

2011

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

**GOVERNMENT RESPONSE TO THE
STANDING COMMITTEE ON PUBLIC ACCOUNTS
REPORT NO 16**

REPORT ON ANNUAL AND FINANCIAL REPORTS 2009-2010

**Presented by
Ms Katy Gallagher MLA
Chief Minister**

Government Response

Standing Committee on Public Accounts Report No 16 – Report on Annual and Financial Reports 2009-2010

Introduction

The Annual Reports of All ACT Government agencies are referred to the Standing Committees of the ACT Legislative Assembly for examination and report.

The Standing Committee on Public Accounts reviewed annual reports for:

- ACT Auditor-General;
- ACT Government Procurement Board;
- ACT Gambling and Racing Commission;
- ACT Insurance Authority;
- ACT Legislative Assembly Secretariat;
- ACT Long Service Leave Authority;
- ACTEW Corporation Limited;
- ACTTAB Limited;
- Chief Minister's Department;
- Commissioner for Public Administration;
- Department of Territory and Municipal Services;
- Department of Treasury;
- Exhibition Park Corporation;
- Rhodium Asset Solutions Limited; and
- Totalcare Industries Limited.

The Committee made 34 recommendations.

Response to Committee Recommendations

Recommendation 1

2.29 The Committee recommends that the requirements for reporting on ecologically sustainable development (ESD), as specified in the Chief Minister's Annual Report Directions, should be expressed with an achievable target over a set timeframe.

Government Response

Agreed-in-part.

The next review of the Chief Minister's Annual Report Directions will include the consideration of ESD targets to monitor public sector progress towards Government ESD strategies. The review will occur in the context of the investment into data and reporting infrastructure to determine the most practical way for reporting against targets and timeframes.

However, as the ACT Government moves towards carbon neutrality in 2020 (under the Carbon Neutral ACT Government Framework, to be released in 2011), it is critical that agencies identify targets for resource use over a set timeframe, and monitor their progress in meeting targets.

Resource use targets should already be identified in a Directorate's Resource Management Plan (RMP) – all Directorates are in the process of implementing a RMP or revising their RMP as a result of the restructure to the ACT Public Service.

Annual Report ESD data is a key component of an RMP. Each Annual Report should include references to targets and objectives within the Directorate's RMP, to provide context to the data in the ESD table.

The Environment and Sustainable Development Directorate is establishing a Sustainability Data Management System in 2011-12, which will provide Directorates with more consistent, complete and accurate resource use data, as well as enable benchmarks to be established at both the site level (buildings) and the Directorate level.

Targets will be specific to the nature of a Directorate's core business, such as office or non-office use of buildings, type of vehicles in the fleet and the nature of their use.

Recommendation 2

2.31 The Committee recommends that, as a minimum, ACT Government agencies' annual reports include thorough reporting on ecologically sustainable development (ESD) that fully adheres to the Chief Minister's Annual Report Directions 2007–10.

Government Response

Noted.

The next review of the Chief Minister's Annual Report Directions will include consideration of reasons for inaccuracies or omissions with regards to current ESD reporting requirements. This review will consider whether infrastructure for collecting and collating the information is consistent with reporting requirements.

Recommendation 3

2.33 The Committee recommends that ACT Government agencies should always present a context to their ecologically sustainable development (ESD) reporting by providing additional comparative information such as ESD outcomes from previous years, other agencies, and/or other jurisdictions.

Government Response

Noted.

Performance information, including information relating to ESD, in annual reports, should provide a context where practical and appropriate, such as information from comparative years, directorates or jurisdictions. Obstacles to achieving this objective may include examples such as changes to administrative arrangements, the availability of data, and resources and reporting infrastructure required to extract or analyse data.

Recommendation 4

2.49 The Committee recommends that ACT Government agencies ensure the provision of complete statements of performance and full disclosure as required by the Financial Management Act 1996.

Government Response

Agreed.

All reporting entities provide complete statements of performance and full disclosure in accordance with the *Financial Management Act 1996*.

Recommendation 5

2.5 The Committee recommends that ACT Government agencies should report in subsequent years on the outcomes of significant activities for which undertakings were made in the previous annual report.

Government Response

Noted.

This information should be publically available already and consideration will be given to Annual Reports as an additional means of communicating this information.

Recommendation 6

3.8 The Committee recommends that ACT Government agencies should report performance information consistently from one reporting period to the next. Where changes are necessary overtime, agencies should: (i) ensure that the change is clearly described; (ii) explain the reasons for why the change has occurred; and (iii) where possible, provide data for both the original and replacement measure for the changeover year.

