



STANDING COMMITTEE ON JUSTICE AND COMMUNITY SAFETY

Mr Jeremy Hanson MLA (Chair), Dr Marisa Paterson MLA (Deputy Chair),
Ms Jo Clay MLA

Inquiry into ACT Budget 2021–22
ANSWER TO QUESTION TAKEN ON NOTICE
27 October 2021

Asked by Mr Jeremy Hanson MLA on 26 October 2021: Mr Ray Johnson took on notice the following question(s):

Ref: Hansard Transcript 27 October 2021 [PAGE 11-13]

In relation to:

Mr Johnson: Thank you very much, minister. Ray Johnson, Commissioner of Corrective Services ACT. Thank you, committee, for today. The figures just—the estimate cost of the damage to what was—what we call AU North as a result of last November’s events was in the order of \$5.3 million.

We have been handed back the unit as of a couple of weeks ago, so it is back in service. The final costs are still being settled, I think, so I would expect the vast majority of that, all but the premium, to be covered by insurance for that cost.

THE CHAIR: Thanks commissioner. And in terms of the May 2021 riot, if you can tell me what the costs were for that and what the status of the repairs are as well.

Mr Johnson: So for the May 2021, that impacted on what we call remand unit one, the estimate for the cost was in the order of \$3 million, on top of that will be some operational costs, I think we consider them to be about \$700,000. So possibly \$3.7 million. Work will soon commence on that; it is difficult to run two sites of work on the facility at the same time.

So at the point in which we finished AU North, the new contractors came in and commenced work to prepare for work on RU1. So the cost for that will yet also still be determined because whilst we have got a quote going back to AU North, we actually think it will cost us a bit less than the original costing for one reason or another.

So I could not put my hand on my heart and say how much that is going to cost, we are just going on what would be a reasonably rough estimate of the costs likely and some of that will be dependent on what they find behind roof spaces and so forth which may be less damaged than you assume when you are making the quotes, just in case.

THE CHAIR: And when do you expect RU1 to be back online, have you got an estimate of when that will be back online?

Mr Johnson: At this point, we are hoping to have the work done and finished and back online by May, June, next year.

THE CHAIR: Right. And has this had an impact on insurance premiums?

Mr Johnson: That might be a question best taken by somebody in JACS, I think. But inevitably, I would expect that it probably has an impact somewhere.

THE CHAIR: Yes. Is there anyone in JACS that wants to take that, Mr Glenn, I think you are talking but you might need to unmute? Yes, I am not hearing anyone—

Mr Glenn: I will change technology and see if that makes any—

THE CHAIR: I can hear you now, Mr Glenn.

Mr Glenn: Thank you, Mr Hanson. Richard Glenn, Director-General, Justice and Community Safety. Just to answer your questions around insurance premiums, we are seeing an increase in insurance premiums across the board as a result of market changes, but we would expect also, that we have had some claims to impact premiums as well.

THE CHAIR: And could you quantify then, you know, separating out what just might be, you know, the market force—other market forces, what is the amount of additional insurance that is being paid as a result of the riots?

Mr Glenn: I do not think I can separate those two elements. And we are still waiting on confirmation of final premiums for the coming year.

THE CHAIR: Right.

Mr Glenn: So I can see if I can find out a bit more through the course of the hearing, otherwise I would need to take that on notice, Mr Hanson.

THE CHAIR: Yes, if you could take that on notice and just, you know, get back to the committee with that.

Mr Glenn: Sure.

THE CHAIR: And just as a—

Mr Gentleman: Chair, if I could add to this. There is some other considerations and that includes the insurance claims for the hail damage that occurred, quite a bit of damage to the AMC, and that would also be part of any consideration for costs into the future too.

THE CHAIR: Yes. And that is good, minister. I suppose what I am trying to do is then separate out, you know, what is the CPI increase, what is hail damage, and then what element of that increase is or is not a result of the riots. And just as a final question, you know, in terms of lessons learned from those riots, have you got new procedures, policies, in place to try and prevent it happening in the first place?

Mr Mick Gentleman: The answer to the Member's question is as follows:—

ACTIA engaged with their scheme actuary (PwC) to consider if this breakdown of premium to claim could be provided. PwC have advised that the approach to setting agency premium is not done by looking at incremental increases/decreases at an individual claim level.

The increase of Corrective Services' Property premium was a result of both deterioration in the claims experience, as well as market factors driving up the price of coverage, and impacting ACTIA's reinsurance structure.

Approved for circulation to the Standing Committee on Justice and Community Safety

Signature:



Date: 5/11/2021

By the Minister for Corrections, Mick Gentleman MLA