STANDING COMMITTEE ON PUBLIC ACCOUNTS

Report on Annual and Financial Reports 2008–2009

MARCH 2010

Report 7

Committee Membership

Ms Caroline Le Couteur MLA	Chair
Mr Brendan Smyth MLA	Deputy Chair
Mr John Hargreaves MLA	

Secretariat

Mr Glenn Ryall	Secretary
Ms Samara Henriksen	Senior Research Officer
Ms Lydia Chung	Administration

Contact Information

Telephone:	02 6205 0142
Facsimile:	02 6205 0432
Post:	GPO Box 1020, CANBERRA ACT 2601
Email:	committees@parliament.act.gov.au
Website:	www.parliament.act.gov.au

Resolution of Appointment

The ACT Legislative Assembly appointed the Standing Committee on Public Accounts on 9 December 2008 to:

(i) examine:

(a) the accounts of the receipts and expenditure of the Australian Capital Territory and its authorities; and

(b) all reports of the Auditor-General which have been presented to the Assembly;

(ii) report to the Assembly 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;

(iii) 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; and

(iv) examine matters relating to economic and business development, small business, tourism, market and regulatory reform, public sector management, taxation and revenue.[1]

Terms of Reference

Inquire into the annual and financial reports of government departments and agencies for the 2009 calendar year and the 2008-2009 financial year according to the schedule determined by the ACT Legislative Assembly (**Appendix A**).[2]

---

[1] ACT Legislative Assembly, *Minutes of Proceedings No. 2*, Tuesday 9 December 2008, pp 12-13

[2] ACT Legislative Assembly, *Minutes of Proceedings No. 36*, 13 October 2009, pp 396-399

TABLE OF CONTENTS

RECOMMENDATIONS

RECOMMENDATION 1

The Committee recommends that the Government provide responses to the 60 outstanding questions without delay.

RECOMMENDATION 2

The Committee recommends that the Government reassess its policies and processes in relation to the provision of answers to questions arising during Committee inquiries with a view to ensuring that all questions are answered in a timely and fully considered manner.

RECOMMENDATION 3

The Committee recommends that the ACT Government make it a requirement for Territory-Owned Corporations to comply with the Chief Minister's Annual Report Directions.

RECOMMENDATION 4

The Committee recommends that ACTEW pay particular attention to formatting and consistency when preparing their Annual Reports to the ACT Government.

RECOMMENDATION 5

The Committee recommends that the annual reports of all reporting entities include at least two consecutive years comparative data on the ecologically sustainable development reporting measures.

RECOMMENDATION 6

The Committee recommends, at the next revision of the Chief Minister's Annual Report Directions, that the Directions specify a requirement for all reporting entities to provide comparative ecologically sustainable development data.

RECOMMENDATION 7

The Committee recommends that from 2009-2010 all agencies produce triple bottom line annual reports, which include comparative data in tabular format, in addition to their statutory annual reports.

RECOMMENDATION 8

The Committee recommends that all agencies conduct a thorough audit of their waste. Agencies should report in their 2009-2010 annual reports on the outcome of the audit and propose initiatives to address areas of concern.

RECOMMENDATION 9

The Committee recommends that reporting entities take steps to educate staff on how to identify secure paper waste with the aim to encouraging greater recycling of non-secure paper waste.

RECOMMENDATION 10

The Committee recommends that ecologically sustainable development reporting measures be consistent for comparative purposes and the Chief Minister's Annual Report Directions include only one reporting unit in each category.

RECOMMENDATION 11

The Committee recommends that Government agencies take greater measures to ensure they are reporting against their ecologically sustainable development reporting requirements.

RECOMMENDATION 12

The Committee recommends that the ACT Auditor-General be funded to audit agency compliance with the ecologically sustainable development indicators as specified in the Chief Minister's Annual Report Directions.

RECOMMENDATION 13

The Committee recommends that reporting entities take active measures within their accommodation settings to identify a balance between employee comfort and energy savings.

RECOMMENDATION 14

The Committee recommends that the Government consider including sustainability outcomes in the Chief Minister's Department 'Strategic Indicator 7 – Improve the Innovation Capacity of the ACT Economy'.

RECOMMENDATION 15

The Committee recommends that the ACT Government report to the ACT Legislative Assembly when the Exhibition Park Corporation Board has considered whether or not it will purchase renewable energy. If a decision is made not to purchase renewable energy the Assembly should be provided with details of the justification for the decision.

RECOMMENDATION 16

The Committee recommends that the ACT Government take steps to ensure the implementation of responsible investment principles across all Government investment portfolios.

RECOMMENDATION 17

The Committee recommends that the ACT Government release the report arising from the independent review of the Government's current investment practices as soon as possible.

RECOMMENDATION 18

The Committee recommends that, in order to ensure the independence of the Commissioner for Public Administration, a person holding the office should not hold any other position with the ACT governance structure.

RECOMMENDATION 19

The Committee recommends that the ACT Government clearly defines 'priority services' in the context of the ongoing search for budgetary savings.

RECOMMENDATION 20

The Committee recommends that, given the expense of the Ernst and Young review entitled 'Modelling Health for the Future – Phase 1 and Phase 2 – Professional Services', the Treasurer report to the ACT Legislative Assembly on the outcome of, and Government response to, the review as soon as practicable.

RECOMMENDATION 21

The Committee recommends that the Treasurer report to the ACT Legislative Assembly on the outcome of the review of the ACT's asbestos management strategy as soon as practicable.

RECOMMENDATION 22

The Committee recommends that, when a number of projects are considered as part of an overall strategy, the cost estimates of each option need to be more accurate.

RECOMMENDATION 23

The Committee recommends that where unfinalised cost estimates of major projects are made public, the basis of those estimates should be clearly explained.

RECOMMENDATION 24

The Committee recommends that more rigour be applied to the business cases for large and/or complex projects before committing to a delivery model framework and/or provider.

RECOMMENDATION 25

The Committee recommends that the Treasurer report to the ACT Legislative Assembly, by the last sitting day in May, on the outcome of her correspondence with Territory-Owned Corporations regarding greater transparency of executive remuneration.

RECOMMENDATION 26

The Committee recommends that the ACT Government reduce the requirements for an operator to be considered a full line supermarket to ensure maximum competition and opportunity in the market.

RECOMMENDATION 27

The Committee recommends that the Community Notice Board be included in *The Canberra Chronicle* as well as *The Canberra Times* and that a record of previous notices be kept on the website for research purposes.

RECOMMENDATION 28

The Committee recommends that the Chief Minister report to the Committee on the outcome of his discussion with the Federal Government in relation to future of Young Achievers Australia.

RECOMMENDATION 29

The Committee recommends that all reports provided to the ACT Government Procurement Board on matters of significance, including substantial contracts, are provided in writing.

RECOMMENDATION 30

The Committee recommends that the Minister report to the ACT Legislative Assembly on the Government response to the Ernst and Young tourism events report as soon as possible.

RECOMMENDATION 31

The Committee recommends that, in future annual reports, Australian Capital Tourism provide reporting information on the outputs from each business unit as well as the outputs on the section as a whole.

RECOMMENDATION 32

The Committee recommends that the ACT Government provide the necessary support to allow the Exhibition Park Corporation to complete, and implement, a comprehensive strategic plan as soon as possible.

RECOMMENDATION 33

The Committee recommends that the ACT Government table the Exhibition Park Corporation's strategic plan, including details of how the plan will be implemented, in the ACT Legislative Assembly immediately after its completion.

RECOMMENDATION 34

The Committee recommends that upon settlement of Block 751 that the ACT Government report to the ACT Legislative Assembly on the terms and conditions of the settlement, including the price of the block.

RECOMMENDATION 35

The Committee recommends that the ACT Legislative Assembly Secretariat make a further offer to non-Executive Members of the ACT Legislative Assembly, and their staff, for increased email storage capacity.

RECOMMENDATION 36

The Committee recommends that, as a matter of priority, the ACT Government establish clear guidelines relating to the transfer of long service leave and related liabilities when public servants move to agencies that are not public service bodies. The guidelines should be tabled in the ACT Legislative Assembly as soon as practicable.

1 INTRODUCTION

1.1 On 13 October and 10 November 2009, the annual and financial reports of all government agencies for the calendar year 2009, and the financial year 2008-2009, were referred to the relevant standing committees of the ACT Legislative Assembly.[3]

1.2 The following reports were referred to the Standing Committee on Public Accounts:

- ACT Auditor-General
- ACT Cleaning Industry Long Service Leave Authority
- ACT Construction Industry Long Service Leave Authority
- ACT Gambling and Racing Commission
- ACT Government Procurement Board
- ACT Insurance Authority (ACTIA) (Office of the Nominal Defendant of the ACT)
- ACT Legislative Assembly Secretariat
- ACTEW Corporation Limited
- ACTTAB Limited
- Chief Minister's Department (ACT Executive, the Default Insurance Fund, Business and Economic Development and the Occupational Health and Safety Council)
- Commissioner for Public Administration
- Department of Territory and Municipal Services (Australian Capital Tourism and Shared Services)
- Department of Treasury
- Exhibition Park Corporation
- Rhodium Asset Solutions Limited
- Totalcare Industries Limited

---

[3] ACT Legislative Assembly, *Minutes of Proceedings No. 36*, 13 October 2009, pp 396-399; ACT Legislative Assembly, *Minutes of Proceedings No. 39*, 10 November 2009, pp 436-438.

Conduct of Inquiry

1.3 The Committee held public hearings on 26 November 2009, 1 December 2009, 2 December 2009, 3 December 2009 and 18 February 2010. The Committee heard from Ministers, and accompanying departmental and agency officers, and members of governing boards. Witnesses who appeared before the Committee are listed at **Appendix B**. A list of exhibits tabled at the hearing on 18 February 2010 is provided at **Appendix C.**

1.4 Fifty-six questions were taken on notice at the hearings. The Committee received responses to 52 of these questions. A list is provided at **Appendix D**. Following the hearings, a total of 106 supplementary questions were forwarded to the respective Ministers. The Committee received responses to 48 supplementary questions. A list of these is provided at **Appendix E**.

1.5 The Committee notes with concern that out of a total of 162 questions asked, 60 questions (or 37 percent) remain outstanding as at 22 March 2010. The Committee also has concerns about the quality of some answers that were provided. An example of such an answer, and a response from the Minister, is attached at **Appendix F**.

1.6 Committees require timely and considered responses to questions so that they can report to the Assembly on their findings without undue delay. With this in mind, the Committee has decided not to delay the tabling of its report despite many questions remaining unanswered. The Committee Chair will, however, raise this matter at the next Chairs' Committee meeting.

RECOMMENDATION 1

The Committee recommends that the Government provide responses to the 60 outstanding questions without delay.

RECOMMENDATION 2

The Committee recommends that the Government reassess its policies and processes in relation to the provision of answers to questions arising during Committee inquiries with a view to ensuring that all questions are answered in a timely and fully considered manner.

1.7 The transcripts of the public hearings, copies of the exhibits, and answers to questions taken on notice/supplementary questions are available on the Committee's website at: http://www.parliament.act.gov.au/committees/index1.asp?committee=116&inquiry=854.

1.8 The Committee met on 11, 15 and 22 March 2010 to discuss the Chair's draft report, which was finally adopted on 22 March 2010.

Acknowledgements

1.9 The Committee thanks the relevant Ministers and accompanying departmental and agency officers, and members of governing boards, for providing their time and expertise as witnesses at the annual reports hearings.

1.10 The Committee also acknowledges the contribution of departmental and agency officers who provided supplementary information to the Committee which assisted its understanding of the many issues being considered.

1.11 The Committee sought clarification on a number of issues at public hearings, some of which are expanded upon in the following chapters. The full transcript of public hearings is available on the ACT Legislative Assembly website at: http://www.hansard.act.gov.au/hansard/2009/comms/default.htm

2 PURPOSE AND INTENT OF ANNUAL REPORTS

2.1 Accountability of the ACT Executive to the ACT Legislative Assembly (and to the public) is a key principle of responsible government. For that to be achieved, executive agencies must be fully committed to both accountability and disclosure of information in a straightforward manner that is meaningful and can be easily understood without financial or accounting training.

2.2 The provision of meaningful operational and financial information by government to parliament and the public is a fundamental component of the accountability process.[4]

2.3 Annual reports are the principal and most authoritative way in which chief executives and chairpersons account to the ACT Legislative Assembly and other stakeholders, including the public, for the ways in which they have discharged their statutory and other responsibilities, and utilised public funds over the preceding twelve months.[5]

2.4 As key accountability documents, annual reports are:

- the principal way in which agencies account for management performance through Ministers to the ACT Legislative Assembly and the wider community;
- tabled in the ACT Legislative Assembly and form a key part of the historical record of government and public administration decisions, actions and outcomes;
- a source of information and reference about the performance of agencies and service providers for other stakeholders, educational and research institutions, the media and the public; and
- key reference documents and documents for internal management.[6]

2.5 The Committee notes that annual reports co-exist with other annual whole-of-government reporting to present an aggregated view of the performance of the ACT public sector as a whole.[7]

---

[4] Public Accounts Committee, Legislative Assembly of Queensland, December 2001, Report No 59, *Annual Reporting in the Queensland Public Sector*, p 1

[5] Auditor-General's Report No. 1 of 2003: *Effectiveness of Annual Reporting*, p 1

[6] Chief Minister's Department, *Chief Minister's Annual Report Directions 2007-10*, p 3

[7] Chief Minister's Department, *Chief Minister's Annual Report Directions 2007-10*, p 5

Reporting framework

2.6 Annual and financial reports are prepared by all reporting entities in accordance with the:

- Chief Minister's Annual Report Directions 2007-10 (the Directions)[8];
- *Annual Reports (Government Agencies) Act 2004*;
- *Financial Management Act 1996*;
- *Territory-owned Corporations Act 1990*; and
- reporting obligations (where appropriate) specific to a Territory-Owned Corporation (TOC), or public authority, as required by enabling or other applicable legislation.

Chief Minister's Annual Report Directions 2007-2010 (the Directions)

2.7 Set out in the *Annual Report (Government Agencies) Notice 2009 (No 1)*,[9] and issued under the *Annual Reports (Government Agencies)Act 2004*[10], the Directions apply consistent public accountability and statutory reporting requirements across the public sector and apply to all administrative units and those government agencies identified as public authorities.

2.8 The Directions prescribe a framework for annual reports that seeks to apply consistency in public accountability and statutory reporting requirements across the public sector[11] and specifies the reporting requirements to be applied to agency annual reports for three reporting periods: 2007-2008, 2008-2009, and 2009-2010 financial years.[12]

2.9 The ACT Audit Office audits the annual reports of all reporting entities for compliance with the Directions.[13]

---

[8] Tabled in the ACT Legislative Assembly on 26 June 2008 <http://www.cmd.act.gov.au/data/assets/pdf_file/0003/2793/annual_report_directions07-10.pdf> at 27 January 2010

[9] Tabled in the ACT Legislative Assembly on 18 June 2009 < http://www.legislation.act.gov.au/ni/2009-283/current/pdf/2009-283.pdf> at 1 March 2010

[10] *Annual Reports (Government Agencies) Act 2004 (ACT)*, Part 2, Section 9

[11] ACT Legislative Assembly, *Response to Question on Notice No. 64 to the ACT Auditor-General*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2004-05

[12] Chief Minister's Department, *Annual Report 2007-08*, p 29; Chief Minister's Department, *Chief Minister's Annual Report Directions 2007-10*, p 4

[13] Chief Minister's Department, *Chief Minister's Annual Report Directions 2007-10*, p 11

Annual Reports (Government Agencies) Act 2004

2.10 The *Annual Reports (Government Agencies) Act 2004* sets the framework for annual reporting across the ACT public sector. This framework identifies which public bodies provide annual reports and outlines the timeframe for provision of reports.[14]

2.11 The Standing Committee on Public Accounts plays a consultative role in the process.[15] Under the *Annual Reports (Government Agencies) Act 2004*, before the responsible Minister can issue an annual report direction, the Minister must consult the Public Accounts Committee (section 8). The Committee may make a recommendation to the Minister about any proposed direction.

