

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

REVIEW OF AUDITOR-GENERAL'S REPORT NO.5 OF 1996 -

MANAGEMENT OF FORMER SHEEP DIP SITES

REPORT NO.24

OF THE

STANDING COMMITTEE ON PLANNING AND ENVIRONMENT

DECEMBER 1996

STANDING COMMITTEE ON PLANNING AND ENVIRONMENT

Resolution of appointment of the Standing Committee on Planning and Environment:

[that] a Standing Committee on Planning and Environment [be established] to examine matters related to planning, land management, transport, commercial development, industrial and residential development, infrastructure and capital works, science and technology, the environment, conservation, heritage, energy and resources...

[And that the committee] inquire into and report on matters referred to [it] by the Assembly or matters that are considered by the committee to be of concern to the community.

[Further, that] if the Assembly is not sitting when the Standing Committee on Planning and Environment has completed consideration of a report on draft Plan variations referred pursuant to Section 25 of the *Land (Planning and Environment) Act 1991* or draft Plans of Management referred pursuant to Section 203 of the *Land (Planning and Environment) Act 1991*, the Committee may send its report to the Speaker or, in the absence of the Speaker, to the Deputy Speaker, who is authorised to give directions for its printing and circulation.

Minutes of Proceedings (Third Assembly) No. 1 Thursday 9 March 1995,
amended 22 June 1995

Committee Membership

Mr Michael Moore MLA (Chair)
Mr Trevor Kaine MLA (Deputy Chair)
Ms Lucy Horodny MLA
Ms Roberta McRae, OAM MLA

Secretary: Mr Rod Power

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Background

1. On 23 May 1996 the Auditor-General's Report No.5 of 1996 was presented in the Legislative Assembly. The Report is entitled *Management of Former Sheep Dip Sites* and is a performance audit of matters arising from the detection of arsenic in soil at former sheep dips in the A.C.T.
2. Normally, all reports of the Auditor General are referred to the Assembly's Standing Committee on Public Accounts. That Committee writes to the responsible Minister for a formal response to the Auditor's report. It then takes account of both the Auditor's Report and the Minister's response in preparing a report to the Assembly.
3. In the case of the Auditor-General's Report No.5, the Standing Committee on Planning and Environment - at the request of the Legislative Assembly - took on the role of the Public Accounts Committee. This action by the Assembly reflected:
 - the fact that the Planning and Environment Committee, on 26 June 1996, brought down a lengthy report on *The Adequacy of Processes Relating to Identifying and Managing Contaminated Sites in the A.C.T.*;
 - the Planning and Environment Committee has four members, two of whom also serve on the Public Accounts Committee; and
 - the Chair of the Public Accounts Committee, Mr Wood MLA, was sensitive to the fact that he was the responsible Minister when the issue of possible contamination from sheep dips became controversial; and hence some might consider he should not sit on the body assessing the Auditor's report on his handling of the matter.
4. On 26 June 1996 the Chair wrote to Mr Gary Humphries MLA (Minister for the Environment, Land and Planning) to suggest that he might like to respond at the one time to both the Auditor-General's report and this Committee's report on contaminated sites (tabled on 26 June 1996). The Minister took up this suggestion.

5. On 7 November 1996 the Minister's response to both reports was forwarded to this Committee. The Minister's letter and his formal responses were subsequently authorised for publication by the Planning and Environment Committee.

What the Auditor-General found

6. The Audit Office commenced its performance audit in August 1995 and substantially completed it by November 1995. It re-examined some aspects in early 1996 to take account of the discovery of possible contamination in Watson.

7. The Audit Report found that:

\$2.6m had been expended or committed in relation to former sheep dip sites...
[including] \$1.9m paid in buy-out and compensation to residents.

8. The audit concluded:

[A]ctivities in relation to former sheep dip sites are generally being managed effectively. There are, however, aspects where effectiveness could have been significantly improved, particularly in the area of providing relevant and accurate information to residents and the public in a clear and positive manner...

[T]o date unnecessary expenditure of around \$400,000 has been incurred or committed. Unless current practices are changed, further unnecessary costs will be generated.

9. In relation to compensation payments to residents, the audit concluded that:

compensation payments to residents, including buy-outs, were made without determining legal liabilities and without complete assessments of health and environmental risks.

