budget.

**MR MULCAHY:** I think the budget is going to be handed down in this financial year.

**Mr Stanhope:** Yes. I think the answer to your question is that at this stage I do not think any moneys have been appropriated specifically for that purpose. If they are, it

would be something that would be a feature of next year's budget. But it would be my intention—

**MR MULCAHY:** To repeat the same act?

**Mr Stanhope:** Yes, to inform the people of Canberra of the most fundamental decisions that are taken in any year; namely, the expenditure of public money. It is vitally important that we consult the people of Canberra and keep them informed and that we make sure they understand in a detailed way the outrageous spin and distortion that was put on those decisions by others.

**MR MULCAHY:** How much was that?

**Mr Lasek:** It was \$117,000 for television, radio and press.

**MR MULCAHY:** I take you now to page 31 of the annual report of CMD. It talks about changes to the public sector management standards to facilitate the return of Rhodium Asset Solutions employees who were former Totalcare employees to the ACT public service following the proposed sale of Rhodium. Could you inform us how many Rhodium employees are expected to move to the public service if Rhodium is sold?

**Mr Stanhope:** We do have those numbers. It is a very small number.

**THE CHAIR:** Did you have a—

**Ms Hudson:** I do. The number is about 13 and it is an offer to return. We are not sure if all of those people will take up that offer.

**MR MULCAHY:** Can we feel confident as a committee that none of the employees that you are taking on have really had a direct involvement in the problems with Rhodium that were highlighted by the Auditor-General and the public accounts committee?

**Ms Hudson:** I do not think that would be an issue but I do not have specific knowledge of that. I would need to take that on notice if you want me to look into it.

**MR MULCAHY:** Okay. As everyone is aware, there has been an enormous amount of work undertaken in the fallout from the problems with Rhodium, including investigations by the Auditor-General and the public accounts committee as well as independent audits and involvement by a range of officials. Has anyone undertaken an examination of the total amount of government resources, including money in investigation time, that has been committed to Rhodium since the problems came to light and, if so, what was the examination?

**Mr Stanhope:** I am not aware, Mr Mulcahy, that we have undertaken that specific exercise and it would probably be very difficult for us to do that. Much of the work in relation to Rhodium has, of course, been undertaken by Treasury but it is not something that I am aware has been specifically pursued.

**MR MULCAHY:** Okay. Page 98 of the annual report states that an external consultant was engaged to conduct a focus group and a survey in relation to activities and loss of working hours on Melbourne Cup day, also known as Family and Community Day. Can you inform the committee if the survey looked at loss of working hours on the previous day, from people taking a four-day weekend; the loss of business on the previous weekend; and business closures on Melbourne Cup day and, if it did not, can you clarify why that has not happened?

**Mr Stanhope:** That was work that was referred—the Minister for Industrial Relations and the—

**MR MULCAHY:** Okay, so it would be more appropriately addressed to Mr Barr.

**Mr Stanhope:** Yes. The Office of Industrial Relations within the Chief Minister's Department reports to Mr Barr.

**MR MULCAHY:** All right. We are meeting him next year I think. Page 37 of the CMD annual report refers to a sponsorship agreement from ACTTAB for the Celebrate in the Park event. Are you happy to take questions on this, Chief Minister?

**Mr Stanhope:** Yes, I am.

**MR MULCAHY:** It seems that this sort of arrangement is somewhat illusory and pointless. Doesn't it really amount to simply transferring money from one area of government to the other?

**Mr Stanhope:** That could certainly be argued, Mr Mulcahy, and I suppose in a strict sense, yes, it would be possible to argue that this is money that would otherwise come to the government as part of an annual dividend. But one could argue that about all sponsorships by all territory-owned corporations. Territory-owned corporations are statutorily responsible. I encourage our territory-owned corporations to be model corporate citizens in the context of the confines of their corporate responsibilities consistent with the corporations legislation. I do not interfere, intervene or direct any territory-owned corporation in relation to its expenditures or the decisions that it takes.

The decision that ACTTAB took to sponsor this particular event was a decision that the board took consistent with its responsibilities. Those responsibilities I believe extend to issues around its brand name. It has a business, it runs a business and it takes commercial decisions in relation to how best to conduct that business. This was one such decision. I believe it is of significant mutual benefit. This is a matter for the judgement of the board. If the board obviously believes that its decision to sponsor Celebrate in the Park facilitates name recognition for its business operations and activities within the territory, as the Chief Minister and as a shareholder in ACTTAB I am more than happy with the sponsorship or the commercial decisions that ACTTAB make, just as the ACT's leading corporate citizen in terms of sponsorship and corporate support is Actew and ActewAGL. I believe these are appropriate roles for major corporations such as Actew, ActewAGL and ACTTAB and I must say that I regard them as a model that I would urge other corporations in the community to adopt and pursue.

**MR MULCAHY:** But as Chief Minister and Treasurer you are not concerned that these sorts of arrangements that I have exemplified masquerade somewhat as genuine external sponsorships when in fact they are effectively just internal transactions within the government? Are you not concerned that these sorts of arrangements effectively distort the government's appropriation?

**Mr Stanhope:** That is an argument that is put and it is a discussion that we have had—

**MR MULCAHY:** Do Treasury ever give you that view?

**Mr Stanhope:** Yes, Treasury do raise this issue with me from time to time, Mr Mulcahy, and my response is the one that I have just given. I believe it is appropriate for organisations, for major corporations such as Actew, ActewAGL and the TAB, to make commercial decisions around their corporate brand. These are, after all, major businesses, each of which is engaged in a highly competitive industry. The TAB and our utilities are the subject of intense competition and I believe it is appropriate for them in the context of the market in which they operate to take commercial decisions, which are decisions for them.

I understand well the argument you make, but I would think it remarkable for a government or shareholders to direct, say, ActewAGL—or Actew at least—and the TAB to cease all sponsorships in order to maximise, or to allegedly maximise, a dividend to government when they have made a commercial decision that in order to maximise return, to maintain their place within the market, they need to take certain marketing decisions. Let us be blunt about it: the reason that ActewAGL and the TAB sponsor anything is name recognition, branding, marketing, and they are commercial decisions that those organisations take.

Having said that, I must say that there is obviously a limit that a shareholder would be comfortable with but I do not believe Actew, ActewAGL or the TAB have exceeded that limit. But there would, quite clearly, be a limit to the level of sponsorships that a government would be comfortable with.

**MR MULCAHY:** Can I take you then to page 103 of your annual report which discusses the Auditor-General's recommendations and her report on credit card use, hospitality and sponsorships. It states:

The report's suggestion that all ACT Government related sponsorships should be based on a 'commercially sound' test is unattainable.

I am wondering what action the government will take to ensure that sponsorship arrangements are in fact value for money, as you believe they may be, and how can you scrutinise and test these arrangements?

**Mr Stanhope:** At one level, probably only by breaching the Corporations Law.

**MR MULCAHY:** We would not be advocating that.

**Mr Stanhope:** We would not be advocating that, and I hope the Auditor-General is

not advocating that. I must say that the recommendation that the Auditor-General made about commercial sponsorships, decisions taken by boards in relation to market share and essentially the commercial operations of their organisations, are ones that have led me to question the extent to which the obvious extension of the recommendations is the unacceptable interference by government or shareholders in the operations of a company. That is the conundrum.

These are matters for judgement on one level. We have established Actew and we have established the TAB as corporations with directors, subject to the operations of the Corporations Law, and there are decisions that they take with significant responsibilities and penalties as directors under the Corporations Law. There is a very important imperative on shareholders and on governments, having decided to structure these organisations under the Corporations Law, to then respect the law absolutely. I have no intention as a shareholder of intervening in the management of either of these two companies and I am not going to direct them around commercial decisions that they take.

**MR MULCAHY:** But in light of the concerns that she has raised, particularly in light of the serious problems in the case of sponsorship agreements by Rhodium, are you concerned there is not enough accountability and is there anything you can do about this?

**Mr Stanhope:** The issues in relation to Rhodium were around sponsorship decisions taken by an officer without reference to the board, and I think that is a very different order of issue.

**MR MULCAHY:** But, irrespective of who is at fault, the problem happened. Does it not trouble you that this can happen in these TOCs?

**Mr Stanhope:** It can happen not just in TOCS; it can happen anywhere. At the heart of the difficulties with Rhodium was a level of behaviour that was unacceptable. Of course, in every organisation there are behaviours or actions that are simply unacceptable—some that are unacceptable in a professional sense, others unacceptable because they are in breach of the law. Unfortunately, every organisation, including TOCs as well as government departments and private sector organisations and companies, is from time to time affected by behaviours that are simply unacceptable.

