



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: [Annual and financial reports 2011-2012](#))

Members:

MR Z SESELJA (Chair)
MS M PORTER (Deputy Chair)
MR B SMYTH
DR C BOURKE

TRANSCRIPT OF EVIDENCE

CANBERRA

FRIDAY, 10 MAY 2013

Secretary to the committee:
Dr A Cullen (Ph: 620 50142)

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

APPEARANCES

ACT Ombudsman's office.....	210
Chief Minister and Treasury Directorate.....	210
Territory and Municipal Services Directorate.....	210

Privilege statement

The Committee has authorised the recording, broadcasting and re-broadcasting of these proceedings.

All witnesses making submissions or giving evidence to committees of the Legislative Assembly for the ACT are protected by parliamentary privilege.

“Parliamentary privilege” means the special rights and immunities which belong to the Assembly, its committees and its members. These rights and immunities enable committees to operate effectively, and enable those involved in committee processes to do so without obstruction, or fear of prosecution.

Witnesses must tell the truth: giving false or misleading evidence will be treated as a serious matter, and may be considered a contempt of the Assembly.

While the Committee prefers to hear all evidence in public, it may take evidence in-camera if requested. Confidential evidence will be recorded and kept securely. 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; but any decision to publish or present in-camera evidence will not be taken without consulting with the person who gave the evidence.

Amended 9 August 2011

The committee met at 11.02 am.

Appearances:

Gallagher, Ms Katy, Chief Minister, Minister for Regional Development, Minister for Health and Minister for Higher Education

Chief Minister and Treasury Directorate

Cappie-Wood, Mr Andrew, Director-General

Kefford, Mr Andrew, Commissioner for Public Administration and Deputy Director-General, Workforce Capability and Governance Division

Lasek, Mr Jeremy, Executive Director, Culture and Communications Division

Archer, Ms Robyn AO, Creative Director, Centenary of Canberra Project Team

Ogden, Mr Paul, Director, Strategic Finance, Policy and Cabinet Division

ACT Ombudsman's office

Walsh, Mr Rodney Lee, Senior Assistant Ombudsman

Hardy, Mr Michael, Investigation Officer

Territory and Municipal Services Directorate

Kefford, Mr Andrew, Acting Director-General

Steward, Ms Fay, Executive Director, Parks and City Services Division

Brown, Mr Jason, General Manager, National Arboretum Canberra

THE CHAIR: Good morning and welcome. I now declare open the public hearing of the Standing Committee on Public Accounts inquiring into the 2011-12 annual reports. On behalf of the committee I would like to thank the Chief Minister and accompanying agency and directorate officials for attending today. The proceedings this morning and this afternoon will commence with an examination of the ACT Ombudsman's 2011-12 annual report, followed by the 2011-12 annual report of the Commissioner for Public Administration. We will then move to the annexed report of the ACT executive, followed by the 2011-12 annual report of the Chief Minister and Cabinet Directorate relating to matters that fall within the Chief Minister's portfolio. Finally, the hearing will conclude with an examination of the 2011-12 annual report of the TAMS Directorate that is relevant to the arboretum. Today's hearing will conclude at approximately 2 pm.

Can I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the blue-coloured privilege statement before you on the table. Could you confirm for the record that you understand the privilege implications of the statement?

Mr Walsh: Yes, I do, thank you, chair.

Ms Gallagher: Yes, chair.

THE CHAIR: Thank you. I also remind witnesses that the proceedings are being recorded by Hansard for transcription purposes and are being webstreamed and broadcast live.

Before we proceed to questions from the committee, Chief Minister or Mr Walsh, would you like to make an opening statement?

MS GALLAGHER: Thank you, chair. I am happy for this section to just refer to Mr Walsh for any opening comments.

Mr Walsh: I am also happy, thank you, chair.

THE CHAIR: On page 3 of the annual report it states that the increase in complaints was mainly driven by an increase in complaints about ACT government agencies. Are you able to give a little more detail on that, and were any particular agencies of concern?

Mr Walsh: There are two agencies that potentially always will have significant numbers of complaints relative to others—ACT Housing and Corrective Services. Many times that will come down to the fact that they do have interaction with the public in a way that can lead occasionally to complaints coming to our office.

THE CHAIR: So those are the two that are still getting most of the increase?

Mr Walsh: Traditionally, yes.

THE CHAIR: And that is the case in this financial year as well?

Mr Walsh: Always in those proportions, yes. The absolute numbers may rise or fall but their proportion tends to be that they will be the two leading agencies.

THE CHAIR: I think it does say, though, that the complaints against Corrective Services have actually decreased.

Mr Walsh: Yes.

THE CHAIR: Is there a reason for that, given particularly what you have just said?

Mr Walsh: In one sense the absolute complaint numbers are hard for us to give you more strong evidence on, in the sense that the rise or fall of numbers is sometimes a function of awareness about the Ombudsman's office, but also it can mean in other cases that the agencies themselves are very proactive in raising awareness about it. It can be because of efforts by the agency to improve complaint handling so that things do not come to us. It can also be because of the fact that people may not know to come to us. Those things are hard to work out from the numbers that are coming.

DR BOURKE: In actual fact that was a 57 per cent drop in complaints, wasn't it, for Corrective Services?

Mr Walsh: Yes.

MR SMYTH: Just on Corrective Services, you had 73 complaints. Forty-seven were not investigated. Why would they not have been investigated?

Mr Walsh: There is a range of reasons why we might not investigate. The approach of the office is to return, as far as possible, complaints back to the agency to attempt to exhaust using their complaint-handling processes internally. In respect of individual complaints, I probably would not be able to comment due to privacy reasons. In fact the Ombudsman does investigate in private.

DR BOURKE: What other complaint-handling mechanisms are available for clients of Corrective Services?

Mr Walsh: That might be one better put to Corrective Services rather than me. How they deal with complaints internally is a matter more for them. They will adjust those depending on the types of matters they are receiving and the best way they believe they are able to handle those complaints.

MR SMYTH: Let us stick with Corrective Services. Table 10 on page 21 says that although you had 73 complaints, in the finalisation there were 81 complaints. Is that a carryover from the previous year?

Mr Walsh: Yes.

MR SMYTH: With the 34 investigated, can we have a breakdown of how they were resolved in favour of the complainant or whether they were rejected?

Mr Walsh: We could perhaps take that one on notice and provide that information, if that is possible.

MR SMYTH: Okay. And the same with Housing, on page 28. There you had 151 complaints but only 137 were finalised. Does that mean there are still 14 outstanding?

Mr Walsh: You will have matters that carry over, yes.

MR SMYTH: Again, why were 96—which is 60 per cent of the complaints—not investigated?

Mr Walsh: You can find a range of reasons for that. Potentially the individual has not approached the agency and attempted to use their complaint-handling processes. It might be that the agency is better placed to provide a remedy or there might be an alternative remedy available. There are also a number that will come to us where the individual is not necessarily specifying what their concern is; they are simply seeking information about where to raise a matter.

MR SMYTH: Again, in the “investigated” column, the 41 that have been finalised, can we have a breakdown of which were found in favour of the complainant and which were not?

Mr Walsh: I will take that on notice, Mr Smyth.

THE CHAIR: On page 9 it says:

During 2011-12, the Ombudsman formally concluded that an agency’s

administration was deficient in four matters. Two of these matters were covered in the Ombudsman's section 18 report ... The remaining matters concerned delays in providing a service for which the customer had already paid, and lost property.

Are you able to give us a little more detail as to which agency was involved and what the issues were where the administration was deficient?

Mr Walsh: The Ombudsman's office has not traditionally reported on the individual agencies involved in the ADs nor the specifics of those matters. It has traditionally been the case that unless it is a public report, those matters are not brought to further light in a public sense. It allows the agency to deal with the particular matter in its own way, in consultation with our office.

THE CHAIR: Is there a reason, though, why we cannot know what the agency is? Surely, in terms of keeping them accountable, it is not a bad thing for this committee to know who they are?

Mr Walsh: Mr Chair, can I take that on notice?

THE CHAIR: As to whether you will reveal who the agency is?

Mr Walsh: As to what information we can provide, yes.

THE CHAIR: Thank you. Ms Porter?

MS PORTER: Good morning, minister, good morning, Mr Walsh. I want to draw your attention to page 7 of your report. Under the heading "Highlights", the last paragraph describes a community forum held in June 2012 to discuss complaints and service delivery. Can you advise us who attended the forum and were you able to use the feedback to improve processes?

Mr Walsh: I am sorry, could you refer me again to the page you are talking about?

MS PORTER: Page 7—no, page 6. I do apologise.

THE CHAIR: That is confusing. It has a "7" on the bottom and a "6" in the corner.

MS PORTER: I am not good with numbers anyway. It is very bad for a politician to be bad with numbers. It is on page 6.

Mr Walsh: Thank you. Are you able to repeat the question?

MS PORTER: Yes, I can. A forum that was held, a community forum—I was wondering if you could advise us who attended the forum and whether your office was able to use the feedback at this forum to improve processes. If that is the case, could you give us some examples of change that may have been implemented post the forum, if any, and whether you are planning any other forums like that.

Mr Walsh: Certainly. Who actually attended that forum is something I will need to

get back to you on. I do not have that information with me.

MS PORTER: That is fine, take that on notice.

Mr Walsh: They are opportunities to discuss what the office does and also to hear from individuals in the community about what they think our service should be and what agencies are doing. We always take account of that. Obviously, it is not possible to change our processes to match and meet, but, as far as we can, understanding what people's concerns are is very important feedback.

DR BOURKE: Mr Walsh, on page 10, under "Liaison and training", the report states:

Ombudsman staff delivered information sessions as part of the induction process for ACT Corrective Services staff.

What was the nature of those information sessions?

Mr Hardy: Whenever there are new recruits, trainee corrections officers, we are invited to attend their training program to give a presentation. The focus of our presentation is on the role of the Ombudsman's office, what our statutory authority is in terms of investigating complaints, how we go about investigating complaints and what the purpose is in investigating complaints. We try to dispel misunderstandings about our role and clarify the role.

MR SMYTH: On page 14, in the section on Territory and Municipal Services, again, there were 57 complaints received; 46 were not investigated. What is the reason for that?

Mr Walsh: I would refer you to the answer I gave before—that is, there are matters that are simply not suitable for our office to deal with. The individual may not have raised it with the agency or we might not be able to provide a suitable remedy given what they might be seeking from us.

THE CHAIR: Is it possible, either in an answer to a question on notice or perhaps in future annual reports, to give us in broad terms some sort of explanation, even in a simple way, as to why some of these were not investigated, even in categories? Or is that somewhere else in the annual report that Mr Hardy is pointing us to?

Mr Hardy: Yes. Perhaps I can refer the committee to appendix 1, page 52 and subsequent pages. We receive approaches from the community. Not all approaches we receive are really complaints that warrant investigation under our act; there are different ways in which the matter can be handled. We have a five levels of categorising approaches. Categories 1 and 2 approaches are matters that can be resolved satisfactorily without actually using any formal investigation powers. The numbers that reflect the number of approaches received compared to the number of investigations undertaken are reflective of the nature of the approach we received and that it was categorised as a category 1 or category 2 approach.

MR SMYTH: Just with TAMS, at page 14, the last paragraph, you talk about considerably more work could be done in this area in the way that TAMS explains

things. Can you expand on that?

Mr Hardy: One of the issues that we have identified from the complaints we have received is that, having done investigations, a common thread we find in the matters that are uncovered is that the agency appears to have operated correctly and has performed its function as it should under the process and procedure, but it has not necessarily been explained in a way that the complainant understands or is satisfied with. Often the resolution of the complaint is a better explanation, coming from either the agency or the Ombudsman's office, as to what happened in the circumstances, why it happened and why, in our view, it was the appropriate and correct procedure.

MR SMYTH: This is perhaps a question for the Chief Minister: Chief Minister, what will you do to ensure that TAMS explains things more clearly to people if such a large percentage of the complaints could be categorised as miscommunication or poor communication?

Ms Gallagher: We are also looking at the way we handle customer feedback and complaints right across government. The work is being led around—and this actually came from advice from the previous Ombudsman, Allan Asher—different processes and procedures depending on particular agencies for processing feedback and complaints. We have done quite a lot of work on standardising that. I think it is fair to say that all agencies are focused on improving information they can provide to the community.

DR BOURKE: With regard to investigations, you give a case study on page 15 regarding basic vet checks for impounded dogs. Could you just talk us through your triage process for deciding whether to take a complaint on and why this particular case was something that you did take on?

Mr Hardy: I think in this particular case the complainant was distressed by the circumstances and had received a response from Domestic Animal Services as to what was appropriate or what Domestic Animal Services believed their obligations were in terms of the care of the animal, particularly the care of the animal after the complainant had purchased the animal from the pound.

The complainant was distressed and felt it was unfair that Domestic Animal Services and the territory government more generally were not prepared to foot a bill for surgery for the animal. We felt that there were possible matters in terms of what we needed to satisfy ourselves about as to what the real obligations of Domestic Animal Services would be in a case like this.

Because it was a new matter, a different matter and a matter that we did not have any prior knowledge, background or expertise with, we felt it was something that warranted investigation to find out whether there was an administrative fault in the way in which Domestic Animal Services handled the matter. On our investigation, we were then able to determine that the matter had been handled correctly and lawfully—but, again, it was possibly an example of where better information to the public could have assisted this complainant in the circumstances.

DR BOURKE: Perhaps you can tell us about the scale and resources applied to that

investigation, just to give us an idea of how these investigations proceed.

Mr Hardy: Once we have decided that a matter is escalated to a category 3, at that point an investigation officer or a senior investigation officer will formally issue notice under our Ombudsman Act that an investigation will continue. The notice goes to the relevant agency. In that case it is a matter of requesting information from the agency, information pertinent to the specific circumstances of the complaint. But it can also be more general information, policy and procedural information, that the agency and its officers would all be relying on. The investigation officer will then look at the circumstances.

We try to work out, according to the agency's policies and processes, what should have occurred in the circumstances and then we look at the specific facts as best we can tell both from the agency's records and from the complainant's story to us. The investigation officer will then try to find out what really did happen in the circumstances. We then try and make an assessment as to whether the complainant's experience was a lawful and correct one but also whether it was a fair and reasonable experience. Was the agency providing a lawful, fair and reasonable outcome? That is the focus of our investigation.

DR BOURKE: How long would that take?

Mr Hardy: In terms of this investigation, the investigation officer would have spent less than an hour drafting the notice and then, once all the information was received, some hours to review that information, consider the merit of the information and consider whether or not the information was complete. It would be some hours work for a full-time investigation officer.

THE CHAIR: We will have to leave it there; we have gone a little bit over time. Thank you Mr Walsh and Mr Hardy.

