



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL  
TERRITORY**

**SELECT COMMITTEE ON REGIONAL DEVELOPMENT**

**Members:**

**MS Y BERRY (Chair)  
MR A WALL (Deputy Chair)  
MS M PORTER WALL  
MR B SMYTH**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**WEDNESDAY, 29 MAY 2013**

**Secretary to the committee:  
Dr B Lloyd (Ph: 620 50137)**

**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.

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*Amended 20 May 2013*

**The committee met at 3.02 pm.**

**GALLAGHER, MS KATY**, Chief Minister, Minister for Regional Development, Minister for Health and Minister for Higher Education

**DAVOREN, MS PAM**, Deputy Director-General, Chief Minister and Treasury Directorate

**THE CHAIR:** Good afternoon and welcome to this Select Committee on Regional Development hearing. Today the committee will hear from the Chief Minister and officers from the Chief Minister and Treasury Directorate. Chief Minister, are you familiar with the privilege statement that is in front of you?

**Ms Gallagher:** Yes, thank you.

**THE CHAIR:** Would you like to make an opening statement or go straight to questions?

**Ms Gallagher:** I will make a short opening statement, to put some context around the government submission. The ACT government has been working with a regional mindset for some years and looking to position Canberra as the transport, service and commercial hub of the south-east region. We have created strong regional partnerships at the state-territory level through our memorandum of understanding with New South Wales, which we signed approximately 18 months ago. A progress report on the MOU is available online but its findings are also reflected in the government submission to the select committee.

Through the South East Regional Organisation of Councils, also known as SEROC, we have also begun to formalise a stronger partnership—and an equal partnership, I think—with neighbouring governments. The Regional Development Australia committees of the ACT, southern inland and south coast also provide a forum for looking at opportunities across the region. Obviously we do not come to regional forums with exactly the same goals as our neighbours but many of our goals are complementary.

The south-east New South Wales region is now home to more than 600,000 people and this is expected to grow to 750,000 by 2030. I think we are a good regional neighbour and we are keen to share the challenges and opportunities this growth and other factors bring to the relationship.

Last Friday we hosted in the ACT the first SEROC meeting where the ACT has been a full member. It gave us the opportunity to look at some of the achievements which show that regional partnerships are working effectively and can work effectively. The major area in the last 12 months—I think it is a little bit about what you can bite off and show progress in; that is part of the work that needs to be finalised about what we are seeking from the region—has been getting unanimous agreement about what the priorities should be for the region.

Probably the best area where we can demonstrate on the ground programs which make a difference to people's lives has been in health. Obviously there is the elective surgery arrangement with Queanbeyan hospital. There is the tele-health pilot,

supporting the emergency departments in Queanbeyan, Batemans Bay, Moruya and Cooma, which has a very important and practical benefit to those emergency departments—small emergency departments in small hospitals often dealing with very unwell people.

We are also working together on land use and infrastructure planning. Our regional evidence base is growing, and I think the data that has been published on the CMTD website is giving us all, including SEROC members, a great opportunity to get a more thorough understanding of the demographics of the area, not only their local area but also the region. I think our cooperation in emergency services has been very beneficial. We have for some time worked very closely on environmental protection, particularly with the commissioner for the environment.

There is no doubt that it is very easy to identify some of the pressures around the region. The mayors and local governments in particular are very good at doing that from a local perspective. The New South Wales government, of course, has priority from a state level. The challenge for us is making sure it is not a one-way relationship where Canberra is, in a sense, seen as the place where all problems can be solved and should be solved. There is still work that we need to do around expectations of a regional relationship.

There are great opportunities going forward. Again, it is about agreeing on what those priorities are. We are doing some of that with the greater capital region plan—I always forget the name of it; it is mentioned in the submission. We are doing quite detailed work. Of course, there are opportunities through SEROC to hear from the local councils themselves about what their priorities are. In a nutshell, coming out of the meetings I have had with them, they are around transport, land use, access to infrastructure and understanding what infrastructure is required, and then the provision of services, and particularly health and education. They would be the ones that I think have come through from my dealings with the regional mayors in particular.

