



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: [Annual and financial reports 2010-2011](#))

Members:

MS C LE COUTEUR (The Chair)
MR J HARGREAVES (The Deputy Chair)
MR B SMYTH

TRANSCRIPT OF EVIDENCE

CANBERRA

THURSDAY, 24 NOVEMBER 2011

Secretary to the committee:
Dr A Cullen (Ph: 6205 0142)

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

APPEARANCES

ACT Government Procurement Board	141
Chief Minister and Cabinet Directorate	76
Treasury Directorate	141

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Amended 9 August 2011

The committee met at 9.31 am.

Appearances:

Gallagher, Ms Katy, Chief Minister, Minister for Health and Minister for Territory and Municipal Services

Chief Minister and Cabinet Directorate

Cappie-Wood, Mr Andrew, Director-General

Davoren, Ms Pam, Deputy Director-General, Policy and Cabinet Division

Kefford, Mr Andrew, Acting Deputy Director-General, Workforce Capability and Governance Division and Commissioner for Public Administration

Centenera, Ms Liesl, Director, Public Sector Management Group, Workforce Capability and Governance Division

Chisnall, Mr Mick, Interim Director, Government Information Office, Policy and Cabinet Division

Hitchcock, Ms Sarah, Director, Centenary of Canberra Team, Culture and Communications Division

Lasek, Mr Jeremy, Executive Director, Culture and Communications Division

Ogden, Mr Paul, Director, Strategic Finance, Policy and Cabinet Division

THE CHAIR: Good morning, everybody. We will now begin this public hearing of the Standing Committee on Public Accounts inquiry into the 2010-11 annual reports. On behalf of the committee, I would like to thank you, Chief Minister, and your relevant directorate and agency officials who are appearing here today. The proceedings this morning will commence with an examination of the annual report of the Chief Minister and Cabinet Directorate in relation to the items that are the responsibility of the Chief Minister, followed by the annual report of the Commission of Public Administration.

I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the blue privilege statement before you on the table. Can you please confirm for the record that you understand the privilege implications of the paper?

Ms Gallagher: Yes, Madam Chair.

THE CHAIR: Thank you. I remind witnesses that proceedings are being recorded by Hansard for transcription and are being webstreamed and broadcast live. Chief Minister, have you an opening statement?

Ms Gallagher: Thank you, Madam Chair. Obviously I took over this portfolio quite late in the annual report year—16 May, to be precise. Since I have taken over, the focus of the Chief Minister and Cabinet Directorate has been primarily to implement the one public service framework and get that change happening across government, and also, importantly, to lead the way on open government initiatives and some work around an integrity framework. They are the things that we have been really focused on over the past couple of months, but I am very happy to take questions across the portfolio. As you have pointed out, there have been some changes with things moving into the Economic Development Directorate throughout the course of the financial

year. We are happy to sit here and assist where we can.

THE CHAIR: Thank you. You talked about the one public service, and that is of interest to all of us. What improvements do you think have occurred as a result of this and what have the problems been?

Ms Gallagher: I will let the head of service speak to that in detail. I would say that this is just the beginning of something that is going to take a period of time to implement. As you can imagine, in any large workplace—indeed any workplace—silos are much easier to implement than to break down. It is a piece of work that is going to take a period of time. Getting some of those immediate changes in—like getting the strategic board in place and getting directors-general to understand the role that they play on the strategic board across government rather than just focusing on individual directorates—has been an important part of that change. And with initiatives like the open government initiative, standardising processes around how we release information and saying that the default position should be around improving the openness of our information processes, implementing that across government gives specific projects that are dealt with service wide rather than at directorate level.

Mr Cappie-Wood: There has been significant progress in terms of implementing the *Governing the city state* report in a number of ways. One of the key factors when we are looking at a whole-of-government culture—apart from the administrative arrangements and the changes therein, which are accompanied by some amendments to the Public Sector Management Act—was the establishment of some of the coordinating mechanisms, which was the key outcome and expectation through that particular report.

The establishment of the strategic board and the agenda of the strategic board, which was to drive collaboration and coordinated policy development and advice to cabinet, has been one of the single major focuses of the senior executive across the public service. There, we meet fortnightly. As a result of that, we are beginning to see the emergence of a range of innovative programs and suggestions coming up from directorates that we want to work collaboratively across the public service on. I would have to say that that is showing great promise.

But having structures and coordinating mechanisms is not the sole end of it. People have said that with the structures has to come cultural change. We have commenced a significant consultation across the public service on the issue of values and behaviours. We have the RED framework at the moment, which is a very good start on workplace culture. Now we are looking at the broader question about the values and behaviours for the public service that bind the public service together.

At this point in time, the principles that underpin the values as they are are really only outlined in the Public Sector Management Act. We wanted to be much more explicit about that and we wanted to have a conversation across the public service. That is where we are at the moment, having that question about what are the common values across the public service, knowing that individual areas have specific emphasis. There has been good work done in a range of directorates about what are the values that drive their specific part of it but, as we look at the Public Sector Management Act and consequent issues such as a code of conduct, it is about what are the values that bind

the public service together and what are the signature behaviours that support that.

That is being undertaken at the moment. I am very pleased to see the response to date by the senior executive in engaging in this debate and discussion. It will be very constructive, because it builds on the issue of the RED strategy. The RED strategy was looking at that respectful workplace, but this is now about asking what are the binding values of the public service.

And if we are talking about one public service and how we serve the community of Canberra and the government of the day, having those values very clearly established and seeing how they link through behaviours into a revised code of conduct are a very constructive way of looking at what is the nature of being part of the ACT public service.

THE CHAIR: Presumably from what you are saying, you are anticipating that there is going to be some sort of change in the value of the public service compared to what it is now—what you envisage in the future. What sort of change do you think is going to happen? Where are you trying to drive this? What is the problem that you are solving?

Mr Cappie-Wood: One of the issues at the moment is that the values, as much as they are articulated at the moment, are contained in the Public Sector Management Act as just principles. After about 20-plus years of operation, what we need to do is say, “Are those values appropriate for today and what should they be to meet the expectations of the community and the government of the day.”

THE CHAIR: What values do you think are not appropriate? I am just trying to work out what the problem is that you are seeing.

Mr Cappie-Wood: It is not so much a problem; it is a matter of clarity. Here we see the opportunity to reflect on some of the structural, societal and expectation changes for the public service. The question of openness becomes a question. Is openness—openness to ideas, openness to sharing of information—one of the values which we should encompass now? I believe that the expectations of the community have changed remarkably in 20 years. I think we should have a discussion about that inside the public service and ask whether that is one of the values—currently it is not—which we should be considering.

I think it is worthy of some discussion and debate. I do not think that things are fixed and immutable. Expectations, the environment, conditions and what the community and government expect of us do vary over time. When we are looking at saying that we are trying to bring together the public service in a better way to serve the community and the government, we are duty bound to ask what underpins that. And values and the behaviours that support those values are very much part of that.

THE CHAIR: Do you have a set of values that you are trying to put forward or is this focus group driven?

Mr Cappie-Wood: Yes. Whilst not fixed—

THE CHAIR: Do you have an agenda?

Mr Cappie-Wood: Yes. It is not fixed; we do not want to necessarily say that it is a tablet coming down from above. Far from it. What we are trying to do is engage across the public service with people in fire stations, hospitals, schools, office blocks et cetera and ask what are the common values that link the public service together. If we say it is about openness, there is a question about service and how we articulate service in the values and behaviours that we have there? And how do we have integrity? How do we express that, not only in our value set but also in our behaviours? They are the sorts of things which we are saying are out there for discussion, and it is a worthy discussion.

We have circulated some discussion starter points. We had a very good conversation with the executive across the public service to kick this off. Within the next month or so we are looking to have that wound up and be able to draw from that and help inform a value set that can be looked at in terms of being put into the revised public service act and also incorporated into a code of conduct.

MR SMYTH: How will these reforms address what appears to be a culture of bullying across the ACT public service, with continued war in obstetrics and complaints about bullying in the Ambulance Service, at CIT, in education and Community Services, at the AMC and at ACTPLA. How do you eradicate that? It is nice to have the cosmetic change, but how do you actually deliver on making it a better workplace?

Ms Gallagher: I will begin by saying that I do not believe there is a culture of bullying in the ACT public service.

MR SMYTH: I have just rattled off seven departments or areas where there have been reports—

Ms Gallagher: Thank you, Mr Smyth—

THE CHAIR: Mr Smyth, let the Chief Minister answer.

Ms Gallagher: In a large workforce you will always have incidents where there are allegations of bullying and harassment within a workplace. Indeed, within this very small workplace there have been. Is there a culture of bullying that exists in this workplace?

MR SMYTH: I do not know. You can perhaps tell us; you are the Chief Minister.

Ms Gallagher: Some will have a view on that.

THE CHAIR: Mr Smyth, give her a chance.

Ms Gallagher: I do not accept there is a culture of bullying. There are certainly improvements that can be made around complaints handling and some of our own processes, which I have had a number of discussions about since taking on the Chief Minister's portfolio. We do need to look at how we improve our processes all the time,

but I simply do not accept that there is a culture of bullying. It is not stood for.

That is not to say that there will not be incidents of bullying and harassment in any workplace; there will be. But there is not a culture. It is not condoned, it is not acceptable, and the leadership within the ACT public service makes that very clear. The issue we have to make sure of is that that flows down to every single individual employee in the ACT public service—that they are fully aware of their responsibilities as an employee. Some of that is around the code of conduct and everyone signing up to the values that make a modern public service what it is.

MR HARGREAVES: Can I ask a question about that?

MR SMYTH: I might just follow up. How does the reform—

MR HARGREAVES: Not all—

THE CHAIR: Mr Hargreaves!

MR SMYTH: It is the first question I have asked, John. You are doing a good job at running interference.

MR HARGREAVES: Interrupting people is bullying tactics.

THE CHAIR: Mr Hargreaves!

MR SMYTH: As you interrupt me now, that is very interesting, Mr Hargreaves.

MR HARGREAVES: I will go down bullying—

MR SMYTH: How will the reforms address bullying in the ACT public service in a real and genuine way? It is nice to have the cosmetic changes of names with one public service. I thought we had one public service before, but apparently we did not. How will it be addressed to eradicate bullying in the ACT public service?

Ms Gallagher: You will never eradicate bullying in any workplace. What you—

MR SMYTH: Do you have that as a target, though?

Ms Gallagher: Absolutely. We have a policy around zero tolerance for bullying, but what I am saying is that nobody will be able to say there will not be an occasion where there is a complaint of bullying or harassment. You have to have systems, you have to have processes, you have to have standards, you have to make it clear exactly what the framework or the rules of engagement are.

We think some of those can be strengthened through the code of conduct and through the one public service model. At the moment, there are a number of complaints handling processes across government that vary. That is going to be standardised. We have a range of different values that operate in different organisations. We need to standardise that. I think by simplifying and streamlining the framework and the processes, it has got to assist. It is not the answer. Just putting in a code of conduct

will not mean that there will not be any cases or complaints around bullying and harassment. But you have to have your systems and processes. I know in your heart you believe that too.

MR SMYTH: I have not said there is not. I am just asking you how this reform will stop bullying in the ACT public service.

Ms Gallagher: It will contribute to very clearly setting out what the standards and rules of engagement are and provide us, I think, with a stronger way of responding if there are concerns around individuals' performances.

MR HARGREAVES: On this one public service issue, you talk about breaking down the silos and the declaration of openness and all that sort of thing, all of which I believe should be applauded. I am interested in how that is going to percolate down, though.

I am aware, and I think you would be aware, that people have a parochial ownership of their particular silo. In years gone by, TAMS people are TAMS people, health people are health people, hospital people are hospital people, blah, blah, blah. I am interested to know whether they are going to be asked to surrender that ownership and then own the public service as one entity. In particular, how are you going to do it in the other two tiers?

I heard how you do it with the executives, and that is great, because if you do not have leadership you do not have anything. But we have two more tiers to go, and this is the main bulk of our membership of the one public service—the middle and lower management strata and the actual worker stratum. How are you going to get those people to embrace the significant change you are going about?

Mr Cappie-Wood: You have identified one of the key issues—that is, a number of public servants rightly own and feel like they have a real investment in the quality of service they provide in certain areas, be they teachers, be they firies, be they nurses in hospitals et cetera. As such, they are focused on the best delivery possible. What we are trying to say is that the work they do at the front line and as you go up through the ranks is about appreciating the work they do and that that can be supported and enhanced by the work that others do in the public service.

The problems we face, and that every government faces, are not going to be solved by one individual directorate or department or whatever you call them. It will be solved by collective and supportive action. For instance, we were discussing the issues at the strategic board the other day of healthy lifestyles and the challenge of obesity across the western world and how we get an active lifestyle culture. The discussion was around the work that has already been done across the ACT and whether there are ways of us thinking across the public service as opposed to merely saying “this is my individual responsibility” to be able to improve it.

If we see that happening in the long run, there are benefits for educational outcomes and social, economic and other benefits by collective thought and action by the people at the front line understanding there are other people supporting their actions—it might not be tangible—and appreciating there are whole-of-government responses to

the big questions and the big challenges that we face. Saying it is only a silo is not the answer in the future, although I fully appreciate there is absolute pride in the public servants at the service delivery front line about what they do.

MR HARGREAVES: When you were talking about it with the executives, you talked about some of the processes that you have introduced already in terms of the conversations between executives from this directorate and that directorate as part of the one public service. What you are talking about, as I understand it, is an attitudinal and a cultural change in the mindset of all the people on the public payroll, regardless of where they fit into the jigsaw of it all. What processes are you going to introduce to make sure that the person who delivers the files to the chief executive's office feels as though they are a unique part of that one jigsaw puzzle?

Mr Cappie-Wood: It is a multi-faceted answer, but one of them is clarity of purpose so that the person who is dealing with those files can see a direct line between what they do and the outcomes being sought by the government in their policies. One of the things the government has introduced is annualised priorities. They can be talked about and clarified and built into the daily work of the public service. Having that clarity of purpose is one issue.

MR HARGREAVES: How are you going to get that message to the person delivering the files? I mean, to be quite frank, sometimes when we go through these cultural changes, the language being used is understood happily by people at a certain level and it is bureau speak. For some people at another level, the message does not get in because the processes, the languages, the way in which you are getting the message in there does not work. So how are you going to do that?

Mr Cappie-Wood: It is a two-part process. One is that you anticipate that the directorates themselves will be taking responsibility for making sure that the messaging gets through there. The other one is that we are looking at other forms of communication which would be able to go to all public servants. We have recently done some work on communication techniques on the issue of values and behaviours. We are also looking to see how we can see how we can use that for other messages across the public service so that people right throughout are hearing the same message from a variety of different sources. Again, that is a means of reinforcement.

I mentioned the issue of clarity of purpose. Clarity of action or uniform action goes to values, behaviours and expectations and looking at what are some of the other forms of reinforcing or enabling elements. If you have clarity of purpose which is, if you like, the clarity of direction and planning and how that is embedded from the Canberra plan on down to the individual understanding of what is happening in the workplace, you then also have an accountability structure.

One of the other aspects we have been discussing across the public service is how you improve your accountability—that is, if you know what you are doing, how you will be held accountable for that. Work that has been underway for some period of time to make sure that you link up your accountabilities to the level of direction setting so people can see that their efforts can be measurable and they can see progress taking place. Measuring our progress is a very good website that looks at tracking how progress is undertaken at the high level. There are other indicators et cetera as we

work through that performance framework.

We are looking at these mechanisms so that people can see what they do, how it links up and how their efforts are contributing towards outcomes that are publicly seen and understood.

MR HARGREAVES: This is a very significant change. What involvement have people at the lower levels had at the contemplative stage before the change happened?

Mr Cappie-Wood: That is a very good point, because many of the changes are at the systemic level. It does not mean to say that having one public service suddenly means that the teacher has to start teaching a different way. It is more about how the work that teacher does, the work the school does and the work that the school system does link up with work that has similar objectives and outcomes to a wide variety of other outcomes.

But the preparation of the directions, if you like, for governing the city state was that Hawke talked to a very wide variety of people, from the front line right up through to the political level as well as people who received services, including former politicians and public servants as well as current ones. So the engagement in terms of shaping what this was was very extensive indeed.

MR SMYTH: How much did the Hawke review cost and how much will the implementation of the Hawke review cost the people of the ACT?

Ms Gallagher: I think some of that is outlined in the budget papers.

Mr Cappie-Wood: I might just get the details. In terms of the cost of implementation, if there are any actions coming out of the Hawke review that require additional results, it goes through the budget process. There is not a preconceived budget for this is what it will take. The recommendations in the Hawke review about scoping the opportunities for collaboration between UC and CRT, for example, that will be a policy decision. If any resources are required, that will be a separate decision. It is not a set-and-forget budget issue; a wide range of matters will flow through normal decision-making processes.

Ms Gallagher: It is in the annual report at page 87 for the Hawke review—\$132,000. There are some other costs associated with secretariat support that supported his work.

MR SMYTH: So what is the total cost of the Hawke review?

Ms Gallagher: \$285,00 in the 2010-11 year.

MR SMYTH: And how much has been spent so far on implementation?

Ms Gallagher: I do not know how you would quantify that. Some specific initiatives were funded in the budget around the Government Information Office and a few other initiatives. But everybody is involved. You would not be able to pull out, for example, the involvement of the director-general of Health in the strategic board and how you would cost that. But that is part of the implementation of the Hawke review.

MR SMYTH: How long is the implementation likely to take?

Mr Cappie-Wood: By that you imply that it will snap into something else at the end of that implementation. Implementation is embedded and it is in place. Some of the recommendations in the Hawke review which go beyond merely the public service but how it operates in some of the frameworks and policy decisions are still being investigated, researched et cetera. I mentioned one earlier—the UC-CIT issue, which was mentioned in Hawke. That is a separate process which is being undertaken, and eventually there will be a discussion and decision by government on that.

