



**Legislative Assembly for the  
Australian Capital Territory**

Standing Committee on Public Accounts

# **Inquiry into Annual and Financial Reports 2020-21**

Legislative Assembly for the Australian Capital Territory  
Standing Committee on Public Accounts

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Approved for publication

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**Report 8**  
10th Assembly  
May 2022



# About the committee

## Establishing resolution

The Assembly established the Standing Committee on Public Accounts on 2 December 2020.

The Committee is responsible for the following areas:

- ACT Auditor-General
- ACT Ombudsman (until 5 April 2022)
- Office of the Legislative Assembly
- Accounts of the receipts and expenditure of the ACT and its authorities
- All reports of the Auditor-General which have been presented to the Assembly
- Treasury including taxation and revenue

You can read the full establishing resolution [on our website](#).

## Committee members

Mrs Elizabeth Kikkert MLA, Chair

Mr Michael Pettersson MLA, Deputy Chair

Mr Andrew Braddock MLA

## Secretariat

Mr Samuel Thompson, Committee Secretary

Ms Sophie Milne, Senior Research Officer

Ms Miriam El-Chami, Assistant Secretary (on secondment from the House of Representatives)

Mr Nick Byrne, Administrative Assistant

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## Contact us

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## About this inquiry

Clause 3A of the establishing resolution refers all calendar and financial year annual and financial reports for 2020-2021 to the relevant standing committee for inquiry and report by 31 May 2022 of the year after the presentation of the report to the Assembly pursuant to the *Annual Reports (Government Agencies) Act 2004*.

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# Acronyms

Acronym	Long form
ACT	Australian Capital Territory
AER	Australian Energy Regulator
CIT	Canberra Institute of Technology
CMTEDD	Chief Minister, Treasury and Economic Development Directorate
COVID-19	Coronavirus Disease 2019, caused by the novel coronavirus SARS-CoV-2
CRA	City Renewal Authority
ICRC	Independent Competition and Regulatory Commission
LVC	Lease Variation Charge
MLA	Member of the Legislative Assembly
MPC	Major Projects Canberra
OLA	Office of the Legislative Assembly for the ACT
PPP	Public Private Partnership
S&P	Standard and Poor's
SLA	Suburban Land Agency

# 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.

## Recommendation 2

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

## 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.

## Recommendation 4

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

## Recommendation 5

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

## 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.

## Recommendation 7

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

## 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.

## 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.



# 1. Introduction

## Presentation of 2020-21 annual and financial reports

- 1.1. All annual and financial reports for the territory were tabled between 8 October 2021<sup>1</sup> and 2 December 2021<sup>2</sup> in the Legislative Assembly. A collated list of annual and financial reports is available online.<sup>3</sup>
- 1.2. During its inquiry the Standing Committee on Public Accounts was required to examine all or part of the following annual and financial reports for 2020-21:
  - 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
  - Suburban Land Agency.

## Conduct of inquiry

- 1.3. The Committee's inquiry was undertaken amid the COVID-19 pandemic. In light of this, all annual and financial report hearings were conducted via videoconference. On 16 September 2022 the Assembly amended the resolution of establishment for standing committees to set a reporting date for the committee inquiries into annual and financial reports for the financial year 2020-21 of 31 May 2022.<sup>4</sup>

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<sup>1</sup> ACT Legislative Assembly, *Minutes of Proceedings*, No 27, 8 October 2021, p 334.

<sup>2</sup> ACT Legislative Assembly, *Minutes of Proceedings*, No 36, 2 December 2021, pp 451–453.

<sup>3</sup> Chief Minister, Treasury, and Economic Development Directorate, *Annual Reports*, 2 December 2021, [https://www.cmtedd.act.gov.au/open\\_government/report/annual-reports](https://www.cmtedd.act.gov.au/open_government/report/annual-reports) (accessed 21 March 2022).

<sup>4</sup> ACT Legislative Assembly, *Minutes of Proceedings*, No 24, 16 September 2021, p 272.

## Public hearings

- 1.4. The Committee held public hearings on 22 February 2022, 1 March 2022, and 2 March 2022. At the hearings the Committee heard from ACT Government Ministers, the Speaker and Clerk of the Legislative Assembly, Officers of the Legislative Assembly, and each of their respective accompanying officials.
- 1.5. Witnesses who appeared before the Committee are listed at Appendix A. Transcripts from the hearings are available on the Assembly website. Footage of the hearings is available via video on demand on the Legislative Assembly website.

## Questions taken on notice at hearings and questions placed on notice

- 1.6. A total of 52 questions were lodged during the inquiry. 39 questions were taken on notice by Ministers and statutory office holders during the hearings, and 13 questions on notice were submitted by Committee Members and visiting MLAs following the hearings.
- 1.7. The answers to questions, and a list of questions (by subject, submitter, recipient) are available at Appendix B, and on the inquiry webpage.

## Acknowledgements

- 1.8. The Committee thanks everyone who participated in, or otherwise assisted, this inquiry. This includes the ACT Government Ministers, Directorate officials, and statutory officers. The Committee extends a special thanks to the Hansard and Broadcasting staff of the Office of the Legislative Assembly.

## 2. Chief Minister, Treasury and Economic Development Directorate

- 2.1. The Chief Minister, Treasury, and Economic Development Directorate (CMTEDD) is the ACT Government's central agency and is responsible for the provision of strategic advice and support to the Chief Minister, the Directorate's Ministers and the Cabinet on policy, economic and financial matters, service delivery, whole of government issues and intergovernmental relations.

