2010

THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

GOVERNMENT RESPONSE TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS REPORT NO 7

REPORT ON ANNUAL AND FINANCIAL REPORTS 2008-2009

Presented by
Mr Jon Stanhope MLA
Chief Minister

Government Response

Standing Committee on Public Accounts Report No 7 – Report on Annual and Financial Reports 2008-2009

Introduction

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

The Standing Committee on Public Accounts reviewed annual reports for:

- ACT Auditor-General;
- ACT 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 (Office of the Nominal Defendant of the ACT);
- ACT Legislative Assembly Secretariat;
- ACTEW Corporation Limited;
- ACTTAB Limited;
- Chief Minister's Department;
- Commissioner for Public Administration;
- Department of Territory and Municipal Services;
- Department of Treasury;
- Exhibition Park Corporation;
- Rhodium Asset Solutions; and
- Totalcare Industries Limited.

The Committee made 36 recommendations.

Response to Committee Recommendations

Recommendation 1
The Committee recommends that the Government provide responses to the 60 outstanding questions without delay.

Government Response

Noted.
The majority of questions have now been answered. Responses are being prepared for the 5 questions outstanding. These will be provided as soon as possible.

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.

Government Response

Noted.
The Government is committed to answering, where possible, all questions arising from Committee inquiries within the timeframe set by the relevant Committee.
However, at times, the level of detail sought in questions can create an unreasonable burden on ACT Government agencies diverting resources from their core business of serving people in the ACT. This especially applies to questions where information sought is not routinely collected or normally aggregated at the level of detail requested.
The Government takes its accountability obligations very seriously and makes every effort to ensure that any outstanding questions are answered as soon as possible. This can be difficult to achieve if there are large numbers of questions and a short response time such as 5 days required by some Committee inquiries.

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.

Government Response

Noted.
Territory Owned Corporations (TOCs) include ACTEW Corporation Limited, ACTTAB Limited and Rhodium Asset Solutions Limited. Both ACTTAB and Rhodium comply with the Annual Report Directions (ARDs). ACTEW has a supplementary section in their report which attempts to address components of the ARDs

The *Annual Reports (Government Agencies) Act 2004* refers to public authorities that include territory instrumentalities which encompasses TOCs.

The *Territory-owned Corporations Act 1990* specifies requirements for annual reports.

It is the Government's understanding that it is already a requirement for TOCs to comply with the Annual Report Directions and *Annual Reports (Government Agencies) Act 2004.*

Recommendation 4
The Committee recommends that ACTEW pay particular attention to formatting and consistency when preparing their Annual Reports to the ACT Government.

<u>Government Response</u>

<u>Noted.</u>
ACTEW's 2008-09 Annual Report was prepared in accordance with the requirements referred to in the Chief Minister's Annual Report Directions where applicable.

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.

<u>Government Response</u>

<u>Noted.</u>
Generally, the Annual Report Directions require Agencies to report on the current and previous financial years where appropriate.

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.

<u>Government Response</u>

<u>Noted.</u>
This recommendation is addressed under Recommendation 5.

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.

<u>Government Response</u>

<u>Agreed.</u>

Following the commitment to develop a triple bottom line (TBL) annual reporting framework under the Parliamentary Agreement, a new TBL section has been added to the Annual Report Directions for the 2009-10 Annual Reports. This section has been developed following the community consultation over the pilot TBL Annual Report that was released by the Chief Minister's Department in December 2009.

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.

<u>Government Response</u>

<u>Noted.</u>

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.

<u>Government Response</u>

<u>Agreed.</u>

The ACT Government through the Department of the Environment, Climate Change, Energy and Water (DECCEW) has launched the ACT Smart Office program which assists offices throughout Canberra to implement more efficient recycling and improve waste management. Since the program's launch in late 2009, over 100 offices have signed up to the program and some have received accreditation including the ACT Legislative Assembly and DECCEW itself. The program provides a step-by-step best practice guide to waste management as well as advice and assistance to establish a waste management system, conduct waste audits and staff education. Annual accreditation provides public recognition of an office's waste management achievements.

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.

<u>Government Response</u>

<u>Agreed.</u>
The reporting unit will be in litres.

Recommendation 11
The Committee recommends that Government agencies take greater measures to ensure they are reporting against their ecologically sustainable development reporting requirements.

<u>Government Response</u>

<u>Noted.</u>
Agencies are required to fully comply with all statutory reporting obligations and the Chief Minister's Annual Report Directions. This entails the proper reporting of all requirements, including on ecological sustainable developments.