These matters are rolling through. The questions about modernising the legislative arrangements in the Public Sector Management Act are being looked at. Some of it has taken place already, but more is anticipated. This will eventually roll through and, depending on what they are, we hope to see many of the directional issues settled in the next little while. But the implementation will never stop. The implementation is a continual process of renewal of the public service.

MR SMYTH: How many jobs have been lost as a consequence of the Hawke review?

Mr Cappie-Wood: No jobs have been lost as a consequence of the Hawke review.

MR SMYTH: So no people have left the public service as a consequence of the reorganisation of the public service?

Mr Cappie-Wood: No. That was a commitment given by the government. There are no actions I am aware of by any directorate—and we have discussed this in the strategic board—as a result of the Hawke review.

MR SMYTH: So the former head of ACTPLA, what is his role now in the ACT public service?

Ms Gallagher: Your question was around the Hawke review. There have been some leadership changes, as you are aware. The former head of planning and, indeed, the former head of the LDA are no longer working with the ACT public service.

MR SMYTH: So there are two casualties of the Hawke review?

Ms Gallagher: I would not necessarily attribute them to the Hawke review. There were changes at the senior level, and both of those individuals were offered jobs within the ACT public service. I put that to one of those individuals, but I understand the other one was given the option of a different job, but both of them declined.

MR SMYTH: So the man who headed ACTPLA now does not have a job in the ACT public service?

Ms Gallagher: That was a choice that was made. Jobs were available and an individual decision about employment was made. But no jobs were lost. There were changes to jobs and other jobs were offered.

MR SMYTH: I think we all know the whole point of the review was to get rid of Neil Savery because the former Chief Minister did not like him and did not like being given frank and fearless advice.

Ms Gallagher: You might think that.

MR SMYTH: But in regard to the bullying—

Ms Gallagher: It is not the case. Can I just repeat that both—

MR SMYTH: So it is not the case?

Ms Gallagher: Not the case and both of those individuals were provided with ongoing employment opportunities indeed.

MR SMYTH: He had a job before the review. He was the head of a department. Now he is not. I am sure people will make up their own mind. Getting back to the bullying, how did the changes affect people like the Debbie Scattergoods of the world, the Gail Mensingas of the world, who were trying to give frank and fearless advice but ended up losing their houses?

Mr Kefford: What I was going through before was in terms of the incidence of bullying in the service. The commissioner's report this year indicates that there were, across the whole of the service for 2010, eight substantiated claims or incidents of bullying. Certainly and absolutely, that is eight too many. But in terms of the vast majority of my colleagues, they do go to work and do the right thing. I think that is an indication that we have work to do but not necessarily that there is an entrenched culture. You have identified issues in certain agencies and certainly in a number of those agencies we are continuing to work with the individuals involved. Some of the individuals that you have mentioned we have been in discussions with.

One of the things that have happened as the result of the change to one structure is that there has been greater visibility for us in the centre in terms of individuals approaching Mr Cappie-Wood as head of service or approaching me in my capacity as commissioner, seeking to raise concerns about the way in which they have been treated. That is giving us the opportunity to engage with those at a systemic level across the whole service and look at ways in which we are able to improve the position.

First of all, I come back to the discussion that we were having previously about not just coming in with the comment that the ACT public service will not tolerate bullying but actually having a more concrete conversation about the sorts of behaviours that we would expect and would expect to hold each other accountable for. One of the issues that are inevitable in that context in an organisation the size of ours is that people need to trust the system such that when they do raise a valid concern they are treated appropriately. The answer is thank you; not "no, we did not". This is part of the discussion that we are seeking to engender amongst our colleagues, to say there is a responsibility on all of us as executives particularly but all of us across the service—and this is one of the strengths of the RED framework in identifying a number of officials in each directorate and across directorates to whom concerns can

be raised—to deal in a supportive and appropriate way with our colleagues who have been treated poorly.

MR SMYTH: What do you say to the Debbie Scattergoods? I believe she ultimately lost her house as a consequence of actions taken. How does the new framework cover somebody like that who believes they made a legitimate claim and then is treated very poorly?

Mr Kefford: I accept that this matter has been the subject of some public commentary. I am not sure how far we should go into that in an open hearing this morning. There is an issue. I have had this conversation with a number of people, not with that particular person, not with Ms Scattergood herself. In one sense the best the new framework can allow us to do for those is learn from what has happened and ensure that it does not happen again.

One of the things that we are doing, not in that case but in relation to another one, is seeking to learn from a detailed conversation with individuals about the way in which they were treated and responded to. And I have been very pleased that a number of those individuals have been prepared to retell their story in such a way that we are actually able to use it as a case study for improving what we do.

In one sense, the answer to your question is: in relation to things that have happened in the past, the best we can do is respond and learn from them. The structure now cannot undo what has happened. But my hope would be that we are able to capture and disseminate better in this structure both expectations of what should happen but also the lessons and the training that need to be rolled out to those people in the service responsible for managing staff.

One of the issues that we have encountered in relation to the workers compensation and improvement plan that has been funded through the budget is that a good number of the cases of the sort you have identified begin in issues of management of workplace, matters that could have been far better dealt with right back at the start. Often the instant at which these cases, which ended up in the awful stories of the sort that you have identified, went so badly off the rails was when there was a relatively insignificant conversation. And if we are equipping our people better—and the Chief Minister has alluded to it; we are pursuing this work—through the people and performance council but also the workers comp improvement plan, it is to actually say we need to be equipping our managers to do their job better than we are at the moment.

I think this structure gives us the opportunity to have that conversation across directorates, learn from the people who are doing it well and assist those who are not. All of us could benefit from a more open conversation and greater support in how we are looking after our people.

MR SMYTH: Has Ms Scattergood been compensated, or is the government considering compensation, for how she has been treated?

Ms Gallagher: Currently it is an ongoing matter. I am happy to talk to you about that. Can I say that we support everything that Mr Kefford has just said. When you go back

and you have a look across individual cases, there were areas where mistakes were made in terms of how things were handled. One of the issues that are highlighted is the fact that middle managers and lower level public servants need more support about how to deal with workplace conflict when it arises because that is where a lot of the problems start.

I have had this discussion with the WorkSafe commissioner as well. There is a belief that at the senior level people understand how all the different pieces of legislation and processes work but in the day-to-day workplace mistakes can happen and it can set something off on a very different road to resolution or ongoing conflict. So we are having a look at some cases where it is very clear they could have been handled better earlier.

Mr Kefford: I might add to the Chief Minister's answer. One of the other issues, coming back to your question, Mr Smyth, about how the structure helps us do better, is a contemplation, in line with what happened around workers compensation, of pooling the capacity that we have. So one of the conversations that we are having through the people and performance council is: is there a better way?

Obviously the best place to deal with the workplace concern is in the immediate team but as they begin to escalate through the system, given the role of the head of the service as the signatory to all of the bargaining arrangements that we have, one option to improve infrastructure that we now have is to have a more centralised way of dealing with the escalation points, where, again, we are dealing with people whose job it is just to deal with this rather than trying to balance the various spread of issues that the various human resources areas of directorates have.

That is not a conversation that is concluded yet but it is the opportunity, and the behaviour of our staff is indicating that this may well be something that has merit to us. It is a conversation we have also been having with Mr McCabe and a number of other officials who are active in this space, seeking to ensure that we are looking after our people properly.

MR HARGREAVES: I have got a follow-up, Madam Chair. I want some clarification if I can. Mr Kefford's area is probably the best place to do it. The Commissioner for Public Administration's annual report, page 32, is probably where you got the number of eight from. Figure 2 shows that in 2009 there were 39 reports; in 2010, 62. That seems to me to be an indication of people being more prepared to come forward, which is great. I also notice that there were 20 investigated in 2009 and 31 in 2010.

There are two questions I have. What happened to the ones that were not investigated? How is it that they were not investigated? For example, in 2010 you have got investigated, 31; substantiated, eight. That is a heck of lot that were not substantiated. What are the sorts of complaints that would find themselves in that basket? Can you tell me about the reported versus investigated and then the other bit?

Mr Kefford: The first observation I would make is that in a year where the former Chief Minister and the former commissioner released the respect, equity and diversity strategy, with a much more supportive framework for drawing this activity out, I

would be concerned if the number did not go up, in the sense that there was a recognition that you could improve and as you direct more attention to it you would hope that the numbers go up before they go down again. This is reinforced by—and we are in the process of receiving—the first annual reporting on the RED framework from directorates and I am having discussions with the executive sponsors in each of the directorates.

That framework is developing and has developed an enormous currency and meaning across the service, and that is why we have been very careful to locate the next discussion that we are having about what one service looks like in practice very firmly in the foundation of RED because respect will remain and should remain the bedrock of everything we do in terms of behaviour in the service.

The report to which you have referred is based on survey data. We do not have the individual incidents. Obviously every report that is made should be investigated. Sometimes it will become apparent, though, that the behaviour complained of is reasonable management action. It might be a performance conversation. It might be entirely appropriate.

On occasion complaints can be made in circumstances where there may be a general answer but there may be vexation claims made for other reasons. There may be claims made in anger that people otherwise then realise that there was more to it than that. It is our responsibility and duty, though, to investigate them all. Going back to what I was saying to Mr Smyth just now, increasing the expertise that is applied to this decision making may well help us do that. There are some that can be dealt with almost immediately in the sense that, no, what happened there was entirely reasonable.

Of course these decisions are all subject to review. They are not set in stone. An initial assessment could be made that there really was nothing here; this was reasonable management action done reasonably. The next step is: there might be something here. We will investigate it. The figures would show that, in 2010, two in three of them, on investigation, were found to be not bullying and harassment—either reasonable conduct or otherwise. I suspect in a system like this there may be instances where it is not able to be proven, and that is an unfortunate element of the ones that do not make it all the way through.

That comes back to what Mr Cappie-Wood was saying before about creating an environment and an approach to dealing with these issues where people are comfortable to come forward. They trust that if they do come forward they will be dealt with reasonably, they will be dealt with appropriately and we take them seriously.

I know I have spoken a number of times with Mr McCabe about one of the issues that are challenging in this area, and that is collecting sufficient evidence on which further action can be based, in the sense that in some cases you have got one of the those classic I said, you said arrangements and no way of getting any further. Part of how we get past that is to actually be in an environment where people are prepared to come forward because they think it is an appropriate part of what they should be doing at work. If we see something, we should be calling our colleagues if we do not like it.

MR SMYTH: How accurate are these numbers, though?

Mr Kefford: Sorry, I am not sure I understand your question.

MR SMYTH: The first paragraph on page 32 of your report says 12 of the 13 agencies now have a system in place to record this data. I am assuming these are calendar years, not financial years—these numbers?

Mr Kefford: Yes, that is right.

MR SMYTH: They are calendar years. So at the start of 2010, of the 13 agencies, how many had a system in place to record this data? Your statement there is that 12 out of the 13 agencies now have a system in place to record the data.

Mr Kefford: I might confer with my colleagues, Mr Smyth. We may have to take it on notice but I will see if Liesl has that answer.

MR SMYTH: And the follow-up question would be: which agency does not collect data?

Mr Kefford: I can get that answer. I do not have it here with me but I will get that information.

Ms Centenera: With the RED framework, we asked agencies to formalise their systems in terms of reporting around bullying and harassment and respect, equity and diversity generally. The reason why we wanted to put the RED framework in place was to encourage and to formalise it. That was one of the aims of introducing that framework.

Each agency would have their numbers in terms of their HR areas keeping those numbers. In terms of that comment about now having a process, it would be in terms of the formal process. But agencies for the commissioner's annual report have been providing these numbers for quite a while. This is not the first time that they have been provided and they have known in the past that they have had to be provided.

MR SMYTH: It is interesting that the line before the line I just quoted says that agencies were also asked whether they had a record-keeping system in place to monitor bullying and harassment. Twelve of the 13 agencies now have a system in place to record the data. Let us start with the easy bit: which is the agency that does not have a system for recording data?

Mr Kefford: I have just asked for that information to be got. I do not have a detailed report here but I am hoping we can come back to it later on.

MR SMYTH: Just to be clear, perhaps we could find out how many of the 13 agencies had a system in place on 1 January 2010 and when were the agencies' reporting systems put in place throughout the year?

Mr Kefford: I have just asked for the detailed survey to be brought over. I am not sure; we may end up needing to take the dates on notice but in terms of the other

answer, we can come back to it a bit later.

THE CHAIR: We will take that on notice now. Mr Seselja?

MR SESELJA: Thank you, chair. I would not mind moving back to issues around one public service, but before I do, just to follow on from an earlier question, probably to Mr Cappie-Wood: we were told in an earlier hearing in relation to Mr Savery that the arrangements for the termination of his employment were agreed between himself and yourself as head of the service. Was Mr Savery paid out for the remainder of his contract?

Mr Cappie-Wood: Mr Savery was not paid out for the remainder of his contract. There are no conditions in his contract for that. There is a formula by which that is calculated and we could give you the basis of that formula if you so wish.

MR SESELJA: Yes. I would be interested in what was the nature of the payout. I am also interested in clarifying whether or not it was Mr Savery who resigned or whether or not his employment was terminated by the government.

Mr Cappie-Wood: I am happy to provide the details that you request in terms of the nature of his payout. Mr Savery had said to me and to many others that what was done in terms of a structural sense he was in complete agreement with. I would like to stress that. He was in complete agreement with the structural nature of what was proposed and what was put in place.

As a result of those arrangements, he was offered alternative employment at grade and he chose not to do so. Given the government's decisions in terms of the structural arrangements, he chose the option of not continuing employment with the ACT public service, which then, in terms of his contract, triggered the payout. I can give you the details of that payout and the mechanisms for that. But I would like to stress—and he said it publicly in front of all of his staff—that he absolutely agreed with the structural arrangements put in place under Hawke.

MR SESELJA: On the one public service that we were talking about earlier, how important is the government office building and co-locating around 4½ thousand staff in one building? How important is that to the functioning of the new public service arrangements, in your opinion or in the opinion of the minister? And noting of course that Dr Hawke referenced that, I think, in his recommendations.

Ms Gallagher: From my point of view, I think co-location does provide benefits to the one public service model.

MR SESELJA: So you see it as important to the one public service model working as you would like it to work?

Ms Gallagher: The one public service model is working now without co-location. We are on the beginning of the reforms. So it is not essential but I believe that there are benefits from co-location, just as you benefit from having your staff co-located with you, Mr Seselja. It is a similar scenario—co-locate people working together in one location. There are obvious benefits from that. It is not essential to the one public

service model but I believe there would be benefits from it.

MR SESELJA: What are those benefits? You are not talking about a few staff; you are talking about 4½ thousand staff. What are some of those benefits that you would see that do not exist at the moment, just through structural changes?

Ms Gallagher: In terms of cultural change? There are obvious benefits from an efficiencies point of view—we have been through that a number of times in a number of committees—from being co-located within the one building. I think being able to streamline some of our processes, whole-of-government processes that sit individually within individual directorates will provide efficiencies and streamlining for the public service. I think there would be a range of benefits, just like in any workplace. When you think of other organisations, it is not unusual for an organisation to be co-located, whether it is in the private or public sector. This is not a new way of operating. It is not something that we have prioritised in the past, but we think as we mature it makes sense to explore the opportunities down this path.

MR SESELJA: The chief planner was quoted in the press as saying decentralising of government departments—he was talking particularly about commonwealth departments—is actually good for the city. I think that was the basic argument.

Ms Gallagher: We agree with that as well. And you will see that in a public—

MR SESELJA: So how do those two things match up, if you are going to put 4½ thousand in one place in the city?

Ms Gallagher: In a public service the size that we have got, 20,000, talking about a quarter of them or a fifth of them being located in one place does not rule out decentralisation. The majority of our public servants—

MR SESELJA: How many of those are bureaucrats, because obviously you are not going to be changing where nurses are working or where teachers are working or where police are working? They are already out where they work. But 4½ thousand public servants as bureaucrats—that is a significant amount. You are saying, “Well, we’re decentralising them anyway,” but most of those public servants—

Ms Gallagher: We are decentralising.

MR SESELJA: But most of those are not affected one way or another, whether you have a government office building in the city or whether you would have government offices in the town centres. Most of those will be working at the hospital or at the schools or out in the field. So 4½ thousand is a pretty significant number of—

Ms Gallagher: Of what is left, once you take out your front-line service delivery.

MR SESELJA: Indeed.

Ms Gallagher: Sure, but the ACT public service will still be in virtually every part of the ACT. Indeed we are prioritising the work on Gungahlin to ensure that we have hundreds of staff out there working in Gungahlin. Again, it is not an “either/or”. You

can achieve some of the efficiencies of co-location whilst still maintaining a decentralised approach.

MR SESELJA: How many are likely to be in Gungahlin?

Ms Gallagher: That is still to be finalised.

MR SESELJA: When will that be finalised? When will that decision be made?

Ms Gallagher: Soon.

MR SESELJA: Soon, okay.

MR SMYTH: Is that a Ted Quinlan “soon”, or is there a new standard under this Chief Minister for what “soon” is?

Ms Gallagher: It could be a Ted Quinlan “soon”.

MR SESELJA: How much, in terms of time and resources, has been spent in the Chief Minister’s department on the government office project over the last financial year?

Mr Cappie-Wood: In terms of that, some of my time has been engaged with other heads of agencies in discussing progress, but the carriage of the government office block is being undertaken by the Economic Development Directorate.

MR SESELJA: So we do not have a figure in terms of how much of the Chief Minister’s department’s time or resources are being spent on that?