### Borrowing, funds management and infrastructure finance

#### Matters considered

- 2.2. During the Treasurer's appearance before the Committee on 1 March 2022 the following matters were considered:

- Policy on ethical investing;<sup>5</sup>
- Whether the ACT Government has investments in sanctioned Russian organisations;<sup>6</sup>
- Position regarding investment in chemical, biological, and nuclear weapons construction;<sup>7</sup>
- Whether the ACT Government has invested in companies with potential child labour law breaches;<sup>8</sup>
- Borrowing capacity implications of the AAA credit rating of the ACT;<sup>9</sup>
- Debt servicing risks to AAA credit rating;<sup>10</sup>
- Standard & Poor's credit rating assessment;<sup>11</sup>
- Infrastructure finance, including unsolicited proposals and commercial sensitivities;<sup>12</sup>
- The unsolicited proposal steering committee;<sup>13</sup>
- Accountability indicators for unsolicited proposals;<sup>14</sup>
- External and internal staff expertise regarding unsolicited proposals;<sup>15</sup>
- Review of guidelines for public-private partnerships (PPP);<sup>16</sup>

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<sup>5</sup> *Committee Hansard*, 1 March 2022, p 25.

<sup>6</sup> *Committee Hansard*, 1 March 2022, p 26.

<sup>7</sup> *Committee Hansard*, 1 March 2022, pp 26–27.

<sup>8</sup> *Committee Hansard*, 1 March 2022, p 27.

<sup>9</sup> *Committee Hansard*, 1 March 2022, p 28.

<sup>10</sup> *Committee Hansard*, 1 March 2022, p 29.

<sup>11</sup> *Committee Hansard*, 1 March 2022, p 31.

<sup>12</sup> *Committee Hansard*, 1 March 2022, p 31.

<sup>13</sup> *Committee Hansard*, 1 March 2022, p 31.

<sup>14</sup> *Committee Hansard*, 1 March 2022, p 32.

<sup>15</sup> *Committee Hansard*, 1 March 2022, pp 33–34.

<sup>16</sup> *Committee Hansard*, 1 March 2022, p 34.

- Engagement of Ernst & Young to update PPP guidelines;<sup>17</sup>
- Law courts PPP post-implementation review;<sup>18</sup>
- Modelling of government debt-servicing costs under future interest rate scenarios;<sup>19</sup> and
- Bond issuance by the Territory.<sup>20</sup>

## Key Issues

### Management strategy and servicing costs of debt

- 2.3. During the Committee's hearing on 1 March 2022 with the Treasurer, the issue of the ACT Government's debt management strategy was discussed.<sup>21</sup> The Committee considered the level of debt servicing which would place the Territory's AAA credit rating at risk and model debt servicing costs under different interest rate scenarios.

#### Committee comment

- 2.4. The Committee is of the view that ACT Government should develop and publish a debt management strategy, incorporating future debt servicing costs, including beyond the forward estimates.

#### 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.

### Publication of credit rating assessments

- 2.5. During the Committee's hearing with the Treasurer on 1 March 2022, the Standard & Poor's credit rating assessment was raised several times.<sup>22</sup> However, the full publication is not accessible without meeting the registration requirements of an S&P Global Ratings account as a professional investor, or through a business or personal wealth test.<sup>23</sup>

#### Committee comment

- 2.6. The Committee is of the view that the Standard & Poor's credit rating assessment should be made publicly available by the ACT Government, either by publishing the assessment itself or by publishing analogous content setting out the assessment's conclusions.

<sup>17</sup> *Committee Hansard*, 1 March 2022, p 35.

<sup>18</sup> *Committee Hansard*, 1 March 2022, p 36.

<sup>19</sup> *Committee Hansard*, 1 March 2022, p 39.

<sup>20</sup> *Committee Hansard*, 1 March 2022, pp 39–40.

<sup>21</sup> *Committee Hansard*, 1 March 2022, pp 29 and 39.

<sup>22</sup> *Committee Hansard*, 1 March 2022, pp 29–31.

<sup>23</sup> S&P Global, *Register for an account*, <https://www.spglobal.com/ratings/en/register> (accessed 17 May 2022).

## Recommendation 2

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

## Budget process and financial reporting

### Matters considered

2.7. During the Treasurer's appearance before the Committee on 1 March 2022 the following matters were considered:

- Inclusion of the cost of carbon in government decision-making, budgets, and business cases;<sup>24</sup>
- The August 2020 economic and financial update;<sup>25</sup>
- The Treasurer's accountability in relation to the ACT budget's women's statement;<sup>26</sup>
- Treasury's application of a gender lens to budgeting decisions;<sup>27</sup> and
- Budget process consultation organisations and entities.<sup>28</sup>

### Key Issues

#### Consideration of scope 3 emissions in decision-making

2.8. During the Committee's hearing with the Treasurer on 1 March 2022, the Committee raised the issue of the government's consideration of carbon emissions in decision-making in budgets and business cases.<sup>29</sup> The Committee also raised the matter with the Treasurer at its hearing on 22 February 2022, specifically addressing the measurement and consideration of scope 3 emissions in decision-making.<sup>30</sup>

### Committee comment

2.9. The Committee is of the view that the ACT Government should consider and account for scope 3 emissions as part of its decision-making including for the budget process and business cases.

## 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.

<sup>24</sup> *Committee Hansard*, 1 March 2022, p 30.

<sup>25</sup> *Committee Hansard*, 1 March 2022, p 45.

<sup>26</sup> *Committee Hansard*, 1 March 2022, p 50.

<sup>27</sup> *Committee Hansard*, 1 March 2022, p 50.

<sup>28</sup> *Committee Hansard*, 1 March 2022, pp 57–59.

<sup>29</sup> *Committee Hansard*, 1 March 2022, p 30.

<sup>30</sup> *Committee Hansard*, 22 February 2022, pp 9–10.