We will now move on to the Commissioner for Public Administration. Welcome Mr Kefford and Mr Cappie-Wood. Could I just get both of you to confirm that you understand the privileges implications of the statement before you?

Mr Kefford: Yes.

Mr Cappie-Wood: I do.

THE CHAIR: Are there any opening statements in relation to the Commissioner for Public Administration?

Ms Gallagher: I will leave that for the commissioner.

Mr Kefford: Chair, just for clarity for the committee, notwithstanding my current appointment to acting director-general at TAMS, given the timing of my taking that up and the acting commissioner being appointed on Monday, I thought it would assist the committee if I appeared personally in my substantive capacity.

THE CHAIR: Thank you very much, Mr Kefford. So no opening statement then?

Ms Gallagher: That was the opening statement.

THE CHAIR: Okay, great. I will take that—a nice short one. Could we have an update on the investigations into the alleged misconduct and failings at CIT?

Mr Kefford: Certainly. The committee would be aware that the terms of reference for that inquiry were published in the state of the service report last year so I would not propose to go over that in general terms. I am obviously happy to take questions. The committee would be aware that at the time the Work Safety Commissioner concluded his review of concerns about work health and safety at CIT a number of complaints had been made to me. Following Mr McCabe's report, a number of other current and former CIT staff came forward expressing their concerns.

As a result of that, the Chief Minister and the Minister for Education and Training at the time invited me to continue my investigations into conduct over a period of time at CIT. The mechanism by which we did that was formalised in the terms of reference that I settled with Mr Marron and that were published in the document. In part, the structure that was put in place reflects the fact that under our industrial agreements, including CIT's, to the extent that there need to be decisions made about individuals, the commissioner has no capacity to make those decisions. Decisions going to sanctions for misconduct, where that is proven, rest with the chief executive of the agency concerned.

However, given the nature of the concerns and the time frame over which they had been expressed, there was a sense that bringing the independence of my office to that investigation process would assist in the story being told. Since that process commenced, we have engaged a team of investigators to support me in that process because clearly there are now 61 individuals who have come forward. That is not to say that I have received 61 complaints, but 61 individuals have expressed concern about their experience. That was not something that could be properly done without establishing a special team to proceed.

Through the course of the second half of last year I engaged those investigators. The team at its largest was seven; it is now two, given the flow of work. They went through a very normal process of gathering formal statements from those who had made complaints and drawing an analysis across all of those complaints. I provided my report of those initial investigations to the chief executive, Mr Marron, just before Christmas.

There are also a small number of matters which relate to individuals who, while no longer at CIT, remain employed in the public service. In that context, I have provided a report of an equivalent content and nature to the Head of Service for his consideration.

THE CHAIR: When was that provided to the Head of Service?

Mr Kefford: I provided that on, I think, 14 December. It was certainly that week in the middle of December when I provided that to CIT.

THE CHAIR: And to the Head of Service as well?

Mr Kefford: To be clear, chair, the majority of the report related to CIT. That was provided at that time. There had been, I think, two subsequent tranches that I provided to the Head of Service relating to, as I say, current officials who were no longer at CIT.

THE CHAIR: Where is this report now, Mr Cappie-Wood?

Mr Cappie-Wood: The report is awaiting a response from CIT. That is somewhat overdue. We have had a number of follow-up actions as a result of the report being provided to them.

THE CHAIR: Will the report be published once the process is finalised?

Mr Cappie-Wood: I think that is a matter that we will have to take some advice on in terms of the personal details associated with that.

Mr Kefford: Chair, the document about which we are speaking now is not of a nature that can be published because it would feed into individual misconduct considerations. Having said that, it is my intention—and I have begun work with my investigators while we have been waiting for CIT to respond—to provide public reporting of the investigation process and my conclusions. I have already commenced framing recommendations to CIT, the Head of Service and, indeed, the government that will allow the whole of the service to draw on the lessons that have emerged from this process. Certainly, there will be public reporting of the process. Clearly, in that I need to be appropriately respectful of the privacy of individuals, both those who have made complaints and those complained about.

I would characterise the report that has been provided as the collation of the information from the investigation process rather than the outcomes. I have given undertakings and have had confidential briefings with the opposition's education spokesman on a number of occasions and indicated in that context that I will be very clear in my telling of the story because I think it is important that we tell the story so that we can learn from it.

THE CHAIR: Just briefly, before I move to other questions, based on your investigations, how long has the inappropriate conduct been going on at CIT?

Mr Kefford: I might answer that question this way, Mr Seselja: the oldest complaint I have goes back to the late 1990s, but the majority of them are from the period around the end of 2008 up until the present. Again, just for clarity, what has emerged in a small number of cases while this process has been underway is that new issues have come forward. Again, reflecting the proper responsibilities of the institution and the chief executive, it has been my practice to refer those first instance matters back to CIT for progress in light of the policy document which was worked up in response to Mr McCabe's report in terms of how CIT are going about managing workplace issues, including around bullying and harassment.

THE CHAIR: In terms of any disciplinary proceedings, do they have to wait until the

completion of this report process or do they take place separately if, indeed, they take place at all?

Mr Kefford: It almost runs in two or three streams, chair. As to the report that I have just described, the public report, I do not need all of the misconduct matters to be concluded to provide that because the specific details of individual matters would not appear in that report in any event. The individual conduct matters that are pursued will follow their normal course in accordance with the industrial agreements.

One of the other issues about which I have been transparent with complainants right from the outset is that we are going to be unable to take discipline action against a number of complainants if only because they do not work us for anymore. This is why, as I say, it is important that when I provide my report, in the context of the annual report for this year, we are able to tell that story and respect the individuals who have been involved, notwithstanding that it may not be possible to pursue, even to an investigation stage, complaints that have been made about individuals who no longer work for us.

THE CHAIR: Finally, you said that you had up to seven people working on this investigation at one point. What is the total cost of this investigation to the government to date?

Mr Kefford: It is of the order of \$500,000. I can provide the actual number on notice. The arrangement that we agreed—the Chief Minister accepted my recommendation—as we were setting up the process was that, while the staff have been engaged directly by me to preserve the independence of the process, we are recovering costs from the CIT.

MS PORTER: On page 28 the report talks about the workplace and planning challenges. It says that some of the major challenges indicated by the agencies include difficulty recruiting people other than formal graduates with the required skills. What is being done to address this?

Mr Kefford: I think what you see in the report here is a collection of responses from agencies, so in terms of the specific areas it will be difficult for me to comment. I think the issue that we see reflects a number of factors that go to the attractiveness of the ACT public service as an employer. While there are a large number of factors that go to making it the good place to work that it is, there are certain industries and certain areas of the economy where there are skill shortages. I think that is simply reflecting the fact that the Canberra employment market—certainly once you break it into particular streams—is relatively tight. I suspect for some individuals, as for anyone making a decision about employment, questions around remuneration levels would be a consideration; of course it would.

I would say, though, that one of the areas that I have been working on with Mr Cappie-Wood through the course of this year has been taking a more integrated and strategic view of workforce planning right across the service—so reflecting the structures that are now in place, beginning to take a proper and perhaps more robustly informed view of where our skill shortages are and the way in which we as a service and as a whole might respond to that, be that through growing our own, taking a

particular focus on elements through our graduate program or more targeted recruitment initiatives of that sort.

MS PORTER: I note one of the areas of challenge is a loss of mature-aged employees. What is your thinking in terms of an overall approach to how mature-aged employees can be either kept in the workforce or encouraged to stay in the workforce or actually come back into the workforce?

Mr Kefford: If you look at the profile of our workforce, we look a lot like other workforces, other public sectors, around the country and indeed the population as a whole at the most general level. There are a number of specific initiatives that can be taken. One of the things that come through consistently in assessments of what makes the ACT public service an attractive employer is the extent to which we actually make flexibility work. By way of example, in our industrial agreements there are specific provisions around grandparental leave and entitlements and so on. There are elements that can be followed through by particular individuals with a view to assisting their particular circumstances.

Generally speaking, I think all of the other flexibilities that are open in the public service employment frameworks are obviously available to older workers. An element of that is simply recognising the experience and expertise that are available to us and being creative and flexible in ways in which we can seek to do that. Clearly, in particular occupational streams there are more focused and more targeted initiatives—for example, having arrangements for nurses to return to the workforce. It is a mix of the overall employment framework for the service as well as individual and specifically targeted initiatives in particular areas of either need or opportunity.

MS PORTER: Reflecting on the example you gave of mature-aged nurses, medicine has advances all the time, so obviously there would be quite a deal of retraining that might be necessary for those nurses to bring them up to speed to get them back into the workforce. That is one of the issues that you are looking at.

Mr Kefford: Yes; I think you are absolutely right. As we mature and develop the approach that we are taking under that more cohesive approach that I was referring to, clearly we cannot have all of these expectations and not support that with targeted and focused learning and development. Having identified a particular gap in our workforce or in our skills base, one of the initiatives where we clearly need to continue to invest is in training and retraining of people to ensure they are properly equipped to do their job.

DR BOURKE: I am interested in the geographic distribution of the ACT public service. Are you able to break down approximately how many ACT public servants work in each of the town centres, such as Belconnen, Gungahlin, Woden, Tuggeranong, the inner north, the inner south and the city? Can you provide those figures?

Mr Kefford: I think it could be done, Dr Bourke, but I do not have that information to hand. So we might take that on notice.

DR BOURKE: Thank you. On page 3, can you tell me more about the features of the

ACT public service graduate program?

Mr Kefford: Sorry, which page was that?

DR BOURKE: Page 3. Sorry, wrong page. Anyway, you have a graduate program; tell me about it.

Mr Kefford: We have a very successful graduate program. It is actually administered by the Chief Minister and Treasury Directorate. One of the things we have seen in our graduate program over time is an increasing number of graduates being taken by the directorates. The graduate program is offered in a range of professional streams across the service. For the first time this year we have a program for the whole of the service. One of the features is that we have a structure where graduates come in in a particular stream but they are then provided with the opportunity to rotate through different directorates, which allows us to both expose them to other areas of the government and to broaden their experience of work.

We have taken 782 applications in the last program that we ran. We are about to run the 2014 program. We interviewed 111 and took 36. That is an increase of 28 over the year before. In fact the number of graduates this year exceeded the government's commitment to continue to grow the graduate program. What we are seeing is that there is a clear focus in all of the directorates on this as a very significant recruitment point.

Within that program there is particular effort made to pursue the recruitment of Indigenous graduates as well as people with a disability. We are going to continue in this program to be even clearer in the identification of positions as part of the graduate program to assist not only in ensuring that the service reflects the community that we serve but also in recognising the commitments that have been given about diversity in the service.

MR SMYTH: Your act allows you as commissioner to initiate your own investigations. How many independent investigations did the commissioner launch in this financial year?

Mr Kefford: None as management reviews. I have had to date 38 individuals come and speak to me about a range of matters outside CIT. The majority of those this year have been about procedural fairness and often disciplinary processes rather than bullying and harassment per se.

MR SMYTH: What would lead you to conduct your own investigation? How serious would the issue have to be before you as commissioner would step in and start your own investigation?

Mr Kefford: It is very difficult to answer that question in the abstract, Mr Smyth. One of the matters that we have begun looking at in conjunction with the Health Directorate was that, following on from the discussions around the emergency department last year, I approached the director-general and said to Dr Brown that I had concerns about the public commentary about the environment in Health and I would like to talk to her about the structures that are in place, including through the

RED framework, for dealing with issues of conduct and behaviour.

MR SMYTH: What was the outcome of that discussion?

Mr Kefford: Those discussions continue. Health have made very significant steps to implement the RED framework on the ground. That is not to say that there are not continuing to be issues raised from the Health Directorate, as there are from a number of directorates. I think the issue is one of openness to those conversations, and my response from Dr Brown was entirely supportive of ensuring that we continue to have in place robust frameworks and arrangements that people trust and that, as a service, we share the good ideas and the good steps that are being made in various directorates to address these issues which will remain issues for us.

MR HANSON: It remains a little bit unclear to me whether you are going to be conducting an investigation into what occurred within the emergency department and the allegations of a culture of fear and so on.

Mr Kefford: Mr Hanson, I would answer that by saying there are two streams to this. One is that, if a particular complaint is brought to me, clearly, there may be scope for an investigation either by me or, indeed, by the directorate if it has not been dealt with there. Separate to that—and I think this is an area where I have sought to be actively engaging with all of the directors-general—is to ensure, as I say, that the systems and processes in place are as they should be and that they are appropriate. So I would not characterise that as an investigation per se, but it involves dealing with and speaking with directorates, directors-general and their staff, as I say, with a view to ensuring that all of our workplaces are the sort of places that we would want them to be.

MR HANSON: Given the sort of stuff that we saw reported through the Auditor-General, the complaints that have been made and the allegation of a culture of fear, with close relationships between executives and the minister, you do not think it is worth having an investigation?

Ms Gallagher: Excuse me, Mr Hanson, we are here to answer questions about the Commissioner for Public Administration's review and processes. You know as well as I do how the Health Directorate has been dealing with matters pertaining to the allegations in the emergency department. You have, I think, consistently tried to re-gitate those matters. I do not think that is acceptable. The emergency department matters have been well articulated. They have been investigated by the Auditor-General. The commissioner this morning is explaining ongoing and appropriate dialogue with the Health Directorate regarding issues around workplace culture, as is appropriate. In terms of what he is doing, he is doing his job. In terms of what Health are doing, Health are doing their job. But if you want to start attacking members of my family again and talk about close relationships in the emergency department, I do not think this forum is the appropriate one for it.

MR HANSON: Chief Minister, I make the point that the commissioner raised this issue specifically. I did not. The commissioner has talked about the ED and the problem with its culture.

Ms Gallagher: Yes, and you started talking about relationships with me, which is not

what the commissioner is talking about.

MR HANSON: That is just nonsense.

MR SMYTH: Perhaps we can take it on—

MR HANSON: If you are going to refuse the ability for me to question the commissioner about actions that he has raised and he is taking within the public service as a result of concerns that he has identified, I just take that as it is, I suppose.

Ms Gallagher: I have no problem with you raising concerns around any issues you might have in Health. I have concerns about you trying to imply that there were some concerns around relationships that I had in the ongoing work of the commissioner. The commissioner is talking about general issues of workplace culture within the Health Directorate, as I understood his comments.

MR HANSON: One of the issues was that you stepped aside from the investigations that were occurring because of either conflict of interest or perceived conflict of interest—

Ms Gallagher: As was appropriate.

MR HANSON: and I have raised that as one of those issues. I think it is appropriate for me to explore what action is being taken, because that was a matter that was of significant concern within the community. I think it is on the public record that you stepped aside because of a conflict of interest.

Ms Gallagher: Yes, as is appropriate.

MR HANSON: So that is just an element that I am raising.