Mr Cappie-Wood: In the last year, I would have to say the only resource that has been expended is some of my time.

MS HUNTER: I want to go to a new line of questioning. I want to follow up on complaints handling across the public service. I had a motion a few months ago calling on the government to respond to the ACT Ombudsman’s 10-point plan on complaints handling and also ensuring that agencies within the territory valued complaints. I am wondering how that is progressing.

Mr Cappie-Wood: I know Mr Kefford will probably add to this answer, but starting out, we have had some very constructive discussions with the Ombudsman’s office, and continue to do so. We have, as has already been stated, committed to looking at standardising the common core complaints and grievance handling system. It is necessary to appreciate the differentiation in this space as well. Recognising that a number of particular directorates have specialist requirements in these areas, I note that Health, for instance, has specific requirements in terms of complaint handling when it comes to medical practices et cetera.

We are not saying that it has to be completely one size fits all, but there has to be a common core, an understanding about how complaints are dealt with in terms of clarity of process, and that has to be very transparent. We have to break it down into

plain English because otherwise it can get quite complicated—also, who the players are and who has legislative responsibility in this area, because clearly the Work Safety Commissioner has a role to play, as do others.

Part of this modernisation of the complaints and grievance handling system takes on board a range of the Ombudsman's observations and suggestions. We continue, as we work through this, to engage with them in this process. We see it as a very constructive relationship and I have already had some discussions with the Acting Commonwealth Ombudsman in terms of bringing the experience that they see in a broader range of fields as well as what they see through their lens in terms of handling issues for the ACT government. We have a constructive relationship there that we look to being able to build on into what I would see as a fit-for-purpose, modern complaints and grievance handling system.

MS HUNTER: Another part of that motion was around a comprehensive review of the Public Interest Disclosure Act. I wondered where that was up to.

Ms Gallagher: I think we are due for an exposure draft by the end of this year.

Mr Cappie-Wood: Yes, end of the year.

MS HUNTER: I look forward to seeing that. I want to move on to page 20 of the annual report.

MR SMYTH: Sorry, before you get off complaints, are you moving to another area? Just to follow up on complaints, Chief Minister, I wrote to you on behalf of a gentleman who had an incident involving a government vehicle at a pedestrian crossing.

Ms Gallagher: Yes.

MR SMYTH: And you wrote back, which I—

Ms Gallagher: I recall that, yes.

MR SMYTH: sent back to the gentleman. He—

Ms Gallagher: Has he written back?

MR SMYTH: has now written you another letter which claims that the information is incorrect.

Ms Gallagher: He has, yes, saying that some of the information is incorrect; so we are following that up.

MR SMYTH: What will happen with that complaint now?

Ms Gallagher: I have not got any advice back from the department saying the information is incorrect. So I am waiting for that before I reply again to this gentleman.

MR SMYTH: All right, but the gentleman knows when the incident happened and he knows when he reported it.

Ms Gallagher: Yes, sure, but he has come back to me, saying that some of what you have said to me is not right. So now am I just going to say, “Okay, I agree with you; obviously my department has given me the wrong information”? I have simply asked that I get a response to what he has now raised before I pursue it further. I have not seen anything come back.

MR SMYTH: All right.

Ms Gallagher: And it is my directorate now, TAMS.

MR SMYTH: Yes, it is indeed. Yes, on all facets. That will be followed up? The individual was concerned it would not be.

Ms Gallagher: Yes, absolutely. Everything that comes in.

MR SMYTH: Given that the information that you provided referring to him is incorrect, will you and the department be apologising for this information?

Ms Gallagher: If it is incorrect, absolutely, yes.

MR SMYTH: All right; I await with interest.

THE CHAIR: Back to Ms Hunter.

MS HUNTER: Thank you, Madam Chair. I wanted to go to page 20 the review of the boarding-style accommodation. I have a couple of questions there about why CMCD is coordinating that review. How far has that work progressed? This was in response to a number of illegal-type set-ups across Canberra.

Ms Gallagher: It is just the review, and some recommendations on the way forward have just been considered by cabinet. I can say that the announcement was published in the cabinet outcomes about two weeks ago, which nobody is reading anymore.

MS HUNTER: Good people are.

Ms Gallagher: Yes, some people are, occasionally. It recommends some legislative changes; so we have signed off on drafting those changes.

MS HUNTER: When will that bill come to the Assembly?

Ms Gallagher: Early next year. It does amend a few pieces of legislation and there are potentially some costs that come with it as well for an increased role of regulation.

MS HUNTER: Within that, is there a view that government will build and operate boarding houses, say, through the community housing model, or is this more around regulating what might happen out there privately?

Ms Gallagher: That was not part of this. This was very much a look at the regulatory standards and whether or not they need to be improved from the experience of identifying some of those houses. That would fit much more within the affordable housing strategy and the review of that that has been undertaken.

MS HUNTER: I also wanted to follow up on time to talk. It was extensive. Many people were consulted. What are you doing with that information?

Mr Cappie-Wood: As you know, it was, I think, a very successful means of engaging the broad community and it was broad outcomes. As was indicated at the time, the results of that—and I think there was a very good reporting back to the community in terms of the results—would be incorporated into major policy initiatives. Those major policy initiatives at the time of time to talk we said would be the review of the planning strategy.

As you have seen from what has been released there, it has specific links to the outcomes of time to talk so that there is greater specificity, if you like—the next degree of detail down. It was a case of taking the time to talk broad engagement, ideas and outcomes and channelling that into the review of planning strategy, which now incorporates the transport planning elements in there as well. This is bringing it to the next degree of detail and the next layer of consultation.

MS HUNTER: So you are satisfied that after that process, where many people gave their time that you are using that information to inform a variety of different strategies, plans and policies—

Mr Cappie-Wood: Yes, and the—

MS HUNTER: because people would like to think that in giving their time they have been listened to?

Mr Cappie-Wood: The data collection and sharing of the information very broadly inside and outside government as a result of that is being used extensively. I have spoken to the people who are doing the planning strategy about how they are drawing the information out of that. There is continuity, because one of the people who was working on time to talk is now working with the planning strategy and drawing that through. I think that continuity was again a good example of whole-of-government, because time to talk drew in a team from across government to participate in that. Those elements are also working on the planning strategy. So there is a good degree of congruence and synergy between the two.

Mr Lasek: It might add something on time to talk, one of the legacies from time to talk was the creation of a website now that is, I guess, the one-stop shop for all ACT government consultations. At the moment, I think there are five consultations running simultaneously through that website. We created through time to talk a platform for us to go to the community in a whole variety of ways, including social media. The lasting benefits of that are that now we have got a go-to place. We are in the process now of making that site functional and taking the community engagement website and merging the two into the time to talk website.

MS HUNTER: Is that being looked after by the community engagement unit?

Mr Lasek: Yes, it is.

MR SESELJA: On time to talk, the contract for that is reported on in the back of the annual report on page 87. The \$388,000 contract was done as a single select. That is a pretty large contract. Are you able to explain to us why that was single select and why that could not have gone to some form of tender process?

Mr Cappie-Wood: Yes, thank you. What was in our mind at the time was trying to find a group—we discussed extensively and discussed with a wide range of people extensively who was actually using new methods and new mechanisms for engagement with the community, who was familiar with the ACT at the same time, and had a track record, not only of understanding and working in the ACT—so understanding some of the background there—but had a national, if not international, reach in terms of being able to draw in people who had worked on similar things.

When I say that, the combination of people that in this case Ultimate Consulting had were people who had worked on the Sydney major engagement and the mechanisms there, as it was then the ground-breaking Perth city engagements as well, which is broad-scale city-wide engagement. They have actually been quite rare up to this point in time in terms of the nature of ones that we were looking at.

When you look at who has national real experience of undertaking these high-level broad-scale engagements, who has an appreciation and understanding of the ACT and who knows new methods of engagement, particularly with social media, those firms were very small indeed.

MR SESELJA: It sounds like the terms of a tender to me. Why couldn't that have gone to a tender to put out those kinds of terms of reference? Did the government come to a position that there was no-one else anywhere who could provide these kind of services and therefore there was only one choice?

Mr Cappie-Wood: The single select decision was mine. Whilst I talked about who we had selected and why to the then Chief Minister, it was clear from the abilities and talents of the teams that Elton had. In talking to people who had undertaken this in Perth and in Sydney, Elton offered what was believed to be a unique combination of talents.

MR SESELJA: That does not seem to me a reason not to go to tender. Just the fact that Elton may or may not be very good at what they do does not mean there is not someone else who might be able to provide a similar service at a better price. Is that not the point of going to tenders, and particularly large tenders? This is a \$400,000 contract. This is not a small contract. There does not seem any justification for it not at least going to the market and checking out who else might be able to provide the service. Did this go to the minister at all for tick-off or was this just ticked off by yourself?

Ms Gallagher: Ministers do not tick off on—

Mr Cappie-Wood: No, this was—as I—

MR SESELJA: I would have thought, given it is that large—I mean, is this a common thing for a \$400,000 contract to go to single select?

Mr Cappie-Wood: As you can see by going through here, it is not a common thing at all and was not taken lightly. It was taken very, very seriously indeed. This was one of the major issues in terms of, if we are to seek engagement—as I said, we have talked about and looked at this widely across Australia as to who are the firms. We could have got firms who could have claimed to have done this, but we talked to the people in Sydney and the people in Perth who have undertaken some of this.

MR SESELJA: So what was that process? Was there a formal process or was it just an informal process of talking to people in Sydney and Perth?

Mr Cappie-Wood: No, it was an informal process.

MR SESELJA: It was an informal process?

Mr Cappie-Wood: Yes.

MR SESELJA: Was there any seeking of quotations or anything like that from other potential providers?

Mr Cappie-Wood: No, there was an understanding that the size and scale that this represented was one that offered I think unique requirements. We were seeking to have a unique firm. I think we came up with, and I am absolutely convinced that we have utilised, one of the most experienced, if not the most experienced, at broad-scale engagement of this nature in Australia.

MR SESELJA: Okay. Presumably there is a document then that was put to you—

Ms Gallagher: Well, you have to sign off single select.

Mr Cappie-Wood: Yes, that is right.

MR SESELJA: Yes, that is—if I could ask—

Ms Gallagher: You know, there are laws around procurement.

MR SESELJA: If I can finish the question? Presumably there was a document put together as to why this was single select?

Mr Cappie-Wood: Yes.

MR SESELJA: Is that document able to be tabled for the committee?

Mr Cappie-Wood: I would imagine that that could be done. I will ask, as always in these circumstances, if there is anything in that document which Elton consider to be

commercially privileged, but other than that, the reason behind it, I would be happy to do so.

MR SMYTH: Just on further contracts, the Kingston arts precinct was also put out as a single select. Why was that?

Mr Cappie-Wood: Sorry, I am just—

MR SMYTH: It is page 95. I would assume you would have made that decision as well.

Mr Lasek: I may be able to assist. My understanding was that Susan Conroy had done a substantial amount of work in that precinct previously. I believe artsACT recommended single select based on that work and the fact that the work previously done would assist and in a way enhance the work she was doing in the consultancy on that precinct.

MR SMYTH: But on that logic you could say anybody who had built a road for us previously has experience and therefore they should just get single select tenders; with anybody who built a school it might be the same system. The procurement system is designed to stop just going back to the same place and get the best value for money. So I guess the question for the Chief Minister and the head of the department is: how do you know you got the best value for money on, for instance, the Kingston arts precinct in this regard? I would not have thought precinct strategy was such a specialised skill that only that firm could do it?

Ms Gallagher: I am not aware of that work; it pre-dates my time. But I should say that the procurement processes dating back—and I presume to when you were a minister as well, Mr Smyth—allowed for single select processes where appropriate. They have to be done in accordance with the Financial Management Act and procurement processes. They need to be signed off by the directors-general. I do not know what you are getting at here. Are single select not allowed from your point of view or—

MR SESELJA: There has to be justification.

Ms Gallagher: Exactly.

MR SESELJA: There is not much justification. Mr Smyth has asked you to justify.

MR HARGREAVES: Hang on a second. How about the answer? Let her answer, Mr Seselja.

MR SESELJA: Are you chairing now? You're chairing now, are you?

THE CHAIR: Mr Hargreaves.

MR HARGREAVES: Yes. I would like you to just be quiet for a second.

THE CHAIR: Mr Hargreaves!

MR SESELJA: You must love him defending you, Chief Minister.

THE CHAIR: Mr Hargreaves and Mr Seselja, please both be quiet.

MR SESELJA: You must not be embarrassed at all every time he does that.

MR HARGREAVES: You are embarrassing the whole lot of us.

THE CHAIR: Mr Seselja, Mr Hargreaves, please!

MR SESELJA: So we are asking you to justify it, Chief Minister.

THE CHAIR: Mr Seselja! Ms Gallagher, you have the floor.

Ms Gallagher: I am telling you that ministers do not sign off on single select or select tenders, but there are processes to guide the decision making in this area and it is a matter that is delegated to the directors-general. If there is any evidence that you have or concerns you have that perhaps single select processes have not been followed in accordance with the requirements governed by things like the Financial Management Act and our procurement processes, I am happy to have a look at it. Indeed Mr Cappie-Wood has undertaken to provide you with some more information.

THE CHAIR: Ms Hunter has a question on contracts.

MS HUNTER: Yes, thank you. I wanted to go to two of the contracts. They were the Centre for International Economics—

MR SMYTH: Sorry. The Chief Minister just said Mr Cappie-Wood was about to respond.

Ms Gallagher: No, I did not.

MR SMYTH: Can we finish the question?

THE CHAIR: Mr Smyth—

Ms Gallagher: I said he has already undertaken to—

MR SESELJA: So there is no justification then. That is all we have asked for. We have asked for a justification and you are saying you cannot give one.

THE CHAIR: Mr Seselja, please be—

MR HARGREAVES: Come on. Ms Hunter has got the floor, thank you very much. There is a rotational thing here.

THE CHAIR: Please be quiet.

MR SMYTH: Hang on; the question is not finished, and I—

MR HARGREAVES: Yes, it is. Ms Hunter has not got her answer yet.

THE CHAIR: Let Ms Hunter ask her question.

MS HUNTER: Thank you, Madam Chair. The Centre—

MR SMYTH: Sorry. As a member of the committee, I have asked a question that has not been completed.

MR SESELJA: What is so sensitive about this particular one?

Ms Gallagher: You are like Bill and Ben the flowerpot men over there. This is just getting embarrassing.

MR HARGREAVES: Yes, you have. Zed has asked a question.

MR SMYTH: When you go to the ridicule that there is obviously something wrong in—

Ms Gallagher: Mr Cappie-Wood has already undertaken to provide you with the information about a single select process. If you would like it about the development of the Kingston arts precinct strategy, I am happy to provide that as well.

MR SMYTH: Thank you. Yes, I would, and that is where I was leading to. If that had been offered five minutes ago we would not have gone through this.

MS HUNTER: Thank you, Madam Chair—

THE CHAIR: Mr Smyth, let Ms Hunter ask her question.

MS HUNTER: Thank you. I wanted to go to two of the contracts.

Ms Gallagher: It is because Noel Towell is in the room. I wondered why the performance ramped up.

MS HUNTER: They were with the Centre for International Economics. There were two contracts there. Could you just go through what we got for those two contracts? It is on page 87.

Mr Cappie-Wood: Yes.

Ms Davoren: There are two contracts there on page 87. I will just deal with the first one, the general equilibrium model, which was a single select based on the specialist knowledge that the CIE has, particularly that it had demonstrated and done this kind of work with government before and we could see that in going single select with them we could get good value for money—

MS HUNTER: I am not so interested in the single select issue. I am just wondering what we purchased.

Ms Davoren: It was part of our work around improving and building our evaluation capacity. It is a computable general equilibrium model that will be able to help our numerate economic policy advisers to do economic analyses. Unfortunately one of our numerate economic analysts is not here today, but I think that we have done this. We are working collaboratively with the Economic Development Directorate to implement the model that we have purchased and also build in some framing so that we can look at the kind of economic impacts of policy, whether in terms of policy development and impacts of policy, so it is part of just building that broader evaluation capacity.

MS HUNTER: Will this be part of the triple bottom line approach too? Is it part of those tools to analyse impacts?

Ms Davoren: It will assist with that but it has got a broader kind of effect in terms of often we have to go externally to do that kind of economic analysis and we hope to be able to build our internal capacity to do that within CMCD and also Economic Development—look at different kind of work.

MS HUNTER: Just on a lighter note, I guess, is page 91 with Wamboin Worms.

Mr Cappie-Wood: It is clearly a digestion system.

MS HUNTER: Right.

Mr Cappie-Wood: But it is a waste management recycling service to the extent that some of the putrescible and other sorted waste can go to this particular stream. Clearly they have a very large worm farm as well.

MS HUNTER: Where does that waste come from?

Mr Cappie-Wood: Internal office waste that is sorted. The sorted waste that is suitable for that goes down that digestive system.

MS HUNTER: Okay. So it is a part of CMCD's waste strategy?

Mr Cappie-Wood: Yes.

MS HUNTER: Okay. Thank you.

THE CHAIR: I have a question about a totally different area, open government. Chief Minister, you will remember that in April the Assembly passed a motion on this subject. Unfortunately the Labor Party did not support it.

MR HARGREAVES: What do you mean, unfortunately? That was a piece of good fortune.

THE CHAIR: Mr Hargreaves.

MR HARGREAVES: It was good fortune.

THE CHAIR: One of the areas in this was specifically about the use of creative commons licensing. What progress have you made towards it as a specific requirement of that motion?

Mr Cappie-Wood: I might ask Mick Chisnall, the government information officer, if he would like to join us at the table. The open source—

THE CHAIR: If I could just correct you— I asked about creative commons licensing. I did not ask about open source, which is an interesting subject, but not what we are on about now.