## Directions relating to authorisation thresholds for land acquisition by the City Renewal Authority or Suburban Land Agency

### Matters considered

2.10. During the Treasurer's appearance before the Committee on 1 March 2022 the following matters were considered:

- Impact of land release program on home prices;<sup>31</sup>
- Chief Minister's role with the City Renewal Authority (CRA) and Suburban Land Agency (SLA) authorisation thresholds;<sup>32</sup>
- Number of proposals and number of rejected proposals to the CRA and SLA;<sup>33</sup> and
- Determination of SLA acquisition thresholds, particularly in relation to Ginninderry purchases.<sup>34</sup>

## Fiscal and economic strategy and policy

### Matters considered

2.11. During the Treasurer's appearance before the Committee on 1 March 2022 the following matters were considered:

- Amendments to the Financial Management Act in response to COVID-19;<sup>35</sup>
- Government decision-making and criteria in relation to leasing versus owning office accommodation;<sup>36</sup>
- ACT's economic recovery from COVID-19 and associated data;<sup>37</sup>
- Residential interest rates in the ACT;<sup>38</sup>
- Economic recovery of the ACT compared to other jurisdictions;<sup>39</sup>
- Breakdown of post-pandemic retail spending figures;<sup>40</sup> and
- Commercial property sector investment in the ACT.<sup>41</sup>

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<sup>31</sup> *Committee Hansard*, 1 March 2022, pp 42–43.

<sup>32</sup> *Committee Hansard*, 1 March 2022, p 49.

<sup>33</sup> *Committee Hansard*, 1 March 2022, p 49.

<sup>34</sup> *Committee Hansard*, 1 March 2022, pp 65–66.

<sup>35</sup> *Committee Hansard*, 1 March 2022, p 37.

<sup>36</sup> *Committee Hansard*, 1 March 2022, p 46.

<sup>37</sup> *Committee Hansard*, 1 March 2022, pp 53–56.

<sup>38</sup> *Committee Hansard*, 1 March 2022, pp 55–56.

<sup>39</sup> *Committee Hansard*, 1 March 2022, p 56.

<sup>40</sup> *Committee Hansard*, 1 March 2022, pp 56–57.

<sup>41</sup> *Committee Hansard*, 1 March 2022, p 57.

## Infrastructure policy frameworks and coordination of infrastructure planning

### Matters considered

2.12. During the Treasurer's appearance before the Committee on 1 March 2022 the following matter was considered:

- Revised ACT infrastructure plan.<sup>42</sup>

## Revenue Office, including administration of rental bonds

### Matters considered

2.13. During the Treasurer's appearance before the Committee on 1 March 2022 the following matters were considered:

- Number of approvals that claimed remissions under the lease variation charge (LVC) discount scheme, and number of these not commencing construction prior to 31 January 2022 deadline;<sup>43</sup>
- Compliance activity and consequences of non-compliance in relation to the LVC discount scheme;<sup>44</sup> and
- Accountability indicators and debt recovery activity pre-COVID-19 and moving forward.<sup>45</sup>

## Taxation and revenue policy

### Matters considered

2.14. During the Treasurer's appearance before the Committee on 1 March 2022 the following matters were considered:

- Discounts on the LVC implemented as a COVID-19 measure;<sup>46</sup>
- Effect the above measure had on the construction industry and related employment;<sup>47</sup>
- Legal authority of Treasurer to administer taxation or other policies or regulations;<sup>48</sup>
- Legality of the LVC deferral scheme;<sup>49</sup>
- Residential rates hardship provisions relating to COVID-19;<sup>50</sup>

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<sup>42</sup> *Committee Hansard*, 1 March 2022, p 51.

<sup>43</sup> *Committee Hansard*, 1 March 2022, pp 38–39.

<sup>44</sup> *Committee Hansard*, 1 March 2022, p 39.

<sup>45</sup> *Committee Hansard*, 1 March 2022, pp 63–64.

<sup>46</sup> *Committee Hansard*, 1 March, p 38.

<sup>47</sup> *Committee Hansard*, 1 March, p 38.

<sup>48</sup> *Committee Hansard*, 1 March 2022, pp 51–52.

<sup>49</sup> *Committee Hansard*, 1 March 2022, p 52.

<sup>50</sup> *Committee Hansard*, 1 March, pp 52–53.

- Foreign ownership surcharge;<sup>51</sup>
- Classification of development leases under the Rates Act;<sup>52</sup>
- Rates applied to residential and mixed-use properties on commercially zoned land;<sup>53</sup>
- Number of businesses accessing pandemic hardship support through the Revenue Office;<sup>54</sup>
- Short-term rental market and its impact on long-term secure housing;<sup>55</sup>
- Revenue from lease variation charges in 2020-2021;<sup>56</sup> and
- Tax reform from stamp duty through to rates.<sup>57</sup>

## Icon Water Limited

2.15. Icon Water Limited (Icon Water) provides water and sewerage services to the ACT community and bulk water to Queanbeyan. Icon Water also holds a 50 per cent investment in the ActewAGL joint venture (the energy investment) which provides electricity and gas to the ACT and surrounding region.

## Matters considered

2.16. During the Treasurer's appearance before the Committee on 22 February 2022 with representatives from Icon Water, the following matters were considered:

- Odour complaints in West Belconnen;<sup>58</sup>
- The Belconnen Trunk Sewer project;<sup>59</sup>
- Reliable water supply performance indicators;<sup>60</sup>
- Unplanned interruptions;<sup>61</sup>
- Increased natural gas emissions from furnace operation;<sup>62</sup>
- Water security;<sup>63</sup> and
- Independent market appraisal of the value of services provided in the service agreements with ActewAGL.<sup>64</sup>

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<sup>51</sup> *Committee Hansard*, 1 March 2022, p 57.