But that is a different question from the question of whether or not the TAB should sponsor a significant community event such as Celebrate in the Park, one of the most significant community celebrations. If I were a director of the TAB I could see enormous benefits in being associated with an event that would attract 30,000 to 40,000 Canberrans in person on the day and would receive enormous publicity in the lead-up and in the aftermath. I think it is a wonderful promotional opportunity for the TAB.

**MS MacDONALD:** On that, Chief Minister, did you want to compare and contrast Rhodium's sponsorship and taking people to the tennis in Melbourne?

**Mr Stanhope:** I do not particularly want to get into that at all, because I believe the

issue is that the decisions that have attracted adverse comment or criticism in relation to Rhodium sponsorships were not sponsorships that were approved by the board in some instances, and I think that is at the heart of the problem. It is a different order issue. An employee of the company, not a member of the board of the company, took significant decisions in relation to sponsorship that were not endorsed, and in some cases were not known about, by the board. It is something of an aberration and it is a completely different order issue, and that is the point I make.

The Auditor-General can express a view about the appropriateness of a sponsorship. I have to say in this case that the board of the TAB have a different view and opinion from that of the Auditor-General, and so do I. The Auditor-General might have a view about the appropriateness of a particular sponsorship, but it is not a view shared by either the board of the TAB or the government. She is entitled to her view and I am entitled to mine. I disagree with her.

**MR MULCAHY:** Page 107 of the annual report discusses the implementation of recommendation 3 of the public accounts committee's report on leave management. Under action to date for this recommendation it simply states: "In Progress—Government is still considering." Since this has already been agreed to in principle, what is the government still trying to consider on leave management?

**Ms Hudson:** We are still considering what will be in annual report directions for the next years. Instead of one year, we will be doing three years. We are in a process of consultation, including with the Auditor-General's Office, around that at the moment.

**MR MULCAHY:** What is your timetable for that?

**Ms Hudson:** We need that to be back to government early in the new year to meet the timetable for 2007, 2008, 2009.

**MR MULCAHY:** That is all I have on that. I want to take you to page 114 of the annual report of CMD, which discusses reports under the Public Interest Disclosure Act 1994. What was the nature of the disclosure made to the department during the reporting year 2005-06 and can you inform the committee why this disclosure was transferred to the Treasury and what was the outcome of this disclosure?

**Ms Davoren:** I am just getting the detail of that.

**MR MULCAHY:** My next question is about the nature of the disclosure referred to the department in the reporting year 2006-07. I am wondering what guidance material was developed in response to this issue.

**Ms Davoren:** The answer to the first question, in relation to the public interest disclosure that was transferred to Treasury, is that this was a matter that had been considered within some shared corporate support arrangements that we have with Treasury. Since the creation of the Shared Services arrangements, we have separated it out, so that just went back to Treasury with that function. It would be a question to be addressed to Treasury.

**MR MULCAHY:** You cannot elaborate?



**Mr Stanhope:** We will have to take it on notice.

**Ms Davoren:** It is not a CMD matter.

**MR MULCAHY:** There are two other aspects to this. I will give you a minute to take them on board if you like. With respect to the disclosure in 2006-07, I note that no action was taken on this disclosure because the person concerned ceased their employment. I am just wondering what happens if the person concerned re-applies for a position in the ACT public service. Will there be a record of this incident or any findings?

**Ms Davoren:** In that case, the person was not an ACT public servant.

**MR MULCAHY:** What were they?

**Ms Davoren:** This is the public interest disclosure you are referring to?

**MR MULCAHY:** Yes.

**Ms Davoren:** A public interest disclosure was made concerning a possible misrepresentation about the author of an email to a website sponsored by the Australian Christian Lobby.

**MR MULCAHY:** Sorry, it is the same issue?

**Ms Davoren:** Yes.

**MR MULCAHY:** Reading on, but in the same area, I note also that the link to the leaflet on public interest disclosure does not work. If you go onto that, it says, "Page not found." Why is this leaflet not available at its stated address and what procedures does the department undertake to ensure that material is available at its stated web address when it releases a report?

**Ms Davoren:** I understand that we do routine checks. I will have to go back and confirm why that link is not working. I will take that on notice. Obviously, we will correct it immediately.

**Mr Stanhope:** We have taken two questions on notice there.

**MR MULCAHY:** The other day, yes.

**Mr Stanhope:** Just now. I think we have taken two questions on notice.

**MR MULCAHY:** Just now?

**Mr Stanhope:** Yes.

**MR MULCAHY:** There are two separate instances—the 2005-06 and 2006-07. I do not need any further information on the ACL; I am aware of all that. It is the earlier

one.

**Mr Stanhope:** The first one.

**MR MULCAHY:** Yes.

**MRS BURKE:** I want to look at a matter in relation to agency performance, on page 25 of the annual report in relation to affordable housing. It says that the affordable housing action plan was released on 12 April 2007. A key initiative of the plan, as you have stated here, was “increasing the supply of affordable land to the market”. Chief Minister, I was surprised and a bit concerned to read the *Canberra Times* article by Peter Martin on the front page today. He stated a couple of things that are relevant to what I want to ask here. He said:

... spending in Canberra went backwards in the three months to September when adjusted for inflation. By contrast, spending in the rest of mainland Australia grew strongly.

He says that Access director David Rumbens went on to say:

Quite literally, the ACT has hit a supply-side wall.

Mr Rumbens went on to say that he blamed the ACT’s accommodation shortage, which he said had “throttled employment growth”. He said:

There are not enough people coming into the ACT to fill the jobs that are vacant.

We can talk about that later. He said:

The Chief Minister ... can help by releasing a bit more land ...

What are your comments?

**Mr Stanhope:** The first thing you need to do in relation to the annual Access Economics reports is to look at the report they made last year—and the year before, and the year before and the year before, in relation to each of which they anticipated and predicted the most dire economic outcomes for the territory. Go back and have a look at the *Canberra Times* report of last year’s predictions by Access Economics for the ACT. They are about as reliable as the Bureau of Meteorology’s forecasts for the weather.

**MRS BURKE:** These are actual results, though.

**THE CHAIR:** They are getting better, though.

**Mr Stanhope:** Well, no—

**MRS BURKE:** You are not in denial here, are you, Chief Minister?

**Mr Stanhope:** It is a prediction about the future.

**MRS BURKE:** No: “spending in Canberra went backwards in the three months to September”.

**Mr Stanhope:** I would be interested in seeing the Access Economics report, except that I understand that it is a secret report—you cannot actually get hold of it—and I am very suspicious of secret reports. But go back and look at last year’s Access Economics report on the ACT, and the reports of the years before that, and look at the reports in the *Canberra Times* as well in which they predicted—in each of the last two years, I know—dire outcomes. The predictions were dire.

**MRS BURKE:** These are actuals, not predictions.

**Mr Stanhope:** These were predictions that history shows will be entirely flawed.

**MRS BURKE:** But these are actuals.

**Mr Stanhope:** So they say.

**MRS BURKE:** Oh—

**Mr Stanhope:** Table the report. I will respond to the report once you table it. Get me a copy of the report.

**MRS BURKE:** So you are denying what is said in the paper.

**Mr Stanhope:** I have not seen the report.

**MRS BURKE:** Okay. What about the land release?

**Mr Stanhope:** You would not have seen the report. It is quite ironic that the prediction is that Jon Stanhope can do something about this by releasing more land and within two column inches there is a report on the release—on the very same day of this particular suggestion—for sale of 750 blocks at Casey. It is ironic.

That is why I want to see the report of Access Economics. He says that we should release more land. How much more land? We have agreed to release 3,200 blocks in this financial year and 3,850 blocks next financial year. Exactly how many blocks does Access Economics think we should release? It is all very well. I find it passing strange that an organisation such as Access Economics, with its reputation, would say, “Oh, the government should release more land.” From what to what? I cannot respond to this fine advice—this fine detailed advice. “The government should release more land.” From what to what does Access Economics suggest we should release land?

We have proposed to release 3,200 this year and 3,850 next year. How much more than the 3,200 or the 3,850 does Access Economics want, and on what basis? What analysis have they done of demand that suggests that we should be releasing more than 3,200 this year or more than 3,850 next year—having regard to the land that is in the pipeline, the land that the private sector will release? Where is their analysis? What are their numbers? I cannot respond to a suggestion that we should release more land. How much more? Where?

