



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PLANNING AND URBAN SERVICES

REPORT NO.38 DECEMBER 1999

**1998-99 ANNUAL REPORT OF THE
DEPARTMENT OF URBAN SERVICES**

RECOMMENDATIONS

This report outlines the issues, which were raised during the committee's examination of the 1998-99 *Annual Report* of DUS.

In order to improve the quality of information made available to the parliament and to the Canberra community—and in order to obtain greater insight into the workings of the department—the committee recommends:

1. that the Assembly's *Standing Orders* specifically provide for committees to consider *Annual Reports* in conjunction with examination of estimates
2. that, in future, the two Volumes of the 1998-99 *Annual Report* be amalgamated into the one document
3. that, in future, the performance measures of the department correlate to its organisational units (as occurred with PALM in the 1998-99 *Annual Report*). Such a correspondence of performance measure and organisation unit assists parliamentary scrutiny
4. that, in order to improve legibility, all of the information on each organisation unit or activity of the department be grouped under the one heading (this includes the narrative information in Volume 1 of the 1998-99 Report, the performance information in Volume 2 and the financial information in the same volume)
5. that future *Annual Reports* contain information on trend lines over time (in relation to important aspects of the department's performance). This kind of information is useful to members, and to readers generally, because it gives a sense of where an activity is headed
6. that, in future, the department provide greater detail on its 'future directions'

7. that, in future, the columns listing performance measures (headed ‘original target’, ‘revised target’, ‘result’, ‘variance from revised target’ and ‘variance from original target’) be brought closer together, leaving more room for the very important column headed ‘explanatory comments’
8. that future *Annual Reports* include information about the staffing levels of each organisational unit or departmental activity, along with information about any redundancies that may have occurred
9. that the government provide comparative performance—across departments and agencies—in selected areas, including the cost of providing ‘policy advice and ministerial support’
10. that the *Annual Report* identify the specific areas of the department being examined for tendering out and that were tendered out in the year under review
11. that the *Annual Report* identify the community service obligations of each area of the department
12. that staffing levels in PALM’s Development Management Branch be re-assessed in light of difficulties being experienced in meeting performance measures for the approval of development applications.

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, housing and housing assistance, 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*).

Committee members

Mr Harold Hird MLA (Chair)

Mr Dave Rugendyke MLA (Deputy chair)

Mr Simon Corbell MLA

Secretary – Mr Rod Power

For further information please contact the secretary on ph: 02 6205-0435
or fax: 02 6205-0432 or email: committees@act.gov.au

BACKGROUND

1. On 2 September 1999 the Legislative Assembly resolved to refer *Annual and Financial Reports* for the financial year 1998-99 'to the relevant standing committee for inquiry and report by 1 February 2000'. For the Department of Urban Services [DUS], this committee is the relevant committee.

1998-99 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 three policy areas [transport & housing, infrastructure, and industry]
- business reports of three operation areas [city, information planning, and forests]
- business reports of PALM, environment ACT, ACTION, ACT Housing and the corporate area
- five whole-of-government issues: customer service; IT; Aboriginal deaths in custody; fraud prevention; and contractual debt
- 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 Environment Management Authority, information about the operation and administration of the *Gas Supply Act 1998*, FOI, public interest disclosure, list of legislation enacted in 1998-99, list of inquiries by Assembly committees in the period, list of relevant reports by the Auditor-General, and list of approved grants
- brief reports by the ACT Planning Authority; Architects Board; electrical Licensing Board; Occupational Health and Safety Council; Plumbers Drainers and Gasfitters Board; Surveyors Board; Heritage Council; Agricultural and Veterinary Chemicals Coordination Network; Animal Welfare Authority; Bushfire Fuel Management requirements; Conservator of Flora and Fauna; Essential Services Review Committee; and Trustees of the Canberra Public Cemeteries.

3. Volume 2 of DUS's *Annual Report* 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, and the ACT Workers' Compensation Supplementation Fund.

ACTIVITY BY THE COMMITTEE

4. The committee conducted two public hearings on the *Annual Report*. The first was on 26 November 1999 and the second was on 3 December 1999. The Minister for Urban Services, Mr Brendan Smyth MLA, attended both hearings, accompanied by senior departmental officers.