I am happy to take any questions the committee may have. We look forward to assisting the work of the committee. I understand you only got the submission late yesterday. My apologies for that. We are ready and able to come back and revisit the committee later in your inquiry, if that would be useful.

**THE CHAIR:** I might kick off with the first question. On 23 May, when we had our first public hearing with members of SEROC, and as you were saying in your opening statement, different government areas had very different circumstances that they want to talk about. Some needed to generate employment in their local area, while others were grappling with the implications of having their population commuting to Canberra to work. What is the ACT government doing to address these very different kinds of needs in local regional areas?

**Ms Gallagher:** I think part of reaching agreement on what regional priorities are has to come from the point of view that Canberra cannot solve some of those local situations, and they are different across the region. Certainly I have been making that clear to the mayors. I think this is about opportunities for partnerships which are mutually beneficial. I think there is a huge opportunity for that, but it has to be set

against the expectation that we can work with councils—for example, in trying to make sure that people are able to work closer to where they live. That is accepted as something we should look at. In fact, the RDA has a project underway about those smart centres. That makes sense, I think, once the infrastructure associated with the NBN is rolled out. The universities are looking at how they promote educational opportunities out to the region as well. There are great opportunities there, but I am not sure that is the ACT government's problem.

I think your question was: what is the ACT going to do about that? We can look at how we support the provision of services out to the region, which may support local employment opportunities, but it cannot be a matter of saying, "What's the ACT government going to do for us?" in a sense.

**THE CHAIR:** These were the sort of concerns that were raised at our hearing last week, so we are following up on some of those concerns and seeing if the answers match.

**Ms Gallagher:** You can pick individual examples. Goulburn is going to open some extra subacute beds in its hospital in the not-too-distant future. That is going to generate employment opportunities associated with that. That can work in with our health system here, in terms of being able to get people home quicker from Canberra Hospital into the region. Increasing that capacity in their health system will support them in the local provision of health services. So there are little examples of where integrated service delivery can support jobs back out in those local government areas, but you have to reach agreement on an integrated health system in order to do that.

Yass has come to me with a similar proposal about wanting to specialise more in convalescent care, acknowledging that Canberra is the tertiary centre. The pressures their hospital is under from a jobs point of view and a services point of view might require changing in order to meet the needs of a regional health service. So instead of trying to operate a number of different services—a schizophrenic health service, in a way—and offering a whole lot of little programs which are probably unsustainable in the long run, it is about looking at what opportunities there are to specialise and complement services that feed off Canberra.

**MS PORTER:** One of the subjects that came up that you mentioned in your introductory remarks was their coming to Canberra for assistance with multiple problems, I guess. One of the areas that we dealt with was procurement. They seem to be saying that they would like to be able to secure more services from the ACT than they currently are. You just mentioned that perhaps we could provide more services in the area. What are the challenges and the opportunities for us in that procurement area in respect of more collaboration with the different councils and the ACT?

**Ms Gallagher:** In terms of the provision of services—for example, being a larger regional purchasing—

**MS PORTER:** Yes, but for us to purchase services from them. In some cases we would purchase from them but in other cases they wish to purchase more services from us in order, I guess, to do things in their local council areas that they are not able to do at the moment because they do not have the economies of scale to be able to

provide those services. So they would wish to purchase them.

I notice in your submission that you talk about the contract arrangements that would possibly underpin this sort of sharing. You state, “Unlike the New South Wales government, the ACT currently does not have processes in place to support other entities that may use other ACT government contracts. This will require the territory to establish a process to register other contract users and provide contract managers for the assistance as required.” I am referring to page 25 of your submission. I was just wondering whether you could talk me through those issues and what other challenges and opportunities exist for us.

**Ms Davoren:** I think there are a couple of layers of issues. These are issues that are actively under discussion through SEROC. I think the first is the issue the Chief Minister has referred to, which is about trying to use our combined purchasing power. I suppose that comes back to identifying the areas where it would be beneficial and then making the changes to our technical procurement requirements to facilitate that. I think that is work that is currently going on.

There are also the issues around economies of scale. Sometimes you might want to have a skill or you might want to have a bit of equipment that is very expensive and an individual council cannot afford that. So how do we generally take regional approaches to share the costs and the benefits of those kinds of issues?