Ms Gallagher: But that is not what the commissioner is talking about this morning.

MR HANSON: I am not sure what the commissioner's full point is, and that is why I was trying to ask him to extrapolate on exactly where his conversations are leading and whether that is going to result in an investigation or what action he is taking.

Ms Gallagher: Those matters have been investigated, Mr Hanson, by the Auditor-General.

MR SMYTH: No, it is not for you to answer for the commissioner.

MR HANSON: But the commissioner—

Ms Gallagher: And I remind you that she found that there were no concerns pertaining to the issues that you are wanting to continue to focus on.

MR HANSON: The commissioner specifically raised these issues in response to a question from Mr Smyth. I did not raise the issue. He specifically talked about the ED, and I was following on by way of a supplementary question. Your allegation is

unfounded. The commissioner has raised this, and I am asking for an explanation of exactly what action he is taking, as a clarification.

Ms Gallagher: And I am making it clear, Mr Hanson, that, as I understand it, the commissioner is not referring to matters about personal relationships with me.

MR SMYTH: You have not allowed the commissioner to answer.

Ms Gallagher: No, I am making that clear, because that is where Mr Hanson's grubby little politics want to head on this, as usual.

MR HANSON: Well—

MR SMYTH: No, it is not for you to answer for the commissioner.

Ms Gallagher: I have dealt with these matters, and we have dealt with these matters in committee.

THE CHAIR: Given that we are running out of time—

MR SMYTH: It is not for you to answer for the commissioner. It is a reasonable question.

THE CHAIR: Given that we are running out of time, Mr Hanson did have a question for the commissioner. So it is up to the commissioner as to whether he would like to answer that question.

Mr Kefford: Thank you, chair. Can I be very clear: I have not received any individual complaints about the emergency department. With respect to my comments before in terms of the issues you are raising in terms of conduct or, indeed, any of the other matters you have canvassed, I have, in response to a public discussion about culture in one of the public service's workplaces, instituted a conversation with the director-general that is very much in the systemic space.

As I indicated before, if an individual matter is raised with me then the decision-making process involves a consideration of, first of all, whether this is a matter of first instance, in which case the proper place for that to be pursued is not with me. In the event that the concerns being expressed are about a process that has been concluded then there is some scope for me to pursue an investigation of that matter. But there is nothing in the reference that I made before to my discussions with Dr Brown that go to individual matters. That was why my focus was on the implementation of the public service's RED framework. That has been and remains the continuation of those discussions, which are ongoing, as, indeed, they are with all of the directors-general. So if I left you with the impression that I was dealing with individual concerns then I apologise; that is not the case.

MR SMYTH: Could you take on notice the number of commissioner-initiated independent inquiries that have occurred by the commissioner for as far as you can go back?

Mr Kefford: Happy to.

MR SMYTH: Thank you.

THE CHAIR: We will now move on to the ACT executive. I welcome Mr Ogden and Mr Lasek. I would just ask you to acknowledge the privileges statement for the record and that you understand its contents. Thank you. Chief Minister, the staffing profile in the executive as at the end of this reporting period was 34.4. Can you bring us up to date as to where it stands currently?

Ms Gallagher: I am sure somebody can.

Mr Ogden: As at 30 June 2012, the figure on page 125 of 34.4 excludes the ministers themselves. That brings the staff up to 39.4. We are currently maintaining that level throughout the financial year for 2012-13 as well.

THE CHAIR: So that is at 39.4, including ministers.

Mr Ogden: Yes.

THE CHAIR: In terms of the Greens minister, I am interested in how that works in terms of his office. There are executive staff and there are, presumably, non-executive staff. Is there a split in the management of ACT executive? How is that office treated in terms of the allocation of funds?

Ms Gallagher: It is not covered by this reporting period, but I am sure we can assist you with information, if it is available. Matters for how Mr Rattenbury manages his office perhaps are difficult for public servants to answer. He has a ministerial allocation allocated to his office. He then had some money, as I understand it, transferred from the Legislative Assembly to assist him with his crossbench duties.

THE CHAIR: The executive allocation, how much is that for Mr Rattenbury's office?

Mr Ogden: The Office of the Legislative Assembly transferred \$160,000 in 2012-13.

THE CHAIR: Yes, but the executive component?

Mr Ogden: I am not sure.

Ms Gallagher: We can give you that breakdown.

THE CHAIR: Given it is money out of the executive for the most part, is there a split or are they all treated as executive staff, even though some of them are funded by the Legislative Assembly?

Ms Gallagher: The financial allocation has come to the ACT executive. Within that, as I understand it, he has staff that work on his ministerial portfolios and then there are staff that work on his crossbench portfolios.

THE CHAIR: Those that work on the crossbench portfolios, would they, for instance, get the same resources that are allocated to executive staff or do they get the resources that are allocated to non-executive staff?

Ms Gallagher: In terms of what?

THE CHAIR: It is difficult to say, because I do not know all of the resources, but I know there is a difference, for instance, even in telecommunications resources and the like in terms of the phones—whether they are allocated to staff; those sorts of things.

Ms Gallagher: We will probably have to work out whether there is any difference and what that is.

Mr Ogden: I will have to take that on notice.

THE CHAIR: Thank you.

MR SMYTH: Just a supplementary on that. Given you are the Chief Minister who made this arrangement, what process have you put in place to ensure that ministerial staff do ministerial work and Greens—let us call them electorate staff—only do Greens' electorate work?

Ms Gallagher: My office, indeed my chief of staff, meets regularly with the chief of staff of the Greens minister. There has been very clear advice provided to Minister Rattenbury around responsibilities as far as the executive budget goes. That is monitored constantly. I have not had any problems raised with me.

MR SMYTH: When you say it is monitored constantly, how is it monitored?

Ms Gallagher: In the sense that I have to approve any additional expenditure, if there is expenditure to be approved, I have not had any issues that I am concerned about at this point. But if there were, I would raise them directly with Minister Rattenbury.

MR HANSON: So if a staff member who is being paid through the executive entitlement was conducting non-executive functions, that would be a breach of an act or a breach of—

Ms Gallagher: Not necessarily. No, there is not a breach of an act. There has to be some flexibility within the office, but we have worked with the office around establishing, I think, an understanding of roles within the office. I think that is important. It is primarily around how they deal with directorates, for example, and that directorates know who they are dealing with within the office. This is a new arrangement, so we are working through those processes. This has been in place about six months now. It has not existed before; it is a new arrangement. I have been watching it closely to make sure, certainly from my point of view, that it is all appropriate and I have not had any concerns.

MR HANSON: You can guarantee then, essentially, no money that has been paid to people under designated executive staff has been spent on conducting any responsibilities which are Greens parliamentary in nature?

Ms Gallagher: This is difficult because it is a new arrangement. The money has been transferred from the Assembly budget. I guess I could say I seek assurances—we all seek assurances—about what goes in our office and we make sure that it is all appropriate. So far as I am concerned, I have not had any concerns raised with me by the directorates, the public service or my chief of staff about how those arrangements are operating.

THE CHAIR: To clarify then, in term of access to, say, cabinet documents, is there a separation? Do non-executive staff still have access to cabinet documents in Mr Rattenbury's office or is there some sort of Chinese wall set up where they cannot?

Ms Gallagher: Access to cabinet documents is restricted to chiefs of staff.

THE CHAIR: So it is only going to be one member of—

Ms Gallagher: That is who the cabinet documents are provided to, yes.

THE CHAIR: So other members of the office would not see cabinet documents?

Ms Gallagher: In terms of how my office works, if it is relevant to a particular adviser then they are able to talk about a cabinet submission that is coming or if they have worked on that cabinet submission in development to getting it on the agenda. But in terms of who has access to the cabinet iPads that are provided, they are issued to the minister in the office and the chief of staff within the office. Indeed, Minister Rattenbury's office—and my office arranged it—was provided with briefings on appropriate access to cabinet documents and all of the rules around that. That was provided very early on in the arrangement.

MS PORTER: Back to the area that the chair mentioned before about staff and the 34.4. On page 125 it talks about the gender breakdown. It is pleasing to see that there is that high percentage of females and males. I know it is a small workforce and we are not talking about a huge number of people. Just before we were discussing with one of the other witnesses diversity in the workplace and mature aged workers et cetera. There is no reference there to that. Can you give us an idea what you are doing to make sure that you have diversity and that you are maintaining, as much as possible, your mature-aged workers in your executive?

Ms Gallagher: In terms of how people choose their staff, this is largely left to individual ministers themselves. I approve staffing decisions. It is up to individual ministers about the particular skill sets that they are looking for. These are, at times, difficult jobs to fill. They are not, shall we say, career jobs for people. They are jobs that you would do for a certain period of time. I think we have had relatively good continuity of staff throughout the offices. They are relatively stable, but I think it is appropriate also that people come and go from these positions. We always look at abilities and capacities to do the job. If you look at the first floor and you look at the positions that are filled, they are filled by a variety of people with a different range of skill sets in different periods of their employment history.

MS PORTER: Yes. In my office I have made a particular decision to try and have diversity within a very small office. As I say, I understand that we are talking about small staff numbers. I was wondering whether, in the position that you are in, you can encourage them when they are looking for that skill set—given the circumstances that we all know exist about the short-term nature of the employment, are you encouraging them to look at the value of maintaining mature-aged workers in terms of the experience that they can bring, particularly life experience, to this place and through other means that we can to attract those workers, such as Indigenous cadetships, which I have been able to do?

Ms Gallagher: They are difficult jobs. I have looked at the possibility of even having work experience in the office. These kinds of arrangements are difficult to fulfil just in the nature of the work. In relation to mature-aged workers, I would support the comments. You get a range of qualifications and abilities from different stages of your career. My chief of staff, for example, came back from retirement to work with me. That was based on her extensive skills and abilities to perform the job that I needed done. I think there is the capacity for it. I do not pretend that these are not difficult jobs to staff. Individual ministers need to work closely with individuals. That will influence decisions as well.

MS PORTER: Thank you.

THE CHAIR: Mr Smyth.

DR BOURKE: Chair?

THE CHAIR: I am going to Mr Smyth. There is no rule that I automatically have to go to you after Ms Porter. I will go to Mr Smyth and then you. I do not think that is unfair to Mr Smyth. He often comes fourth. This time he can come third. Mr Smyth.

MR SMYTH: Thank you, Chair. Chief Minister, perhaps we might discuss the elephant in the room, or the whale in the sky.

Ms Gallagher: Under the executive?

MR SMYTH: Is that not covered in this?

Ms Gallagher: I thought we were under ACT executive and then we will move to Chief Minister's.

THE CHAIR: We will get on to the whale. I think we will handle that once we are done with the executive, Mr Smyth. Dr Bourke.

DR BOURKE: Thank you, chair. In volume 2, page 5, of the report, the financial statements refer to changes due to the valuation of the kimono asset. What is the kimono asset and why has it had an impact?

Ms Gallagher: Have you not seen the kimono asset?

Mr Cappie-Wood: There is the encased kimono, which is a gift from the city of

Nara, which is just on the third floor. That has not been previously valued in a way that could reflect its true value. This asset has now been valued by experts at \$46,000. This is now reflected in the assets associated with the executive.

DR BOURKE: Could you tell me a bit more about the valuation process and who valued it?

Mr Cappie-Wood: I understand that we did not fly in the kimono valuation expert for this one but there was expert advice sought.

Mr Ogden: There is an approved valuer. I should not name her but we do have an approved valuer, yes.

MR SMYTH: With expertise in kimonos?

Mr Ogden: Apparently, yes.

THE CHAIR: Very specific. Unless Mr Smyth or Mr Hanson have questions on the executive, we will move on. We are short of time.

MR SMYTH: Just on the size of the Assembly, what is the process from here with going forward, given that you tabled the report yesterday?

Ms Gallagher: I have written to Mr Hanson and Mr Rattenbury about seeking a meeting to determine the next steps, if there are to be any next steps. If there are not to be any next steps, the issue lies dead and dusted, done, until the next parliament deals with it.

MR SMYTH: What community consultation has been held and what do you intend to hold?

Ms Gallagher: I talked about this with the expert reference group. There are opportunities, obviously, and we have had some feedback over the report. I do not support the idea of a survey of the community. We can do one, if that is the wish of the Assembly. But I think it is pretty clear that, ultimately, this is a decision that needs to be made by MLAs in this place. I think it was confirmed by the Electoral Commissioner, whose view was that any type of referendum on this issue would almost certainly fail. If we survey—and perhaps that is another term for a referendum—you would have to be convinced that this was going to go somewhere.

I do not know that you are going to get broad community support to expand the size of the Assembly. I think more politicians is not something that is easily supported by a majority of the community. But that still does not mean that we should not look at the issue and deal with it, if we can. I have no doubt that if it is not dealt with in this parliament, it will be dealt with in the next one.

THE CHAIR: But isn't that fundamental? This is about the size of our Assembly. Shouldn't the community specifically be consulted? Why would you be against a survey of the community? You might be surprised; you might not. But in the end, the community said no to self-government, and we got it. If we are going to expand the

Assembly, shouldn't the community at least have some sort of a say and be consulted?

Ms Gallagher: I think they have. There has been a committee process, there have been 11 reviews—

THE CHAIR: But most people do not engage with the committee process in terms of the broad masses.

Ms Gallagher: You call for community submissions. The expert reference group called for submissions. They did a couple of forums, from what I understand.

THE CHAIR: Your argument seems to be, "Don't survey them because you know they'll come back and say no."

Ms Gallagher: Fundamentally, this will be determined by Mr Hanson and your party room and the Labor Party and our party room. If it is not going to go anywhere—and I think the speech given by Mr Hanson yesterday in the Assembly indicated it is very unlikely; the whispers around the town are that Liberal MLAs are saying it is going nowhere—then let us just leave it. I have enough work to do without going around generating work on an issue that is not going to go anywhere. When I spoke to you, Mr Seselja, as leader, when you were leader, you said you were prepared to consider it, that you, indeed, supported it, and you supported—

THE CHAIR: I do not know that I said I supported it.

Ms Gallagher: Yes, you said you supported it but you did not give me a figure on—

THE CHAIR: A process.

Ms Gallagher: You said to me you believed the Assembly should increase in size.

THE CHAIR: Eventually.

Ms Gallagher: You did not give me a number. You also spoke about additional staffing resources for other members of the Assembly. That would indicate at least a willingness to engage on the matter. At the moment, based on the public comments of the current Leader of the Opposition, I do not think there is a willingness to engage. In fact, I think there is a willingness to avoid any discussion on it and shift it off on another process. Frankly, if this is not going to be dealt with this year, I do not want to talk about it anymore. I just do not think it needs to be creating work. If it is not going to get up, as I said yesterday, I then go to: what is next? What happens now and what happens for the next four years up to 2020?