Mr Cappie-Wood: Okay. The creative commons licence is a much better alternative, in my eyes, to the copyright arrangements. There have been internal discussions about movement in this direction and the creative commons arrangements. We note a number of international governments are moving down this path or similar. Some of them are using slightly different creative commons, but creative commons is clearly intended to make public information available without copyright, other than embedded copyright actions. You just have to be able to separate those out.

THE CHAIR: I am aware of all that. What I am after is the ACT government's commitment. We could spend a day talking about how wonderful it is, but is the ACT government actually going to do what the Assembly required it to do and implement it? That is the question I am asking.

Mr Cappie-Wood: Yes. We will be bringing that to one of the early meetings of the new ICT strategy committee, because we see it as one of the important elements in terms of availability of government information. We would like to put that in front of cabinet early in the new year.

THE CHAIR: So that answer is not—

Mr Cappie-Wood: It is in train.

THE CHAIR: That was not an answer that sounded quite like yes. It was a maybe?

Mr Cappie-Wood: There are issues currently in place in terms of contracts for the provision of copyright arrangements. We are just taking some legal advice on those at the moment, and we have to take that on board. A number of government agencies or directorates garner some income from copyright and feedback from that.

THE CHAIR: Could you possibly take on notice what ACT government agencies get an income from copyright?

Mr Cappie-Wood: Yes.

THE CHAIR: I did not realise that was the case.

Mr Cappie-Wood: It is very small, but—

THE CHAIR: I am happy for you to take it on notice.

Mr Cappie-Wood: That is fine, but it is the education area principally.

THE CHAIR: So there is not a commitment, apart from obviously in the Assembly—

Ms Gallagher: We always do what the Assembly tells us to do. I cannot recall what the motion was specifically.

MR SMYTH: You always do what the Assembly tells you?

Ms Gallagher: That is right.

THE CHAIR: It talked about what licensing—

Ms Gallagher: Did it require us to do something?

THE CHAIR: It did, and that is why you voted against it.

MR HARGREAVES: Did it get up?

THE CHAIR: Yes, it got up. The Liberal Party—

MR HARGREAVES: You can't help bad luck, can you?

THE CHAIR: Mr Hargreaves, that is not relevant. A lot of the work you have been doing with open government has been based on websites. Has the government done any evaluation of the websites against the principles of accessible websites? I am not talking here about publicity about websites; I am talking about defined standards for accessibility so that people, particularly with visual handicaps, can use them. I have been told by a number of people that the ACT government's websites are actually very poor as far as that is concerned—

Ms Gallagher: There are differing standards, yes.

THE CHAIR: and is failing from the point of view of open government because visually impaired people find them hard to use.

Mr Chisnall: I think it is fair to say we are absolutely committed to WCAG standards. The new open government website in its development was very conscious of that. We ran tests of that and, subsequently, when going live we ran tests of that. The way these tests work is that they provide a figure of compliance. It is never 100 per cent. It is a complicated business. But we aim to move to 100 per cent certainly.

The truth is that we have 200 websites across the ACT government, and they have grown up over a period of time. We are very much in the process of looking at the concept of a single public face. Inherent in that notion of a single public face, a single web presence, is very much the compliance to those standards.

THE CHAIR: So compliance to these standards will not happen until there is a single

public website?

Mr Chisnall: No, these things are—

THE CHAIR: Surely it needs to be done more quickly than that?

Mr Chisnall: No, it is incremental. You cannot change 200 websites in a month, however much we would like to. I am not saying by any means that they are not compliant, but, as the Chief Minister said, there is a range of compliance. We are very conscious of that. Any new website being built would certainly be compliant, and as part of that single public face project, as we redevelop websites, as we upgrade websites, as we remove websites, as we develop websites, that level of compliance will grow.

THE CHAIR: Why have we been building websites which are not compliant? I am not talking about new standards here. I am talking about something we have been talking about from a web point of view for six, seven, eight, nine, 10 years.

Mr Chisnall: Sure.

THE CHAIR: Why is it new to the ACT government, as it seems to be?

Mr Chisnall: It is not really new to the ACT government. It goes to the previous discussion about one government. One of the benefits that we see in looking at the totality of the web presence is that it is reflective of the single standards within government and the ability to raise the standards and raise the awareness of issues like this across the board. The web is a wonderful arena, as you know probably better than I, and it is very easy with the sort of tools that we have nowadays to develop websites and to get into that game. It is true that over the 22 years of the government prior to the one government initiative, there have been lots of different initiatives and website developments going on. We are really now trying to bring it back into order and the compliance in each of those developments has been variable.

THE CHAIR: You do not have a program for reviewing the existing websites to make them compliant? You are just going to say, if and when they are redeveloped—

Mr Chisnall: No, it is not just a wish. There is a program referred to as the single public face program, of which this issue is a significant part.

THE CHAIR: Do you have a time line as to when you are likely to complete the compliance arrangements—compliance testing and improvements for all the websites?

Mr Chisnall: It is ongoing. I do not have a phased time line with me to give you, but—

THE CHAIR: Would you be able to take that on notice? It sounded like that time line might in fact exist.

Mr Chisnall: I am happy to do that.

THE CHAIR: Great. Chief Minister, with the open government agenda, what is being done to make this part of how the government really works? I will just give one example here. I am also the planning spokesperson, so it is about planning. We have repeatedly asked for the document from the consultation about the draft territory plan variation 306, which has been repeatedly denied. I was reading last night that you have just done something which is good from an open government point of view, in that the minutes of the Planning and Development Forum are now online. That report was given to those people, who are members of the public, but it has been refused to the Assembly and for dissemination to the general public.

I am only giving this as an example that I particularly know about. I could say in general that I think it should be better, but everyone always agrees that things should be better. What are you doing to make open government not just a statement but something that the government is actually doing? I think what you have done with FOI is good, but how are you making it part of the culture?

Ms Gallagher: One of the things we have done is that documents that are prepared—and I cannot specifically talk about that one you have raised; I am happy to look at it.

THE CHAIR: No, I appreciate that. I will ask Mr Corbell yet again if he will—

Ms Gallagher: Yes, I am happy to look at it. When submissions come to cabinet that have consultation reports and background papers, the default position is that they should be released, unless there is some very good reason why they should not. Indeed we are loading most of those up, through the cabinet summaries, the cabinet outcomes, so that every director-general has to advise their minister why a document should not be released.

That is going to take some time, because we need to also back-end that to the work we are commissioning, so that we are telling the consultants or the individuals that are doing the work for us that that work will be released, unless there is a really good reason why. So we have still got reports coming through that those operations were not in place, but over time, and as I said, unless there is a good reason to withhold the information, where it is commercial-in-confidence or budget-in-confidence, that information should be released.

So it is ongoing. We have started a journey. I think we are making progress. There are some—not resistance—challenges about how you make sure that everyone is on the same page.

THE CHAIR: I think it is resistance by any other name.

Ms Gallagher: It is not really resistance. It is people wanting to understand exactly what we are trying to do and there are different ways of working. If I can give you the example in Health, and this is where it is challenging, we have been undertaking for the last few years a really strong effort around open disclosure and reporting of all issues against staff—whether it is bullying or complaints, incidents in the workplace, adverse events, concerns around clinical performance. We have done that and Health has actually won national awards for the process, called RiskMan.

So people are disclosing all of this information and then, through this open government and some of the changes that we have put in place, information that would not necessarily have been in the public realm is in the public realm, and that is challenging some of our clinicians at the coalface; it really is. They are saying, “I was actually doing this not to make a public spectacle but to actually engender change within my workplace and make sure that we are reporting concerns where they occur,” and people are signing their names to it and it is a matter of trying to find the right balance. We do not want people to stop reporting incidents because they are worried about when and if that information hits the public realm, and we want information in the public realm, but it is a matter of taking people along on that journey.

In the last few weeks a lot of effort has gone into talking with clinicians about what we are trying to do here, and they are supportive, but they want to be protected as well through the process. That is just one example. It is not resistance but it is changing the way that the rules have operated in the past.

THE CHAIR: It sounds like basically you are working at the cabinet level, which is good, no doubt, but a lot of things presumably do not go to cabinet.

Ms Gallagher: Yes, that is right.

THE CHAIR: What are you doing for the non-cabinet level of things?

Ms Gallagher: Again, that is through the head of service and going down through the strategic board, through the directors-general to their individual work units. I know all of the directorates are looking at how we report information, what information perhaps was not available in the past, and how we make that available. There is a lot of work going on in this area. Also people are raising issues like the one I just raised in Health: “If we are going down this path, it’s not as simple as it sounds. Let’s have our eyes open and make sure we know what we’re doing.”

THE CHAIR: On that note, it is morning tea time.

Mr Kefford: Madam Chair, I do not wish to detain the committee, but if it would assist the committee, I have the information Mr Smyth was seeking a little earlier about the systems for bullying and harassment.

THE CHAIR: Okay.

Mr Kefford: I might take a couple of minutes to give it to you, Mr Smyth, if that is okay.

MR SMYTH: Yes, I am happy to deal with it now.

Mr Kefford: The first thing I would say is that all agencies have in place a system for employees to report bullying and harassment. The 12 of 13 to which you refer applies to agencies having in place a system to record that data. The one agency that reported in this survey as not having that system was Calvary, because they are included in this

so that we get coverage of the workforce. One of the things that we are in the process of doing, not just in this space but across the HR systems for the whole of the service and those people engaged under the act, is that because we are not all on one system at the moment, we are doing some work with Shared Services on better systems, because of course you have to be able to have data on the problems if you are going to engage with them properly.

MR SMYTH: Are we able to get the dates on which the other 12 units had—

Mr Kefford: We would have to take that on notice. That is not collected as part of this.

MR SMYTH: That one is on notice? That is fine.

THE CHAIR: We will have a break for morning tea.

Meeting adjourned from 11.03 to 11.21 am.

THE CHAIR: Mr Smyth.

MR SMYTH: I might just go back to page 95 and single select tenders. There is a tender there for Futago Pty Ltd, which is single select. Under your own guidelines—the reasons for the use of select tender—there should be an explanation, but there is no explanation on that particular one. Is there a reason for that?

Mr Cappie-Wood: I will have to take that one on notice.

MR SMYTH: Okay. There is a question here and Mr Hargreaves mentioned it earlier. Is there a delegation level at which a single select comes to you or do you do all the single select approvals inside the directorate?

Mr Cappie-Wood: The single selects come to me.

MR SMYTH: All of them?

Mr Cappie-Wood: Yes, I understand so.

MR SMYTH: If you could take that one on notice as well. The other matter with procurement-based issues would, of course, be the payment of invoices. Can you inform us how the system works where probably one in five invoices across the ACT government are not paid on time, and why is that?

Mr Cappie-Wood: Could I just clarify? Are you asking about the directorate or about the system-wide—

MR SMYTH: I thought you now spoke for the entire system.

Mr Cappie-Wood: No, I was just clarifying the question.

MR SMYTH: Let us start inside the directorate. What is your rate of payment of

invoices and what is it across the entire system?

Mr Cappie-Wood: I might ask Paul Ogden to give the definitive answer in terms of CMCD. Then I am happy to address the broader question.

Mr Ogden: For 2010-11, 81 per cent of our invoices were paid on time within the terms of the payment arrangements—that is, 2,548 out of 3,164. We then slipped into 12 per cent falling into one to 30 days. There are a number of reasons for that: they may not have been addressed correctly or there could be some other dispute where credit notes have not been applied and therefore we do not pay until we have negotiated that with the provider. We also have a couple—and I will use an example—where we have contacted the provider to initiate a service into the future. Some providers will invoice straightaway. We do not make payment until we have actually received those goods or services. So there is a time lag there. Generally there is a good reason.

MR SESELJA: How much interest has been paid to these providers of services to the government where invoices are late?

Mr Ogden: As far as I am aware, for our directorate we do not pay any interest.

Ms Gallagher: I think you know the answer to that, don't you, Mr Seselja? I have seen a media release by you about that.

MR SESELJA: I am just wondering how that fits in, Chief Minister, because you have said in your agreement with the Greens that they will be paid if they are late. So why is it that businesses are not being paid interest when there are late invoices?

Ms Gallagher: There is always a good reason, in my experience, why invoices are not paid. There are requirements, as you know, under the Financial Management Act that need to be observed around the payment of government moneys. If there is any question I think it is quite reasonable that the directorates pursue that prior to paying.

MR SESELJA: So is it the government's position that in every one of the cases it has been not the government's fault that invoices have been—

Ms Gallagher: No, that is not the position. If we want to sit here and go through it invoice by invoice, we could do that.

MR SESELJA: You are paying zero interest. If the government's position is that you should pay interest when there are overdue payments and it is the government's fault then presumably there would be some interest paid on some invoices. Why is it that no interest is being paid on any invoices, no matter how late they are?

Ms Gallagher: I am not sure I can give you a general answer to that. The government's intention is to pay its invoices on time, and that is within 30 days. To the largest extent possible, I think it is 85 per cent or so that is met. There are then a range of reasons why invoices might not be paid. I do not recall ever seeing a claim for compensation cross my desk from anyone doing business with the government concerned around the payment—

MR SESELJA: But is that not your policy to pay interest when they are late?

Ms Gallagher: What policy are you talking about, Mr Seselja?

MR SESELJA: You signed up to it in your agreement with the Greens. You say you will pay commercial interest.

Ms Gallagher: I do not know the exact detail. The commitment for the Greens was to pay within 30 days.

MR SESELJA: Or pay commercial interest.

MR HARGREAVES: Was that in the written agreement?

MR SMYTH: Yes, that is.

MR SESELJA: “7.3—require all ACT government agencies—

Ms Gallagher: You seem to know that word by word.

MR SESELJA: to pay invoices for small businesses within 30 days and pay commercial interest on late payments”.

MR SMYTH: Perhaps Mr Ogden could tell us how the process works where post-30 days if the account has not been paid you would calculate it and pay them interest. Is that automatic or do people have to request it?

Mr Ogden: No, when we say it is post-30 days, it is actually the date the invoice goes into the system. When it goes into the system the system recognises the date of the invoice. What can potentially happen is that a supplier could date the invoice as at the phone call. It does not go into the post until two or three weeks later. We receive it whenever we receive it. But we will put it into the system dated the day of the invoice, so there is a time length—

MR SMYTH: I am sorry, the day the invoice was generated or the day the invoice was received?

Mr Ogden: The day the invoice is generated it goes into the system. The number that I have quoted here is based on date of invoice, not date received.

MR SMYTH: Some invoices go beyond 30 days. What is the process for a business to receive the interest that it is due from the agreement that the government has signed up to? If it is not paid within 30 days—

Mr Ogden: For CMCD, we have had no interest paid.

MR SMYTH: I am sorry?

Mr Ogden: For CMCD, we have not paid any interest on any invoices outstanding.

MR SMYTH: That is a statement of fact, and I accept that, but how does the process work? Does a firm have to request it or is the department implementing the government's policy of paying interest after 30 days?

Mr Ogden: I would have to go to Shared Services to ask for that advice.

MR SESELJA: Perhaps Mr Cappie-Wood can tell us what the system is across the public service.

MR SMYTH: Have you implemented the government's commitment to pay by 30 days or pay interest after 30 days? How have you implemented that, Mr Cappie-Wood?

Mr Cappie-Wood: The issue about late payment has been raised in the strategic board. As you would anticipate, this is a matter that, in terms of operational performance, needs to be improved. I think everyone recognises that. One of the things that I think we need to do is to change the invoicing when it is entered into the system as the date received. I think that that will give greater clarity about our performance—as opposed to our receiving it after an invoice is raised within two days, or it might be several weeks. How can you therefore accurately calculate what 30 days is if it is 30 days of our handling as opposed to 30 days of raise of invoice? We have got a conflict. That policy question needs to be resolved.

MR SESELJA: But is it your understanding, though, that the policy is that where it is over 30 days interest is paid?

Mr Cappie-Wood: I will have to clarify that because I do not want to mislead you. I will be taking advice from Shared Services and Treasury on that matter.

MR SESELJA: Okay.

MR SMYTH: This agreement is three years old. Are you saying that the government's policy, when they signed up to this, has not been implemented three years after it was signed up to?

Ms Gallagher: There are a range of areas within the Greens-ALP parliamentary agreement that have not been implemented yet. They are ongoing—

MR SMYTH: So when will you implement it?

Ms Gallagher: We have a full four-year term in which to deliver on those commitments.

MR SMYTH: So when will you implement this payment of commercial rates of interest for invoices not paid within 30 days?

Ms Gallagher: I do not think we have implemented the interest.

MR SMYTH: That is what I am asking: when will you implement it?

Ms Gallagher: As Andrew has just said, the issue of payment of invoices is with the strategic board. It is a matter for ongoing—

MR SMYTH: Three years?

MR SESELJA: Is it a matter for government policy or a matter for the strategic board? Does the cabinet not have a policy on this?

Ms Gallagher: It is a matter for the strategic board to advise the government on implementation of a range of initiatives, and they do that. I think the issue around the day of dating and the day of receiving is a genuine issue that we need to change and change quickly.

MR SMYTH: But why has it not been resolved three years after you signed up to the agreement?

Ms Gallagher: Why hasn't what been resolved?

MR SMYTH: The issue of date of invoice or date of payment.

Ms Gallagher: It is up to us, the government, to implement a whole range of commitments between the Greens and the ALP in the parliamentary agreement and we are doing just that.

MR HARGREAVES: Can I ask a question on the outstanding invoices. Would you have an idea what proportion of those are contested invoices, the investigation of which would actually make them go over the 30 days?

Mr Ogden: We would actually have to pull the individual invoices. If we are talking about 2010-11—

MR HARGREAVES: Yes.

