2006

THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

TABLING STATEMENT

Government Responses to:

Standing Committee on Planning and Environment: Report No. 19 – Report on Annual and Financial Reports 2004-2005.

Standing Committee on Legal Affairs: Report No. 2 – Report on Annual and Financial Reports 2004- 2005.

Standing Committee on Health and Disability: Report No. 2 – Report on Annual and Financial Reports 2004-2005.

Standing Committee on Public Accounts: Report No.5 – Report on Annual and Financial Reports 2004-2005.

Standing Committee on Education, Training and Young People: Report No. 2 – Report on Annual and Financial Reports 2004-2005.

Tabled by
Jon Stanhope MLA
Chief Minister

21 / 9 / 2006

I am pleased to present the Government's Responses to five Standing Committee reports on the Annual and Financial Reports for 2004-05.

As in previous years, I am tabling the responses to all of the Standing Committee reports covering all portfolios together. This is because the Standing Committee reports generally cover more than one Minister and more than one portfolio and, in certain cases, issues raised in the reports apply to all departments and agencies.

As members will be aware, annual and financial reports are prepared by agencies in accordance with the Chief Minister's Annual Report Directions and in accordance with the *Annual Reports (Government Agencies) Act 2004* and the *Financial Management Act 1996*. 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. In line with this approach, some of the issues raised in the Committee reports have already been addressed in the 2006 Annual Report Directions.

The Standing Committees made 29 recommendations. The Government has agreed in full, in principle or in part to fifteen of these, and noted a further twelve. Two recommendations are not agreed.

I will briefly touch on the reasons for the Government not agreeing to these two recommendations.

The Standing Committee on Public Accounts recommended that quarterly actuarial assessments of superannuation liability be conducted and published for the Assembly. The actuarial assessment of the ACT's unfunded superannuation liability is a process that typically requires weeks of intensive actuarial assessment after the scheme administrator has provided scheme membership data. This is a sophisticated and expensive process. Moreover, a quarterly update would capture little more than membership changes, and these alone would have only marginal impact on the assessment.

The Standing Committee on Health and Disability recommended that data to enable comparison between financial years be included in tables provided in annual and financial reports. It is the Government's position that agencies report on a pre-determined period (i.e. one financial year). Annual Report Directions include reporting against budget outputs for only that year.

I would like to thank the Standing Committees for the effort they have made in preparing their reports. I am sure the Assembly will agrēe that the Government has responded in a manner that enhances our record of openness and accountability.

Mr Speaker, I commend the Government's Responses to the Assembly.

2006

THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

GOVERNMENT RESPONSE

Standing Committee on Public Accounts

Report No. 5

Report on Annual and Financial Reports 2004-2005
March 2006

Tabled by
Jon Stanhope MLA
Chief Minister

21/9/2006

Government Response

Report No. 5 of the Standing Committee on Public Accounts on Annual and Financial Reports 2004-2005:– March 2006.

Introduction
The Annual Reports of all ACT Government agencies are referred to the Standing Committees on Public Accounts of the ACT Legislative Assembly for examination and report.

The Standing Committee on Community Services and Social Equity reviewed annual reports for:

- ACT Auditor-General
- ACT Cleaning Industry Long Service Leave Board
- ACT Construction Industry Long Service Leave Board
- ACT Gambling and Racing Commission
- ACT Government Procurement Board
- ACT Insurance Authority
- ACT Legislative Assembly Secretariat
- ACTEW Corporation
- ACTTAB Ltd
- Australian Capital Tourism Corporation
- Australian International Hotel School
- Chief Minister's Department
- Commissioner for Occupational Health and Safety
- Commissioner for Public Administration
- Department for Economic Development
- Department of Treasury
- Exhibition Park in Canberra
- Independent Competition and Regulatory Commission
- Rhodium Asset Solutions

The Committee makes 10 recommendations.

Response to Committee Recommendations

Recommendation 1
2.22 The Committee recommends that the Government require agencies to take up the Auditor-General's suggestions to improve processes for placement of annual reports on relevant websites within required timeframes.

Government Response
Agreed. The Chief Minister's Annual Report Directions address this under section 1.9 'Presentation of annual reports' and again in section 1.10 'Access and Distribution.'

Recommendation 2
2.13. The Committee recommends that the Government require agencies take up the Auditor-General's finding regarding improvement to processes for the preparation of financial statements and annual reports.

Government Response
Agreed. The Department of Treasury has provided training and guidelines to agencies to assist them with preparation of 2005-06 financial statements. Most delays relating to the submission of the 2004-05 financial statements related to the submission of performance information and not the financial statements.

Submission to the Auditor General of both the financial and performance information was problematic in 2004-05, as the performance information required longer preparation time due to the numerous information sources required to be accessed.

Recognising this situation, the *Financial Management Act 1996* was amended in 2005 to provide a separate process for preparation of the performance information, with marginally more time allowed than for the financial statements. The amended timeframe for completion of the statements of performance will not impact on the tabling deadline for annual reports.

Furthermore, information in relation to performance reporting has also been streamlined, with a reduction in the number of performance measures required to be prepared. For 2005-06 annual financial statements, only accountability measures will be audited.

Recommendation 3
3.5 The Committee recommends that the Government investigate implementing measures to improve the quality of reporting on ecologically sustainable development by developing an awareness of the global reporting initiative and monitoring its uptake as a consistent reporting framework.

Government Response
Noted. The work of the Global reporting Initiative (GRI) has informed the Government's approach to sustainability reporting since development of the ACT sustainability policy *People, Place Prosperity* in March 2003.