**MRS BURKE:** So you do not think that this is too little too late and that all of a sudden they have to play catch-up?

**Mr Stanhope:** Certainly we are playing catch-up; there is no doubt about that. There is significant pent-up demand; the government is responding to that. In this financial year, we have increased our planned release by 1,000 blocks.

**MRS BURKE:** But you have seen this coming for years.

**Mr Stanhope:** No, we haven't.

**MRS BURKE:** Clearly now we are in quite a state when you look at spending growth et cetera.

**Mr Stanhope:** What have we seen coming for years? We are responding to significant spikes in demand that commenced two years ago. Prior to that—I think Mr Dawes could give some more refined advice on what the situation was in relation to housing and housing demand two years ago—

**MRS BURKE:** He was probably very frustrated.

**Mr Stanhope:** No. I think that the frustration was that—

**MRS BURKE:** You are so in denial here.

**Mr Stanhope:** there were builders with land that they could not move. Two years ago, the commonwealth substantially increased its employment strategy. I must say—I have admitted it regularly—that we did not have development-ready land available to put to the market to meet an immediate spike in demand. We have responded to that and we are responding as well as we can. I do not deny or for one second shirk from the suggestion that there is enormous pent-up demand within the territory and that we are struggling to match demand and supply. We are. We are struggling.

**MRS BURKE:** So you have not left your run too late.

**Mr Stanhope:** We have not left our run too late, but we are struggling to meet an enormous spike in demand that was generated two years ago. But I find extremely unhelpful suggestions that the government should release more land. How much more? To what extent are you then prepared to flood the market, to repress the prices of land, to upset the balance in the context of prices that have been paid by those who have purchased over the last two years? I am sure, Mrs Burke, that you are not suggesting that.

**MRS BURKE:** I am suggesting that you have left it too late.

**THE CHAIR:** I think we will cut this line because it has stopped being a line of questioning.

**Mr Stanhope:** It is very productive.

**THE CHAIR:** One assumes that Mr Martin had access to the report, but perhaps one is wrong. Perhaps he just got the Access Economics media release.

**Mr Stanhope:** If anybody does have the report, I would love to see it and so would Treasury.

**MRS BURKE:** I am sure your office can find it for you, Chief Minister.

**Mr Stanhope:** Have a look at last year's report too—and the one before and the one before that. On the basis of predictions by Access Economics over the last three years, they should stick to predicting the weather.

**MRS BURKE:** Just like yours into land sales.

**THE CHAIR:** I think that is a good place at which to leave this conversation. We will move on to the Commissioner for Public Administration. I welcome Ms Hudson and Mr Williamson. You were here, I believe, when I referred to the yellow statement. Ms Hudson, you are aware of that statement and understand the privilege implications. The statement has been incorporated in *Hansard*. Ms Hudson, having read your report, how do you, as a commissioner, balance the contradictory functions of the role? What do you do when you see there has been a conflict of interest between them? You are the Commissioner for Public Administration. Could you state what your other roles are in the department?

**Ms Hudson:** As well as being the Commissioner for Public Administration, I am also Deputy Chief Executive, Governance. Chair, could I clarify something that I mentioned earlier? I sought clarification on the number of staff from Rhodium. The number is actually eight. We understand three of those possible eight have sought employment elsewhere.

In terms of the role of the commissioner, I suppose there are a number of roles that are statutory roles. In terms of the support that I get, there are defined powers and functions, and it is very simple to separate those from the day-to-day functions of the Deputy Chief Executive, Governance role. I have support from a number of people in the public sector management group. Some of those roles are to do with machinery of government changes, so, when there are those changes, it is a matter of signing off the various documents that need to make those happen. That is not something that conflicts at all with the role of deputy chief executive.

As I have mentioned previously, the arrangement that is in place now replicates the model used between 1995 and 1999. I do not agree that it conflicts. That is not my experience. There are times when I consciously say, "I have my commissioner hat on now," and there are times when I have the deputy hat on. I am very conscious of those. When I have the commissioner's hat on, I report directly to the Chief Minister and provide documents to the Chief Minister that do not go through the chief executive. When I have the deputy chief executive hat on, all those various documents, ministerials or briefs go through the chief executive. So it is actually not a position that I find conflicting.

**THE CHAIR:** It is obviously a part-time position. Would you be able to estimate the average number of hours involved? Put it on a weekly or monthly basis, if that is more convenient.

**Ms Hudson:** Maybe it is 1½ to two days, if I were to estimate it, but not over a week or a month. As you are aware, for example, there were a lot of machinery of government changes in July and August last year. So it works out differently. And there are some parts that are complementary. For example, attraction and retention was one of the issues that the Chief Minister has said he would like the commissioner to focus on. That is very much a focus as part of strengthening the public service capacity initiative of the whole division, as well as the chief executive, and chief executives across all agencies.

**THE CHAIR:** You say on page 13 that the Shared Services Centre involved quite a bit of work for the public service commissioner. Now that it has been established, what do you think were the benefits of your involvement in setting it up and what are some of the benefits and problems that you see with this method of service delivery?

**Ms Hudson:** One of the key aspects of my involvement and the division's involvement initially related to the machinery of government changes and making that change happen. One of the key benefits that we have found in the last year is working with Shared Services around conditions of employment arrangements. We have had a lot of liaison in terms of introducing a new template collective agreement. In terms of policy versus operational, there is one place to go, rather than needing to go to numerous agencies. That has been of benefit. We have very close liaison with the recruitment area, particularly around attraction and retention. We have close liaison with the HR area generally and we have close liaison with the area that provides assistance for agencies on grievances and also around occupational health and safety.

There was some sorting out, and it was a matter of getting used to it, but there are a number of mechanisms that have helped that transition. All the chief executives and I are on the Shared Services governing committee, along with the head of Shared Services. It has helped to smooth that transition and has provided a forum that perhaps was not there in the past. It was probably performed in the past by the HR council. With respect to streamlining arrangements, we need to do more of that to get efficiencies into the future. There is also an HR executive group that Shared Services run. It is chaired by one of the executive directors and has a number of executives from across the service. That is a ready mechanism for us in looking at some of the issues that we might hear concerns about. So we go to that group as well. Gary is the executive from CMD on that group.

**THE CHAIR:** On page 15, there is a section on the comprehensive review of the commissioner's power to conduct investigations. Where is that up to? How were the terms of reference developed? Who will conduct this review?

**Ms Hudson:** That review is happening within my area, within the public sector management group. I wanted to provide more clarity around when the commissioner gets involved and when the commissioner does not. So the desired outcome we are trying to get to with that review will be to provide additional guidance to agencies about what they need to do in terms of various investigations, when they may wish to

seek assistance from the commissioner and when they may wish to use Shared Services arrangements. It will make it clearer regarding who is doing what.

**THE CHAIR:** So the result will be a set of guidelines?

**Ms Hudson:** Yes, and we want to provide that at a number of levels, to chief executives, to executives and all the layers through the service. There is some work that I have on my desk, and we expect that will be completed within the first quarter of next year.

**THE CHAIR:** And you are conducting that for—

**Ms Hudson:** Staff within my area who provide a lot of the advice on investigations.

**THE CHAIR:** Is the review of the commissioner delegations included in that or is that separate?

**Ms Hudson:** It is separate.

**THE CHAIR:** How is that going?

**Ms Hudson:** We are doing that one more directly with chief executives. That will be a topic for management council consideration at the next meeting in February. There has not been a comprehensive review for a fair while, so I thought it was timely that we look at that. We are looking at how we do that methodology and we will be seeking chief executive input before we finalise that. Again, our aim is to do that before the end of the financial year.

**THE CHAIR:** You note on page 2 that you do not have staff with discrete responsibility for supporting the office. How does this affect your ability to do independent analysis?

**Ms Hudson:** The reality is that the staff with the expertise have always been in the public sector management group. The separate staff in the past were coordination type staff, but they would seek the expertise and content knowledge from officers within the public sector management group. I still have absolute access to those staff.

**THE CHAIR:** There has not been a lot of movement among staff in that area?

**Ms Hudson:** No, there has not, which is a good thing for me. They are very valued staff.

**THE CHAIR:** It is possibly a compliment to you as well. Pages 21 and 22 contain a very long list, in appendix A, of changes in administrative arrangements. What is your role, apart from signing documents? I assume that you sign documents.