Financial Management Act 1996 (the FMA)

2.12 The FMA provides for the financial management of the Government of the ACT, for the scrutiny of that management by the ACT Legislative Assembly, and specifies financial reporting requirements for the Government of the Territory.[16]

2.13 The FMA requires departments and public authorities with financial reporting obligations under the FMA to include audited financial and performance statements in their annual reports.[17]

Territory-owned Corporations Act 1990 (the TOC Act)

2.14 The TOC Act provides for the establishment of government enterprises as Territory-owned corporations. The financial reporting obligations required of Territory-owned corporations under the TOC Act are similar to those specified under the FMA.[18]

---

[14] ACT Legislative Assembly, *Week 9 Hansard*, 21 September 2006, p 3055

[15] *Annual Reports (Government Agencies) Act 2004 (ACT)*, Part 2, Section 9

[16] *Financial Management Act 1996 (ACT)*, p 1

[17] *Financial Management Act 1996 (ACT)*, Part 9, Division 9.6, Section 119, pp 103-105; Chief Minister's Department, *Chief Minister's Annual Report Directions 2007-10*, p 3

[18] *Territory-owned Corporations Act 1990 (ACT)*; Chief Minister's Department, *Chief Minster's Annual Report Directions 2007-10*, p 3

3 COMPLIANCE WITH ANNUAL AND FINANCIAL REPORTING GUIDELINES

3.1 The Committee notes that, while most of the annual reports were in accordance with the aforementioned documents, there are still a few that require improvement.

Use of full colour photographs

3.2 The Directions clearly state that annual reports should not use full colour photographs[19], however the Department of Territory and Municipal Services Annual Report 2008-2009 has colour photographs on the front and back covers.

Quality of financial reports

3.3 In relation to the financial reports across ACT Government agencies, the Auditor-General found that in 2008-2009:

> … there was a marked improvement in the percentage of financial reports assessed as 'good' compared to the previous year…the combined percentage of financial reports rated as 'fair' or 'unsatisfactory' (30 percent) was similar to the previous year (31 percent) and indicates that some agencies need to improve their financial reporting processes.[20]

3.4 The Auditor-General noted that most of the agencies in the 'fair' and 'unsatisfactory' categories are small to medium sized agencies with limited internal accounting and financial reporting capacity and expertise. The most commonly found deficiencies in the financial reports were:

- errors in current or prior year figures;
- the failure to clearly and concisely explain the information being reported;
- the inclusion of inconsistent, inaccurate or irrelevant information;
- the use of generic disclosures rather than tailoring these disclosures to the operations and transactions of the reporting agency; and/or
- a lack of clear and concise explanatory information in the financial reports to assist readers to understand the financial results of the agency.[21]

---

[19] Chief Minister's Department, *Chief Minister's Annual Report Directions* 2007-10, p 8

[20] ACT Auditor-General's Office, *Audit Report, 2008-2009 Financial Audits, Report No. 8 2009*, p 19

[21] ACT Auditor-General's Office, *Audit Report, 2008-2009 Financial Audits, Report No. 8 2009*, p 20

Quality of statements of performance

3.5 In relation to statements of performance, the Auditor-General noted an overall decline in their quality in 2008-2009. The combined percentage of statements rated as 'good' and 'satisfactory' fell from 74 percent in 2007-2008 to 64 percent in 2008-2009. The percentage of agencies that prepared unsatisfactory statements of performance also remained significant, although it did fall slightly from 22 percent in 2007-2008 to 18 percent in 2008-2009. [22]

3.6 The Auditor-General explained that 'statements of performance that were rated as "unsatisfactory" typically had errors in the results, inadequate explanations of the measures and/or how they were measured, or estimated and included insufficient information on the material variances from the planned levels of performance'. [23]

3.7 As noted by the Auditor-General, a major objective of the statements of performance is to facilitate accountability by agencies for their performance. This requires agencies to compare planned levels of performance to actual performance achievements. Under this framework, the effectiveness of performance reporting depends largely on the quality of the selected performance measures and the related targets.[24]

3.8 The Auditor-General found 'many instances where the performance measures and the associated targets provided little or no meaningful information about the performance of the reporting agency'. [25] She further noted that 'when the performance measures and the related targets are not useful or meaningful, the significant costs associated with maintaining reporting systems for such performance measures and having them examined by the Audit Office cannot be reasonably justified.' [26]

3.9 In relation to agencies under the purview of the Public Accounts Committee, the Auditor-General noted that there were problems with the usefulness of information included in statements of performance for the Chief Minister's Department[27], Exhibition Park Corporation[28] and the ACT Insurance Authority[29].

3.10 The Auditor-General also frequently found cases where agencies did not clearly define or explain their performance measures and the related targets; provide

---

[22] ACT Auditor-General's Office, *Audit Report, 2008-2009 Financial Audits, Report No. 8 2009*, p 22

[23] ACT Auditor-General's Office, *Audit Report, 2008-2009 Financial Audits, Report No. 8 2009*, p 22

[24] ACT Auditor-General's Office, *Audit Report, 2008-2009 Financial Audits, Report No. 8 2009*, p 22

[25] ACT Auditor-General's Office, *Audit Report, 2008-2009 Financial Audits, Report No. 8 2009*, p 23

[26] ACT Auditor-General's Office, *Audit Report, 2008-2009 Financial Audits, Report No. 8 2009*, p 23

[27] ACT Auditor-General's Office, *Audit Report, 2008-2009 Financial Audits, Report No. 8 2009*, pp 72-73

[28] ACT Auditor-General's Office, *Audit Report, 2008-2009 Financial Audits, Report No. 8 2009*, p 88

[29] ACT Auditor-General's Office, *Audit Report, 2008-2009 Financial Audits, Report No. 8 2009*, p 96

sufficient information on how actual results were measured; or adequately disclose significant judgements or estimates applied by the reporting agency in measuring the reported results. [30]

Annual reports of Territory-Owned Corporations

3.11 The Annual Report Directions refers to the *Annual Reports (Government Agencies) Act 2004* which identifies two main kinds of reporting entities: those defined in the Administrative Arrangement Orders, and public authorities. [31] The Directions states that it is compulsory for all reporting entities to comply with the Directions. Territory-Owned Corporations, however, are not required to comply with the Directions.[32]

3.12 The Committee is of the opinion that the ACTEW Corporation Limited 2008-2009 Annual Report to the ACT Government is difficult to follow, particularly with regard to the inconsistent page numbering. It would be preferable if Territory-Owned Corporations were encouraged to follow a similar format as other reporting entities.

RECOMMENDATION 3

The Committee recommends that the ACT Government make it a requirement for Territory-Owned Corporations to comply with the Chief Minister's Annual Report Directions.

RECOMMENDATION 4

The Committee recommends that ACTEW pay particular attention to formatting and consistency when preparing their Annual Reports to the ACT Government.

---

[30] ACT Auditor-General's Office, *Audit Report, 2008-2009 Financial Audits, Report No. 8 2009*, p 23

[31] Chief Minister's Department, *Chief Minister's Annual Report Directions 2007*-10, p 4

[32] Chief Minister's Department, *Chief Minister's Annual Report Directions 2007*-10, p 5

4 WHOLE-OF-GOVERNMENT ISSUES ARISING FROM DEPARTMENT AND AGENCY REPORTS

4.1 During discussions over the course of its public hearing program, the Committee sought clarification on and explored a number of whole-of-government issues arising from specific annual reports. These issues are explored in this chapter.

Sustainability

Ecologically Sustainable Development (ESD)

4.2 The Committee is interested in ecologically sustainable development (ESD) across the ACT Public Service (ACTPS). The Directions defines ESD as 'the effective integration of economic, social and environmental considerations in decision-making processes'.[33] The Directions also outline the ESD principles which reporting agencies should consider and provides a measurement table that agencies should use in annual reports.[34]

4.3 In the Committee's *Report on Annual and Financial Reports 2007-2008*, April 2009, the Committee made the following recommendation:

> Recommendation 2: The Committee recommends that ACT Government agencies should always provide a context to their ESD reporting by providing additional comparative information such as ESD outcomes from previous years, other agencies and/or jurisdictions.

4.4 The Committee notes that the ACT Legislative Assembly Secretariat[35], ACTTAB[36] and EPIC[37] provided two year's of ESD data in their 2008-2009 Annual and Financial Reports. The Committee believes it would be preferable for at least two years worth of data to be included in the annual reports of all reporting entities for easier comparison of agency performance.

---

[33] Chief Minister's Department, *Chief Minister's Annual Reports Directions 2007-2010*, p 39

[34] Chief Minister's Department, *Chief Minister's Annual Reports Directions 2007-2010*, pp 39-44

[35] ACT Legislative Assembly Secretariat, *Annual Report 2008-2009*, pp 80-83

[36] ACTTAB, *Annual Report 2008-2009*, pp 66-68

[37] Exhibition Park in Canberra, *Annual Report 2008-2009*, pp 88-90

RECOMMENDATION 5

The Committee recommends that the annual reports of all reporting entities include at least two consecutive years comparative data on the ecologically sustainable development reporting measures.

4.5 The Committee was disappointed that the ACTEW Corporation Limited 2008-2009 Annual Report to the ACT Government and the Totalcare Industries Limited Annual Report 2009 provide no ESD reporting data at all.

RECOMMENDATION 6

The Committee recommends, at the next revision of the Chief Minister's Annual Report Directions, that the Directions specify a requirement for all reporting entities to provide comparative ecologically sustainable development data.

Triple bottom line reporting

4.6 The Committee noted that considerable preliminary work has been undertaken by CMD to develop a sustainability assessment tool. The tool will assess triple bottom line components: social, environmental and economic. Work is also advanced in the development of the next *Measuring our Progress* sustainability report.[38]

4.7 The Committee was also informed that a pilot triple bottom line 2008-2009 annual report for CMD is available on the CMD website.[39]

RECOMMENDATION 7

The Committee recommends that from 2009-2010 all agencies produce triple bottom line annual reports, which include comparative data in tabular format, in addition to their statutory annual reports.

Recycling

4.8 The Committee was disappointed that many agencies are only recycling 15-25 percent of waste paper.[40] At the public hearing of 26 November 2009, the Committee was advised that the Department of Treasury conducted an extensive audit of their waste

---

[38] ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 1 to the Chief Minister*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

[39] ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 34 to the Chief Minister*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009; <www.cmd.act.gov.au>

[40] Exhibition Park in Canberra, *Annual Report, 2008-2009*, p 89; Department of Treasury, *Annual Report 2008-2009*, vol. 1, p 89; ACT Gambling and Racing Commission, *Annual Report 2008-2009*, p 97; Chief Minister's Department, *Annual Report 2008-2009*, vol. 1, p 141

which revealed that 80 percent could have been recycled. [41] The Committee commends this thorough approach to all reporting entities.

4.9 The CMD Annual Report shows less than 25 percent of waste paper is being recycled.[42] Upon inquiry, the Chief Executive explained that, since the preparation of the report, an audit was conducted. There have since been some efforts towards redirecting the waste streams and installing time switches and water-saving devices.[43]

4.10 The Committee understands that part of the issue for government agencies is the impact secure waste disposal can have on the overall recycling capacity of a department.[44] Although secure waste is ultimately recycled[45] it is more energy intensive that regular recycling streams. It would be timely to encourage agencies to actively remind staff about ensuring only confidential waste is put into secure waste disposal receptacles.

RECOMMENDATION 8

The Committee recommends that all agencies conduct a thorough audit of their waste. Agencies should report in their 2009-2010 annual reports on the outcome of the audit and propose initiatives to address areas of concern.

RECOMMENDATION 9

The Committee recommends that reporting entities take steps to educate staff on how to identify secure paper waste with the aim to encouraging greater recycling of non-secure paper waste.

4.11 The ESD reporting in the EPIC Annual Report 2008-2009 identifies that 685 reams of paper were used and that 4.3 cubic metres of waste paper was recycled. Due to the different measures used for the input and output, it is difficult to clearly understand how much of the paper was recycled.[46]

4.12 The Directions allow reporting entities to use multiple measures in each ESD category. For instance, agencies may report how many reams of paper they have used, yet may report their paper recycling output in litres or cubic metres.[47] It would be preferable to identify how many reams are in a cubic metre and then request the

---

[41] *Transcript of Evidence*, 26 November 2009, pp 28-29

[42] *Chief Minister's Department, Annual Report, 2008-2009, Volume 1*, p 141

[43] *Transcript of Evidence*, 3 December 2009, p 164

[44] *Transcript of Evidence*, 3 December 2009, p 164

[45] ACT Legislative Assembly, *Response to QToN No. 4*, 3 December 2009, Inquiry into Annual and Financial Reports 2008-2009

[46] *Transcript of Evidence*, 26 November 2009, p 61

[47] Chief Minister's Department, *Chief Minister's Annual Report Directions 2007-2010*, p 43

ESD reporting in cubic metres only.

RECOMMENDATION 10

The Committee recommends that ecologically sustainable development reporting measures be consistent for comparative purposes and the Chief Minister's Annual Report Directions include only one reporting unit in each category.

4.13 The Committee sought clarification from the Chief Executive of the Department of Territory and Municipal Services (TaMS) about a major recycling upgrade that was implemented. The ESD measures in the TaMS Annual Report 2008-2009 list 'not applicable' next to the estimates of organic waste being recycled making it difficult to assess whether the recycling upgrade has produced any positive results. The Committee would like to see actual reporting figures opposed to 'not applicable' in the 2009-2010 annual report.[48]

RECOMMENDATION 11

The Committee recommends that Government agencies take greater measures to ensure they are reporting against their ecologically sustainable development reporting requirements.

RECOMMENDATION 12

The Committee recommends that the ACT Auditor-General be funded to audit agency compliance with the ecologically sustainable development indicators as specified in the Chief Minister's Annual Report Directions.

Building Temperatures

4.14 The Committee would like to see some experimentation on the energy savings, and staff reaction, to different temperature settings across the seasons to strike a balance between occupant comfort and reducing emissions. The Committee notes that CMD aims to maintain an average of 22.5 degrees throughout the building understanding that temperatures between 19 and 26 degrees are generally considered comfortable for most people. Staff from CMD have conducted some experimentation with the air-conditioning and have invested in more efficient systems.[49]

4.15 The ACT Legislative Assembly Secretariat (the Secretariat) advised that it has been

[48] *Transcript of Evidence*, 26 November 2009, p 70; *Department of Territory and Municipal Services, Annual Report 2008-2009*, p 89

[49] *Transcript of Evidence*, 3 December 2009, p 165

proactive about reducing the building temperatures in the summer months by encouraging staff to utilise window treatments on hot days and will be implementing a trial of varying building temperatures. The Secretariat is also investigating reflective screening for windows. If was further noted that the Secretariat has engaged an external consultant to conduct an energy efficiency rating of the building and provide expert advice on energy management.[50] The Committee commends these proactive approaches.

RECOMMENDATION 13

The Committee recommends that reporting entities take active measures within their accommodation settings to identify a balance between employee comfort and energy savings.

Carbon Footprints

4.16 The Speaker of the ACT Legislative Assembly highlighted improvements in the management of sustainability issues at the ACT Legislative Assembly including the implementation of an Environment Sustainability Committee and measures to reduce waste, energy and water consumption. He advised that these efforts have resulted in an 18 percent reduction in water consumption, a 20 percent reduction in energy consumed by fleet vehicles and a 5 percent reduction in electricity consumption. Overall this resulted in a 5.4 percent reduction in the ACT Legislative Assembly's carbon footprint when compared with 2007-2008.[51]

4.17 The Committee understands that the ACT Government is examining approaches to green economic development and that a scoping consultancy has been undertaken by the University of Canberra.[52] It was of interest to the Committee that strategic investment in science and social innovation infrastructure is a key part of the ACT Government's activities aimed at improving the innovation capacity of the ACT economy, but that sustainability outcomes are not.[53]

RECOMMENDATION 14

The Committee recommends that the Government consider including sustainability outcomes in the Chief Minister's Department 'Strategic Indicator 7

---

[50] *Transcript of Evidence*, 3 December 2009, p 216

[51] *Transcript of Evidence*, 3 December 2009, pp 214-215

[52] *Transcript of Evidence*, 3 December 2009, p 189

[53] ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 1 to the Minister for Business and Economic Development*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009; Chief Minister's Department, *Annual Report 2008-2009*, vol.. 1, p 11

– Improve the Innovation Capacity of the ACT Economy'.