<sup>52</sup> *Committee Hansard*, 1 March 2022, pp 59–61.

<sup>53</sup> *Committee Hansard*, 1 March 2022, pp 61–62.

<sup>54</sup> *Committee Hansard*, 1 March 2022, p 62.

<sup>55</sup> *Committee Hansard*, 1 March 2022, pp 61–62.

<sup>56</sup> *Committee Hansard*, 1 March 2022, pp 64–65.

<sup>57</sup> *Committee Hansard*, 1 March 2022, p 65.

<sup>58</sup> *Committee Hansard*, 22 February 2022, p 16.

<sup>59</sup> *Committee Hansard*, 22 February 2022, pp 16–17.

<sup>60</sup> *Committee Hansard*, 22 February 2022, p 17.

<sup>61</sup> *Committee Hansard*, 22 February 2022, p 17.

<sup>62</sup> *Committee Hansard*, 22 February 2022, pp 18–19.

<sup>63</sup> *Committee Hansard*, 22 February 2022, pp 19–20.

<sup>64</sup> *Committee Hansard*, 22 February 2022, p 20.



## Key Issue

### Reporting on reliable water supply and unplanned interruptions

- 2.17. During the Treasurer's appearance before the Committee on 22 February 2022 questions were raised addressing Icon Water's reporting on reliable water supply and unplanned interruptions.<sup>65</sup> Icon Water's Annual Report provides only very high level information on reliable water supply and its related target for unplanned interruptions to water.<sup>66</sup>

#### Committee comment

- 2.18. The Committee is of the view that more detailed data should be provided against the performance indicator. As the Annual Report does not provide detail on the numbers, causes, locations, or distributed length of unplanned interruptions, interruption trends cannot be analysed beyond their averaged duration. The Committee is of the view that providing more detail would increase accountability and identify problem areas.

#### Recommendation 4

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

## Independent Competition and Regulatory Commission

- 2.19. The Independent Competition and Regulatory Commission (ICRC) hold responsibility for a broad range of competition, regulation, and consumer protection matters. The Commission has statutory responsibilities under the *Independent Competition and Regulatory Commission Act 1997* and the *Utilities Act 2000*.

### Matters considered

- 2.20. During the Treasurer's appearance before the Committee 22 February 2022 with representatives from the ICRC, the following matters were considered:
- Community Service Obligations for utilities;<sup>67</sup>
  - Implementation of the *ACT Electricity (Transparency and Comparability) Code*;<sup>68</sup>
  - Impact of the *ACT Electricity (Transparency and Comparability) Code*;<sup>69</sup> and
  - The *Consumer Protection Code*.<sup>70</sup>

<sup>65</sup> *Committee Hansard*, 22 February 2022, p 17.

<sup>66</sup> Icon Water Limited, 2020–21 Annual Report to the ACT Government, September 2021, p 36.

<sup>67</sup> *Committee Hansard*, 22 February 2022, p 22.

<sup>68</sup> *Committee Hansard*, 22 February 2022, p 23.

<sup>69</sup> *Committee Hansard*, 22 February 2022, p 24.

<sup>70</sup> *Committee Hansard*, 22 February 2022, p 25.

## Key Issues

### The ACT Electricity (Transparency and Comparability) Code

- 2.21. During the Treasurer's appearance before the Committee on 22 February 2022 questions were raised addressing the implementation and impact of the *ACT Electricity (Transparency and Comparability) Code* (the Code).<sup>71</sup> In relation to the matter Mr Joe Dimasi, Senior Commissioner, stated:

... that we have in our minds, particularly as the AER is also developing a better bills code. That better bills code looks like it is largely consistent, but there might be some overlaps; there might be some inconsistencies. So that is also something that we will certainly be looking at and we will be thinking about how all of it works.

We will be providing whatever thoughts we have to government on that as these things are in place. One of the objectives here has been to ensure that consumers get the benefit of a more transparent market for them to be able to make their choices, but to do that without increasing costs, as far as possible, to the retailers, which are then passed on to consumers. So, we are trying to find that balance.<sup>72</sup>

#### Committee comment

- 2.22. The Committee is of the view that the ICRC should monitor and report on whether the Code has the intended effect on electricity prices. The Committee is also interested about whether the Australian Energy Regulator's Better Bills Guideline, published on 31 March 2022, effective 1 April 2023, would achieve the same balance sought by the ICRC under its Code.

#### Recommendation 5

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

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<sup>71</sup> *Committee Hansard*, 22 February 2022, pp 23–24.

<sup>72</sup> *Committee Hansard*, 22 February 2022, p 24.

### 3. Major Projects Canberra

- 3.1. Major Projects Canberra (MPC) was established on 1 July 2019 with the intention of developing a specialist infrastructure delivery Directorate within the ACT Government.

#### Direct delivery of designated major capital works projects, including Chief Engineer

##### Matters considered

- 3.2. During the Treasurer's appearance before the Committee on 22 February 2022 the following matters were considered:

- Completion timeframes for major projects;<sup>73</sup>
- The Canberra Hospital expansion project;<sup>74</sup>
- The CIT Campus Woden Project, including the Woden Public Transport Interchange;<sup>75</sup>
- The effect of COVID-19 related global supply chain issues on project delivery and cost;<sup>76</sup>
- Whether MPC considers scope 3 emissions of its projects;<sup>77</sup>
- Fraud prevention;<sup>78</sup>
- Whether MPC has overridden procurement process outcomes;<sup>79</sup> and
- Board vacancies for designated major projects.<sup>80</sup>

##### Key Issues

##### Contemporaneous reporting of project timeframes

- 3.3. During the Committee's hearing on 22 February 2022 the Committee inquired into the budget and timeframe outcomes for designated major projects reported on by Major Projects Canberra.<sup>81</sup> In relation to the matter the Treasurer stated that:

We report ... through the annual report and through the budget and the mid-year update in relation to the timeframes for capital works. We also have a report every six months. COVID has impacted on supply of both labour and materials. So we have made adjustments, and that is reflected in the annual report.<sup>82</sup>

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<sup>73</sup> *Committee Hansard*, 22 February 2022, pp 1–3.