5. The committee also welcomed Mr Berry MLA, Mr Hargreaves MLA and Mr Wood MLA to its public hearings. The committee expresses its appreciation to these members for their interest and participation in the proceedings.

6. Prior to the hearings, the committee received three questions on notice from a member not on the committee (Mr Wood MLA). These questions were answered within an appropriate timeframe.

7. During the hearings, the department undertook to provide a considerable amount of supplementary material. Again, this material was supplied within an appropriate timeframe.

8. **The committee thanks the Minister and his departmental officers for their cooperation.**

COMMITTEE COMMENT

9. The committee appreciates the great deal of effort that has gone into the preparation of the *Annual Report*. The following comments pick up selected aspects of the report and/or of the process of its examination.

10. **First**, the committee acknowledges the reality that the process of examining DUS's *Annual Report for 1998-99* provides an opportunity to examine current issues affecting the department. The committee thanks the Minister for his 'latitude' in encouraging his departmental officers to respond to questions on topical issues.¹

11. **Second**, the committee appreciates that standing committees of the Assembly will very shortly examine the government's draft Budget for the year 2000-01. This will mean that, within a period of just a few months, the committee will be considering both the *Annual Report* for the year ending in June 1999 and the Budget estimates for the year to commence in July 2000. In these circumstances, there is a case for moving the consideration of the *Annual Report* to the Budget examination. Had this course of action been followed, the committee would have examined the *Annual Report* early in 2000, at the same time as it was considering the draft Budget.

12. The committee notes that the Senate's *Standing Orders* allow committees to consider *Annual Reports* in conjunction with examination of estimates.

¹ Transcript 3/12/99

13. Consideration of the government's draft Budget in early 2000 was a recommendation of the Select Committee on the *Report of the Review of Governance* (June 1999). A majority of that committee urged the government 'to prepare preliminary Budget papers that clearly indicate the government's proposed overall Budget deficit or surplus. The 'bottom line' for each of the portfolios would not be changed during any budget negotiations... [but] members should be free to make any amendments to the components within the portfolios as they see fit' [p23]. The Assembly will trial these procedures with respect to the 2000-2001 Budget.

14. **Third**, the committee notes that some awkwardness arose – during examination of the *Annual Report* – by the need to flip between the two volumes. Important information on performance indicators is placed in Volume 2 while the 'narrative' description of the department's activities is in Volume 1. There is a case for amalgamating the two Volumes into one document.

15. **Four**, the committee finds it difficult to examine the activity of the department when the performance measures do not correlate to the organisational units. For example, the performance measure entitled 'policy advice and ministerial support' does not fit exactly to the organisational unit identified as 'policy coordination'. However, the performance measures for PALM do accord with that particular organisational unit. As well, they are broken down in some detail ('Territory planning'; 'development management'; 'licensing and regulation'; 'workplace management').

16. The committee finds such a correspondence of performance measure and organisation unit very helpful. It also finds it useful when the performance measures relate to the principal activities of an organisational unit.

17. **Five** – and following on from the above – the committee would find it helpful if the organisation chart listed at the front of Volume 1 was reproduced at the front of Volume 2. This would go some way toward letting the reader see where performance measures might 'fit' to an organisational unit. Of course, if the two volumes were amalgamated into one, it would not be necessary to copy the organisation chart.

18. **Six**, the committee considers that the above comments somewhat mitigate the claim that the 'arrangement of the annual report [is] structured on the broad organisation structure of the department'.² While true of Volume 1, it is not wholly the case with Volume 2 (in relation to performance measures).

19. **Seven**, the committee notes that important information is sometimes (perhaps frequently) included in the notes accompanying the financial statements in Volume 2. A reader does not quickly find these notes. Two examples follow.

² Transcript 26/11/99

20. The first is the following entry for ACT Housing: ‘ACT Housing has a memorandum of agreement with Community Housing Canberra Ltd [CHC Ltd] which requires the transfer of two hundred properties. In 1999-00, ACT Housing will complete this agreement by transferring one hundred and seventeen properties to CHC Ltd’ [Note 31 on p124 of volume 2].

21. The committee did not find any reference to this information in Volume 1—yet it relates to an important development that warrants the attention of parliamentarians and the public.