4.18 The Committee noted that the EPIC does not purchase any renewable energy. The Chief Executive of TaMS advised that he would be pleased to raise the matter at the next board meeting.[54]

RECOMMENDATION 15

The Committee recommends that the ACT Government report to the ACT Legislative Assembly when the Exhibition Park Corporation Board has considered whether or not it will purchase renewable energy. If a decision is made not to purchase renewable energy the Assembly should be provided with details of the justification for the decision.

4.19 The Committee was pleased to learn that there has been an increased focus on the contribution of IT to energy consumption in the ACT Government. The General Manager of InTACT told the Committee:

> (Our focus) goes to the desktop, it goes to server farms, it goes to the type of technology we are putting in place and its goes to the way that we dispose of equipment and the requirements that we have for disposing of equipment in an environmentally responsible way.[55]

4.20 The Committee was interested in the ACT Government's involvement in the development of the *National Framework for Sustainable Government Offices* and the *National Green Leasing Policy*. The advice was that the *National Framework for Sustainable Government Offices* was endorsed by the ACT Executive in December 2009 and that it is expected to be tabled at the next meeting of the Australian Procurement and Construction Ministers' Council. The *National Green Leasing Policy* is under consultation and, once approved, will be included in the *ACT Sustainable Energy Policy and the ACT Climate Change Strategy – Action Plan 2, 2012-2016*.

4.21 The Committee is looking forward to the outcome of these policies which will commit the ACT Government to new energy targets, when subleasing or refurbishing office space in excess of 2000m^2, and demonstrate a commitment to seeking or providing green accommodation for the ACTPS.[56]

Ethical Considerations

4.22 The ACT Government is a signatory to the United Nations Principles for Responsible

---

[54] *Transcript of Evidence*, 26 November 2009, p 63

[55] *Transcript of Evidence*, 3 December 2009, p 195

[56] ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 28 to the Chief Minister*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

Investment.[57] The Committee was concerned about the consideration of ethical issues when government agencies select contractors.[58] When the ACT Construction and Cleaning Industries Long Service Leave Authorities were asked what emphasis they placed on ethical issues when selecting Vanguard Investments Australia to manage their investment portfolio, the response was that they were 'not specifically considered or identified by the board'.[59]

4.23 The Committee notes that the Department of Treasury regularly uses software and database information from the Centre of Australian Ethical Research and EIRIS (Experts In Responsible Investment Solutions) to conduct screening of their investment portfolios to identify companies that may not meet relevant ethical considerations.[60] The Committee appreciates that investments are analysed on a whole range of criteria with ethical considerations being only part of the risk analysis. The Committee recommends that agencies be more proactive about the ethical impact of its investment decisions.

RECOMMENDATION 16

The Committee recommends that the ACT Government take steps to ensure the implementation of responsible investment principles across all Government investment portfolios.

4.24 The ACT Government undertook to establish 'an independent review of the Government's current investment practices by the end of 2009, to determine how the UN Principles of Responsible Investment are being addressed.' The Committee notes that the report resulting from this review has not yet been made publicly available.

RECOMMENDATION 17

The Committee recommends that the ACT Government release the report arising from the independent review of the Government's current investment practices as soon as possible.

Commissioner for Public Administration

4.25 There was some discussion regarding the Chief Minister's request for the Commissioner for Public Administration to investigate attraction and retention issues

---

57 United Nations *Principles for Responsible Investment* July 2008 <http://www.unpri.org/> at 27 January 2010

58 *Transcript of Evidence*, 1 December 2009, p 98

59 *Transcript of Evidence*, 1 December 2009, pp 97-98

60 *Transcript of Evidence*, 26 November 2009, p 2

within the ACTPS. The Commissioner released the new *Attraction and Retention Framework* in September 2008 (the Framework) and advised of a commitment from the Chief Executives of all ACT Government agencies to its implementation.

4.26 The Framework had three main objectives; improving capability, retaining employees, and attracting new employees. Initiatives included implementing a tailored professional development program for future leaders and greater access to vacant jobs through the JobsACT website. The Commissioner advised that turnover rates have improved to approximately 6 percent down from 9.5 percent in 2006-2007.[61]

4.27 The Committee remains concerned for the high turnover rates of Legal Officers (19.5 percent, up from 12.7 percent) and Graduate Administrative Assistants (12.6 percent, up from 0 percent).[62]

4.28 The Committee was also interested in the Commissioner's progress of the review of the *Public Sector Management Standards 2006* (the Standards) to reduce duplication and inconsistencies between the *Public Sector Management Act 1994 (ACT)*, the Standards and agency industrial agreements. The Committee was advised that inter-agency discussions have been held to identify issues and outline a more coherent and streamlined employment framework generally. Further discussions and negotiations are still required. [63]

4.29 In the hearings for the 2007-2008 Annual Reports, the Committee was concerned about a potential conflict of interest with the blending of the Commissioner's role, and function, with that of the Deputy Chief Executive of the Governance Division of CMD. The Standing Committee on Public Accounts, *Report on Annual and Financial Reports 2007-2008,* April 2009, recommended that:

> Recommendation 8: 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.[64]

4.30 The majority of the Committee remains concerned about the Commissioner's ability to operate independently, particularly considering the Commissioner does not have any direct staff. With regard to staff, the Commissioner advised that the Public Sector Management Group within CMD provides support to her as both the Deputy Chief

---

[61] *Transcript of Evidence*, 3 December 2009, pp 169-170

[62] ACT Legislative Assembly, Response to *QToN No. 13*, 3 December 2009, Inquiry into Annual and Financial Reports 2008-2009

[63] ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 1 to the Chief Minister,* Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

[64] Chief Minister's Department, *Chief Minister's Annual Report Directions 2007-10*, p 16

Executive and as the Commissioner.[65] One member of the Public Accounts Committee does not believe that a conflict of interest exists.

RECOMMENDATION 18

The Committee recommends that, in order to ensure the independence of the Commissioner for Public Administration, a person holding the office should not hold any other position with the ACT governance structure.

[65] *Transcript of Evidence*, 3 December 2009, p 171

5 SPECIFIC ISSUES ARISING FROM DEPARTMENTAL AND AGENCY REPORTS

5.1 While many matters were discussed at the public hearings, this chapter provides information on some of the more significant issues arising from departmental and agency annual reports discussed during the Committee's inquiry.

Treasury Portfolio

Department of Treasury

5.2 The Department of Treasury provides strategic taxation, financial and economic policy advice and services to the ACT Government with the aim of improving the Territory's financial position and economic management.[66]

5.3 The performance of the Territory's investment portfolio during the global financial crisis (GFC) was of significant interest to the Committee. The Treasurer advised that there has been strong recovery since March 2009 but that the outlook remains unclear given the continued uncertainties across all global economies.[67]

5.4 The Department of Treasury Annual Report 2008-2009, Volume 1 highlights that there was a higher than expected level of outstanding debt in the 2008-2009 financial year. The Treasurer advised the Committee that the increase was largely due to increases in payroll tax debts, rates, land tax and the fire and emergency services levy as well as a reduction in the overall budgeted taxation revenue.[68]

5.5 In regard to the proposed seven-year recovery following the GFC the Treasurer stated:

> The budget plan which we have discussed in this place a number of times sets out a seven-year recovery strategy for our budget, in that it has a combination of wage restraint, expenditure restraint and a savings task in order to return the budget to

---

[66] Department of Treasury, *Annual Report 2008-2009*, vol. 1, p 3

[67] ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 4 to the Treasurer*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

[68] ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 1 to the Treasurer*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

surplus over that seven-year period.[69]

5.6 The Committee notes that the ACT Government has asked agencies to deliver a 1 percent efficiency dividend, whilst maintaining priority services. At one point in the hearings, the Treasurer defined priority services as 'all services government delivers'. [70] The Committee expressed considerable concern about the usefulness of the definition given its generality.

RECOMMENDATION 19

The Committee recommends that the ACT Government clearly defines 'priority services' in the context of the ongoing search for budgetary savings.

5.7 It was also of concern to some members of the Committee that there is no defined action plan for achieving the savings. The members felt that 'wage restraint, expenditure restraint and a savings task' did not provide enough clarity on how these outcomes were going to be achieved.[71]

5.8 The following is an excerpt from the public hearing of 26 November 2009:

> Mr Smyth: But if you have got a plan that has no clear strategies and you will not define what priority services are, what is the point of that?
>
> Ms Gallagher: Brendan, we have been arguing about this for six or seven months, and I think we have just got to agree to disagree on it.
>
> Mr Smyth: And it is still no clearer, Treasurer.[72]

5.9 The Treasurer informed the Committee that 'painless savings' were the focus; in other words, savings which do not result in job losses or a reduction in services. It was also explained that budget submissions for the 2009-2010 Budget have been more restrained that previously, most likely due to the community's awareness of the ACT Government's financial position at this time.[73]

5.10 The Committee notes the Treasurer's comments that the community sector is experiencing increased workload as a result of the GFC, and that 'it will be tough to wind back spending in the community sector'.[74]

5.11 The Department of Treasury Annual Report 2008-2009 details expenditure of $502,500 on a consultancy conducted by Ernst and Young, entitled '*Modelling Health for the*

---

[69] *Transcript of Evidence*, 26 November 2009, p 3

[70] *Transcript of Evidence*, 26 November 2009, pp 4-5; Department of Treasury, *Annual Report 2008-2009*, vol. 1, pp 14-15

[71] *Transcript of Evidence*, 26 November 2009, p 4

[72] *Transcript of Evidence*, 26 November 2009, p 6

[73] *Transcript of Evidence*, 26 November 2009, p 4 and p 7

[74] *Transcript of Evidence*, 26 November 2009, p 8

Future – Phase 1 and Phase 2 – Professional Services'. Under questioning, the Treasurer informed the Committee that the consultancy was a review of the work that ACT Health has conducted relating to the expected growth in demand for health services and the associated costs.[75]

RECOMMENDATION 20

The Committee recommends that, given the expense of the Ernst and Young review entitled 'Modelling Health for the Future – Phase 1 and Phase 2 – Professional Services', the Treasurer report to the ACT Legislative Assembly on the outcome of, and Government response to, the review as soon as practicable.

Purchase of Calvary Hospital

5.12 There was considerable discussion regarding the ACT Government's decision to purchase Calvary Hospital. However, prior to the release of this report, the proposal to purchase Calvary Hospital was abandoned after the Little Company of Mary Health Care withdrew from the negotiations to sell the public hospital.[76]

Election commitments legislation

5.13 The Treasurer advised that an exposure draft, and associated guidelines, on proposed legislation relating to the role of the ACTPS during an election period, will be released once the guidelines have been finalised.[77]

ACT Insurance Authority

5.14 The main roles of the ACT Insurance Authority (ACTIA) are to enable the Territory to meet the cost of its insurable claims and losses, to protect the Territory's budget from the risk of very large claims and improve whole-of-government risk management. [78]

5.15 Under 'Risk Management' the ACTIA Annual Report 2008-2009 identifies 'inadequate cash reserves within the Authority to meet the cost of future insurance claims on the Territory'.[79] The Under Treasurer advised that while this is always a risk, their assets are reasonably greater than their liabilities and, as such, the risk is marginal at this time.[80]

---

[75] *Transcript of Evidence*, 26 November 2009, p 32; Department of Treasury, *Annual Report 2008-2009*, vol. 1, p 78

[76] Announced by Ms Katy Gallagher MLA, Sunday 7 February 2010; *Transcript of Evidence*, 26 November 2009, pp 17-21

[77] *Transcript of Evidence*, 26 November 2009, p 15

[78] ACTIA, *Annual Report, 2008-2009*, p1

[79] ACTIA *Annual Report 2008-2009*, p 6

[80] *Transcript of Evidence*, 26 November 2009, p 33

5.16 The Committee also notes an increase in incident numbers and that this is due to ACTIA's efforts to impress upon agencies the need to report all incidents. It is anticipated that these numbers have now plateaued.[81]

Community insurance

5.17 The Committee has received representations from community councils regarding difficulties they are having accessing community insurance. The Committee asked the Director, Legal and Insurance Policy, Investment and Economics Division, how this issue is being addressed. He advised that:

> In relation to the community councils themselves…we have done a deal through an insurance broker to provide them with a combined public liability insurance policy, a single policy covering all of them.[82]

5.18 It is also understood that ACTIA has negotiated a volunteer insurance package, which covers 100 volunteers, and that the premium would be split amongst the seven community councils.[83] The Committee notes that at the time of the hearing it was expected that the policy would be finalised early in 2010.[84]

Asbestos

5.19 The Committee acknowledges the comments that asbestos will be an ongoing issue for the community, and therefore the ACT Government, as redevelopment and refurbishment occurs across the city on buildings containing asbestos. There was interest in how the ACT Government is ensuring that adequate resources are allocated to the enforcement of asbestos regulation to ensure worker and public safety.

5.20 The Treasurer advised that the Minister for the Environment, Climate Change and Water, as the responsible Minister, has assembled a whole-of-government taskforce to review the issues, including government regulations.[85] The Committee notes that the taskforce is due to report to the ACT Government during 2010.[86]

5.21 Committee members were aware of representations from the public regarding asbestos, particularly those people who work with asbestos and those who neighbour contaminated properties. The Acting Director of the Office of Industrial Relations

---

[81] *Transcript of Evidence*, 26 November 2009, pp 35-36

[82] *Transcript of Evidence*, 26 November 2009, p 8

[83] *Transcript of Evidence*, 26 November 2009, p 8

[84] *Transcript of Evidence*, 26 November 2009, p 9

[85] *Transcript of Evidence*, 2 December 2009, p 82

[86] *Transcript of Evidence*, 2 December 2009, p 82

provided the following advice:

> With regard to consultation with the community on asbestos, one of the things I should point out is that there is quite a lot of asbestos removal done around the ACT all the time.
>
> More often than not the communications with the community work successfully.
>
> The review of the ACT's asbestos management strategy…will look, in quite some detail, at how those processes work and at the different agencies that are involved in asbestos management across the ACT. So we will be looking very closely at how those agencies work together to make sure that the right agency is responding at the right time to whatever issue comes up and that the communication with the community is constructed appropriately for that kind of situation, because there are so many different kinds of asbestos-related situations that can occur.[87]

RECOMMENDATION 21

The Committee recommends that the Treasurer report to the ACT Legislative Assembly on the outcome of the review of the ACT's asbestos management strategy as soon as practicable.