Government Response

Noted.

Preferably, performance information is reported using indicators that are consistent over time to enable meaningful analysis. The reader should be able to easily identify any change to performance measures and the reasons for the change.

Providing data in both forms in the changeover year enables comparison of this data with previous and future years. However, this does not solve the issue of comparing data from future years with data from years prior to the changeover year.

Some of the changes to performance information can be difficult to mitigate as a result of changes to administrative arrangements, the availability of data, and resources and reporting infrastructure required to extract data. An investigation into possible supporting software and infrastructure is required to enable productive and cost-effective reporting across the service.

Recommendation 7

3.14 The Committee recommends that the Treasurer inform the ACT Legislative Assembly on the outcome of the Department of Treasury's post implementation program/initiative evaluations through the Expenditure Review and Evaluation Committee (EREC).

Government Response

Agreed.

An update on the Expenditure Review and Evaluation Committee's work was provided in Chapter 1.6 of 2011-12 Budget Paper No. 3.

Recommendation 8

3.21 The Committee recommends that future whole-of-government negotiations on Enterprise Bargaining Agreements be conducted in a manner that provides timely payment of salary increases to ACT Public Service (ACTPS) employees.

Government Response

Agreed in-part.

The negotiations are traditionally begun approximately six months prior to the expiry date of agreements. They are conducted in accordance with bargaining parameters set in advance by Government.

They are negotiated in good faith and the Government Negotiation Team does everything it can to progress matters in a timely fashion. A schedule of negotiation meetings are agreed in advance with union and non union bargaining representatives and largely adhered to. For the last two bargaining rounds the Government has also constructed and maintained a website that may be accessed by all recognised bargainers which can be used to share views and bargaining positions.

Bargaining can be protracted and this has been the case in the last two bargaining rounds. This has been due to the depressed fiscal climate, the reluctance of bargaining representatives to accept reform and the introduction of new federal industrial legislation in the form of the *Fair Work Act 2009*.

While the Government always attempts to finalise negotiations before agreements expire this is not always possible. By definition, the Government cannot – and does not seek to – control the course of negotiations.

Recommendation 9

3.26 The Committee recommends that the Department of Treasury in preparing its advice to Cabinet on the efficiency dividend percentage target should consider the relevance to ACT Government agencies of the findings of the Joint Committee on Public Accounts and Audit (JCPAA) inquiry into the Commonwealth Government's efficiency dividend and its impact on small agencies.

Government Response

Noted.

Recommendation 10

3.34 The Committee recommends that the ACT Government reconsider its decision to merge the Commissioner for Public Administration's role and function with that of the Deputy Chief Executive of the Governance Division of the Chief Minister's Department. Further, the Government may wish to consider replicating the arrangements in place for the period 2003–2006 where the Office of the Commissioner was filled at a senior executive level on a part time basis.

Government Response

Not Agreed.

The Commissioner is a statutory part-time office established under the *Public Sector Management Act 1994*. The office replicates the model used between 1995 and 1999 where a senior executive with departmental responsibilities also carried out the commissioner role. The current incumbent also holds the position of the Deputy Director-General, Workforce Capability and Governance Division of the Chief Minister and Cabinet Directorate (CMCD).

As the Commissioner has no staff reporting directly to the office, the Commissioner is supported heavily through the Workforce Capability and Governance Division. The advantages of this current arrangement are that the office holder has a deeper and more immediate understanding of the contemporary management issues that the ACTPS is facing.

Importantly the Commissioner's roles and functions are statutorily defined. There is no conflict of interest with the incumbent balancing the respective responsibilities. In fact increasingly, due to recent amendments to the *Public Sector Management Act 1994* there is greater clarity of the Commissioner's role and space for the Commissioner to engage in behaviour relating to public sector standards and integrity building.

Recommendation 11

4.26 The Committee recommends that the Chief Minister's Department should ensure that the triple bottom line assessment policy tool encompasses more than policy formulation to include policy implementation and delivery.

Government Response**Agreed-in-principle.**

Since the Standing Committee discussion in November 25, 2010 the policy development of a Triple Bottom Line (TBL) assessment framework has progressed significantly. A TBL discussion paper has been prepared and released. This document outlines a proposed TBL assessment framework for the ACT Government. The framework will be further developed based on public consultation and a pilot study across ACT Government.

The approach proposed in this document provides for greater consideration of TBL issues across the entire policy development process. Decisions on wider implementation of formal TBL assessments will be informed by experience in applying the policy assessment framework, including the results of a pilot that is currently underway.

