2013

THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

GOVERNMENT RESPONSE TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS REPORT NO 3

REPORT ON ANNUAL AND FINANCIAL REPORTS 2011-2012

Presented by
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Chief Minister

Government Response

Standing Committee on Public Accounts Report No 3 – Report on Annual and Financial Reports 2011-2012

Introduction

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

The Standing Committee on Public Accounts reviewed annual reports for:

- ACT Auditor-General;
- ACT Gambling and Racing Commission;
- ACT Government Procurement Board;
- ACT Insurance Authority;
- ACT Long Service Leave Authority;
- ACT Ombudsman;
- ACTEW Corporation Limited;
- ACTTAB Ltd;
- Chief Minister and Cabinet Directorate (now Chief Minister and Treasury Directorate);
- Commissioner for Public Administration;
- Economic Development Directorate;
- Exhibition Park Corporation;
- Independent Competition and Regulatory Commission;
- Legislative Assembly Secretariat;
- Totalcare Industries; and
- Treasury Directorate (now split between Chief Minister and Treasury Directorate and Commerce and Works Directorate).

The Committee made 19 recommendations.

Response to Committee Recommendations

Recommendation 1

3.23 The Committee reminds all ACT Government directorates and agencies that they should provide sufficient information in their statements of performance to explain their achievements. In particular, directorates and agencies should ensure that:

a) each performance measure is clearly defined;
b) sufficient explanatory information is included in each case to enable external users to understand what the activity means and how well it was performed;
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;
e) where possible, and appropriate, comparative data with other jurisdictions be supplied;
f) comparative data over previous periods be supplied using the same and comparative statements of performance;
g) they meet the whole-of-government reporting timetable;
h) there be further improvements to the quality of their statements of performance in line with Auditor-General's findings; and that
i) accountability indicators provide meaningful information.

Government Response

Agreed in part.
The Government agrees to this recommendation with the exception of parts e) and f) in relation to comparative data. The purpose of accountability indicators, as specified in the *Financial Management Act 1996*, is to assess whether an entity has performed compared to set targets for the financial year, not to provide trend analysis or comparison with other jurisdictions.

Agencies will continue to work on improving their reporting data, ensuring completeness, accuracy, relevance, clarity and usefulness of information provided. Agencies will continue to maintain their internal audit processes, as well as other internal controls and checks, to ensure the best possible provision of data in financial statements and statements of performance.

The Chief Minister and Treasury Directorate (CMTD) will continue to foster this improvement through publication of the Chief Minister’s Annual Report Directions and the Better Practice Guideline, as well as through maintenance of the Performance and Accountability Framework.

It should be noted that a review of annual reports is currently under way. Among other things, the review seeks to streamline the information placed in annual reports in favour of utilising agency websites and other more timely and accessible means of disseminating information to the public and other stakeholders.

Recommendation 2
3.29 The Committee recommends that the Chief Minister and Treasury Directorate should, in consultation with other agencies, seek to establish a simple and cost-effective set of performance measures and targets for ecologically sustainable development.

Government Response

Not agreed.
In addition to existing annual report requirements, there are further reporting mechanisms under the Carbon Neutral Government Framework and the State of the Environment Report. Noting the extensive reporting mechanisms in place, it is not feasible to establish uniform measures and targets across all agencies.

Recommendation 3
4.12 The Committee recommends that the Chief Minister inform the ACT Legislative Assembly on progress regarding the finalisation of the whole-of-government policy on the management of feedback and complaints, including detail on its implementation and a date for finalisation of the policy.

Government Response

Agreed.
Further work is being done in relation to the policy to provide more practical guidance before a further round of cross-Government consultation. The policy will be finalised by June 2014 accompanied by an implementation plan. This work is being undertaken through close consultation with the Ombudsman's office.

Recommendation 4
4.14 The Committee recommends that the Chief Minister inform the ACT Legislative Assembly on progress on, and a completion date for, the consolidation of the whole-of-government feedback process—in particular, the operation and performance of Canberra Connect's triage system to receive, prioritise and direct complaints on behalf of the ACT Public Service.

Government Response

Agreed.
A whole-of-government process and database for triaging complaints has been discussed with directorates. The system is being piloted through the database for public interest disclosures which will come online in the first quarter of 2013-14.