THE CHAIR: I am certainly not going to speak for Mr Hanson but I can speak for myself and say that I said eventually the Assembly would have to get bigger, but whether that is now or whether that is in 10 or 15 years time, I was open to the process. But I will let Mr Hanson speak for himself at a time that he deems appropriate. Are there any other questions on this particular matter?

MR SMYTH: Following up on the size of the Assembly, with additional ministers,

when will we see a sixth, a seventh or, indeed, more ministers?

Ms Gallagher: That is a matter for me, Mr Smyth. You will be advised of it once I have taken a decision.

MR SMYTH: That will be soon?

Ms Gallagher: How do you want to determine “soon”?

MR SMYTH: Ted Quinlan used to define it as “tomorrow”.

Ms Gallagher: Mr Seselja uses the term “eventually”. Maybe I could use his term: eventually I see that happening.

MR SMYTH: But you have said you are overworked, and one of the excuses for a bigger Assembly is more ministers. When will we have more ministers?

Ms Gallagher: Sorry, I did not catch the first part of your question.

MR SMYTH: Part of the case for a larger Assembly is the need for a larger cabinet. You have the ability to create a larger cabinet immediately. When will we see a larger cabinet?

Ms Gallagher: You will see it once I have made my decision about that. The expert reference group’s advice to me was that they started the position of where they got to on their recommendations, from a 25-member Assembly, growing eventually to a 35-member Assembly, based on what they thought an appropriate size for the executive was. They believe an appropriate size for the executive is nine, or seven growing to nine. I have to take some decisions about how to structure that. We are not going to get to seven to nine ministers, so I have to make some further decisions about how we manage good governance in the territory.

MR HANSON: When do you think that a decision needs to be made by, in order for this to take effect, if it were to take effect in 2016? You seem to be in a desperate rush to get a decision on this, but it would appear to me that a decision would not need to be made for perhaps 12 months or more, because the process is that obviously there is work that the Electoral Commissioner would need to do, but why is it that you are basically saying, “Give me a decision now or I’m going to take my bat and ball and go home and have a mini-tantrum”? Why do we need to do this right now?

Ms Gallagher: No, I am not known for having tantrums, mini or large.

MR HANSON: You are having one right now, aren’t you?

Ms Gallagher: No, I am not a tantrum thrower. There are plenty of people that throw tantrums. I do not need to add to them. From my point of view the issues are not going to change from this year to next year to the year after. What will change is that it will be in the lead-up to an election and the usual turbulence and politics will come into it. What I was trying to do was get an early decision in the term so that all of the kind of political posturing that could go on could be removed, both from you,

Mr Hanson, and from me, and so that, in the cool light of the first year of a new term, we could sit down and go, “What is good and right for 2016?” We would not have a whole range of other political pressures on us for making that decision; you could make it in that environment. You are a scholar of politics, so you understand that the longer you leave it, the harder it is to actually get the reform through or agreed to.

MR HANSON: Do you accept that procedurally, as such, there is no—

Ms Gallagher: Procedurally, my understanding is that the Electoral Commissioner will have to do a redistribution, and he will do that work anyway, in the lead-up to 2016, as he did—

MR HANSON: That is normally about 18 months out from an election.

Ms Gallagher: Yes, so that is around 18 months to a year. In my discussions with him he was certainly clear that decisions could be taken, although I think his work would start, as late as 2016.

MR HANSON: Do you think that saying I lack leadership because I am not making a decision right now is helping with that political argy-bargy that you are trying to get rid of?

Ms Gallagher: I was genuinely trying to keep politics out of this. I gave you the report ahead of time. I sought to not make politics, but I think the first comment I heard on the radio was that this was a Labor agenda. “It’s Katy Gallagher’s agenda,” blah, blah, blah. So people have to defend themselves, Mr Hanson. You understand this job.

MR HANSON: Whose agenda is it?

Ms Gallagher: It is around good governance. This issue is not going to make the slightest bit of difference for the next three years, 3½ years of my work. It is not going to make the slightest bit of difference. But when I think who will be in this job in four years, in eight years, in 12 years, it will matter to them. I think the attitude to not engage on it either means you are never, ever going to imagine yourself to be in the position where workload actually matters or you are just wanting to play a politically short game. This is the long game for governance in the territory. The evidence is overwhelming. I do not want to talk about more politicians; I understand. I have more work to do than I need to. I do not need to go out and fight the fight for the ninth, 10th and 11th Assembly. But I care about this place and I care about good governance, and that is what it is about.

THE CHAIR: We will move from the executive to other parts of the Chief Minister and cabinet directorate.

Ms Gallagher: Would you like the whale team up first?

THE CHAIR: I think the whale team should come up because I will go to Mr Smyth first on the whale.

MR SMYTH: Thank you, Mr Chair. I was wondering if we could be provided with a breakdown of the \$170,000 spent on the *Skywhale*?

Mr Lasek: That was an all-encompassing contract for the delivery of the balloon—the manufacture, making and delivery of the balloon for its inaugural flight.

MR SMYTH: So the \$170,000 is just for the construction of the balloon?

Mr Lasek: Correct.

MR SMYTH: Okay.

Ms Gallagher: The total project cost for the balloon that has been allowed within the centenary program is \$300,000. We will have the final costs for that at the end of this year and make that information available. That includes the licensing and all of the associated costs with flying the balloon throughout the year.

MR SMYTH: Could we have a breakdown of that cost?

Ms Gallagher: Yes, certainly.

Mr Lasek: It is going to be difficult to give a final breakdown because we are not aware of how many flights will be taken through the year. Assuming it is in great demand, that will push the number of flights up to a cap of \$300,000, as the Chief Minister said.

THE CHAIR: Is there a cost per flight and, if so, what is that?

Mr Lasek: We have factored in a number of flights around Australia and in Canberra during the year. The approximate cost per flight factored into the cap of \$300,000 is around \$3,500 per flight.

DR BOURKE: How complex was the construction of this balloon?

Mr Lasek: I believe the most complex construction of a hot air balloon undertaken, potentially. It was constructed in Bristol in England. We sought out the companies who produce these special shapes. The company that we went to have probably produced 80 per cent of the world's special hot air balloon shapes. They described this as one of their biggest challenges. We can give you a number of statistics on the amount of colours—

DR BOURKE: Please do.

Mr Lasek: and the amount of material used—over three million stitches and I think 16 people working on the balloon to get it to its final shape. It was an enormous project in scale and complexity. We have got a very special centenary commission now about to be launched.

THE CHAIR: Yes, there is a lot of commentary on the balloon, and that is good.

Ms Gallagher: That is art.

THE CHAIR: Some is very positive and some is not. I understand it is going to be flying all around the country. That is the plan, as I understand it. Can you talk us through how that will promote the centenary because, whilst it is certainly getting a lot of coverage, on the face of it, nothing about the balloon speaks to anything of Canberra particularly?

Ms Gallagher: Perhaps I can start. One thing that has not been well articulated in the commentary is that Patricia Piccinini is perhaps one of Canberra's most acclaimed artists. From my point of view, I cannot think of a better way of celebrating a local girl got good in the art world than commissioning a unique piece of her art. The centenary has been a lot about celebrating Canberrans and the role they have played in the nation's achievements. This is a part of that.

I have heard people saying, "Well, I'm not sure how her art links to Canberra." If you listen to the artist herself, she can explain it and can explain it quite well. She is a Canberra girl and she is an internationally acclaimed artist. On one level I think we should be incredibly proud of her, even if her art does tend to create commentary wherever it is shown.

THE CHAIR: Sure. But the punter in western Sydney when it is flying above is not going to see that it is a Canberra artist. They are just going to see this interesting balloon.

Ms Gallagher: In any coverage of its flight, as I understand it, the requirement is to attribute it as the centenary of Canberra commission. It does not have the "Canberra 100" gold logo on the side of it and that was primarily because it is a piece of art. It was not seen as, in a sense, a marketing tool for Canberra. But it will certainly be made clear through its flights that it is the centenary of Canberra commission.

Mr Lasek: If I may, Canberra and the centenary are mentioned in every piece of media that has gone out. In terms of promoting the city and the fact that we are in our centenary year, it is certainly having its desired effect. CNN have now asked for the visuals. They are keen to, I guess, take our balloon international.

MR HANSON: Publicity, as it is, can be mixed, though, can't it? There are occasions when publicity about a city can be negative publicity. Are you of the view that this is going to be something that will enhance people's view of Canberra? Will it enhance our reputation?

Ms Gallagher: Again, from my own view—and I have been called a philistine from time to time; that might surprise you, Mr Hanson.

MR HANSON: Jon Stanhope probably thought you were. He thought everyone was a philistine, didn't he?

THE CHAIR: You are not the only one in the Assembly. Is that what Jon used to say in cabinet? He would call you all philistines?

Ms Gallagher: No, he was never that rude about me, but people close to me have referred to me at times with that name—unfairly, I think. In terms of what it says about Canberra, it shows us as a cosmopolitan city. Too often we are talked about as a boring place where nothing happens. I hope that when the *Skywhale* goes on her inaugural flight, hopefully on Monday if the weather is good, that it challenges those beliefs about Canberra, which is what the creative director has been saying from the beginning has been one of her goals in choosing the program—to challenge people's perceptions of Canberra. If this helps challenge that and sends a message that it is Canberra's centenary year then that has certainly been achieved.

MR HANSON: How many flights are guaranteed for Canberra?

Ms Gallagher: Well, nothing is guaranteed. We have got a series of flights.

MR HANSON: The answer is the number is zero?

Ms Gallagher: No. There are some issues around the weather on Monday. Her inaugural flight is meant to be on Monday. There are some issues about the weather. But she will fly here.

MR HANSON: Assuming they are lovely, clear days, how many flights?

Mr Lasek: It is not an unlimited number. Skywhales, like motor vehicles, have a limited life. The manufacturers tell us it is good for 100 flights.

MR HANSON: A lot of these flights are in Sydney, Melbourne, Tasmania and elsewhere. What I am asking is: in our centenary year, how many flights are we expecting in Canberra—you do not know that?—as part of this program?

Mr Lasek: We have not factored it in yet. We want to see what demand there is around Australia. It is important Canberra has its first flight, but we are very interested to promote Canberra, the centenary and the artwork through the nation as well. It is the nation's capital's centenary as well as Canberra's.

Ms Gallagher: Would you like a flight, Mr Hanson?

MR HANSON: I will wait for you to go first, Chief Minister; I will see how you go.

Ms Gallagher: I have got a terrible fear of flying. I do not like flying in jets, let alone hot air balloons. So you will never see me in a hot air balloon.

MR SMYTH: Can we just go to some of the detail of the contract? It was reported on the radio this morning that the balloon is not actually owned by the people of the ACT. Normally when we commission a piece of art it belongs to the territory. Who owns the balloon?

Ms Gallagher: We did take some advice on this. It is a new contract to be entering into around the commissioning of a hot air balloon and the centenary team took that advice on.

Mr Lasek: The advice from the Government Solicitor's Office was that it would probably be wiser for the centenary and the government to find an operator, and we went through a process to find the right operator who would take ownership of the balloon. In this year, the centenary year, the centenary and the ACT government, in consultation with the artist, will determine where it flies and, weather permitting, how often it flies this year. Beyond that, the operator and the ultimate owner of the balloon will work with the artist, again, on determining where it will fly. Of course, part of the contract is that whenever it flies it is connected through media, through promotion, to Canberra and to the centenary of Canberra.

DR BOURKE: So you are really regarding the whale as a service than as an asset?

MR SMYTH: No, sorry; he has avoided the question. Who is the owner?

Ms Gallagher: The balloon operator.

MR SMYTH: The balloon owner is the operator?

Ms Gallagher: Yes.

MR SMYTH: Who is the balloon operator? Does he have a name? Does she have a name?

Mr Lasek: Global Ballooning.

MR SMYTH: Global Ballooning. They are a Canberra company?

Mr Lasek: They are Melbourne based.

MR SMYTH: How were they selected?

Mr Lasek: Through an open process.

MR SMYTH: What was that process?

Mr Lasek: It was a request for tender.

MR SMYTH: Can we have copies of the request for tender documents, please?

Mr Lasek: I should think so, except anything that is commercial-in-confidence perhaps.

DR BOURKE: So you are really regarding the Skywhale as a service rather than as an object in your views around whether it should have been owned by the territory, or was it more the liabilities of operating a hot air balloon?

Mr Lasek: I think the challenge for the government and for us is that the centenary ends at the end of the year. We will be handing a lot of things over to other directorates and so on as we close the centenary down. One of those things potentially was a hot air balloon. It requires storage and regular maintenance. It would be for the

territory to find a pilot to keep it current and keep it tested. The advice from the solicitor's office was that it was probably wiser to go and find someone who will operate this balloon, will promote it and will engage with the ballooning audience and balloon festivals nationally and internationally.

That was the main reason we went down the path we did. We selected the one we did largely because of their enormous reach into the ballooning world. There is not a lot of point producing something so special if it is just stuck in a shed in Fyshwick and we never get it out. Our vision is that this balloon will see its 100 flights and be in such demand that it is seen not only in Canberra regularly. We do not know the number of flights exactly, but we have already got a privateer here, a company here, asking us, "Can I pay for it to fly here? I want to be associated with it." It is early days, but the response I think has been good.

DR BOURKE: Have you had any international interest?

Mr Lasek: At the moment only through the media. We have tried to keep a lid on this so that its release and its ultimate launch were special. Balloonists are intrigued and I think really excited to see its maiden flight, as the Chief Minister said, hopefully on Monday.

THE CHAIR: Mr Hanson had some supps. We will then go to any other supps on this, and then we will move on.

MR HANSON: Do this Melbourne company that is going to operate it have any commercial operations that they are allowed to conduct this year or post the centenary? Essentially, can they charge people to go on these balloon rides?

Mr Lasek: I think the short answer is no. The balloon basket itself is small in size. It would probably take a pilot and two adults, or maybe an adult and two children. So it is purely about the centenary. It is about Canberra and it is about getting the message out through—

MR HANSON: After the centenary, it would appear that it is theirs to do with as they wish. They can strap on a bigger basket and turn it into a commercial enterprise; is that correct? Is there anything in the contract that says they cannot?

Mr Lasek: I cannot claim to be a balloon manufacturing expert, but my understanding is that a small balloon was necessary because of the shape, the size, and it is all about safety when it comes to ballooning. So it required a small basket to play that role.

Ms Gallagher: The budget allocation, I think, was the determining factor here. A budget has been allocated for this balloon and its role within the centenary. If we were to retain ownership and all of the associated costs that come with that—ballooning is an expensive hobby or sport to be involved in—we would have had to allocate more resources. When you look at some of the allocations we have made through the centenary—the finale and the fireworks, for example, on the big day, the very big day—they cost about \$390,000, the finale ceremony. It has all been allocated within the existing centenary budget, and that has informed decisions about the role that the

balloon performs.