**Ms Hudson:** Yes, I do. It is a process of getting the chief executive of the losing area to agree in terms of the staff that are being transferred, along with the chief executive of the gaining area. I suppose it is a quality assurance role so that we have agreement on the staff, on the position numbers and which ones are actually transparent. Often,

there is a little bit of a glitch with that, and we help to sort out that glitch, if there is one.

**THE CHAIR:** With respect to page 26, Mr Mulcahy has already asked you about staffing issues related to the sale of Rhodium. For the public service commissioner, what else is involved regarding the sale of Rhodium?

**Ms Hudson:** Our main role has been to ensure the commitments that were given in terms of re-entry into the public service. So the main role was around making that amendment to the standards to ensure that that was able to happen. We have been involved in some other conversations but not very many. As the Chief Minister said, the main carriage of that responsibility is within Treasury.

**THE CHAIR:** Have any problems been caused by the fact that we do not know when the sale will be? Indeed, it might have been predicted to happen before now.

**Ms Hudson:** No. We made sure the standard was able to cater for that, whenever it occurs.

**THE CHAIR:** In appendix C, the waiver of an independent job evaluation, how do you define “temporary”?

**Ms Hudson:** Up to nine months.

**THE CHAIR:** With respect to the workforce profile outlined on pages 7 and 8, there seems to be much less information available this year compared to earlier public service commissioner reports. Do you share that opinion? Why do you think this is so?

**Ms Hudson:** They are divided into two documents: the annual report plus the workforce profile, which in the past was in one document. We certainly have not made a conscious decision to have less information. In fact, we are working on having additional information in the next workforce profile, although I would like to mention that the agency survey which has normally been included will not be completed in time. But we will still have it published when it is completed in about March. With the agency survey, we have done that fairly consistently over the last four or five years, and we wanted to look at that and be able to ask some questions around attraction and retention. So we have done a bit of a redefine, and that is being carried out at the moment, by Workplace Relations and Associates. We have used them before. So there has not been a conscious decision to reduce it.

We have the same statistics that we have had in the past. We have not been able to include some statistics that we did want to include, around absenteeism. I think you asked a question about that last year. With some of those challenges, we are reliant on agencies and Shared Services to be able to do that. We were not able to get those statistics last year, but we still endeavour to get them as often as we can. My area works very closely with Shared Services. We are continually trying to improve the data that we have available, both with the workforce profile and with the general data that is provided to other agencies and chief executives.



**THE CHAIR:** The second dot point of the section on the workforce profile states that our public service's overall size was about average in comparison to other states and territories, using size as a proportion of the population and using size as a proportion of total workforce. I want to tease out the value of those kinds of comparisons. Although we are a small territory compared to states like New South Wales or Victoria, or any of the other states, we still have to provide the same services. I do not know whether you know what it is, but there would be a base number needed to deliver services before we start adding people. What about benchmarking ourselves against states that have issues of distance and so on in terms of service delivery? If there are such differences in the challenges faced by other states, which have regional delivery centres and so on, how do you boil the data down so that you can say we have a fair comparison?

**Ms Hudson:** In terms of the proportion—

**THE CHAIR:** That is one issue. The budget last year referred to benchmarking ourselves against other states in terms of service delivery. I am concerned that it is comparing eggs to bananas.

**Ms Hudson:** There are some challenges, I suppose, in terms of doing territory functions as well as local government functions. I still think it is a reasonable comparison to make. Maybe it is only because there are not that many others. I take your point that you have to have a core to be able to provide services before you can work out the differentials. I am sure that if you had people from other jurisdictions here, they would argue that some of the regional spread issues make service delivery more challenging in their jurisdictions. We have our own challenges; other jurisdictions have theirs. I think it is reasonable to compare our size as a proportion of the population with other jurisdictions.

**Mr Stanhope:** I must say, Dr Foskey, that it is a very genuine issue that does affect every jurisdictional comparison of service delivery and at times, depending on the nature of the service that is being delivered and the way in which it is being delivered, the comparisons are unfair. For instance, service delivery in relation to health and per unit cost is distorted by the fact that 26 per cent of occasions of service delivered at the Canberra Hospital or in public hospitals in the ACT are services delivered to the region. There are distortions in that. We seek to recover some costs but it is difficult to compare the cost of service delivery at Canberra Hospital, a major trauma hospital for the region.

We constantly seek to benchmark like for like, and it is difficult. We have always made the point about the Canberra Hospital that perhaps the fairest comparison is with a hospital such as John Hunter in Newcastle, because it serves a similar function but not across a border. It is a major trauma hospital that serves a region and the costs will be different from the costs of a hospital perhaps in Sydney, and indeed very different from the costs in a rural hospital.

Similarly, with education, in terms of class sizes and student-teacher comparisons we fare extremely well; nevertheless, because of extra investment, there is a distortion: our performance in relation to class sizes and staff-student ratios is probably far better than interstate comparisons would reveal, because of the fact that we are a city state. It

is a real issue for us.

**THE CHAIR:** Whose job do you think it is to get a decent comparison? I would see it as a commonwealth job in terms of its role in financing—

**Mr Stanhope:** The grants commission does do that; it is very scientific and statistical. I do not fully understand it, but those adjustments are made through the grants commission process.

**THE CHAIR:** Is that what you work on as a territory government? Do you adopt those same guidelines or whatever they are called?

**Mr Stanhope:** We do benchmark and it is difficult in all comparisons. A whole range of factors need to be taken into account. The point has been made today about retail expenditure, coming off a very high base—the Access Economics report that Mrs Burke referred to—

**THE CHAIR:** I think she referred to the article, not the report.

**Mr Stanhope:** Yes, absolutely, but, as reported, retail expenditure is down as against the rest of Australia—and it is, but from an enormously high base. Per capita, retail expenditure in the ACT leads the nation by a country mile and yet—

**THE CHAIR:** In some circles that would be applauded.

**Mr Stanhope:** Yes, and in others it would not, of course. I guess that is the point I make: on all these comparisons of health care and costs per unit and education and student-staff numbers and ratios, you essentially—depending on which position you wish to come from, but if we are being rigorous and objective—need to take into account all of these factors. Having regard to average disposable income in the ACT and the average per capita expenditure in the ACT, you cannot just use that comparison that has been drawn to our attention today around retail expenditure. There is a whole range of factors that need to be taken into account to get a true picture rather than just the bland assertion: “Retail expenditure is down for the quarter; the ACT has obviously hit the wall.” What a load of nonsense!

**THE CHAIR:** Just to finish my line of questions, in appendix E there is reference to an *Over the horizon* report on agency risk assessments and emerging trends in fraud and corruption. There is a note in attachment A that the Department of Education and Training has an extreme risk rating in relation to loss of key personnel and recruitment affecting the delivery of services due to restructure and relocation. Could you please expand on that a little?

**Ms Hudson:** I will ask Gary to respond to that. He is the chair of the SERBI committee so he is fully across these issues.

**Mr Williamson:** Could you please refer me to the page?

**THE CHAIR:** On page 36, at No 8 in the section for the Department of Education and Training, which is at the bottom of that page, the only category that gets an

extreme risk rating is “Loss of key personnel and recruitment affecting the delivery of services due to restructure and relocation”.

**Mr Williamson:** There is what is called a SERBI group, which is the senior executives responsible for business integrity group, and each department has an executive member on that group. That analysis of “extreme” relates to personnel and recruitment affecting the delivery of services. Recruitment, attraction and retention are major issues for all of the ACT government, and for the commonwealth. DET are undertaking a number of things to deal with some of those issues. They have identified a number of risks and are undertaking an audit program for 2007-08 to deal with some of those risks. Does that help?

**THE CHAIR:** Yes, but I am interested in why the Department of Education and Training in particular, because extreme is a pretty high rating.

**Ms Hudson:** It would be linked, I assume, to the school restructuring and the challenges there, and has been managed. Those ratings come from agencies themselves and we collate them.

**THE CHAIR:** Right. So we would need to explore that with the department itself.

**Mr Williamson:** I can take that on notice and get further information, if you like.

**THE CHAIR:** I would appreciate that; thank you very much. You did refer, commissioner, to issues around staff retention, recruitment and so on. Have you come up with any answers to those problems?

**Ms Hudson:** We are doing a lot of work with management council, HR council and also an attraction and retention working group. We have appointed someone from New South Wales who is now looking at attraction and retention from a whole-of-government perspective and we will be preparing and completing a paper on directions for that for the government to consider in the new year. What we are doing is making sure that all agency heads endorse that so that we have a whole-of-government approach to moving forward there.