5.22 Advice was also provided that, while the Work Safety Council considered asbestos-related matters from time to time, it has not made any specific recommendations.[88]

Default Insurance Fund (DIF)

5.23 Questions were also directed to the Default Insurance Fund (DIF), which has two components – one is to protect workers whose employers do not have insurance policies; the other is to protect against collapsed insurers. The Committee heard that there are different reasons why a claim can fall on the DIF. These include very long latency periods as with mesothelioma, the employer and the insurer of that employer can no longer be found or has declared bankruptcy, or the employer has been negligent in obtaining appropriate insurance coverage for workers.[89]

5.24 It was explained that the DIF 'has significant powers to recover the costs of claims and 'if the employer is still in place, the DIF will want to speak very clearly to them about recovering the cost of the claim'.[90] It was further explained that, where an employer has not had appropriate insurance coverage, the role of the DIF is only to recover the cost of any claims that they pay. The Office of Regulatory Services is

[87] *Transcript of Evidence*, 1 December 2009, p 83

[88] *Transcript of Evidence*, 1 December 2009, p 82

[89] *Transcript of Evidence*, 1 December 2009, pp 83-86

[90] *Transcript of Evidence*, 1 December 2009, p 84

responsible for pursuing a fine upon the employer.[91]

5.25 Under the current arrangements, the fine can be up to three times the cost of the avoided premium. As such, many employers will go bankrupt resulting in a low recovery rate for the DIF.[92] The Committee was concerned about undiscovered claims once an employer ceases and was advised that the insurer continues to carry that responsibility on behalf of the employer into the future.[93]

5.26 The Committee notes the MOU between CMD and ACTIA whereby ACTIA manages the operational aspects of the DIF while CMD retains policy responsibility.[94]

5.27 The Committee noted that on page 189 of the Department of Treasury Annual Report 2008-2009, Volume 2, the uninsured employer fund increased from $87,000 in 2008 to $172,000 in 2009. It was explained that, due to the small size of the fund, it only takes one substantial claim to significantly affect the statistics. In 2009 there were two asbestos-related claims resulting in the difference to the average cost.[95]

5.28 The Committee was also advised that changes to the model this year, under the legislation, allowed levies to be averaged over a year and this system is working well thus far.[96]

Workers Compensation

5.29 In questioning the Committee sought an explanation as to why workers compensation is so expensive in the ACT. The Senior Manager, Workers Compensation Policy, Office of Industrial Relations, CMD, explained that the ACT has the second most expensive scheme in Australia and that it is a result of the scheme's design. She explained that:

> An efficient and effective workers compensation system strikes the right balance between cost to employers and compensation paid to the workers. Keep in mind that that also needs to take into account the social costs of injuries in the workplace, fair compensation, access to return to work and rehabilitation. They are the elements that make a really well balanced workers comp system. The ACT does not at the moment have that. It is a scheme that is heavily litigious.[97]

5.30 With regard to the effect this system is having in the ACT, she further said:

---

[91] *Transcript of Evidence*, 1 December 2009, p 84

[92] *Transcript of Evidence*, 1 December 2009, p 84

[93] *Transcript of Evidence*, 1 December 2009, p 86

[94] *Transcript of Evidence*, 1 December 2009, p 85

[95] *Transcript of Evidence*, 1 December 2009, p 87; Department of Treasury, *Annual Report 2008-2009*, vol. 2, p 189

[96] *Transcript of Evidence*, 1 December 2009, p 87

[97] *Transcript of Evidence*, 1 December 2009, p 88

> We are a small business jurisdiction. Ninety-six percent of our policy holders are small and medium businesses….the costs and overheads to run a business here, from an insurance perspective, are more significant than what they might otherwise be.[98]
>
> For some employers, it is cheaper not to have a policy, run the risk of getting caught and ending up in the Magistrates Court and only getting a $200 fine.[99]

5.31 The Committee was quite interested in the comment that 'the intended beneficiaries of our scheme, that is the injured workers, are not the sole beneficiaries. The current structure leaves lots of opportunity for businesses to leverage off the scheme'.[100]

5.32 The Committee notes that the ACT Government is in the process of implementing a range of improvements to the scheme that it hopes will create a system that is affordable for workers, provides fair treatment for injured workers, improves the performance of scheme providers and is an effective governance and management regime for the scheme.[101]

Midwives insurance

5.33 The Committee asked the Treasurer about the issue of insurance for midwives. The Treasurer stated:

> The advice we have from ACTIA is that it will cost $1 million a year to self-insure. That is for our own midwives; we are not talking about private midwives. Interestingly, private midwives can deliver babies uninsured at the moment, as long as they tell the mother that they do not carry insurance, under the national arrangements. I do not believe we have any private midwives working in the ACT.
>
> We have looked at everything, including international insurance, to provide that coverage and we are unable to get it. Really, the only option is to self-insure. The advice is that we would need to fully fund that scheme to $10 million over 10 years and it would cost $1 million a year.[102]

5.34 With regard to other jurisdictions, the following discussion took place:

> Chair: Have you talked to your state counterparts about this because they must all be in the same boat? Can all the states do self-insurance together?
>
> Treasurer: They won't have us. We have looked at it, and they will not have us

---

[98] *Transcript of Evidence*, 1 December 2009, p 88

[99] *Transcript of Evidence*, 1 December 2009, p 89

[100] *Transcript of Evidence*, 1 December 2009, p 89

[101] *Transcript of Evidence*, 1 December 2009, pp 89-91

[102] *Transcript of Evidence*, 26 November 2009, p 10

> because it is what they call…high cost, low risk. Even though it would only involve a couple of babies, if something goes wrong, it costs a lot of money. I think that individual jurisdictions have enough issues with funding their own liability. Even if we… would pay for it, they are just not prepared to take on any additional risk.[103]

5.35 The Committee notes that the Treasurer has asked the Director, Legal and Insurance Policy, Investment and Economics Division, Department of Treasury, to re-examine all the aspects of this particular issue and review the options.[104]

Comprehensive Third Party insurance

5.36 The Committee sought an update on the implementation of Comprehensive Third Party (CTP) insurance competition in the ACT. The advice was that meetings had been held regarding various administrative matters, the computer systems have been tested and the business rules and guidelines have been approved.[105] The Committee notes that CTP competition is expected in the ACT by mid 2010.[106]

Other

5.37 The Committee also discussed matters relating to risk management,[107] the risks associated with dead and dying urban trees[108] and drought relief for rural leases.[109]

ACTEW Corporation Limited

5.38 The role of the ACTEW Corporation Limited (ACTEW) is to maximise the efficiency, reliability and sustainability of water and wastewater services to the ACT and region, to ensure a safe and reliable water supply for the ACT and region, and to prosper as a business achieving satisfactory returns on investments and opportunities. ACTEW is an unlisted public company that is wholly owned by the ACT Government.[110]

Cotter Dam

5.39 There was substantial discussion about the construction costs of the Cotter Dam, particularly with regard to the change in published cost from $145 million to $363 million. The Managing Director of ACTEW Corporation Limited (ACTEW) advised

---

[103] *Transcript of Evidence*, 26 November 2009, pp 10-11

[104] *Transcript of Evidence*, 26 November 2009, pp 10-11

[105] *Transcript of Evidence*, 26 November 2009, pp 11-13

[106] *Transcript of Evidence*, 26 November 2009, p 13

[107] *Transcript of Evidence*, 26 November 2009, p 33-35

[108] *Transcript of Evidence*, 26 November 2009, p 35

[109] *Transcript of Evidence*, 26 November 2009, p 22

[110] ACTEW Corporation Limited, *2008-2009 Annual Report to the ACT Government*, p 5

that the total project cost of $363 million includes $299 million, which is the total out-turn cost, plus expenditure up to the delivery of the total out-turn cost, plus the owner's costs (such as energy costs) to be incurred in the delivery of the dam project.[111]

5.40 The Committee understands that the original estimates did not make any allowance for the range of other costs involved, such as the escalations, approvals and contractor fees. The Committee is concerned, however, that the public was misinformed and was under the impression that the $145 million plus 30 percent would be the final cost. The Managing Director of ACTEW responded that:

> My review of this is that I believe both the government and the public assumed that the $145 million was probably a reasonable estimate of the total cost of the project and did not understand its limitations. I am very plain on that. I do not believe that either the government or the public understood the limitations of the $145 million dollar number.[112]

5.41 The Committee asked the Treasurer the following:

> Mr Rattenbury: Ministers, what is your understanding of why that cost estimate was not corrected in the public discourse?
>
> Ms Gallagher: When I reflect back on the enlarged Cotter Dam project…I think that a misunderstanding around what was included, or a public misunderstanding about what was included in that $145 million price, has led to a lot of the issues that we are sitting here considering, and a lot of reviews and a lot of analysing. Again, I think it is difficult for me; I think we all probably had some responsibility, at the end of the day, to be clearer around what that price was talking about and that it did not include all of the total costs, as outlined in that $363 million final figure.[113]

5.42 The Managing Director of ACTEW further explained that $145 million was an initial figure and that once the alliance model was adopted a total out-turn cost was developed. The out-turn cost was the cost that determined whether or not the dam was to be built:

> Mr Sullivan: Anyone who knows about total out-turn costs knows that you would never, ever, tolerate a 30% tolerance in a total out-turn cost. A firm estimate with a 30% give or take is just not acceptable.
>
> A total out-turn cost is a very specific technical term which requires a number of prerequisites which were, in no-one's language, present at the 145.
>
> Thirty percent estimates are estimates. Total out-turn costs are not estimates; they are

[111] *Transcript of Evidence*, 2 December 2009, p 122

[112] *Transcript of Evidence*, 2 December 2009, p 133

[113] *Transcript of Evidence*, 18 February 2010, p 236 and 247-248

> much closer to hard, financial, accountable facts.[114]
>
> The only decision point in building a dam was with the full knowledge of $363 million as the price of that dam.[115]

5.43 It is important to note that ten individual water supply options were examined in detail as part of ACTEW's July 2007 Report – *Water security for the ACT and region: recommendations to the ACT Government*. In this report the estimated total cost of the Cotter Dam enlargement was listed as $145 million.[116] Therefore, the initial decision to select the Cotter Dam enlargement as part of the ACT's water security strategy was made based on this inaccurate figure.

RECOMMENDATION 22

The Committee recommends that, when a number of projects are considered as part of an overall strategy, the cost estimates of each option need to be more accurate.

RECOMMENDATION 23

The Committee recommends that where unfinalised cost estimates of major projects are made public, the basis of those estimates should be clearly explained.

5.44 At the hearing of 18 February 2010 the Committee also sought clarification on the difference between tolerance and contingencies when the corporation was considering the costs of the Cotter Dam. The Managing Director of ACTEW advised that:

> A tolerance…is for unknowns. It is basically allowing prices within the estimate to expand. Contingencies are probably more known than tolerance, but they basically allow for the fact that things could move. The important thing is that both of those relate to what was in the estimate. Owners' costs were not in the estimate. So it does not account for those elements which were not in the 145. It reflects the fact that the 145 was an estimate without a design. It reflects the fact that it was recognised by the prices and by the reviewers of the 145 estimate—the two reviewers of the estimate—that there was a significant degree of uncertainty about the elements in it.

5.45 Much of the discussion also focussed on: changes to the construction of the dam; such as deeper foundations and greater amounts of concrete; when the Treasurer and ACTEW learned of any significant changes which would result in a significant

---

[114] *Transcript of Evidence*, 2 December 2009, pp 135-136

[115] *Transcript of Evidence*, 2 December 2009, pp 134-135

[116] ACTEW Corporation, *Water security for the ACT and region: recommendations to the ACT Government*, July 2007, pp vi-vii and 23.

increase in the cost of the dam;[117] and on the scope and frequency of briefings to both the Treasurer and the Minister for the Environment, Climate Change and Water.[118]

5.46 The Committee also noted with interest that as of 18 February 2010 the project cost for the Cotter Dam was still listed as $145 million on the ACTEW Corporation website.[119]

5.47 The Committee understands that should the costs of the dam rise over $363 million the risk would be shared between ACTEW and its alliance partners on a 50/50 basis. The Treasurer advised that the Department of Treasury may need to borrow some additional funds in 2011 on behalf of ACTEW for the costs of the dam.[120] The Under Treasurer also advised that 'it is a regulated asset and the cost is moved back onto the consumer' and that ACTEW's dividend is currently being reviewed.[121]

5.48 The Committee notes that the Department of Treasury has reviewed the Deloitte review of the dam costs. The Treasurer advised that 'Treasury's role has been around whether the $363 million is a reasonable cost for a project of this size (and) I have not been given any indication by Treasury…that the numbers do not add up'.[122]

5.49 On 12 November 2009 the Attorney General directed the Independent Competition and Regulatory Commission (ICRC) to investigate the projected cost of the enlarged Cotter Dam project and related matters. The ICRC is to report on:

- whether the projected costs of the enlarged Cotter Dam water security project are prudent and efficient in terms of meeting the water security standards required of ACTEW;
- the approach taken to put in place an alliance arrangement with contractors to secure delivery of the enlarged Cotter Dam water security project to provide water security for the ACT and region;
- the process undertaken to develop and test the costings of the enlarged Cotter Dam water security project at all stages from 2005 to November 2009;
- the potential for any new cost variations to be incurred by ACTEW under the contractual arrangements put in place for the enlarged Cotter Dam water security project delivery;
- the scope for cost savings to be passed on to ACTEW to the benefit of ACT and regional water users; and

---

[117] *Transcript of Evidence*, 2 December 2009, pp 126-130

[118] ACT Legislative Assembly, *Response to QToN No. 5*, 2 December 2009, Inquiry into Annual and Financial Reports 2008-2009; *Transcript of Evidence*, 18 February 2010, pp 238-243

[119] *Transcript of Evidence*, 18 February 2010, p 242

[120] *Transcript of Evidence*, 26 November 2009, p 23

[121] *Transcript of Evidence*, 26 November 2009, p 23

[122] *Transcript of Evidence*, 26 November 2009, p 25

- other matters the Commission considers relevant to the inquiry.[123]

5.50 The ICRC must report to the Attorney General by the end of June 2010 and a draft report will be released for public comment on 31 March 2010.[124]

5.51 Due to the significance and complexity of the issues surrounding the Cotter Dam, the Committee requested a further hearing with the Treasurer, the Minister for the Environment, Climate Change and Water, and ACTEW representatives. At this hearing, held on 18 February 2010, questioning again covered the escalating costs of the construction of the Cotter Dam, but also included discussion about the Murrumbidgee to Googong Water Transfer (MGT).[125] In particular the Committee was interested in the information provided by the Managing Director of ACTEW, to the Select Committee on Estimates 2009-2010, regarding the MGT.[126]

5.52 There was also discussion regarding the economic benefits, and water capacities, of the MGT and the Tantangara Transfer[127] as well as the acquisition of easements resulting from the construction of the Murrumbidgee to Googong pipeline.[128]

Select Committee on Privileges

5.53 After the additional hearing, concerns were raised about the evidence provided by the Managing Director of ACTEW at a hearing to the Select Committee on Estimates 2009-2010 on 18 May 2009; and also at the 2 December 2009 and 18 February 2010 hearings of this Committee.

5.54 On 23 February 2010 the ACT Legislative Assembly passed a motion establishing a Select Committee on Privileges. The Committee is to examine whether a breach of privilege or contempt of the Assembly has been committed by the Managing Director of ACTEW, in relation to evidence given on matters relating to MGT at the abovementioned hearings. The Committee is to report to the ACT Legislative Assembly on 22 June 2010. [129]

Alliance modelling

5.55 The Committee is aware of a report, sponsored by the Victorian Government, called *In Pursuit of Additional Value* which was released in October 2009. The report reviews

---

[123] Disallowable instrument DI2009–227, Independent Competition and Regulatory Commission (Investigation into Projected Costs of the enlarged Cotter Dam water security project) Terms of Reference Determination 2009

[124] Independent Competition and Regulatory Commission, *What's New*, <http://www.icrc.act.gov.au/whatsnew> at 1 March 2010

[125] *Transcript of Evidence*, 18 February 2010

[126] *Transcript of Evidence*, 18 February 2010, pp 233-236

[127] *Transcript of Evidence*, 18 February 2010, pp 244-246

[128] *Transcript of Evidence*, 18 February 2010, 249-250

[129] ACT Legislative Assembly, *Minutes of Proceedings No. 51*, 23 February 2010, pp 589-590

project delivery through the alliance model and it indicates that alliance models generally lead to total out-turn costs that are 50 percent higher than the business case estimates. This is compared with traditional models that average at 30 percent higher and public-private partnerships at up to 10 percent higher.[130]

5.56 The Managing Director of ACTEW explained that this report came out after the decision to use an alliance model delivery process on the Cotter Dam. He said that the main motivation for using an alliance model centred around 'what model of contracting would attract the right sorts of designers and constructors to Canberra to build major infrastructure…the alliancing model was seen as the way to do that'.[131] It was explained that the alliance model is attractive to designers and constructors because it gives them an expectation of reasonable return, is strategically attractive and, taking on such a large project, instils confidence in investors and financiers.[132]

5.57 The Committee inquired:

> Mrs Dunne: How much of the $240-odd million difference in the cost that we have seen over the last year would be margins for the alliance?
>
> Treasurer-I am advised that ACTEW cannot contractually release information about the margins without the consent of its alliance partners, as the information is considered to be 'commercial in confidence'.

5.58 Since the hearing, the alliance partners have advised ACTEW that they will not agree to the release of this information.[133]

RECOMMENDATION 24

The Committee recommends that more rigour be applied to the business cases for large and/or complex projects before committing to a delivery model framework and/or provider.