Recommendation 5

4.27 The Committee recommends that the two recommendations of the Auditor-General, as contained in report No. 2 of 2013: Executive Remuneration Disclosed in ACTEW Corporation Limited's (ACTEW) 2010–11 Financial Statements and Annual Report 2011, should also apply to other territory-owned corporations, and that the full details of the Managing Director's salary including a breakdown of the remuneration package be included in ACTEW annual reports.

<u>Government Response</u>

<u>Agreed in part.</u>

Although the Government supports the first recommendation contained in report No.2 of 2013, the provision of additional information beyond the requirements of the *Australian Accounting Standards* is a matter for consideration by each Corporation. In relation to the second recommendation the Government agrees communication processes between the Government and each Territory-owned Corporation should be documented.

Recommendation 6

4.28 The Committee recommends a full performance audit into the oversight and governance of ACTEW including the setting of executive salaries, reporting to Government Departments and to the Government, hospitality expenditure, and relationship to ACTEWAGL.

<u>Government Response</u>

<u>Not agreed.</u>

The Government does not consider a full performance audit is warranted at this point.

There are several substantive reviews that have been initiated involving ACTEW and it is not considered necessary to carry out a full performance audit on top of these other reviews. These reviews include:

1. A review was undertaken by PricewaterhouseCoopers (PwC) into ACTEW's Governance and integrity processes to ensure that the business is operating according to commercial standards and within community expectations of a utility. PwC found ACTEW's governance arrangements are operating effectively and proposed various improvements for the Board to consider. The report is available on ACTEW's website.
2. A structural review of ACTEW to ensure water and sewerage services for the Territory are being delivered within the most efficient and effective arrangements is being undertaken by Dr Bruce Cohen and is expected to be completed before the end of 2013.
3. The Auditor-General has commenced a review of governance and administrative arrangements for the regulatory review of water and sewerage prices that is also expected to be completed by the end of 2013.
4. The Government has provided a submission to the Public Accounts Committee concerning Auditor-General Report No 2 /2013, Executive Remuneration disclosed in the ACTEW Corporation 2010-11 Financial Statements.

5. The Auditor- General has included the Enlarged Cotter Dam as part of the 2013-14 audit program.

The results of all these reviews will be made public.
The Independent Competition and Regulatory Commission has also recently completed a thorough investigation of the prudency and efficiency of ACTEW's expenditures as part of the regulatory review of ACTEW's water and sewerage prices.

Recommendation 7
4.38 The Committee recommends that in preparation for the 2016 ACT General Election, the Commissioner for Public Administration should review the ACT Government's Guidance on Caretaker Conventions to determine whether specific sections detailing the application of the Conventions when it is not clear who will form the next government to assist with decision-making during that period are required.

<u>Government Response</u>

<u>Agreed.</u>

Recommendation 8
4.39 The Committee recommends that in preparation for the 2016 ACT General Election, the Commissioner for Public Administration should review the ACT Government's Guidance on Caretaker Conventions to determine whether specific sections detailing the application of the Conventions arm's length government enterprises and agencies are required.

<u>Government Response</u>

<u>Agreed.</u>

Recommendation 9
4.43 The Committee recommends that the ACT Government should develop a Government Business Enterprises Ownership Policy to assist with clarifying and removing any ambiguities as to what standards Government Business Enterprises should be held accountable to.

<u>Government Response</u>

<u>Not agreed.</u>
The *Financial Management Act 1996* and the *Corporations Act 2001* (Cwth) contain explicit provisions that inform the standards required of Government Business Enterprises, including standards relating to honesty, care, and diligence as well as avoiding conflicts of interest.

Recommendation 10

4.46 The Committee recommends that the ACT Government provide a response, by the last sitting day in August 2013, to the nine recommendations pertaining to the governance of territory-owned corporations as contained within the Sixth Assembly Public Accounts Committee report—Review of Auditor-General's Report No. 5 of 2006: Rhodium Asset Solutions Ltd.

Government Response

Not agreed.