I guess the other area is that issue around councils purchasing other kinds of services from the ACT government. I think there is a range of different issues there. There are opportunities for mutual benefit. I think that that is the issue we are really exploring collaboratively with SEROC.

I think it is trying to find those areas where it is mutually beneficial. We have got similar needs but in other areas where we have got diverse needs it is possibly not where you would start first. It is trying to say, “Where are the things where we have got similar approaches that might benefit from that approach?”

**Ms Gallagher:** I think the councils have done some work on this themselves. I think there are a few of them that have shared legal services, for example. So you start from the position that every local government is going to need legal services, procurement expertise, insurance requirements—looking at that from back of house. But then there is local government service delivery—what you actually provide to the community and seeing whether there are opportunities there.

I thought it would be a relatively easy place to start but it has not proven to be as easy. For example, with insurance, we all have to insure our assets. Could we look at that from a regional perspective? That comes with opportunity but it comes with risk, particularly to the ACT government in this instance because of the age of infrastructure assets that exist in the region. Do we necessarily want to take responsibility for those when it may actually impact adversely on our insurance premium even though it might be beneficial to the region?

Even with those areas where you think it makes sense, there is always a different layer you have to work through and understand what it actually means. Whilst we have a

much greater asset base, our stock is not as aged perhaps as some of the council staff. So that would impact on our insurance arrangements. I think there is some work being done around waste.

**Ms Davoren:** Certainly in terms of waste management, I think that is another area where there could be future work in terms of sharing the benefit of ACT procurement and purchasing power. Again, it is a case of looking at the issues and at where we can benefit. It is really trying to find the issues, as the chief has indicated, with least risk but also those kinds of similarities of approaches so that you do get the cost benefit.

**MS PORTER:** I think one council—I cannot remember which one it was—talked about us being able to utilise their capacity to take our waste to them and then turn it into—

**Ms Davoren:** Recycle it.

**MS PORTER:** Yes, use the power that is generated through gas generation. I think that was mentioned. Actually, when I was on the environment committee last term or the one before—I am not sure which one—we went down to a place in New South Wales. They had a very efficient system there where they were using the waste to generate gas.

**Ms Davoren:** That would be an economic development issue for the region generally which would provide benefits to the ACT but also the economic benefits of employment and industries.

**MS PORTER:** I guess it is also a case of how much greenhouse gas is expended transporting the waste to the actual plants.

**Ms Davoren:** That is right. It will come back to the cost benefit—triple bottom line type assessments.

**MS PORTER:** So you are working on these issues in the procurement area and the service delivery area and trying to work through some of those risks, benefits, challenges and things?

**Ms Davoren:** Yes.

**MS PORTER:** Okay. There are many other areas we could talk about but I thought what you were touching on then was of particular interest. I think we should go to other members.

**THE CHAIR:** Mr Smyth, did you have a supplementary or would you like to have your question?

**MR SMYTH:** I might just go to a new question. Chief Minister, what is it that you actually expect from this committee?

**Ms Gallagher:** There is a range of answers I could give to that. From a most genuine point of view, it is a broader look from the Assembly. We are doing a lot of work—



Chief Minister and Treasury Directorate in particular—around the regional relationship. I think the committee is having a short, sharp look at this and working with different stakeholders. I see that you have had quite a number of submissions from different organisations, not just the local government areas, providing you with their opinions. You will form a view on those and provide some guidance to me, perhaps. It is a very genuine attempt to involve the Assembly in the regional discussion.

**MR SMYTH:** In the motion that we passed, you list four things, and then there is a catch-all of “any other relevant matter”. Part (4)(a) refers to “the identification of opportunities and supporting government structures to coordinate economic development, including tourism and transport across the region”. Is not the greater capital region strategy doing that?

**Ms Gallagher:** That will certainly be part of the documents that we rely on in taking decisions, yes. But I do not think that should discount hearing from other Assembly members in that regard. Presumably, if you would like to be involved in that strategy as well, the committee can certainly get involved. It is at a particular stage. We are due to have that out by the end of the year, I think. Is it due for completion towards the end of this year?