Molonglo River

5.59 The Committee expressed concern that 'during 2008 the discharge from Lower Molonglo exceeded ACT authorisation limits'. The Managing Director of ACTEW advised that he expects that the salt levels will remain high for the foreseeable future due to insufficient water levels.[134] The Committee notes that CMD is coordinating a demand management strategy to reduce the levels of salt in waste water and that the

---

130 *Transcript of Evidence*, 2 December 2009, pp 137-139

131 *Transcript of Evidence*, 2 December 2009, p 138

132 *Transcript of Evidence*, 2 December 2009. p 140

133 ACT Legislative Assembly, *Response to QToN No. 7*, 2 December 2009, Inquiry into Annual and Financial Reports 2008-2009

134 *Transcript of Evidence*, 2 December 2009, p 132; ACTEW Corporation Limited, *2008-2009 Annual Report to the ACT Government*, p 14

Environmental Protection Agency is aware of, and is monitoring, the increased salt levels.[135]

Disclosure of executive remuneration

5.60 A matter of interest to the Committee is the full disclosure of executive remuneration. The Treasurer advised the Committee that she had written to all TOCs seeking comments on the ACT Government's desire to have more transparency around executive remuneration and, at the time of the hearing, responses were still forthcoming. [136] The Committee asked the Managing Director of ACTEW why ACTEW did not disclose individual salaries in its annual report. He said:

> We report in our financial statements under the reporting guidelines. The Treasury has written to me with a view to seeking avenues to expand our disclosure in respect of remuneration. I have responded to the Treasury saying that we would welcome a discussion as to how to do that and how they would like to do it. [137]

RECOMMENDATION 25

The Committee recommends that the Treasurer report to the ACT Legislative Assembly, by the last sitting day in May, on the outcome of her correspondence with Territory-Owned Corporations regarding greater transparency of executive remuneration.

Other

5.61 There was also discussion regarding ACTEW's advertising budget of $330,000 for the 2008-2009 financial year.[138] In recent years ACTEW has run several advertising campaigns on demand management including water restrictions and water saving measures. The Managing Director of ACTEW explained that these campaigns have been reasonably successful and have achieved significant outcomes, particularly in relation to community awareness.[139] The effect of these campaigns is assessed by the average volume of water saved, compliance with water restrictions and market research. During 2008-2009 the ACT community saved approximately 29 gigalitres of water which is over 40 percent of pre-drought average yearly consumption.[140]

---

[135] *Transcript of Evidence*, 2 December 2009, p 132

[136] *Transcript of Evidence*, 2 December 2009, p 105

[137] *Transcript of Evidence*, 2 December 2009, p 118

[138] ACT Legislative Assembly, *Response to QToN No. 1*, 2 December 2009, Inquiry into Annual and Financial Reports 2008-2009

[139] *Transcript of Evidence*, 2 December 2009, p 120

[140] ACT Legislative Assembly, *Response to QToN No. 2*, 2 December 2009, Inquiry into Annual and Financial Reports 2008-2009

5.62 There was also some brief discussion regarding Greenchoice numbers,[141] monitoring of the Murrumbidgee River[142] and ACTEW China Pty Ltd[143].

Totalcare

5.63 The Committee was informed that everything is 'on track to wind down Totalcare by the end of this financial year (2009-2010)'.[144]

Rhodium Asset Solutions Ltd

5.64 The Committee notes that MAXimus Solutions Australia has been awarded the contract by the Rhodium Board to manage the wind-down of the company.[145] Rhodium was expected to be wound up by 31 March 2010 but it has been delayed due to the considerable process of shedding leases. The wind down is now expected to be finalised by 30 June 2010.[146]

5.65 The Committee discussed the future of Rhodium staff and sought assurance that staff had realistic expectations about their employment futures. The advice was that staff were being briefed regularly and assisted to find further employment.[147]

Nominal Defendant of the ACT

5.66 The Committee understands that the Nominal Defendant of the ACT is a fund for people who are injured by an uninsured motor vehicle, or where the motor vehicle cannot be identified. The cost of any claims that come through the Nominal Defendant are met by a levy on compulsory third party insurers.[148]

5.67 The Committee noted that the Department of Treasury Annual Report 2008-2009, Volumes 1 and 2, which included the Annual Report for the Nominal Defendant for the ACT, only provided reporting figures for the Nominal Defendant for the period of 1 January 2009 to 30 June 2009. The following excerpt from the public hearing of 2 December 2009 explains the reason for the six-month reporting figures:

> In the ACT, since the early 70s, we have only had one compulsory third party insurer

---

141 *Transcript of Evidence*, 2 December 2009, p 125; ACT Legislative Assembly, *Response to QToN No. 3*, 2 December 2009, Inquiry into Annual and Financial Reports 2008-2009

142 *Transcript of Evidence*, 2 December 2009, p 125

143 *Transcript of Evidence*, 2 December 2009, p 131

144 *Transcript of Evidence*, 2 December 2009, p 108

145 *Transcript of Evidence*, 2 December 2009, p 105

146 *Transcript of Evidence*, 2 December 2009, p 105

147 *Transcript of Evidence*, 2 December 2009, p 107

148 *Transcript of Evidence*, 2 December 2009, pp 110-111

which meant that the one insurer paid all of the costs associated with meeting the claims. At some point…it made a lot of sense, rather than levy that single insurer (NRMA) (that) NRMA…manage the claims themselves. That saved a round-robin of cash flow.

At some point in time, it was decided that there ought to be at least some element of independence seen over these claims and so a Nominal Defendant was appointed. (Up until that time) there was not really much point in going through an audit process producing annual statements. That is why there was no financial statement until 31 December 2008.[149]

Gambling and Racing Commission

5.68 The Gambling and Racing Commission is an independent body that provides for the continued administration of gaming laws as well as controlling, supervising and regulating gaming in the ACT.[150]

Gaming and Racing

5.69 The Committee spoke with the Treasurer about the ACT Government's proposal to reduce the number of, and reallocate, gaming machines throughout the ACT. It notes the industry's interest in maintaining the number of machines whilst being open to the redistribution.

5.70 Funding arrangements for the local racing industry have been under discussion with the racing club indicating a desire to have independent funding from ACTTAB. The Treasurer advised that the racing industry was given 'a quick commitment that they will be budget funded from next budget'. This will be funded by an increase in the ACT Government's dividend from ACTTAB.[151]

ACTTAB

5.71 The Committee discussed the long-term future of ACTTAB. It was noted that its future beyond 2012 is presently unclear and that betting turnover has remained stagnant in recent years.[152]

Canberra Labor Club

5.72 In regard to this issue it was also of interest to the Committee whether any members

---

149 *Transcript of Evidence*, 2 December 2009, pp 110-111

150 *ACT Gambling and Racing Commission, Annual Report 2008-2009*, p 1

151 *Transcript of Evidence*, 26 November 2009, p 16

152 *Transcript of Evidence*, 2 December 2009, p 114

of the Gaming and Racing Commission Board had declared a conflict of interest. The advice provided was that one member did declare a conflict of interest but that it was not considered of significance by the Board, although it would be re-considered if necessary.

5.73 The Committee was aware that the Treasurer referred an inquiry into the Canberra Labor Club and sought an update on its status. At the time of the hearings advice was provided that the inquiry is ongoing and is not yet complete.[153]

Other

5.74 The following matters were also explored with Treasury portfolio representatives:

- the land rent scheme[154] and the pensioner duty scheme[155];
- the home buyer concession scheme[156] and the home loan portfolio[157];
- secure on-going pari-mutuel pooling capacity[158];
- ACTTAB product fees,[159] refurbishments and cash reserves[160];
- gambling harm minimisation[161]; and
- the continuation of waivered rates for rural leases[162].

Chief Minister's Department

5.75 CMD supports the Chief Minister by leading the public sector and working collaboratively to achieve Government outcomes. It provides strategic policy development and the implementation and delivery of key projects.[163]

---

[153] *Transcript of Evidence*, 26 November 2009, pp 73-74

[154] *Transcript of Evidence*, 26 November 2009, p 22

[155] *Transcript of Evidence*, 26 November 2009, p 22

[156] *Transcript of Evidence*, 26 November 2009, p 22

[157] *Transcript of Evidence*, 26 November 2009, p 29

[158] *Transcript of Evidence*, 2 December 2009, p 111 and p 115

[159] *Transcript of Evidence*, 2 December 2009, pp 112-114

[160] *Transcript of Evidence*, 2 December 2009, p 116-117

[161] *Transcript of Evidence*, 26 November 2009, p 78; *Transcript of Evidence*, 2 December 2009, pp 111-112; ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 1 to the Minister for Gaming and Racing*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

[162] *Transcript of Evidence*, 26 November 2009, p 23

[163] Chief Minister's Department, *Annual Report 2008-2009*, vol. 1, p 2

Supermarkets

5.76 The Committee was interested in the ACT Government response to the *Review of ACT Supermarket Competition Policy* (the Review),[164] particularly in relation to Metcash control. The Chief Minister advised that the ACT Government had accepted all fifteen recommendations of the Review but that further consideration was required around the implementation of those recommendations.[165]

5.77 Advice was provided that the Review cost $55,000 (incl GST)[166]. Mr John Martin was selected to conduct the Review as his background with the Australian Competition and Consumer Commission (ACCC) was seen as having a 'direct bearing and relevance to supermarket competition policy within the ACT environment'.[167]

5.78 When asked about the rationale behind initiating the Review, the Chief Minister advised that it was a result of a request from Aldi, approximately six or seven years ago, to give consideration to direct grants to allow Aldi an initial foothold into the ACT market. He continued to say that:

> The role that a Territory or State government can play in seeking to assist entry into the ACT market by grocery retailers to enhance competition has been a live issue.
>
> We direct granted three sites to Aldi, which was a very direct intervention by this government on issues around retail competition within the territory.
>
> It raised questions then. There has always been a live argument about the role of a government in enhancing competition: to what extent does a government have a role, how legitimate and reasonable is that role, and what are the interventions that a government might take?[168]

5.79 The Committee notes that the ACT Government has received positive feedback from the industry on the level of consultation conducted during the Review and that the ACCC was consulted on 7 July 2009 and 15 September 2009.[169]

5.80 The Committee asked questions about the government's retail hierarchy structure which allows only one major grocery store per shopping centre. The Chief Minister acknowledged that 'adherence to a retail hierarchy that has not allowed two full-line supermarkets to operate at a group centre is something that has been identified as an inhibitor'.

---

164 Mr John Martin, *Review of ACT Supermarket Competition Policy*, September 2009 <http://www.business.act.gov.au/__data/assets/pdf_file/0003/167025/Supermarket_Competition_Policy.pdf> at 2 February 2010

165 *Transcript of Evidence*, 3 December 2009, pp 147-148

166 ACT Legislative Assembly, *Response to QToN No. 1*, 3 December 2009, Inquiry into Annual and Financial Reports 2008-2009

167 *Transcript of Evidence*, 3 December 2009, p 150

168 *Transcript of Evidence*, 3 December 2009, pp 147-150

169 ACT Legislative Assembly, *Response to QToN No. 3*, 3 December 2009, Inquiry into Annual and Financial Reports 2008-2009

5.81 The ACT Government is aware that some restrictive covenants exist in ACT shopping centres but that these commercial arrangements are not supported by the ACT Government.[170] It is understood by the Chief Minister that Coles and Woolworths have agreed to remove 80 percent of their covenants throughout Australia within one year, and the remaining 20 percent within five years.[171]

5.82 The Committee raised the matter of Recommendation 8 of the Review which is:

> Recommendation 8: The ACT Government endorse the [Review's] market and competition analysis approach together with the adoption of suitable eligibility criteria to identify and facilitate entry by new full line supermarket competitors.[172]

5.83 The matter of some concern, however, is the suggestion that to be recognised as a 'full line supermarket' an operator needs to have been trading as a full line supermarket for a minimum of ten years. The Committee asked whether there was any movement on this restriction and the Chief Minister advised that this recommendation was being reviewed in light of community concerns.[173]

RECOMMENDATION 26

The Committee recommends that the ACT Government reduce the requirements for an operator to be considered a full line supermarket to ensure maximum competition and opportunity in the market.

Community Engagement Unit

5.84 There was some discussion about the efforts of the Community Engagement Unit to increase input into community consultation processes. The Chief Executive of CMD advised that the Unit had developed the Community Notice Board and has enhanced the coverage, usability and accessibility of their website.[174] Feedback from the community on the community consultation process has been two-fold: that the community would like clearer definitions about what they are being consulted on, and would like to be engaged earlier on in the decision-making process.[175]

5.85 The Committee suggested that the Community Notice Board be included in *The Canberra Chronicle*, as well as *The Canberra Times*, and to keep a log of historical consultation processes on the website for research purposes. The Chief Executive

---

[170] ACT Legislative Assembly, *Response to QToN No. 2*, 3 December 2009, Inquiry into Annual and Financial Reports 2008-2009

[171] *Transcript of Evidence*, 3 December 2009, pp 151-152

[172] Mr John Martin, *Review of ACT Supermarket Competition Policy*, September 2009, p 23

[173] *Transcript of Evidence*, 3 December 2009, p 153

[174] *Transcript of Evidence*, 3 December 2009, pp 154-156

[175] *Transcript of Evidence*, 3 December 2009, p 156

advised that similar feedback had already been received and was being considered.[176]

RECOMMENDATION 27

The Committee recommends that the Community Notice Board be included in *The Canberra Chronicle* as well as *The Canberra Times* and that a record of previous notices be kept on the website for research purposes.

5.86 The Committee was also interested in the streamlining of ACTPLA's consultation processes. The Chief Executive of CMD spoke of ACTPLA's statutory requirements with regards to its consultation processes, and that this statutory base makes it more difficult to effect certain changes. However, the community engagement unit has been working with ACTPLA and there have been some improvements in what form the notices take, timing and other aspects of the statutory process.[177]

Department of Land and Property Services

5.87 The Committee sought some clarification on the structure and role of the new ACT Government agency. The Committee was advised that the new agency will be cost neutral; in that it will be staffed by existing resources from CMD and TaMS, and will be funded through existing initiatives funding, base funding and corporate support funding.[178]

5.88 The Chief Executive of CMD described the impetus for the new agency:

> In this jurisdiction, the government is land regulator as well as landowner and developer. We have the land regulation in one organisation but we do not have the landowner and developer in one organisation. It was effectively scattered. So to that extent we have agglomerated into one organisation those particular functions.[179]

5.89 In the longer term it is hoped that the new agency will result in some efficiencies from improved synergies associated with having the ACT Government's roles as a landowner and developer brought together in one place. Improvements in project lead time are expected as well as refinements in procurement methodologies associated with capital works and land supply.[180]

---

[176] *Transcript of Evidence*, 3 December 2009, pp 154-156

[177] *Transcript of Evidence*, 3 December 2009, p 155

[178] *Transcript of Evidence*, 3 December 2009, p 159

[179] *Transcript of Evidence*, 3 December 2009, p 159

[180] *Transcript of Evidence*, 3 December 2009, p 160

New ACT Government building

5.90 The Committee enquired about the ACT Government's proposal to build a new building to house a large portion of ACTPS administrative officers. The Chief Minister advised that the models and financing have been done and that Cabinet has approved a 'final due diligence check…before we make a final decision'.[181]

5.91 The Chief Executive of CMD explained that the plans for a new building had resulted from the cost of scattered accommodation across the ACT, as well as the demand to increase the green star energy ratings of the accommodation, the inefficiencies of some of the accommodation in terms of service delivery, and the potential benefits of cross agency collaboration. There are also costs associated with maintaining older buildings and there will be benefits in agencies being able to utilise shared facilities, such as meeting rooms.[182]

5.92 The new building will need to be approximately 50,000m^2 and would house over 50 percent of the total clerical employment base (around 4000 staff). It will adjoin the ACT Legislative Assembly building and existing carpark. At this stage, the costs are still being finalised before going back to Cabinet.[183]

5.93 It is intended that there will be a rolling occupancy of the new building as stages are built and leases on current accommodation expire.[184]

Beijing Olympic Torch Relay

5.94 The Committee was interested in the ACT Government's progress in negotiations with the Federal Government to provide funds in support of the Canberra leg of the Beijing Olympic Torch Relay. The Chief Minister advised that:

> I have to say…that that has been an issue of significant frustration to the ACT government. We will not be pursuing the issue any further.[185]

Upgrade of Constitution Avenue

Griffin Legacy and other issues

5.95 The Committee understands that the Federal Government assumed ownership of a portion of land that belonged to the ACT Government on the basis that the Federal

---

[181] *Transcript of Evidence*, 3 December 2009, p 162

[182] *Transcript of Evidence*, 3 December 2009, pp 162-163

[183] *Transcript of Evidence*, 3 December 2009, pp 162-163

[184] *Transcript of Evidence*, 3 December 2009, p 163

[185] *Transcript of Evidence*, 3 December 2009, p 165

Government would upgrade Constitution Avenue. The Chief Minister explained that there had been an exchange of correspondence, which he believed resulted in a contract, but at the time of the hearing the Federal Government had not acted on its obligation.[186]

5.96 The Chief Minister advised that he had raised the matter with the Prime Minister, the Treasurer, the Minister for Finance and Deregulation, and the Minister for Territories. He acknowledged that this is a legal issue that would need to be pursued if his attempts at negotiation are unsuccessful. The Chief Minister has been reassured by the Minister for Finance and Deregulation that the Federal Government is aware of its obligation and is aware that it has essentially reneged. The Chief Minister stated:

> This government, or a future government, cannot just let this be forgotten. At the end of the day, the Commonwealth have (sic) to pay for the land, upgrade Constitution Avenue or return the land.
>
> I would prefer them to upgrade Constitution Avenue. At this stage, that is my approach and attitude. I am still being given assurances by the Commonwealth that they understand…but they have kept alive the possibility that they will upgrade Constitution Avenue. I believe it is worth working with them to achieve that outcome.[187]

Young Achievers Australia

5.97 Despite the ACT Government's grant of $15,000 to Young Achievement Australia (YAA) to work with the University of Canberra, the Committee is aware that the YAA folded recently, after many years of sponsorship support from the ACT Government, because the Federal Government withdrew its funding.[188]

5.98 The Committee asked the Chief Minister whether he would be willing to ask the Federal Government to reconsider its withdrawal of funding for the YAA. The Chief Minister responded with:

> I am more than happy to do that. Indeed, I will be speaking with Senator Carr tomorrow and I will specifically raise YAA with him in conversation…directly.