We have a number of things that we have already started. We are working with the communications area in CMD and shared services on redesigning a website for jobs in the ACT, and that is nearly finished. We have implemented a revised graduate program. We are also working very closely with the Shared Services Centre on a recruitment project, which we are hoping to complete in the next few weeks, around what are the things we could do to make the system simpler and faster. You may have noticed that the commonwealth has also looked at that. I suppose again one of the benefits that we have here is that the commissioner in the commonwealth said that agencies needed to go away and do this; we have a more integrated system here and can make changes to make sure that we can make it simpler and faster.

We have implemented executive awards for the first time—in fact the Chief Minister is coming to present those this afternoon—to acknowledge high achievement of ACT PS executives. We do a number of SES networking events; the next one, which has Dr Simon Longstaff from the St James Ethics Centre as a keynote speaker, is in

February, and we have a commitment from all chief executives to develop mentoring and coaching programs for executives and senior officers. We are also looking at a number of other things that we think we need to do to ensure that the ACT PS is able to deliver the government's agenda going forward. The government is considering proposals across a number of areas.

**THE CHAIR:** Did you notice any impact from the change in the superannuation arrangements down to nine per cent contribution? Has that had any material effect as far as you have noticed?

**Ms Hudson:** Not as far as I have noticed, although there is anecdotal evidence that in individual cases where people are looking at what the superannuation level is, people who are currently already in the commonwealth or in the CSS or PSS do have that maintained. There was a bit of confusion around that, so we have sorted that confusion out.

**THE CHAIR:** Okay. That affects recruitment, not retention.

**Ms Hudson:** I think a lot of our attraction and retention issues are the same as in every other jurisdiction, linked to the national skill shortages, but I am aware of individual cases where people weigh that up along with other things. We do very well on conditions of service, for example. We made sure through the template agreement that we kept those conditions of service, and enhanced them in some cases, and we intend as part of this attraction/retention stuff to promote the benefits that we have in the ACT public service more broadly, and one of those will be the work-lifestyle balance.

**THE CHAIR:** That concludes my questions. Thank you very much for your responses.

**Meeting adjourned from 11.10 to 11.31 am.**

**THE CHAIR:** Welcome back. We are up to business and economic development. On page 43 there is a section on local business support. What is the government doing to encourage commercialisation of locally generated intellectual property, particularly in the area of renewable technologies and in the light of the government's climate change strategy and the likely incoming solar feed-in laws?

**Mr Cox:** In terms of commercialisation the main initiatives that we have in place are two venture capital support arrangements; one called ANU Connect Ventures and the other the Canberra region development board, which is a joint venture arrangement with ACVL, which is co-contributed by the Hindmarsh group. Those funds operate by an application process where they would search out opportunities with businesses. and those businesses would present and be examined by the fund's management in terms of their investability. They tend to operate at the early to mid company building phase, and there is a process of due diligence leading to a term sheet process where an investment would either be made or not made based on that particular process.

**THE CHAIR:** Have you found that the fact that the solar feed-in laws are on the cards has increased the number of approaches from people who might see an

advantage in that policy for their businesses?

**Mr Cox:** The short answer is no. It is fairly early days, I believe. With those particular funds and the way they tend to operate, it is typically a six or 12-month process from initial contact to an investment being made. The funds also operate at a reasonably high return part of the VC environment, which tends to mean that a lot of approaches are made. A typical VC fund would support around one, two or three per cent of approaches, so over the life of, say, a 12-month period—and I can quote some information provided to me by ANU Connect recently; they have had contact with about 11 companies over the last 12 months and I think they have made about three investments over that period—there is a very high attrition rate.

**Mr Stanhope:** In addition to that, though on a slightly different level—Mr Cox was responding in the context of approaches in relation to the possibility or the prospect of venture capital or investment support—the government has certainly had a number of approaches from companies involved in, particularly, solar technology as a result of the prospect of a feed-in tariff, not seeking support but more urging the government to commit to the policy. I have had a number of meetings, and the government has had a number of approaches from companies or organisations involved somewhere within the stream of the industry, very interested in the government's proposals. I have not had requests for support or assistance—rather, representations about how important they see this sort of initiative to the industry.

Another aspect, and, frankly, an aspect of the feed-in tariff proposal that perhaps is uppermost in my support for the initiative, Dr Foskey, is the extent to which initiatives such as that have the capacity to drive investment and innovation in the industry. I think that is the experience in Germany; it was the policy itself, through driving demand, that generated investment in the industry by the private sector. I would hope that, over time and as other places adopt policies such as this that encourage the industry, we will see that occurring here.

In addition to that, Dr Foskey, as you are aware, in the budget the government committed \$1 million to a renewable energy showcase, which essentially involves the investment of up to a million dollars in solar, and we also propose to trial some wind turbines within the territory. At the heart of that again is a desire, in the first place, to show some leadership but, secondly, through the purchase of a million dollars of both solar and wind generating capacity for government buildings, we will once again show some faith in the industry. In the context of discussions I have had with solar energy providers, we will probably expend \$600,000 to \$700,000 over the next six or seven months on solar voltaic generating capacity—and I am told by providers that that would be a very big order in Australia in the context of the history of investment in solar technology. We will be purchasing up to three-quarters of a million dollars of solar voltaic engineering in the next six to seven months.

In that context I might just say that it is quite interesting, and at one level exciting, that we are currently scoping the possibility of seeking to power at least a significant proportion of the energy needs of Canberra Stadium through a combination of solar and wind. We are thinking, as part of a showcase, accepting that there are about 300,000 visits to Canberra Stadium a year, to convert the eastern stand to solar technology and the western stand to wind. So we are looking at the feasibility and the

possibility of covering the energy needs of the Canberra Stadium through a combination of solar and wind, but we are doing it very much as a showcase, an example of alternative technologies in action.

**THE CHAIR:** If a firm comes to you and says, “We’ve got this exciting offer for the ACT government but we also have this exciting offer from the Victorian government,” and so on, how do you react to that? Can you speed up processes if you consider that that is a development, an innovation, in an industry that you want? Does this happen often—

**Mr Stanhope:** It does.

**THE CHAIR:** And do you generally win or lose or—

**Mr Stanhope:** It used to happen a lot, Dr Foskey, and there has been a history of auctions by savvy businesses, particularly businesses on the up and up—and the small jurisdictions, most particularly, almost always, lost out. The ACT simply has no capacity to enter into a bidding war with Victoria, New South Wales, Queensland, and Western Australia most particularly, or indeed South Australia, for business. I think it was an unsavoury aspect of the way in which—and good luck to them—businesses have essentially made decisions around where to headquarter, where to establish production facilities.

About three years ago, through Treasury and the annual treasurers conferences, the states and territories, with the exception of Queensland, have signed a detailed memorandum of understanding around not competing for business, and we now have a rigorous and strict reporting regime. It cannot be banned, of course; states and territories could, and at some level still do, provide that encouragement and some level of support. But each of the states and territories, other than Queensland, has undertaken not to compete with each other; we want decisions around business support to be made on merit rather than on the capacity to pay. It has been a boon, particularly for smaller jurisdictions such as the ACT.

But we do still seek to encourage the location or the presence of business through the overall environment, our legislation, the level of support that government can provide. But we, along with all other jurisdictions except Queensland, have taken a decision not to say, “Oh, well, if you come here we will give you free land,” or “If you come here we will provide the first million dollars for your facility,” or “If you come here you won’t have to pay payroll tax for 10 years.” We have the capacity to provide some support and some assistance and some encouragement, but it is within an environment now where we will not do that.

**Mr Dawes:** Some of the other things that we are doing through our project facilitation group as well with a number of firms—and there have been some approaches and some of these matters are commercial-in-confidence—is to match them with potential developers of land so that in some cases a factory or headquarters could be domiciled as well. We have facilitated introductions to various agencies across the city to at least provide that one-stop shop type of approach, to cut through some of that red tape, and that seems to be working quite effectively, rather than throwing bucket loads of money at them to, say, locate or remain in the ACT. So we are assisting wherever we

can along those lines.

**THE CHAIR:** With the Canberra BusinessPoint, mentioned on page 44, what has been the take-up rate of its services? I gather it offers workshops and provides a newsletter.

