STANDING COMMITTEE ON PUBLIC ACCOUNTS

Report on Annual and Financial Reports 2007-2008

APRIL 2009

Report 2

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Resolution of appointment[1]

The Legislative Assembly for the ACT 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.

Terms of reference

Inquire into the 2007-08 annual and financial reports of government departments and agencies as listed at **Appendix A** according to the schedule determined by the Legislative Assembly for the ACT.

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

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SUMMARY OF RECOMMENDATIONS

RECOMMENDATION 1

2.24 The Committee recommends that, as a minimum, ACT Government agencies' annual reports include thorough reporting on ecologically sustainable development (ESD) that fully adheres to the *Chief Minister's Annual Report Directions 2007–10*.

RECOMMENDATION 2

2.26 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 other jurisdictions.

RECOMMENDATION 3

2.27 The Committee recommends that the ACT Auditor-General be funded to audit agency compliance with the ecologically sustainable development (ESD) indicators as specified in the *Chief Minister's Annual Report Directions 2007–10*.

RECOMMENDATION 4

2.41 The Committee recommends that ACT Government agencies ensure the provision of complete statements of performance and full disclosure as required by the *Financial Management Act 1996*.

RECOMMENDATION 5

2.45 The Committee recommends that the ACT Government require agencies to take up the Auditor-General's recommendation that agencies should comprehensively review the relevance, usefulness and appropriateness of the performance measures reported in their statements of performance.

RECOMMENDATION 6

2.47 The Committee recommends that the ACT Government require agencies to take up the Auditor-General's recommendation that agencies should provide sufficient information in their statements of performance to explain their achievements. In particular, agencies should ensure that:

a) each performance measure is clearly defined

b) sufficient explanatory information is included to enable external users to understand agencies' performance

c) significant judgements or estimates applied in measuring reported results are adequately disclosed

d) systems used to record and report performance results provide reasonable assurance that results are reliable, and

e) where possible, and appropriate, comparative data over previous time periods or other jurisdictions be supplied.

RECOMMENDATION 7

3.9 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.

RECOMMENDATION 8

3.17 The Committee recommends that the ACT Government revisit its decision to discontinue the preparation and publication of the *ACT State of the Service Report*.

RECOMMENDATION 9

3.20 The Committee recommends that the Commissioner for Public Administration explore the feasibility of the inclusion of more environmentally friendly transport items, such as bicycles and bus tickets, as approved salary packaging menu items for ACT Public Service employees.

RECOMMENDATION 10

3.23 The Committee recommends that the Commissioner for Public Administration ensure that future whole-of-government professional development programs include sustainability issues.

RECOMMENDATION 11

4.9 The Committee recommends that, any request by the Auditor-General, for additional funding in the 2009-10 ACT Budget, to implement the requirements of new mandatory auditing standards be supported by the ACT Government.

RECOMMENDATION 12

4.12 The Committee recommends that the ACT Auditor-General receive additional funding in the 2009–10 ACT Budget to ensure that its performance audit program outputs are enhanced.

RECOMMENDATION 13

4.21 The Committee recommends that the Legislative Assembly Secretariat prepare a specific strategy to address staff turnover.

RECOMMENDATION 14

4.25 The Committee recommends that the Legislative Assembly Secretariat's Hansard provide one email address as the key point for email communication, preferably Hansard@parliament.act.gov.au.

RECOMMENDATION 15

4.29 The Committee recommends that the Legislative Assembly Secretariat in conjunction with InTACT prioritise the provision of increased email storage capacity for the mailboxes of Members, Members' staff, and Members' public mailboxes.

RECOMMENDATION 16

4.31 The Committee recommends that the Legislative Assembly Secretariat, in conjunction with InTACT, give consideration to the feasibility of replacing facsimile machines located in Members' offices with access to a multifunction product (MFP) with print, copy, scan, fax and limited colour printing functionality.

RECOMMENDATION 17

4.41 The Committee recommends that the Chief Minister's Department ensure that the Canberra BusinessPoint mid-term review includes measures to assess the effectiveness of the Service to business as well as competitiveness of the Service against appropriate comparisons with strategies in other jurisdictions.

RECOMMENDATION 18

4.47 The Committee recommends that the Chief Minister's Department undertake an evaluation of the effectiveness of all its outsourced programs using measures that account for what was achieved by the expenditure (outcomes).

RECOMMENDATION 19

4.52 The Committee recommends that the ACT Government inform the Legislative Assembly for the ACT on the outcome of its review of the nature and form of accountability structures across government as part of the Accountability in Government Project.

RECOMMENDATION 20

4.56 The Committee recommends that the ACT Government consider the triple bottom line benefits to the Territory as a whole, as well as the commercial viability, of the Hume Resource Recovery Estate enterprise, and the cost to the Territory's budget when deciding on what support the Project Facilitation unit will provide to the enterprise.

RECOMMENDATION 21

4.61 The Committee recommends that as part of the centenary celebrations, the ACT Government ensure that community consultation informs the creation of an enduring legacy.

RECOMMENDATION 22

4.65 The Committee recommends that Australian Capital Tourism investigate the feasibility of carbon footprinting, along with other ESD initiatives, for future Floriade events.

RECOMMENDATION 23

4.70 The Committee recommends that future annual reports of the Department of Territory and Municipal Services include more detailed reporting on Australian Capital Tourism's activities, including visitation numbers and a breakdown by tourism campaigns and activities.

RECOMMENDATION 24

4.79 The Committee recommends that the ACT Government consider whole-of-life costs, including environmental impact, when deciding on IT equipment purchases.

RECOMMENDATION 25

4.83 The Committee recommends that the Department of Treasury, promote the new community insurance scheme more widely in order to increase its uptake amongst community organisations and encourage its escalation as a mainstream insurance product across the board.

RECOMMENDATION 26

4.89 The Committee recommends that the Department of Treasury table an annual statement in the Legislative Assembly for the ACT describing its activities and progress regarding discharge of its obligations as a United Nations Principles of Responsible Investment (UNPRI) signatory.

RECOMMENDATION 27

4.108 The Committee recommends that Exhibition Park Corporation encourage other event clients to adopt and implement the Folk Festival's approach to waste removal and recycling options.

1 INTRODUCTION

1.1 On 11 December 2008, the annual and financial reports of all government agencies were referred to relevant standing committees of the Legislative Assembly for the ACT.[2]

1.2 The below listed annual and financial reports for the 2007-08 financial year were referred to the Standing Committee on Public Accounts.

- ACT Auditor-General
- ACT Cleaning Industry Long Service Leave Board
- ACT Construction Industry Long Service Leave Board
- ACTEW Corporation Limited
- ACT Gambling and Racing Commission
- ACT Government Procurement Board
- ACT Insurance Authority (ACTIA)
- ACT Legislative Assembly Secretariat
- ACTTAB Limited
- Chief Minister's Department[3]
- Commissioner for Public Administration
- Department of Territory and Municipal Services (Australian Capital Tourism)
- Department of Treasury
- Exhibition Park Corporation (EPC)

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[2] ACT Legislative Assembly, Minutes of Proceedings No. 4, 11 December 2008, pp. 47-50.

[3] Those sections of the Chief Minister's Department Annual Report concerning ACT Executive (refer CMD outputs 1.1, 1.2 and 1.4); Business and Economic Development (refer CMD output 2.1); Default Insurance Fund and Occupational Health and Safety Council (also refer CMD output 1.3 Industrial relations policy).

- Nominal Defendant
- Rhodium Asset Solutions Limited
- Totalcare Industries Limited

Conduct of inquiry

1.3 The Committee held public hearings on: 22, 27–28 January 2009; 6, 18–19 February 2009; and 4 March 2009 and 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**.

1.4 The Committee met on 24 and 30 April 2009 to discuss the Chair's draft report, which was adopted on 30 April 2009.

Acknowledgments

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

1.6 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.

1.7 The Committee sought clarification on a number of issues at public hearings, some of which are expanded upon in the next chapters. The full transcript of public hearings is available on the 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 Executive to the 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 way 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 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 Legislative Assembly and the wider community
- tabled in the 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]

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[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 Annual Report Directions 2007-10*, p. 3.

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]

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*
- *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.

2.7 The Chief Minister told the Legislative Assembly:

> The government seeks to ensure that the directions and the acts are continually updated to reflect best practice and full accountability in accordance with government policy.[8]

Annual Reports (Government Agencies) Act 2004

2.8 The *Annual Reports (Government Agencies) Act 2004* (the Act) 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.[9]

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

[8] ACT Legislative Assembly, Week 9 Hansard, 21 September 2006, p. 3055.

[9] *Annual Reports (Government Agencies) Act 2004*.

Chief Minister's Annual Report Directions 2007-2010

2.9 The Chief Minister's *Annual Report Directions 2007-10* (the Directions)[10], which are issued under the Act[11]:

> apply consistent public accountability and statutory reporting requirements across the public sector. The Directions apply to all administrative units and those government agencies identified as public authorities.[12]

2.10 The Standing Committee on Public Accounts plays a consultative role in the process.[13] 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.

2.11 In accordance with the Act, the draft 2007–10 Annual Reports Directions were provided to the Sixth Assembly Standing Committee on Public Accounts for consultation.[14]

2.12 The Directions prescribe a framework for annual reports that seeks to apply consistency in public accountability and statutory reporting requirements across the public sector.[15]

2.13 For the first time, the Directions specify the reporting requirements to be applied to agency annual reports for three reporting periods: 2007–08; 2008–09; and 2009–10 financial years.[16]

2.14 The ACT Audit Office audits the annual reports of all reporting entities for compliance with the Directions.[17]

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[10] Tabled in the Legislative Assembly on 26 June 2008, accessible at: http://www.cmd.act.gov.au/__data/assets/pdf_file/0003/2793/annual_report_directions07-10.pdf

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

[12] *Chief Minister's Annual Report Directions 2007–10*, p. 3.

[13] Part 2, Section 8, *Annual Reports (Government Agencies) Act 2004*

[14] Chief Minister's Department, *Annual Report 2007–08*, p. 29

[15] Legislative Assembly for the ACT, 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, QON PAC 64.

[16] Chief Minister's Department, *Annual Report 2007–08*, p. 29; *Chief Minister's Annual Report Directions 2007–10*, p. 4.

[17] *Chief Minister's Annual Report Directions 2007–10*, p. 11.

Financial Management Act 1996 (the FMA)

2.15 The FMA provides for the financial management of the Government of the Territory, for the scrutiny of that management by the Legislative Assembly for the ACT, and specifies financial reporting requirements for the Government of the Territory.[18]

2.16 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.[19]

Territory-owned Corporations Act 1990 (the TOC Act)

2.17 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.[20]

Compliance with Annual Report Directions

2.18 The Committee found that, overall, annual reports generally complied with the Directions.[21] The Committee, however, notes the following areas for improvement:

Ecologically sustainable development (ESD)

2.19 The Directions require agencies to integrate economic, social and environmental considerations in their decision-making processes. To assist agencies to meet this statutory reporting requirement, the Directions provide guidance on how ESD principles can be readily translated to an agency context.[22] This includes reporting on the following indicators:

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[18] *Financial Management Act 1996*

[19] *Financial Management Act 1996; Chief Minister's Annual Report Directions 2007–10*, p. 3.

[20] *Territory-owned Corporations Act 1990*; *Chief Minister's Annual Report Directions 2007–10*, p. 3.

[21] Compliance with the Directions is compulsory for all reporting entities. However, not all requirements are relevant or applicable to all entities given the nature of their operations (*Chief Minister's Annual Report Directions 2007–10*, p. 5).

[22] *Chief Minister's Annual Report Directions 2007–10*, p. 35.

- how agency actions and administration of legislation accords with the principles of ESD
- the contribution of agency outputs to ESD
- the effects of agency outputs to ESD
- identification of any measures taken to minimise the impacts of theses effects, and
- description of mechanisms used for reviewing and increasing the effectiveness of these measures.[23]

2.20 As specified by the Directions, as part of their direct operations, agencies are required to report on their resource use, including transport, energy use, greenhouse emissions, water consumption and resource efficiency and waste use.[24]

2.21 Whilst it was pleasing to hear that the Legislative Assembly building had received a four-star rating out of a maximum five stars for energy use, the Committee was interested to know why the Legislative Assembly Secretariat had not reported the energy usage and the energy usage per person as required by the Directions. The Committee further noted that as the Assembly building was a discrete stand-alone entity, measuring energy use should be a relative straightforward task.[25]

2.22 A representative of the Secretariat told the Committee:

> I think you are quite right that we have always had billing data from Actew available to us to show annual consumption. That issue probably was not collated in a meaningful way. I think you have had an opportunity of reading through the Rudds Consulting Engineers report. There is some quite detailed data in there about annual consumption. It would certainly be our intention in next year's annual report to have much more detailed reporting of our carbon emissions, looking at tracking benchmarks that we hope to have in place and reporting on the things that will come out of that committee. I think, rather than having a lack of data, it was rather having a lack of a way of

[23] *Chief Minister's Annual Report Directions 2007–10*, p. 35.

[24] *Chief Minister's Annual Report Directions 2007–10*, p. 35.

[25] *Transcript of evidence*, 18 February 2009, pp 156–157.