MS PORTER: Chief Minister, were you able to catch the on-the-street dialogue this morning that was being had? As the roving reporter went around and interviewed people about the balloon, I do not know whether you caught any of that, because I thought that was very instructive about—

Ms Gallagher: I heard some of it. I have been listening, obviously, since yesterday, when it was launched—when the pictures became available. I think it has had a mixed response. From my understanding, from having a quick look at Patricia's work, for her as an artist, it is normally in the safety of an art gallery which deals with a particular section of the community that visit art galleries and particular exhibitions. On one hand this is very brave of this particular artist in her art. It is confronting art, and I do not think she will pretend it is not; it is meant to be. It is being unleashed in a very public way. I think we should remember that as well, as part of the debate. But, yes, I think it has had a mixed response. There has been a mixed response in my office. I have had a mixed response. When I first saw the diagrams, my eyes nearly fell out of my head. Now, I saw it in the paper and I am actually quite fond of the Skywhale.

MR HANSON: When did you first see the diagrams, Chief Minister?

Ms Gallagher: Probably a couple of months ago. Obviously I was aware that a balloon was being commissioned and I was aware that it was Patricia Piccinini, and I had had a look at some of her other art, so I was aware of—

MR HANSON: Essentially, by commissioning this artist, and understanding what this artist normally does—

Ms Gallagher: I knew that it would be a unique balloon, Mr Hanson.

MR HANSON: You were expecting something like this, then?

Ms Gallagher: No, I can honestly say that the first time I saw the pictures, I thought—I do not know how you would describe it, but I was surprised.

THE CHAIR: Did you consult with the former Chief Minister, Jon Stanhope, on this work?

Ms Gallagher: No. In fact, unfortunately, I have not been able to touch base with him in the last few days. I was going to see what he thought of it.

THE CHAIR: So he has got no view on this yet?

Ms Gallagher: I think he is overseas, actually.

MR HANSON: I imagine he will be very proud of you. I remember in a committee hearing once he said that eventually we will find Canberra's *David*, and perhaps this is it. I do not know.

Ms Gallagher: No, I have not consulted him.

MS PORTER: Following on with my question, I was very interested to know whether you have heard some of the commentary which was around the very point that you were saying, the fact that we are the nation's capital and not just Canberrans—the centenary is not just for Canberrans—and also the fact that at least we are not boring anymore. I thought it was interesting to hear that commentary that people were making at that time. I was hoping that you had heard that.

Ms Gallagher: She has certainly got people talking. I would say that even if I had seen it, I am not sure that I would have censored it. I am not sure that I would have said to Patricia, “Oh, that’s a bit much. You’ve got to censor your artwork because it’s a centenary commission.” I was pretty comfortable with the creative director’s expertise and the fact that I knew Patricia’s work and that it would be a unique balloon. I did not expect it to be Darth Vader; let us just say that. Even if I had seen it before it was being sewn, I do not think it would have been right for me to interfere with an artist’s work.

MR SMYTH: Can we go through a couple more technical questions. In effect, we have control of it for the centenary year—

Mr Lasek: Yes, where it will appear.

MR SMYTH: in conjunction with the operator and the artist?

Mr Lasek: Correct.

MR SMYTH: When will that expire? On 31 December?

Mr Lasek: Correct.

MR SMYTH: What liabilities do we have? Is the balloon insured? Do we pay the insurance on it?

Mr Lasek: That is all covered in that capped amount of \$300,000, as part of the overarching budget.

MR SMYTH: At the end of the year is the balloon gifted to Global Ballooning? Is it gifted to Patricia?

Mr Lasek: Essentially the balloon is owned by Global Ballooning now, and we will determine, in consultation with Patricia, and with cities who want to fly it, where it might fly and when. But gifted? I guess it is in their ownership after 2013, and they can then determine where it will fly. But they will consult with Patricia, so that she gets some control over the sorts of places, perhaps events, that it will be associated with.

MR SMYTH: How does the territory just give \$170,000 to a ballooning company, a private sector company?

Mr Lasek: Through the centenary we are commissioning a whole number of works. With the creation of a new symphony, we do not own that symphony. We asked the symphony orchestra to work with us and commissioned Andrew Schultz to produce a remarkable new piece of work that is the Canberra centenary symphony.

Ms Gallagher: The ballet is the same.

Mr Lasek: The ballet will make its world premiere in the next month. We do not own it. We cannot say where it should be performed. We think it is appropriate that, for the ballet, the Australian Ballet takes charge of that and works with choreographers and the dancers, some of whom are Canberra dancers made good nationally and internationally and coming back in our centenary year. It is much the same with the balloon. We feel that, on the ownership, with the advice of the GSO, it is better that the territory, who do not run ballooning operations on a daily basis, let someone who does, who has that expertise, has the connections nationally and internationally to the ballooning fraternity, and that is the best use of the balloon going forward.

MR SMYTH: So we have got the balloon, the ballet and the symphony. What other—

Ms Gallagher: The cricket, the golf—

MR SMYTH: No. What other things have we commissioned as works of art?

Mr Lasek: Would you call a science work a work of art? I guess you could.

MR SMYTH: Perhaps we will go back a step. You said the connection was that this was showcasing the great people that have come out of Canberra and we picked Patricia because—

Ms Gallagher: I said that is a link to the work, yes.

MR SMYTH: So that is only one of the reasons?

Ms Gallagher: Sorry, what is the question?

MR SMYTH: So that is just one of the reasons why she was picked?

Ms Gallagher: As to why she was approached and commissioned, perhaps the creative director of the centenary can answer that. Whilst it was certainly approved by the government in the context of the whole centenary program, the creative director brought a program to us for approval. Ultimately, you do not have a creative director and then make creative decisions on behalf of the creative director. Perhaps Ms Archer can explain that.

Ms Archer: I could list a few of the commissions that we have done. We co-commissioned the *Secret River*, which has been rated as the finest drama in Australia this year; *Seven Sisters* dreaming from Central Australia; *Yijala Yala* from Roebourne; *Monument*, the ballet; *Century*, the symphony; *Catalogue of Dreams*, another play; and the one river project, which involves 10 commissions the length and

breadth of the Murray-Darling system. We have contributed majorly to the *Treasures* book by Betty Churcher; the book *100 Canberra Houses; Prime Time*, the new work by Shortis and Simpson; *Cold Light*, the adaptation of Frank Moorhouse's novel to the stage; *City of Trees*, by Jyll Bradley, the only international commission; the You are Here festival; and collected works as a whole. And there was the commissioning of Marc Pascal to do the correa lights. They are a few of the more than 20 commissions that we have done.

I would like to just add to the previous conversation that, under normal circumstances, while Patricia Piccinini holds the intellectual property rights in the Skywhale, we debated for a very long time whether she should own it; and in fact she does not have the capability to own it because of the constant maintenance it needs. We had to talk long and hard to the balloon operators to make sure that they would be comfortable with owning it, but it is a huge responsibility, and it is one that would not have been taken on by very many people.

As to the choice of Patricia, the fact that she was Canberra educated, and very proud of that, was a very high factor in commissioning this, and the fact that she works in organic forms, so we could get something up in the air that looked like a creature in the air, was central to what we were doing. Also, if you hear Patricia talk about it, she has thought very deeply about that. She talks about having an artificial city made in a natural place, as the Griffin plan was, and placing an artificial creature into a natural landscape, which is why we went to the trouble of commissioning those photographs and the video, which people have responded to extremely well—certainly on a national level so far.

MR SMYTH: Can we have the complete list of the things that have been commissioned?

Ms Archer: Yes.

MR HANSON: And the cost of each one of them, if we could.

Ms Gallagher: I think a lot of that has been provided in the notifiable contracts that came a week ago. I think all of the centenary contracts and the price of them were—

MS PORTER: We have. I believe we have that information.

MR SMYTH: It cannot be that hard to—

MR HANSON: What is the full cost of the centenary?

Ms Gallagher: I think we have done it to PAC. I think that came to PAC a week ago, or maybe 10 days ago.

THE CHAIR: I saw a number in that list that I tabled yesterday.

Ms Gallagher: Yes.

THE CHAIR: So presumably that—it was difficult. I have got to say that it was

difficult. I read through a lot of them. It was difficult to know exactly what you were talking about, though, because the descriptions are fairly short.

Ms Gallagher: Yes.

THE CHAIR: So perhaps some slightly longer descriptions for the committee might be helpful.

MR HANSON: Could I just clarify—is that just the art or are we going to get a table that is the full cost of all the centenary?

MS PORTER: No, this is all—

THE CHAIR: I think that is every notifiable contract over \$25,000.

Ms Gallagher: We have already said that we will try to do the total project cost, or the total cost of the Skywhale. I think we have already taken that on notice. But we take the point and we will provide as much information as—

MR HANSON: What has been the entire cost of the centenary, then, with all the arts, the sports activities, the party on the lake and so on? What is the bill?

Mr Lasek: The total is about \$30 million in total. That is all the staffing costs, the commissions, the sport—lock, stock and barrel. That includes the commonwealth contribution as well.

Ms Gallagher: Yes, \$7 million.

Ms Archer: It includes the cash commonwealth contribution, but the programs that you see in the big yellow and blue brochures probably also have an extra \$30 million of commonwealth funding through the institutions. If Ron Radford says that he does not get any change out of \$7 million for a blockbuster—there was *Toulouse-Lautrec*, there is the *Turner from the Tate* and there is another one that is confidential. At the end of the year you are already talking about maybe \$15 million to \$20 million that has Canberra branding all over it.

Ms Gallagher: Yes.

MR HANSON: Some of these events were occurring anyway—Enlighten, the Black Opal—but they have been tagged as centenary events, I understand. No?

Mr Lasek: Largely at their request.

Ms Gallagher: And we wanted it as a community—and I think you see it. I am going to a centenary function next week, I think next weekend, where a community organisation has just tagged the centenary. I think that was something that you saw; you had a website where people could—

Mr Lasek: Yes. People want to have their events. This is something we have not done well in the past. Thousands of events happen in Canberra each year, but there is not a

one-stop shop to find where those events are.

MR HANSON: Perhaps we could deem this the centenary hearing—as an aside. All I am trying to get, on a more serious level, is: what is new? What is actually here for the centenary? I guess that the Skywhale is one of them, but what was going to happen anyway? What is just being tagged as centenary for branding purposes as opposed to activities that are specifically centenary and would not have occurred otherwise?

Ms Gallagher: I think all of the ones that Ms Archer just spoke about are special commissions for the centenary. The women's golf—that was not a normal thing that would have happened. The one-day cricket was not normal. The Rugby League test match was not just going to happen. We can certainly provide you—perhaps we could refer you to the books.

MR HANSON: Yes. We still want a breakdown of what was an annual event or something that was occurring anyway and has been branded centenary—as to what has been, I suppose, specifically commissioned for the centenary.

Ms Gallagher: Yes. It is difficult. Again, the program is in volume 1 and volume 2; it clearly outlines all of the different things that are on. For example, when I opened the Canberra show, that was with centenary funding, and they got their 100 hereford heifers to stand in a “100” shape, which was something to behold. That was a normal event that happens every year but it got some centenary funding so that it could put on a centenary show. So there are standard events, there are special centenary events and then there is a mix of the two.

MS PORTER: Through you, chair, I want to ask Mr Lasek a question. There is a process that I am aware of—just correct me if I am wrong—where, if an organisation such as a theatre group, a theatre company, who wants to put on a major production this year, wants to have the logo to attach to their advertising of their major production this year, that is only going to happen probably once in Canberra, and they thought it appropriate that they recognise the centenary, but they are not actually being given any funds at all, to my knowledge, by the centenary, they are just asking permission to use the logo. Is that the kind of thing that you are talking about?

Mr Lasek: There is a mixture. Some we are supporting through the Canberra Theatre Centre and the collected works; they are receiving some support from us, but also some from the other states. That is another funding source for us—probably about a quarter of a million dollars worth of support from other states. Ms Archer asked their arts departments, “Would you support bringing your best piece of art, theatrical art or musical theatre to Canberra in the centenary as part of the collected works?”—and they have. I think all bar one jurisdiction committed some money to make that happen. That has been, again, the centenary year providing an opportunity to engage with places that generally would not support something happening here as we are this year.

But with other events and organisations, we have been pretty free in terms of use of the centenary logo—quite reasonable. The show is a good example. It is one of 51 grassroots community projects, let us call them, most of which happen every year but

which were looking for some icing on the cake in the centenary year. The Cake Decorators Association is one. They got a small grant to make their annual cake decorators weekend even more special this year. They will theme their cakes this year around the centenary—I think around the correa, the Canberra centenary plant. They will all, of course, have centenary branding.

So yes, there are events that are solely funded by the centenary team. There are events where we have got co-funding. There are community events where we have provided a little bit on top, as we have done with the show—in fact, a bit more on top for the show. There is the Kanga Cup, the special Olympics and so on—50 groups. And there were some who just said: “We don’t want any money, thank you very much. We just want to be associated with the centenary. Could we please use your logo?”

Ms Archer: I think it is also worth saying that, of course, there would have been, all year, exhibitions at the National Library of Australia and at the museum et cetera. All the national institutions would have had things on. But the point is that they have collaborated very closely with us, at no cost to us, to have things like the Burley Griffin things at the National Library; the archives at the archives; and *Glorious Days: Australia 1913* at the museum—all at their own cost, which is why I say that the national institutions, apart from the cash that we got from the feds, have contributed enormously and in collaboration. And, I have to say, that is the norm for any festival. Any festival in the country, any major capital city festival, will have its own bit that it wanted and funded, and it will have collaborations with local institutions. If it is Sydney, they will be collaborating with the Opera House, the MCA or the Art Gallery of New South Wales. And then there are things that one simply umbrellas: they are good ideas, they tend to fit the bill in term of celebrating the centenary, and they invite the community in. So it is a big, broad mix.

THE CHAIR: Thank you.

DR BOURKE: I was wondering if you could tell us something about the centenary—

THE CHAIR: Sorry; I am conscious of the time. This has been going on for some time, and we are due to break pretty much now. I might just cut you off there, Dr Bourke. I would ask for the indulgence of the committee. I think when we come back from the break it will probably be time to move on to other issues. I know, Mr Cappie-Wood, that there are other things that the Chief Minister and cabinet directorate deals with other than the centenary and Skywhale—

Ms Gallagher: Not many.

THE CHAIR: But can I say that I do not envy you your job, Ms Archer. It is a big, big job. Nothing is perfect, but there have been some amazing events, and a lot of good community feedback as well. So hats off to many of those who have made it happen, including you and many within the directorates and beyond; there has been a lot to commend in the centenary celebrations.