<sup>74</sup> *Committee Hansard*, 22 February 2022, pp 3–4.

<sup>75</sup> *Committee Hansard*, 22 February 2022, pp 4–6.

<sup>76</sup> *Committee Hansard*, 22 February 2022, pp 6–9.

<sup>77</sup> *Committee Hansard*, 22 February 2022, pp 9–10.

<sup>78</sup> *Committee Hansard*, 22 February 2022, p 11.

<sup>79</sup> *Committee Hansard*, 22 February 2022, p 13.

<sup>80</sup> *Committee Hansard*, 22 February 2022, p 14.

<sup>81</sup> *Committee Hansard*, 22 February 2022, p 1.

<sup>82</sup> *Committee Hansard*, 22 February 2022, p 1.

## Committee comment

- 3.4. The Committee is of the view that, given the expenditure and risk involved in the delivery of major infrastructure projects, it is necessary that truly contemporaneous reporting on delivery timeframes be made publicly available to improve transparency for and accountability to the community. The Committee is of the view that this is best facilitated by publishing an up-to-date status dashboard of all projects underway on its projects pipeline webpage or similar means.

### 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.

## Delivery of physical capital works projects in coordination with government agencies

### Matters considered

- 3.5. During the Treasurer's appearance before the Committee on 22 February 2022 the following matters were considered:
- The Campbell Primary School Modernisation Project Procurement performance audit;<sup>83</sup>
  - Whether it is common for delegates to override tender evaluation outcomes;<sup>84</sup> and
  - Whether other directorates have overridden procurement process outcomes.<sup>85</sup>

### Key Issues

#### Overridden procurement process outcomes

- 3.6. During the Committee's hearing on 22 February 2022, the issue of tender evaluation recommendations being overridden was inquired into.<sup>86</sup> The issue arises where a procurement process is undertaken and a decision is made recommending a given procurement outcome to a financial delegate for approval, who decides to approve an alternative outcome instead.

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<sup>83</sup> *Committee Hansard*, 22 February 2022, pp 11–13.

<sup>84</sup> *Committee Hansard*, 22 February 2022, p 13.

<sup>85</sup> *Committee Hansard*, 22 February 2022, p 14.

<sup>86</sup> *Committee Hansard*, 22 February 2022, p 13.

### Committee comment

- 3.7. The Committee is of the view that while it is important that delegates be afforded the ability to exercise their judgement and from time to time arrive at different conclusion to a procurement evaluation panel, delegates must be upwardly accountable for their use of this discretion. The Committee is currently inquiring into the Auditor-General's Report No. 13 of 2021 - Campbell Primary School Modernisation Project Procurement, and would not like to pre-empt the recommendations or findings of that inquiry.

## 4. Officers of the Legislative Assembly

- 4.1. The Auditor-General and ACT Ombudsman are Officers of the Legislative Assembly. Officers of the Legislative Assembly are not subject to the direction of the Executive and are independent from government. Scrutiny of these officers is performed by the committees of the Assembly.

### ACT Auditor-General

- 4.2. The ACT Auditor-General is an independent Officer of the ACT Legislative Assembly. The ACT Audit Office supports the Auditor-General in carrying out his activities. The Audit Office aims to promote public accountability for the effective and efficient provision of ACT public services by providing independent, evidence-based audit reports to the ACT Legislative Assembly and ACT Community.

### Matters considered

- 4.3. The Committee discussed the following matters during the Auditor-General's appearance before the Committee on 2 March 2022:
- The issuance of a corrigendum to ACT Audit Office Annual Report 2020-21;<sup>87</sup>
  - Measures adopted to prevent the future need to issue of a similar corrigendum;<sup>88</sup>
  - How the Auditor-General's external auditor is chosen;<sup>89</sup>
  - The Australian Standard used by the external auditor;<sup>90</sup>
  - The financial viability of the Audit Office;<sup>91</sup>
  - The Campbell Primary School Modernisation Project Procurement performance audit;<sup>92</sup>
  - The role of independent probity advice in procurement;<sup>93</sup>
  - Proposed or ongoing audits into procurement projects;<sup>94</sup> and
  - The Fraud Prevention Audit.<sup>95</sup>

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<sup>87</sup> *Committee Hansard*, 2 March 2022, pp 93–94.

<sup>88</sup> *Committee Hansard*, 2 March 2022, p 94.

<sup>89</sup> *Committee Hansard*, 2 March 2022, p 94.

<sup>90</sup> *Committee Hansard*, 2 March 2022, p 95.

<sup>91</sup> *Committee Hansard*, 2 March 2022, pp 95–96.

<sup>92</sup> *Committee Hansard*, 2 March 2022, pp 96–98.

<sup>93</sup> *Committee Hansard*, 2 March 2022, pp 95–96.

<sup>94</sup> *Committee Hansard*, 2 March 2022, p 98.

<sup>95</sup> *Committee Hansard*, 2 March 2022, p 99.