> interrogating that data meaningfully. So we hope all that will dramatically improve in the next reporting round.[26]

2.23 The Committee found inconsistent reporting against the defined ESD indicators by agencies. The Committee notes that the 2007–08 reporting period is the first time agencies have been required to report against the ESD indicators specified in the 2007–10 Directions and looks forward to improvements in the 2008–09 reporting period. The Committee emphasises the importance of thorough reporting against the specified ESD indicators as they provide a useful framework for processing the required information, facilitate comparison with other ACTPS agencies and can assist individual agencies to track agency specific ESD targets.

RECOMMENDATION 1

2.24 **The Committee recommends that, as a minimum, ACT Government agencies' annual reports include thorough reporting on ecologically sustainable development (ESD) that fully adheres to the *Chief Minister's Annual Report Directions 2007–10*.**

2.25 The Committee notes that the usefulness of consistent reporting against the specified ESD indicators can be enhanced through agencies determining/providing a context for their ESD reporting.

RECOMMENDATION 2

2.26 **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 other jurisdictions.**

RECOMMENDATION 3

2.27 **The Committee recommends that the ACT Auditor-General be funded to audit agency compliance with the ecologically sustainable development (ESD) indicators as specified in the *Chief Minister's Annual Report Directions 2007–10*.**

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[26] Mr David Skinner, *Transcript of evidence*, 18 February 2009, p. 157.

Timeliness of access—electronic versions of annual report

2.28 The Directions specify that all annual reports must be placed on ACT Government internet sites and provided for listing on a central site as soon as reports are tabled in the Legislative Assembly, or provided to the Speaker if the Assembly is not sitting. The ACT Audit Office monitors compliance with this timing requirement.[27]

2.29 In considering Auditor-General's Report No. 8 of 2008: *2007-08 Financial Audits,* the Committee notes the Auditor-General's finding that:

> In 2007–08, 23 per cent of agencies did not comply with the Directions which require agencies to place their annual reports on the relevant website on the same day the printed copy is provided to the Legislative Assembly. Most of these agencies, however, placed their annual reports on the website shortly after the due date.[28]

2.30 The Committee notes that agencies' compliance with this requirement in 2007–08 (77% complied) compares with 2006–07 (complied 76%); 2005-06 (96% complied); and 2004-05 (80% complied).[29]

Consistency between web and printed versions

2.31 Reliability of reporting requires agencies to ensure that the printed and electronic version of their respective audited financial report and statement of performance included in their annual report and placed on the website, is consistent with the original version on which the audit report and report of factual findings was issued.[30]

2.32 The Committee notes a continued improvement in the reliability of reporting, in that incorrect versions of the financial report and/or statement of performance, between website and printed versions of annual reports, has fallen from 69% in 2005-06 to 36% in 2006-07; and two instances in 2007–08.[31]

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[27] *Chief Minister's Annual Report Directions 2007–10*, p. 9.

[28] ACT Auditor-General's Report No. 8 of 08: *2007–08: Financial Audits*, p. 27.

[29] ACT Auditor-General's Report No. 8 of 08: *2007–08: Financial Audits*, p. 27; ACT Auditor-General's Report No. 8 of 07: *2006–07: Financial Audits, p. 21;* ACT Auditor-General's Report No. 8 of 06: *2005-06 Financial Audits*, p. 17.

[30] ACT Auditor-General's Report No. 8 of 08: *2007–08: Financial Audits*, p. 27.

[31] ACT Auditor-General's Report No. 8 of 08: *2007–08: Financial Audits*, p. 27; ACT Auditor-General's Report No. 8 of 07: *2006–07: Financial Audits, p. 22.*

2.33 This enhancement in the reliability of reporting appears to be indicative of a strengthening of agencies' processes for ensuring the correct versions of financial reports and statements of performance are included in both the electronic and printed versions of their annual reports.

Timeliness of financial reporting processes

2.34 The Department of Treasury issues a whole-of-government reporting timetable for financial reporting. According to the ACT Auditor-General, agency compliance:

> with the reporting timetable ensures the audited financial results of the Territory and its agencies are made publicly available within the timeframes required by the *Annual Reports (Government Agencies) Act 2004*, *Financial Management Act 1996* and *Corporations Act 2001*.[32]

2.35 In considering Auditor-General's Report No. 8 of 2008: *2007-08 Financial Audits*, the Committee notes the Auditor-General's finding that consistent with the trend of recent years, agency compliance with the financial reporting timetable continued to improve in 2007–08.[33]

2.36 Notwithstanding that the percentage of agencies complying with the timetable had increased from 31 per cent in 2004–05 to 63 per cent in 2007–08, the Auditor-General noted that 37 per cent of agencies still needed to improve the timeliness of their reporting.[34]

2.37 While noting improvement in compliance with the Treasury reporting timetable, the Committee emphasises the Auditor-General's observation that non-compliance results when an agency has not planned, designed, and adequately resourced their reporting functions. Non-compliance can thus result in a higher risk of delay in completion of agencies' annual reports and consequently the Territory's financial report.[35]

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[32] ACT Auditor-General's Report No. 8 of 08: *2007-08 Financial Audits*, p. 23.

[33] ACT Auditor-General's Report No. 8 of 08: *2007-08 Financial Audits*, p. 24.

[34] ACT Auditor-General's Report No. 8 of 08: *2007-08 Financial Audits*, p. 24.

[35] ACT Auditor-General's Report No. 8 of 08: *2007-08 Financial Audits*, p. 24.

Quality of statements of performance

2.38 In considering the Auditor-General's Report No. 8 of 2008: *2007-08 Financial Audits*, the Committee notes the Auditor-General's finding that the quality of statements of performance improved in 2007–08. The percentage of statements rated by the Auditor-General as 'good' or 'satisfactory' in 2007–08 (74 per cent) compared favourably with 2006–07 (56 per cent).[36]

2.39 Notwithstanding the improvement in the percentage of statements rated as 'good' or 'satisfactory', the Audit Office rated 26 per cent of the statements as 'fair or unsatisfactory'. The Auditor-General found that:

> These statements were incomplete and/or needed significant changes to their presentation, disclosures, and the results of the measures reported. This result indicates there is scope for further improvement in the processes used by some agencies to prepare their statements of performance.[37]

2.40 Statements of performance set out the results achieved by departments and authorities against their planned performance targets, in that they include significant information on the non-financial aspects of an agency's performance[38]. Agencies are reminded of their responsibility to provide complete statements of performance including adequate disclosure to the Auditor-General.

RECOMMENDATION 4

2.41 **The Committee recommends that ACT Government agencies ensure the provision of complete statements of performance and full disclosure as required by the *Financial Management Act 1996*.**

[36] ACT Auditor-General's Report No. 8 of 08: *2007-08 Financial Audits*, pp. 24–25.

[37] ACT Auditor-General's Report No. 8 of 08: *2007-08 Financial Audits*, p. 25.

[38] ACT Auditor-General's Report No. 8 of 08: *2007-08 Financial Audits*, p. 24.

Usefulness of performance measures included in statements of performance

2.42 The FMA requires an agency's annual statement of performance to compare the performance of the agency in delivering its outputs to its planned performance by reference to the performance measure targets included in the agency's budget (departments) or statement of intent (authorities).[39]

2.43 The effectiveness of this reporting framework, that is, the usefulness of the statement of performance, is to a large extent dependent upon the quality of the performance measures.[40]

2.44 As performance measure targets are determined through the budget process, the ACT Audit Office does not provide an opinion on the relevance or appropriateness of the targets. However, for the 2007–08 reporting period, the Office identified:

> cases where there appeared to be little or no relationship between the performance measures and the agencies' outputs. Where this occurs, information on agencies' performance becomes less useful than it should be.[41]

RECOMMENDATION 5

2.45 **The Committee recommends that the ACT Government require agencies to take up the Auditor-General's recommendation that agencies should comprehensively review the relevance, usefulness and appropriateness of the performance measures reported in their statements of performance.**

2.46 Further, the Auditor-General also found that agencies did not always explain their performance measures meaningfully in their statements of performance. Where this occurs it can limit understanding, particularly in the case of external users, of the agency's performance in delivering its outputs.[42]

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[39] ACT Auditor-General's Report No. 8 of 08: *2007-08 Financial Audits*, p. 25.

[40] ACT Auditor-General's Report No. 8 of 08: *2007-08 Financial Audits*, p. 25.

[41] ACT Auditor-General's Report No. 8 of 08: *2007-08 Financial Audits*, pp. 25–26.

[42] ACT Auditor-General's Report No. 8 of 08: *2007-08 Financial Audits*, p. 26.

RECOMMENDATION 6

2.47 The Committee recommends that the ACT Government require agencies to take up the Auditor-General's recommendation that agencies should provide sufficient information in their statements of performance to explain their achievements. In particular, agencies should ensure that:

a) each performance measure is clearly defined

b) sufficient explanatory information is included to enable external users to understand agencies' performance

c) significant judgements or estimates applied in measuring reported results are adequately disclosed

d) systems used to record and report performance results provide reasonable assurance that results are reliable, and

e) where possible, and appropriate, comparative data over previous time periods or other jurisdictions be supplied.

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

3.1 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.

Commissioner for Public Administration

Role and function

3.2 The Committee discussed the merging of the Commissioner's role and function with that of the Deputy Chief Executive of the Governance Division of the Chief Minister's Department (CMD) and its consequent impact on the ability of the Commissioner to carry out their independent statutory responsibilities as the professional head of the ACT Public Service (ACTPS).

3.3 The Chief Executive of the Chief Minister's Department commented:

> To the extent that the roles and functions provided by the public service commissioner are clearly articulated. There is the capacity to have them operate within an administrative function—a broader functional role. It is about clarity of roles and responsibilities, and an understanding that, through the very mechanisms you have before you at the moment—a separate annual report—the capacity to take decisions outside any hierarchical decision process inside the ACT public service is already articulated through the creation of the role and position.[43]

3.4 Further, the Committee was told that there are other positions within the ACT administration where public servants also exercise public service and statutory roles concurrently. The Chief Minister stated:

> The head of ACTPLA has an administrative public service role and a statutory role. The Conservator of Flora and Fauna has a statutory role and a public service role as the head of a branch and as the Conservator of Flora and

[43] Mr Andrew Cappie-Wood, *Transcript of evidence*, 22 January 2009, p. 40.

> Fauna. The public service commissioner has a public service role and a statutory role. It is an incident of the size of our administration to some extent. There has to be some pragmatism around the capacity of a government with our budget, of our size and in an administration of our size, to be a little flexible in some of our administrative arrangements.[44]

3.5 Notwithstanding that there are examples of other ACT public servants concurrently practising public service and statutory roles, the majority of the Committee is of the view that the Commissioner for Public Administration, as the professional head of the ACTPS, is a different situation to the examples highlighted.

3.6 The Committee acknowledges that given the size of the ACTPS, the statutory role of the Commissioner for Public Administration may not require a full time position. The Committee notes that prior to the decision to merge the role with a public service role, it was filled on a part time basis.

3.7 As the professional head of the ACTPS, the Commissioner for Public Administration is an independent and impartial role and it must be able to exercise its powers and perform its functions without fear, favour or prejudice in the interests of the maintenance of effective and efficient public administration and of a high standard of professional ethics in the public service.

3.8 The majority of the Committee is concerned that the blending of the Commissioner's role and function with that of the Deputy Chief Executive of the Governance Division of CMD risks endangering the Commissioner's independence.

RECOMMENDATION 7

3.9 **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.**

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[44] Mr Jon Stanhope MLA, *Transcript of evidence*, 22 January 2009, p. 42.

State of the Service report

3.10 The Committee discussed with the Chief Minister and the Acting Commissioner for Public Administration the decision to cease publication of the *ACT State of the Service Report* (SOSR) and its replacement with the *ACT Public Service Workforce Profile* publication.

3.11 The Committee understands that in combination with the Commissioner for Public Administration's annual report, the *ACT Public Service Workforce Profile* is designed to provide an effective report on the state of the ACTPS in lieu of a SOSR.[45]

3.12 The Acting Commissioner for Public Administration stated:

> We viewed it as a resourcing issue. There is no legislative requirement to do a state of the service report, but we do have a legislative requirement to do one annual report. And we thought that the annual report and the workforce profile themselves covered across a lot of the areas that would be in the state of the service report, and so to do that second report was kind of repeating ourselves.[46]

3.13 Notwithstanding that there is no statutory requirement to provide a SOSR to the Assembly, the annual report of the Commissioner and a SOSR, whilst both accountability documents, serve discretely different accountability purposes in terms of the types of information disclosed.

3.14 An annual report is the principal vehicle by which an agency publicly reports on its performance. The *Chief Minister's Annual Report Directions 2007–10* state:

> Annual reports are reports from agency heads[47] to their responsible Minister. They provide information about the achievements, issues, performance, outlook and financial position of the agency at the end of each reporting period.[48]

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[45] *Transcript of evidence*, 22 January 2009, pp. 44–46; Commissioner for Public Administration, *Annual Report 2007–08*, p. 17.

[46] Ms Liesl Centenera, *Transcript of evidence*, 22 January 2009, p. 45.

[47] Under the *Annual Reports Act 2004*, the responsibility for annual reporting rests with Chief Executives, Chief Executives Officers or relevant statutory office holders or appointees with governance responsibility who make independent reports (*Chief Minister's Annual Report Directions 2007–10*, p. 4.).

[48] *Chief Minister's Annual Report Directions 2007–10*, p. 4.