**Ms Davoren:** End of 2013.

**Ms Gallagher:** Yes, that is the end of this year.

**MR SMYTH:** So it is due by the end of this year?

**Ms Gallagher:** Yes.

**MR SMYTH:** Is the committee therefore duplicating the work that that strategy is doing?

**Ms Gallagher:** I do not believe so, no.

**MR SMYTH:** So is the strategy—

**Ms Gallagher:** You could say that about any committee inquiry into anything.

**MR SMYTH:** You are doing a body of work. You have commissioned, I would assume, a consultant to do this work, or is it being done in house?

**Ms Gallagher:** It is being done through Chief Minister’s directorate, but there is a range of people involved. It has been funded through the commonwealth department of regional development. It has membership from the New South Wales government and the ACT government. In fact, I think it is specified in the government’s submission.

**MR SMYTH:** Is there some deficiency in that process that you are aware of that would necessitate this committee?

**Ms Gallagher:** Mr Smyth, is your point that you are excess to requirements here? I am not really here to reargue whether or not the committee has a role. The Assembly has established a committee. It has given the committee terms of reference. I am here until 3.45 to answer the committee's questions.

**MR SMYTH:** Well, I am asking you about part (a).

**Ms Gallagher:** I am not sure what further guidance I can provide to you. The Assembly has provided guidance. I am, in a very genuine way, saying that we are interested in the committee's opinions about a regional plan and opportunities for regional development around the ACT. I am not sure I can provide you with any further guidance, nor should I try to shape the committee's outcomes or recommendations.

**MR SMYTH:** But you have commissioned a body of work which is costing how much?

**Ms Gallagher:** I have not commissioned a body of work. We have been given funding from the commonwealth department. It is a partnership. This money is resourcing the plan that pulls together a range of interested stakeholders. \$150,000 has been allocated from the commonwealth.

**MR SMYTH:** But if it is developing a capital region strategy, are you aware of some deficiency in what they are doing that this committee might ameliorate?

**Ms Gallagher:** No, I am not. But I am looking for a whole range of advice. I have joined SEROC, and I am using that body. I go to the RDA meetings; I am using that body. We have a select committee looking into it. I agree that you do not need to last forever, but you have a set period of time to do a piece of work, and that will all feed in to the decisions the government takes over the next four years about priorities within the region.

**MR SMYTH:** Part (b) talks about "the coordination of service planning and service delivery, particularly in the areas of health and education". Is that not covered in the ACT-New South Wales MOU for regional collaboration?

**Ms Gallagher:** From where are you referring to part (b)?

**MR SMYTH:** In your motion to establish this committee, you asked the committee to look at, but not be limited to, the coordination of service planning—

**Ms Gallagher:** Part (4)(b), yes.

**MR SMYTH:** So is that not covered by the existing ACT-New South Wales MOU for regional collaboration? In paragraph 3.3 it states that "closer collaboration allows for a regional approach in areas of health, education, transport, emergency services"—

**Ms Gallagher:** Yes, that work is being done as well. But those are two very important areas. I think it is probably more progressed in relation to health than it is in relation

to education. But there are the practical relationships that exist at school and hospital level. There is an MOU on regional collaboration where we have prioritised certain elements of work, and we go into that in the submission. But, again, I do not think that should preclude the Assembly having a look at this and providing us with any advice or recommendations you would like to see. Indeed I note the Health Care Consumers provided a submission to the committee with their view around coordination of health service delivery. I think that is useful. They have not provided a submission to the New South Wales–ACT regional collaboration MOU because there is not the capacity for that.

**MR SMYTH:** They are not providing a submission to the greater capital region strategy? Were they asked to?

**Ms Gallagher:** Not that I believe, but they have participated in this forum, which is a legitimate forum, and I think that is useful. Again, I am not certain what you are trying to establish here. If you want to take my time up and just try to justify your existence, Mr Smyth, I am happy to continue, but I think—