Ms Archer: Thank you; I appreciate that very much.

Ms Gallagher: Just before we adjourn, can I just say this. I have just noticed that

there is an article running in the *Canberra Times* around the cost of the balloon. I just want to be clear: the cost through the centenary budget has been capped at \$300,000. There is, of course, that \$50,000 that was a private donation. That is not included in that figure. I just want to make clear what our—

THE CHAIR: That is over and above. So it is a total of \$350,000—\$300,000 from government?

Ms Gallagher: Exactly. I just want to make that well understood.

THE CHAIR: That might be a good time to break. We will come back in about 10 minutes and move on to some other Chief Minister and cabinet issues. Thank you.

Meeting suspended from 12.45 to 12.59 pm.

THE CHAIR: I think we will move on to other areas.

MR SMYTH: Before we do, can I just ask one question? If the balloon is expected to do 100 flights and a flight costs \$3,500, there is your \$350,000 gone.

Ms Gallagher: Yes, but we have limited the number of flights that we are paying for.

MR SMYTH: There is a limiting sum. So it is \$350,000, minus \$170,000, divided by \$3,500. That gives you, what, about 34 or 35 flights?

Mr Lasek: No, fewer flights than that. But you are right. After the centenary year, the cost of a flight will be in the vicinity of \$3,500, I understand. In most cases that would probably be borne by the people who want to attract the balloon to somewhere in Australia or internationally. I guess internationally it would cost more than that because of freight, travel and so on.

MR SMYTH: Perhaps this is for Mr Cappie-Wood—the matter of the remuneration for the CEO of ACTEW that was apparently informed to your department. What process would that information normally take from the individual who received it to you and then to the ministers? Can you tell us what actually happened in the actual event?

Mr Cappie-Wood: If I can just refresh everyone's memory as to the sequence of events. The public sector management branch was first approached for advice by ACTEW regarding how to do a corrigendum to an annual report in an email dated 9 November 2012. The branch was also contacted again by ACTEW in mid-December 2012 seeking advice on the same issue. Advice was provided by telephone by the deputy director-general of workforce capability and governance. That was on 14 December.

THE CHAIR: To whom was that advice provided?

Ms Gallagher: To the ACTEW company secretary.

Mr Cappie-Wood: Yes, that was provided to the company secretary of ACTEW.

THE CHAIR: So they were providing advice to what effect in December?

Mr Cappie-Wood: It was how to undertake a corrigendum. They knew they had to do a corrigendum. They were just asking for the technical advice only.

MR HANSON: Can I just go back a step? When did ACTEW first realise the mistake?

Mr Cappie-Wood: We were made aware of their mistake on 9 November. How much earlier they were aware of it was not made clear to us.

Ms Gallagher: I will check the date. We can have the date. I am pretty sure my recollection is that it was October. They became aware of it; they then sought some legal advice around whether it was material or not to their financial accounts. They got that advice and they approached—just to be clear—two directorates at that point in time. They approached the Chief Minister’s on matters of how to put a corrigendum together, what were the technical requirements of that, and they approached Treasury at that time on the separate issue of what the problem was.

MR HANSON: Just on that timing, are you aware of any concerns that ACTEW may have had with regard to releasing information during the caretaker period? Did that influence their thinking at all? Have you had any conversations about that?

Mr Cappie-Wood: That was not included in any of the conversations. It was a technical conversation about how do you do a corrigendum. That was provided to them verbally on 14 December. The shareholder unit in Shared Services—it was originally in Treasury but in the administrative arrangements it became part of the new directorate established—which was the unit that looks after shareholder relationships with ACTEW, on behalf of ACTEW emailed the branch again in my area on 23 January 2013 seeking advice on how to do the corrigendum. That was after they had received the verbal advice. An email advice was provided on 24 January 2013 confirming that there is no standard form for preparing a corrigendum, but we did provide an example of how a corrigendum could be prepared.

MR SMYTH: So, for clarity, when did the Chief Minister’s Directorate know that the issue was the remuneration of the CEO of ACTEW?

Mr Cappie-Wood: That was included in the original email of 9 November.

MR SMYTH: So it was known from 9 November it was about the pay?

Mr Cappie-Wood: Yes, and that went to a reasonably junior officer inside the directorate.

MR SMYTH: So what is the process that would normally let you be aware that there was an issue bubbling along? How does it reside with the junior officer and for how long?

Mr Cappie-Wood: When you look at the original email it said that ACTEW would

be advising the shareholders as ministers—it said “ministers”, but effectively shareholders. For the process inside the Chief Minister’s Directorate at the time, it was assumed that they would be separately advising. The request to us was made for technical advice, so the technical advice was eventually provided. Did they satisfy the requirements sought? Yes, they did provide the information. Was it appropriate that the information was provided up the chain as to there was a corrigendum of some significance? No, that did not take place inside the Chief Minister’s Directorate. We have obviously looked at our internal processes and systems to ensure that it does not happen again.

THE CHAIR: So what has happened in the past when there has been advice to shareholders coming through the directorate? Has that ordinarily gone straight to ministers or have there been other circumstances when it does not get up to ministers?

Ms Gallagher: I can probably speak here. Advice would normally go through the area within Treasury. It is now in Chief Minister’s; I do not want to confuse everyone. Treasury has officers who provide advice on the activities of TOCs directly to the Treasurer and to both shareholders. Prior to this issue we had not had a problem with information to shareholders because ACTEW can also provide direct advice to us, and ACTEW does provide direct advice to us, which we can then refer to directorates for further advice. It can come both ways and we seek advice. Particularly on what ACTEW sends us directly, we always take advice from the shareholder area within government.

THE CHAIR: In the past, have they used the procedure that they used in this case—that is, just going to the directorate for something that is advice to shareholders? Or is this the first that you are aware of?

Ms Gallagher: They would have direct communication with particular officers. The company secretary of ACTEW would have a direct working relationship—not reporting to or anything but direct contact—with an officer within Treasury.

Mr Cappie-Wood: Yes, the shareholders unit; exactly.

THE CHAIR: I am just trying to get a picture of whether this was out of the ordinary or whether ACTEW was just following the usual procedures, which is you go to the directorate, you inform them and you assume that they are going to inform their minister.

Mr Cappie-Wood: In these circumstances what they were looking for was technical advice from an area which they do not usually communicate with. They did also communicate at the same time, because the same email went to the shareholder unit, which was then in Treasury, which has responsibility for advising the shareholders about TOC activity et cetera.

THE CHAIR: When did you become aware, Mr Cappie-Wood, of the chain of information and the incorrect reporting?

Mr Cappie-Wood: I was not included in this chain of information. I became aware when the shareholders became aware that there was a major corrigendum item which

went to the remuneration of the managing director.

MR SMYTH: So who actually told you, Chief Minister?

Ms Gallagher: The series of events was, as I understand it, the chair of ACTEW informed the Treasurer on or about 7 March. I wish I had my folder down here because I do not want to mislead anyone. He informed me, my office, that day. I think I became aware of it on 8 March.

MR HANSON: With the remuneration, the chief executive or managing director has now taken a reduction in pay. Are you comfortable with his revised level of pay? You had expressed some concerns with the amount that he was being paid. He has taken a reduction. As a shareholder, are you comfortable with the amount he is currently being paid?

Ms Gallagher: The changes to the remuneration have been the removal of bonuses. I am very happy about that. I was uncomfortable with bonuses being a part of the salary component and to the extent that they were. The bonuses, I think, totalled \$334,000—the bonus component of that salary. That was part of a direct employment relationship through a contract with the board who employs the managing director. My position has been clear—

MR HANSON: I am just seeking clarification there. You just said that the bonuses have gone as part of his package.

Ms Gallagher: That is right.

MR HANSON: And you said that was \$330,000 in bonuses.

Ms Gallagher: There were different bonuses. There was—

MR HANSON: We have been advised he has only been reduced by \$140,000.

Ms Gallagher: There were different components to the bonus arrangements. There was a bonus of a certain amount—I think it was \$100,000—in relation to the enlarged Cotter Dam project and then there were other bonuses relating to the original contract he was employed on in relation to short and long-term incentive arrangements which, as I understand it, are common in the private sector.

MR HANSON: So if \$330,000 in bonuses has been removed—

Ms Gallagher: They have been rolled in. His salary has been—

MR HANSON: his baseline salary has gone up?

Ms Gallagher: No. The \$850,000 salary is now, I think, \$690,000. That includes superannuation and the rolling in of, I think, a couple of those short-term and long-term incentive arrangements that were part of the original employment. His salary has been reduced by that amount.

MR HANSON: His package has been reduced, but his salary has actually been increased.

Ms Gallagher: Well, yes; it was a salary package that was part of his employment arrangements. It was formed with different components to it. There is no doubt that his salary package has been reduced; it has.

MR HANSON: But his baseline salary has increased. What is his salary package in total now?

Ms Gallagher: I do not have all of that data in front of me, but I understand it is in the order of \$690,000.

MR HANSON: Are you comfortable with that as an appropriate amount for the managing director of ACTEW?

Ms Gallagher: My comment to the board was that I expect the board to take independent advice and make their decisions around salary based on that evidence. I have also asked them to extend a role for the Remuneration Tribunal. In relation to: is it in line with industry standards, the salary at \$690,000? As I understand it, it is.

MR HANSON: So you believe it is appropriate?

DR BOURKE: How does the Remuneration Tribunal fit in with this, Chief Minister?

Ms Gallagher: I am not an expert in setting the salaries of the chief executives of water authorities so I look at a range of evidence. I have read the reports that were commissioned. I have sought advice on what people are getting paid in other comparative jurisdictions. The salary is in line with those.

MR HANSON: I am just asking: is it appropriate or not?

Ms Gallagher: I understand.

MR HANSON: It is either appropriate or it is not appropriate or you do not know. Which one of those three is it?

Ms Gallagher: It is difficult. I mean, is my salary appropriate? This comes down to matters of judgement. I have made my judgement based on independent information being provided to me.

MR HANSON: And your judgement is that it is appropriate?

Ms Gallagher: My judgement is that the salary is in line with people doing commensurate jobs in other jurisdictions. It is now.

MR HANSON: Have you looked at the package for other executives?

Ms Gallagher: Within ACTEW?

MR HANSON: Yes, within ACTEW. The package for the senior executives is not just the managing director. There are some other pretty well-paid executives there. Have you had a look into that?

Ms Gallagher: I have. Again, I would also explain that my understanding is that that includes superannuation arrangements which are not normally factored in. When we are talking about, say, the salary I earn or you earn, we are not adding our super on top of that.

DR BOURKE: Chief Minister, how would the—

Ms Gallagher: Sorry, Dr Bourke. It is a matter for the board to make those decisions, and make them based on independent advice.

DR BOURKE: How will the Remuneration Tribunal fit into this process?

Ms Gallagher: There are powers available to the shareholders about how we do this, around setting the expectations. The board's response was one where they agreed that there should be a role with the Remuneration Tribunal, although we were clear that the Remuneration Tribunal should not necessarily set the salary but they should be able to advise the board, and that information should be made clear about what their advice is. The reason I asked for that to happen is that I think the Remuneration Tribunal are expert on matters relating to remuneration in public statutory agencies, office holders and directorates. I think getting some advice on that, on what is the market within the ACT government to feed in to their decisions, would be useful. That has not been taken in the past.

MR HANSON: There is a body of work that has been done within ACTEW to review the managing director's salary to see if it is appropriate, and that is a body of work that—

Ms Gallagher: Egan Associates were commissioned, yes.

MR HANSON: That has, I believe, been FOI-ed and you are not releasing it. Do you have that, or what is the status of that document?

Ms Gallagher: I have been given that, and I have read them. There are a number of different reports from Egan Associates dating back a number of years. Egan Associates have objected to that information being released on the grounds of commercial-in-confidence, intellectual property. This is their core business—what they do. The decision maker—which was not me—in my office, who was my chief of staff, and who was to respond to that in the initial stages of this FOI, accepted that there were elements of that report, and it would be difficult to extract them out of that report, that were commercial in nature and would potentially disadvantage that organisation if it was released.

MR SMYTH: Could we perhaps have a written reconciliation of the before-and-afters of the components of the CEO's wage, as you understand it?

Ms Gallagher: Yes, if I have not provided that already.

MR SMYTH: Going back to where I started, please remind me: when did Treasury come under the control of Chief Minister's? On what date?

Mr Cappie-Wood: The exact date we can provide to you. But with the administrative arrangements, there was a division in the responsibilities between the Commerce and Works Directorate as it was formed up, which includes Shared Services, the Revenue Office and other administrative elements. Part of those administrative elements that still remains there is the shareholders—effectively the shareholders unit that advises shareholders on TOC activity.

MR SMYTH: Do you recall approximately what month?

Mr Kefford: The administrative arrangements are usually issued within days of the government being returned, Mr Smyth. I am sure the staff can—

MR SMYTH: So it was some time in November.

Ms Gallagher: It was in November, yes.

Mr Cappie-Wood: It was, yes.

MR SMYTH: And the shareholders—

Mr Kefford: We should be able to pull it down quickly.

MR SMYTH: That is okay. And the shareholders unit, as you call it, is now in Chief Minister's?

Mr Cappie-Wood: No, it is part of the Commerce and Works Directorate at present and has been there since the administrative arrangements came into effect.

MR SMYTH: How do the new arrangements for Treasury work? Does the Under Treasurer report to you or does the Under Treasurer report directly to the Treasurer?

Mr Cappie-Wood: I hold all the—sorry, just going back, it is 10 November.

MR SMYTH: Thank you.

Mr Cappie-Wood: Addressing your question, I hold the contracts for all of the directors-general. So in the instance of the Under Treasurer effectively reporting to me, yes, that is the line of accountability. However, the Under Treasurer is responsible to the Treasurer for the functionings associated with that part of CMTD.

MR SMYTH: Does the Under Treasurer have any reporting responsibilities to the Chief Minister now that it sits in CMTD?

Ms Gallagher: Not directly. In terms of the arrangements as they operated previously, the Under Treasurer reports directly to the Treasurer. But if I wanted something, I could certainly get that information. The Chief Minister is the Chief

Minister but I do not choose to exercise that—

MR SMYTH: It is good that you express it in that manner. So who wins when the Chief Minister wants something, Director-General of the CMTD, and the Treasurer wants something different?

Mr Cappie-Wood: There is a hierarchy here that is very clearly and appropriately defined—that is, the Chief Minister has the responsibility for the government and the Chief Minister allocates portfolios accordingly. Therefore the power derived for the application of responsibilities comes from the Chief Minister.

Ms Gallagher: But if there was a disagreement—

MR SMYTH: But the Treasurer has a responsibility for the good management of the Treasury portfolio.

Ms Gallagher: If there was a disagreement, it would be up to the ministers to sort that out.