3.15 The Committee was pleased to hear that the Chief Minister would take some advice on its suggestion that consideration be given to revisit the publication of an *ACT State of the Service report*:

> I am more than happy to take advice on it. As I say, it is not an issue I am across. I would need to be convinced of the utility of the earlier report in the context of its use, utility and cost, but I am more than happy to take advice on the issue.[49]

3.16 Subsequent to the appearance of the Commissioner for Public Administration, the Chief Minister informed the Committee by way of a response to a question taken on notice—as to whether the Chief Minister would consider going back to a State of the Service report?— that:

> The last ACT State of the Service report was prepared in 2005. State of the Service reports typically covered the size and shape of the ACT Public Service, employment types, the age profile of the Service, characteristics of executive employment, and equity and diversity issues.
>
> Through publication of the annual Workforce Profile, the Agency Survey and the Commissioner's Annual Report, a similar range of statistical information, analysis and commentary is provided to that which was previously consolidated in State of the Service reports. Through the maintenance of separate publications it is possible to make this material publicly available more readily as the data collections are spread throughout the year to reduce the administrative burden on agencies.
>
> Accordingly, it is not proposed to duplicate this material in a single consolidated publication.[50]

RECOMMENDATION 8

3.17 **The Committee recommends that the ACT Government revisit its decision to discontinue the preparation and publication of the *ACT State of the Service Report*.**

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[49] Mr Jon Stanhope MLA, *Transcript of evidence*, 22 January 2009, p. 45.

[50] Legislative Assembly for the ACT, Response to QToN, 22 January 2009, Inquiry into Annual and Financial Reports 2007–08.

Salary packaging policy and procedures

3.18 The Committee was interested to know whether more environmentally friendly transport items, such as bicycles or bus tickets, were approved salary package menu items[51] under the *ACT Public Service Salary Packaging Policy and Procedures*.

3.19 The Acting Commissioner for Public Administration stated:

> At this stage I believe that it is limited to cars, computing equipment, superannuation and possibly some other electronic devices. I could get the full list but at the moment it would not extend to pushbikes or to bus tickets.[52]

RECOMMENDATION 9

3.20 **The Committee recommends that the Commissioner for Public Administration explore the feasibility of the inclusion of more environmentally friendly transport items, such as bicycles and bus tickets, as approved salary packaging menu items for ACT Public Service employees.**

Whole-of-government professional development programs

3.21 Given the importance of sustainability as a whole-of-government issue, the Committee sought clarification on whether the programs would include sustainability.

3.22 The Acting Commissioner for Public Administration explained:

> I think that as part of the executive leadership development and future leadership development it will be an aspect of training at all levels. We have kind of done it by way of groups of people and categories rather than topic areas. I would anticipate in that future training.[53]

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[51] Salary package benefit approved menu items are determined from time to time by the Commissioner for Public Administration (ACT Government, *ACT Public Service Salary Packaging Policy and Procedures*, April 2007, p. 6).

[52] Ms Liesl Centenera, *Transcript of evidence*, 22 January 2009, p. 38.

[53] Ms Liesl Centenera, *Transcript of evidence*, 22 January 2009, pp. 42–43

RECOMMENDATION 10

3.23 **The Committee recommends that the Commissioner for Public Administration ensure that future whole-of-government professional development programs include sustainability issues.**

3.24 The Committee also explored and discussed issues relating to:

- the Graduate Administrative Assistants (GAA) program[54]
- attraction and retention strategies as part of the Government's initiative to strengthen public service capacity[55], and
- fraud and integrity risk management in the ACTPS[56].

[54] *Transcript of evidence*, 22 January 2009, p. 39.

[55] *Transcript of evidence*, 22 January 2009, pp. 39–40.

[56] *Transcript of evidence*, 22 January 2009, pp. 43–44.

4 SPECIFIC ISSUES ARISING FROM DEPARTMENT AND AGENCY REPORTS

4.1 This chapter provides information on specific issues arising from departmental and agency annual reports discussed during the Committee's inquiry.

ACT Auditor-General

ACT Audit Office

4.2 The Committee discussed the continuing difficulties for the Auditor-General's Office in attracting and retaining skilled staff and its subsequent impact on the Office's capacity to complete its performance and financial audit program.[57] The Auditor-General stated:

> Talking about our staff issues, our office is a small office… a small number of staff to take care of a wide range of functions.
>
> The issue with us in recent years was the turnover of our staff due to the high demand for auditors and accountants in general. Last year we had a staff turnover of 27 per cent, which is quite high. However, that is a common problem experienced across all audit offices. The average staff turnover in all state and territory audit offices is about 23 per cent, but some offices experience up to 32 per cent, like in Victoria, in the National Audit Office. For a small office the high staff turnover means that we faced the difficulty of completing the formal audit program, and when senior auditors left in the middle of an audit it meant they had to stop and start again. We do not have a big team working on performance audits. Often it takes two people to do a performance audit, so it makes a big difference.[58]

4.3 The Committee was interested to know what strategies the Audit Office was using to address staff turnover. The Auditor-General advised, that it was:

> a major priority for our office, and in the past two or three years we have put in place a number of measures to retain staff, including introducing a very

[57] *Transcript of evidence*, 27 January 2009, pp. 47–48.

[58] Ms Tu Pham, *Transcript of evidence*, 27 January 2009, p. 47.

> good working environment and a learning and development program. We introduced special employment arrangements to keep good staff. I should note that 94 per cent of our staff have overall satisfaction with their work and the office, so the reason they left is not about the work of the office but more about the opportunity provided somewhere else that we cannot match, and a number of reasons for them to leave the office usually are outside our control. I had an exit interview with every single staff member leaving the office during the year and none of the reasons that they quoted for leaving the office are within our control.[59]

4.4 The Committee understands that given the nature of the performance audit function, the high staff turnover invariably has greater impact on the Office's 'deliverables in performance audit activities'.[60]

4.5 The Committee commends the efforts instigated by the Office to address the challenges with high staff turnover whilst continuing to deliver high quality performance outcomes.

4.6 Further, the Office receives an appropriation from the Government for corporate services, other corporate requirements, investigations and its performance audit function. The cost of financial audits is cost recoverable from audit fees. The Auditor-General explained:

> we got a $2 million appropriation from the government, and that is for corporate services, all other corporate requirements, investigations and performance audits. We recover costs of financial audit activity from audit fees, but generally speaking we have got a budget of $1.5 million to do all the performance audits and investigations for the whole ACT government. It is not much money.[61]

4.7 The Committee discussed at length with the Auditor-General, that without additional funding, the Office's capacity to address the requirements of Australian Professional and Ethical Standard (APES) 320[62] and other mandatory auditing standards, for example, Australian Standard on Assurance Engagements (ASAE) 3500[63], would continue to present a

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[59] Ms Tu Pham, *Transcript of evidence*, 27 January 2009, p. 47.

[60] *Transcript of evidence*, 27 January 2009, p. 48.

[61] Ms Tu Pham, *Transcript of evidence*, 27 January 2009, p. 53.

[62] Australian Professional and Ethical Standard (APES) 320—*Quality control for firms*. Issued by the Australian Professional and Ethical Standards Board (APESB). Replaces Australian Professional Standard (APS) 5.

[63] Australian Standard on Assurance Engagements (ASAE) 3500—*Performance engagement*. Issued by the Australian Auditing and Assurance Standards Board.

significant challenge and could impact adversely on the ability of the Office to deliver its planned audit program.[64]

4.8 The Committee understands that due to the lack of success that the Audit Office had with a 2008–09 budget bid to procure additional resources to meet APES 320, existing audit staff were reassigned to meet these mandatory compliance requirements. The Auditor-General told the Committee:

> This year, we had to put aside a senior manager to work on the quality review issue to meet all the requirements of the audit standard. I also required the director to set aside a large part of his time to look after that side of the audit office. Hence we will operate with a larger deficit. I do not have any option but to comply with the nationally required auditing standard, and that puts significant pressure on us to deliver the performance audits at the same time.[65]

RECOMMENDATION 11

4.9 **The Committee recommends that, any request by the Auditor-General, for additional funding in the 2009-10 ACT Budget, to implement the requirements of new mandatory auditing standards be supported by the ACT Government.**

4.10 Further, the Committee understands that to date the Auditor-General has met the aforementioned mandatory compliance requirements by diverting resources from other activities, in particular financial and performance audits. The Committee is of the view that this is not sustainable without impacting on the Office's audit programs. Further, the Audit Office should not have to carry over an operating deficit from one financial year to another on a regular basis.

4.11 The Committee is concerned that without additional funding to meet the mandatory compliance activities, further resources will be diverted from the performance audit program along with a potential risk that the Office may not be able to effectively address changing auditing and accounting standards.

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[64] *Transcript of evidence*, 27 January 2009, pp. 54–56.

[65] Ms Tu Pham, *Transcript of evidence*, 27 January 2009, p. 54.

RECOMMENDATION 12

4.12 **The Committee recommends that the ACT Auditor-General receive additional funding in the 2009–10 ACT Budget to ensure that its performance audit program outputs are enhanced.**

4.13 As subsection 12(3) of the *Auditor-General's Act 1996* provides that in the conduct of a performance audit, the Auditor-General may, where appropriate, take into account environmental issues relative to the operations being reviewed or examined, having regard to the principles of ecologically sustainable development (ESD), the Committee was interested to know the Audit Office's capacity to audit under that part of the Act.

4.14 The Committee was told that the Audit Office addresses its ESD obligations under the Act in a number of ways. The Auditor-General explained:

> The legislation requires us to have regard to ESD issues when we are doing audits. Once an audit topic is selected, we look at aspects of that audit that may have an impact on ESD policy and principles. When relevant, we take that into account. In our audit program we have a number of environmental specific audits such as water management. However, at this stage we do not feel that we have significant expertise to enable us to conduct an audit on water management. We are currently doing an audit on transport and road funding; we will look at how road funding addresses environmental issues. So we do have regard to environmental issues with the particular audit.
>
> The second issue is about expertise. When we go out and recruit people, we do not want someone who just does environmental audits; we want someone who can do environmental audits and also do other audit activities. It is a small team; we cannot afford to have one specialist to do just environmental or one specialist to do health services. We need to have someone with a much broader skill set to be able to deliver our program. We need to balance all the requirements, including the requirement to have regard to ESD.[66]

4.15 The Committee also discussed and explored issues relating to:

- the Office's performance audit program and potential performance audit topics[67]

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[66] Ms Tu Pham, *Transcript of evidence*, 27 January 2009, p. 50.

[67] *Transcript of evidence*, 27 January 2009, pp. 52–54.

- criteria the Office uses to determine its final audit program[68]
- the improvement of financial reporting processes in the Territory[69]
- delays in the provision of financial statements for two joint ventures[70], and
- office accommodation energy reduction measures[71].

Legislative Assembly Secretariat

4.16 In relation to the role and function of the Legislative Assembly Secretariat, the Committee was told that the Secretariat provides procedural and business support for the Assembly and its committees. During the 2007-08 financial year, the Secretariat advised that it had undertaken a number of innovations and enhancements, including:

- the webstreaming of chamber and committee proceedings on a permanent basis
- the first use by an Assembly committee of videoconferencing facilities
- installation of a new lift at the Assembly's public entrance
- finalisation and implementation of a comprehensive review of the Assembly's standing orders
- improved security measures at the Assembly's public entrance, and
- the transfer of the finance processing function to Shared Services resulting in a lessening of the business continuity risk previously identified for this function.[72]

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[68] *Transcript of evidence*, 27 January 2009, pp. 52–54.

[69] *Transcript of evidence*, 27 January 2009, pp. 57–58.

[70] *Transcript of evidence*, 27 January 2009, pp. 60–61.

[71] *Transcript of evidence*, 27 January 2009, pp. 62–63.

[72] Mr Shane Rattenbury MLA, *Transcript of evidence*, 18 February 2009, p. 146.

4.17 The Committee noted that staff turnover was high and was interested to know whether the Secretariat had more detailed figures and what strategies were being put in place to address the high turnover.

4.18 The Manager of Corporate Services emphasised that it was important to delineate between the staff of the Secretariat and that of Members. Whilst the Secretariat has not conducted any formal assessment of turnover in Secretariat staff, the Committee was informed that an assessment of Members' staff employed in the fifth assembly suggested that the:

> average length of employment of members' staff for that particular sample was eight months. That is not a lengthy period of employment, by any measure.[73]

4.19 Concerning staff turnover in the Secretariat for the 2007–08 reporting period, the Committee was told that:

> it looks like an average of about three or four separations a year over the last four financial years in the Secretariat, perhaps averaging, just looking at those figures, around 15 per cent per annum.[74]

4.20 The Committee notes that a turnover of 15 per cent per annum for an organisation the size of the Secretariat is not insignificant and was advised that there had:

> not really been an examination of what the underlying causes of that have been.[75]

RECOMMENDATION 13

4.21 **The Committee recommends that the Legislative Assembly Secretariat prepare a specific strategy to address staff turnover.**

4.22 The Committee discussed with the Speaker, and the Clerk, the planning for the Assembly's 20th anniversary celebration. The Clerk provided an overview of the activities intended for the celebration from 10 to 12 May 2009:

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[73] Mr Ian Duckworth, *Transcript of evidence*, 18 February 2009, p. 149.