RECOMMENDATION 28

The Committee recommends that the Chief Minister report to the Committee on the outcome of his discussion with the Federal Government in relation to future of Young Achievers Australia.

---

[186] *Transcript of Evidence*, 3 December 2009, pp 165-166

[187] *Transcript of Evidence*, 3 December 2009, pp 165-166

[188] *Transcript of Evidence*, 3 December 2009, p 188

Other

5.99 The Committee also inquired about matters regarding the:

- Community Inclusion Board[189];
- review of online e-learning modules[190];
- ANU Climate Institute,[191] Earth Hour[192] and Hume Waste Recovery Estate[193];
- launch of TradeConnect[194];
- Investment Facilitation Program[195];
- Shanghai World Expo[196];
- Business Roundtable and Small Business Roundtable[197];
- budgetary matters[198];
- the community support fund[199] and community grants[200];
- the Skilled and Business Migration Program[201];
- the Live in Canberra campaign[202];
- CollabIT program[203];
- school infrastructure review[204];

---

[189] ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 2 to the Chief Minister*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

[190] *Transcript of Evidence*, 3 December 2009, pp 176-177

[191] *Transcript of Evidence*, 3 December 2009, pp 173-174

[192] ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 20 to the Chief Minister*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

[193] ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 13 to the Chief Minister*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

[194] *Transcript of Evidence*, 3 December 2009, pp 174-175

[195] *Transcript of Evidence*, 3 December 2009, pp 179-180

[196] *Transcript of Evidence*, 3 December 2009, pp 178-179

[197] *Transcript of Evidence*, 3 December 2009, pp 180-183; ACT Legislative Assembly, *Response to QToN No. 6* and *QToN No. 7*, 3 December 2009, Inquiry into Annual and Financial Reports 2008-2009

[198] *Transcript of Evidence*, 3 December 2009, pp 183-185

[199] *Transcript of Evidence*, 3 December 2009, p 185

[200] ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 5 to the Chief Minister*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

[201] *Transcript of* Evidence, 3 December 2009, p 186; ACT Legislative Assembly, *Response to QToN No. 9, QToN No. 10* and *QToN No. 11*, 3 December 2009, Inquiry into Annual and Financial Reports 2008-2009

[202] *Transcript of Evidence*, 3 December 2009, pp 186-188

[203] ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 10 to the Minister for Business and Economic Development*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

- Regional Leaders' Forum[205];
- the Interdepartmental Committee[206] and the Policy Forum[207];
- Centenary of Canberra[208];
- throughcare and aftercare at the Alexander Maconochie Centre[209];
- ScreenACT[210]; and
- the ACT Information Development Plan 2008-2011[211].

Department of Territory and Municipal Services

5.100 The Department of Territory and Municipal Services (TaMS) develops and delivers a range of services for the people of the ACT including community events, recycling services, maintaining and improving roads, preserving national parks and reserves, managing local sports grounds and ensuring the upkeep of public facilities.[212]

ACT Government Procurement Board

5.101 The ACT Government Procurement Board aims to ensure that the ACT Government's procurement policies and processes deliver the best possible procurement outcomes for the ACT.[213]

5.102 The Committee notes that one of the priorities for the Board is to 'move the Board's emphasis from procurement planning to providing processes for improvement across

---

204 ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 30 to the Chief Minister*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

205 ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 16 to the Chief Minister*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

206 ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 18 to the Chief Minister*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

207 ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 6 to the Chief Minister*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

208 ACT Legislative Assembly, *Response to Supplementary Questions on Notice No. 8 to the Chief Minister's Department*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

209 ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 3 to the Chief Minister*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

210 ACT Legislative Assembly, *Response to Supplementary Questions on Notice No. 3, No. 4 and No. 5 to the Minister for Business and Economic Development*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

211 ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 7 to the Chief Minister*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

212 Department of Territory and Municipal Services, *Annual Report 2008-2009*, vol. 1, p 2

213 ACT Government Procurement Board, *Annual Report 2008-2009*, p 7

the procurement cycle'. The Deputy Chief Executive of TaMS said that, since the establishment of Procurement Solutions, the Board's main function is no longer to provide strategic direction for procurement activities across government but to provide advice on procurement plans and their consistency with the *Government Procurement Act 2001*.[214] The Board intends to do this by placing more scrutiny on selected projects.[215]

5.103 The Committee was interested to read in the ACT Government Procurement Board Annual Report 2008-2009 a priority to 'review lessons learned' from previous procurements, in particular the Gungahlin Drive Extension, the Alexander Maconochie Centre and the whole-of-government stationery contract. The Committee was surprised to learn, however, that the reports the Board requested on these contracts were all verbal[216] and is concerned that receiving only verbal reports on such significant matters is not a satisfactory way to manage business.

RECOMMENDATION 29

The Committee recommends that all reports provided to the ACT Government Procurement Board on matters of significance, including substantial contracts, are provided in writing.

5.104 Procurement Solutions also provided the advice that there have been a number of procurement reforms during 2008-2009 including a rise in the threshold for procurement, prequalification reforms and a capital works call tender schedule.[217]

Australian Capital Tourism

5.105 Australian Capital Tourism is a destination marketing body charged with promoting Canberra as a tourism destination.[218] Australian Capital Tourism is part of TaMS however it reports to the Minister for Tourism, Sport and Recreation.

5.106 At the Committee hearing, the Minister explained that, although the GFC resulted in a decline in tourism numbers across the country, it had been a strong year for tourism due to some particularly effective campaigns, such as Culture Shock, Wrapt in Winter and No Leave, No Life. [219]

---

[214] *Transcript of Evidence*, 3 December 2009, pp 199-200

[215] ACT Legislative Assembly, *Response to Supplementary Question on Notice No. 1 to Minister for Territory and Municipal Services*, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

[216] ACT Government Procurement Board, *Annual Report 2008-2009*, p 33; ACT Legislative Assembly, *Response to QToN No. 14*, 3 December 2009, Inquiry into Annual and Financial Reports 2008-2009

[217] *Transcript of Evidence*, 3 December 2009, p 199

[218] Department of Territory and Municipal Services, *Annual Report 2008-2009*, vol. 1, p 45

[219] *Transcript of Evidence*, 26 November 2009, p 39 and p 43

Wrapt in Winter/Culture Shock/No Leave, No Life

5.107 Wrapt in Winter was a model used to encourage tourism during Canberra's winter months. The campaign received a strong response from both tourists and partners and the model will be used as a basis for further cooperative campaigns. A similar strategy was also used in the summer months, known as Culture Shock, and, it too, proved beneficial and received positive industry feedback.

5.108 The Minister advised that the ACT Government contributed $450,000 to the Wrapt in Winter campaign with industry partners contributing $164,000. The goal is for the private funding to increase for future campaigns. [220]

5.109 The No Leave, No Life campaign is a Federal Government initiative, in partnership with the States and Territories, which aims to unlock approximately 33 million days of unused recreation leave that have been accumulated by Australian workers.[221]

Masterpieces from Paris Exhibition

5.110 The Committee discussed the Masterpieces from Paris exhibition, which the Minister described as 'perhaps the biggest single tourism event we have seen this decade'. The Minister advised that, while the Federal Government, as well as partners and sponsors of the Australian National Gallery, are funding the event, the ACT Government has contributed approximately $500,000 towards the marketing of the event and the Canberra region, over the duration of the exhibition.[222]

New Autumn Event

5.111 There was also a discussion about the establishment of a new event which would attract tourists to the ACT in autumn. The Minister explained that the 'long-term aspiration for the autumn event is that in twenty years it will be equivalent to Floriade in terms of it being a signature event for the city at another time of the year'.[223] The Committee would seek a clearer definition of what constitutes the new Autumn Event.

Ernst and Young consultancy

5.112 The Committee was interested in the commissioning of Ernst and Young to conduct

[220] *Transcript of Evidence*, 26 November 2009, pp 43-45

[221] *Transcript of Evidence*, 26 November 2009, p 43

[222] *Transcript of Evidence*, 26 November 2009, p 40

[223] *Transcript of Evidence*, 26 November 2009, pp 40-41

various projects including the evaluation of five events under the Events Assistance Program, an evaluation of the World Mountain Bike Championships, and testing for the New Autumn Event concept. The total cost of the contract with Ernst and Young to conduct these projects was $128,700 including GST.[224]

RECOMMENDATION 30

The Committee recommends that the Minister report to the ACT Legislative Assembly on the Government response to the Ernst and Young tourism events report as soon as possible.

Outcomes

5.113 The Committee notes that the outcomes for Australian Capital Tourism, reported in the TaMS Annual Report 2008-2009, were reported as a whole, without including the breakdowns for individual business units. The Committee believes it would be beneficial if future reports could include the individual breakdowns to assist with the inquiry process. For example, information about outputs for the Government, Industry and Partnerships Unit, Distribution Unit, and Events Unit could be separately highlighted.

RECOMMENDATION 31

The Committee recommends that, in future annual reports, Australian Capital Tourism provide reporting information on the outputs from each business unit as well as the outputs on the section as a whole.

Other

5.114 The Committee also held discussions with tourism representatives on the following:

- tourist identification measures[225];
- low-cost tourist accommodation[226];
- Floriade benchmarking and the release of the report early 2010[227];
- taxis[228] and the expansion of the Canberra airport[229];

---

[224] *Transcript of Evidence*, 26 November 2009, p 40; ACT Legislative Assembly, *Response to Question Taken on Notice No. 3*, 26 November 2009, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2008-2009

[225] *Transcript of Evidence*, 26 November 2009, pp 45-46

[226] *Transcript of Evidence*, 26 November 2009, pp 46-48

[227] *Transcript of Evidence*, 26 November 2009, p 54

[228] *Transcript of Evidence*, 26 November 2009, pp 59-60

- e-strategy[230] and the closure of the Singapore office[231];
- revenue distribution[232]; and
- the implications of the 1 percent efficiency dividend[233]

Exhibition Park Corporation

5.115 The major goal of the Exhibition Park Corporation (EPIC) is to establish, manage, develop and maintain a multi-purpose exhibition and event centre of a national standard that enriches the economic and cultural development of Canberra and region.[234]

5.116 The Committee understands that EPIC has been without a completed strategic plan for approximately three years despite plans being submitted to the ACT Government. A further strategic plan has been developed and, at the time of the hearing, will be presented to the EPIC Board in December 2009 for consideration.[235]

RECOMMENDATION 32

The Committee recommends that the ACT Government provide the necessary support to allow the Exhibition Park Corporation to complete, and implement, a comprehensive strategic plan as soon as possible.

RECOMMENDATION 33

The Committee recommends that the ACT Government table the Exhibition Park Corporation's strategic plan, including details of how the plan will be implemented, in the ACT Legislative Assembly immediately after its completion.

Low-cost tourist accommodation

5.117 The Committee was interested in the issue of low-cost tourist accommodation. The Minister for Tourism, Sport and Recreation advised that several sites had been identified as suitable, and different models were being explored to cater for different

---

229 *Transcript of Evidence*, 26 November 2009, pp 60-61

230 *Transcript of Evidence*, 26 November 2009, pp 51-53

231 *Transcript of Evidence*, 26 November 2009, pp 56-57

232 *Transcript of Evidence*, 26 November 2009, pp 53-54

233 *Transcript of Evidence*, 26 November 2009, p 57

234 Exhibition Park in Canberra, *Annual Report 2008-2009*, p 7

235 *Transcript of Evidence*, 26 November 2009, p 67

subsets of the low-cost accommodation market.[236] The Minister expects that the first new low-cost accommodation will not be opened until late 2010 at the earliest.[237]

5.118 According to the Minister's statement in the ACT Legislative Assembly on 18 November 2009, EPIC has completed negotiations regarding Block 751. At the public hearing of 26 November 2009, the Minister clarified that he was referring to negotiations being completed 'within government' and that discussions outside the ACT Government were still on-going. There was considerable discussion about how negotiations on a block can be considered complete when the purchase price has not been negotiated:

> Mr Smyth: So let me get this right. Have negotiations completed? Does EPIC have control of that block?
>
> Mr Barr: The political decision has been made, yes.
>
> Mr Smyth: You said the negotiations are completed. How much is EPIC going to pay for the block?
>
> Mr Barr: That is correct. Those are the matters that will be determined in due course.
>
> Mr Smyth: How can you complete a negotiation without a price?
>
> Mr Barr: I think the threshold issue, Mr Smyth, is that what was previously an obstacle – gaining access to that block – has been overcome. That decision has been made and has been supported by other ACT Government agencies. The final sign-off will be contingent on this board process that completes very soon.

5.119 The Chief Executive of TaMS advised that he is currently awaiting a market analysis about the demand for Block 751 and is liaising with CMD and ACTPLA about what type of low-cost tourist accommodation might be developed.[238]

RECOMMENDATION 34

The Committee recommends that upon settlement of Block 751 that the ACT Government report to the ACT Legislative Assembly on the terms and conditions of the settlement, including the price of the block.

EPIC Board

5.120 It was brought to the attention of the Committee that the EPIC Board had one more member than it should have. The Chief Executive of TaMS acknowledged the oversight and advised that he arranged for advice to be provided to the Minister,

---

236 *Transcript of Evidence*, 26 November 2009, pp 26-27

237 *Transcript of Evidence*, 26 November 2009, p 48

238 *Transcript of Evidence*, 26 November 2009, p 64

along with an instrument to rectify the matter, shortly after learning of the error.[239]

5.121 There was also some brief discussion regarding the service station site[240] and the EPIC community advisory group.[241]

Legislative Assembly Secretariat

5.122 The Legislative Assembly Secretariat (the Secretariat) provides procedural, policy and administrative services to the ACT Legislative Assembly including business support services to non-executive members and their staff.[242]

5.123 The Speaker of the ACT Legislative Assembly opened the public hearing with a statement clarifying that the $511,000 budget deficit, which was substantially higher than the projected $89,000 deficit, was partially due to a change in methodology for calculating employee leave liabilities. This change was implemented across all ACT Government agencies.[243]

5.124 The Committee notes that this was a significant year for the Secretariat marking the 20th anniversary of self-government in the ACT. A range of activities were conducted and representatives from across Australia, and internationally, were welcomed as part of the celebrations.[244]

5.125 The Committee again enquired about the possibility of increased email storage capacity for Members and their staff. The Manager, Hansard, Communications and Library, advised that increased mailbox storage was now on offer to two staff within each office, but that not all offices had taken up the offer. The Committee suggested that the Secretariat remind staff of the availability of increased mailbox storage.[245]

RECOMMENDATION 35

The Committee recommends that the ACT Legislative Assembly Secretariat make a further offer to non-Executive Members of the ACT Legislative Assembly, and their staff, for increased email storage capacity.