22. The second example relates to PALM. Volume 2 (page 40) reveals that the ‘cost of policy reviews, policies, strategies, policy advice and programs’ rose by 15% due to the need to develop ‘additional policies... such as [the] rural residential [policy]’. There is no reference to this unexpected workload in the material in Volume 1.

23. **Eight**, and building on the above comment, there is a case for amalgamating all of the information on each organisation unit or activity of the department under the one heading. In the case of ACT Housing, this would see the narrative information on pages 48-50 of Volume 1 combine with the performance information on pages 29-30 of Volume 2 and the financial information in the same volume on pages 103-127.

24. The advantage of such an arrangement is that most of the relevant information on ACT Housing would be located in one place. The exception would be information on staffing, consultants, capital works management, asset management strategy, vehicles and other matters that appears at the moment in Volume 1 under a generic heading (that is, only department-wide total are provided). Of course, the relevant parts of this information could be separated out and placed under ACT Housing as well. This would see all information under the one head.

25. Such a re-arrangement of the *Annual Report* would certainly simplify the committee’s task of reviewing the department’s performance.

26. **Nine**, the separation of the department’s purchaser and provider roles – within the *Annual Report* – was not helpful to the committee’s examination of officials in person (however justified the distinction is on other grounds). The committee asked officials of both areas of the department to come before it at the one time, as this facilitated questioning by members. This was particularly evident when examining the transport and housing areas. (When examining the former, the committee asked officials of both ‘transport policy’ and ACTION to come to the table; and when examining housing, the committee had officials from both ‘housing policy’ and ACT Housing present at the same time.)

27. **Ten**, the committee appreciates that section of Volume 1 entitled ‘future directions’. This lists the expected activities of that area of the department in the year after the reporting year (1998-99). At the same time, the committee notes that the information about future directions was in a most summary form.

28. **Eleven**, the committee points to the absence of historical data in the *Annual Report*, by which it means information on trends over time. This kind of information can be extremely useful to members – and to readers generally – because it gives a sense of where an activity is headed.

29. **Twelve**, the committee considers that the columns listing performance measures can be improved upon. There is too much space devoted to the columns headed ‘original target’, ‘revised target’, ‘result’, ‘variance from revised target’ and ‘variance from original target’. These columns could be brought closer together, leaving more room for the very important column headed ‘explanatory comments’.

30. **Thirteen**, the committee repeats an observation made whenever *Annual Reports* are examined. It is that quite a number of performance measures are new or revised from what they were in the previous year, thus rendering any assessment of trends over time impossible. The committee appreciates that it is inevitable adjustments will be made to performance measures, but it is a pity they continue to be as many as they are in the 1998-99 Report.

31. **Fourteen**, the committee would like to see information about the staffing levels of each organisational unit or departmental activity. The only information on staffing is provided in Volume 1 by way of a departmental-wide ‘staffing profile’ (by classification of officers). This does not identify where these officers worked within the department.

32. Information of this kind is important, for example, when assessing the appropriateness of staffing reductions in PALM (following the recent Ernst and Young Review).³

33. **Fifteen**, the committee wonders if the *Annual Report* excludes useful information that may be contained in documents such as the department’s *Ownership Agreement*. The committee has not examined the two documents in the detail required to identify what, if any, information is left out of the *Annual Report*. But it would be useful if just one document could contain all relevant information on the department’s activity in the year just concluded.

34. **Sixteen**, the committee would find it useful to see the department’s performance in selected areas compared to the performance of other departments. One such area is the performance measure entitled ‘policy advice and ministerial support’. The committee was told that DUS nominally values each Assembly question at \$74.15, each ministerial correspondence at \$273.10 and each Cabinet submission as \$3,609.⁴ It would be useful to know what these costs are for all government departments.

