

Deb Foskey MLA

Member for Molonglo
Legislative Assembly of the Australian Capital Territory
GPO Box 1020, Canberra ACT 2601 Australia
Phone 61 (02) 6205 0161 Fax 6205 0007
www.debfoskey.com



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Lessons of Rhodium

ACT Greens MLA Deb Foskey has argued that the Legislative Assembly's Public Accounts Committee's unanimous report into the ACT Auditor General's inquiry into Rhodium Asset Solutions Ltd, released today, shows that the ACT Government needs to bite the bullet on shareholder responsibility.

"This Committee, which has a representative of each party in the Assembly, presented a unanimous report that sheeted blame home to all the players: staff, board and shareholders" Dr Foskey said today

To quote from the conclusion of the report

"Management led by the former CEO, engaged in ill advised spending, treated company assets and business as personal benefits and failed to establish policies and practices of even a basic acceptable standard. The Board failed in its duty to supervise management and did not place in priority on addressing key areas where they were aware of weaknesses. The shareholders, while not directly responsible for the day to day failures and questionable behaviour at Rhodium, failed to establish and communicate its expectations to the company."

"The take home message from the Assembly committee, which can only make recommendations to Government about government related responsibilities, is that shareholder responsibility for Territory Owned Corporations (TOCs) needs to be looked at more closely."

"Those shareholders, being the Chief Minister and the Deputy Chief Minister, appointed the Board which still exists, and the Board appointed the CEO."

"This report has implications for the other TOCs – ACTEW and ACTTAB – where the same shareholders may have a similar interpretation of their roles."

"Given the crucial role of ACTEW in ensuring the provision of potable water to the ACT, it is important that the shareholders now review their responsibilities under the TOC Act so that ACT residents, whose interest they represent, can feel confidence in them" Dr Foskey said.

MEDIA CONTACT Roland Manderson 62050551 or 0412241379

The Public Accounts Committee is made up of Deb Foskey (Chair) Karen MacDonald (Deputy Chair) and Brendan Smyth.

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