

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

**REVIEW OF
AUDITOR-GENERAL'S REPORT
NO 2, 1999**

The Management of Year 2000 Risks

Final report

**STANDING COMMITTEE ON FINANCE AND PUBLIC ADMINISTRATION
(INCORPORATING THE PUBLIC ACCOUNTS COMMITTEE)**

Public Accounts Committee Report Number 23

December 1999

RESOLUTION OF APPOINTMENT

The Standing Committee for the Chief Minister's Portfolio was appointed by the Legislative Assembly on 28 April 1998 to examine any matter under the responsibility of the Chief Minister's portfolio. The Assembly also resolved that the committee perform the duties of a public accounts committee, specifically:

- (a) to examine:
 - (i) the accounts of the receipts and expenditure of the Australian Capital Territory;
 - (ii) the financial affairs of authorities of the Australian Capital Territory; and
 - (iii) all reports of the Auditor-General which have been laid before the Assembly;
- (b) to report to the Assembly, with such comments as it thinks fit, on any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Assembly should be directed; and
- (c) to inquire into any question in connection with the public accounts which is referred to it by the Assembly and to report to the Assembly on that question.

On 26 November 1999, the Assembly retitled the committee as the Standing Committee on Finance and Public Administration (Incorporating the Public Accounts Committee), omitted reference to matters under the responsibility of the Chief Minister's portfolio and included reference to women's affairs, Aboriginal and Torres Strait Islander issues, asset management, gaming and racing and any other related matter.

MEMBERSHIP OF THE COMMITTEE

Mr Ted Quinlan MLA Committee Chair

Mr Trevor Kaine MLA Deputy Committee Chair

Mr Greg Cornwell MLA

Secretary: Bill Symington

1. INTRODUCTION

1.1. This report is a follow-up to the committee's interim report No 22 of August 1999 which reviewed the Auditor-General's findings on the degree of readiness within ACT public sector agencies in respect of Year 2000 (Y2K) risk management. The Auditor-General had focussed on the risk of failure of critical computerised systems within each agency.

1.2. At the time, the audit had found that there is still some considerable way to go before all critical systems and contingency and business continuity plans were Y2K ready. It was estimated that a little over 50% of the ACT's critical systems would be Y2K ready by 30 June although this was not cause for alarm and, provided agencies were able to complete outstanding work highlighted by the audit, particularly the modernisation of the ACT information technology infrastructure, all agencies should be ready by 31 December.¹

1.3. The committee in its interim report focussed upon the Office of Information Technology and Multimedia within the Chief Minister's Department, the agency with prime responsibility for managing the overall Y2K risk, as well as InTact, ACTEW, The Canberra Hospital and the Emergency Services Bureau as the ACT agencies with key responsibilities for the safety, welfare and infrastructure of the ACT community.

1.4. On the basis of the audit findings and its examination of the principal agencies involved with Y2K compliance issues the committee accepted that appropriate steps were being taken to attain full compliance by all ACT Government agencies and that suitable contingency arrangements were either in place or would be in place well in advance of end December 1999 to cover any possible and unforeseen emergency situation arising from systems failure on 1 January 2000. Nevertheless, the committee advised that it would revisit this matter during November for an update on compliance and contingency preparedness and that it would report further to the Assembly at that time.

1.5. That review was undertaken on 5 November 1999 when the principal agencies were again examined on the issues in a public hearing. This report is the result of that examination the purpose of which was to assess whether the committee is in a position to relay assurances to the Assembly about the degree of Y2K readiness, whether appropriate contingency plans are in place for critical systems relative to the welfare and wellbeing of the ACT community and whether there is any need for public concern about Y2K effects.

2. FOLLOW-UP POSITION

Emergency Management Bill 1998

2.1. In its interim report the committee also noted that the Emergency Management Bill 1998 (introduced to the Assembly on 10 December 1998 and referred to the Assembly Standing Committee on Justice and Community Safety on 4 May 1999 for

¹ Audit report p3

inquiry and report) would, if enacted, provide the Emergency Services Bureau with the necessary statutory emergency powers to meet whatever emergency situation might arise on 1 January 2000. The Bureau had advised that while the framework for managing any adverse situation arising from Y2K system failures were essentially in place, the legislation would ratify that framework and provide a legal basis for the Bureau to manage and deploy Territory resources in order to control a declared emergency.²

2.2. The committee is aware that the Standing Committee on Justice and Community Safety has completed its consideration of the Emergency Management Bill 1998 and that its report on that matter to the Assembly may precede the presentation of this report to the Assembly.