Mr Ogden: we would have to pull those invoices.

MR HARGREAVES: I am interested in a rounded figure; I do not want to know exactly how many it is. What I am trying to get a handle on is this. I understand that when an invoice is contested it is not appropriate to start considering that interest will be paid on that contest, because we do not know what the reasons were for that contest anyway. I guess this is a question for the minister or for Mr Cappie-Wood. In the undertaking to pay interest on overdue accounts, am I correct in assuming that this would only be where an account should have been paid within the time frame and it does not include such things as contested invoices?

Mr Cappie-Wood: Clearly a number of invoices received require clarification. I think your question goes to how many of the invoices we receive actually go back through a repeat process of clarification. With some of them, they sometimes put together a series of items that need clarification as to who that service is for and the nature of that service. And I have to say that unfortunately there are an increasing

number of potentially bogus invoices that come into our system, as they come into all commercial systems—people sending invoices that are for non-services. We have to be careful about that. Hence there is always a question of clarification.

MR SMYTH: But that is not one in five?

Mr Cappie-Wood: No. I do not think I said one in five.

MR SMYTH: No, you did not, but I am just making the point that that is not one in five.

Mr Cappie-Wood: No; I am not saying that it is.

MR SESELJA: Specifically for the directorate, CMCD seems to be one of the slower payers. Based on the figures that were provided by the Treasurer, I think it is 81 per cent, as said before, compared to others. CSD is worse, but most are a bit better. Why is CMCD lagging behind even other agencies in its payment of accounts?

Mr Cappie-Wood: I think it goes partly back to the issue that was raised before. Depending on what you classify as time spent, if it was on receipt—if we go back and were to say on receipt, time of receipt of the invoice, as opposed to raising the invoice, that may be a completely different question.

MR SESELJA: It talks about 90-plus days—60 invoices over 90 days. I am interested in these. What is the longest of those? How long are some of these invoices remaining outstanding?

Mr Cappie-Wood: I will ask Paul.

Mr Ogden: I would have to take that on notice.

MR SESELJA: Okay. The Treasurer has provided the numbers on your behalf, categorised in different categories. Are we able to get the average value of those outstanding invoices?

Mr Cappie-Wood: Yes.

Ms Gallagher: Do you also want the percentage payment in 45 days, which is your policy commitment?

MR SESELJA: If you would like to.

Ms Gallagher: Eight out of 10 delivered in 30 days. You are setting the standard to pay them within 45.

MR SESELJA: Actually our policy is to—

Ms Gallagher: Eight of 10 in any other measure is a high distinction.

MR SESELJA: Our policy is to pay them within 30 days and then have interest paid.

You have not paid a cent of interest. That is where your policy falls over.

Ms Gallagher: Well—

MR SESELJA: Your policy falls over because you are not paying interest—no matter how outstanding they are.

Ms Gallagher: There are genuine issues, again, I think, about compensation, unless there is a—

MR SMYTH: But you signed up to an agreement to do it.

Ms Gallagher: Unless there is—

MR SESELJA: Which is why—

Ms Gallagher: These are some of the issues that have to be worked—

MR SESELJA: Which is why we have been sensible with our targets.

THE CHAIR: Mr Seselja and Mr Smyth, let the Chief Minister answer.

Ms Gallagher: So your commitment is to pay interest as well?

MR SESELJA: Yes. If you are asking me, I will answer.

Ms Gallagher: Sorry, no. So—

MR SMYTH: She is looking more and more like an opposition leader.

MR SESELJA: Our commitment is to pay them on time in 30 days and, when they are not paid within 45 days, to pay interest. You are not paying interest, it seems, no matter how late they are.

Ms Gallagher: So on any invoice, regardless of what the issues are, you will spend taxpayers' money?

MR SESELJA: No. Obviously there will be disputes.

Ms Gallagher: Oh, right.

MR SESELJA: But you are not paying it on any. It does not matter how long; you do not pay them on one. That is the problem you have. You have not explained to us why you have a commitment to paying interest but—it does not matter whether it is 60 days, 90 days or 120 days—you do not pay interest in any case.

Ms Gallagher: We do not have a problem. We have a commitment and a range of commitments in the parliamentary agreement, and we are delivering on all of them.

MR SESELJA: Just on that, the agreement says 30 days and you have asked me the

question about—

Ms Gallagher: About lowering the standards?

MR SESELJA: No. The agreement says 30 days or commercial interest will apply. Will that apply? Once you have implemented this policy, will that apply on every invoice that is not paid within 30 days or will there be exceptions? If so—

Ms Gallagher: No, it will not be, because I do not believe you can pay interest—

MR SESELJA: But you signed up to it. Which part of that are you not signing up to then?

Ms Gallagher: There are a whole range of commitments in the parliamentary agreement that are a matter of ongoing dialogue.

MR SESELJA: That are not real?

Ms Gallagher: No. That is not true.

MR SMYTH: Sounds like the Greens getting duded again.

THE CHAIR: Mr Seselja! Mr Smyth! Please!

Ms Gallagher: They are matters between the Greens and the ALP—around how those commitments are implemented. There is a mature acknowledgement—something that is lacking from this debate here this morning—that there are—

MR SMYTH: Perhaps you should raise the standard of your debate.

Ms Gallagher: ways to implement those commitments and sometimes—

MR SESELJA: Okay. I will ask you a really simple question about it.

Ms Gallagher: Sometimes it requires genuine advice coming back on how you do that. If you do not have a disputed invoice or you have a disputed invoice and it is over 30 days and you finalise it within 40 days, what is the obligation on the territory to fund interest on an invoice that was incorrect?

MR SESELJA: Precisely. I will ask you the question then: do you intend to implement the policy that will require all ACT government agencies to pay invoices for small businesses within 30 days and pay commercial interest on late payments? Do you intend to implement that policy?

Ms Gallagher: I am committed to the Greens-ALP parliamentary agreement.

MR SESELJA: But are you committed to that element of it? Will you be paying—

Ms Gallagher: I am committed to all elements of the Greens-ALP parliamentary agreement.

MR SESELJA: So you will be paying interest on invoices that are over 30 days?

Ms Gallagher: You will just have to wait and see, Mr Seselja, as we roll out our—

MR SESELJA: It sounds a bit like a no.

MR SMYTH: When will you implement that part of the policy?

Ms Gallagher: We will let you know.

THE CHAIR: Have we a new line of questions?

MR SMYTH: I have a new line, on the Centenary of Canberra planning. I notice from page 35 of your annual report that the upgrade to Constitution Avenue now is a gift from the federal government as part of the centenary of Canberra. When did it become a gift?

Ms Gallagher: That was how it was provided in their budget.

MR SESELJA: No, it was not. Don't they owe us? I thought it was the ACT government's position that we were owed that as a result of an arrangement—

Ms Gallagher: I am very happy to see resolution on Constitution Avenue—a satisfactory resolution that was brought about by constant and persistent lobbying from the ACT government for a satisfactory resolution.

MR SESELJA: After they reneged on their deal.

Ms Gallagher: We are happy with the outcome.

MR SESELJA: Is it a gift or are they honouring the part of the agreement that they did not honour before?

Ms Gallagher: Both.

MR SESELJA: So it is a gift to honour your agreement?

Ms Gallagher: They describe it as a gift; we think it is honouring the commitment.

MR SESELJA: And you accept that.

MR SMYTH: You accepted. You have reiterated that—

MR HARGREAVES: Can we just have one at a time, please.

MR SESELJA: Have you sent a thankyou note? Have you sent a thankyou note to the federal government for their gift?

Ms Gallagher: Indeed. I am trying to recall. I think I could have—not a thankyou

note per se, but—

MR SESELJA: A personal note to the Prime Minister—

Ms Gallagher: I think we were very happy—

MR SESELJA: saying thank you very much for the gift?

THE CHAIR: Mr Seselja, please don't interrupt.

Ms Gallagher: I cannot recall. I cannot recall if we sent a note acknowledging it. There were a couple of payments. There was Constitution Avenue and a \$20 million allocation for the centenary.

THE CHAIR: Are there follow-ups on the centenary?

MR SMYTH: As part of the centenary of Canberra program, we have heard in previous estimates and annual report hearings that the full program would be made available late this year. I think initially it was earlier this year, but now it is December this year. I understand that has now been put off. What will be released—

Ms Gallagher: I think there is a draft program coming out in March.

MR SMYTH: March is not this year.

Ms Gallagher: I do not know who gave you the commitment about this year. The advice from the creative director—

MR SMYTH: The former Chief Minister told various committees.

Ms Gallagher: The advice from the creative director to me is that a draft program should be released on the 99th birthday of our city.

MR SMYTH: Why would it only be a draft program?

Ms Gallagher: Not a draft program; a highlights program. Sorry; not a draft.

Mr Lasek: It will be a preview package.

MR SMYTH: Why won't the full program be released?

Mr Lasek: At the last estimates I am sure that I did say there would be a highlights package, a preview of the full package. The reason it will not be fully released is that at that stage the program will not be fully finalised. It will be in September next year, towards the end of the year, that the full program will be rolled out. I think that is what I said at the last estimates.

MR SMYTH: So September 2012, which is just three months before the commencement of the centenary year, is when we will see the final program?

Mr Lasek: Correct.

Ms Gallagher: We are building up the excitement.

MR SMYTH: You might be building up the excitement but you have missed the business events market who for years have been seeking to sell in conventions.

Ms Gallagher: The business community are very involved in the centenary planning.

MR SMYTH: Yes, they are very involved but—

Ms Gallagher: I do not think that is the case.

MR SMYTH: you have missed the market for booking in conventions for 2013 where organisations seeking to bring their functions to the ACT—

Ms Gallagher: They are waiting for the final detailed program in order to make those decisions? I doubt it very much.

MR SMYTH: You doubt it very much?

Ms Gallagher: Yes.

MR SMYTH: Have you spoken to the convention bureau about this?

Ms Gallagher: I have spoken to the convention bureau about the centenary, yes, and they have not said to me—

MR SMYTH: You are not aware of concerns?

Ms Gallagher: “We want the detailed program. We can’t wait for the detailed program until September.” That has not come up in our conversations.

MR SMYTH: It has come up in previous discussions in this place where those concerns have been aired. Are you concerned that we could miss the business events market because of the late release of this program?

Ms Gallagher: No.

MR SMYTH: You are not concerned at all?

Ms Gallagher: No.

Mr Lasek: We have had confidential briefings with the convention bureau to give them much more depth regarding the program, bearing in mind the concerns about selling 2013, and the indications from the bureau are that they are very happy.

MR SMYTH: So you are aware of those concerns?

Mr Lasek: I am aware that there were concerns and they would have liked more

information early. We have given them that information and our information is that bookings for 2013 are very strong—much more advanced and stronger than for a typical year. So I think they are feeling very good about the centenary at this stage.

MR SMYTH: So how will anybody wanting to develop a package with travel and hotel accommodation be booking that in advance when we will not know the final program until September 2012?

Mr Lasek: Those stakeholders who liaise with the conference market are aware of greater detail and are using that information to sell to the marketplace, and apparently it is working.

MR SMYTH: So if there is greater detail, why isn't that available to the greater public?

Mr Lasek: Partly strategy; partly because we do not have the full program. I think I said at the last estimates that if we pushed out a half-baked, half-finished program now, it would not be the full picture. We think, and Robyn Archer thinks, it is important to do this strategically when we have got all the pieces of the jigsaw puzzle in place.

MR SMYTH: Given that the federal government has contributed much less than was hoped for or expected, will the ACT government make up the shortfall or will we have a reduced program of events for the centenary year?

Mr Lasek: We will have a fantastic program. It is very exciting.

MR SMYTH: Very good spin but the question is: given the shortfall, will the ACT government make up the shortfall on what was expected—

Ms Gallagher: What is the shortfall?

MR SMYTH: or will we have a reduced expenditure?

Ms Gallagher: We do not have a shortfall. We have got a fully funded program.

MR SMYTH: How much was the initial request to the commonwealth for and how much did they provide for events?

Ms Gallagher: They have provided I think \$6 million—

Mr Lasek: \$6 million in total on programs.

Ms Gallagher: and we have had a budget of about \$15 million—

Mr Lasek: \$20 million.

Ms Gallagher: \$20 million.

MR SMYTH: You have put in \$20 million; you should know that.

Ms Gallagher: Sure, if we got more, there would be more.

MR SMYTH: And the ask, I understand, was \$20 million, so the shortfall is \$14 million. Are we having a reduced program because of the failure of the federal government to fund this or is the ACT government making up the shortfall?

Mr Lasek: We could not really build a program until we knew what the federal government was going to commit. That only happened in May and we are now building a program based on that funding. So we are—

MR SMYTH: So based on that it is a smaller program than was hoped for?

Mr Lasek: If we got 10 times more money from the federal government, it would be a stronger program, but we did not.

MR SMYTH: So it is a yes; we are having a smaller program because the federal government has not committed what was expected?

Ms Gallagher: No. The program is what the funds available are and it is going to—don't talk the centenary down, Mr Smyth.

MR SMYTH: I am not talking the centenary—

Ms Gallagher: You are.

MR SMYTH: I am asking why you have not got the money out of the commonwealth.

Ms Gallagher: It is going to be an excellent program; you had nothing to do with it.

MR SMYTH: It may be excellent but had the federal government contributed more it might have been more exciting.

Ms Gallagher: There is about \$26 million going into a range of events and it will be a fantastic—

MR SMYTH: And much of the initial planning was about a \$40 million framework.

Ms Gallagher: It will be a fantastic program and, yes, we are making do with what we have got.

MR SMYTH: So you are making do. Okay, you are making do.

Ms Gallagher: No, it is not about making do.

MR SMYTH: You just said that.

Ms Gallagher: Stop talking it down. Why don't you actually get behind it? You have travelled the world to give talks about it. Why don't you actually get behind the centenary?

MR SMYTH: Well, I am behind it. I have done everything I can, any opportunity you have asked.

Ms Gallagher: What have you done? Nothing but have a junket overseas.

MR SMYTH: You said it; you just used those words.

Ms Gallagher: That is what you have done.

THE CHAIR: Mr Smyth—

MR SMYTH: You used the words.

THE CHAIR: we are going round in circles.

Ms Gallagher: A very big contribution that was.

MR SMYTH: You used the words.

MR HARGREAVES: I am getting dizzy here.

THE CHAIR: Mr Smyth, do you have a new question because there is no point in going round and round in circles.

MR HARGREAVES: I would like a new question.

MS HUNTER: Yes, I would like a question, Madam Chair.

THE CHAIR: Ms Hunter.

MS HUNTER: I want to go to the locational disadvantage project that is mentioned in your annual report.

MR HARGREAVES: Can I go to the centenary, please?

THE CHAIR: Excuse me, Ms Hunter. We have a supplementary on the centenary.

MS HUNTER: Certainly, if you have a centenary one.

MR HARGREAVES: Yes, thanks. I understand that, when you are developing any sort of festival-type program, your starting point is those people who are going to be significant contributors to it. So you work out the size of your resource bucket before you go forward; otherwise that would be totally inappropriate and incompetent. So to actually start with what your known resources are and then build a program with someone like Robyn Archer is fine, but every now and again something pops up that you are not quite aware of. Did you know, for example, that 2013, in addition to being the 100th-year anniversary for our good selves, is the 70th anniversary of the Alliance Francaise in Canberra? And what a good opportunity it would be to feed in some consistency between the programs.

Mr Lasek: Yes, it is going to be an amazing year. Queanbeyan turns 175, Goulburn turns 150, new Parliament House turns 25, as does Questacon. So we are building all this into a program that connects regionally, obviously in the city, and we are pushing out nationally. With respect to one of the challenges, for example, I know that the National Gallery of Australia will have a blockbuster event in 2013 but I do not know what that is. Sworn to secrecy. So it is a bit hard to pull the whole program together. The National Gallery, of course, is funded by the federal government, as are all the national institutions around Canberra. When you talk about the component that the federal government is committing, there will be layers from all of the 11 national institutions of fantastic programming which will be worth many millions on top of the money that is already committed. We are working with the embassies, and I am sure the French embassy—

MR HARGREAVES: The French embassy, with respect, is very close to that really large caravan site on the top of the hill where those camp followers turn up, give Canberra a bad name and nick off again. The Alliance Francaise, on the other hand, has been an essential element of the suburb of Turner for stacks of time and is part of our community. I was just wondering whether you have been talking to those people at the alliance around folding in stuff.

Ms Hitchcock: Yes, we have had discussions with the Alliance Francaise school as part of our community engagement program.

MR HARGREAVES: C'est tres bon, merci beaucoup.

MS HUNTER: He just wanted to get some French onto the transcript. I want to follow up on that point before I get to my other question. My understanding from Robyn Archer is that it will not just be about the big events. This is a very varied program and in fact a lot of the, in my mind, important parts of those programs is going to be very much at that community level, with a range of events right across the year. Not all of these are going to necessarily involve money. It is about pulling in the resources and the wonderful social capital we have in our community. Is that your—

Mr Lasek: Yes, absolutely right. There will be an economic driver, no doubt, through visitation and through conferences, but Robyn Archer is trying to pull together a huge program—it is certainly the biggest thing she has ever undertaken and she is tremendously excited about it—which connects the things that already happen in Canberra and to some extent putting a little bit of icing on the cake to the great things that already happen here, but also at a grassroots level connecting with community

There is a fund that the government has made available to either enhance what already happens in the community or to give the community the opportunity to put forward for the first time a great new idea perhaps that will enhance the program, perhaps fill a gap, but certainly in every way that we can, to connect into the grassroots Canberra community. Then there will be the big ticket items, the major celebrations, the blockbuster events in the institutions. But the program has got great depth to it. It is still evolving. We are still in the process of contracting. The federal money came in a little later than we would have liked, but we are now working to make sure that that federal money broadens the event well beyond the borders of the ACT. That is our

challenge there and we are making great progress on it.