[74] Mr Ian Duckworth, *Transcript of evidence*, 18 February 2009, p. 150.

[75] Mr Ian Duckworth, *Transcript of evidence*, 18 February 2009, p. 150.

> We have three days of rolling activities. On the Sunday, we have an open day for the Assembly between 11 and 4. We will be having a youth parliament, with two representatives from every year 12 school in Canberra being invited to participate, and have two hours of sittings. We intend unveiling a major art work that has been commissioned for the 20th anniversary. We are also inviting every primary school in Canberra to participate in a time capsule project and to send in an A4-page item and we are thinking of housing that in the front entrance of the building and maybe opening it in 20 years time…We are also running a school of art. We have asked the University of Canberra, the Australian National University and the CIT school of art classes to run a competition about what self-government means to them…On the Monday we are having a ceremonial sitting, starting at 10 am, and then we are having a morning tea and inviting all former members of the Assembly…We are also launching a book. The Speaker will be, hopefully, launching a book called the *Companion to the standing orders*, which is a book designed to help members and their staff and people who are interested in the Assembly understand how the place operates…That night *[Monday 11 May 2009]* we have invited the Prime Minister to open a 20th anniversary conference. Rosemary Follett will be the keynote speaker. The next day there is a conference being held here at the Assembly. We are inviting, again, presiding officers, clerks, former members and the general public to participate in that conference as well.[76]

4.23 In relation to reducing the quantity of hardcopy information provided to Members, that is, increasing the uptake of soft copy as a means of distributing various Assembly documents and procedures, the Committee discussed, with representatives of the Secretariat, a number of procedures in place to assist and support this transition. The Committee accepts that individual Members will have different requirements and the Secretariat has to balance the needs of Members and how they exercise their duties as elected representatives also with environmental considerations.[77]

4.24 The Committee acknowledges the prompt follow-up by the Secretariat to its suggestion for an announcement to be made in the Chamber encouraging Members of the Assembly to provide electronic copies of their speeches, questions and answers to Hansard.[78] The Committee welcomes the recent statement from the Speaker regarding its suggestion and encouraging:

> everyone to play their part in reducing costs and improving efficiency within

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[76] Mr Tom Duncan, *Transcript of evidence*, 18 February 2009, pp. 158–159.

[77] *Transcript of evidence*, 18 February 2009, pp. 152–154.

[78] Ms Val Barrett, *Transcript of evidence*, 18 February 2009, p. 153.

> the Secretariat by providing electronic information of your speeches where possible.[79]

RECOMMENDATION 14

4.25 **The Committee recommends that the Legislative Assembly Secretariat's Hansard provide one email address as the key point for email communication, preferably Hansard@parliament.act.gov.au.**

4.26 The Committee raised a number of matters relating to the information technology and communication (ICT) infrastructure available for Members and their staff, in particular the size of email mailboxes and the usage of facsimile machines.[80]

4.27 In relation to email mailboxes, Members and their staff are provided with 100 megabytes of capacity. The Committee is of the view that in the information technology age, 100 megabytes of email storage capacity is insufficient to support the working requirements of Members and their staff. The Manager of Hansard and Communications stated:

> Apart from saying that I agree, I can add that certainly…the Assembly IT manager, is talking with InTACT now about increasing the space for members. We have a little bit of money allocated in this year's budget and we are just looking at how we can get some more storage available.[81]

4.28 Given the amount of business that is conducted by email, the Committee notes the Secretariat's acknowledgment that 100 megabytes of email storage is a limited capacity.[82]

RECOMMENDATION 15

4.29 **The Committee recommends that the Legislative Assembly Secretariat in conjunction with InTACT prioritise the provision of increased email storage capacity for the mailboxes of Members, Members' staff, and Members' public mailboxes.**

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[79] Mr Shane Rattenbury MLA, Legislative Assembly for the ACT: 2009 Week 3 Hansard, 26 February 2009, p. 1076.

[80] *Transcript of evidence*, 18 February 2009, pp. 160–162.

[81] Ms Val Barrett, *Transcript of evidence*, 18 February 2009, p. 160.

[82] Ms Val Barrett, *Transcript of evidence*, 18 February 2009, p. 161.

4.30 The Committee also notes the limited use that stand alone facsimile machines in Members' offices receive. The Committee suggests that a more effective approach would be to provide Members with access to a multifunction product (MFP) which incorporates the functionality of multiple devices in one. The availability of a MFP could provide Members with print, copy, scan, fax and limited colour printing functionality.

RECOMMENDATION 16

4.31 **The Committee recommends that the Legislative Assembly Secretariat, in conjunction with InTACT, give consideration to the feasibility of replacing facsimile machines located in Members' offices with access to a multifunction product (MFP) with print, copy, scan, fax and limited colour printing functionality.**

4.32 In relation to media accommodation facilities, the Committee discussed the possibility of providing some additional space and access to kitchen facilities. The Committee notes the Speaker's undertaking to look into the matter.[83]

4.33 The Committee also discussed and explored issues relating to:

- the annual survey of Members of the Legislative Assembly (MLAs)[84]
- Occupational, Health and Safety (OH&S) management plans[85]
- visitors to the Assembly and the scope of education activities[86]
- Assembly building management and maintenance[87], and
- statistics on accesses to webstreaming and site visitors to other areas of the Assembly's website[88].

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[83] Mr Shane Rattenbury MLA, *Transcript of evidence*, 18 February 2009, pp. 146–147.

[84] *Transcript of evidence*, 18 February 2009, pp. 147–148.

[85] *Transcript of evidence*, 18 February 2009, pp. 148–149.

[86] *Transcript of evidence*, 18 February 2009, pp. 157–158.

[87] *Transcript of evidence*, 18 February 2009, pp. 154–157.

[88] *Transcript of evidence*, 18 February 2009, pp. 151–152; 161–162.

Industrial relations portfolio

Office of Industrial relations

4.34 The Committee discussed with the Minister for Industrial Relations the Work Safety Bill which was passed by the Assembly in late 2008. The new Act replaces older legislation and integrates more closely with the *Dangerous Substances Act 2004*. The Minister told the Committee:

> Producing a draft bill is a very significant piece of work, not least because it brought the ACT to the forefront of workplace safety nationally. That is not just my view. It is no coincidence that the ACT's Work Safety Act is highly consistent with the recommendations of the recently completed national review into model OH&S laws. I might say that when it comes to national harmonisation of OH&S laws the rest of Australia is playing catch-up with the ACT.[89]

4.35 The Committee understands that the Work Safety Act is due to commence on 1 July 2009. The Office advised that it is presently working on the essential regulations to accompany the Act and guidance material on consultation, as the provisions were substantially changed between the old occupational health and safety Act and the new work safety Act, in addition to consultation and small amounts of drafting in relation to some essential codes, in particular, construction.[90]

4.36 As part of its review of dangerous substances, the Committee discussed at length the Office's review of consumer fireworks.[91] The review process included consultation with different stakeholders in a range of format before and after the Queen's birthday long weekend. The Minister stated:

> The review process included a series of three community focus groups, in-depth interviews with members of the industry, an online survey and telephone surveys of focus groups both before and after the Queen's birthday long weekend. Changes that flowed from this review included only permitting fireworks to be discharged on the Saturday and Sunday of the Queen's birthday long weekend and ceasing at 9 pm rather than 10 pm. The sale of fireworks is also restricted to Friday, Saturday and Sunday of the long

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[89] Mr John Hargreaves MLA, *Transcript of evidence*, 19 February 2009, p. 163.

[90] Ms Liesl Centenera, *Transcript of evidence*, 19 February 2009, pp. 170–171.

[91] *Transcript of evidence*, 19 February 2009, pp. 164–170.

> weekend with retailers only permitted to advertise their sale for a total of seven days.[92]

4.37 The Committee notes that a number of changes were implemented following the review including amendments to discharge times over the long weekend, sale and advertising restrictions. Further, the Minister informed the Committee that:

> while the consultation did show the community is divided on the issue of fireworks, there are somewhat more people in the community that are very opposed to consumer fireworks than there are who are very supportive.[93]

4.38 The Committee also explored and discussed issues relating to:

- the review of the Workers' Compensation Scheme[94]
- child labour legislation[95]
- appointment terms for the Occupational Health and Safety Council[96], and
- redevelopment of the Cleaning Industry Long Service Leave Board's risk management plan[97].

Business and economic development portfolio

Business and Industry Development—Chief Minister's Department

4.39 In relation to the ACT Government's business advisory, mentoring and information service—Canberra BusinessPoint, whilst noting information highlighting outcomes regarding the number of sessions conducted, attendances and hits to its website homepage, the Committee was interested to know whether there had been an assessment of the success of the Service from a business perspective. The Committee was informed that the

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[92] Mr John Hargreaves MLA, *Transcript of evidence*, 19 February 2009, p. 164.

[93] Mr John Hargreaves MLA, *Transcript of evidence*, 19 February 2009, p. 164.

[94] *Transcript of evidence*, 19 February 2009, pp. 175–176.

[95] *Transcript of evidence*, 19 February 2009, pp. 181–182.

[96] *Transcript of evidence*, 19 February 2009, pp. 184–185.

[97] *Transcript of evidence*, 19 February 2009, p. 186.

Department did not have specific information regarding outcomes pertaining to participating businesses only statistics on the number and types of interventions and assistance provided. A representative of the Chief Minister's Department explained:

> I think privacy would stop us from getting that particular amount of information, because we could not ask the businesses themselves unless they were willing to share that information. So it is not a question that we have asked them specifically, other than surveying how they have responded to the particular services provided and whether they thought that they were adequate and helpful. But as far as turnover improvements, that type of thing, are concerned, we do not have those sorts of statistics.[98]

4.40 Further, the Committee was interested to ascertain if an evaluation of the effectiveness of the Service had been conducted. The Committee was told that the Department was planning to conduct an independent mid-term review in 2009.[99]

RECOMMENDATION 17

4.41 **The Committee recommends that the Chief Minister's Department ensure that the Canberra BusinessPoint mid-term review includes measures to assess the effectiveness of the Service to business as well as competitiveness of the Service against appropriate comparisons with strategies in other jurisdictions.**

4.42 The Committee discussed at length with the Minister for Business and Economic Development, and departmental officials, the outsourced industry development program for screen-based businesses, in particular, why it was an outsourced program. The Minister for Business and Economic Development explained:

> in terms of perspective, for a jurisdiction of our size, there are issues around our capacity as a small jurisdiction to efficiently provide in-house a full range of support services for things such as film and screen. We have taken a decision during our major rationalisation as to how we can most effectively support industry across the board, including the film or screen industry, and the best method of delivery…In relation to ScreenACT, the successful

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[98] Ms Dita Hunt, *Transcript of evidence*, 22 January 2009, p. 7.

[99] Ms Dita Hunt, *Transcript of evidence*, 22 January 2009, p. 8.

> tenderer to provide this service impartially to the government is the Canberra Business Council. I have deep faith in the Canberra Business Council. I believe this is an innovative model that allows us very effectively and efficiently to deliver a service.[100]

4.43 As the outsourced provider puts up commercial projects for government approval whilst also representing part of the industry, the Committee sought clarification on how the Department safeguards against conflict of interest issues that may arise. A representative of the Chief Minister's Department explained:

> The process that the Business Council have in place, I believe, is very solid, very robust and there is a clear and defined process. There are conflict of interest processes as well…As manager of that contract with the Business Council, I am extremely comfortable with the processes they have in place. The panel that they have to assess the grant applications is at arm's-length from the task force itself, although the task force does have a representative on it. It is chaired by an external professional reader and assessor for grant programs who is from Sydney and who is not involved in the local industry. There is also a representative of artsACT on there. So the process of assessment and determining where the grant funding goes to is done independent of the task force itself, and it is oversighted by the Business Council through its chief executive and the executive committee of the Business Council as well.[101]

4.44 Given the primary role of ScreenACT is to increase the 'economic contribution of the film, television and digital media sectors in the ACT by attracting productions supporting development of company capability, increasing export opportunities and growing employment in the sector'[102], the Committee sought clarification on how the outsourced development program is evaluated in order to assess whether it is making an economic contribution.

4.45 The Committee was told that, given the characteristics of the industry, routine evaluative methodologies are difficult to apply. However, the Chief Executive of CMD agreed that the Committee had raised a valid point with regards to how the relative capacity and outcomes associated with the

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[100] Mr Jon Stanhope MLA, *Transcript of evidence*, 22 January 2009, p. 9.

[101] Mr Robert Van Aalst, *Transcript of evidence*, 22 January 2009, pp. 10–11.

[102] Chief Minister's Department, *2007–08 Annual Report*, p. 44.

outsourced industry development program is judged.[103] He further noted:

> We will have to take that on board, but I think we are going to be committing ourselves to getting a more robust evaluative framework around this program.[104]

4.46 The Committee notes that as budgets are allocated to produce outcomes; performance measurement requires accounting for how money is spent (outputs) but also for what was achieved (outcomes). Consequently, effective reporting on performance necessitates the development of and reporting against meaningful measures or targets. Further, the benefits from data collection and reporting requirements should outweigh the administrative costs.

RECOMMENDATION 18

4.47 **The Committee recommends that the Chief Minister's Department undertake an evaluation of the effectiveness of all its outsourced programs using measures that account for what was achieved by the expenditure (outcomes).**

4.48 The Committee also explored issues relating to the:

- ACT Industry Capability Network[105], and
- Skills Future Strategy[106].