## Key Issues

### Expansion of audit program and related resourcing

- 4.4. During its hearing on 2 March 2022 the Committee considered the work of the ACT Audit Office in supporting and ensuring the integrity of the ACT Public Sector. During the reporting period the ACT Audit Office conducted a number of audits which warranted further inquiry by the Committee.<sup>96</sup> The Committee has heard as recently as October of 2021 about the resourcing required to undertake the existing audit program, and the Auditor-General's interest in receiving additional appropriation.<sup>97</sup>

### Committee comment

- 4.5. The Committee is of the view that the ACT Audit Office's performance audit program should be expanded. The Committee acknowledges, however, that the primary constraint to this is the funding and resourcing available to the Audit Office to perform its important role. The Committee considers that the ACT Audit Office has, by necessity, undertaken only the number of audits which it can optimally meet with its funding. The Committee considers that the ACT Audit Office's funding should instead be geared to meeting the number of audits needed to optimally perform its statutory function. The Committee views this as an important step in ensuring potential audits are not delayed or displaced.

#### Recommendation 7

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

## ACT Ombudsman

- 4.6. The ACT Ombudsman is an independent Officer of the ACT Legislative Assembly. The function of the ACT Ombudsman is currently performed by the Commonwealth Ombudsman, as is provided for under the *Ombudsman Act 1989*. The ACT Ombudsman function is funded under a Service Agreement between the ACT Government and the Commonwealth Ombudsman. At the time of its hearings for this inquiry responsibility for examination of the ACT Ombudsman rested with this Committee.<sup>98</sup>

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<sup>96</sup> ACT Audit Office, *ACT Audit Office Annual Report 2020-21*, October 2021, pp 29–30.

<sup>97</sup> *Committee Hansard*, 26 October 2021. (inquiry into ACT Budget) 35

<sup>98</sup> On 5 April 2022, the Assembly amended the resolution of establishment by giving responsibility for the ACT Ombudsman to the Standing Committee on Justice and Community Safety.

## Matters considered

4.7. The Committee discussed the following matters during the appearance of the Acting ACT Ombudsman on 2 March 2022:

- Inquiries outside ACT Ombudsman’s jurisdiction;<sup>99</sup>
- Complaints assurance program with Housing ACT;<sup>100</sup>
- The Financial Management Amendment Bill 2021 (No 2);<sup>101</sup>
- Increased complaints about ACT Policing;<sup>102</sup>
- Adequacy of funding provided for ACT Ombudsman function;<sup>103</sup>
- Distribution of complaint numbers across directorates;<sup>104</sup> and
- Inspection of ACT Policing’s use of ACT surveillance device powers.<sup>105</sup>

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<sup>99</sup> *Committee Hansard*, 2 March 2022, p 67.

<sup>100</sup> *Committee Hansard*, 2 March 2022, pp 68–69.

<sup>101</sup> *Committee Hansard*, 2 March 2022, pp 69–70.

<sup>102</sup> *Committee Hansard*, 2 March 2022, pp 70–71.

<sup>103</sup> *Committee Hansard*, 2 March 2022, p 72.

<sup>104</sup> *Committee Hansard*, 2 March 2022, pp 72–74.

<sup>105</sup> *Committee Hansard*, 2 March 2022, pp 74–75.



## 5. Office of the Legislative Assembly

- 5.1. The Office of the Legislative Assembly (the OLA) is established under the *Legislative Assembly (Office of the Legislative Assembly) Act 2012* (the Act). The Office is independent from the Executive. Under section 6 of the Act, the Office's function is to provide impartial advice and support to the Legislative Assembly and committees and members of the Assembly.

### Matters considered

- 5.2. The Committee discussed the following matters during the appearance of the Speaker of the Legislative Assembly for the ACT on 2 March 2022:

- Delivery of the questions on notice database;<sup>106</sup>
- Implications of the Financial Management Amendment Bill 2021 (No 2);<sup>107</sup>
- Determinations of value for money;<sup>108</sup>
- Obligations under the *Financial Management Act 1996*;<sup>109</sup>
- Mechanisms for advancing a reduction in outsourcing;<sup>110</sup>
- Resourcing of the OLA's education programs;<sup>111</sup>
- Delivery of the OLA's Strategic Plan;<sup>112</sup>
- Building upgrades;<sup>113</sup>
- Encouraging active travel;<sup>114</sup>
- Delivery of Hansard services and live captioning;<sup>115</sup> and
- Assistance for MLAs for handling e-petitions.<sup>116</sup>

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<sup>106</sup> *Committee Hansard*, 2 March 2022, p 77.

<sup>107</sup> *Committee Hansard*, 2 March 2022, pp 77–81.

<sup>108</sup> *Committee Hansard*, 2 March 2022, p 81.

<sup>109</sup> *Committee Hansard*, 2 March 2022, pp 82–84.

<sup>110</sup> *Committee Hansard*, 2 March 2022, pp 84–85.

<sup>111</sup> *Committee Hansard*, 2 March 2022, pp 85–87.

<sup>112</sup> *Committee Hansard*, 2 March 2022, pp 87–88.

<sup>113</sup> *Committee Hansard*, 2 March 2022, p 88–89.

<sup>114</sup> *Committee Hansard*, 2 March 2022, p 89.

<sup>115</sup> *Committee Hansard*, 2 March 2022, p 90–91.

<sup>116</sup> *Committee Hansard*, 2 March 2022, p 91.