Mr Cappie-Wood: Yes.

Ms Gallagher: It has not been a problem. In a small executive, you just have to work these matters out.

MR HANSON: I have a further question on ACTEW. With respect to the position of the chair, I believe he is leaving the position at the end of the financial year; is that correct?

Ms Gallagher: Yes.

MR HANSON: Have you identified who the new chair will be? What is the process for that?

Ms Gallagher: We are just finalising that now, because we are in the stages of finalising arrangements around the structural review that the shareholders are going to undertake or have undertaken for us. It is a question of what you do whilst you are doing that review, but a commitment I have made is to publicly advertise for that position. That will be, in a sense, what we do. So it will be open to people to apply for that position. There will be a process around selecting that person and appointing that person. In the meantime, if that does not happen before 30 June, which is probably unlikely considering where we are in the financial year now, we would appoint an acting chair from the existing board.

MR HANSON: The outgoing chair has made comments—we have briefly touched on this in the Assembly—that the blowout in the dam, or whatever you want to call it, was 11 per cent, and we have talked about the fact that the cost that was publicly stated on numerous occasions in the lead-up to the 2008 election was \$145 million. When did you become aware in the lead-up to that election that the price was not \$145 million and that it would be more than that?

Ms Gallagher: After your questions in the Assembly, I went back and had a look at our election commitments in 2008. We did not quote a figure in that election commitment. I do not recall using the \$145 million figure at all. The problem with using that \$145 million figure was that it was a very early estimate that did not take into consideration the whole cost of the project. If we had our time over—and I have said this in committee before—it is not a figure that should have been used. With respect to when I became aware, I cannot honestly tell you. I would have to go back and look at what I have said on this around getting to a final cost or a realistic cost once some more work was done. But I believe that was after 2008.

THE CHAIR: If it was in the context of an election, did Treasury cost it as an election promise?

Ms Gallagher: Again, Mr Seselja, I would have to refresh my memory.

MR HANSON: That \$145 million figure was bandied about, and it was what was believed by everybody. My understanding is that advice was provided in the lead-up to the election to the effect that that would not be delivered for 145—

Ms Gallagher: I do not know if you can be more specific about that advice, Mr Hanson.

MR HANSON: Maybe you could confirm for the committee, maybe as a question on notice, whether you were provided any advice that the full cost of the enhanced dam would exceed \$145 million.

Ms Gallagher: I am happy to do that. I am surprised I have not answered that in the committees that I have appeared before here since 2008.

MR HANSON: Obviously, you accept that that figure probably should not have been used.

Ms Gallagher: I said that it should not have been in 2010.

MR HANSON: What procedures have you put in place to make sure that with figures that are provided to the committee, when the committee is told, “We’re going to build a dam,” or whatever it is in the future, we do not have the same problem occurring again? Is there a process that you have now put in place to do that or do you think it was just—

Ms Gallagher: Yes, there is. It is a little bit separate in that the government did not deliver the water security projects as we deliver other capital works projects. Some of the most significant changes would be that we are considering projects up to a certain point before we are agreeing to the allocation of full capital funding. This has been a problem, I think, that dates back to self-government in a sense: instead of directorates coming and saying, “We want to build this and it’s going to cost \$80 million,” and acknowledging that that might be over four financial years, we are putting much more emphasis on getting a better grasp of the cost prior to allocating full construction funding. That will help, because there is no doubt in my mind that, particularly on large projects, the design phase influences the construction cost, and if you are

funding design and construct, that presents some challenges, if you have tied your budget to a certain amount.

MR HANSON: Just on major capital projects, you advised the Assembly that you were considering some of the projects, particularly the hospital, because of the available capital across the budget. Have you got any advice on that in terms of what we are talking about with major capital projects, of available capital? It might be more of a question for the Treasurer, but you have raised concerns in the Assembly that you are concerned about available capital. Can you extrapolate on that?

Ms Gallagher: I think it is the efficient use of the capital that is available. What is the most efficient use for the next four years? That is influencing my thinking around the Health infrastructure. It probably is not a matter so much for this committee, but if we can bring on Calvary, if we can bring on the subacute and that can allow for some decanting of beds out of Canberra, do we have to invest \$800 million now into the tower blocks, or can we allocate the money and allow an easing of that drain of capital over a longer period of time, to still deliver the same outcome? I am not walking away from what we need to provide, but it is about how it is staged over a number of financial years or built up more quickly, and that is currently still with me.

THE CHAIR: We should move on to other questions. Dr Bourke.

DR BOURKE: Chief Minister, can you tell me more about the updated MOU with the commonwealth over Jervis Bay, which is mentioned on page 13?

Mr Cappie-Wood: I might answer that question. There has been considerable discussion between the commonwealth and ourselves, because we provide services into the commonwealth territory. It is on a fee-for-service basis. For some time the ACT has indicated to the commonwealth that it is not an effective arrangement to ensure timely and appropriate services into Jervis Bay, given the nature of the distance in terms of service arrangements, and also that all the services are not provided by the ACT. Some services, such as health, are provided by New South Wales; others are provided by the ACT. So we provide education, welfare services, court services, drivers licensing assessment, registrar-general, environmental testing, dangerous goods, business licensing, land administration, electrical and plumbing inspections et cetera. A range of other services are provided by New South Wales.

ACT laws are deemed to apply to the Jervis Bay area and, as such, agreements have been struck with previous MOUs for how much these services would cost. There has been a comprehensive review of the services that we provide to redefine what they are and how much they are costing us. The nature of the discussions to date with the commonwealth are to make sure that there is recognition of the true cost, not only making sure that it is on a sound footing but also commencing discussions with them about the more appropriate allocation of service response. In other words New South Wales in many instances would be far better placed to provide continuity, access and timeliness of services into Jervis Bay on a fee-for-service basis.

We have been discussing this with the commonwealth and with New South Wales. New South Wales are prepared to look into and accept that, but they are seeking clarity around what the services are and how much they cost, and that is what we have

been resolving to the satisfaction of the commonwealth and New South Wales. So the discussions are ongoing. I think it is very appropriate for the people of Jervis Bay and the Jervis Bay territory that they have a service that is accessible, readily accessible, timely and that there is a continuum of services that could be far better applied out of Nowra and other related areas than necessarily on distance provision from the ACT. Although there is a school which we staff, the capital for that school and the service costs of that school are provided by the commonwealth.

DR BOURKE: Is there any rationale for the ACT to continue to provide services for Jervis Bay?

Mr Cappie-Wood: The rationale is in the Jervis Bay Territory Acceptance Act, where we are legislated to be the service provider.

Ms Gallagher: I have met with Barry O'Farrell on this issue specifically. I think we are in agreement that they are much better placed to provide services, but the length of time, I think, is in our negotiations with the commonwealth.

Mr Cappie-Wood: Yes, it is.

Ms Gallagher: They have set quite a long timetable, haven't they?

Mr Cappie-Wood: They have. We are continually trying to have their focus engaged on this. For them it is a very small issue. For us, we are very clear that we need to have that service continuity and level of service quality that are clearly defined and negotiated between ourselves and the commonwealth first up and then translated into being conducted by New South Wales.

DR BOURKE: What sort of impact do the three different Jervis Bay communities have on this negotiation?

Mr Cappie-Wood: At this point in time, it is about clarifying what the level of service and the cost of those services that we provide are, the cost for the commonwealth and how that is attributed and the various components. With respect to the process and questions about negotiating transfer regarding who actually provides that service—because, from our perspective, we do not define the level of service; that is defined by the commonwealth—if New South Wales were to provide that service, clearly, we are seeking no diminution in that delivery. But that is a matter to be determined by the commonwealth government. So we would be very careful, in any discussions with New South Wales, that we bring the community into the understanding about how there would be a transfer of responsibility. As to the question of service level, we would want to draw the commonwealth government in to those discussions.

DR BOURKE: Might the community have different perceptions about what the service level would be if the services originated from New South Wales rather than from the ACT?

Mr Cappie-Wood: To that extent, because they are defined, and it is not up to the service provider to determine the level of service, it is a fee for service. So as long as

the fee and the service equate, and they can be provided for that cost, and New South Wales is convinced they can provide it for that cost, there should be no diminution in that, because, as I said, the commonwealth determines the service level.

MS PORTER: On page 15, Chief Minister, it talks about the MOU that you and the New South Wales Premier signed in 2011. Could you update us on the shared work that you are undertaking with New South Wales? It is at the bottom of the page, under “Regional partnership”.

Ms Gallagher: Yes; I think it is an important agreement with the New South Wales government around how we can best plan and use our available resources to service the region. Premier O’Farrell has been very supportive of looking at issues from a regional perspective—indeed, primarily from his part of the border, but he has agreed that it makes sense to work with us.

We have had a number of improvements, particularly in health, under that arrangement, where we have utilised Queanbeyan hospital for particular types of elective surgery. We are working with them, and there will be some work that comes out later in the year, around land use and infrastructure for what is called C+1, which is Canberra and then those populations that live an hour around our borders, so Canberra plus one hour. That work is being done with regional assistance through all of the different forums. SEROC is meeting here, I think, towards the end of May. The RDA is working with the RDA in New South Wales. I think this is just the beginning of what hopefully will be a much longer term arrangement about how we best meet the needs of a regional community as opposed to an individual jurisdiction community.

MS PORTER: I am sure Mr Barry O’Farrell also has some headaches with Norfolk Island from time to time, given that they do provide services to Norfolk Island, I note.

Ms Gallagher: Everyone has headaches.

DR BOURKE: Chief Minister, with the elective surgery that you are doing at the Queanbeyan hospital, how much of a difference is that making?

Ms Gallagher: It is marginal in terms of the numbers that are going through. When you are looking at elective surgery of in the order of 11,000 operations a year, I think our original purchase from Queanbeyan was in the order of 50 operations with an assessment of how that would go. So it is small. But I think it is important. In health you are always going to start things off very small, and what Queanbeyan can offer us is the capacity for procedure rooms, really, for that minor day surgery, day-type surgery. But that is some of our high-volume work as well. If you look at urology, for example, that is where we get a lot of work on the waiting list, and they can be done fairly quickly once you get all the equipment and the doctors available to do it. So there is definite potential for Queanbeyan hospital, and it is a painstaking matter of working with both of our bureaucracies and also with the doctors about the provision of service. There has been some caution about going to Queanbeyan and doing the work. We really do rely on the doctors’ goodwill, in a sense. It has got definite capacity to grow.

MR SMYTH: Just on the regional engagement, as a supplementary, we joined SEROC in April 2012.

Ms Gallagher: Yes.

MR SMYTH: So we have been there for a year. How many meetings have been held and how many have we attended?

Ms Gallagher: We attend all of them—“we” as in the ACT government. I have attended Thredbo, Yass and I think one other. I think I have attended three, and there is one that is coming at the end of May, and it is being held here.

MR SMYTH: So there have been only three meetings in—

Ms Gallagher: I think there was one I missed, during the election, perhaps.

Mr Cappie-Wood: Yes; there was one in Gunning.

MR SMYTH: What are the main issues being discussed in the forum?

Ms Gallagher: I do not know how you would explain it. The agenda is a mix of presentations around matters affecting all councils in the area. I think we had a presentation on the council amalgamation or the work that is being done by the New South Wales government. So there is certainly an element of SEROC that does not really affect ACT, but there are any number of issues that do—transport, education. Health has been a big one, because of the restricted number of health services in some of these councils and some of the stress that they have with operating their health services. I would certainly say that the entire agenda of SEROC is not useful to the ACT, but I think being there at the table, working with these councils and looking at what the opportunities for the region are will be beneficial in the long run.

MR SMYTH: What has been achieved to date for the ACT as a member of SEROC?

Ms Gallagher: We are doing this work of C+1, which takes into account all of those councils, I think.

Mr Cappie-Wood: Yes.

Ms Gallagher: That is going to be a major document that informs regional decision-making when that is released. There is a lot of interest from the local mayors around that. I think it also provides the opportunity, if nothing else, for mayors to meet with me directly. Usually before the SEROC meetings I meet with a number of different mayors individually on matters that they are interested in pursuing, perhaps not with the whole meeting room. I think there is certainly use for us in being there.

MR SMYTH: What has our first year of SEROC membership cost us, and how do you measure the success of the engagement?

Ms Gallagher: It was \$29,000. They gave us a bargain, because I think they were charging—it is a population-based thing, but that is what stopped us being a member

in the past. If they had applied that to our population, it would be a lot more money than \$29,000, but we have come to an agreement about that, and I think that is money well spent. It gives us a seat at the table.

THE CHAIR: Moving on to some other issues, page 100 of volume 1 looks at some contracts awarded to the same contractor which, in total, have a value of \$25,000 or greater. Can someone talk us through the rationale? It seems an odd way of doing it that you would have individual contracts as low as \$220, \$225, \$150. Is there a reason why it was done in that way rather than bundling some of these things for a range of services?

Mr Cappie-Wood: Perhaps some of the reasoning came from some of the questions from previous annual reports where some of the bundling had been questioned. For the circumstances around particularly Zoo, if you total all of that up, that is about \$35,000, which is not a great deal when you look at it and you get a sense of the value you get for that by that particular breakdown. I think there was a bit of enthusiasm, given previous requests about what was bundled into some of these, so we broke it down this year.

THE CHAIR: Are there administrative burdens in reporting in that way and in signing individual contracts that are that small?

Mr Cappie-Wood: Given that this was in the lead-up to the centenary and the positioning of it et cetera, it was quite appropriate to break it down into individual elements rather than take it as an assumption that you were just providing an engloba capacity. I thought that was quite a reasonable way to be not only accountable but also frugal.

DR BOURKE: It is certainly what members were asking for about an hour ago.

Mr Cappie-Wood: Yes.

THE CHAIR: On page 102 there is a grant to UnionsACT of \$117,000. I understand it has gone up about 25 per cent from the year before. Is there a rationale why that would go up by 25 per cent when it is just for one position?

Mr Cappie-Wood: In terms of the grant to UnionsACT for their additional safety officer, as to why that went up by that amount, we can perhaps take that one on notice.

THE CHAIR: If it is just for one officer, that is a pretty decent pay rise in one year, obviously—25 per cent.

Mr Cappie-Wood: Yes.

DR BOURKE: I notice immediately above UnionsACT there is an allocation to RDA ACT for \$150,000. I noted earlier in the report they formed an MOU with the southern region. What sort of fruit has been coming from this investment?

Mr Cappie-Wood: There are RDAs covering the whole of Australia. This is the RDA

that covers the ACT, and for us it covers specifically the ACT. As such, we are the only jurisdiction that is covered by a single RDA; hence that relationship with the southern, other RDA, and they have relationships with the surrounding RDAs as well.