**MR SMYTH:** It is interesting that you always go on a personal assault like that—

**Ms Gallagher:** No, I am not. I am not personal.

**THE CHAIR:** Order, please, members!

**MR SMYTH:** as you are wont to do. I am just asking for clarity—

**Ms Gallagher:** I am just confused about why we are—

**THE CHAIR:** Mr Smyth!

**MR SMYTH:** about the work that is being done.

**THE CHAIR:** Mr Smyth!

**Ms Gallagher:** It is probably a question best had within the committee about the work you are doing.

**MR SMYTH:** No, it is your motion. I am asking what your expectation is so that we can—

**Ms Gallagher:** It is a motion of the Assembly, Mr Smyth.

**MR SMYTH:** It was your motion. You were not the person who moved the motion?

**Ms Gallagher:** It is a motion that has been passed by the Assembly.

**MR SMYTH:** That is true but it was your motion. You did move the motion.

**Ms Gallagher:** Indeed.

**MR SMYTH:** You understand what you asked for?

**Ms Gallagher:** Yes, I do.

**MR SMYTH:** All right. I am trying to get greater clarity about what you want so that we can tailor something for you.

**Ms Gallagher:** Indeed.

**THE CHAIR:** Mr Smyth, I think the purpose of the committee is to interview witnesses around their submissions and previous submissions that we have had, so that then we can form a view—

**MR SMYTH:** And I am cross-referencing her submission to the motion.

**THE CHAIR:** Mr Smyth, I would appreciate it if you could ask your questions in a polite way and wait for the witness to answer the question before you ask your next question. I note that we have only got 15 more minutes with the Chief Minister here, so I am going to ask you to move on with your questions, because other members of the committee have questions as well.

**MR SMYTH:** All right. In part (d) of your motion you ask for “further cooperation at the local government level on environmental and conservation matters and building community resilience”. Is that not being handled in the greater capital region strategy as well as in the ACT-New South Wales land use and infrastructure plan?

**Ms Gallagher:** I think my answer remains.

**MR SMYTH:** So is there something deficient in the ACT-New South Wales land use and infrastructure plan that you have identified?

**Ms Gallagher:** I think I have answered your question, Mr Smyth. If you do not want to take part in this select committee, you should—

**MR SMYTH:** I am sitting here asking you questions.

**Ms Gallagher:** absent yourself from the committee. I do not think there is anything deficient. I am very excited about the work that is underway. I am very happy that the New South Wales government sees the benefit in it, and the ACT government, and that we are putting the resources needed into exploring it. I am very comfortable with the role that SEROC is playing. I do not see any reason why it should be led from one Assembly member or the government when there are views of others—quite worthy views of yourself, Mr Smyth—that should be considered as part of it.

**MR SMYTH:** But we have got an MOU. We are a member of SEROC. We have established C plus One. We have got two RDAs. We have got an ACT-New South Wales land use and infrastructure plan. You are putting together the greater capital region strategy. And there is an MOU with the New South Wales government. With that sort of coverage of regional issues for the region, is there something—

**Ms Gallagher:** I have answered your question, Mr Smyth.

**MR SMYTH:** You have not answered my question.

**THE CHAIR:** Mr Smyth!

**Ms Gallagher:** You are wasting my time. I may as well get up and leave the officials here for the rest of the session.

**MR SMYTH:** I am just seeking clarity on what you require.

**THE CHAIR:** Mr Smyth, you have asked the question over and over again. The witness has said that she has answered the question. If you are unhappy, you can put a question on notice. I have a supplementary question—

**MR SMYTH:** With all due respect—

**Ms Gallagher:** I do not think anything is deficient.

**THE CHAIR:** I have a supplementary.

**MR SMYTH:** the witness has not answered the question.

**Ms Gallagher:** I have. Your question is: is there any deficiency in the current work that is underway? No, there is not. Do I see benefit in the Assembly through the select committee having a look at this? Yes, I do.

**THE CHAIR:** My supplementary question, Chief Minister, is around the ACT government's membership of SEROC, which has been a fairly recent membership and joining in partnership with SEROC around issues that affect them and the region. During the public hearing last week, comments were made about whether that relationship was a positive one or not, whether it had made a positive impact on the region. How do you see the ACT government's membership of that organisation benefiting the region through this kind of work that we are doing now, continuing conversations with SEROC and any other issues that arise?

**Ms Gallagher:** In all honesty, I think it is very early days. We have been a member for 12 months. I think there have been five meetings of SEROC in that time. One of the first and most tangible benefits from being a member from my perspective is getting broader understanding of the pressures and challenges of the local governments that surround the ACT and also providing a forum for them to speak directly with me.