The Government does not consider providing any further response to the sixth Assembly Public Accounts Committee Report No 16 of 2008 is warranted. The PAC report was released on 21 August 2008. Recommendation 12 called on the Chief Minister in her former capacity as Treasurer to explain to the Assembly before the last sitting day of the sixth Assembly why the ACT Government required Rhodium to take a contract against its best commercial interests without providing it with compensation as set out in the *Territory-owned Corporations Act 1990*. The response provided on 28 August 2008 not only showed that the conclusion underpinning the recommendation was incorrect but the report itself contained serious flaws. Advice provided at the time by the Government Solicitor and Treasury, and which was tabled in the Assembly, indicated the report had misconceived the legal status and responsibilities attaching to the Voting Shareholders and reached conclusions that were contrary to the documentary evidence that had previously been provided to the Public Accounts Committee.

Recommendation 11

5.24 The Committee recommends that the Speaker continue to progress the feasibility of extending the coverage of the DOA for communication related matters such as to maintain and enhance Members' websites to distribute parliamentary or electorate information for the purposes of supporting these responsibilities.

Government Response

Noted.

This is a matter for the Office of the Legislative Assembly.

Recommendation 12

5.61 The Committee recommend that the Minister for Economic Development update the Legislative Assembly by the last sitting day in August 2013 on the outcome of the Economic Development Directorate's discussions with Indigenous representatives to assist with the promotion of tourism and ecotourism opportunities.

Government Response

Agreed.

Recommendation 13
5.63 The Committee recommends that the Economic Development Directorate, as part of the Directorate's initiatives supporting indigenous business in the ACT, should give consideration to formalising a linkage with Indigenous Business Australia.

Government Response

Agreed.
EDD will meet regularly with Indigenous Business Australia (IBA) to maximise the value of IBA's programs and activities for ACT indigenous businesses.

Recommendation 14
5.107 The Committee recommends that, as further developments arise with regard to the establishment of a single racing industry administrative body and the co-location of the three racing codes at one location, the Minister for Racing and Gaming should make a statement informing the ACT Legislative Assembly.

Government Response

Noted.
Co-administration and co-location opportunities will be investigated by the Government and local racing codes as part of a feasibility study announced in the 2013-14 Budget. Information will be provided to the Assembly once the feasibility study is completed.

Recommendation 15
5.116 The Committee recommends that the Minister for Tourism and Events table in the ACT Legislative Assembly, when finalised, the report of the evaluation of the Centenary of Canberra program, events and activities.

Government Response

Agreed in principle.
The Centenary of Canberra program, events and activities will be evaluated, however, the Minister for Tourism and Events in not the responsible minister.

Recommendation 16
5.118 The Committee recommends that the responsible Minister should update the Assembly on its progress in its negotiations with the Federal Government and co-investment initiatives for a new convention centre.

Government Response

Noted.

The City to the Lake Project proposed a site for a new Convention Centre (the Australia Forum) on the south western quadrant of City Hill. The draft City Plan identifies an alternate site near the lake. The Economic Development Directorate has established a working group with Canberra Convention Bureau and Canberra Business Council to progress the Australia Forum to investment ready status. Information will be provided to the Assembly once the site is identified and the project has reached investment ready.

Recommendation 17

5.129 The Committee recommends that the Govt regularly update the Assembly on the proposed delivery model and the projected cost of the city to Gungahlin light rail.

Government Response

Noted.

Information on the development of the Capital Metro project has been made public from time to time as decisions are made and as opportunities arise for public engagement. Project updates published over the life of the project thus far have included information where appropriate, on specific elements of work such as preliminary design, costings and project governance. As decisions are made around funding and finance options, cost estimates, and procurement and delivery methodology, they will also be communicated to the public through further project updates and other mechanisms.

Recommendation 18

5.132 The Committee recommends that the Government table its response to the review of the Land Rent Scheme.

Government Response

Agreed.

The Government response to the post implementation review of the ACT Land Rent Scheme was tabled in the Assembly by the Treasurer on Thursday 6 June 2013.

Recommendation 19

5.163 The Committee recommends that should the release of the report of the review into the future ownership and governance arrangements of ACTTAB be delayed beyond the last sitting day in June 2013, the Treasurer should make a statement out of session informing the ACT Legislative Assembly and providing an explanation for the delay by the end of June 2013.

Government Response

Not agreed.
The Treasurer provided an explanation about the status of the review into the future ownership and governance arrangements of ACTTAB at the estimates hearings held on Monday 17 June 2013.