10. In relation to the health risk of arsenic in the soil at former sheep dip sites, the audit concluded that the 'risk to health... is very slight'.

The Government's response

11. In relation to the health risk from arsenic in soil at former sheep dip sites, the Government 'accepts... that the risk to health is slight' but pointed out that 'a precedent had already been established' regarding the management of contaminated sites:

The Government believed that equity demanded that residents in different sites be treated equally and accordingly the policy set by the former Government was endorsed as appropriate under the circumstances.

12. The Government's response noted the importance of 'the psychological effect' upon residents with arsenic findings on their properties.

13. In relation to compensation payments to residents, the Government's response was:

The Auditor-General appears to have considered this issue from a strictly financial perspective. The Government has a different perspective and had to weigh the need to provide residents with information on contamination on their block and possible remedial action against the anxiety that delaying the provision of such information might cause. In light of the precedent established by the former Government, this Government adopted the policy of providing the options for affected residents at the time of delivering results of testing.

14. In relation to the Auditor's suggestion that 'the extent of legal liability should be promptly obtained and considered' in the case of each property affected by possible contamination, the Government stated:

The need to obtain legal advice on each proposed buy out is seen by the Government as unnecessary...

In the case of residential land the Government has a responsibility to current and future lessees to ensure that land is fit for its intended purpose. Obtaining a comprehensive risk assessment for each site would not necessarily lead to a more effective outcome for such sites. The need for community confidence in the safety of their land is considerable and the Government must act, and be seen to act, to ensure community confidence.

15. In relation to providing information to residents, the Government's response stated:

The strategy used at Theodore was not as effective as possible in that it did not share information properly with the affected community. A process designed to better keep communities informed, and involved, has been used with considerable success in the majority of sites subsequently managed by the Government [though] in a couple of sites a combination of factors has seen this process break down.

16. In relation to informing residents of remediation processes at the start of the information process, the Government's response was:

The need to balance the information provided to residents with the courses of action available to them precludes providing detailed remediation timetables.

17. The Government responded as follows to the Auditor's suggestion that, in cases where low arsenic readings apply on residential blocks, the owners be promptly assured that the market value of their homes will not be effected through disclosure of the arsenic readings:

Although a low arsenic reading indicates that there should be no actual risk to human health, it is not possible for the Government to give such an assurance. Only the market will determine whether the market value of a property will be affected by the fact of above background levels of arsenic.

The Committee's examination of the Auditor-General

18. On 6 December 1996 the Committee was briefed by the Auditor-General (Mr John Parkinson) and his senior officers: Mr Peter Hade (Assistant Auditor-General) and Mr Greg Martin (Audit Manager). The Committee closely questioned the officials about the Audit Report.

Conclusion

19. The Committee appreciates the fact that, while the Auditor-General must carefully scrutinise all financial aspects of public expenditure, the Government of the Territory has a wider responsibility. It has to be concerned with public perceptions of a health risk caused by possible contamination from arsenic at former sheep dips - and the similar perception of a health risk from naturally occurring arsenic. The response

of both the former Labor Government and of the present Liberal Government shows awareness of this wider role.

20. The Committee considers that both the former and present Governments have tried to manage the extremely sensitive issue of possible contamination of residential properties. It seems to the Committee that the handling by officials has improved over time but that there remain issues of concern.

21. The Committee considers that both the Auditor's Report and that of this Committee (following its examination of the way contaminated sites are managed in the A.C.T.) demonstrate the urgent need for the Government to develop appropriate mechanisms to better educate residents about the nature of the danger of arsenic contamination from former sheep dips.

22. The Committee reiterates its call for the Government to develop, and publicise, its remediation strategies far quicker than has happened in the past.

Recommendation

23. *The Committee recommends that:*

- *the Government urgently finalise its remediation strategies for land affected by possible contamination by arsenic from former sheep dips;*
- *the Government promptly publicise these strategies, especially to the residents of affected areas; and*
- *the Government make arrangements for a public meeting in Watson in February 1997 at which it should outline the whole situation affecting possible contamination in that suburb.*

Michael Moore MLA
Chair

11 December 1996