Chief Minister's portfolio

Chief Minister's Department (CMD)

Strategic policy and implementation

4.49 The Committee understands as part of the Accountability in Government (AIG) project, that CMD has been working in partnership with consultants engaged in December 2007 to develop an accountability and performance

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[103] Mr Andrew Cappie-Wood, *Transcript of evidence*, 22 January 2009, p. 11.

[104] Mr Andrew Cappie-Wood, *Transcript of evidence*, 22 January 2009, p. 12.

[105] *Transcript of evidence*, 22 January 2009, p. 13.

[106] *Transcript of evidence*, 22 January 2009, pp. 14–15.

model. As the Report on the Project was scheduled to be provided to Government in late 2008, the Committee sought clarification on whether the Report had been finalised. The Chief Executive of CMD stated:

> There have been discussions with the CEOs around some of the initial opportunities and directions. We are finalising those discussions with CEOs at the moment before bringing it to government for consideration. We would be looking to bring something to government within the next month or two.[107]

4.50 The Committee was interested in the process after the Report was provided to government. The Chief Executive of CMD explained:

> The process from there, subject to government agreement, would be a refinement of the nature and form of the accountability structures across government to see where there is means of improvement for trying to make sure that we have clarity around what sets or indicators are being used, what the reporting mechanisms for them are, how they are cascaded into agencies' particular internal corporate documents, and what public reportage is applied in terms of the accountability framework. It is a fairly comprehensive look at ways of improving not only accountability for the sake of improving service delivery and direction setting but also the means by which there could be improvements in terms of public availability of those accountability measures and indicators.[108]

4.51 The Committee understands that the AIG project will review the nature and form of accountability structures across the ACT Government with a view to developing an accountability and performance model for the ACTPS.

RECOMMENDATION 19

4.52 **The Committee recommends that the ACT Government inform the Legislative Assembly for the ACT on the outcome of its review of the nature and form of accountability structures across government as part of the Accountability in Government Project.**

4.53 As the Project Facilitation unit was newly created within the Business and Projects Division of CMD, the Committee was interested to know what its achievements had been during the reporting period. Representatives from CMD explained that where the unit had delivered project facilitation capabilities, in that it was not taking on a statutory role, related actions and

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[107] Mr Andrew Cappie-Wood, *Transcript of evidence*, 22 January 2009, pp. 25–26.

[108] Mr Andrew Cappie-Wood, *Transcript of evidence*, 22 January 2009, p. 26.

activities were not reported on in detail.[109] A representative from CMD further stated:

> Currently, we are managing 15 projects that are underway. We have got 17 projects that are completed, on hold or awaiting other information from the proponents, and we are also managing 28 direct sales proposals. With respect to things that we have completed, with the direct sales reform project, we have an interdepartmental eligibility assessment panel. The purpose of this panel is to assess an applicant's eligibility for a direct sale and speed up the delivery of direct sales. Through that process, we have had six meetings and we have looked at about 20 different direct sales applications.
>
> We have had interagency liaison on development issues on about six projects which range from the Blue Gum school to the Casey 1 estate, Castletower site leases, scout leases and aged persons accommodation direct sales.[110]

4.54 The Committee also explored the Unit's involvement with the Hume Resource Recovery Estate. A representative from CMD stated:

> With respect to the Hume Resource Recovery Estate, we are undertaking an expression of interest for a recycling project. With these recycling projects, I am not on the evaluation committee but we have had a number of expressions of interest for release of blocks which can be by a number of different tenure methods—by sublease, by direct sale or potentially through competitive release. With the Hume Resource Recovery Estate, some of the issues that we faced when working with the Land Development Agency, NOWaste, the planning authority and Territory and Municipal Services were about existing tenants. The method of tenure is to be able to deliver the land in an affordable fashion and for the territory to be able to deliver the land and the infrastructure works basically without having to put in a budget bid for those works.[111]

4.55 The Committee discussed the relative priority of the commercial viability of the enterprise, the cost to the Territory budget and the value to the Territory as a whole in the context of the Hume Resource Recovery Estate.

[109] *Transcript of evidence*, 22 January 2009, pp. 31–32.

[110] Mr Ross McKay, *Transcript of evidence*, 22 January 2009, p. 32.

[111] Mr Ross McKay, *Transcript of evidence*, 22 January 2009, p. 36.

RECOMMENDATION 20

4.56 **The Committee recommends that the ACT Government consider the triple bottom line benefits to the Territory as a whole, as well as the commercial viability, of the Hume Resource Recovery Estate enterprise, and the cost to the Territory's budget when deciding on what support the Project Facilitation unit will provide to the enterprise.**

Communication

4.57 The Committee sought clarification on the status of the reimbursement of agreed costs from the Commonwealth for the Beijing Olympic Torch Relay. The Chief Minister informed the Committee:

> I approached the Prime Minister some considerable time ago in relation to what the ACT government believes to have been an undertaking by the commonwealth, an undertaking delivered by Mr Peter Shergold, the chief executive of the Prime Minister's department, that the commonwealth would meet half of the expected cost of a million dollars. The commonwealth has not honoured what we believe to have been a commitment. The status of the issue to date is that I have again approached the Prime Minister with a further request that the commonwealth meet the commitment that was made by Mr Shergold and I am awaiting a response to that request by me of the Prime Minister… My understanding is that the discussion was around an ultimate cost or an expected cost of $1 million. The very explicit commitment made was that, yes, the commonwealth would meet $500,000. So it was a dollar amount of an anticipated $1 million. But that was at a stage when we did not anticipate that the costs of security associated with the relay would essentially double and take the ultimate cost to $1½ million dollars.
>
> We would have assumed, in the context and the nature of the relationship and honour between governments, that the nature of the arrangement, which was a fifty-fifty split, would of course have applied to an increase in the cost of the event.[112]

4.58 The Committee appreciates the statement from the Chief Minister regarding the reimbursement of agreed costs from the Commonwealth for the Beijing Olympic Torch Relay. The Committee notes the Chief Minister's advice that

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[112] Mr Jon Stanhope MLA, *Transcript of evidence*, 22 January 2009, pp. 17–18.

he has again approached the Commonwealth to meet the undertaking made by the former secretary of the Department of the Prime Minister and Cabinet. The Committee suggests that the Chief Minister inform the Legislative Assembly when a response to this request is received from the Prime Minister.[113]

4.59 The Committee was interested to know what plans were underway for the centenary celebrations of Canberra as a city and as a community. The Chief Minister explained:

> …we are planning a fantastic celebration for the community. To go to what we are planning, we are hopeful of a great celebration for this centenary. From all of our research we believe that Canberrans most particularly are very aware of the centenary. We have been doing some significant research in recent times nationally and we have previously worked quite closely with community organisations and the Canberra community in relation to the centenary…We are aware of very high levels of interest and support within the Canberra community for a celebration of our centenary as a community and as a city… We have been through a significant community engagement. We have sought feedback from the Canberra community about what they would like and those responses have been released. The community does want a celebration. They want a party; they want a celebration. They want some enduring legacies and we are in the process of starting to identify some significant events—sporting events, cultural events and other events that could be featured throughout the year.[114]

4.60 The Committee appreciates the statement from the Chief Minister and hopes that community consultation will inform the creation of an enduring legacy as part of the centenary celebrations.

RECOMMENDATION 21

4.61 **The Committee recommends that as part of the centenary celebrations, the ACT Government ensure that community consultation informs the creation of an enduring legacy.**

4.62 The Committee also explored issues relating to the:

- the mature age employment strategy and grandparents leave in the

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[113] *Transcript of evidence*, 22 January 2009, p. 17.

[114] Mr Jon Stanhope MLA, *Transcript of evidence*, 22 January 2009, p. 28.

ACT public sector[115]

- outcomes of the Innovation Summit[116]
- *Great Careers come with the Territory* information campaign[117]
- *Live in Canberra* campaign[118]
- Future of Canberra Studies[119], and
- the National Balloon Spectacular[120].

Tourism, sport and recreation portfolio

Australian Capital Tourism—Department of Territory and Municipal Services

4.63 The Committee was interested to know when the five-year Floriade strategic plan would be available and whether it would be an update of the previous strategic plan or a new document. A representative from the Department of Territory and Municipal Services stated:

> It is a new document in that it is a five-year plan and I believe it is the first time we have had such a forward looking plan. Floriade has had a plan from year to year, but it is a new five to 10-year looking plan.[121]

4.64 The Committee inquired as to whether the new plan would give more consideration to environmental sustainability. The Committee was told:

> There are a number of initiatives that have already been in place over the last few years for Floriade in terms of green composting, reusing, recycling, the water initiatives and I would be happy to get our Floriade team to put together some information on what those are. We are also investigating carbon footprinting as well for the event. So there are a number of initiatives

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115 *Transcript of evidence*, 22 January 2009, pp. 2–4.

116 *Transcript of evidence*, 22 January 2009, pp.1–2.

117 *Transcript of evidence*, 22 January 2009, pp. 20–21.

118 *Transcript of evidence*, 22 January 2009, pp. 21–24.

119 *Transcript of evidence*, 22 January 2009, pp. 24–25.

120 *Transcript of evidence*, 22 January 2009, pp. 26–28.

121 Ms Simonne Shepherd, *Transcript of evidence*, 28 January 2009, pp. 65–66.

> that have been undertaken and a number of initiatives that are under consideration. I would be happy to put those forward.[122]

RECOMMENDATION 22

4.65 **The Committee recommends that Australian Capital Tourism investigate the feasibility of carbon footprinting, along with other ESD initiatives, for future Floriade events.**

4.66 The Committee discussed with the Minister for Tourism, Sport and Recreation domestic and international visitor rates to the Territory. The Minister told the Committee that:

> It varies from year to year, but roughly speaking between 1.9 and two million of our 2.1 to 2.2 million overnight visitors are domestic and our international visitors comprise about 160,000 to 200,000, depending on the year.[123]

4.67 Furthermore, the Minister commented that given the international financial conditions, international tourism markets have weakened and there is a renewed emphasis on domestic tourism.

4.68 Notwithstanding that domestic visitation figures, as compared with the international visitation figures, indicate that domestic tourism is strong for the Territory, the Committee was interested to know the break up—plane, bus, train and car—used by domestic visitors to the Territory. In particular, the Committee was interested to know whether petrol prices had impacted on visitation numbers. The Minister stated:

> Yes, it has impacted. Our largest markets domestically are Sydney and regional New South Wales. So the short-stay drive market is our largest. Where we are a beneficiary of a direct airline route, we would also receive reasonably good numbers coming in by air. Rail is not a big component. It would be fair to say that it is an experience in and of itself, but we have more people coming in by bus in terms of interstate visitors than would come by rail.[124]

4.69 Given a key indicator of success of tourism related activities is the growth or decline in visitation numbers, the Committee discussed with the Minister the inclusion of more detailed annual reporting on tourism activities in

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122 Ms Simonne Shepherd, *Transcript of evidence*, 28 January 2009, p. 66.

123 Mr Andrew Barr MLA, *Transcript of evidence*, 28 January 2009, p. 74.

124 Mr Andrew Barr MLA, *Transcript of evidence*, 28 January 2009, p. 74.

relation to visitation numbers, breakdown by tourism campaigns and where visitors come from. The Committee is pleased that the Minister was open to consider the inclusion of more detailed information along the lines suggested in future annual reports.[125]

RECOMMENDATION 23

4.70 **The Committee recommends that future annual reports of the Department of Territory and Municipal Services include more detailed reporting on Australian Capital Tourism's activities, including visitation numbers and a breakdown by tourism campaigns and activities.**

4.71 The Committee also explored issues relating to the:

- events assistance program (EAP)[126]
- brand refresh of the 'See yourself in Canberra' campaign[127]
- e-marketing strategy[128]
- review of the Australian Science Festival[129], and
- International Mountain Bike and Trials World Championships to be staged in Canberra from 1–6 September 2009[130].

Treasury portfolio

Department of Treasury

Shared Services

4.72 As the 2007–08 reporting period represented the first full year of operation for Shared Services, the Committee was interested to know how the first

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[125] Mr Andrew Barr MLA, *Transcript of evidence*, 28 January 2009, pp. 73–74.

[126] *Transcript of evidence*, 28 January 2009, pp. 78–79.

[127] *Transcript of evidence*, 28 January 2009, pp. 81–83.

[128] *Transcript of evidence*, 28 January 2009, pp. 83–84.

[129] *Transcript of evidence*, 28 January 2009, p. 85.

