

2022

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

**REPORT NO.8 OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS
INQUIRY INTO ANNUAL AND FINANCIAL REPORTS 2020-21 - GOVERNMENT
RESPONSE**

**Presented by
Mr Andrew Barr MLA
Chief Minister**

Introduction

On 16 September 2021, the Legislative Assembly passed an amendment to the 2 December 2020 Resolution of Establishment (clause 3(A)), referring the Annual and Financial Reports 2020-21 to the seven Standing Committees (the Committees) for inquiry and report by 31 May 2022.

The 2020-21 Annual and Financial Reports were reviewed by the relevant Standing Committees, and each Committee held hearings and reported separately.

The below Government Response addresses the recommendations which relate to the 2020-21 Annual and Financial Reports.

The following Annual and Financial Reports or sections of annual reports, were referred to the Standing Committee on Public Accounts (the Committee):

- ACT Audit Office;
 - Corrigendum to ACT Audit Office Annual Report 2020-21
- ACT Ombudsman;
- Chief Minister, Treasury and Economic Development Directorate;
- City Renewal Authority;
- Icon Water;
- Independent Competition and Regulatory Commission;
- Major Projects Canberra;
- Office of the Legislative Assembly; and
- Suburban Land Agency.

Response to Committee Recommendations

Recommendation 1

The Committee recommends that the ACT Government develop a long-term debt management strategy, incorporating future debt servicing costs, and publish it annually.

Government Response – Noted

The Government details its key fiscal budget strategy and objectives annually in the budget papers. Detailed information in relation to outstanding borrowings including debt servicing costs is provided in the Key Balance Sheet Metrics chapter of the Budget Outlook Budget Paper.

Recommendation 2

The Committee recommends the ACT Government routinely make the Standard & Poor's credit rating assessment available to the general public.

Government Response – Not Agreed

There is a regulatory limitation on posting ratings to a public website. S&P Australia has a wholesale-only licence and its ratings cannot be made available in a way that might be considered as influencing a 'retail' investor. Accordingly, S&P places a screen on its website to exclude access by retail investors. As the ACT Government website is a public website and is able to be accessed by anyone, including retail investors, S&P cannot provide permission for its rating reports to be published on it. For further information, please refer to 'ASIC information sheet 99' available at <https://asic.gov.au/regulatory-resources/financial-services/financial-product-disclosure/disclosure-of-credit-ratings-in-australia/>.

The S&P Global Rating credit ratings and research is publicly available information, but cannot be made available via a public website. Members of the general public can however seek access to the information by registering on the S&P Global Ratings website at <https://www.spglobal.com/ratings/en/register>

Recommendation 3

The Committee recommends that the ACT Government proceed as a matter of priority to consider scope 3 emissions as part of decision-making.

Government Response – Noted

The Government response to the scope 3 emissions report and its recommendations reflects the complexity inherent in scope 3 emissions and the difficulties in measuring emissions generated by goods and services not produced in the ACT and for which we do not have direct control over or visibility to obtain accurate, transparent, and consistent data for reporting. The

Government response to the recommendations recognises there is still further work required to understand scope 3 emissions in the ACT.

Recommendation 4

The Committee recommends that Icon Water provide more detailed data on reliable water supply performance indicator and its target for unplanned interruptions.

Government Response – Agreed

Icon Water recognises the importance of transparency and accountability through the provision of meaningful data on its performance and will consider how to best to include information on the reliable water supply performance indicator in its 2022-23 Annual Report. Icon Water has been working on introducing new Key Performance Indicators in this area and is proposing these in its next price proposal with the Independent Competition and Regulatory Commission (ICRC) which, if approved, will come into effect on 1 July 2023.

Where delivery of its services does not meet the requirements of the Consumer Protection Code, information is reported to the ICRC and rebates paid to those customers affected. This information is also made publicly available on the Icon Water website.

Icon Water also provides information to the Bureau of Meteorology for the National Performance Report, which provides analysis and commentary on performance measures which compares the performance of utilities across Australia. This benchmarking report presents some of the trends or differences between years and utilities which the Bureau of Meteorology then makes available publicly.

Recommendation 5

The Committee recommends that the ICRC report on the effect of the ACT Electricity (Transparency and Comparability) Code on electricity prices.

Government Response – Not Agreed

The purpose of the ACT Code is to make it easier for ACT households and small businesses to compare electricity offers, and for retailers to advise their customers if they might have a better offer. The outcome will be increased levels of switching between retailers. This will not necessarily result in a change in price, as this is impacted by a range of other factors such as electricity wholesale prices, transmission and distribution network costs.

The initial feedback from Canberrans indicated that the Code has encouraged them to shop around when signing up to a new electricity offer. The Australian Energy Regulator (AER) provides in-depth quarterly analysis of retail markets which reports the electricity customers switching and market shares of each retailer. The recent Retail Energy Market Performance Report (Q3, 2021-22) is available at <https://www.aer.gov.au/retail-markets/performance-reporting/retail-energy-market-performance-update-for-quarter-3-2021%E2%80%9322>.

On 31 March 2022, the AER published its Better Bills Guideline (AER Guideline), which is similar to the better offer obligation contained in the ACT Code. In order to reduce administrative burden to retailers and possible confusion to consumers in messaging, the ICRC removed the better offer obligation from the ACT Code and extended the current transitional better offer arrangements until the AER Guideline is fully operational. The ICRC will continue to monitor the implementation of the AER Guideline and advise of additional action it may take to protect consumers.

Recommendation 6

The Committee recommends Major Projects Canberra expand on its 'projects pipeline' webpage, by publishing an up-to-date status dashboard of all projects underway.

Government Response – Not agreed

The 'projects pipeline' serves a specific purpose, which is to inform industry about when procurement is expected to commence for new projects. Updates on the status of capital works projects already underway are provided through Directorate Annual Reports (Capital Works appendices to Part C Financial Management Reporting) and annual Budget Papers (Table of "Detailed initiatives by lead agency" in Chapter 3 Budget Outlook and in Appendix C "Infrastructure Investment Program – Works-in-Progress"). Information on the delivery of Major Projects Canberra's projects (Light Rail, Canberra Hospital Expansion, CIT Woden and the Canberra Theatre) can be found on the Major Project Canberra website and is updated regularly.

Recommendation 7

The Committee recommends the ACT Government support the ACT Audit Office's budget submission so it can optimally perform its role.

Government Response – Noted

The Government will continue to consider budget submissions from the ACT Audit Office in the context of the annual budget process.

Recommendation 8

The Committee recommends the Office of the Legislative Assembly finalise the Questions on Notice Database as a matter of priority, and that the Database 'go live' by no later than the end of July 2022.

Government Response – Not for ACT Government to respond to.

Recommendation 9

The Committee recommends the Office of the Legislative Assembly minimise outsourcing to ensure that every worker enjoys safe and secure employment and fair conditions.

Government Response – Not for ACT Government to respond to.