Recommendation 12

4.29 The Committee recommends that the Chief Minister update the ACT Legislative Assembly in six months time on progress with regard to receipt of the federal funding for Constitution Avenue and the Burley Griffin Legacy projects.

Government Response**Agreed.**

The progress update is as follows. The Commonwealth Government provided funding in the 2011-12 Budget to the ACT Government to commemorate the Centenary of Canberra in 2013. This includes \$40 million for the redevelopment of Constitution Avenue which is central to the implementation of The Griffin Legacy. A preliminary design is currently being developed, to be completed by the end of 2011, which will inform the development of a funding agreement with the Commonwealth.

Recommendation 13

4.33 The Committee recommends that the Chief Minister inform the ACT Legislative Assembly on the outcome of his forthcoming representations with the Prime Minister, the Treasurer and the Minister for Finance, in relation to the Territory's strong desire for the Commonwealth to take a significant public position in relation to the Centenary Celebrations.

Government Response

Agreed.

In the 2011-12 Commonwealth Budget, released on 10 May 2011, the Australian Government provided \$62 million over four years to commemorate the Centenary of Canberra. Of this, \$42 million is for the redevelopment of Constitution Avenue and \$20 million is to assist with the completion of the National Arboretum. The Australian Government also provided \$6 million over three years for a joint national program of activities, including cultural and civic awareness events.

In addition, the ACT has received strong support in programming from the national cultural institutions to participate in the Centenary of Canberra program through a series of significant exhibitions.

Recommendation 14

4.34 The Committee recommends that the Chief Minister's Department should expedite the broader release of the Centenary of Canberra program as a matter of urgency.

Government Response

Noted.

As discussed in the response to Recommendation 13, the Australian Government funding for the Centenary of Canberra was only announced on 10 May 2011. The Chief Minister and Cabinet Directorate (CMCD) has been working on the Joint National Program, which was endorsed by Cabinet on 26 July 2011 and the Intergovernmental Working Group on 4 August 2011.

CMCD is now undertaking further scoping work for the Joint National Program, and establishing contracts for the various activities and initiatives. Any announcements of the program would compromise these negotiations. Broadly, the proposed 2013 program will provide a breadth and depth of activities and community engagement, as well as national reach and recognition.

It is anticipated that a preview package of the centenary program will be released to the general public in March 2012, to coincide with Canberra's 99th birthday celebrations. The full program is due for release to the public in September 2012.

Industry briefings on the program content are ongoing. Australian Capital Tourism is aware of the proposed program content, and has been developing marketing plans for the centenary collaboratively with the Centenary project team. The Canberra Convention Bureau (CCB) has also been updated on the program content. CCB has advised that strong confirmed conference bookings are already in place for 2013. Further, the National Capital Attractions Association has been briefed on the proposed centenary schedule.

A number of programs have already been released, including:

- Community Centenary Initiatives Fund, to support community driven projects, events and initiatives to enhance the program of activity for 2013;
- CAPITheticAL, an international ideas competition for a hypothetical capital city;
- Canberra Memorabilia Project, a competition to design a unique, high quality item to celebrate the Centenary;
- The Canberra Diaspora, a digital story telling project to collect the rich personal stories from people who have passed through Canberra;
- Dollars for Dili, a fundraising initiative for Canberra's friendship city;
- You Are Here, which utilises vacant shop fronts and created venues throughout the city to showcase the talents of creative and independent artists;
- Canberra Cake, a recipe designed by Ms Janet Jeffs of Ginger Catering which sources ingredients from within 100 miles of Canberra;
- Devotion, Daring and Sense of Destiny, an exhibition showcasing the key role played by surveyors in Canberra's early history;
- Show Us Your Limits, a competition to acknowledge the 100th anniversary of the border survey of the ACT;
- Keys to Canberra's History, a series of five history booklets which explore Canberra's early history as the national capital; and
- Canberra Bells, the official Centenary native plant.

No deviation from the original program strategy is intended.

Recommendation 15

4.38 The Committee recommends that the Chief Minister give consideration to public disclosure of the Cabinet agenda and inform the ACT Legislative Assembly on the outcome of his consideration.

Government Response

Not Agreed.

Publicising proposed discussions at Cabinet could open the door to the exertion of undue influence to Cabinet Ministers. Protecting the deliberations of Cabinet is necessary to ensure that decisions are made on the basis of collective responsibility, following a robust discussion between Ministers.