**Mr Cox:** Canberra BusinessPoint commenced as an operating entity on 1 July this year. As part of its monthly reporting requirements it furnishes us with details of contacts and various services taken up. From July at start-up the sort of number we were getting through in terms of discrete contacts was about 1,000 contacts per month. That is growing; it is now up to about 1,300 per month. Within that, there are various forms of contact and they range from preliminary to quality to depth. There are face-to-face mentoring discussions, telephone contact, email contact, workshops based around particular topics, online learning skills and work and also networking functions. The numbers are continuing to grow but I would just emphasise that it has been three to four months in operation. There was a hiatus period between the old CanBAS, which operated until December last year—a four-month period of less visibility because we had in place interim arrangements with the old CanBAS operations—but Canberra BusinessPoint/Deloitte Growth Solutions won the competitive process, procurement process, to commence that business on 1 July.

**THE CHAIR:** Are you able to get back to us with some numbers in response to those questions, like how many people have attended any of the events that you have run and subscribed to the newsletter?

**Mr Cox:** Yes, I can.

**THE CHAIR:** With respect to ScreenACT—incidentally, my daughter did a project on ScreenACT and she spent a bit of time looking at the website—it does not look as though it is in a position to provide much funding. Could anyone enlighten me on what projects ScreenACT has assisted?

**Mr Cox:** ScreenACT moved from an in-government function early this year, arising from some decisions made in the 2006-07 budget. There was a procurement process which was won by a consortium of the Canberra Business Council and the Capital Region Development Board, involving the ACT Film and Television Council. That operation commenced in earnest on 1 June 2007. It does not have a direct funding mandate. The government is currently contributing \$175,000 per annum to that organisation. In the last month or so, it has just established a small grants fund, which I think totals about \$40,000. That was only announced—I would have to get a precise date—in the last month. I would imagine that the process will involve small amounts of grant funding for particular projects, at around the \$5,000 to \$10,000 mark.

**THE CHAIR:** I assume they are film-making projects?

**Mr Cox:** Film-making, digital media—the gamut of screen-based technologies.

**THE CHAIR:** With the Live in Canberra campaign, is there some cross-over between those kinds of projects and other projects that are about promoting Canberra outside the ACT?

**Mr Cox:** I do not believe there is a relationship with ScreenACT. ScreenACT is managed now by a joint industry task force.

**THE CHAIR:** Who is on that task force?

**Mr Cox:** I have the list of names in front of me. It is chaired by Michael Tear, an industry representative. Other industry representatives who are members are Andrew Pike, Georgina Jenkins and Chris Hinds. Marisa Martin is a young entrepreneurial film-maker, Neil Boyd is from digital media, and Stavros Georgiadis is from the ACT Film Makers Network. The CBC and the Capital Region Development Board are also represented. Their involvement in ScreenACT links to their funding. Through the New South Wales government, there is a regional film and TV development person. There is a bringing together of those two capabilities to provide some cross-regional support.

**THE CHAIR:** Is that task force fairly new?

**Mr Cox:** It is new, yes.

**THE CHAIR:** I would be interested to see the progress with that. On page 46 there is a discussion about the Capital Region Development Board. Are you able to identify any achievements of that board? What is the major agenda regarding most of the measures and what skills and interests are represented on that board?

**Mr Cox:** The CRD board is composed of equal numbers of ACT and New South Wales government appointees. The CRDB is co-funded by the New South Wales government and the ACT government. It has been through a renewal process over the last six months. It has changed its chair and its executive officer. I think there are four ACT government representatives, two of which have been renewed over the last little while. A new chair, Ross Barrett, has been appointed as the chair of the CRDB, as well as Marita Corra, who is co-owner of Inland Trading, which is a wholesale line exporting business, and Diane Hines, who is the co-owner of the Kingston bus depot markets. They have brought to the board an entrepreneurial, tourism and business development focus, which extends through some regional interests.

In terms of achievements, it has a relatively short list of current projects. One of the CRDB's best and most obvious achievements has been running a young regional leaders group. The CRDB has funded the training and development of young leaders within regional and rural communities. The objective is to give those people leadership skills which they can develop and then apply back within their communities.

**THE CHAIR:** Are there any representatives on the board of people involved in the farmers markets, given that that is an increasing area of regional cooperation?

**Mr Cox:** I would have to take that on notice.

**MS MacDONALD:** I want to go back to page 45 and refer to the trade missions and the ACT Exporters Network, because the two things are tied together. Do you want to



comment specifically on the delegation to India and the potential for ACT businesses with regard to that delegation? Obviously, since this reporting year there has also been a “focus on India” event and conference. I am not asking you to comment on that but what sort of potential is there for ACT businesses in India?

**Mr Cox:** Post the India trade mission, there was a reasonably detailed statement in the Assembly, I believe, which listed some of the key processes, directions and strategies of that mission. I believe it also went into some detail about the business development opportunities that came out of that.

**THE CHAIR:** Do human rights and labour rights ever come into the conversation when you are talking with Chinese—

**Mr Cox:** No, it has not come into the formal conversations.

**Mr Stanhope:** There are a range of contacts made in the context of trade. I am involved with a separate range of contacts in China, most particularly with the mayor and officials of Beijing, having regard to our sister city relationship. On my last visit to China, last year, which was a visit which combined courtesy calls regarding our sister city relationship and a range of trade-related meetings in Beijing, as well as in Shenzhen and Shanghai, in my meetings, most particularly with the President of the Communist Party in Beijing, the issue of human rights and the Falun Gong was specifically raised and discussed. I put my government’s position in relation to the Falun Gong—that with respect to their activities in the Australian Capital Territory, within Canberra, and in the context of our law and the democracy which applies here, I would respect and defend the right of Falun Gong to lawfully protest and demonstrate.

The issue of human rights is something that I discussed in Beijing at the most senior level. I have discussed it with each of the last three Chinese ambassadors to Australia, in meetings in the ACT. So it is an issue that I have raised. But I would not expect, in a discussion involving either me or officials on trade and business opportunities, that human rights would be raised, and they are not. But there is a history, of course, of some significant disputation between ACT governments and others in relation to trade and employment responsibilities, most particularly regarding instances of employment of Indians within Australia. So these are issues that ACT governments take seriously.

**THE CHAIR:** Your raising human rights or labour rights issues has not actually impacted on our trade relationships, though?

**Mr Stanhope:** I am sure it has not. The issue of human rights and the Falun Gong is a sensitive subject, and China is sensitive to any apparent interference in its internal governance arrangements and its internal affairs. To the extent that I have had raised with me issues around Chinese sensitivity to a permanent demonstration by the Falun Gong at the Chinese embassy, similarly, these are matters for the ACT government. The point I always make is that these issues are relevant to the operation of the law within the ACT. That is the position I put in regard to our respect for the democratic rights of all citizens et cetera. The representation is made, and in the context of the impact or influence of the representation, all one can do is to make the representation.

**MS MacDONALD:** Mr Cox, do you want to answer my previous question?

**Mr Cox:** I think the answer to your question goes to the nature of the companies that went and what they have subsequently achieved. The National ICT Centre of Excellence, which opened its new building yesterday in west Civic, was a major participant in that mission. It has formed some strategic research partnerships with ICT companies and organisations in India. A small company called Ruleburst, which has expertise in business rules technology, has targeted multinational groups in India—Tata Consultancy, HCL, Tech Mahindra and Infosys—regarding its particular technologies. The interest from the multinationals is to team up with small, innovative companies to take particular expertise and product through a new product development application system in the multinational. If you like, they take the product to the world. So Ruleburst is continuing to talk to TCS.

Perpetual Water, which is one of our leading companies in the ACT, was on the mission to explore manufacturing and licensing agreements in India to manufacture some of their systems. They also had a direct interest in supplying some of their technology and systems to large retail/light industry water users in India. Typically, that is the hotel type group or a laundry group.

The University of Canberra was on the mission to service its agency network. It had particular interest in using an ACT ministerial-led mission to increase its visibility in the market in India. Butterfly Media is a small production house in the ACT which is exploring opportunities with Gemini Films and a couple of other larger Bollywood-style production houses in India to do some short song sequences in Bollywood films here. Those conversations are progressing well.

Diverse Concept is a sports health systems company. I believe it has signed an MOU with a small to medium company in India. Capital Hill Consulting is a leading ICT company that works around consulting in what is known as the IPv6 domain, which is a new network technology. Australia and India operate on a platform known as Ipv5 or 4. They are attempting to sell consulting services back to India, based around that expertise.