I had arrangements where I would meet ad hoc with mayors as they sought, and I have a more standard process with Tim Overall as the mayor of Queanbeyan where I meet him regularly through the year. But I think our membership of SEROC sends a very strong message to those local governments that we are interested in what is happening in the region and that they have access at a very high level to the ACT government.

I think that in itself is beneficial to the region. That is the feedback I have had from

the mayors as well. I think time will tell about the ongoing benefits to the region. We can open up dialogue, but it is what you do next. One of the things I said at Friday's meeting was that I was hoping we can reach agreement on a couple of areas where we can demonstrate to Canberrans and to the local communities outside us that we can work with our borders. You can have all the strategies and things you like, but what in the end will matter for the mayors, the councillors and for us is actually people seeing that you can think and act and talk like a region.

That sounds very easy; I think it will be hard, because there is a huge discrepancy between priorities for the region. Some want to focus on tourism; some have more interest in focusing on transport, some have particular demographic pressures within their local communities. Perhaps it is ageing and access to primary health care. So that will all be different. I think the challenge for SEROC will be to agree on a couple of areas to work on and whether or not we can reach agreement on that. So time will tell.

**MS PORTER:** In those discussions that you have had so far, are key areas emerging or is it too early to see the areas where we can all work together? As you say, there is a variety of issues that we heard around that table, and they were much appreciative of the opportunity to talk with us. For instance, the port down in Eden was high on the agenda of that particular council and some others surrounding that area. I do not know whether that is going to be important in the long term for the ACT—having a port in Eden. But I might be wrong.

**THE CHAIR:** Rather than Jervis Bay.

**MS PORTER:** Yes, rather than Jervis Bay. It could well be. We could have a transport corridor down there coming back and forth by rail or something that would be extremely beneficial to us. What are the key areas you see emerging at the moment? I would have thought that health, education and aged care, which you mentioned, would be crucial. But there could be others that you are identifying that are coming to the top.

**Ms Gallagher:** It depends on whether you are C plus One, C plus Two or C plus Three in a way, because priorities will be different against that. For example, in C plus One, I think is probably around land use, infrastructure planning, transport, getting in and out of Canberra, basically. They are the big pressures. Then, when you move out a bit, tourism opportunities start becoming a bit more of a focus and access to health care, in particular. Then moving down to Eden, looking at your own economic base and what opportunities there are there.

From my dealings with the region, every local government is under huge challenges. They have got ageing infrastructure. They do not have the capacity to raise revenue in New South Wales because of the rate pegging. They have got this huge change underway. The paper is out about county councils. So a lot of change is underway. That is forcing the councils to have a much closer consideration about what their priorities are going to be.

For me, there seems to be an understanding that they are going to have to look at an area where they are special. Goulburn has certainly met with me. I do not know if they told the committee about using some of their excess land or cheap land to be a

storage place for archives and things like that.

**MS PORTER:** Yes.

**Ms Gallagher:** Looking at health, changing some of the current services to specialise in a particular area is another one. Another area is education. I think there is also a strong view that you should not have to come to Canberra for everything and that in higher education and vocational education and training they are wanting to see much more remote outposts of education. I think the NBN and the obvious changes in online learning provide some opportunities there.

One of the most important things to do—that is why the layer of New South Wales-**ACT** government regional collaboration is important—is to get the New South Wales government to start thinking like a region. The example given to me by a local mayor was their transport and road planning. There is a big white hole in one of the maps that they have used, and that white hole is Canberra. So all roads that go to Canberra are not seen as a priority in terms of infrastructure planning. They just end.

When you look at the pressure on roads, it is those roads leading to Canberra, like Macs Reef Road, the Kings Highway and the Barton Highway. They do not feature strongly in priorities for regional commonwealth funding increases because they are not mapping the traffic coming out of Canberra and into Canberra. They are looking at it just from a New South Wales point of view. That is where integrated service planning can really provide a much different picture about how heavily those roads are used, the wear and tear on roads, the need for upkeep et cetera. There are a few examples.