MS HUNTER: Thank you. I want to turn to the ABS locational disadvantage project. I am wondering how that work has translated to projects on the ground.

Ms Davoren: This is a project we have been looking at for some time in terms of what we knew about Canberra, which is that sometimes postcode-level measures can average out disadvantage. SEIFA—socioeconomic indices for areas—is a postcode-level measure.

We had done some preliminary work and also then worked with the ABS as part of decision making around annual projects that we do collaboratively. The ABS took that on as a research project in the last year. They have released the research paper, which tells us that even though SEIFA is a valuable measure of relative disadvantage, it can mask that diversity within those areas. The research paper has shown quite clearly that there are some unique features around disadvantage in the ACT. As we all know, there can be areas of disadvantage which are sitting next to areas of quite considerable advantage, so if you are looking at SEIFA it is not an accurate measure.

That is getting us to the starting point. It is of considerable interest for agencies looking at vulnerable families and also when we go through the Commonwealth Grants Commission process. Our Treasury colleagues were quite excited about this bit of work into the future.

MS HUNTER: Particularly in discussions around the—

Ms Davoren: Disadvantage.

MS HUNTER: And things like GST.

Ms Davoren: Yes. What it means for the future is more work with the ABS, particularly as the ABS develop different measures of what they call their geography standard, which is really doing more measurement at a collection district level, looking at clusters of households so we can do more microanalysis. As we move into that kind of area, particularly with the new census data, that will give us a finer grain level of detail.

MS HUNTER: This will be connected to the way you are going to plan and deliver services within the territory?

Ms Davoren: Yes, that is correct. That level of socioeconomic analysis will be able to inform service planning, the work we do in terms of particular families in areas, how we talk about the delivery of services and where we think there are areas of particular need for services.

MS HUNTER: Are there particular areas in Canberra that came out through this project that you had not necessarily been aware of before?

Ms Davoren: Not necessarily at this stage. Part of the issue that triggered the project was that combination of looking at the statistical analysis and also bringing into that

the on-the-ground knowledge, the information that we have from our agencies, in terms of particular public housing areas.

THE CHAIR: I want to move to a different subject. On page 16, you have got “Capital city strategic planning”. You have to report to COAG. What are you planning to report to COAG? Is it just going to be copies of the things that we have already done—the infrastructure planning strategy and the transport plan?

Mr Cappie-Wood: I might ask Pam Davoren to give some of the detail, but I will speak about the purpose of this. There is a COAG Reform Council national process. They established the methodology for evaluating capital city planning. It was their criteria, rather than ours, that were being assessed. They did look at the alignment of strategic planning through to infrastructure planning and development. They were looking particularly at how the strategic planning documents aligned. That included those questions of how the Canberra plan relates to the territory plan and so forth, and the mechanisms for coordination inside each jurisdiction.

They issued a draft report on that after they had visited. They came; they saw. They literally walked around and had detailed conversations with people in government and outside government. Our response was somewhat complicated because of the NCA arrangements. They were at pains to understand and appreciate what that was. They have had separate discussions with the commonwealth and the NCA about how that took place. They have issued their draft report, which was looking at relative comparisons on a like-to-like basis. We provided input to that to try and make sure that they understood some of the nuances here. We were quite pleased with the response. If we wanted to try and say how we ranked—South Australia came out very well because it recently completed a very extensive strategic planning exercise. I would have to say that we would be in the next grouping underneath South Australia. We complied with a lot of their expectations in that regard. Pam may wish to add some detail to that.

Ms Davoren: No; I think that is a pretty good summary of what has gone on. Obviously it was an issue that came out of COAG, and there is a set of criteria that all capital cities have provided input on in terms of analysis of what we do against those criteria and a visit from the expert panel that was commissioned to look at this. As Andrew said, we have just looked at the draft report. I understand that the COAG Reform Council will be reporting to COAG before the end of the year; that is the due date for the report. And potentially there will be public release of the report early next year.

THE CHAIR: I was going to ask about the release of information. It sounds as though we did not formally give a report to COAG, so we have nothing that we could release. We are purely waiting for COAG to release something?

Mr Cappie-Wood: They asked for response to their criteria and they set specific questions. What we have provided to them is a response. They prepared a draft report. That draft report is very transparent and includes a lot of the information in the attachments. When that comes out, it will be—

THE CHAIR: It is very transparent? When is it going to be available to the public?

Ms Gallagher: It is up to the CRC.

Mr Cappie-Wood: It is not our decision on that.

THE CHAIR: That is what I was saying, but there is—

Ms Davoren: The expectation is early next year.

Mr Cappie-Wood: Yes.

MR SMYTH: Is it possible to provide the committee with your responses to their questions?

Mr Cappie-Wood: I cannot see why not, but making that public may embarrass—

MR SMYTH: Take it on notice?

Ms Gallagher: Yes; it is fine. We will check with the CRC.

THE CHAIR: Okay. While we are on bigger things, you said that you have been meeting with the Mayor of Queanbeyan, which is great. Going to transport issues, we have still got transport issues on Canberra Avenue.

Ms Gallagher: Canberra Avenue, yes.

THE CHAIR: It seems that a lot of people in Queanbeyan work in Canberra. What outcomes have you had? What are we going to do to address those issues?

Ms Gallagher: There is some work underway through Roads ACT around some improvements to Canberra Avenue from our side. Also, the RDA ACT have rated this as one of the issues they want to pursue. And recently, in the last day or so, I saw a note about the next round of the regional development fund, or whatever it is called; they want to prioritise transport between Canberra and Queanbeyan as part of their application through that process.

THE CHAIR: Are you—

Ms Gallagher: We would be supporting that as well.

THE CHAIR: Are you looking at any better relationship between the buses? We have got two different bus services.

Ms Gallagher: Yes, that is part of it. There has been some progress made. I am just trying to recall; we did talk about this at the meeting. It is essentially around the cost of the bus tickets, the bus fare. I can get back to you on what we discussed. We did discuss it; I just cannot exactly remember what it was.

THE CHAIR: If you could take that on notice, that would be great.

Ms Gallagher: And we have worked out little arrangements—with Oaks Estate, for example, with Deane’s, to provide them with a better service at a rate equal to ACTION. There are opportunities there, but it was probably the top issue we talked about in relation to Canberra and Queanbeyan.

THE CHAIR: So you will provide us with some more information about transport?

Ms Gallagher: Yes.

THE CHAIR: Great.

MR HARGREAVES: There was some discussion in the media not long ago, if my memory serves me correctly, on the services that we provide to “Jarvis Bay”—Jervis Bay actually.

THE CHAIR: I think it is “Jarvis”.

MR HARGREAVES: It is Jervis actually; I thought it was “Jarvis” until I was corrected by an English admiral. I understand from the annual report that the MOU is expected to be finalised in early 2011-12.

Ms Gallagher: Yes.

MR HARGREAVES: Can we have an update on where we are at, and is there any chance that you can get rid of it?

Ms Gallagher: The MOU is almost ready for signing, it is my understanding. Part of that MOU notes that it is a transition arrangement to what will hopefully be a new way of delivering services to the people of Jervis Bay. I have made it no secret that it is my own view that New South Wales is better positioned to provide services to that community. It is funny that whenever you raise things like this you get a response: “What are we losing?” We do not own Jervis Bay: it is not land that the territory owns; we are merely a service provider down there.

In recent months, certainly since I took the job on, there have been a couple of instances of service provision down there where the community would have been much better served from somebody locally. That goes not just to things like care and protection—although probably care and protection is the one that highlights the real difficulties: having ACT care and protection providing services to what is essentially a New South Wales community—but other issues around asbestos, driver’s licensing and administration where, if you miss the trip from the ACT, you essentially sit and wait to get your admin dealt with.

I had some discussions with Barry O’Farrell about it in the early days. They are open to it as long as it does not cost them money. The commonwealth fully pays for our provision of services now, so I do not think it should. I think it should be a sensible and orderly change if New South Wales are prepared to take the responsibility on.

MR HARGREAVES: I noticed that you talk about welfare and family services. I am aware from my own experience that we used to deliver infant welfare services, for

example, to Wreck Bay as part of that same system.

Ms Gallagher: Yes.

MR HARGREAVES: And we had a dental service which used to travel down there. But the hospital services were provided by either *Albatross* or Nowra hospital.

Ms Gallagher: That is right, yes.

MR HARGREAVES: Is it true to say that we have got those people down at Jervis Bay and Wreck Bay accessing partly New South Wales services and partly ACT services? And how confusing is that?

Ms Gallagher: Yes.

MS HUNTER: Public housing, too, I think, is hooked up to New South Wales.

MR HARGREAVES: And public housing. It occurred to me—and I am interested in your views here—that the people in those territories are actually part of the electoral roll for the division of Fraser or Canberra. I have forgotten which one—

Ms Gallagher: Federally but not for us locally.

MR HARGREAVES: Yes. Yet they do not have an opportunity to have self-determination in the same way we do. They are a subordinate part of the commonwealth and yet they take part in the ACT's federal division. Why is it that they do not participate in ours? What is your view on that one?

MR SMYTH: Like pre self-government here.

MR HARGREAVES: Yes, antiquated—denial of self-determination and sovereignty.

THE CHAIR: Mr Smyth?

MR SMYTH: I have a question for Mr Kefford. On page 2 of the commissioner's report, there are five dot points which detail the functions of the commissioner. The fourth dot point says "conduct inspections of, or make inquiries or investigations into the operations of government agencies". How many inspections, inquiries or investigations were undertaken or initiated in this financial year?

Mr Kefford: That power refers to what is probably the most significant power that I hold as commissioner, which is to commission, with the approval of the Chief Minister, the management review. The particular section of the act escapes me at the moment. So the direct answer to your question is that no formal management reviews have been commissioned, in keeping with the sections that relate to that, because that is probably the biggest single stick we can pull out in relation to the commissioner investigating activities.

Having said that, there is a regular stream—and I am happy to take the actual number on notice—of individuals from within and outside the service coming to the

commissioner's office, usually with employment-related grievances, although the commissioner has the capacity under the PID legislation to be a receiving authority in that context.

They can range from relatively minor matters where we provide advice and assistance to individuals who may be having a concern. We have had a couple that relate to matters as simple as payroll errors that have gone on for some time and they come to the commissioner. Others of them are far more significant, and we touched on some of those particular matters this morning.

I am at the moment working with the Work Safety Commissioner on one matter where he has a particular set of powers in one context and I have a complementary set. So we are beginning to work better together in that context. In terms of the number of issues that come, I will take that on notice, if that is okay.

MR SMYTH: My understanding was that the management reviews that you spoke about are covered by dot point 3 and conducting inspections of or making inquiries or investigations into the operations of agencies is a power that the commissioner has to act under his or her own auspices. I understand that there were no authorised management reviews?

Mr Kefford: Yes.

MR SMYTH: So did the commission or the commissioner conduct any inspections, make inquiries or investigations?

Mr Kefford: Yes, and I have mentioned a couple of those just now.

MR SMYTH: Yes, and you will come back with a list?

Mr Kefford: I am happy to take that number on notice and give you, within reason, a sense of what those related to.

MR SMYTH: Sure. On page 22, under "Public Interest Disclosure", the last two paragraphs, I notice you did not receive any new disclosures during 2010-11.

Mr Kefford: Yes.

MR SMYTH: It goes on to say:

Three investigations from previous reporting periods were finalised.

Doesn't the act require that in the annual report you detail what occurred and what actions have been taken following the completion of those investigations?

Mr Kefford: Are you asking whether the PID Act requires it?

MR SMYTH: No, your act. I cannot recall if it is in your act—

Ms Gallagher: Through the annual reports.

MR SMYTH: or it is in the Chief Minister's annual report directions that say you must specify, without identifying, what actions were undertaken to improve the service. I notice that is not in this report again.

Mr Kefford: No, and I think this is one of the functions—there are a couple. There are some, for example, that the commissioner was involved in that were attached to another directorate, so there is a question of where they might appear.

Ms Centenera: I would only add that my understanding is that those public interest disclosures, if they were not undertaken within this directorate, may be in other directorates' annual reports. But I do not know what the matters involve so I would have to take on notice whether that requirement was actually fulfilled.

Mr Kefford: We are happy to point to where they are and where they have been disclosed, because they are not in here.

MR SMYTH: But the directions say that there has to be an explanation of what has come out of that and how there are improvements. This just says that three investigations were finalised.

Mr Kefford: I suppose what I am saying, Mr Smyth, is that that disclosure may well have been provided in the annual report of another agency. With the report of the commissioner—there is a table at the back that discloses this—because of the way in which that office is constituted, there are a number of elements that are not relevant to the commissioner's report. But the historical practice—and it is a sensible one—is that a separate report is provided.

Ms Gallagher: Perhaps it is an issue of referencing; in future annual reports we could say "these matters are reported in" just for the ease of—

MR SMYTH: It could well be, yes. I think we have traversed this ground a couple of times; perhaps it is the first time I have traversed it with you. Perhaps it is a matter of referencing that.

In regard to the staffing of the commission, the commission does not have its own staff and relies on support from the directorate. What is the full-time equivalent staffing level, what grades are those officers and what functions do they provide for you to support you in your job?

Mr Kefford: That are attached to the commissioner's office?

MR SMYTH: Yes.

Mr Kefford: There are no officers who are solely attached to the office of the commissioner. There are staff, mostly from Ms Centenera's branch but across the division, who, as necessary, provide advice and support to the commissioner. We have in place an arrangement and understanding with the head of service that there are particular matters where they relate to the commissioner's statutory powers or indeed where they are matters going to the head of service where we work in a different way.

So from time to time I will ask the staff that are in my division to provide advice to me as commissioner that might be provided to the Chief Minister or to a director-general directly and not going through the head of service. This brings us to the issue that I know the committee has traversed before about the dual appointment of the deputy director-general as commissioner.

While in one sense, as I say, there are no staff, including me, who are solely attached to the office of the commissioner, there are clear protocols in place about the points at which we are discharging that function and where we are able to draw on the advice and expertise that otherwise sits in the Chief Minister and Cabinet Directorate.

I think part of where we have made an improvement with the change since 1 July is that the times when my division is supporting the head of service and the times when they are supporting me as commissioner are clearer, principally as a result, as is alluded to in the report, of the transfer of quite so many of what I would describe as the mechanical functions that used to sit with the commissioner in terms of establishments and so on being located properly with the head of service. So I think there is a clearer line then about the points at which we are providing advice directly to the head of service and through the head of service to the government at times when the commissioner is acting independently.

MR SMYTH: On pages 8 and 9 there are a number of programs—the ACTPS development programs, executive leadership development program, future leaders. There are about six there. Could you take on notice how much each of those programs cost and how many officers attended each of the programs in the course of the year?

Mr Kefford: Sure, I am happy to do that.

MR SMYTH: But specifically under the executive leadership development program, what is a zone 1 executive as opposed to being a zone 2 executive?

Mr Kefford: There are currently three structures in the executive. The band 1s are generally the directors. Zone 1 is just what it is called in the framework because bureaucrats like giving things fancy names. But typically they are the director level positions. The band 2, zone 2, are typically styled executive director and the band 3s are the—

MR SMYTH: So zone 1 is band 1, zone 2 is band 2 and zone 3 is band 3?

Mr Kefford: Yes. It is just what we call them.

MR SMYTH: When did we go to this dramatic reform of public service—

Ms Davoren: People might recall when executive contracts were introduced during the Carnell government, and that would be in—

MR SMYTH: And we have called them zones 1, 2 and 3 since then?

Ms Davoren: Well, that is the classification structure.

Mr Kefford: I think there is a distinction between what they are actually formally called and what they are called in practice. I think it is much the same as we generally style ourselves the SES because we are conditioned to be under the commonwealth, but in fact the act calls us executives. I am not sure that much turns on it.

MR SMYTH: I just do not remember it being reported as a zone 1 before.

MS HUNTER: Mr Kefford, you are acting in the position?

Mr Kefford: Yes, I am.

MS HUNTER: I had thought that it was supposed to finish around mid-November. What is the state of the acting position? Where are we up to as far as maybe confirming somebody in that position?

Mr Cappie-Wood: Because Mr Kefford is acting in this position whilst the appointed commissioner whose role this was before Andrew stepped into it, Cathy Hudson, is acting deputy in the newly formed EDD, that position has been advertised and is in the process of recruitment. So I will know very shortly as to how long the acting arrangements will be in place for.

MR SMYTH: So you will not have to issue an addendum to page 3 that says he is only there until 30 November?

Mr Cappie-Wood: Yes.

Mr Kefford: That was correct at the time it went to print, Mr Smyth.

MR SMYTH: As they always are.

MS HUNTER: I want to follow up on the respect, equity and diversity framework. Could you give us a few details, particularly what you are doing about changing the culture? We have touched on this earlier. I noticed that the head of service, Mr Cappie-Wood, had sent out a two-pager around workplace bullying and so forth. What is your role in all of this?

Mr Kefford: The framework is owned, because of the time in which it was released, by the commissioner. It was launched by the commissioner and the Chief Minister at about this time last year. We are continuing to work with directorates on the implementation. As we mentioned earlier this morning, we are in the throes of receiving the first report and I will prepare a report for the Chief Minister on the implementation of the RED framework. Certainly anecdotally, as we are talking to directorates, we are receiving very positive feedback about the way in which the framework is being used and applied, as well as some constructive suggestions about ways in which the support that is offered from the centre of the administration might be improved and better provided.