The Centre for Customs and Excise is a training and consulting company based around the University of Canberra, which is also attempting to sell trade clearance mechanisms, support and consulting back to India, which has some huge issues around trade rules. We have also had HCL Technologies set up an office in the ACT post that mission, and we are continuing to have conversations with a couple of other largish ICT companies about something similar. So that gives you a sense of what has arisen out of the mission.

**Mr Stanhope:** In addition to that, there are issues around the export of education services. There are huge markets for Australia, particularly for Canberra, in both China and India. I understand that Australia has overtaken, or is set to overtake, the United Kingdom as the second most popular destination for Indian students, following the United States. I forget the precise number of Indian students in the whole of Australia—about 60,000—but it is a significant number. Australia is now the second most popular destination for Indians seeking to study overseas. These are enormous markets with enormous economic implications. Indeed, the University of Canberra

visit India quite regularly.

We have over this last year focused on India and China. We have had a longstanding relationship with China. It is something of a difficult market. There are issues around the nature of law and culture, and language issues are still quite significant. It is the fastest growing economy in the world and many predict that it will be the largest economy in the world within the next 20 years, with India the second fastest growing economy in the world. These are two economies essentially within this part of the world, so that is something different for us and potentially presents enormous opportunity, accepting, however, that the United States is still the major export market for the Australian Capital Territory and we cannot afford to ignore or neglect that. Next year our major focus in terms of trade delegations will be the United States and Canada.

But, having made the contacts that we have now made in China and India, I believe it is important that we maintain them. Indeed, business is doing some additional work. We are a very small jurisdiction and we have some disabilities as a result of our size—disabilities in the context of the resources that we can apply to trade or to export. It is an issue; it is a conundrum for us. It is a classic chicken and egg: if you do not expend to seek to broaden your export market, your export market will not broaden, but one needs to find the resources up front to enable that to happen. Mr Cox and his officers are exploring with increasing rigour the sorts of markets that a small jurisdiction such as ours with our industry mix might better focus on.

There are other rapidly growing economies within Asia, for instance, such as Vietnam. I have just had a private holiday in Vietnam and the pace of economic development in Vietnam over the last 10 years is similarly stunning. I believe, because of time frames, synergies and some connections, the ACT should also be looking towards Vietnam. It is a good example of an emerging economy that the ACT and Australia should pay more attention to.

**MS MacDONALD:** I just make the comment that, having done the trip to India earlier this year and also to the US earlier this year, I believe the ACT punches well above its weight.

**Mr Stanhope:** We do; we have some tremendous advantages. But, for instance, most state governments now maintain permanent offices overseas. We have entered into some arrangements that fit our circumstances; we have cut our cloth as we can. But I have always been aware from all my private and other visits to England that, as you walk down whatever street it is in London, you can walk past the London office of every state in the federation; the Northern Territory I think even had one there. The only absence, for instance in London, until recently has been the Australian Capital Territory. These things are relevant.

**THE CHAIR:** I am anxious to move on to the arts and cultural facilities. I am aware that these are big areas that we usually fit in at the end of our hearings. Thank you very much, Mr Cox and Mr Dawes.

I suggest we now deal with the Cultural Facilities Organisation and artsACT cognately, if that is okay, and I welcome the officers.

**Mr Stanhope:** That is fine. That would be efficient.

**THE CHAIR:** The newcomers to the room are aware of the privileges issues related to appearing before the committee. I will not read the card but will assume that you are reading that quietly to yourselves and that you agree to everything that is on it.

**MS MacDONALD:** If you do not understand, please let us know.

**THE CHAIR:** Yes, if you do not understand, let us know. I will open up with some questions about public art. I do not know if you are aware, minister and officials, that there is an email newsletter that artists subscribe to. I know about it because my daughter subscribes to it. There was a discussion about the competition that was held by the ACT for the sculptor of the gateway art piece and some comments were made there that I would like to put before you.

First of all, I would like to know why the government prefers to choose artwork by competition and, secondly, are you aware that competitions are felt by artists to be discriminatory because not all of them have the resources to prepare the pieces that they are then required to submit? Those entries require a large investment, and a number of artists would not have participated just because of that. Secondly, is there a thought of developing other ways of choosing artworks? This probably does not just apply to three-dimensional works; it might apply to other forms of art as well.

**MR STANHOPE:** Thank you, Dr Foskey. It is a vexed question and it is one that the government has given serious consideration to. On the one hand, I take the point that you make—that there are some artists that would have loved to have been considered for this particular commission but who felt that they did not have the resources to make an application or put in a preliminary design that would do them credit. I am aware of that criticism. Similarly, I have been approached by some leading Australian artists, whose works are displayed nationally and internationally as befits their status and their reputation, who would not enter the competition because they felt it would demean them.

So there is a range of positions that one can take: those that feel that they are discriminated against because they cannot afford to participate in a competition, those that will not participate in a competition because they do not believe it fitting, and those who did choose to participate. It is an issue of whether or not that is the best way to achieve the outcome that one wants.

In relation to this particular work, we felt it appropriate to advertise, to have a national competition. To go to your other points, though, we do in fact purchase, shall we say, off the shelf. In the arts field I do not know whether one purchases off the shelf, but we walk into shops, go to shows and to galleries and we purchase works. Indeed, in the last year, we have purchased around a million dollars worth of work. The first of the new purchases is reflected in the convention centre—a wonderful work. The second of the new purchases will be unveiled next Tuesday in Alinga Street, and there are another seven or eight that will be installed over the next three to four months.

We have also just recently considered whether or not we should be commissioning

works directly from acknowledged artists. We have not yet done that but I am keen to begin a process, although I am not quite sure how it would work. Accepting the difficulties that you outlined, and which I do not dismiss, I do believe that in a democratic and fair sense a public process is good. It is awful and difficult to look at art as a procurement process, but at one level it is, and in order to ensure the greatest degree of fairness we must also, for some of the works that we are commissioning, go through a process.

In many instances there is a difference between an expressions of interest process and a competition. The major work is essentially a competition, but the majority of the other work that we are seeking we are doing through expressions of interest, and then the public art advisory committee and artsACT go through a process to determine the eventual contractor. I am very aware of the issues, Dr Foskey. Mr Whitney might wish to add to that.

**Mr Whitney:** With the major public artwork the first process need not have been a costly exercise for the artists. The panel were looking for an idea, an expression of interest, from the artists, so some of those that came in, and in fact some that were short-listed, were simply expressions on paper. It was not the time to go to the full-blown business case or work with environmental landscape and roads people to make sure that the work would fit in that site. The first process was simply to get that expression of interest coming in.

**THE CHAIR:** And who are the members of the Public Art Panel? They are not listed in the report, and I think it would be good if they were.

**Mr Whitney:** The members of the Public Art Panel are Dr Paul Hetherington, chair; Dr Ian Templeman; Graham Humphries, an architect; and GW Bot, an artist. For the major public artwork, the Canberran of the year, Jack Waterford; Betty Churcher, ex-national gallery; and Sir William Deane, as patron of the centenary, formed that committee.

**THE CHAIR:** That exists solely for that purpose. But the Public Art Panel is an ongoing group that advises on the purchase of public art?

**Mr Whitney:** Yes.

**THE CHAIR:** To short-circuit this I was wondering if the committee could be provided with a breakdown of grants, perhaps broken into—I have the word ‘genre’ here but I do not think that is the right word—whether it is performing arts, music, sculpture—

**Mr Stanhope:** Over the last year?

**THE CHAIR:** Yes, I am just interested in a breakdown.

**Mr Stanhope:** We would be happy to take that on notice, Dr Foskey.

**THE CHAIR:** Another issue that has come up is ways that we can develop the performing arts. Perhaps, Ms Elvin, you can tell me whether the Canberra Centre

produces any locally written or locally produced drama and/or whether there is potential for a proposal, which that was put to me by a director of the Street Theatre, for the development of local theatre through a process—again it might be a competition—of asking people to develop scripts related to developing Canberra, promoting Canberra; theatre that is of a quality that could be taken outside Canberra but that is hothouse within Canberra through choosing a script that is then supported in the logistics through the production. I would think the centenary year is an ideal time to target that, but it could be an annual or a biennial thing. I am aware that we lack a permanent theatre company here, and maybe it is not feasible, but maybe this is a way of developing a permanent theatre presence.