[130] *Transcript of evidence*, 28 January 2009, pp. 85–86; 88–90.

twelve months had gone. The Head of Shared Services told the Committee the establishment of Shared Services had represented a significant change for government in terms of how corporate services—IT, procurement, HR and finance—were organised and delivered across government. Its establishment also involved:

> a significant change in terms of process and a big change for the people who were using services, which is basically government public servants. I am really proud of the way my people have responded to the challenge, and we are largely now seen as business as usual. We are actually two years old as of last month.[131]

4.73 As the budget for the establishment of Shared Services was forecast to facilitate the delivery of $20 million dollars in savings, the Committee sought an explanation for how the savings were achieved. The Head of Shared Services explained that:

> The savings were split roughly $10 million for InTACT, $6 million for Procurement Solutions and about $2 million each for finance and HR.[132]

4.74 The Head of Shared Services confirmed for the Committee that the aforementioned savings had been achieved. Further, when asked if the savings would be ongoing, further replied:

> As long as we live within budget, which we do, those savings are built into our bottom line. We do not have a savings program as such; we just have a live-within-your means program, basically.[133]

4.75 The Committee discussed at length with the Head of Shared Services, and the General Manager of InTACT, the uptake and implementation of energy efficiency measures for personal computers (PCs) across the ACTPS. The Committee was told that the needs of PCs and standby issues vary across the ACTPS, for example, differences exist between PCs in the emergency department, or intensive care unit, at The Canberra Hospital compared with a language laboratory at the Canberra Institute of Technology (CIT). Consequently, the roll out of a one size fits all whole-of-government policy is not viable. Shared Services told the Committee it responds to the issue of

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131 Mr Michael Vanderheide, *Transcript of evidence*, 4 March 2009, p. 201.

132 Mr Michael Vanderheide, *Transcript of evidence*, 4 March 2009, p. 206.

133 Mr Michael Vanderheide, *Transcript of evidence*, 4 March 2009, p. 207.

reducing power consumption of ACT Government PCs by providing a process and engaging:

> with agencies to take that on, always with an exception process that they can manage to say, "It is appropriate here but not appropriate there.
>
> The CIT process is very much in place. The wider reducing of power consumption of ACT government computers initiative is in place; it is in place in Shared Services, our own organisation, and, I believe, in the Legislative Assembly. We are encouraging other agencies through IMICT committees to take this on board but we understand that, again, it is not necessarily a straightforward policy implementation. Agencies are complicated and their needs are complicated but it is something that we are actively pursuing with agencies to implement as far as we can across the board.[134]

4.76 The Committee was interested to know the environmental impact of information technology with the ACT Government. The General Manager of InTACT stated:

> I think that in recent years—and I mean by that over the last two or three years—the awareness of these issues has really come to the fore. We are currently in the process or have let some of the major equipment tenders for the ACT government in terms of PCs and monitors, printers and so on and so forth. Within the requests for tender for that equipment there has been a real focus on minimisation of carbon gases and so on and so forth; so there has been a real awareness of that that was not there when we went to tender five years ago. That is not to say that the companies that have serviced this have not been responsible but we very actively measure that in terms of our evaluation of suppliers that are supplying these items to us. We are very concerned about how we dispose; we are very concerned with quite a lot of the policies of the ACT government in regards to that.[135]

4.77 The Committee was also interested to know InTACT's IT equipment replacement policy including information on purchasing and disposal. The Head of Shared Services explained:

> The previous arrangement by which we acquired most of our IT equipment was via lease; so we did not have the responsibility ourselves for the disposal process. That was handled by the lease provider.
>
> I am surprised and disappointed that you have had a printer replaced simply because it was out of warranty, if it was still working. And that, I guess, can

[134] Mr Mick Chisnall, *Transcript of evidence*, 4 March 2009, pp. 202–203.

[135] Mr Mick Chisnall, *Transcript of evidence*, 4 March 2009, pp. 203–204.

> still happen. But one of the ways that we have sought both to seek savings and, to a lesser extent but still importantly, to take into account environmental factors is to make sure that our equipment runs for longer than we previously had let it run for. For example, most of our PC fleet is now running for four years instead of three, and in some cases beyond that. That should also be the case with our peripheral equipment. I will go back and just make sure that we are applying the same approach to printers as we are to the rest of the IT fleet.[136]

4.78 The Committee was pleased to hear that InTACT is now trying to run equipment for longer but is concerned that the IT equipment replacement policy is not being consistently implemented.

RECOMMENDATION 24

4.79 **The Committee recommends that the ACT Government consider whole-of-life costs, including environmental impact, when deciding on IT equipment purchases.**

Economic Management

4.80 In discussing the Legal and Insurance Policy Branch's implementation of the core elements of a new community insurance scheme, the Committee was told that the ACT was:

> the first jurisdiction to recover community public liability insurance in the whole of Australia.[137]

4.81 The Committee heard that the new scheme, which differs from an earlier scheme involving community organisations utilising a common building and presenting with identical risk, provides a discount product for community organisations with differential risk. The Director of the Legal and Insurance Branch explained:

> More recently, we have designed a different product, in collaboration with Volunteering ACT and AEON *[AON]*, the insurance brokers, which enables community organisations to join that scheme and, even if they have got differential risk—that is to say even if the insurance risks they present are different in terms of public liability risk—they could look forward to something like a 20 per cent discount and be brought into that particular scheme. Volunteering ACT has been trying to promote that scheme.

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[136] Mr Michael Vanderheide, *Transcript of evidence*, 4 March 2009, p. 204.

[137] Mr Tom McDonald, *Transcript of evidence*, 4 March 2009, p. 192.

> In fact, last week I met with the new head of Volunteering ACT to talk about this. It needs 20 organisations to hit critical mass and for it to be cost-effective for AEON to roll it out as a full product, and, as at the end of last year, they had about 14 organisations that were interested in it. The discussions that I had last week were an attempt to revive interest in that scheme and to promote the enhancement of uptake which would then bring it into a mainstream product available across the board.[138]

4.82 The Committee is of the view that the new community insurance scheme is responsive to an important need in the community and congratulates the Department of Treasury on its development. The Committee encourages the Department, in collaboration with Volunteering ACT and AON[139], to promote the Scheme more widely.

RECOMMENDATION 25

4.83 **The Committee recommends that the Department of Treasury, promote the new community insurance scheme more widely in order to increase its uptake amongst community organisations and encourage its escalation as a mainstream insurance product across the board.**

4.84 During the reporting period, the Department of Treasury commenced the implementation of recommendations arising from the *Review of the Application of Environment, Social and Governance Issues to Territory Investment Practices* (October 2007). In response to the outcomes of the Review, the Committee was told that the Government had decided to undertake a risk-based approach to the application of environmental, social and governance issues to investing. In support of its decision, the Government became a signatory to the United Nations Principles of Responsible Investment (UNPRI) on 1 July 2008. The Committee notes that whilst the Principles are aspirational, not mandatory, they are a step in the right direction towards eliciting behaviour change. The Committee is pleased to hear that the ACT Government became the first Australian Government to

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[138] Mr Tom McDonald, *Transcript of evidence*, 4 March 2009, p. 193.

[139] AON—A provider of brokering and consulting services for risk management, insurance transactions, reinsurance, employee benefits and superannuation—http://www.aon.com/australia/about-aon/company-overview/company-overview.jsp

sign up to the Principles and looks forward to other state and territory governments following suit.[140]

4.85 According to the Department of Treasury, it has selected two service providers following a public tender to provide domestic third party Environmental, Social and Governance (ESG) engagement services, and global ESG research and company ratings and profiles. All fund managers have been informed of the Government's decision requiring investment processes to consider potential ESG risks and issues.[141]

4.86 The Committee was interested to know the practical impact of the ACT Government's signatory to the UNPRI. The Committee sought clarification on whether the ACT Government had divested any companies as a result. The Director of the Investment Branch stated:

> No. And that was made clear from the outset when the government made its decision that this would not result in a divestment of companies on purely values-based grounds…
>
> …We are still going through collecting a whole lot of information, I guess, trying to get a good database, if you like, of voting-type issues that have gone on. But at the end of the day most of them are all on governance. There are not very often too many motions that get raised in an AGM that are to do with social or environmental-type issues. Most of them are governance-type issues on boards, remunerations and those types of things.
>
> ...We have tried to join a collective approach. The engagement provider that we are with is Regnan. They represent a number of significant funds managers. Collectively, there is a large shareholding.
> …Regnan will report back to us on the issues that have been raised with government, with the entities, and we do have to put some reports together. It will show how companies have changed their practices in certain things.[142]

4.87 Signatories to the UNPRI are required to report on activities and progress towards implementing the Principles, including a report on the progress and/or achievements relating to the Principles using a 'Comply or Explain'

140 *Transcript of evidence*, 4 March 2009, pp. 196–198.

141 ACT Department of Treasury, *2007–08 Annual Report*, p. 5; *Transcript of evidence*, 4 March 2009, pp. 196–198.

142 Mr Patrick McAuliffe, *Transcript of evidence*, 4 March 2009, pp. 196–198.

approach.[143]

4.88 To ensure that the ACT Government discharges its responsibilities under Principle 6 of the UNPRI, the Committee is of the view that the Department of Treasury should prepare an annual statement describing its activities and progress towards implementing the Principles.

RECOMMENDATION 26

4.89 **The Committee recommends that the Department of Treasury table an annual statement in the Legislative Assembly for the ACT describing its activities and progress regarding discharge of its obligations as a United Nations Principles of Responsible Investment (UNPRI) signatory.**

4.90 Given the Department's workforce forecasting indicates that the Department's separation rate for permanent staff was approximately 15.5 per cent, or 1.3 per cent per month, for the reporting period, the Committee discussed with the Under Treasurer the Department's efforts in relation to attraction and retention strategies. The Under Treasurer commented:

> The work that is being done across the ACT government as a whole puts the separation rate at around 20 per cent…Also to put this in context, we bring these people in; we train them; we give them great skills, give them great opportunities; they are highly marketable when they leave. I could put someone through a budget team and after they have had two years experience you know they are not going to be the world's leading expert in health and urban services and transport but they are going to be pretty much on their way to certainly understanding a lot of the concepts; they have had good interaction with our economics team; they have had really good interaction with our accounting people. They are highly marketable people. They will come and they will spend a few years with us and they will probably leave to go to the commonwealth and then come back…
>
> …We are doing things. We were doing things in relation to training and development. There is a lot in the annual report which goes to our training and development plans and the investment that we make in terms of professional development for our officers. So we are doing an awful lot in

[143] United Nations Principles of Responsible Investment (UNPRI)—Principle 6, accessed 27 April 2009, available at :http://www.unpri.org/principles

> terms of how we develop our staff and how we encourage them to stay part of the organisation. Yes, we are doing a lot.[144]

4.91 The Committee also explored issues relating to:

- the use of single select tenders by Shared Services[145]
- the implementation of pensioner duty concession schemes to assist older members of the Canberra community to move to appropriate housing[146]
- the development of a new legislative structure with respect to motor vehicle compulsory third party insurance[147]
- the Land Rent Bill and the Land Rent Scheme[148]
- an increase in the target rates for compliance revenue inspectors[149], and
- the First Home Owner Grant Scheme[150].

ACTEW Corporation Limited

4.92 The Committee discussed at length with the Managing Director of ACTEW, water security proposals and how the various requirements—irrigation, electricity and environmental—are managed. The Managing Director of ACTEW told the Committee:

> In the water security proposals that we put to government, we put forward a proposal to consider purchasing water downstream, storing that water in Tantangara Dam, to supplement the supply of water to the ACT. The government is yet to make a decision on whether that project will proceed. We have approvals to plan for it, to seek the necessary approvals between governments to trade water and to secure the necessary commercial relationships with the Snowy Mountains Hydro Authority to store and release that water in case we need it.

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144 Ms Megan Smithies, *Transcript of evidence*, 4 March 2009, pp. 209; 210.

145 *Transcript of evidence*, 4 March 2009, pp. 204–206.

146 *Transcript of evidence*, 4 March 2009, p. 191.

147 ACT Department of Treasury, *2007–08 Annual Report*, p. 11; *Transcript of evidence*, 4 March 2009, pp. 194–196.

148 *Transcript of evidence*, 4 March 2009, pp. 198–201.

149 *Transcript of evidence*, 4 March 2009, pp. 212–213.

150 *Transcript of evidence*, 4 March 2009, pp. 213–214.

> ACTEW has decided to pursue the purchase of water downstream and we currently have secured quite an amount of water in terms of general security water licences. We do not actually have much water; we have water licences. They are generally being purchased off irrigators. Our plan would be that, if the government proceeds with this project, we will convert those licences to high-security licences which bring actual water and take it up into Tantangara.
>
> I think, for both the ACT and the river system, this should be seen as a positive move in that, of all the water, if you like, that flows through Canberra half is returned to the river. This would actually see water from Tantangara released down the Murrumbidgee. It would have an impact on the upper Murrumbidgee. It would be taken by pipeline, if the other proposal proceeds, to Googong Dam where it would form part of that reservoir used for the city water supply. As I say, half of it is then released from lower Molonglo back into the Murrumbidgee River as general release water and would flow down the Murrumbidgee River. It probably is a use of water which takes water off irrigation into household consumption and river flow.[151]

4.93 The Committee understands that ACTEW finalised an extensive and detailed review of the ACT and region's water supply options with a view to proposing strategies to secure long-term supply. ACTEW submitted four key security recommendations to the ACT Government in July 2007 which were subsequently accepted by Government.[152]

4.94 In the context of alternative water security options, the Committee was interested in the progress on the water purification plant option. The Managing Director explained:

> We have proceeded on the water purification plant as requested by government; that is, we are advanced in the design of a demonstration water purification plant at the lower Molonglo plant. We have submitted development applications to proceed with that, we are advanced in its design and we are now waiting on the government's decision as to whether to go beyond design.[153]

4.95 The Committee sought further information on the purpose of the water purification demonstration plan. The Managing Director stated:

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[151] Mr Mark Sullivan, *Transcript of evidence*, 6 February 2009, p. 109.