What they produce is effectively an annual report, which is advice to governments generally. RDAs provide advice to all three levels of government through their reporting processes, and that is an annualised process. There are internal consultations. We do not control the RDA. There are a few people on the RDA that are nominated by the jurisdiction, but for all intents and purposes, it is an independent body. It has been producing, I think, some quite thoughtful and useful pieces of information. Its advice is sought in terms of a number of rounds of commonwealth funding arrangements, particularly some of the regional funding rounds. So the input and advice of the RDAs is sought on that as part of those particular funding bids and rounds, and the commonwealth government liaises directly with them in terms of that as well.

The ACT is in a unique position with its own RDA, but other RDAs are a broader grouping of regional representation that is not just at the local government level. So when you look at SEROC on one hand and the RDA on the other, it covers the complete spectrum, if you like, of representation where you have business, community and others represented on the RDA non-elected, but you have elected representatives and senior officers being reflected in the SEROC arrangement. Surrounding the ACT we have, I think, quite a robust series of engagement activities, and this forms part of the regional construct and conversations that we are having.

DR BOURKE: I am curious that we have our own RDA for the ACT—virtually the jam within a donut of New South Wales RDA which surrounds us.

Mr Cappie-Wood: Yes.

DR BOURKE: I am pleased to see that there is an MOU between the two organisations but should that relationship be even closer?

Mr Cappie-Wood: There has been some discussion about what is the most effective form of RDA arrangements. Given how we have an RDA that completely overlaps the ACT and nothing else, there is some discussion amongst the RDAs as to whether there is a better configuration for that. I know there are active discussions by those bodies. They have not sought our particular views on that matter, but we are interested to see how that develops over time.

THE CHAIR: I am conscious that we have basically run out of time. I know that Mr Smyth and Mr Hanson have brief questions, and then we will move on to the arboretum.

MR SMYTH: Page 14, the targeted assistance strategy: there are 34 recommendations. What is the progress on implementing those?

THE CHAIR: This does not sound like a brief one, Mr Smyth.

Ms Gallagher: I can answer it briefly. I answered this about a week ago. I think 18

have been implemented in full. A number are under implementation now. I will just check that I am not misleading you—yes, 18 have been implemented. Eight have been committed to and development is underway and there are eight that are under further consideration. The eight that are under further consideration mainly have a significant budget impact with implementation.

MR SMYTH: Could we have a written reconciliation of which have been completed, which are under consideration and which are underway?

Ms Gallagher: Yes.

MR SMYTH: There was an article on the ABC on 8 May where Anglicare stated—and I think you are across the issues—that a number of families in the ACT and New South Wales now cannot afford to pay their bills or buy food. How does the targeted assistance strategy correlate with addressing the needs of those folks?

Ms Gallagher: The targeted assistance strategy was perhaps more targeted to those that sat above our current concessions framework, of which some would, no doubt, be clients of services like Anglicare, but it was really trying to get a grip on people we were not aware of, whether it be through our own concessions framework and how we could change our systems and processes to more effectively meet that group or something else. We can provide you with a full reconciliation around that.

In relation to the demands on the non-government sector, this is something that we work with them on every year. If they have additional requirements, we look to assist where we can, knowing that everyone's budgets are struggling at the moment.

THE CHAIR: We will have a final quick one from Mr Hanson.

MR HANSON: Mine is not a quick one, Mr Chair, so I am happy to put it on notice.

THE CHAIR: Okay, we might put that one on notice. Thank you very much. We will now briefly move on to the arboretum.

I remind witnesses of the privilege statement that is before you. Could you confirm for the record that you understand the privilege implications? Thank you. Welcome, Mr Brown and Ms Steward. Are you able to tell us how much to date has been spent on the arboretum? How much has been spent in capital and recurrent?

Ms Steward: Yes, I can, Chair. If I may, before we commence, there is a correction I would like to bring to the committee's attention.

THE CHAIR: Certainly.

Ms Steward: On page 27 of volume 1 there is—

Ms Gallagher: This is the matter I have written to you about, Mr Seselja, in the last day.

THE CHAIR: Yes, the number of trees. I think we did get that letter but, for the

record—

Ms Steward: You have got that? That was just a typographical error. It should have been 1,190.

THE CHAIR: It might be useful for *Hansard* if you just read those numbers.

Ms Steward: Okay. For the record, the correct number is 1,190 trees, not 190 trees. So the correct number of trees is 37,288 at 30 June.

THE CHAIR: Thank you very much. If we could go to the question of how much has been spent to date in capital and recurrent on the arboretum.

Ms Steward: Yes. By way of background, in terms of the funding sources, the ACT government committed \$48.071 million in the 2004-05 budget. We were then provided with a grant of \$20 million from the commonwealth government, of which \$18.6 million was spent on capital works projects, and \$1.4 million on recurrent. In terms of the recurrent budget for the arboretum for the 2012-13 financial year, it is \$3.452 million, and that is for 11.5 FTE employees, and that is estimated at \$1.219 million, and non-employee operational costs of \$2.233 million. That is to cover repairs and maintenance and the usual sorts of things that come with arboreta.

THE CHAIR: So that is the total cost to date spent by the government, \$48 million in capital, \$20 million from the commonwealth—

Ms Gallagher: The total budget is \$71.8 million.

Ms Steward: The total is \$71.827 million.

THE CHAIR: And in terms of future capital spending, is there anything allocated for that, or is the capital spending done for now? Has all that initial \$48 million been spent?

Ms Gallagher: Allocated. Certainly it would have all been allocated. There are still some works going on at the arboretum.

Ms Steward: Yes.

Ms Gallagher: Not wanting to go into the budget, but any additional money on top of that would go through a budget process.

THE CHAIR: And what elements of the arboretum are currently insured?

Ms Steward: At this point in time, any asset that has been created, such as the pavilion, any fixed asset such as that, is insured. Anything that is under construction at the present time is covered under the insurance of the contractor or company that is actually constructing that. In terms of the forests, we are presently in discussions with ACTIA to agree on a final valuation of the forests, and that is just a matter of process before that is finalised in terms of insurance coverage for all of the forests in totality.

THE CHAIR: But at the moment the forests are not insured, is that correct?

Ms Steward: Any of the forests that are under establishment are covered by the contractor. So any forests that have been created which are in that 12-month period of consolidation are covered. And as I say, in terms of the existing established forests that are under the responsibility of TAMS, we are seeking a final number in terms of what they will be worth. But yes, it will be insured.

THE CHAIR: But at the moment, they are not?

Ms Steward: Right at this point in time, no, they are not. But just for the record, it is a matter of just agreeing on the final premium.

THE CHAIR: How much are you currently paying in premiums for insurance for the arboretum?

Ms Steward: May I take that on notice please?

THE CHAIR: Certainly.

MS PORTER: Minister, there have been a number of events at the arboretum. Of course, there was the official opening but before that there were some events in relation to open days and voices and festivals and things like that, voices in the forest.

Ms Gallagher: Yes.

MS PORTER: And also, of course, you have had the opening of the pavilion, which, unfortunately, I could not get to. I am sure it was fantastic. What feedback are you receiving from the broader community now that there has been so much engagement from the community?

Ms Gallagher: I think the feedback, it would be fair to say, has been overwhelmingly positive, particularly if you go up there. I think people have been enjoying it. I am just looking at the figures. From the beginning of February to 8 May, it has had 145,822 visitors that would enter the visitors centre. That is the way we are collecting that data. So I think it is overwhelmingly supported by the community. It has been very popular, especially considering it is still a work in progress. I think we are very pleased with how it is going.

MS PORTER: You mentioned the playground before and you were saying when it is finished it is going to be fantastic. I am very much looking forward to taking my grandchildren there. How is it progressing and when do we expect to be able to—

Ms Gallagher: The playground should open in June. There is never a better time than winter to open a playground! But that is when it is going to be finished. And it will be one of a kind, like the sky whale. It will not float away over the hill, but it is themed around the arboretum and pods and little gum nuts and things that are very cute, and kids will love it.

MS PORTER: It sounds like little children when you talk about that, but it is for all

aged children?

Ms Gallagher: I think children will love it. I am a bit of an expert on playgrounds, as anyone with kids is. I am very confident kids will love it.

MS PORTER: I am really looking forward to that.

DR BOURKE: Chief Minister, can you tell me about the role of the new pavilion which was opened this week and how it works with the overall concept of the arboretum?

Ms Gallagher: The new pavilion, the Margaret Whitlam pavilion, performs a couple of roles. One is that it allows particular ceremonies and events to occur in a spectacular part of Canberra, but it also will be a revenue stream for the arboretum. It will allow us to book weddings and different types of functions there that provide the arboretum with a revenue source, which is also very important.

DR BOURKE: Have you had any bookings yet?

Ms Gallagher: Yes. We have been—

Ms Steward: I think we have had two immediate ones for weddings. Is that correct?

Mr Brown: Yes, that is correct.

Ms Steward: Yes, and plenty of inquiries. So we are talking firm bookings, but there is a lot of interest.

MS PORTER: Can I ask a quick supplementary.

THE CHAIR: Sure, a supplementary from Ms Porter, and then Mr Smyth.

MS PORTER: In relation to those bookings and income stream, is it a similar situation, therefore, with the village centre, the visitors centre, whatever name we call it?

Ms Gallagher: Yes.

MS PORTER: That takes bookings and from that the income stream comes back to the arboretum?

Ms Gallagher: The arboretum has a number of revenue streams. We have got parking, we have got the village centre, we have got the pavilion and we have got the shop.

THE CHAIR: That is all self-contained. The money from the parking at the arboretum stays with the arboretum?

Ms Gallagher: Yes. It is similar to the botanic gardens model.

MR SMYTH: According to the annual report, there are now 87 forests planted. When will the next 13 be planted?

Ms Steward: I am sorry?

MR SMYTH: When will the remaining 13 be planted?

Ms Steward: It is 87 new forests, and there are 92. There were some in existence. Those are the new forests that have been created. Correct me if I am wrong.

Mr Brown: That is correct.

Ms Steward: There are 92, because there were forests there. Some survived from the previous fires. Of course, you would be aware of the cork oak forest as well. It is 92 in total, of which 87 have been new plantations.

MR SMYTH: So 87 in total have been planted?

Ms Gallagher: There are 92.

THE CHAIR: So there will be another eight to go; is that correct?

Ms Gallagher: For the original vision of 100 forests.

Ms Steward: That is right.

MR SMYTH: So when will the eight to go be completed?

Mr Brown: We have undertaken a stocktake of the plants that we currently have. We have enough stock to complete probably two forests at the moment. The species that we require to complete the other forests would have to be sourced. At this point in time our major focus is on the assets that we have already planted. At this time of year we are just focusing on the maintenance of those current forests before we commit to any further capital development from the perspective of forests. Most certainly, the area, the land, is obviously set aside for that and we need to do a fair bit of preparation before we commit to those forests.

MR SMYTH: Do we purchase from the Yarralumla Nursery or do we go out to tender?

Mr Brown: Yes, we do. There is a mix; there is a mixture of procurement practices. With some species we need to import the seed and we propagate that ourselves or we engage someone to propagate that. Other plants may be available on the market and we have been able to procure those plants.

MR SMYTH: When you plant, what is the reasonable expectation of plant failure? What percentage of trees would die in a normal—

Mr Brown: That would depend on the forest. A number of species that we are planting have not been grown before in Canberra. The role and function of an

arboretum is very much a research and learning opportunity to grow these species. That is a hard question to answer in terms of an exact figure. There are some species that I could identify and say we would expect very little loss. There are other species that we would expect some loss. It just depends on the species and where they come from in terms of their natural environment and if we have got, indeed, the microclimates established at the arboretum which provide the best environment for those trees to grow in.

MR SMYTH: What is the normal failure rate that TAMS would expect for failure in a tree planting?

Mr Brown: If you are talking about TAMS in terms of open space and parks, that would not be a comparator that I would use, simply because the level of attention and detail that the trees get at the arboretum would be slightly different and the terms of exposure to risk that those trees have would be slightly different as well. They are hard to compare. In the forests they actually create their own microclimate and they have got protection of other trees. It is a little bit hard to compare.

MR SMYTH: So you could have a better survival rate. The standard that TAMS normally works on is what?

Ms Steward: We would have to take it on notice in terms of the standard overall. We have had the forests independently reviewed. We wanted to get an understanding of exactly the question that you have asked. That expert advice is, given the developing nature of the arboretum, the failure rate is very low relative to any other arboreta that may have been established. We feel quite confident that the management practices that we are putting in place are consistent with the sustainability of the forests overall.

Ms Gallagher: Perhaps it might be helpful: there have been just over 37,000 trees planted. Regarding the number of trees lost, the figures I have is 1,420.

MR SMYTH: It is 1,420, once they were handed over to the ACT government. Before that, 2,677 trees succumbed. So a total of 4,097 of the trees planted died and had to be replaced out of a total of 37,288. So it is more than 10 per cent. You said, Ms Steward, that you had some technical advice. Is that report available to the committee? You had a report on the survivability?

Ms Steward: This is a working document that was prepared by an expert for the arboretum. I would have to take advice—

Ms Gallagher: Yes.

Ms Steward: I think it will be fine.

Ms Gallagher: There has been a range of different reasons. There has been vandalism as well. There is a range of different reasons why trees are lost—flooding, insect and vermin damage. It is not through lack of maintenance.

MR SMYTH: But 10 per cent is acceptable is what you are saying?

Ms Steward: Yes. The advice that we have had is that it is, and there was a presentation that was given to the advisory board because they asked the same question. We were given a lot of comfort in terms of the extent to which the management practices are working. Some things are out of our control. We did lose some trees in those really hot periods where it was extremely windy during this past summer season. That was unfortunate, but those were extreme conditions.

MR SMYTH: Perhaps this can be taken on notice. How many other arboreta does the ACT government have and control, and how much has been spent on those in the past couple of years?

Ms Steward: We do have small arboreta.

Ms Gallagher: That is right.

THE CHAIR: I think that might be taken on notice.

MR SMYTH: I am happy for that to go on notice. How many are there? What are they named? Where are the locations and how much has been spent on them?

THE CHAIR: It being past 2 o'clock, we will conclude. Just before closing the public hearing, there are just a couple of administrative matters. Answers to questions taken on notice at this hearing are due with the committee secretariat within two weeks of the proof transcript becoming available. Written supplementaries from members should be provided to the secretariat within two working days of the transcript becoming available. If the committee has any supplementary questions following on from this hearing, they will be forwarded by correspondence. Answers to supplementary questions should be provided to the committee secretariat no later than two weeks from the date of receipt.

On behalf of the committee, I would like to thank you, Chief Minister, and your directorate and agency officials for attending today. When available, a proof transcript will be forwarded to witnesses to provide an opportunity to check the transcript and suggest any corrections. I now formally declare this public hearing closed.

The committee adjourned at 2.03 pm.