



2014

**THE LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY**

**GOVERNMENT RESPONSE TO THE INQUIRY INTO
APPROPRIATION BILL 2013-14 (NO. 2) AND APPROPRIATION
(OFFICE OF THE LEGISLATIVE ASSEMBLY) BILL 2013-14 (NO. 2)**

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INTRODUCTION

The Standing Committee on Public Accounts presented its Report on the *Appropriation Bill 2013-2014 (No. 2)* and the *Appropriation (Office of the Legislative Assembly) Bill 2013-2014 (No. 2)* on Tuesday, 6 May 2014.

The Government thanks the Committee for its inquiry into these Bills. A response to each of the 18 recommendations is provided below.

RESPONSE TO RECOMMENDATIONS:

Recommendation 1

The Committee recommends that all outstanding responses to Questions Taken on Notice and Supplementary Questions be provided to the Standing Committee on Public Accounts prior to debate of the Supplementary Appropriation Bills.

Government Position

Agreed.

Recommendation 2

The Committee recommends that the ACT Government give consideration to establishing an inclusion threshold that proposed appropriations should either be equal to or greater than for inclusion in supplementary appropriation bills.

Government Position

Agreed.

The Government will consider the appropriate balance between setting a threshold and ensuring consistency and accountability in the provision and use of appropriations when bringing forward future supplementary appropriation bills.

Recommendation 3

The Committee recommends that ACT Government directorates and agencies should ensure the investigation of bullying complaints, whatever the method of notification, in a timely manner.

Government Position

Agreed.

ACTPS industrial agreements set out procedures for the investigation of complaints of misconduct, and care should be taken in drawing systemic conclusions from a single case. In addition to work being undertaken in the implementation of new ACTPS enterprise agreements, the Commissioner for Public Administration and the Work Safety Commissioner are preparing advice on appropriate standards of investigation to satisfy legislative and procedural requirements.

Recommendation 4

The Committee recommends that the ACT Government ensure, until such time as the conflict that exists between the obligations in relation to addressing bullying complaints contained within the two regulatory instruments currently in force is addressed, that the minimum standard for notification of bullying complaints should apply.

Government Position

Agreed.

ACTPS industrial agreements set out procedures for the investigation of complaints of misconduct, and care should be taken in drawing systemic conclusions from a single case. In addition to work being undertaken in the implementation of new ACTPS enterprise agreements, the Commissioner for Public Administration and the Work Safety Commissioner are preparing advice on appropriate standards of investigation to satisfy legislative and procedural requirements.

Recommendation 5

The Committee recommends that the ACT Government give due consideration to whether the current location of the Infrastructure Finance and Advisory Unit within the Chief Minister and Treasury Directorate supports efficient and effective outcomes as per desired strategic and operational infrastructure objectives.

Government Position

Disagreed.

The Government considers that this Unit is best placed in a central agency such as the Chief Minister and Treasury Directorate (CMTD) due to the nature of its work. A key role of the Unit is to protect the interests of the Territory in long term commercial and financing arrangements, which is a role more closely associated with that of CMTD. The location of this Unit in CMTD is consistent with practice among other jurisdictions in Australia.

Recommendation 6

The Committee recommends that the ACT Government ensure that replacement of, or planned upgrades to, information and communication technology (ICT) applications critical to the work of the Government are adequately scoped.

Government Position

Agreed.

In the case of the Legislation Register, appropriate scoping is underway and funding provided in the Supplementary Appropriation Bill will assist in that process.

Recommendation 7

The Committee recommends that the ACT Government ensure that replacement of, or planned upgrades to, information and communication technology (ICT) applications critical to the work of the Government are carried out in a timely manner.

Government Position

Agreed.

It should be noted that it is not uncommon to rely on extended support while scoping and implementing the upgrade or replacement of ICT systems.

Recommendation 8

The Committee recommends that the ACT Government ensure that capital works projects are properly scoped and take into account long term future requirements.

Government Position

Agreed.

The Government has taken this approach with the Alexander Maconochie Centre Additional Facilities project.

As also indicated in response to recommendation 16, a new Capital Framework was recently introduced by the ACT Government to improve construction related project planning and review. This Framework applies a tiered and staged approach to developing the annual Capital Works Program, drawing on lessons learned from previous projects and reviews. This has involved the roll-out of new processes, tools and templates which continue to ensure that capital works projects are properly scoped and take into account long term future requirements.