[152] ACTEW Corporation, *2007–08 Annual Report*, p. 11.

[153] Mr Mark Sullivan, *Transcript of evidence*, 6 February 2009, p. 111.

> It seeks to demonstrate that we can produce potable water from the supply and, secondly and very importantly, that we could operate such a system. Many of the critics of water purification would say it is operational errors and mistakes that are the major risk to water purification systems. The science of water purification is fairly well understood and accepted. Yes, we will demonstrate that it works. But it would mean that the operators of our water supply system are experiencing and demonstrating a capacity in respect of such a plant. What we are asked to design is a plant that will purely demonstrate and so the product of that plant would return to the river.[154]

4.96 The Committee was told that the total cost of the plant, should it proceed to construction, would be in the vicinity of $60 to $100 million with an additional $8–9 million for planning associated with the initial design.

4.97 The Committee was interested to know how ACTEW balanced its two competing interests—managing demand for water and selling water. The Managing Director explained:

> You hear the story that we make money out of selling water, and we do make money out of selling water. But the price of water is determined by the regulator, who looks at only three things: our asset base, what our return on that asset base should be and what, in this instance, he believes the volume of water that can be sold in Canberra is. And that determines price. So, if that then occurs and we use less water than he predicted, which is what we are doing now, we lose money on our water. But that is how it works.
>
> Our overriding concern has to be about water security in the ACT. A water authority running out of water is a lot worse than a water authority that is not making as much money for its shareholders as it or its shareholders would sometimes wish it to make. So the balance is a fairly natural one. We have to look at our product flow and we have got to be able to say that we have got to have the water and to use it. Water conservation, including restrictions sitting with it, is quite comfortable.[155]

4.98 Given changes in the economic climate attributable to the global financial crisis, the Committee was interested to know whether the forecast shareholders dividend, out of 2008–09 profits, of approximately $61.2 million was on, or above, budget. The Managing Director stated:

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[154] Mr Mark Sullivan, *Transcript of evidence*, 6 February 2009, pp. 111–112.

[155] Mr Mark Sullivan, *Transcript of evidence*, 6 February 2009, pp. 113–114.

> Our major revenue flow comes from a distribution from ACTEWAGL and those distributions from ACTEWAGL are on or above budget at the moment.[156]

4.99 Concerning major assets and infrastructure, the Committee was interested to know the progress regarding the continued negotiations in relation to the ownership of Googong Dam. The Managing Director informed the Committee:

> Through negotiations between the ACT government, the commonwealth *[sic]* and the New South Wales government, we saw a water agreement negotiated between New South Wales and the ACT and we saw the commonwealth lease the Googong Dam to the ACT for 150 years. The ACT government has subleased that dam to ACTEW Corporation, so it is secure as an asset.[157]

4.100 The Committee discussed at length with the Managing Director, and ACTEW officials, ACTEW's communication strategy and budget including public information campaigns regarding water conservation and water security. Discussion also focused on TV advertising concerning water security awareness in the lead up to the 2008 ACT general election[158].

4.101 The Committee notes that the regulation of the cost, timing and content of advertising by government agencies has been referred to a select committee for inquiry and has no further comment to make.[159]

4.102 The Committee also explored issues relating to:

- applications for exemptions from water restrictions[160]
- water conservation education and behaviour[161]
- the public information campaign—*Save Water for Life*[162]
- ACTEW's joint ventures[163], and

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[156] Mr Mark Sullivan, *Transcript of evidence*, 6 February 2009, p. 127.

[157] Mr Mark Sullivan, *Transcript of evidence*, 6 February 2009, p. 122.

[158] *Transcript of evidence*, 6 February 2009, pp. 114–117.

[159] Select Committee on Campaign Advertising, 1 April 2009.

[160] *Transcript of evidence*, 6 February 2009, p. 113.

[161] *Transcript of evidence*, 6 February 2009, p. 114.

[162] *Transcript of evidence*, 6 February 2009, pp. 114–117.

- the decision by the ACTEW Board to enable TransGrid to build a substation at Williamsdale for the second point of connection to the ACT to the national electricity grid[164].

Exhibition Park Corporation (EPC)

4.103 The Committee notes that changed administrative arrangements announced in November 2008 resulted in the transfer and integration of EPC within the Department of Territory and Municipal Services. The General Manager of EPC stated:

> In the recent administrative orders, the responsibility for EPIC was transferred from the Treasury to TAMS. That was announced in November. With the people from Territory Venues and Events, I am working through the due diligence process and in the process of transferring the staff and the control of the facility to TAMS.[165]

4.104 In the context of the administrative arrangements, the Committee was interested to ascertain the status of the EPC Board, that is, whether the Board would be dissolved. The General Manager of EPC further stated:

> That is the intention. It is not my decision, but that is the indication that has been given to the corporation, yes.[166]

4.105 The Committee notes that subsequent to the appearance of EPC, the Minister for Tourism, Sport and Recreation introduced into the Assembly on 26 March 2009, the Exhibition Park Corporation Repeal Bill 2009. The Bill states:

> …that in order to facilitate the integration of the EPIC site into TAMS it is necessary to dissolve the EPC and repeal the *Exhibition Park Corporation Act 1976*.[167]

4.106 During its inquiry into Appropriation Bill 2008–09 (No. 3) the Committee explored waste removal and recycling options available to clients and users of EPC. The General Manager told the Committee:

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163 *Transcript of evidence*, 6 February 2009, p. 124.

164 *Transcript of evidence*, 6 February 2009, pp. 124–126.

165 Mr Tony Sadler, *Transcript of evidence*, 6 February 2009, p. 134.

166 Mr Tony Sadler, *Transcript of evidence*, 6 February 2009, p. 135.

167 Mr Andrew Barr MLA, Explanatory Statement, Exhibition Park Corporation Repeal Bill 2009, 26 March 2009.

> Most people would know that we have a huge number of events at EPIC and they are very varied. Obviously, they generate a lot of waste removal—packaging, wrappings on food and that type of thing. We have a cleaning contractor. We are building a recycling and rubbish removal station where we can take all the bulk garbage that is collected, recycle it and remove it properly...
>
> ..The Folk Festival are certainly the best at EPIC, and probably the worst are some of the other major events that are there, and I guess you would know that from the type of clientele. It is an education process to try and get people to put the right things in the right bins. Certainly the Folk Festival people are far more amenable to that than those at other events.[168]

4.107 The Committee was interested to know whether EPC was taking steps to encourage all clients to take on the Folk Festival's approach to waste removal and recycling options. The General Manager stated:

> Yes, I totally agree with you; the Folk Festival is by far the most outstanding organisation in looking after those issues. One of the concrete things that we are doing, and it will be done before 30 June, is building a recycling station on site. We have already got the tender process done. With the timing of the events, it will happen before 30 June, and we will then be running an education process with all the users to ensure that they use that upgraded facility.[169]

RECOMMENDATION 27

4.108 **The Committee recommends that Exhibition Park Corporation encourage other event clients to adopt and implement the Folk Festival's approach to waste removal and recycling options.**

4.109 The Committee also explored issues relating to:

- the building of a recycling station on site[170]
- options of a permanent source of reusable water to irrigate the grounds[171]

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[168] Mr Tony Sadler, Inquiry into Appropriation Bill 2008–09 (No. 3), *Transcript of evidence*, 11 March 2009, p. 28.

[169] Mr Tony Sadler, *Transcript of evidence*, 6 February 2009, p. 132.

[170] *Transcript of evidence*, 6 February 2009, p. 132.

[171] *Transcript of evidence*, 6 February 2009, p. 133.

- risk assessments associated with the retention of major events[172]
- an Environment Protection Agency (EPA) noise breach during the Summernats event[173]
- status of the service station lease[174], and
- camping facilities, and the potential for hotel accommodation in the EPC precinct[175].

Rhodium Asset Solutions Limited

4.110 During the reporting period, the ACT Government undertook negotiations regarding the sale of Rhodium Asset Solutions (Rhodium). However, based on responses from the tender process, and the outcomes of the complex sale negotiations, coupled with the intelligence gleaned from those processes and the external factors impacting on Rhodium, the purchase of Rhodium became a less attractive proposition and the Government decided that the best strategy was to wind the company down.[176]

4.111 The Committee understands that the external factors impacting on Rhodium were in terms of what products it could offer to the market. These external factors were two-fold, firstly, the Commonwealth made some policy decisions impacting on Rhodium's core product—reverse novated lease product—whereby Rhodium could no longer offer the product to Commonwealth employees. Secondly, at about the same time as the Commonwealth's policy change, the domestic vehicle manufacturers withdrew government pricing available for that product. The outcome was that Rhodium could not offer the same discount level it had previously been able to offer.[177]

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[172] *Transcript of evidence*, 6 February 2009, p. 137.

[173] *Transcript of evidence*, 6 February 2009, p. 138.

[174] *Transcript of evidence*, 6 February 2009, p. 137.

[175] *Transcript of evidence*, 6 February 2009, p. 137.

[176] ACT Department of Treasury, *2007–08 Annual Report*, p. 5; *Transcript of evidence*, 6 February 2009, pp. 138–139.

[177] Mr Neil Bulless, *Transcript of evidence*, 6 February 2009, p. 139.

4.112 As part of the wind down process, another provider for the ACT Government fleet of about 1 100 vehicles will need to be sought. The Chief Executive Officer of Rhodium stated:

> That procurement process has been initiated by ACT Procurement Solutions. We released a tender late in 2008 and Rhodium has not been involved in that process apart from providing information and support to Procurement Solutions. We are hopeful that another leasing company will be able to take those leases over within the next few months and that would lose about 1,100 leases from Rhodium.
>
> We currently have about 3,400 leases under management, including those 1,100 and the main task in the wind-down is to find other providers for those leases or obtain agreement from the individual customers to terminate those leases early. So the first body of work is associated with leaving the ACT government fleet, as I said before, to another leasing company, and that is well advanced even though no contract has been signed.[178]

4.113 As Rhodium was in the process of being wound up, the Committee inquired about it still being listed on the table seating plan at a Brumbies pre-game function in February 2009. The Treasurer informed the Committee:

> Their arrangements with the Brumbies are locked in, I think, until the end of this year. They will not be renewing those arrangements. Those arrangements are in place.[179]

4.114 An official from the Department of Treasury further added that:

> I think the existing marketing and promotion arrangements pretty much go through the calendar year. They might expire very early next calendar year, some aspects of them, but I think the vehicles effectively expire at the end of each year. The box arrangement and on-the-ground sponsorship at the Canberra Stadium, I think, also expire this year. My understanding was that Rhodium had actually looked to on-sell its corporate box to other people. We did not actually wish to take that up as a continuing marketing opportunity, because of its current status.[180]

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[178] Mr Ken Moore, *Transcript of evidence*, 6 February 2009, p. 139.

[179] Ms Katy Gallagher MLA, *Transcript of evidence*, 4 March 2009, p. 191.

[180] Mr Neil Bulless, *Transcript of evidence*, 4 March 2009, p. 192.

4.115 The Committee sought clarification as to who presently accesses the corporate box arrangement. The Under Treasurer stated:

> At the moment it is suppliers. I think the last attendance was by a lot of the industry suppliers of vehicles who were invited to the box but certainly no public servants et cetera.[181]

ACTTAB Limited

4.116 During the reporting period, 2007–08, the Corporation's new accommodation, located in Gungahlin, was officially opened in July 2007.[182]

4.117 The Committee understands that changes to legislation will result in ACTTAB being required to pay product fees to other Australian jurisdictions. The Chief Executive of ACTTAB told the Committee:

> I guess the biggest factor impacting on the local environment is going to be product fees. The racing industries themselves, through government legislation in the respective jurisdictions, have imposed a fee on wagering operators, including TABs, for the use of the product. So in a number of jurisdictions we will be paying 1½ per cent of our turnover to the race clubs in those jurisdictions for the use of their product. That will have an enormous impact on our bottom line. Simon may have the exact figure, but it is probably about $2 million.[183]

4.118 The Committee was further informed that a more exact figure of the cost of product fees for ACTTAB would be up to $2.7 million annually.[184] The Committee understands that this cost will be a significant impost for ACTTAB and will impact on the Corporation's bottom line.[185]

4.119 The Committee discussed the possible withdrawal of Tabcorp's relationship/arrangement with ACTTAB in-camera. Prior to going in-camera, the Treasurer informed the Committee that:

> Our negotiations with Tabcorp are ongoing in terms of securing ACTTAB's future.[186]

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[181] Ms Megan Smithies, *Transcript of evidence*, 4 March 2009, p. 192.

[182] ACTTAB Ltd, *2007–08 Annual Report*, p. 5.

[183] Mr Tony Curtis, *Transcript of evidence*, 6 February 2009, p. 128.

[184] Mr Simon Wheeler, *Transcript of evidence*, 6 February 2009, p. 128.

[185] ACTTAB Ltd, *2007–08 Annual Report*, p. 5; *Transcript of evidence*, 6 February 2009, p. 128.

[186] Ms Katy Gallagher MLA, *Transcript of evidence*, 6 February 2009, p. 127.