## Key Issues

### Delivery of Questions on Notice Database

- 5.3. During its inquiry the Committee examined into the OLA's dilatory delivery of the long promised Question on Notice Database.<sup>117</sup> This Committee has now inquired into the delivery of the database on three separate occasions. In its Estimates hearings for the 2020-21 financial year, the Committee was informed that the database would be delivered by the end of June 2021.<sup>118</sup> In the Committee's Estimates hearings for the financial year 2021-22, while citing pandemic related delays, OLA informed the Committee that it was unlikely the issue of the database would be unresolved when OLA next came before the Committee.<sup>119</sup> When the OLA next came before the Committee at its hearing on 2 March 2022, evidence was provided stating that:

We are in final testing mode. We received an upgrade last week. We hope to do internal testing within the next fortnight; then MLAs will be able to test their part, and hopefully go live within about six weeks.<sup>120</sup>

### Committee comment

- 5.4. The Committee is of the view that the Question on Notice Database must be treated as a priority by the Office of the Legislative Assembly, and that the time has come for promised delivery timelines to be taken seriously and a final product be delivered upon.

#### 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.

### Minimisation of outsourcing

- 5.5. During its hearing on 2 March 2022, the Committee inquired into the legislative and policy mechanisms available to advance a reduction in outsourcing within the Office of the Legislative Assembly.<sup>121</sup> The OLA, acknowledging that Treasury is the relevant policy area, set out a number of options available to achieve a reduction in outsourcing through procurement; including by amendment of the *Government Procurement Act 2001* or by changing regulations to either that Act or the *Financial Management Act 1996*.<sup>122</sup> Though,

<sup>117</sup> *Committee Hansard*, 2 March 2022, p 77.

<sup>118</sup> *Committee Hansard*, 5 March 2021, p 115.

<sup>119</sup> *Committee Hansard*, 26 October 2021, p 45.

<sup>120</sup> *Committee Hansard*, 2 March 2022, p 77.

<sup>121</sup> *Committee Hansard*, 2 March 2022, pp 84–85.

<sup>122</sup> *Committee Hansard*, 2 March 2022, p 84.

the OLA noted a distinction between reducing outsourcing which is a procurement issue, and an insourcing arrangement which was described as the taking on of additional staff.<sup>123</sup>

#### Committee comment

- 5.6. The Committee is of the view that the Office of the Legislative Assembly should work to reduce the number of functions it outsources, in favour of insourcing those functions and offering secure local employment to the people who perform them.

#### **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.

Mrs Elizabeth Kikkert MLA  
Chair, Standing Committee on Public Accounts  
18 May 2022

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<sup>123</sup> *Committee Hansard*, 2 March 2022, p 84.

# Appendix A: Witnesses

## 22 February 2022

### Executive

- **Mr Andrew Barr MLA**, Chief Minister and Treasurer

### Major Projects Canberra

- **Mr Duncan Edghill**, Chief Projects Officer
- **Mr Adrian Piani**, Chief Engineer and Executive Group Manager, Infrastructure Delivery Partners

### Icon Water

- **Mr Ray Hezkial**, Managing Director
- **Ms Joy Yau**, Chief Financial Officer

### Independent Competition and Regulatory Commission

- **Mr Joe Dimasi**, Senior Commissioner, Public Authorities and Territory Owned Corporations
- **Mr Lachlan Phillips**, Deputy Chief Executive Officer

## 1 March 2022

### Executive

- **Mr Andrew Barr**, Chief Minister and Treasurer

### Chief Minister, Treasury and Economic Development Directorate

- **Mr Stuart Hocking**, Under Treasurer
- **Mr Kim Salisbury**, Executive Group Manager, Revenue Management
- **Mr Patrick McAuliffe**, Executive Branch Manager, Investment and Borrowings
- **Mr Hamish Stephens**, Acting Executive Branch Manager, Infrastructure, Finance and Reform

## 2 March 2022

### ACT Ombudsman

- **Ms Penny McKay**, Acting ACT Ombudsman
- **Ms Louise Macleod**, Acting Deputy Ombudsman
- **Ms Symone Andersen**, Senior Assistant Ombudsman, Program Delivery Branch
- **Ms Rebecca Vonthethoff**, Senior Assistant Ombudsman, Assurance Branch

## Office of the Legislative Assembly

- **Ms Joy Burch**, Speaker of the Legislative Assembly for the ACT
- **Mr Tom Duncan**, Clerk of the Legislative Assembly for the ACT
- **Ms Rachel Turner**, Executive Manager, Business Support Branch
- **Mr David Skinner**, Senior Director, Office of the Clerk
- **Mr Malcolm Prentice**, Chief Financial Officer
- **Mr Stuart Row**, Director, Information and Digital Services

## ACT Audit Office

- **Mr Michael Harris**, ACT Auditor-General
- **Mr Brett Stanton**, Assistant Auditor-General, Performance Audit
- **Mr Ajay Sharma**, Assistant Auditor-General, Financial Audit

## Appendix B: Questions on notice and taken on notice

### Questions on notice

No.	Date	Asked by (MLA)	Asked of (Directorate/ Portfolio)	Subject	Response received
1	01/03/22	Lee	Treasurer, Major Projects Canberra	Tenders awarded to non-preferred tenderers	07/03/22
2	01/03/22	Lee	Treasurer, ICRC	Tenders awarded to non-preferred tenderers	04/03/22
3	01/03/22	Kikkert	Treasurer, Icon Water	Belconnen Trunk Sewer upgrade and related matters	07/04/22
4	01/03/22	Lawder	Treasurer, Icon Water	Water security	17/03/22
5	01/03/22	Lee	Treasurer, Major Projects Canberra	Engineers from interstate or overseas	16/03/22
6	01/03/22	Lee	Treasurer, Major Projects Canberra	Major Projects and City Renewal partnerships	16/03/22
7	01/03/22	Lee	Treasurer, Major Projects Canberra	Major Projects and Suburban Land Agency partnerships	16/03/22
8	01/03/22	Lee	Treasurer, Major Projects Canberra	Major Projects Canberra budget variances	16/03/22
9	01/03/22	Lee	Treasurer, Major Projects Canberra	Major Projects Canberra accountability indicators	16/03/22
10	01/03/22	Lee	Treasurer, CMTEDD	Property-related revenue by suburb	24/03/22
11	02/03/22	Lee	Auditor-General	Tenders awarded to non-preferred tenderers	16/03/22
12	02/03/22	Lee	OLA	Tenders awarded to non-preferred tenderers	11/03/22
13	02/03/22	Lee	Treasurer, CMTEDD	ACT Law Courts Public Private Partnership	21/03/22

