



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PLANNING AND URBAN SERVICES

REPORT NO. 63 FEBRUARY 2001

**1999-00 ANNUAL REPORT OF THE
DEPARTMENT OF URBAN SERVICES**

Recommendations

The committee notes the 1999-2000 *Annual Reports* of DUS.

The committee notes that 1999-00 is the first year that DUS had management responsibility for assets like roads, stormwater infrastructure, parks and urban places, which were formerly treated as Territory assets and liabilities. Since the adoption of accrual accounting requires identification of assets and liabilities, this means that DUS has acquired significant liabilities in the form of depreciation of these assets. This caused an operating loss for the 1999-00 financial year. The committee notes the assurance from the Minister for Urban Services [Mr Brendan Smyth MLA] that appropriate resources will be allocated to the maintenance of these important assets.

The committee suggests that the changes to Ministerial portfolios may be a reason to reassess the way that departmental Annual Reports are scrutinised. This reflects the awkward arrangements that followed the government's change to the Administration Arrangements in late 2000.

STANDING COMMITTEE ON PLANNING AND URBAN SERVICES

The committee was established on 28/4/98 to inquire into and report on planning and lease management, road and transport services, government purchasing and public utilities purchasing, electricity industry and regulation, construction industry policy, parks and forests, private sector employment inspectorate, building services, environment, heritage and municipal services and any other related matter (resolution of appointment, as amended on 25/11/99 and 7/2/00).

Committee members

Mr Harold Hird MLA (Chair)

Mr Dave Rugendyke MLA (Deputy Chair)

Mr Simon Corbell ML

Secretary – Mr Rod Power and Ms Margaret Jones

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BACKGROUND

1. On 7 September 2000 the Legislative Assembly resolved to refer the *Annual and Financial Reports* for the financial year 1999-00 'to the relevant standing committee for inquiry and report by the first sitting day in February 2001'. For the the Department of Urban Services [DUS], this committee is the relevant committee.

1999-00 ANNUAL REPORT OF DUS

2. The *Annual Report* is in two volumes. Volume 1 deals with the following matters:
 - organisation chart of DUS
 - business reports of five policy areas [transport, housing, road use management, infrastructure, and industry]
 - business reports of four operation areas [city, information planning and services, forests and housing]
 - business reports of Planning and Land Management, ACT Work Cover, Environment ACT, ACTION and the corporate area
 - three whole-of-government issues: customer service; Aboriginal deaths in custody and fraud prevention
 - staffing
 - resource management, including lists of consultants and contractors, list of capital works, brief description of the departments' asset management strategy, and list of vehicles
 - statutory requirements (involving assistance to the Commissioner for the Environment), information about the establishment of a panel of Occupational Health and Safety (OH&S) Professional Service providers, the functions of the ACT Planning Authority (ACTPA) including the list of variations considered, FOI, the first report on Ecologically Sustainable Development (ESD), including the measures implemented by DUS to help achieve ESD in the ACT
 - brief reports by Environment ACT: Environment Management Authority; Architects Board, Electrical Licensing Board; Occupational Health and Safety Council; Plumbers, Drainers and Gasfitters Board; Surveyors Board; ACT Heritage Council; Agricultural and Veterinary Chemicals Coordination Network; Animal Welfare Authority; Bushfire Fuel Management Requirements; Conservator of Flora and Fauna; Essential Services Review Committee; Trustees of the Canberra Public Cemeteries; and the Gas Technical Regulator
 - appendices listing reports conducted by the ACT Auditor-General; inquiries conducted by the Legislative Assembly Committees, outlining legislation which impacts on the operation of DUS portfolios; regulatory proposals considered including those for Gas Supply Act, 1998, Environment Act 1994 and Road Transport Act 1999; a summary of approved grants; a list of significant advisory boards and committees; and details of community consultation undertaken.
3. *Urban Services 1999-2000 Annual Report -Volume 2* sets out the department's achievements in relation to its performance measures. It also contains the department's

financial statements—and the financial statements of ACT Housing, ACTION, ACT Forests, Trustees of the Canberra Public Cemeteries, Nominal Insurer of the ACT, ACT Workers' Compensation Supplementation Fund and ACT WorkCover.

ACTIVITY BY THE COMMITTEE

4. The committee conducted three public hearings on the 1999-00 *Annual Reports* of DUS. The first was on 8 November 2000, the second on 9 November 2000 and the third was on 8 December 2000. The Minister for Urban Services, Mr Brendan Smyth MLA, attended all hearings, accompanied by senior departmental officers.
5. The committee also welcomed Mr Hargreaves, Mr Berry and Mr Wood to its public hearings. The committee expressed its appreciation to these members for their interest and participation in the proceedings.

COMMITTEE COMMENT

6. The committee welcomes the department's better than expected performance, by some \$26 million, than what was forecasted in '99.¹
7. The committee appreciates the department's focus on maintaining and preserving Canberra's natural and cultural heritage.²
8. The committee also notes Canberra's selection by the OECD as a city to be studied under its urban renaissance program, with a focus on the successful renewal of Civic.³
9. The committee notes the release of the ACT greenhouse strategy—a first for any state or territory—and looks with keen interest to hearing about the reduction in greenhouse gas omissions in the 2002 Annual Report.
10. The committee notes the progress made on recycling waste material in the ACT.
11. The committee notes that the department's liabilities have increased to \$68 million in 99-00 from \$5 mil in 98-99. The department explained that this was due to the transfer of assets formerly regarded as Territory assets. These assets comprise roads, stormwater infrastructure, parks and urban places. The committee notes that 99-00 is the first year that DUS had management responsibility for these types of assets.
12. The adoption of accrual accounting means that these assets involve providing for appropriate depreciation over time. This must be shown on the department's books. This has caused an operating loss for the 1999-00 financial year. However, the department stated that, had this '... unfunded depreciation amortisation component ...' not been included '...[DUS]... would have achieved a \$5million cash operating surplus'⁴. The committee notes the assurance of the Minister that the department was aware of the ongoing increased operating loss and the need to reinvest in this important infrastructure. The Minister informed the committee that the appropriate resources would be found.⁵

¹ Transcript 8/11/00 p1

² *ibid* p2

³ *ibid* p3

⁴ Transcript of 9/11/00 p93 – Mr Eggins [Executive Director, Corporate, DUS]

⁵ Transcript of 9/11/00 p 93 –Mr Smyth MLA [Minister, Urban Services]

CONCLUSION

13. The committee thanks the Minister and his departmental officers for their cooperation.
14. The committee notes that this is the second time that the Assembly's Standing Committees considered the Annual and Financial Reports of Departments. In the past, the Annual Reports were scrutinised by a Select Committee on the annual Estimates as part of the examination of the Budget.
15. Recent adjustments to the government's Administrative Arrangements saw 'housing and housing assistance' move from the portfolio responsibility of the Minister for Urban Services to the Minister for Health. As a result, this committee examined two Ministers: Mr Smyth MLA as Minister for Urban Services and Mr Moore MLA as the new Minister for Housing. This awkward arrangement also affected the other Standing Committees. It may be the case that the Assembly would wish to reconsider the way that departmental Annual Reports are scrutinised.

Harold Hird MLA
Chair

February 2001