**Mr Whitney:** The first part of your question was about priority for performing arts. The Cultural Council, who provide advice through artsACT to the minister, have in the last year looked at the Indigenous area, community arts and dance. They have a statement about each of those. Looking at their work plan for next year, performing arts and literature are areas that need development in the territory. So I think we are already working in the direction you are asking about.

In terms of the ACT arts fund and support that is given for the creation of new work, that is a critical part of that fund. So companies such as the Street Theatre, the Jigsaw Theatre Company and the Canberra Youth Theatre in particular are there to produce new work. There are probably two examples that will support your question. A production hosted by the Street Theatre this year and directed by Carol Woodrow, called *I in 100*, has attracted national producers to come and look at that work. I believe there are negotiations at the moment for that work to be remounted next year as part of a national tour. That is the intention; it has not been secured yet.

The Jigsaw Theatre Company have been invited to showcase one of their works at the Australian Performing Arts Market in Adelaide in March next year, which is an international performing arts market. So I think there are opportunities for work that is created in Canberra to have that showcase. Certainly, the opportunity for other work to come through that process is something we are supporting and trying to develop wherever we can.

**Mr Stanhope:** Dr Foskey, you mentioned the centenary. I am aware of interest in a level of government support, and perhaps competition, for Canberra-centric or focused scripts for plays. I am very supportive of that. Similarly, we have begun to explore, and at one level have trialled, through a small grant to the Canberra Chamber Music Festival and Nicole Canham, some funding to develop a cantata based on Canberra, which is coming together and sounds exciting. I was interested in the process, and in the suggestion that you have just made around the possibility of a competition or at least a public process. That is something I am interested in pursuing in next year's budget as part of a five-year commitment to have a centenary year Canberra-focused play. It would be something that would enhance the centenary year. We would not necessarily wish to restrict that just to a script for theatre; we could expand on this initial exploration of the commissioning of music, through an open process. What led me to this with some degree of subjectivity, as Mr Lasek tells me, is that Alberta, for its centenary, had a centenary song. I was interested that it was a country and western song, as befits Alberta, perhaps, but I think country and western is universal.

**THE CHAIR:** Do you, now!

**Mr Stanhope:** I would very much like us to begin the process of having a centenary song, but we should also have a centenary play and a centenary symphony, all based on Canberra, by Canberrans about Canberra. In the context of the development of next year's budget, I will be looking at submissions about a long-term process for seeking to develop some Canberra-specific commissioned and produced scripts and music and, indeed, a centenary song—country and western or anything.

**MS MacDONALD:** I have to correct the Chief Minister. It is not country and western anymore; it is just country music.

**Mr Stanhope:** Is it? Not where I come from!

**THE CHAIR:** Ms Elvin, does the Canberra Theatre Centre provide venues for Canberra theatre companies? Could you explain how you see your role there?

**Ms Elvin:** We certainly host a number of Canberra-based companies. For example, Free Rain have made their home in the Courtyard Studio. They now present a season of plays. Next year, they are extending that into a children's season as well as an adult season. They have very much made that their home base, and we support them in that endeavour. Over the years, we have also had a number of other Canberra-based performing arts companies present in our venues. For example, the Choreographic Centre has presented in the Playhouse. We have had the Canberra Symphony Orchestra in the theatre this year because of the storm damage to the Llewellyn Hall. There are a range of other companies—dance schools and so forth.

**MS MacDONALD:** I have been to a couple of performances by the Canberra Symphony Orchestra in the Canberra Theatre this year. Has that placed pressure on the Canberra Theatre—having the Canberra Symphony Orchestra needing to use the Canberra Theatre?

**Ms Elvin:** Pressure in the sense of?

**MS MacDONALD:** Competing with other performances.

**Ms Elvin:** It can be a little tricky in terms of scheduling. Typically, the CSO wants two nights each week. While we are very happy to accommodate them, obviously we do not want to push out potential one-week venue hire. We have been able this year to accommodate them and to provide dates that are suitable for them. I am reminded by Mr Whitney that another really good initiative that we have done with the CSO is the Symphony for Kids initiative, which is introducing young children to the orchestra and hoping that they will then become interested in live performance and maybe consider taking up an instrument themselves. That has been another very powerful way that we have worked with the local performing arts community.

**THE CHAIR:** Are the Chief Minister and officers of the department aware of a reported shortage of tuition in the full range of orchestral instruments at the School of Music and the flow-on impacts of that on the orchestra? Are the Chief Minister and

officers aware of models where the duties of a lecturer in an instrument incorporate performance in the orchestra, thus amortising costs across the two operations? Has artsACT investigated taking such an approach in order to ensure both a top-quality orchestra and tuition in the full range of orchestral instruments? This is having an impact on the quality of teaching at the School of Music as well as a flow-on impact. I go to those concerts; I love the Canberra Symphony Orchestra concerts. It is always absolutely full. I am sure that not everyone attends for nothing, which is one of the wonderful advantages of being an MLA. Is there anything afoot to deal with the issue?

**Mr Stanhope:** This is a very live issue—something we are deeply concerned about and which we have been working specifically with the ANU and the orchestra to seek to address. Mr Whitney might be able to give more detail. It is an issue of serious concern to the government. At one level it is an issue about university funding and the nature of support which universities receive for some study. It is a very unfortunate formula under which universities are forced to operate. An area such as the teaching of music requires enormous cross-subsidisation of the arts by other departments of the university. It is another instance of the arts essentially coming last, in formulas that have been developed. At the heart of the problem is the university commonwealth funding formula. It should be accepted, of course, that we do provide direct grants in the order of \$1.6 million to the School of Music—in other words, to the university, as part of our commitment to teaching and music.

**Mr Whitney:** The Canberra Symphony Orchestra is the key arts organisation of the ACT, through the arts funding. The recent transfer of the artistic director position to Nicholas Milton has really lifted the quality of the playing and the audiences have followed from there. The orchestra has been in a rebuilding phase over the last five years and it is now a very successful local orchestra.

As the Chief Minister indicated, the challenge for the players is that the university has chosen not to extend the level of funding in the teaching area of the School of Music. However, we are working with them on this \$1.6 million community outreach program in looking at other ways that they can support the teaching of particular instruments so that the CSO is able to maintain the full extent of the orchestra. At the moment it does bring players in from interstate to lift the size of the orchestra. However, most of the players are from the ACT. We have some very competent and professional-standard musicians who are playing as part of that. With respect to the \$1.6 million community outreach program, a working party will be meeting in the new year to discuss how we can rework that arrangement and hopefully get some additional support from the university to ensure that the School of Music and, indeed, the School of Art, continue to provide those services to the people of Canberra.

**MS MacDONALD:** Page 62 of the Cultural Facilities Corporation report refers to capital works upgrades—the Civic library and the linked capital works project. I want to ask specifically about the Canberra Theatre Centre access improvements project which was undertaken in 2006-07. How has that gone? I know there were a number of improvements in accessibility. Also, how was it impacted by the hailstorm?

**Ms Elvin:** The project is now complete. It was not impacted by the hailstorm because the works took place after the storm damage. So, fortunately, it was not involved in



that. It has been a very successful project which has a number of components, including a replacement of the rather unsatisfactory lift in the Playhouse, a new lift allowing access to the administration area of the Canberra Theatre Centre and also the backstage area of the Canberra Theatre and the Courtyard Studio, a range of modifications to doorways and staircases, additional disabled toilets that service the Courtyard Studio, and various other modifications associated with that.

It has been a terrific way of improving access to the centre, primarily for people with disabilities, but there have been a range of side benefits in that those accessibility initiatives also help older patrons. Our demographic tends to be older patrons, or even patrons who are bringing young children to the theatre, and we are doing a lot of programming for children now, so we need to assist people with strollers and so forth to access the theatre.

The other side benefit has been that in doing these access works we have created a new foyer space for the Courtyard Studio. If you have been there recently, you will have seen it is great for companies like Free Rain to now have a foyer and have somewhere that patrons can mingle before the show, enjoy a drink during interval and really have a facility that was not there before, as well as being able to access the toilets without having to work their way through the performance space of the Courtyard Studio, which was never a great outcome. So I think it has been a very successful project and it was very much initiated when Mr Whitney was the director of the Canberra Theatre Centre. I think we can thank him for a lot of the work that went into planning and designing this project.

**THE CHAIR:** We have to draw to a close. Thank you very much for attending. There will be a number of supplementary questions coming your way. This has been the final hearing of the public accounts committee for this year.

**The committee adjourned at 12.31 pm.**