Recommendation 9

The Committee recommends that the ACT Government ensure that appropriation amounts are always classified in accordance with best practice accounting treatment and standards.

Government Position

Agreed.

A decision regarding the correct treatment of appropriations is taken at the time of preparing estimates based on the best available information.

There are instances where, as further information becomes known, there is a need to change the original basis of the appropriation type in order to comply with relevant accounting treatment and standards. Where this occurs, this would generally be managed through a section 14 instrument of the *Financial Management Act 1996* or, in rare instances, through a Supplementary Appropriation Bill.

Recommendation 10

The Committee recommends that the ACT Government should prioritise the public release of the completed Hibberson Street Study.

Government Position

Noted.

A decision on the terms of the release of the Hibberson Street Study will be made by the Government.

Recommendation 11

The Committee recommends that once finalised, the ACT Government should prioritise the public release of the Network Integration Study.

Government Position

Noted.

The Light Rail Integration Study Consultation Report is available on the Capital Metro website: <http://www.capitalmetro.act.gov.au/news-and-publications/reports-and-studies>. A decision on any future release of Light Rail Integration Study material will be made by the Government as reports are produced.

Recommendation 12

The Committee recommends that the ACT Government inform the ACT Legislative Assembly as to whether a Net Present Value exercise has been carried out in relation to the investment decision to proceed with the Capital Metro infrastructure.

Government Position

Noted.

A number of reports and different types of analysis were considered before the Government commitment to light rail was made. As an example, the 2012 City to Gungahlin Transit Corridor Infrastructure Australia Project Submission included:

- demand and economic modelling assumptions;
- monetised Cost Benefit Analysis results;
- Benefit-Cost Ratio Sensitivity Testing; and
- non-monetised benefits and costs.

The Submission also presents an assessment of net present values under different scenarios.

The report is available on the Capital Metro internet site.

Recommendation 13

The Committee recommends that the ACT Government consider tabling in the Legislative Assembly all financial analysis work that has been done to date concerning the Capital Metro Project.

Government Position

Disagreed.

Financial analysis of the Capital Metro project is ongoing and is, by its nature, commercial-in-confidence. Enabling market access to sensitive commercial analysis has the potential to limit innovation and hinder desired price outcomes during the procurement process and could compromise achievement of value for money for the Territory.

Recommendation 14

The Committee recommends, to the extent that work is not already taking place, that the ACT Government conduct an analysis of the drivers underpinning the increase in demand for the ACT Concessions Program.

Government Position

Agreed.

While the ACT Government undertakes ongoing analysis of the demand under the Concessions Program as part of the annual budget process, the recent increase in demand will be specifically analysed. Further details of this work will be included in the 2014-15 Budget.

Recommendation 15

The Committee recommends that the ACT Government ensure that delays to planned infrastructure works, which are within the control of the ACT Government, do not detrimentally affect release targets across the land release programs—residential, commercial, industrial and non-urban land.

Government Position

Agreed.

The Government will continue to deliver infrastructure to support the timely release of land and will continue to take a prudent approach to the mitigation of risk factors within its control.

Recommendation 16

The Committee recommends that the ACT Government ensure that the timeframe requirements of legislation—such as the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*—be adequately accounted for when framing the Capital Works Program.

Government Position

Agreed.

The Capital Framework was recently introduced by the ACT Government to enhance construction-related project planning and review. Guidance material for developing business cases under the Framework recommends that environmental analysis include consideration of:

- application of the ACT Government's environmental policies;
- known environmental issues;
- consents or approvals required; and

- whether an Environmental Effects Statement (EES) or a Commonwealth Environmental Impact Statement (EIS) is required, and the issues arising from such requirements.

Previous guidance material also required consideration of the cost and timing of environmental clearances.

Recommendation 17

The Committee recommends that the ACT Legislative Assembly pass Appropriation Bill 2013–14 (No. 2) subject to the recommendations contained within Report No. 5 of the Standing Committee on Public Accounts being agreed to by the Government.

Government Position

Noted.

Recommendation 18

The Committee recommends that the ACT Legislative Assembly pass Appropriation (Office of the Legislative Assembly) Bill 2013–14 (No. 2).

Government Position

Agreed.