One of the issues that we will need to formalise because in practice it has already happened is the extent to which this now quite properly becomes the head of service's framework. The commissioner, in my view, can play an influential and separate role

in reinforcing it, both in terms of the application of the particular processes and in terms of being a separate and independent voice supporting appropriate standards of conduct in the service, which sits in line with the responsibilities of the commissioner under the act.

By way of example, there has been a very significant program of both awareness raising and formal training rolled out by directorates. That is supported by my division. So that has been part of the success of this program. We have also been supportive of and have been providing more assistance to both the executive sponsors and building a community and identification amongst that group across the service and encouraging both staff and them to see their role as one that now does reach across the service. So part of the support that we are being asked for is to say: "What happens if someone comes to me from outside my directorate? It's clear enough when I'm in the chain and I can do something about it." But we are encouraging people to reach out across directorates in that context.

We have also been asked for assistance around the more practical elements of simply better publication of who the contact officers are as well as discussion guides and record-keeping guides and those sorts of things.

MS HUNTER: There has also been a program to focus on recruitment of Aboriginal and Torres Strait Islander people and people with a disability. How are we going with the numbers there?

Mr Kefford: We had a very positive and successful function in the middle of the year where the pilot group of trainees for people with a disability completed the program that they had done with us. We are now working to embed that as an ongoing part of what the service does. We have seen a significant increase in both the numbers of people in the service who are identifying as having a disability and in the Indigenous identification. Part of the issue is one of self-identification as much as absolute numbers, as you would be aware. Both of those have increased numerically by around 50 to about 170. I will give you the proper numbers in a moment but they have both increased by around 50 during the life of these programs. So we are starting to see progress.

The targets that have been set in terms of doubling the representation are recognised as ambitious. When Graeme Innes came and presented the awards at the function that we had here in the Assembly building, he was applauding the government and the service for setting ambitious targets and being serious about achieving them.

The pilot program that we ran in relation to people with an intellectual disability showed that there are some very clear areas where we can make it easier for directorates and make it easier for those individuals to achieve ongoing employment. One of the reasons for running the pilot in that way was to say, "What are the circumstances and what sorts of support do we need to provide to people so that we can have an institution and an organisation that is reflective of our community?"

MS HUNTER: Is that something that you would consider linking in with other directorates, like the Community Services Directorate, who are going to have to work on playschool options for many people with intellectual or physical disabilities?

Mr Kefford: There are a number of limbs to it. Certainly it is an ongoing subject of discussion by the people and performance council in terms of how we can continue to, as I say, develop and present a face to the community that reflects the community that we serve. There are some directorates where they are able to demonstrate, as the rest of the government is, that we are an employer that is serious about doing that and also have access to people and networks that we can draw on to assist us in meeting the targets that have been set for us.

MS HUNTER: You have got an action plan and you have got a mechanism, apparently, for evaluating progress. Is that mechanism already in place?

Mr Kefford: That is the reporting cycle that I was describing. When I last checked there were a couple of directorates that were yet to get us their responses, but we have got most of that story. It is a report that I am obliged to give to the Chief Minister.

THE CHAIR: I would like to talk about the triple bottom line assessment which you have on page 16. There is a pilot project, I understand. What projects have actually been assessed using it? I understand there is a pilot for cabinet decisions. Have we done one yet?

Mr Cappie-Wood: Thank you. We talk about this every time and it is good to see progress. We do have triple bottom line reporting and this is about triple bottom line assessment and the assessment process. The input to the framework in its own right was certainly assisted by the University of Sydney and the integrated sustainability analysis unit. We asked them for some advice on to how to make sure that we get the very best approach.

This is now being applied to major policy proposals on the cabinet agenda. As you are aware, it is a two-part process. This has been put out in a discussion paper already. At the same time we are running the pilot in parallel with that, such that we are looking to finalise the approach in June next year. As to the two coming together, we really wanted to run through a range of applications in terms of this and the pilot. I will just ask Pam for any details around the specifics.

Ms Davoren: As you know, we had released the draft assessment framework for public comment and also for people to understand the process we are going through. One of the interesting things for us in doing that was that it was not easy as we thought to borrow an approach from some else. We really had to grow our own approach, which is why we got some specialist input. We think the pilot is a very important part of trying to refine that framework. We hope we will have about 15 cabinet submissions that will include a form of triple bottom line analysis so that we can do an evaluation at the end of that and then feed that into the finalisation of the framework.

THE CHAIR: Is there any information you can give now? Presumably some have happened. Has that influenced in any way the outcomes of the deliberations? Obviously you do not have to go into the total detail, but how has it had an influence?

Ms Davoren: That might be a question for the Chief Minister.

THE CHAIR: Yes.

Ms Davoren: I think that is part of the evaluation that we would like to do at the end in terms of getting feedback from cabinet and the directors-general and also going through and looking at the cabinet submissions in detail and putting them together.

Ms Gallagher: Yes, it influences government consideration. An example would be the hospital redevelopment, which is before cabinet permanently, it seems. One of the issues we are examining there is what environmental standard is appropriate going forward with the very significant infrastructure rebuilds. As part of that analysis, it is looking at the environmental, the impact on workforce, the impact on energy costs and the impact on capital costs. There is an example, but it is ongoing. It has not finished. It is generating the discussion around the table.

THE CHAIR: You said there was going to be an evaluation. Is that going to be publicly available at the end of it?

Ms Davoren: Again, that would be something we would need to resolve with cabinet.

Ms Gallagher: I don't see why not.

MR SMYTH: This is the work done by the University of Sydney?

Mr Cappie-Wood: Yes.

Ms Davoren: In part.

Mr Cappie-Wood: They had input in the advice in terms of shaping what the—

MR SMYTH: The reason their payment was single select was they were the only organisation that offered this advice?

Ms Davoren: Just established expertise in that area.

MS HUNTER: This is Dr Chris Dey?

Ms Davoren: That is correct.

Mr Cappie-Wood: I might say that it was within the guidelines for single select because it was under the threshold.

MR SMYTH: It was just a question!

Ms Davoren: I think that if you look at the framework document that we released he had quite substantial input into the narrative—

MR SMYTH: I acknowledge the work done at the university.

Ms Davoren: Within the agency we then tried to develop a structure for triple bottom

line analysis that made sense for us. That is what we are really trying to test.

THE CHAIR: I am just interested in the next steps. You are going to do a valuation, which the Chief Minister has just said will be publicly released. What is going to happen after that? When will there be the final policy and when will it be rolled out throughout the rest of the government, not just cabinet?

Mr Cappie-Wood: Currently we are planning for this to happen by about mid-next year—the evaluation to have been completed and cabinet being able to consider the results of that for further application.

THE CHAIR: So mid-next year cabinet considers the evaluation?

Mr Cappie-Wood: Yes.

MS HUNTER: That will not be in time for developing the budget, or you will be applying this through the budget cabinet discussions?

Ms Gallagher: Yes. It is embedded in those processes anyway. Every business case has analysis or long criteria for triple bottom line assessment.

THE CHAIR: At the same time I assume you have been working on the climate impact analysis tool. What is the progress on that?

Ms Davoren: That one has just been to cabinet, so we are just looking at a release date for that. If we look at the triple bottom line analysis, there are the trigger points as to where that more detailed analysis might take place. We have also just done the climate impact analysis framework. I think we will be ready to release that and also see that being picked up in the pilot.

Ms Gallagher: As a draft, and we are expecting an extensive submission from the Greens.

THE CHAIR: Absolutely.

Ms Gallagher: As noted in the cabinet minutes.

THE CHAIR: In terms of planning our workload, when do you think it will be released?

Ms Gallagher: Very soon, definitely within the two weeks of the cabinet—because it will be released on cabinet outcomes as part of the—

THE CHAIR: But that is only a summary. We cannot really do our submission just on the summary.

Ms Gallagher: No. We usually link reports as part of those summary outcomes. If there are documents to go out as part of that they will be linked on that site.

THE CHAIR: Okay. Mr Hargreaves.

MR HARGREAVES: Going to the Young Professionals Network events for 2010-11—page 40 of the commissioner’s report—I congratulate you on lateral thinking and being constantly and persistently interested in the occupational health and welfare of our employees. I would like to know how successful your Zumba workshops were.

Ms Gallagher: They don’t invite the oldies to that.

MR HARGREAVES: They don’t. I did not get an invite. I was hoping that my 64th birthday could be folded into Mr Lasek’s program, but I do not think it will be. I was wondering how successful your Zumba was.

Mr Kefford: Mr Hargreaves, we might come back to that in just a moment.

Ms Hunter, as to the numbers that I could not recall a moment ago, the number of employees identifying as having a disability is 375, up from 327. The number of employees identifying as Aboriginal and Torres Strait Islander is 215, up from 176. So we are starting to see that increase.

MS HUNTER: Thank you.

Mr Kefford: Mr Hargreaves, I am unable to comment on the success of—

MR HARGREAVES: I would like to know about your attendance, Mr Kefford. The attendance was 14. I would like to know how many survived the workshop.

Mr Kefford: I am confident that all of them did, although I was, unfortunately, ineligible to attend that particular function. One of the issues that we face as a service is remaining and building on our standing as an attractive employer. Like all public services around the country, and indeed like the rest of the country, we have a demographic profile that will present challenges to us with increasing service demands into the future.

YPN started out as a self-generating group and I applaud people for taking that initiative. It gives an opportunity to bring people together for clearly a range of functions. You will see that the one after that was the budget process. I am not sure whether was going from the sublime to the ridiculous or the other way around.

MR HARGREAVES: I notice that there were fewer in attendance at that one, Mr Kefford, and there were even fewer again at the tree planting ceremony or the—

Mr Kefford: Yes. I think what that says is that clearly there is more that can be done. The fact that it is here is an attempt to say—

MR SMYTH: What, more tree planting coming up?

Mr Kefford: Both. We could kill two birds with one stone.

MR HARGREAVES: I would like to see you combine the two programs perhaps—the Zumba and the tree planting ceremony.

Mr Kefford: Zumba and tree planting. They could pat the ground down afterwards.

MR HARGREAVES: I think they could.

MR SMYTH: Slightly more serious, on pages 48 to 50—

MR HARGREAVES: Hang on; I have not finished that one. This is the last one. On a serious note, we are talking about health and wellbeing. It is fairly widespread in the private sector, particularly with sedentary-type jobs, to gym equipment and those sorts of things provided in offices. How widespread is that across the service?

Mr Kefford: In terms of the provision of physical equipment like that—

MR HARGREAVES: Yes, the provision of those services.

Mr Kefford: I am not sure. If I could answer you in relation to Chief Minister and Cabinet, for example, we have a range of initiatives that are run during the day. There is a yoga workshop and there is seated massage. We have a program where the staff are able to seek financial compensation up to a cap for sporting equipment and so on. We have been running a series of initiatives. We are part of the healthy workplace pilot that the Health Directorate is running. We have had a range of things there from relaxation approaches to healthy eating, tackling that whole issue of the health of our workforce, including preventative health, and taking that issue seriously. Each of the directorates has in place similar programs. The details of those we could collect, if you would like us to.

MR HARGREAVES: No, I just wanted to get an idea as to whether or not the focus was on the implementation of programs, in-house programs, and you mentioned preventative health.

Mr Kefford: There is a mix of things. It is obviously an issue that we need to take seriously and do take seriously.

THE CHAIR: Mr Smyth.

MR SMYTH: Pages 48 to 50 detail investigations undertaken during 2010-11.

Mr Kefford: Yes.

MR SMYTH: On page 50, under the Territory and Municipal Services Directorate, one of the actions taken is “officers dismissed/terminated”. I assume that “dismissed” means dismissed from the service and that “terminated” means that a contract was ended. Or is there something more sinister in being terminated?

Mr Kefford: I do not think there is anything that sinister, Mr Smyth. No.

MR SMYTH: No? Good. That is a start.

MR HARGREAVES: There is no vaporisation going on?

Mr Kefford: I believe all that means is that their employment with the service was ended. I will check as to whether there is any distinction in those two words or whether that is just what the survey says.

MR SMYTH: Okay. “Dismissed” means, I assume, that you leave the service, whereas “terminated” is in relation to a contract. If you could verify that—

Mr Kefford: This is collected based on surveys. I suspect that is just reflecting what the survey question asked.

MR SMYTH: Sure. The question would be: how many officers were dismissed or terminated in the year, and for what reasons?

Mr Kefford: Page 31 of the report sets out the total number of formal investigations under section 9. The second last paragraph on the page says:

Consistent with previous years, the most frequent outcomes for substantiated breaches ... were: written warnings (46); counselling (32 ...); and termination ... from the service (17 ...).

MR SMYTH: Were all 17 terminations therefore from TAMS? None of the other agencies seem to list—

Mr Kefford: No, not necessarily. This list is fulfilling two different functions. The list to which I have just referred you is for breaches of section 9 of the act, ranging across everything. The survey report, which is the other section, is more focused around business integrity and risk. The lists are not mutually exclusive.

MR SMYTH: Is it possible to get a list of the reasons for termination—without the personal details?

Ms Gallagher: Roughly, yes.

Mr Kefford: Yes; sure. I am happy to do that. Most of them—

MR SMYTH: And from what departments?

Mr Kefford: In part they are listed above that paragraph to which I have just referred you. They include compliance with the law and compliance with lawful and reasonable directions. And it says:

... treat members of the public and other public employees with courtesy and sensitivity to their rights, duties and aspirations ...

That is the one under which bullying and harassment are currently dealt with.

MR SMYTH: But that list does not break down which ones were the terminations?

Mr Kefford: No, and I am happy to provide that. The challenge in that will be that we may start getting close to identifying individuals. We may need to put an “other”

category at the end, because in some agencies there may only have been one and we may start getting close to identifying individuals.

MR HARGRAVES: Certainly de-identified, yes. Thank you.

THE CHAIR: Ms Hunter, this may be the last question.

MS HUNTER: Apologies if you touched on this when I was not in the room. My question is around the cross-government policy and coordination forums and around the policy council and the people and performance council. Have there been forums held? What was discussed and what have been outcomes?

Mr Cappie-Wood: These are two of the principal supporting groups for the strategic board. The policy council is designed as a cross-government group, largely at the deputy director-general level, to look at emerging policy issues and work across government in terms of exploring those. Ms Davoren may wish to add to that. The second one is the people and performance council. If you were to try and rename it, you would probably say that the people responsible for HR and workforce management across the public service, and the heads of HR and executives responsible for that, attend. Andrew Kefford chairs that particular forum. Each of them may wish to give further elaboration if you wish.

Ms Davoren: The policy council generally meets monthly, and that has been the case for some time. We bring deputy directors-general together with the key person with policy responsibility for each directorate and, as Andrew has indicated, talk about issues that require cross-government collaboration and discussion. In some areas it would focus on issues coming out of the cabinet agenda.

Let me give a picture of some of the things we have discussed over the last few months. We have used that forum to talk through the triple bottom line assessment framework. And there is some of the other policy work that we have developed and released across government. We have talked about some of the issues coming out of the government's 2011-12 priorities, such as the vulnerable families project that is underway in the Community Services Directorate. There is generally an agenda of three or four items, often then with general discussion around issues relating to cabinet.

MS HUNTER: So it is a place to share that information plus see where the linkages might be?

Mr Cappie-Wood: Yes.

Ms Davoren: And often to do some detailed development to provide advice to the strategic board at the strategic board's request. For example, one of the issues we have been looking at recently has been the issue about the review of the Canberra plan and using that forum to have some workshops to pull together some advice for the strategic board which would then go through to cabinet.

MS HUNTER: Thank you.

Mr Kefford: With the people and performance council, the bulk of our work since it was established has focused on the program of values and cultural behaviour that Mr Cappie-Wood and I spoke about earlier in the day. Because of the need to get things moving in that space and to engage across the service and deal with the service as a whole, we are meeting fortnightly at the moment.

The other sorts of issues we are covering, though, are around the classification review that is being progressed at the moment. We have also assumed what had been other IDCs overseeing the work on the workers compensation improvement plan as well as the work that has been done traditionally by the bargaining coordination committee. Essentially, PPC has a role in providing advice to the board on the management of the service workforce as a whole. It brings in the deputy director-general level representatives from each of the directorates to, while bringing their perspective, talk about the service as a whole.

MS HUNTER: You have touched there on the classification review.

Mr Kefford: Yes.

MS HUNTER: What are you looking at changing?

Ms Gallagher: Ongoing. It is a long piece of work.

MS HUNTER: What is the scope?

Ms Gallagher: It is industrial.

Mr Kefford: Yes.

Ms Gallagher: It is an industrial piece of work.

Mr Kefford: It is a significant project. At the moment, there are 236, I think, classifications across the service. It makes for a particularly complex set of employment relationships. The classification review is a commitment that has come out of previous rounds of enterprise bargaining and is really about seeking an external calibration of where we are now and how we compare to other jurisdictions. It is part of the work that we are doing around aligning. The harmonisation legislation went through the Assembly earlier in the year; it is the next step in reorganising and having an employment structure that is not the cumbersome one that we have at the moment.

MR HARGRAVES: Thanks for that.

MS HUNTER: So it could be looking at where you can streamline—

MR HARGREAVES: Speculation.

Ms Gallagher: But it is contentious. It is going to be contentious work.

Mr Kefford: It will be contentious. We are working closely with the unions on it. There is a steering group of officials. As I say, PPC is tackling it.

Ms Gallagher: What we want out of it probably is not what the unions want out of it, so it will be a piece of work.

THE CHAIR: Mr Smyth has a very quick question to close.

MR SMYTH: You have taken some questions on notice. I forgot to ask about one thing. On page 32, under “Bullying and harassment”, it says that there are eight substantiated reports of bullying and harassment in 2010.

Mr Kefford: Yes.

MR SMYTH: Could we have a similar breakdown of what departments they were in and what the incidents were—de-identified, of course.