General issues

2.3. The committee was advised that across the ACT administration there was something between 85% and 88% Y2K systems readiness as at the end of October. Building systems are the largest group of those systems not yet signed off on although the committee was assured that over 90% of building systems were actually ready and all were being pursued. However, delays had been experienced in obtaining supplier certifications and such like for airconditioners, lifts and fire panels and so on.³ In essence, each building is treated as a system. If a building has three or four systems within it and three are ready and one is not, the building is not signed off as Y2K ready.⁴

2.4. The committee was advised there is 99% of contingency plans in place for critical systems identified across government. These have been reviewed and updated as necessary to ensure services continue to be delivered if the systems were to be affected by the Y2K problem. Again, the committee was assured that contingency plans have no reliance on the Emergency Management Bill.⁵

2.5. A system not being ready does not mean that the service cannot happen in the event of a systems failure. In many cases alternative manual systems would apply.⁶

Emergency Services Bureau (ESB)

2.6. The committee was advised that the seven communications systems are basically Y2K compliant, that there are back-ups for all systems and they can, if necessary, go manual. These systems cover matters such as receipt of calls and despatch of vehicles although it should be noted that some are not of technological significance, being based upon telephone calls, pagers and radios, although the radio system is Y2K compliant.⁷

2.7. The ESB will staff the Winchester Centre as a Territory Coordination Centre with Commonwealth links.⁸

² Committee report No22

³ Transcript 5 Nov p3

⁴ *ibid* p5

⁵ *ibid* p3

⁶ *ibid* p6

⁷ *ibid* pp7/8

⁸ *ibid* p9

ACTEW

2.8. The committee was advised that ACTEW has 100% contingency plans in place and have 100% systems readiness.⁹ With regard to electricity supply the committee was advised that ACTEW is working closely with the Electricity Association of NSW and its Y2K working group and all indications are that they are ready.¹⁰

2.9. With regard to water supply, the committee was advised that this can be achieved to all service areas by gravity although for some upper hill areas there would be lower pressure in the event of power failure for pumping. With regard to sewerage, ACTEW corrected a statement made to the committee in June this year that ACTEW sufficient capacity to ensure that sewerage can be pumped to the rising main where it can flow by gravity.¹¹ The committee was advised that not all sewerage would flow to the sewer by gravity. While most of the sewerage system is gravity flow, there are 28 sewerage pump stations which require power and ACTEW has contingency plans for emergency generators to power the pump stations as required and to use sewerage trucks if necessary. The committee was advised there would be four to six hours lead before significant sewerage overflows occurred, that the major stations have significant storage should they be out of commission.¹²

2.10. As far as general readiness is concerned, the committee was advised that ACTEW has 23 critical systems covering electricity, water and sewerage and all have been signed off and all have contingency plans in place.¹³

2.11. The point was made that while a system may not be ready it does not mean that it will not function normally, as an element of the system which deems it not being ready could be as trivial as the wrong date on a report. Thus non-readiness does not translate to the system failing in the event of the emergence as a Y2k problem.¹⁴

The Canberra Hospital

2.12. The Canberra Hospital reported 99.5% completion of its Y2K testing and readiness for biomedical equipment, building systems and medical applications. The Hospital noted difficulties in dealing with the vendor of its Détente medical imaging system which is awaiting the loading of software by the vendor but was confident the equipment would be tested and ready by early December.¹⁵

⁹ ibid p3

¹⁰ ibid p11

¹¹ ibid and para 4.7 of interim report

¹² transcript p11

¹³ ibid p13

¹⁴ ibid p14

¹⁵ ibid

InTact

2.13. InTact advised that the major modernisation of the government IT infrastructure will be completed on time and will be Y2K compliant by 31 December. The PERSPECT and ORACLE systems which underpin the payroll in one case and government accounting, financial and budget frameworks in the other are Y2K compliant. The receipts and payments system was expected to be fully completed and tested by about mid November. A stand alone generator has been commissioned for the computer centre at Callum Offices to minimise risk in the event of power failure.¹⁶

2.14. The committee was further advised that Telstra had given assurances that key sites such as the Deakin exchange would have significant power backup should that be needed in order to support the more business critical components of government operations.¹⁷

3. COMMITTEE COMMENT

3.1. As mentioned earlier, a major purpose of the committee in revisiting this matter has been to assess whether it can relay assurances to the Assembly about the degree of Y2K readiness, whether appropriate contingency plans are in place for critical systems which are relative to the welfare and wellbeing of the ACT community and whether there is any need for public concern about Y2K effects.

3.2. Based on the findings of Auditor-General's Report No 2, 1999 and assurances provided to the committee by senior departmental and agency officials during its public hearings in June and 5 November, it is reasonable for the committee to assume that all reasonable and necessary steps have been taken to ensure that government systems and, most importantly, critical systems are Y2K compliant and that appropriate contingency plans are in place to meet any possible systems failures.

3.3. Agency officials were at pains to allay any concerns that may be held by the community about possible systems failures due to the Y2K, by saying that things really will be okay on the night and that agencies are prepared if they are not. Officials observed that the community should in the normal course factor heed the possibility of seasonal or natural phenomena such as storms, bushfires and heat waves and prepare for these in the normal way.

3.4. The committee commends agencies and officials for the attention to detail in respect of Y2K preparedness and contingencies.

Ted Quinlan MLA
Chair

¹⁶ ibid pp16/17

¹⁷ ibid p18