5.126 The Committee sought advice on what feedback the Secretariat has received on the new Daily on Demand service. The advice was that there has been positive anecdotal

---

[239] *Transcript of Evidence*, 26 November 2009, p 69

[240] *Transcript of Evidence*, 26 November 2009, p 68

[241] *Transcript of Evidence*, 26 November 2009, pp 68-69

[242] ACT Legislative Assembly Secretariat, *Annual Report 2008-2009*, p 2

[243] *Transcript of Evidence*, 3 December 2009, p 214

[244] *Transcript of Evidence*, 3 December 2009, p 215

[245] *Transcript of Evidence*, 3 December 2009, p 222

feedback and a similar service is being considered for Committee hearings. The Secretariat is also looking at developing an archiving policy to determine how long to retain the recordings.[246]

5.127 The Committee was interested in the proposal to produce electronic copies of ACT Legislative Assembly documents to Members in an effort to reduce the amount of hardcopy waste. The Committee raised the following concern:

> Mr Smyth: If the only person who has a hard copy is the minister of the person tabling the document, the ability of a member to respond is severely limited. You have to take hurried notes. It is quite possible to sit there, flick through a paper and pick up the key points as the minister is speaking and then respond immediately. [247]

5.128 The Committee was pleased to learn, however, that the proposal will be referred to the Administration and Procedure Committee for consideration.[248]

5.129 The Committee also discussed other matters including the transfer of the ACT Government and Assembly Library, [249] ACT Legislative Assembly open days[250] and amendments to the number of sitting days.[251]

ACT Construction Industry and ACT Contract Cleaning Industry Long Service Leave Authorities

5.130 The ACT Construction Industry and ACT Contract Cleaning Industry Long Service Leave Authorities are not Territory instrumentalities and do not represent the Territory. However, their staff are ACT Government public servants. The Authorities' functions are to administer the scheme of long service leave benefits in the relevant industries.[252]

5.131 Advice was provided to the Committee that 'when public servants transfer from one department to another, a cash transfer associated with their long service leave and annual leave entitlements is not transferred from one department balance sheet to the other'.[253] An example is given in the ACT Construction Industry, Long Service Leave Authority 2008-2009 Annual Report regarding a 'long-time ACT public servant who

---

[246] *Transcript of Evidence*, 3 December 2009, pp 226-228

[247] *Transcript of Evidence*, 3 December 2009, pp 228-229

[248] *Transcript of Evidence*, 3 December 2009, p 228

[249] *Transcript of Evidence*, 3 December 2009, pp218-219

[250] *Transcript of Evidence*, 3 December 2009, pp 220-221

[251] *Transcript of Evidence*, 3 December 2009, pp 224-226

[252] ACT Construction Industry Long Service Leave Authority, *2008-2009 Annual Report*, p 4

[253] *Transcript of Evidence*, 1 December 2009, p 94

was recruited to the Authority in June 2009 whose substantial long service leave and annual leave liabilities were transferred from his previous ACT Government Department to the Authority, but no corresponding cash (asset) transfer took place'.[254] It was therefore suggested to the Committee that the Authority was accepting a liability that was incurred elsewhere[255] for which funding has not been provided.

5.132 The Committee notes that the transfer of public servants to such bodies is not unprecedented and is likely to occur again in the future.

5.133 It is noted by the Committee that CMD is sponsoring a study, and has established a working group, to consider the issues regarding portable long service leave and the transfer of liabilities between agencies.[256] It is expected that the working group will identify the various options and provide advice to the ACT Government before April 2010.[257] The Committee notes that this is an extension from December 2009 as reported in the CMD Annual Report 2008-2009, Volume 1, and that the extension is due to the workload of the Office of Industrial Relations.[258]

RECOMMENDATION 36

The Committee recommends that, as a matter of priority, the ACT Government establish clear guidelines relating to the transfer of long service leave and related liabilities when public servants move to agencies that are not public service bodies. The guidelines should be tabled in the ACT Legislative Assembly as soon as practicable.

5.134 There was considerable discussion regarding portable long service leave within the community sector, particularly regarding those employers who have not already made long service leave provisions for their existing staff. An example was given of an employee who has worked for an employer for three years, and the employer has not already made long service leave provisions. The Registrar, ACT Construction Industry Long Service Leave Authority, explained that:

> What happens is that if that person serves another two years with the employer within the scheme so that he has a five-year entitlement which straddles the start of the scheme, he is then able to make a claim. The claim is made on the employer. The employer has to pay for the three years prior to the start of the scheme and pays for the two years after the start of the scheme and the authority reimburses them for that

---

[254] ACT Construction Industry Long Service Leave Authority, *2008-2009 Annual Report*, p 12

[255] *Transcript of Evidence*, 1 December 2009, p 94

[256] *Transcript of Evidence*, 1 December 2009, p 94

[257] *Transcript of Evidence*, 1 December 2009, p 95

[258] *Transcript of Evidence*, 1 December 2009, p 95; Chief Minister's Department, *Annual Report 2008-2009*, vol. 1, p 59

> two year period after the start of the scheme. They have to find the money, as they would normally even if the scheme had not started.[259]

5.135 The Committee also notes the Treasurer's advice that the ACT Government is committed to ensuring that the relevant parties are fully informed by the time the scheme comes into effect on 1 July 2010.[260]

5.136 The ACT Construction Industry Long Service Leave Authority 2008-2009 Annual Report notes that the Board recently received its three year actuarial study. The actuary recommended that the levy payable by employers for the current benefits should be increased from 1 percent to 1.5 percent of wages. The Committee inquired what the basis of the increase was:

> The report was done…at the height of the financial crisis. The actuary actually did a number of scenarios, including a mild downturn, a severe downturn and a business-as-usual type of scenario. We agreed on a mild downturn scenario. On the basis of that, the actuary recommended an increase in the levy.[261]

5.137 The Committee notes that a final decision by the ACT Government has not yet been made in relation to the increased levy.[262]

5.138 The Committee was also interested in the Authority's investment strategies and the potential impact negative returns might have on long service leave funds. The advice provided was that, whilst it cannot be guaranteed that the financial market will not adversely affect their investment, they have 'reduced the risk profile of (their) investments'. They are also 'reasonably confident that we will return to normal, steady and long-term average returns' and are comfortable with a conservative investment strategy. It was further explained that the Board is 'not there to make a lot of money, the Board is there to cover its liabilities and ensure workers' entitlements'.[263]

ACT Auditor-General's Office

5.139 The Auditor-General is responsible for the audit of all ACT public sector agencies providing assurance to the community that the ACT public sector is accountable and is effectively and efficiently managed.[264]

---

[259] *Transcript of Evidence*, 1 December 2009, p 101

[260] *Transcript of Evidence*, 1 December 2009, p 103

[261] *Transcript of Evidence*, 1 December 2009, p 99; ACT Construction Industry Long Service Leave Authority, *2008-2009 Annual Report*, p 9

[262] *Transcript of Evidence*, 1 December 2009, p 100

[263] *Transcript of Evidence*, 1 December 2009, p 98

[264] ACT Auditor-General's Office, *Annual Report 2008-2009*, Report No. 7 of 2009, p 3

5.140 The Committee was interested in the impact the current level of funding will have on the Auditor-General's Office. The Auditor-General advised that, due to funding during the financial year 2008-2009, decisions were made not to replace departing staff. Each year, the Auditor-General's Office aims to complete seven or eight performance audits, but with the reduced staffing levels, it will be difficult to maintain that work program.[265]

5.141 The Auditor-General also discussed some comparisons that have been made between per capita funding between the ACT Auditor-General's Office and the NSW Auditor-General's Office. She explained that simple per capita comparisons of funding do not adequately represent the funding that is needed to maintain a base level of service that is required in any audit office.[266]

5.142 The Committee heard that reduced staff numbers had reduced the capacity of the Office to manage operations during peak periods and notes that, while departing staff have not been replaced, contractors have been used to assist during particularly busy periods. [267]

5.143 The Committee was interested in why the office has such a high turnover of staff:

> Mrs Pham: Our small office is very much at the mercy of the broader labour market and demand for accountants and auditors. Even in a slow market, the demand for highly skilled, experienced auditors is quite high. Hence we have to compete with the National Audit Office, the commonwealth department, for a very small number of good auditors. We do all we can as a small office to retain staff, but at the end of the day we cannot offer the same career opportunities as other offices.[268]

5.144 At the hearing it was revealed that 71 percent of performance audit, and 93 percent of financial audit, recommendations are accepted by agencies. The Committee was interested to know as to whether this reflected a practice of 'soft' recommendations. The response was that it is not the intention of the Office to achieve a high level of acceptance, but rather to work with agencies to address deficiencies in a manner that is achievable, implementable and practical. It was also said that:

> Mr Nicholas: …there is no point making a recommendation that is not going to get off the ground. So if we put up a recommendation to address what we consider to be a deficiency, and what the agency accepts is a deficiency, we will do our best to get to a level where there is a change that can be made.

---

[265] *Transcript of Evidence*, 3 December 2009, p 202

[266] *Transcript of Evidence*, 3 December 2009, p 203

[267] *Transcript of Evidence*, 3 December 2009, p 204

[268] *Transcript of Evidence*, 3 December 2009, p 205

The test then becomes one of implementation.[269]

5.145 It was also brought to the Committee's attention that in other Australian jurisdictions there is a requirement that audit offices are subject to a regular (usually triennial) performance review. The ACT Auditor-General's Office is not subjected to this requirement in its legislation although regular peer reviews are undertaken.[270] The Auditor-General advised that she would like to see formal external performance audits conducted on a more regular basis.[271]

---

[269] *Transcript of Evidence*, 3 December 2009, p 207

[270] *Transcript of Evidence*, 3 December 2009, pp 211-212

[271] *Transcript of Evidence*, 3 December 2009, pp 211-213

6 CONCLUSION

6.1 The Committee has made 36 recommendations in relation to the evidence presented to it. The Committee would like to thank Ministers and accompanying departmental and agency staff, and members of governing boards, for their time and cooperation during the course of the inquiry process.

Caroline Le Couteur MLA
Chair
22 March 2010

APPENDIX A: Annual reports referred to the Committee for inquiry

- ACT Auditor-General
- ACT Cleaning Industry Long Service Leave Authority
- ACT Construction Industry Long Service Leave Authority
- ACT Gambling and Racing Commission
- ACT Government Procurement Board
- ACT Insurance Authority (ACTIA) (Office of the Nominal Defendant of the ACT)
- ACT Legislative Assembly Secretariat
- ACTEW Corporation Limited
- ACTTAB Limited
- Chief Minister's Department (ACT Executive, the Default Insurance Fund, Business and Economic Development and the Occupational Health and Safety Council)
- Commissioner for Public Administration
- Department of Territory and Municipal Services (Australian Capital Tourism and Shared Services)
- Department of Treasury
- Exhibition Park Corporation
- Rhodium Asset Solutions Limited
- Totalcare Industries Limited

APPENDIX B: Witnesses who appeared before the Committee

Thursday 26 November 2009

Ms Katy Gallagher MLA
Treasurer

Ms Megan Smithies, Under Treasurer, Department of Treasury

Mr Roger Broughton, Executive Director, Investment and Economics Division, Department of Treasury

Mr Patrick McAuliffe, Director, Investment Branch, Investment and Economics Division, Department of Treasury

Mr Tom McDonald, Director, Legal and Insurance Policy, Investment and Economics Division, Department of Treasury

Mr David Read, Acting Commissioner, Revenue Management Division, Department of Treasury

Mr Angel Marina, Manager, Revenue Accounts, Revenue Management Division, Department of Treasury

Mr Neil Bulless, Executive Director, Finance and Budget Division, Department of Treasury

Ms Kirsten Thompson, Director, Office of the Under Treasurer, Department of Treasury

Mr John Fletcher, General Manager, ACT Insurance Authority

Thursday 26 November 2009

Mr Andrew Barr MLA
Minister for Tourism, Sport and Recreation, Minister for Gaming and Racing

Mr Gary Byles, Chief Executive, Department of Territory and Municipal Services

Ms Sue Dever, Acting Executive Director, Territory Services Division, Department of Territory and Municipal Services

Ms Simonne Shepherd, General Manager, Australian Capital Tourism, Department of Territory and Municipal Services

Mr Nick Kalogeropoulos, Director, Finance, Department of Territory and Municipal Services

Mr Tony Sadler, General Manager, Exhibition Park in Canberra, Exhibition Park Corporation, Department of Territory and Municipal Services

Mr Greg Jones, Chief Executive, ACT Gambling and Racing Commission

Tuesday 1 December 2009

Ms Katy Gallagher MLA
Treasurer, Minister for Industrial Relations

Mr Andrew Cappie-Wood, Chief Executive, Chief Minister's Department

Ms Cathy Hudson, Deputy Chief Executive, Governance, and Commissioner for Public Administration

Mr Robert Gotts, Acting Director, Office of Industrial Relations, Chief Minister's Department

Ms Megan Brighton, Senior Manager, Workers Compensation Policy, Office of Industrial Relations, Chief Minister's Department

Mr John Fletcher, Fund Manager, Default Insurance Fund, ACT Insurance Authority

Mr Phil Collins, Registrar and Chief Executive Officer, ACT Construction Industry and ACT Contract Cleaning Industry Long Service Leave Boards

Mr Roger Broughton, Executive Director, Investment and Economics Division, Department of Treasury

Mr John Fletcher, Nominal Defendant, Investment and Economics Division, Department of Treasury

Mr Tom McDonald, Deputy Chair, Totalcare Industries

Mr Con Kourpanidis, Chairman, ACTTAB

Mr Tony Curtis, Chief Executive, ACTTAB

Ms Kayelene Snowden, Executive Manager, Finance and Business Services, ACTTAB

Mr Ken Moore, Acting Chief Executive, Rhodium Asset Solutions Ltd

Mr Mark Sullivan, Managing Director, ACTEW Corporation

Wednesday 2 December 2009

Ms Katy Gallagher MLA
Treasurer

Mr Roger Broughton, Executive Director, Investment and Economics Division, Department of Treasury

Mr John Fletcher, Nominal Defendant, Investment and Economics Division, Department of Treasury

Mr Tom McDonald, Deputy Chair, Totalcare Industries

Mr Con Kourpanidis, Chairman, ACTTAB

Mr Tony Curtis, Chief Executive, ACTTAB

Ms Kayelene Snowden, Executive Manager, Finance and Business Services, ACTTAB

Mr Ken Moore, Acting Chief Executive, Rhodium Asset Solutions Ltd

Mr Mark Sullivan, Managing Director, ACTEW Corporation

Thursday 3 December 2009

Mr Jon Stanhope MLA
Chief Minister, Minister for Transport, Minister for Territory and Municipal Services, Minister for Business and Economic Development

Mr Andrew Cappie-Wood, Chief Executive, Chief Minister's Department

Ms Cathy Hudson, Deputy Chief Executive, Governance, and Commissioner for Public Administration

Mr David Dawes, Deputy Chief Executive, Business and Projects Division, Chief Minister's Department

Mr Ian Cox, Director, Business and Industry Development, Business and Projects Division, Chief Minister's Department

Ms Dita Hunt, Senior Manager, Enterprise Development, Business and Projects Division, Chief Minister's Department

Ms Kate Neser, Chief Finance Officer, Strategic Finance, Chief Minister's Department

Mr Luke McAlary, Director, Public Service Management Group, Governance Division, Chief Minister's Department

Mr Gary Byles, Chief Executive, Department of Territory and Municipal Services

Ms Sue Morrell, Deputy Chief Executive, Department of Territory and Municipal Services

Ms Anne Thomas, Acting Executive Director, Shared Services, Department of Territory and Municipal Services

Mr Mick Chisnall, General Manager, InTACT, Department of Territory and Municipal Services

Mr Ross Burton, Chief Financial Officer, Shared Services, Department of Territory and Municipal Services

Mr David Evans, Acting Director, Infrastructure Procurement Group, Department of Territory and Municipal Services

Thursday 18 February 2010

Ms Katy Gallagher MLA
Deputy Chief Minister, Treasurer, Minister for Health and Minister for Industrial Relations

Mr Simon Corbell MLA
Attorney-General, Minister for the Environment, Climate Change and Water, Minister for Energy and Minister for Police and Emergency Services

Mr Mark Sullivan, Managing Director, Actew Corporation

APPENDIX C: Exhibits presented to the Committee on 18 February 2010

Exhibit No. 1: Meeting No. 178, Page 3 of 5, 3135 Murriumbidgee to Googong Water Transfer Project

Exhibit No. 2: ACTEW – Decision Paper, Meeting No. 178 Murriumbidgee to Googong Water Transfer Project

Exhibit No. 3: ACTEW Fact Sheet – Enlarging Cotter Dam, printed 18 February 2010

APPENDIX D: Questions Taken on Notice

Unanswered questions (as at 22 March 2010) are in italics.