4.120 Subsequent to the appearance of ACTTAB, the Treasurer informed the Committee in a response to a supplementary question that ACTTAB had recently announced it had entered into a joint venture arrangement with the Northern Territory licensed sports bookmaker 'Centrebet' for the provision of sports bookmaking services.[187] The Treasurer stated that:

> This arrangement is subject to shareholder and regulatory approval.
> In relation to pooling (tote) services, ACTTAB has advised that it has executed a new pooling arrangement with Tabcorp allowing ACTTAB to continue to participate in the Supertab pool.[188]

4.121 The Committee was interested to know what measures the Corporation had in place with regards to responsible gambling. The Chief Executive of ACTTAB told the Committee:

> ACTAB, consistent with the ACT's mandatory code of practice, has a number of measures in place. We have operational procedures which are overseen by a coordinator of responsible gambling and compliance who ensures that all our staff that are involved in sales are trained in responsible gambling. That is conducted by Lifeline. There is periodic refresher training conducted.
>
> If we happen to have operators that err in some way we ensure that they receive appropriate internal training and refresher training…We have an arrangement in place to ensure that mandatory and voluntary exclusions are dealt with. I cannot recall the numbers offhand but we may have as many as 20 exclusions at the moment where people have either been mandatorily excluded because of their behaviour or have requested to be excluded.
>
> We also assist, through the responsible gambling coordinator, in obtaining counselling and advice for those people, should they desire to do that. Generally that is done through Lifeline.[189]

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[187] Legislative Assembly for the ACT, Response to Supplementary Question on Notice No. 28 to the Treasurer, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2007-08, QON PAC 28.

[188] Legislative Assembly for the ACT, Response to Supplementary Question on Notice No. 28 to the Treasurer, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2007-08, QON PAC 28.

[189] Mr Tony Curtis, *Transcript of evidence*, 6 February 2009, pp. 128–129.

Totalcare Industries Limited

4.122 The Committee was interested to know when Totalcare would be wound up and understands that the settlement of Totalcare's superannuation liability is a key determinant. The Chair of Totalcare Industries stated:

> It is a perennial question but what we can say is that, given the performance over the last 12 months in terms of the superannuation liability, we have made significant progress. Whilst the end is not in sight, we would be hopeful that in this financial year the responsibilities and liabilities that we have will be discharged.[190]

4.123 A representative from the Department of Treasury further added that the Department was hopeful it would be by the end of the calendar year, not the financial year.[191]

4.124 During the reporting period, the Legal and Insurance Policy Branch of the Department of Treasury managed the verification of employee superannuation entitlements for former Totalcare employees.[192] The Committee was interested to know the numbers of former employees that would benefit through this process and the numbers to date that have been settled. A representative of the Department of Treasury stated:

> Following the procedures that we articulate in the report—I will not waste the committee's time by repeating them here—we have a cohort of 1,928 former employees who were identified as being within the potential compensation structure. We have settled 327 cases, of which 36 have resulted in financial settlements, and that has totalled $1,172,640.99, effective close of business yesterday. The total for former employees listed as no further action—for the benefit of the committee, there were many employees who were casual or temporary employees of Totalcare—was listed at 969. The total for remaining members listed for further action is 625. In relation to those, after settling 36 cases, we have sent another 99 deeds out in the last two weeks with respect to cases that have been settled but we are waiting for execution of settlement deeds. Those 99 will complete the cohort of former Totalcare, now ACT government, employees—so transferees from Totalcare into the ACT government.

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[190] Mr Jeremy Pyner, *Transcript of evidence*, 6 February 2009, p. 130.

[191] Mr Tom McDonald, *Transcript of evidence*, 6 February 2009, p. 131.

[192] ACT Department of Treasury, *2007–08 Annual Report*, p. 11.

> In addition to that, we have another 292 settlement deeds in preparation or in the production line. We are very hopeful of pushing through those within the next six to eight months, and hopefully getting those cases settled…
> All in all, it looks like there will be about 500 former employees who will be compensated for this. As I say, we have paid out a tick over $1.1 million already. We are quite relaxed and confident about being able to deal with the rest of them in a timely way.
>
> As you would have seen from the annual report, there have been a number of delays in the process, due to various law suits—not involving Totalcare, thank heavens, but involving a High Court case and things of that nature—and issues around ComSuper. But all of those have been resolved… We understand this has been dragging on. We want to compensate folk who are entitled to be compensated, in accordance with the shareholders' wishes, and we are proceeding with that task with all speed, now that we have overcome legal and other difficulties.[193]

ACT Government Procurement Board

4.125 The Committee sought clarification on the progress of the review of procurement processes undertaken by ACT Procurement Solutions. The Committee understands that the review report was expected early 2008–09.

4.126 The Treasurer informed the Committee that Shared Services had engaged a consultant to conduct a review of procurement processes and procedures.[194] The Review report had been provided to Shared Services in July 2008.[195] The Treasurer further stated:

> The report was intended for internal management purposes and has been provided to Management Council. There are no plans to release this document further. The Report focussed on tender thresholds, templates, and general procurement processes, including Procurement Solutions' internal business systems.[196]

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[193] Mr Tom McDonald, *Transcript of evidence*, 6 February 2009, pp. 131–132.

[194] Legislative Assembly for the ACT, Response to Supplementary Question on Notice No. 35 to the Treasurer, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2007-08, QON PAC 35.

[195] Legislative Assembly for the ACT, Response to Supplementary Question on Notice No. 35 to the Treasurer, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2007-08, QON PAC 35.

[196] Legislative Assembly for the ACT, Response to Supplementary Question on Notice No. 35 to the Treasurer, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2007-08, QON PAC 35.

ACT Insurance Authority (ACTIA)

4.127 In relation to public liability claims arising from the 2003 Canberra Bushfires, the Committee was interested in an update on the progress of outstanding claims and legal action in relation to the bushfires.

4.128 The Treasurer informed the Committee that:

> A number of separate claims have been made against both the ACT and New South Wales Governments arising out of the ACT bushfires in January 2003. Plaintiffs represented by Stacks commenced litigation against both Governments in 2005. There are currently 108 of these plaintiffs and the matter is listed for trial commencing on 6 July 2009. At the time that the Annual Report was published these were the only public liability claims arising from the bushfires.
>
> In January 2009, just before the expiry of the six year limitation period, claims on behalf of the approximately 2,600 plaintiffs represented by six separate firms of solicitors were filed against both the ACT and New South Wales Governments. Five of these firms represent domestic insurers, whilst the sixth acts for the family of one of the deceased.
>
> The quantum of the new claims has not yet been estimated. Further particulars will be required from the plaintiffs before this can happen. ACTIAs' self-insured retention for liability claims arising in the 2002–03 year has already been exceeded, so further losses arising from the new claims will fall to reinsurers.[197]

ACT Gambling and Racing Commission

4.129 As the Commission finalised a review of the maximum number of gaming machines permitted in the Territory in September 2007, the Committee asked for an update on progress in relation to the recommendations of the Review.

[197] Legislative Assembly for the ACT, Response to Supplementary Question on Notice No. 37 to the Treasurer, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2007-08, QON PAC 37.

4.130 The Treasurer informed the Committee that the report of the Review had been considered by Government.[198] The Treasurer further stated that:

> ACT Treasury has been requested to provide advice on the operation of a possible transfer scheme for machines between licensees that does not encourage predatory behaviour by larger licensees over smaller venues.
>
> In order to facilitate consideration of this matter, the ACT Government is about to undertake a period of public consultation, including with industry and other interested stakeholders, on possible options for a transfer scheme.[199]

4.131 The Committee understands that the introduction of any such scheme will require amendment to the *Gaming Machine Act 2004*.[200]

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[198] Legislative Assembly for the ACT, Response to Supplementary Question on Notice No. 27 to the Treasurer, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2007-08, QON PAC 27.

[199] Legislative Assembly for the ACT, Response to Supplementary Question on Notice No. 27 to the Treasurer, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2007-08, QON PAC 27.

[200] Legislative Assembly for the ACT, Response to Supplementary Question on Notice No. 27 to the Treasurer, Standing Committee on Public Accounts, Inquiry into Annual and Financial Reports 2007-08, QON PAC 27.

5 CONCLUSION

5.1 The Committee has made 27 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

30 April 2009

APPENDIX A: Annual reports referred to the Committee for inquiry by Legislative Assembly for the ACT[201]

ACT Auditor-General

ACT Cleaning Industry Long Service Leave Board

ACT Construction Industry Long Service Leave Board

ACTEW Corporation Limited

ACT Gambling and Racing Commission

ACT Government Procurement Board

ACT Insurance Authority (ACTIA)

ACT Legislative Assembly Secretariat

ACTTAB Limited

Chief Minister's Department[202]

Commissioner for Public Administration

Department of Territory and Municipal Services (Australian Capital Tourism)

Department of Treasury

Exhibition Park Corporation (EPC)

Nominal Defendant

Rhodium Asset Solutions Limited

Totalcare Industries Limited

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[201] ACT Legislative Assembly, Minutes of Proceedings No. 4, 11 December 2009, pp. 47-50.

[202] Those sections of the Chief Minister's Department Annual Report concerning ACT Executive (refer CMD outputs 1.1, 1.2 and 1.4); Business and Economic Development (refer CMD output 2.1); Default Insurance Fund and Occupational Health and Safety Council (also refer CMD output 1.3 Industrial relations policy).

APPENDIX B: Witnesses who appeared before the Committee

Thursday 22 January 2009

Mr Jon Stanhope MLA

Chief Minister

Minister for Business and Economic Development

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

Ms Pam Davoren, Deputy Chief Executive, Policy, CMD

Mr Dan Stewart, Director, Economic Regional and Planning, CMD

Ms Sue Hall, Director, Corporate Management, CMD

Ms Liesl Centenera, Acting Deputy Chief Executive, Governance, CMD and Commissioner for Public Administration

Mr Luke McAlary, Director, Public Sector Management, CMD

Mr David Dawes, Deputy Chief Executive, Business and Projects, CMD

Mr George Tomlins, Executive Director, Strategic Project Facilitation, CMD

Mr Ross McKay, Director, Strategic Project Facilitation, CMD

Mr Simon Kinsmore, Director, Communications, Events and Protocol, CMD

Ms Dita Hunt, Senior Manager, Enterprise Development, Business and Industry Development, CMD

Mr Malcolm Gregory, Senior Manager, Intergovernmental and Regional Development, Business and Industry Development, CMD

Mr Robert Van Aalst, Senior Manager, Innovation and Industry Development, Business and Industry Development, CMD

Ms Dianne Ireland, Special Events Manager, Special Events, Communications, Events and Protocol, CMD

Ms Karen Stewart-Moore, Senior Manager, Centenary of Canberra, Communications, Events and Protocol, CMD

Mr Bruce Thompson, Senior Manager, Communications, Events and Protocol, CMD

Tuesday 27 January 2009

Ms Tu Pham

ACT Auditor-General

Mr Rod Nicholas, Director, Performance Audits & Corporate Services, ACT Audit Office

Mr Bernie Sheville, Director, Financial Audits, ACT Audit Office

Wednesday 28 January 2009

Mr Andrew Barr MLA

Minister for Tourism, Sport and Recreation

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

Ms Simonne Shepherd, Acting Executive Director, Enterprise Services, TAMS

Mr Nick Kalogeropoulos, Director, Strategic Finance/Office of the Chief Executive, TAMS

Friday 6 February 2009

Ms Katy Gallagher MLA

Treasurer

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

Mr Mark Sullivan, Managing Director, ACTEW Corporation Limited

Ms Marlene Stolt, Communications Manager, ACTEW Corporation Limited

Mr Con Kourpanidis, Chair, ACTTAB Limited

Mr Tony Curtis, Chief Executive, ACTTAB Limited

Mr Simon Wheeler, Executive Manager, Corporate Services, ACTTAB Limited

Mr Tony Sadler, General Manager, Exhibition Park Corporation

Mr Ken Moore, Chief Executive Officer, Rhodium Asset Solutions Limited

Mr Jeremy Pyner, Chair, Totalcare Industries Limited

Mr Tom McDonald, Director, Totalcare Industries Limited

Wednesday 18 February 2009

Mr Shane Rattenbury MLA

Legislative Assembly for the ACT—Secretariat

Mr Tom Duncan, Clerk

Mr Max Kiermaier, Deputy Clerk

Mr Ian Duckworth, Manager, Corporate Services

Ms Sandra Lilburn, Manager, Committees Office

Ms Val Barrett, Manager, Hansard & Communications

Mr David Skinner, Manager, Strategy & Parliamentary Education

Thursday 19 February 2009

Mr John Hargreaves MLA

Minister for Industrial Relations

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

Ms Liesl Centenera, Acting Deputy Chief Executive, CMD

Mr Robert Gotts, Acting Director, Office of Industrial Relations, CMD and Commissioner for Public Administration

Ms Louise Gilding, Acting Manager, Work Safety Policy, CMD

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

Wednesday 4 March 2009

Ms Katy Gallagher MLA

Treasurer

Ms Megan Smithies, Under Treasurer

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

Mr Tom McDonald, Director, Legal and Insurance Policy Branch, Dpt of Treasury

Mr Patrick McAuliffe, Director, Investment Branch, Dpt of Treasury

Mr Khalid Ahmed, Executive Director, Policy Coordination and Development, Dpt of Treasury

Mr Graeme Dowell, Commissioner for Revenue, Dpt of Treasury

Mr Michael Vanderheide, Head of Shared Services, Department of Territory and Municipal Services (TAMs)

Mr Michael Chisnall, General Manager, InTact, Shared Services (TAMs)