The Auditor-General's Report No 3/2005, *Reporting on Ecologically Sustainable Development* also recommended that agencies develop 'an awareness of better indicators used by other agencies in Australia and globally, in particular those recommended by the Global Reporting Initiative.' The Government will continue to introduce sustainability performance measures through the Annual Report Directions as relevant data becomes more available to agencies.

Recommendation 4
4.5 The Committee recommends that the Chief Minister initiate discussion with his state and territory colleagues to increase the demand for hybrid and other fuel-efficient vehicles.

Government Response
Agreed. The ACT Government is committed to increasing the fuel-efficiency of its vehicle fleet and reducing the size of its fleet. This strategy includes the use of hybrid vehicles and the progressive replacement of six cylinder vehicles with four cylinder vehicles. Other strategies for increasing the fuel-efficiency of the ACT Government fleet are currently being finalised, after which time it would be appropriate to engage State and Territory Ministers on the issue.

Recommendation 5
4.7 The Committee recommends that the Government's revised Greenhouse Strategy contain concrete measures towards meeting the projected targets and that costings are revised.

Government Response
Noted. The Government has made a commitment to develop a Climate Change Strategy for the ACT during 2006. The development of the Strategy will include detailed analysis of a range of initiatives to reduce greenhouse gas emissions and adapt to climate change. It will also include consultation with the Canberra community in relation to targets and initiatives.

Recommendation 6
4.34 The Committee recommends quarterly actuarial assessments of the superannuation liability should be conducted and published for the Assembly.

Government Response
Not agreed. The actuarial assessment of the Territory's unfunded superannuation liability is a process that typically requires weeks of intensive actuarial assessment after the scheme administrator has provided scheme membership data. As an example, the field work for the most recent actuarial assessment was completed in mid-December after data had been provided to the actuary in mid-September and an extensive data reconciliation process undertaken.

This is a sophisticated and expensive process. The Territory currently undertakes a full actuarial assessment every three years, involving a review of all financial and demographic assumptions. In the intervening years, annual updates are undertaken, principally to reflect changed membership and the discount rate used to adjust future benefits to present value. This latter adjustment can be volatile and can either increase or decrease liabilities estimates.

The valuation data is used for both financial reporting purposes and budgeting purposes. In effect, a quarterly update would capture little more than membership changes, and these alone would have only marginal impact (particularly as the schemes have closed to new memberships). It would not be envisaged that financial and demographic assumptions, which are the main drivers of changed estimates, would be amended on a quarterly basis. Accordingly, quarterly actuarial assessments are not agreed.

Recommendation 7
4.43 The Committee recommends, to the extent that work is not already taking place, the Summernats 2005 Review and Cost Benefit Analysis Report's recommendations numbered 2, 3 and 9 be implemented.

Government Response
Agreed in part.

Recommendation 2 of Summernats Review: Information about relevant contact phone numbers be circulated widely so that people know who to contact if there is a complaint. This could be included in a pamphlet distributed by Summernats organisers.
Recommendation 2 was put into effect for the 2006 Summernats through agencies working with community representatives to provide contact numbers. Community representatives were included by the Department of Urban Services in all stakeholder planning meetings, giving them a better understanding of the efforts all parties were making (including agencies and the Summernats organisers) to implement improvements to the arrangements for the next Summernats event and an opportunity for their suggestions to be heard and adopted.

Recommendation 3 of Summernats Review: Consideration be given by the Australian Federal Police to allocating resources to provide a deterrent to prevent anti-social behaviour outside the event venue.
Recommendation 3 was put into effect by the Chair of the Review writing to ACT Policing seeking consideration of the needs expressed by the community for increased policing. Police numbers and activities were increased for the event.

Recommendation 9 of Summernats Review: Encourage Summernats organisers to support a positive outcome for the nearby residents. Suggestions include a donation of equipment to the local school, a competition for a holiday for a resident near the event.
Recommendation 9 was discussed with the Executive of the Watson Residents Association (WRA). Arising from the discussion the WRA indicated they would rather the effort of Summernats organisers was put into involving them in the planning for events and in reducing the impact of the events. This was put in place through the efforts outlined in Recommendation 2 above.

Recommendation 8
4.69 The Committee recommends that ACTTAB explore the feasibility of enhancing its website with pop up information windows highlighting responsible gambling messages and give favourable regard to providing funds for gambling support initiatives.

Government Response
Noted. In December, 2005 enhancements were made to the ACTTAB website to highlight information available to patrons regarding responsible gambling.

ACTTAB's 'Responsible Gambling' web page, previously only accessible via the menus, has been moved to the home page of the website and is now readily accessible by patrons. The page contains information regarding the characteristics of problem gambling and suggestions on how to reduce harm to individuals and family members. It also provides information relating to ACTTAB's commitment to its obligations under the *Gambling and Racing Control (Code of Practice) Regulation 2002.* The home page also contains a direct link to the Lifeline Canberra website and a telephone number for Lifeline's 24 hour counselling service.

In order to further enhance the prominence of the Lifeline link on its homepage, ACTTAB proposes to utilise an animated graphic interchange format (a moving graphic)

In February 2006, ACTTAB entered into a two-year agreement with Lifeline Canberra to provide funding of $30,000 per year to the Clubcare program. Clubcare is a program developed and delivered by Lifeline Canberra to provide timely crisis and ongoing gambling and financial counselling information to patrons to participating clubs and ACTTAB.

Recommendation 9
4.75 The Committee recommends that the Government ensure that ACT Government agency heads are in attendance at annual report hearings, or, in their absence, a delegate capable of answering operational questions.

<u>Government Response</u>
Agreed.

Recommendation 10
4.103 The Committee recommends that the Secretariat prioritise the design, implementation and evaluation of formal feedback survey for Members.

<u>Government Response</u>
Noted.