35. **Seventeen**, the department provided information about the functions or services of the department that might be ‘tendered out’ in the future. The list includes the following:

³ Transcript 3/12/99

⁴ Transcript 26/11/99

—‘scoping review [in 1999-00] of the management of streetlighting and stormwater services’ ;

—‘expressions of interest for the operation of the ACT’s parking management services’ [for decision on successful bidder in early 2000]

—market testing ‘the remaining four horticultural maintenance and cleaning service regions’ [tenders called November 1999]

—‘expressions of interest for the management of Mugga Lane Landfill’ [expressions of interest called in September 1999]

—‘market test tenancy and property management and applicant services centre functions within ACT Housing’ [on hold pending Assembly committee inquiry into public housing]

—‘market test the delivery of courses and seminars for the Women’s Referral and Information Centre’ [new contractor to start in February 2000]

—‘market test the operation, under license, of the government’s horse-holding paddocks’ [market testing completed]

—‘market test the maintenance of visitor amenities in parks’ [‘contract awarded to CityScape after a tender process’]

—‘market test elements of the animal control service’ [dependent on legislative process]

—‘market test mapping and drafting services in PALM’ [tenders called for the document entitled *Canberra By Suburbs*; expressions of interest to be called for mapping and drafting]

—market test compliance and lower level regulatory functions across the department’ [‘discussion paper to be prepared’].

36. The committee considers that each *Annual Report* should specify the areas of the department being examined for tendering out. Also, each *Annual Report* should include a section reporting on what actually happened with respect to the tender efforts.

37. **Eighteen**, the committee was interested in progress of the review of ACT legislation in light of the national competition policy.⁵ The committee considers that this sort of information should feature in the *Annual Report*, perhaps in the section dealing with whole-of-government issues.

38. **Nineteen**, the committee appreciate the oral update on the implications of the move to greater contestability in the domestic electricity market.⁶

5 Transcript 26/11/99

6 *ibid*

39. **Twenty**, the committee was interested to learn about the department's consideration of a centralised 'call centre' for phone calls to the department.⁷

40. **Twenty-one**, the committee also was interested in the activity of the heritage area of the department. Many questions were asked about *The Review of the ACT Heritage Function* (May 1999) prepared for Environment ACT by Fathom Consulting with Kate Sullivan and Associates and Dr Gerry Bates (legal advice).

41. The location of the heritage function within Environment ACT is interesting. While the connection between environmental protection and the organisational unit called Environment ACT is reasonably obvious, the same cannot be said for the connection between that unit and heritage buildings, or other heritage assets such as the Civic merry-go-round, or heritage festivals.⁸

42. Further, the addition of heritage to the list of functions under the control of the chief executive of Environment ACT adds to the workload of that officer (who is also the Conservator of Flora and Fauna).

43. The committee wonders whether the existing arrangements for the heritage function are the most appropriate in the long run.

44. **Twenty-two**, the committee has commented elsewhere on the backlog of interim heritage listings that have not yet been brought to account by way of draft Variations to the Territory Plan [Report No.34 *Draft Variation to the Territory Plan No.102 Heritage Places Register* November 1999]. The committee was pleased to learn of the arrangements being made to reduce this backlog.

45. **Twenty-three**, the committee was interested in details of the sponsorship arrangements for the 'Big One' New Year's Eve celebrations. This information was not forthcoming during the public hearings. The concern, of course, is that the taxpayer may have to 'bail out' the function in the event the planned sponsorship is not realised.

46. **Twenty-four**, the committee was pleased to be provided with detailed information about the department's handling of parking infringement notices [PINs].

47. **Twenty-five**, the committee was pleased to be provided with updated oral and written information about housing policy and the activity of ACT Housing. The committee notes that the *Annual Report* contains no information about the community service obligations of ACT Housing or of the department (and whether they changed during the year being reviewed). The committee considers this sort of information would be useful—and should not be confined just to the housing area of the department but to each area or activity that has such obligations.

48. **Twenty-six**, the committee questioned the Minister and PALM officials about the many instances where performance measures varied from the original target, especially in the Development Management area.⁹

⁷ ibid

⁸ Transcript 3/12/99

⁹ ibid

CONCLUSION

49. The committee has pointed out, in this report, a number of areas where members consider changes can be made to improve the accountability of the Department of Urban Services to the parliament – and hence to the Canberra community.

50. The committee's recommendations are set out at the head of this report.

51. The committee has found its examination of the department's *Annual Report* useful. The committee appreciates the Minister's willingness to consider directing that his department include more information in its *Annual Report*.¹⁰ Members hope that this report by the Standing Committee on Planning and Urban Services will assist the effort to improve the quality of information made available to parliamentarians and the public.

Harold Hird MLA
Chair

14 December 1999

¹⁰ *Transcript* 26/11/99