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.

<u>Government Response</u>

<u>Noted.</u>
Requests for additional funding to audit energy compliance with the ecologically sustainable development indicators as specified in the Chief Minister's Annual Report Directions would need to be considered as part of the development of the 2011-12 Budget.

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.

Government Response

Agreed.
The ACT Government through the Department of the Environment, Climate Change, Energy and Water announced its membership of CitySwitch in September 2009. CitySwitch is a national tenant energy management program aimed at encouraging energy efficient practices in tenants of office buildings. All Departments are encouraged to take up the program. In addition, ACT Property Group is undertaking energy audits of selected government owned and leased buildings to help assess what needs to be done for more energy efficient buildings.

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'.

Government Response

Not agreed.
Business innovation implicitly recognises sustainability as part of a modern enterprise model.

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.

Government Response

Noted.
This information was incorrectly reported in the Exhibition Park Corporation's Annual Report 2008-09. The Corporation did purchase renewable energy (green power) in 2008-09. This information will be corrected and the data included in the Exhibition Park Corporation's Annual Report 2009-10.

Recommendation 16
The Committee recommends that the ACT Government take steps to ensure the implementation of responsible investment principles across all Government investment portfolios.

Government Response

Not agreed.
The majority of Government investment funds (approximately $3.4 billion) are managed and invested in accordance with the Government's investment policy centrally by Treasury through either the Territory banking Account investment portfolio or the Superannuation Provision Account investment portfolio.

No departments are able to invest directly. Any departmental funds approved to be invested must be done so via the centralised Treasury facility.

The majority of Territory Authorities have limited funds available for investment and have the option to make very restricted direct investments in accordance with the provisions of the *Financial Management Act 1996* or they have the option to invest through the centralised Treasury facility. Their direct investment limitations are that investment can only be made:

- on deposit with an authorised deposit-taking institution; or
- by purchasing a bill of exchange that is drawn or accepted by an authorised deposit-taking institution; or
- by purchasing a Territory, State or Commonwealth security.

The Long Service Leave Authority invests money on behalf of its member organisations. It has approval to invest more broadly, including in shares. The Long Service Leave Authority does not, however, make direct investments in shares, but rather invests in the market index in relation to its asset class allocation strategy by purchasing units in a wholesale unit trust. This means the Long Service Leave Authority has no direct ownership rights.

The Public Trustee is required to manage its 'trust' investments in accordance with the *Public Trustee Act 1925* which sets out how investments are to be managed. The Public Trustee cannot be directed how to undertake investments.

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.

Government Response

Agreed.

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.

Government Response

Not Agreed.
The Commissioner is a statutory office established under the *Public Sector Management Act 1994* and the Commissioner's roles and functions are defined under the statute.

The office of the Commissioner is held by a public servant, the Deputy Chief Executive, Governance Division of the Chief Minister's Department (CMD). This arrangement replicates the model used between 1995 and 1999 where a senior executive with departmental responsibilities also carried out the Commissioner role. This arrangement worked effectively at that time and continues to work effectively today.

There is no conflict of interest. Rather the incumbent needs to carefully balance the respective responsibilities and there are advantages in terms of a deeper and more immediate understanding of contemporary management issues facing agencies.

Recommendation 19
The Committee recommends that the ACT Government clearly defines 'priority services' in the context of the ongoing search for budgetary savings.

Government Response

Noted.
Priority services include those in health, education, training, justice and community safety, disability, housing and community, business, environmental and municipal services that are regularly used by the public. These are front line services that have a direct impact on people's lives and the wellbeing of the community. They are services upon which the community depends. The Government has focused on continuing to invest – in both recurrent and infrastructure - in these services to strengthen them to better meet community needs.

In working to restore the Budget to surplus, the Government at the outset made a commitment to implement savings that had minimal impact on priority services and that did not reduce their responsiveness or quality. The focus was and remains on improving the efficiency and effectiveness of services.

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.

<u>Government Response</u>

<u>Noted.</u>

The ACT Health Capital Asset Development Plan (CADP) is a significant project, and provides a framework for the development of the Territory's health care system for the next decade. ACT Treasury engaged external expertise to assist it with analysing the CADP and its assumptions in detail and to provide advice to the Government.

The consultants provided advice on the various scenarios of demand modelling, the emerging models of care and potential improvements and options for health system reform.