The importance of keeping the deliberations of Cabinet confidential is well established in Australian jurisprudence, and is recognised in the Freedom of Information legislation of all Australian jurisdictions.

The ACT Government already implemented a high degree of transparency regarding Cabinet outcomes. The existing scheme for releasing executive documents under the *Territory Records Act 2002* after ten years provides a level of access to Cabinet material that is consistent with best practice in other Australian jurisdictions, and superior to Commonwealth practice.

Further, the recent initiative to release summaries of Cabinet outcomes two weeks following consideration also places the ACT well in advance of most jurisdictions.

Recommendation 16

4.54 The Committee recommends that the Chief Minister's Department, in conjunction with the ACT Work Safety Council, review the effectiveness of the service provided by UnionsACT for the work safety liaison and education program in the occupational health and safety space.

Government Response

Noted.

This matter was raised with the Work Safety Council at the meeting of the Council on 26 August 2011.

Recommendation 17

4.70 The Committee recommends that the Default Insurance Fund include comparative figures for the previous reporting periods in its annual report tables.

Government Response

Agreed.

Comparative figures for legal expenses will be provided in future reports.

Recommendation 18

4.72 The Committee recommends that ACT Government agencies ensure that performance reporting in their respective annual reports is complete and informative. This should include, where appropriate, trend data (for example, multi-year comparative tables and/or graphics ideally over the last three years) and a discussion and analysis of changes over time.

Government Response**Noted.**

Performance information in annual reports should be complete and informative including trend analysis. Obstacles to achieving this may include examples such as changes to administrative arrangements, the availability of data, and resources and reporting infrastructure required to extract data. An investigation into possible software and infrastructure is required to support productive and cost-effective service-wide reporting.

Recommendation 19

4.81 The Committee recommends that ACT Treasury give urgent attention to: (i) resolving the long standing issue of the transfer of long service leave entitlements, including cash entitlements, for the affected officer of the Long Service Leave Authority; and (ii) determine a policy for the transfer of long service leave entitlements, including cash entitlements, for all small ACT Government agencies.

Government Response**Agreed.**

The Long Service Leave Authority was provided funding in 2010-11 for leave entitlements paid out in 2010-11 which were associated with service provided by employees prior to transferring to the Authority.

Recommendation 20

4.88 The Committee recommends that the Legislative Assembly Secretariat, in conjunction with the respective Select Committee on Estimates, review the effectiveness of the assistance provided by the consultant adviser to the Select Committee on Estimates as an ongoing practice from 2010–11.

Government Response**Noted.**

This is a matter for the Legislative Assembly Secretariat and not the ACT Government.

Recommendation 21

4.94 The Committee recommends that the Legislative Assembly Secretariat when preparing and negotiating its next contract renewal with InTACT should negotiate the contract to obtain more preferable terms, in particular areas, such as internet speed.

Government ResponseNoted.

This is a matter for the Legislative Assembly Secretariat and not the ACT Government.

Recommendation 22

4.95 The Committee recommends that the Legislative Assembly Secretariat review the option of outsourcing its ICT needs to another external provider if there are ongoing significant issues with internet speed and other ICT services following the upgrade of the platform to Windows 7 and the PC refresh.

Government ResponseNoted.

This is a matter for the Legislative Assembly Secretariat and not the ACT Government.

Recommendation 23

4.116 The Committee recommends that the Chief Minister's Annual Report Directions be amended to require authorities with a governing or advisory board to disclose when board members are appointed/reappointed and the period of appointment/reappointment.

Government ResponseAgreed-in-part.

This information is already publically available, however, consideration will be given to introducing this into Annual Reports as another means of communicating this information.

Recommendation 24

4.130 The Committee recommends that Australian Capital Tourism incorporate graphs into future annual reports, where appropriate, to provide a pictorial representation of seasonality and trends in terms of website visits.

Government Response**Noted.**

The methodology used to measure performance of the 'visit Canberra' website was changed during 2009-10 from "hits" to "visits". The change of methodology part way through the year in 2009-10 will not allow meaningful graphs to compare trends from 2009-10 to 2010-11. Australian Capital Tourism will incorporate graphs into the 2011-12 annual report.

Recommendation 25

4.139 The Committee recommends that Exhibition Park Corporation (EPC) include in future annual reports an explanation with regard to its relationship with the Department of Territory and Municipal Services (TAMS). This should include specific reference to reporting and accountability pathways and staff administration.