**THE CHAIR:** I will ask another question. We talked about the benefits for **ACT** residents in being a regional hub here—easier access to federally funded or co-funded regional resources being an example. You talked about the universities and tertiary health services. However, the submission notes that there are some areas in the **ACT** that are not being fully compensated for services. You mentioned just then roads. They provide for residents who do not fall within our tax base. Do you think present funding from all sources is striking a good balance or is there a need to review, in light of population growth and a larger commuting community in the C plus region, those funding sources?

**Ms Gallagher:** There is no doubt that there is funding pressure on the **ACT** to provide services to people in the region. We probably best understand that relationship in relation to health, where it is around a \$100 million payment a year for the provision of services to New South Wales residents using **ACT** health services. We probably understand it there.

I guess the point I am trying to make with the regional focus is not to look at it from the point of view of, “We did this; therefore, we should charge you that.” This is because there are benefits from being the regional centre that probably cannot be costed. The fact that we are the centre of a larger region means that we are actually able to provide more services than we would if we were just an isolated community of 360,000.

Again, health is the example there. There is just no way you would be able to provide the level of tertiary care that we do in Canberra if we were a population of 360,000. But, because we are a population of 600,000, we actually provide a whole higher level of care. Having a neonatal intensive care unit, for example, would be very unusual in a stand-alone community of this size, because you would not get the volumes through to retain the specialist staff that you need to do that. Canberra benefits from that. Canberra families and babies benefit from that.

Cancer is another area where until recently you had to send a lot of people interstate for specialised cancer treatment. That is starting to change, but it is changing because we are a larger region. We are compensated through the Commonwealth Grants Commission to a certain extent for the provision of other services, such as education and community services. It is probably not clear whether that entirely cost recovers. It probably does not. But, again, those services are here to benefit ACT residents even though they might be accessed from New South Wales.

The issue of land use and planning along our borders is a vexed one. I think we are mindful of that in our own tax reforms that are underway. Getting rid of stamp duty will be very beneficial for us in the long term. But, yes, you have to keep an eye on what is happening. We do not have a lot of control over what is happening. As you can see, south Tralee is an example of that. But I think we are using south Tralee and trying to understand some of the costs associated with that development as an isolated project where we can get a better understanding of what some of those cost drivers are and the impact on the ACT.

I have tried not to look at this from the point of view of dollars—dollars in, dollars out. I think a strong Canberra economy benefits the regional economy and a strong regional economy will benefit the Canberra economy as well.

I also think we need to better articulate the positives that come from being a regional service centre. You can look at it in two ways: we can either be the honey pot where people are attracted to the ACT for certain things and then leave; or we can see a broader picture of this actually being good for Canberra as well. But we will continue to focus energy on better understanding the cross-border costs and benefits. Probably that is what I am trying to say in a long-winded way—the costs and benefits of having closer cross-border relations.

**MR SMYTH:** On page 24 you talk about procurement and resource sharing and that discussions have commenced. What has occurred and what is the path forward from there?

**Ms Davoren:** I think we addressed this earlier in terms of how we can find areas of common interest across the ACT and also the local councils. I know the councils are looking amongst themselves to see how we can share our resources, how we can share procurement, to reduce our back-office costs and to reduce our operating costs. So it is this continuing work that we are doing with SEROC around how we can benefit through having combined procurement processes and aggregation of buying power.

**MR SMYTH:** Is there a suggestion that we might set up a local government procurement proprietary limited, like they have in New South Wales?



**Ms Davoren:** Not specifically. We have not got to that point as yet, and I think that would be something that we would need to take to government and unpack. So it is still the early stages of those discussions at the moment. Certainly that is one model that people—

**MR SMYTH:** Is there a time line in place to come to a decision?

**Ms Davoren:** Not at this stage.

**MR SMYTH:** Is it just an ongoing discussion or is there a time frame?

**Ms Davoren:** No, there is not a time frame at this stage. We are just working—

**Ms Gallagher:** We are exploring it.

**Ms Davoren:** through those issues to find those areas of common and practical interest where it could be implemented.

**THE CHAIR:** I understand, Chief Minister, that you have to leave now. If committee members have any other questions, we can put them on notice.

**MS PORTER:** I am happy to put them on notice.

**THE CHAIR:** Thank you very much, and we will adjourn.

**The committee adjourned at 3.45 pm.**