ACT Health was closely involved in this work, providing information as required and engaging in discussions with the consultants. ACT Health's engagement and interaction with the consultants has assisted it with being able to access another source of expert advice in developing the plan and its associated models of care. Treasury has drawn on the consultants' advice to provide policy options and advice to Government, through Cabinet, to progress the CADP and to inform future health system planning.

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.

<u>Government Response</u>

<u>Agreed.</u>

An independent consultant was engaged in 2009/10 to review the ACT Asbestos Management Strategy. The review inquires into and reports on the effectives of asbestos management and regulation in the Territory (following the 2005 report of the ACT Asbestos Taskforce) and recommends measures to improve the governance and regulation of asbestos within the ACT with a view to addressing asbestos related hazards to people. The consultant's report was in the final stages of completion at the end of the reporting period. The Government will consider and respond to the report and its recommendations in the first half of 2010/11.

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.

Government Response

Noted.

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.

Government Response

Noted.

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.

Government Response

Noted.

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.

Government Response

Agreed.
The Treasurer made a statement to the ACT Legislative Assembly on 6 May 2010 that included an undertaking to bring to the Assembly proposed legislation to facilitate improved disclosure of executive remuneration relating to territory-owned corporations.

The Territory-owned Corporations Amendment Bill 2010 was subsequently passed by the Legislative Assembly on 29 June 2010.

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.

<u>Government Response</u>

<u>Agreed.</u>
The Government did not proceed with Mr Martin's recommendation that, to be recognised as a full line supermarket, an operator needed to have been trading as a full line supermarket for a minimum of ten years.

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.

<u>Government Response</u>

<u>Agreed-in-part.</u>
The cost of placing the Community Noticeboard in the Chronicle as well as the Canberra Times has been investigated. The cost would need to be passed on to agencies advertising in the Community Noticeboard and this could not be absorbed in the 2010-11 financial year. Previous Noticeboards will be archived on the ACT Community Engagement website.

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.

<u>Government Response</u>

<u>Noted.</u>
No longer relevant.
Young Achievement Australia (YAA) entered in to voluntary liquidation in late 2009 and no longer exists. The Australian Government was a significant funder of YAA nationally, but the organisation also received significant funding support from a range of organisations including the private sector. The Government understands the combination of withdrawal of Australian Government support and private sector support (triggered by the GFC) made the future of YAA unsustainable. Against this environment, the ACT Government did not see any value in progressing discussions at the Australian Government level on the future of YAA nationally. The ACT Government has, however, formally redirected the $10,000 YAA sponsorship commitment to establish an ACT chapter of the national Tall Poppy Campaign. The Tall Poppy Campaign aims to

recognise young achievers in science and related disciplines who undertake science communication initiatives at the local community level as part of an Award program. The ACT Government has also made recent sponsorship funding commitments: to the *Inspiring Australia* program and to *InnovationACT*, a local program to support and recognise young emerging entrepreneurs from ANU and the University of Canberra.

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.

Government Response

Agreed in principle. There are times when the Board will seek and be provided with presentations by Agency staff on the progress of significant projects. Key details would be minuted by the secretariat. It is not practical to expect that all reports will be 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.

Government Response

Agreed.

The Minister will report to the Legislative Assembly regarding the Government's response to the Ernst and Young tourism events report during August 2010 sittings.

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.

Government Response

Noted.

Australian Capital Tourism already reports on its formal output measures. Australian Capital Tourism will provide additional information on its programs across the organisation in the CMD annual report (for 2009-10).

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.

Government Response

Noted.
The ACT Government will continue to provide support to the Exhibition Park Corporation to complete and implement a strategic plan.

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.

Government Response

Not agreed.
The Exhibition Park Corporation's Strategic Plan is available on the *Exhibition Park in Canberra* website.

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.

Government Response

Noted.
The information regarding part Block 751 is commercially sensitive.

As part of the process to acquire part Block 751, Exhibition Park Corporation arranged for an independent valuation based on the sale of the land for 'tourist facility' -Non Urban NUZ1 - Broadacre zone. The valuation estimate is $300,000.

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.

<u>Government Response</u>

<u>Noted.</u>
This is a matter for the Legislative Assembly Secretariat.

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.

<u>Government Response</u>

<u>Noted.</u>
Due to the commencement of the new portable long service leave legislation, the amalgamation of the construction and cleaning boards, the introduction of the community sector industry portable long service leave scheme and the lead time for the development of a new IT system to support the schemes, this issue has been deferred but continues to remain a matter of priority between the Department of Treasury, Chief Minister’s Department and the Long Service Leave Authority for the second half of 2010.