Government Response**Agreed.**

Exhibition Park Corporation will include in future annual reports, an explanation with regard to its relationship with its Directorate, noted in the Administrative Arrangements.

Recommendation 26

4.147 The Committee recommends that the ACT Government determine the coverage for the promotion of the Community Insurance Scheme and arrange for the Scheme to be promoted to any key community organisations that may have been excluded from the first promotion round.

Government Response**Agreed-in-principle.**

The Government will examine the coverage for the promotion of the Scheme and look to determine what action can be taken.

Recommendation 27

4.157 The Committee recommends that the Department of Treasury review the first year of operation of the Mortgage Relief Fund to determine the effectiveness of the Fund with particular reference to the appropriateness of the eligibility criteria.

Government Response**Not Agreed.**

The Treasury Directorate's monitoring and feedback received to date has not highlighted a need to conduct an early review. The Mortgage Relief Fund is proposed to be reviewed once there is the benefit of additional data and time to allow for a thorough assessment of the effectiveness of the fund.

Recommendation 28

4.173 The Committee recommends that the Department of Environment, Climate Change, Energy and Water conduct a cost-benefit analysis of the proposed Lower Molonglo to Belconnen recycled water pipeline.

Government Response**Not Agreed.**

The proposed Lower Molonglo to Belconnen recycled water pipeline is a matter for ACTEW. It is advised that the pipeline project is not being progressed in light of ACTEW's Sewerage Strategy 2010-2060.

Recommendation 29

4.179 The Committee recommends that the Treasurer inform the ACT Legislative Assembly on the outcome of the Department of Treasury's review of ACTEW Corporation Limited's dividend policy.

Government Response**Agreed.**

The review undertaken by the Treasury Directorate found that although ACTEW's short to medium term funding requirements are relatively high in order to fund major infrastructure works, the gearing ratio (Net Debt to Total Capital) is projected to remain at an acceptable level considering the nature of ACTEW's business operations. The Voting Shareholders have subsequently agreed to maintain the dividend policy but have indicated they will retain the discretion to revise the dividend policy at any time based on prevailing circumstances.

Recommendation 30

4.184 The Committee recommends that the ACT Government consider the cost benefit to the Territory of continuing to pursue the recovery of Rhodium Asset Solutions Limited outstanding debts.

Government Response**Noted.**

During the wind down phase Rhodium considered the relative costs and benefits of specific debt recovery action at each Board meeting. This practice is also being applied to the remaining debtors that were assigned by Rhodium to Treasury on behalf of the Territory. Analysis is being undertaken each month as to the cost effectiveness of maintaining various debt recovery actions, and to date the current process remains cost effective.

Recommendation 31

4.186 The Committee recommends that the Treasurer inform the ACT Legislative Assembly in twelve months time on progress of winding up Rhodium Asset Solutions Limited, in accordance with the Corporations Act 2001, by the end of the 2010–11 financial year.

Government Response**Noted.**

As anticipated in the 2011-12 Budget papers, Rhodium was wound up and deregistered as a company in accordance with the requirements of the Corporations Act 2001 on 19 June 2011. Rhodium's final annual report, which is for the period 2010-11, will be tabled in the Legislative Assembly in 2011.

Recommendation 32

4.197 The Committee recommends that the Treasurer inform the ACT Legislative Assembly in six months time on progress of winding up Totalcare Industries Limited, in accordance with the Corporations Act 2001, by the end of the 2010–11 financial year.

Government Response**Not Agreed.**

Totalcare was not wound up by 30 June 2011 due to the complex nature of the superannuation settlement process. The company will be wound up as soon as practically possible.

Recommendation 33

4.199 The Committee recommends that the Department of Treasury, in conjunction with representatives from Totalcare Industries Limited and Rhodium Asset Solutions Limited, examine and evaluate the practices employed by each of the companies in winding up their respective affairs with a view to identifying and assessing good practice, and areas where improvements could be made. This information should be presented in a format for future reference and be publicly available.

Government Response**Agreed.**

It is important to note that although guidelines may assist in broadly identifying potential issues to be resolved, they should not be relied on as a substitute for legal advice on the facts as they present themselves in each circumstance.

Recommendation 34

4.200 The Committee recommends that the ACT Government, in any future wind-up of a Territory-owned Corporation, should consider the benefits to the Territory of pursuing the residual issue of recovery of outstanding debts.

Government Response**Noted.**

In keeping with the analysis that was applied to each of the residual debtors relating to Rhodium, the need to consider the treatment of any outstanding debts will be incorporated into the guidelines to be developed in accordance with Recommendation 33.