## Questions taken on notice

No.	Date	Asked by (MLA)	Asked of (Directorate/ Portfolio)	Subject	Response received
1	22/02/22	Lee	Treasurer, Major Projects Canberra	Comparison of original and revised timeframe and Budget	03/03/22
2	22/02/22	Lee	Treasurer, Major Projects Canberra	Capital works accountability indicators, amounts of revisions	03/03/22
3	22/02/22	Lee	Treasurer, Major Projects Canberra	Capital works accountability indicators, difference in revisions	03/03/22
4	22/02/22	Lee	Treasurer, Major Projects Canberra	Date of Cabinet meeting for consideration of business case for hospital expansion	03/03/22
5	22/02/22	Lee	Treasurer, Major Projects Canberra	Dates for assessments of matter not referred to Integrity Commission; classification of public servants involved; HR consequences for those public servants; related legal and external advice; how decision was made not to refer matter.	03/03/22
6	22/02/22	Lee	Treasurer, Major Projects Canberra	How frequently procurement outcomes are overridden	18/03/22
7	22/02/22	Lee	Treasurer, Major Projects Canberra	Instances of procurement outcome overrides in last 5 years	18/03/22
8	22/02/22	Lee	Treasurer, Major Projects Canberra	Vacancy of independent member, CIT Board	03/03/22
9	22/02/22	Lee	Treasurer, Major Projects Canberra	Membership of executive steering committee for Canberra Theatre and details of membership overtime	03/03/22
10	22/02/22	Kikkert	Treasurer, Icon Water	Odour control units in West MacGregor	03/03/22
11	22/02/22	Kikkert	Treasurer, Icon Water	Icon Water investigation of odour control units	03/03/22
12	22/02/22	Pettersson	Treasurer, Icon Water	data for unplanned interruptions by duration including longest unplanned interruption	03/03/22
13	22/02/22	Cain	Treasurer, ICRC	Number of ICRC related community service obligations	03/03/22

14	01/03/22	Lee	Treasurer, CMTEDD	Members of Unsolicited Proposal Steering Committee and criteria for external members	11/03/22
15	01/03/22	Cain	Treasurer, CMTEDD	Date of review of the guideline for unsolicited proposals	11/03/22
16	01/03/22	Cain	Treasurer, CMTEDD	Consultants expenditure for infrastructure finance framework	11/03/22
17	01/03/22	Kikkert	Treasurer, CMTEDD	PPP Law Courts review public release	11/03/22
18	01/03/22	Braddock	Treasurer, CMTEDD	Forgone revenue from LVC reduction	11/03/22
19	01/03/22	Braddock	Treasurer, CMTEDD	Jobs generated or saved by reduction in LVC	21/03/22
20	01/03/22	Cain	Treasurer, CMTEDD	LVC remissions	17/03/22
21	01/03/22	Cain	Treasurer, CMTEDD	LVC remissions for projects where construction not started by date required	17/03/22
22	01/03/22	Cain	Treasurer, CMTEDD	LVC remissions, compliance activity	17/03/22
23	01/03/22	Cain	Treasurer, CMTEDD	Price per square meter of new land that SLA is responsible for	17/03/22
24	01/03/22	Lee	Treasurer, CMTEDD	Average Interest rate for repayments of debt to reach 1 billion p/a	15/03/22
25	01/03/22	Pettersson	Treasurer, CMTEDD	SLA purchases and SLA purchases rejected	17/03/22
26	01/03/22	Braddock	Treasurer, CMTEDD	Women's Budget Statement update	21/03/22
27	01/03/22	Cain	Treasurer, CMTEDD	LVC legislative changes, was scheme not efficiently administered prior	11/03/22
28	01/03/22	Cain	Treasurer, CMTEDD	LVC deferrals legal basis prior to legislative amendments	11/03/22
29	01/03/22	Cain	Treasurer, CMTEDD	LVC deferrals, legal advice surrounding basis in law	17/03/22
30	01/03/22	Braddock	Treasurer, CMTEDD	Foreign ownership surcharge transactions	11/03/22
31	01/03/22	Cain	Treasurer, CMTEDD	Development leases by designation	25/03/22
32	01/03/22	Cain	Treasurer, CMTEDD	What rate of duty would apply to development leases if commercial rate applied	25/03/22



33	01/03/22	Cain	Treasurer, CMTEDD	Duty treatment for all development leases	17/03/22
34	01/03/22	Braddock	Treasurer, CMTEDD	Short term rentals data	17/03/22
35	02/03/22	Pettersson	Ombudsman	Police Complaints set out by category for financial years 18-19, 19-20, and 20-21	11/03/22
36	02/03/22	Braddock	Ombudsman	FOI Data, matters delayed by slow provision of documents by government	11/03/22
37	02/03/22	Cain	Ombudsman	Recommendations not taken on by Access Canberra	11/03/22
38	02/03/22	Cain	OLA	Hansard upgrade cost (captioning)	08/03/22
39	02/03/22	Pettersson	Ombudsman	Improvement in ACT Policing's engagement with the Ombudsman during inspections from 1 January 2019 to 30 June 2020	11/03/22