Questions Taken on Notice at the public hearing of 26 November 2009

Question No	To	Subject
1	Minister for Tourism, Sport and Recreation	Output class: Gains and other gains
2	Minister for Tourism, Sport and Recreation	Marketing budget for Australian Capital Tourism
3	Minister for Tourism, Sport and Recreation	Ernst and Young consultancy
4	Minister for Tourism, Sport and Recreation	Success of purchased addresses
5	Minister for Tourism, Sport and Recreation	Breakdown of tourism categories
6	Minister for Tourism, Sport and Recreation	Volume of paper recycled
7	Minister for Tourism, Sport and Recreation	Recycling bins at EPIC
8	Minister for Tourism, Sport and Recreation	Purchase of renewable energy at EPIC
9	Minister for Tourism, Sport and Recreation	Price of Block 751
10	Minister for Tourism, Sport and Recreation	Contract for recycling collection
11	Minister for Tourism, Sport and Recreation	Too many members on EPIC Board
12	Minister for Tourism, Sport and Recreation	Error regarding reported office greenhouse gas emissions
13	Minister for Gaming and Racing	Conflict of Interest policy

Questions Taken on Notice at the public hearing of 1 December 2009

Question No	To	Subject
1	Minister for Industrial Relations	DIF - recovery of funds
2	Minister for Industrial Relations	Advice to the Minister from the Insurers Advisory Committee
3	Minister for Industrial Relations	Increase in net average claim size
4	Minister for Industrial Relations	Balance sheet
5	Minister for Industrial Relations	Legal advice provided by the Solicitor-General
6	Minister for Industrial Relations	Audit by Protiviti

Questions Taken on Notice at the public hearing of 2 December 2009

Question No	To	Subject
1	Treasurer	ACTEW advertising budget
2	Treasurer	Communication of messages to the community
3	Treasurer	Greenchoice
4	Treasurer	Monitoring of the Murrumbidgee River
5	Treasurer	ACTEW Ministerial briefings
6	Treasurer	Review of ICRC report
7	Treasurer	Increase in dam costs – margins for alliance
8	Treasurer	Timeline of advice regarding dam costs
9	Treasurer	Dam costs – May figure

Questions Taken on Notice at the public hearing of 3 December 2009

Question No	To	Subject
1	Chief Minister	Cost of Martin consultancy
2	Chief Minister	Number of restrictive covenants in the ACT
3	Chief Minister	Martin Review - consultations
4	Chief Minister	Process for secure waste
5	Min. for Business and Economic Development	Former CREEDA business incubation site
6	Min. for Business and Economic Development	Business Roundtables – summary report
7	Min. for Business and Economic Development	Small Business Roundtable – report and feedback
8	Min. for Business and Economic Development	Operating Statement for Output Class 2
9	Min. for Business and Economic Development	Skilled and Business Migration Program – skills targeted
10	Min. for Business and Economic Development	Skilled and Business Migration Program – retention rates
11	Min. for Business and Economic Development	Skilled and Business Migration Program - criteria
12	Minister for Territory and Municipal Services	Shared Services
13	Chief Minister	Turnover of ACTPS staff
14	Chief Minister	Reports provided to the Construction Industry Board
15	Speaker of the ACT Legislative Assembly	Recycling figures

Questions Taken on Notice at the public hearing of 18 February 2010

Question No	To	Subject
1	*Treasurer*	*Information provided during Estimates*
2	Treasurer	Role of the Department of Treasury in the dam costs
3	Treasurer	Record of meetings
4	Treasurer	Cabinet discussions
5	Chief Minister	Chief Executives Water Group
6	Treasurer	Capacity of the Tantangara transfer
7	Treasurer	Capacity of the MGT
8	Treasurer	MGT – cost benefit analysis
9	Minister for the Environment, Climate Change and Water	Population projections
10	Treasurer	Easements – advice to landholders
11	Treasurer	Easements - conditions
12	*Treasurer*	*Procurement*
13	Minister for the Environment, Climate Change and Water	Timeline of advice

APPENDIX E: Supplementary Questions

Unanswered questions (as at 22 March 2010) are in italics.

Supplementary Questions following the public hearing of 26 November 2009

Question #	To	Subject
1	Treasurer	Outstanding debt
2	Treasurer	Indexed Annuity Bonds
3	Treasurer	Review of the Territory Banking Account investment portfolio
4	Treasurer	Status of the Territory Banking Account investment portfolio
5	Treasurer	ACTIA – risks, reporting and recording practices
1	Minister for Gaming and Racing	Australian Online Gambling Counselling and Support Program

Supplementary Questions following the public hearing of 3 December 2009

Question #	To	Subject
1	Min. for Business and Economic Development	Inclusion of sustainability in the Innovation Indicator
2	*Min. for Business and Economic Development*	*Programs for companies and entrepreneurs*
3	Min. for Business and Economic Development	ScreenACT - contract
4	Min. for Business and Economic Development	ScreenACT - Advisory Committee
5	Min. for Business and Economic Development	ScreenACT - outsourcing
6	Min. for Business and Economic Development	Newsletters to the business community
7	Min. for Business and Economic Development	Industry Capability Network - criteria
8	Min. for Business and Economic Development	Student Internship Pilot Program
9	Min. for Business and Economic Development	Business in Focus month
10	Min. for Business and Economic Development	CollabIT program
11	Min. for Business and Economic Development	Payment of contracted services
1	Chief Minister	Accountability and sustainability indicators
2	Chief Minister	Community Inclusion Board and Measures
3	Chief Minister	Throughcare and Aftercare at the AMC

Question #	To	Subject
4	*Chief Minister*	*ACTPS staff*
5	Chief Minister	Community grants
6	Chief Minister	Across-government policy forum
7	Chief Minister	ACT Government Information Development Plan 2008-2011
8	Chief Minister	Centenary of Canberra – Intergovernmental Agreement
9	Chief Minister	LAPS – delivery of priority projects
10	Chief Minister	Whole-of-Government framework for central Canberra
11	Chief Minister	Traffic simulation models – cyclists and pedestrians
12	*Chief Minister*	*Airfield and airport*
13	Chief Minister	Hume Waste Recovery Estate
14	Chief Minister	Citizen Centred Governance Discussion Paper
15	Chief Minister	Infrastructure Plan
16	Chief Minister	Regional Leaders' Forum
17	Chief Minister	RDA ACT Committee - MOU
18	Chief Minister	Duplication in planning and land management in the ACT
19	Chief Minister	UN Convention on the Rights of Persons with a Disability
20	Chief Minister	Measures to reduce electricity use – Earth Hour
21	Chief Minister	Promotion of local business
22	Chief Minister	Groovin' in the City
23	*Chief Minister*	*Housing Affordability – Strategic Indicator 7*
24	*Chief Minister*	*Institutional investors*
25	*Chief Minister*	*Sustainability requirements of the new Government building*
26	Chief Minister	ANU student accommodation
27	Chief Minister	Narrabundah Long Stay Caravan Park
28	Chief Minister	Green subleases
29	Chief Minister	LAPS - Housing Affordability
30	Chief Minister	Infrastructure review
31	Chief Minister	Model Litigant Guidelines
32	Chief Minister	Review of the PSM Standards

Question #	To	Subject
33	Chief Minister	Independent Reviewers – new arrangements
34	Chief Minister	Triple bottom line reporting
35	Chief Minister	ACTPS exit surveying
36	Chief Minister	Risk mitigation strategies
1	Minister for Territory and Municipal Services	Government Procurement Board

Supplementary Questions following the public hearing of 18 February 2010

Question #	To	Subject
1	*Treasurer*	*Enlarged Cotter Dam – estimate of costs*
2	*Treasurer*	*Enlarged Cotter Dam – cost increase*
3	*Treasurer*	*Enlarged Cotter Dam – cost increase*
4	*Treasurer*	*Enlarged Cotter Dam – pressure on overall budget*
5	*Treasurer*	*Enlarged Cotter Dam – pressure on overall budget*
6	*Treasurer*	*Enlarged Cotter Dam – pressure on overall budget*
7	*Treasurer*	*Enlarged Cotter Dam – pressure on overall budget*
8	*Treasurer*	*Enlarged Cotter Dam – pressure on overall budget*
9	*Treasurer*	*ACTEW's capital works processes*
10	*Treasurer*	*ACTEW's capital works processes*
11	*Treasurer*	*ACTEW's capital works processes*
12	*Treasurer*	*ACTEW's capital works processes*
13	*Treasurer*	*Enlarged Cotter Dam – cost increase*
14	*Treasurer*	*Enlarged Cotter Dam – cost increase*
15	*Treasurer*	*Enlarged Cotter Dam – cost increase*
16	*Treasurer*	*Enlarged Cotter Dam – cost increase*
17	*Treasurer*	*Enlarged Cotter Dam – cost increase*
18	*Treasurer*	*Enlarged Cotter Dam – cost increase*
19	*Treasurer*	*Enlarged Cotter Dam – cost increase*

Question #	To	Subject
20	*Treasurer*	*Enlarged Cotter Dam – cost increase*
21	*Treasurer*	*Enlarged Cotter Dam – contractors*
22	*Treasurer*	*Enlarged Cotter Dam – service/supply contracts*
23	*Treasurer*	*Murrumbidgee to Googong Bulk Water Transfer*
24	*Treasurer*	*Evidence to Estimates Committee*
25	*Treasurer*	*Evidence to Estimates Committee*
26	*Treasurer*	*Evidence to Estimates Committee*
27	*Treasurer*	*Murrumbidgee to Googong Pipeline – daily targets*
28	*Treasurer*	*Murrumbidgee to Googong transfer target*
29	*Treasurer*	*Murrumbidgee to Googong transfer target*
30	*Treasurer*	*Murrumbidgee to Googong transfer target*
31	*Treasurer*	*Extended Cotter Dam and Murrumbidgee to Googong Bulk Water Transfer Project – business case documents*
32	*Treasurer*	*Treasury role in costing policy proposals*
33	*Treasurer*	*Major water security projects – consultation between Treasury and ACTEW*
34	*Treasurer*	*Treasury role in costing water security proposals*
35	*Treasurer*	*Water security proposals – consultation with Treasury*
36	*Treasurer*	*Water security proposals – Treasury advice*
37	*Treasurer*	*Water security proposals – final out-turn costs*
38	*Treasurer*	*Water security proposals – cost comparisons*
39	*Treasurer*	*Water security proposals – cost-benefit analyses*
40	*Treasurer*	*Major water security projects – ACTEW staff*
41	*Treasurer*	*Major water security projects – ACTEW work*
42	*Treasurer*	*Major water security projects – small businesses*
43	*Treasurer*	*Major water security projects – small business tenders*
44	*Treasurer*	*‘Risky’ projects*
45	*Treasurer*	*Major water security projects – briefings for Treasurer*

Question #	To	Subject
46	*Treasurer*	*Major water security projects – briefings for Minister for the Environment, Climate Change and Water*
47	*Treasurer*	*Enlarged Cotter Dam – crushing plant*
48	*Treasurer*	*Saddle dams*
49	*Treasurer*	*Cotter Dam extension – action by Government*
50	*Treasurer*	*Tantangara transfer*
51	*Treasurer*	*Extended Cotter Dam – net economic benefit*
52	*Treasurer*	*Security of water supply*

APPENDIX F: Answer to question taken on notice by the Minister for the Environment, Climate Change and Water, and subsequent correspondence

Authorised for Publication
11/3/2010

MINISTER FOR THE ENVIRONMENT FOR THE AUSTRALIAN CAPITAL TERRITORY

RECEIVED
- 9 MAR 2010
ACT LA
COMMITTEE OFFICE

2008-09 ANNUAL REPORT HEARING
QUESTION WITHOUT NOTICE TAKEN ON NOTICE

Briefing Timeline Enlarged Cotter Dam and Water Security Projects
18 February 2010

MR SESELJA: Could you provide the committee with a time line of the advice you received, the briefings you received, on the dam project and water security projects?
Mr Corbell: As I have indicated, this was an iterative process. Many of these briefings were verbal in nature. If there is a record of those, I am happy to check those records and see if I can provide you with any further advice.

p. 253

Minister - The answers to the Member's questions are as follows:

Scheduled and unscheduled meetings and telephone discussions were held between myself, the Department of Environment, Climate Change, Energy and Water and ACTEW.

Approved for circulation to the Member and incorporation into Hansard.

Simon Corbell MLA **Date:**9.3.10
Minister for the Environment

Simon Corbell MLA

ATTORNEY GENERAL
MINISTER FOR THE ENVIRONMENT, CLIMATE CHANGE AND WATER
MINISTER FOR POLICE AND EMERGENCY SERVICES
MINISTER FOR ENERGY

MEMBER FOR MOLONGLO

RECEIVED
17 MAR 2010
ACT LA
COMMITTEE OFFICE

Ms Caroline Le Couteur MLA
Chair
Standing Committee on Public Accounts
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2601

Dear Ms Le Couteur

Thank you for your letter of 12 March 2010 concerning a question taken on notice at the Public Accounts Committee hearing with ACTEW on 18 February 2010.

I note that the Committee is concerned that my answer is not "satisfactory". I sincerely regret this is the case, however I draw to the attention of the committee my answer to Mr Seselja when he asked the question of me on the 18th of February this year when I said "If there is a record of those, I am happy to check those records and see ***if*** (emphasis added) I can provide you with any further advice...".

I regret that following further examination I am unable to provide the committee with any further advice than that which I have already provided, for the reasons that I have previously indicated. I would also draw to the Committee's attention that in relation to any written advices or briefings provided to the Government or Ministers and the dates of these advices, these have already been provided to the Assembly consistent with the order of the Assembly of 16 September, 2009.

In particular I note that the Assembly resolution required "... a chronology of when ACTEW advised the Government, shareholders and Ministers of the variation in costs and details thereof in relation to the projects...". The Government has already complied with this request.

I hope this information is of assistance to the Committee.

Yours sincerely

Simon Corbell MLA
Minister for the Environment, Climate Change and Water.
16.3.10

ACT LEGISLATIVE ASSEMBLY

London Circuit, Canberra ACT 2601 GPO Box 1020, Canberra ACT 2601
Phone (02) 6205 0000 Fax (02) 6205 0535 Email corbell@act.gov.au

APPENDIX G: Acronyms used

ACTIA – ACT Insurance Authority

ACTPLA – ACT Planning and Land Authority

ACTLA – ACT Legislative Assembly

ACTPS – ACT Public Service

CMD – Chief Minister's Department

CTP – Comprehensive Third Party

DIF – Default Insurance Fund

ESD – ecologically sustainable development

FMA – *Financial Management Act 1996* (ACT)

GFC – global financial crisis

ICRC – Independent Competition and Regulatory Commission

MGT – Murrumbidgee to Googong Water Transfer

TaMS – Department of Territory and Municipal Services

TOC – Territory-Owned Corporations