Mr Kefford: With the same proviso, yes. We will see what we can provide.

MR SMYTH: Thank you.

Mr Cappie-Wood: Could I clarify an earlier response. I was asked by Mr Smyth and Mr Seselja if all single selects get approved by directors-general. That is true where they are outside the procurement threshold level.

THE CHAIR: Thank you very much. Unfortunately, we have to close a few minutes early because PAC has to have a private meeting.

MR SMYTH: I am not sure I like the idea—

THE CHAIR: It is just less time with our friends from the other side. I believe there will be questions on notice. The answers are due by 13 January. In relation to supplementary questions, the committee has agreed that written and supplementary questions from members will be accepted only for three working days following this public hearing, so by 29 November, please. On behalf of the committee, I would like to thank you, Chief Minister, and thank the various officials who have appeared today. As usual, there will be a proof transcript forwarded to you.

Meeting adjourned from 12.42 to 2.01 pm.

Appearances:

Barr, Mr Andrew, Deputy Chief Minister, Treasurer, Minister for Economic Development and Minister for Tourism, Sport and Recreation

Treasury Directorate

Smithies, Ms Megan, Under Treasurer

Read, Mr David, Commissioner for Revenue, Revenue Management Division
ACT Revenue Office

Broughton, Mr Roger, Executive Director, Investment and Economics Division

McAuliffe, Mr Patrick, Director, Investment Branch

Ahmed, Mr Khalid, Executive Director, Policy Coordination and Development
Division

Divorty, Ms Jill, Executive Director, Shared Services

Moore, Mr Ken, General Manager, Shared Services ICT

ACT Government Procurement Board

Morrell, Ms Sue, Chair

THE CHAIR: Good afternoon everyone. I formally declare open this public hearing of the Standing Committee on Public Accounts inquiry into the 2010-11 annual reports. On behalf of the committee, I would like to thank you, Treasurer, and your relevant directorate and agency officials, for attending today. The proceedings this afternoon will commence with an examination of the annual report of the Treasury Directorate, followed by the Government Procurement Board. We will deal with the Shared Services part after the more traditional Treasury part.

Can I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the blue-coloured privilege statement before you on the table. Can you please confirm for the record that you understand the privilege implications of the statement?

Mr Barr: Thank you, Madam Chair, yes.

THE CHAIR: Thank you. I also remind witnesses that proceedings are being recorded by Hansard for transcription purposes and are being webstreamed and broadcast live. Before we proceed to questions from the committee, Treasurer, do you wish to make an opening statement?

Mr Barr: No, thank you, Madam Chair. Given the short period of the hearings, I am happy to move straight into questions.

THE CHAIR: In that case I will start off. There are a number of reviews happening on taxation initiatives, the Quinlan review in particular. Can you tell us what is happening with them?

Mr Barr: In relation to the Quinlan review, the work is being finalised and I would anticipate receiving that review within the next two or three weeks. The government will then consider the issues raised within the review and I would anticipate a public release and government response in the first quarter of 2012.

THE CHAIR: Good. I believe that you are looking at participation in the national payroll fringe benefits project, which is one of the Henry initiatives. How will these interact with the Quinlan review?

Ms Smithies: I am sorry, what are we looking at?

THE CHAIR: Locally, we have the Quinlan review, obviously.

Ms Smithies: Yes.

THE CHAIR: I believe we are also involved in some national things. The one I am specifically referring to is the payroll and fringe benefits tax project, which I believe is a Henry recommendation. Is that being looked at in light of the Quinlan review?

Mr Barr: Payroll tax harmonisation issues? I do not think fringe benefits tax is something that the panel has been examining, but certainly payroll tax is something that has been examined.

Ms Smithies: Obviously the Quinlan review is looking at payroll tax as part of the territory review. The Treasurer is exactly right: fringe benefits tax is not a territory or state tax. I was looking at Roger Broughton to see whether it was being reviewed under the auspices of GSTAS or whatever, but he is shaking his head. So that would lead me to believe that there is nothing there, with the exception of the fact that payroll tax and payroll tax harmonisation have been on the agenda for the business regulation review working group, which is a COAG working group. It has been on the agenda for reform for a few years. That was around the harmonisation of payroll which has occurred over the last few years. It remains as a standing item, I believe, on that agenda as well.

THE CHAIR: It is on page 17. It says “participating in the national payroll tax fringe benefits project with all states and territories”. There is a selection of dot points under “Future directions”; it is the bottom dot point. The reference to Henry may have been a bum steer.

Ms Smithies: Yes, I think so.

Mr Read: We have actually harmonised in relation to the fringe benefits tax project, which was part of the national payroll tax harmonisation project. The issue was the way in which different jurisdictions were treating fringe benefits tax for the purposes of payroll tax liability. The way in which jurisdictions are now treating that is being harmonised across all jurisdictions and the ACT has adopted the harmonised position.

THE CHAIR: Has that lost us money?

Mr Read: That is a good question. No, I do not believe it has cost the territory money. I think it has just simplified the process for business in terms of everybody using the same basis on which fringe benefits tax applies and is included for payroll tax purposes.

THE CHAIR: Earlier, Ms Smithies, you were talking about thinking that possibly I was meaning harmonisation of payroll tax rates and, while I was not, I would be very interested in hearing what is happening in that regard.

Mr Barr: At the tax forum, in the state and territory taxes section, my Queensland counterpart proposed that further work be undertaken in relation to this area. So there is harmonisation of legislative frameworks; I think the Assembly has considered those matters in recent times.

The question of whether there would be national harmonisation of rates and thresholds has been debated but it would appear not to have support across jurisdictions as there is a desire to have competitive advantages in relation to the setting of rates and thresholds. So I would not be optimistic about achieving such an outcome.

In the context of our own tax review and recent movements that have occurred in New South Wales, we would want to have some point of differentiation between the ACT and other jurisdictions, as our current settings are particularly generous to small business, in that we have the highest threshold. So a significant number of businesses in the ACT are currently exempt from paying any payroll tax.

THE CHAIR: Does that mean that we might be entering into a bidding war or underbidding war as far as payroll tax is concerned? You specifically mentioned New South Wales and wanting to be different.

Mr Barr: I suppose that could be one logical extrapolation of what may occur, except that, as I think we discussed, I do not know that anyone's budget position at the moment would be able to support a dramatic change. But there clearly are things that can be done within the rates and thresholds formulas that can have some advantages for jurisdictions, depending on the particular policy outcomes we are seeking to achieve.

THE CHAIR: Still on taxation, on page 9, the second dot point under "Federal financial relations" says "represented the ACT's interests in the administration and policy formulation of the GST tax regime". Given that at the federal level the GST tax regime is already sorted, I assume the policy you are talking about here is reimbursement policy—how much money we get from the GST?

Ms Smithies: Yes. Again Roger can talk in more detail, but we certainly have a very active participation in how the GST is enlisted by the commonwealth, to ensure that the tax is collected appropriately on our behalf and that exemptions, where made, are discussed et cetera across all of the jurisdictions involved.

Mr Broughton: Yes, I am the territory nominated representative on what they call the GST administration subcommittee. That is a committee that reports up to the standing council for federal financial relations, which comprises all of the Treasurers throughout the country. The main purpose of that particular subcommittee is to monitor the integrity of the GST revenue base and also to oversight the work done by the ATO in the collection of GST on behalf of the states.

THE CHAIR: What chance do you think there is of change in the arrangements—or is this a live issue?

Ms Smithies: It is not so much an issue about the rate or the base of GST in the big picture. Roger can correct me if I am wrong, but the group has had a lot to do with internet shopping and the issue of GST not being collected on imports et cetera and whether that is or is not a state revenue base. That is an example. So we do litigate very strongly for state revenue interests in relation to GST collection.

MS HUNTER: Recently there was the report around our submission for the latest carve-up of GST being late. Minister, has that gone in now?

Mr Barr: It has. Interestingly, the federal Treasurer has written to the review panel and expanded the terms of reference following discussions at the federal tax summit that in fact delayed the reporting date for the panel back to him. So he will receive a draft in March next year rather than February. So there has been a change in the circumstances associated with that review.

As I indicated in the media last week, issues that were discussed at the tax forum were clearly going to impact on this work. For the benefit of the committee—and this is publicly available on the GST distribution review committee website—the review is now also looking at the question of horizontal fiscal equalisation and whether or not it provides a disincentive for state tax reform. Obviously, as a result of the federal tax forum, the goalposts have shifted a little in the context of the national debate around horizontal fiscal equalisation.

There is a new issue being pushed. I think I have identified this in response to questions asked in the Assembly in question time a few sittings back. That also has implications clearly in the context of our thinking around the Quinlan review. Undoubtedly, what emerged out of the federal tax forum was a view that states and territories needed to have a further look at our own taxation bases and move as much as possible to our least inefficient taxes. That is something that we are actively considering.

MS HUNTER: We were told earlier today by CMCD about some work that they are doing around locational disadvantage, really trying to get into more detail around what is happening with various groups across Canberra and the ACT. My understanding is that some of that work will be used by you, Treasurer, to counter a view that appears to be held by those at the federal level that Canberra does not have disadvantage.

Mr Barr: Sure, yes.

MS HUNTER: Has that been included in this submission?

Mr Barr: We certainly have raised some of those issues, particularly in relation to indigeneity as part of our submission, and looking perhaps at the fine tuning of HFE rather than wholesale change. Clearly, the announcements that the federal Treasurer has made open up a new public debate. We will maintain our defence of horizontal fiscal equalisation, but I am certainly interested, in the context of our own tax reform

agenda, in exploring this question of whether the commonwealth may provide some incentives or rewards for jurisdictions who do undertake tax reform to make their tax bases more efficient.

I think it would be beneficial in a national context for the commonwealth to play a more active role in this phase. We certainly hope that as this debate progresses the commonwealth will be interested in working with states and territories in order to achieve a more efficient tax system, recognising though that we need to maintain our revenue effort in order to finance the level of services that this community requires.

MR HARGREAVES: There has been commentary in the *Canberra Times*, that illustrious journal that we all know and love as Canberra's bible—

Mr Barr: I am reasonably happy with them today.

MR HARGREAVES: You would be, of course, minister, because you monopolise the social pages therein. But it does talk about our submission to the review and makes quite a number of points. I also wanted to recognise that the submission is on the website as part of the open government process; I appreciate that too. But that is really complicated for the average man in the street. Could you walk us through the major parts of that, please?

Mr Barr: Certainly. We would be happy to talk about that. In short, the fundamental question that is being considered at a national level is the capacity for all Australian jurisdictions, regardless of their size or their location, to be able to offer an equivalent level of service and that we have some disadvantages in relation to larger jurisdictions on economies of scale questions. We have some disadvantages as a result of our tax base being much narrower, and the commonwealth playing such a major role in our economy but not being able to be captured within our revenue base. We have a number of obligations as the national capital that mean additional expenses that other jurisdictions simply do not face.

In my view, it certainly is appropriate that there is an adjustment for the ACT in recognition of this. However, we must as a community also acknowledge, in the context of the national distribution, that we have higher levels of income and relatively less disadvantage than jurisdictions like, say, the Northern Territory. So the GST relativities reflect some pretty unique circumstances for the Northern Territory. Of the four jurisdictions that receive an additional amount through the GST distribution process, we receive the least in relativities of those four jurisdictions.

What I found interesting in some of the submissions from states to this particular review process is that there are a couple of states who were once recipient jurisdictions who are now perhaps making a contribution as a result of significant resource booms, whose position appears to have changed on this matter.

MR HARGREAVES: Curiouser and curiouser.

Mr Barr: It is. I think it is appropriate to draw that to the attention of the community in the context of this debate—that there are some jurisdictions who have benefited from that distribution in times past who are now, as a result almost exclusively of

resource exploitation, able to make a contribution. When you look at the totality of the amount that is redistributed across a GST pool of approaching \$50 billion, I think it is around \$4 billion that is redistributed. So it is not a significant amount in the context of what some of those larger jurisdictions would actually gain, but it makes a huge difference to the ACT, South Australia, Tasmania and the Northern Territory.

MR HARGREAVES: I confess to having a lack of sympathy for those mining barons from Western Australia. In terms of the tax base and our size, presumably it is to our great detriment that we do not have a manufacturing industry here in the ACT and we rely very heavily on the public sector taxation base, plus the IT and education sales that we have. That just about sums it up. I know this is an Economic Development bit, but it is linked to the taxation regime too. Is there any way we can actually encourage cleaner, greener manufacturing in the secondary industry perspective to bring a greater taxation base to the ACT?

MS HUNTER: Is this about diversifying the economy, Mr Hargreaves?

MR HARGREAVES: No, it is not. Actually, it is not. It is something that I was asking for in 1997, Ms Hunter, but the Liberal government had a problem with the deafness centre—they could not get in.

Mr Barr: I would acknowledge that this is an issue that Mr Hargreaves has been passionate about for some time. I distinctly remember many discussions with him over the course of the last decade and particularly a passionate view about Tuggeranong being—

MR HARGREAVES: “The centre of the universe” I think were the words I used, Mr Barr.

Mr Barr: It may well have been, yes, but as a likely home—or at least the electorate of Brindabella, anyway—for such diversification. I think there are a number of issues, obviously, that you have touched on there that we will explore both in our tax policy settings and through the Economic Development Directorate and work that we are undertaking. Clearly, getting the macro policy settings right is very important, but it also flows through to land use, our planning system and quick and efficient approvals and our regulatory framework.

Certainly, in conversations with the Canberra Business Council and the chamber of commerce we have been teasing out the particular priorities that should be contained in our future industry development policy framework. I had a good meeting with the chamber of commerce board yesterday afternoon. I had the pleasure of attending the ACCI annual dinner where Gary Banks from the Productivity Commission gave an excellent address exploring the issues of how government can best assist industry development.

He probably ended up posing a number of questions that clearly require some deeper thinking and we did explore this a little the other day. I would certainly recommend his address—I think it is publicly available—as some very useful background reading in the context of this debate. In my view, it is getting those macro policy settings right. It is broader than just tax. I think it particularly relates to appropriate land zoning and

the development assessment process.

The reforms that took place to the planning system a few years back have certainly streamlined those processes, but undoubtedly there is still further work that we can do there. The role of the Coordinator General within the Economic Development Directorate I think is important in this context. Comparatively speaking, the ACT performs very well when compared with equivalent councils in other parts of the country. The approvals time frame in the ACT is way ahead of what you would get in a council in New South Wales. That is an advantage for us. If we have the appropriate—

MR HARGREAVES: But it is not a race to the bottom, though, minister, is it?

Mr Barr: It is not, no. But if we have the appropriate land zoning and the right tax policy settings I think there is every reason to think that the sort of industry that you have been talking about for some time, and the attraction of that to the city, is quite possible. I will certainly be looking to pursue that through the combination of policies that we are working on.

MR HARGREAVES: Have you considered putting a flying squad together to go and search for these clean, green people and bribe them to come to the ACT?

Mr Barr: No, and I do not think that is the best way forward. In my view, we have not been particularly successful when we have sought to pick winners. I think it is really about getting the broad policy settings right and then the investment will flow.

THE CHAIR: Mr Smyth.

MR SMYTH: I have a couple of questions following on from some questions that were asked and then I will go to a new area. The Quinlan review was due in August. Is there a reason why it is late?

Mr Barr: In August I outlined that I wanted to see what emerged from the commonwealth tax forum, so I asked for a delay post that forum. Obviously, given the issues that were raised there and the subsequent changes to the terms of reference that Treasurer Swan has announced, I felt it was appropriate to wait and see what emerged from that process. I anticipate, as I say, getting the final report in the next few weeks. I think you would understand that, as that will be approaching Christmas, I think it is best for the government to—and I would like some time—consider the detail of what is recommended and then I will provide the review and a government response early in 2012.

MR SMYTH: So you will provide them at the same time?

Mr Barr: Yes, that is right.

MR SMYTH: The GST review—have you met with the review members?

Mr Barr: I have not. The former Treasurer, the current Chief Minister, did. Former Premier Brumby was at the tax forum and participated in the same session I did. I

have had the opportunity to speak with some of my Treasurer colleagues from the smaller jurisdictions in particular in relation to the direction of the national policy debate. We will obviously have the opportunity, once the draft report is provided to Treasurer Swan now in March next year, to have some further engagement.

I would anticipate now, given the time frame, that it is possibly even the 2014-15 commonwealth budget that will be the one that may make changes. It is still possible for it to be the 2013-14 budget, but I think it would be difficult to achieve that time frame—although that is just my assessment at this point.

MR SMYTH: Is it your intention to meet with both former premiers and discuss this issue?

Mr Barr: We will certainly have the opportunity to pursue some further discussions. Certainly, in light of the change to the terms of reference, I think it would be appropriate to follow that up.

MR SMYTH: I know Mr Robinson attended.

Mr Barr: Yes, indeed. Certainly, officials have. I will be happy to—

MR SMYTH: What about yourself? Will you meet Brumby and Greiner?

Mr Barr: Yes, I would certainly be happy to do that.

MR SMYTH: You will be happy to do it, but are you going to do it?

Mr Barr: Yes, I will do that, Mr Smyth.

MR HARGREAVES: And you are going to be really happy at the same time.

Mr Barr: Yes.

MR SMYTH: This question is perhaps for the Commissioner for Revenue. When revenue is received by the government, whether it be a fee, a charge or a fine, is it paid to the individual departments' accounts and then they credit it to the Office of Revenue, or does all money go directly to the Office of Revenue who keep a chart of accounts?

Ms Smithies: Do you want me to answer?

Mr Read: Yes, you can do it. The Revenue Office collects it and the money received goes into the normal territory accounts.

Ms Smithies: The Revenue Office collects those taxes that relate to the Revenue Office. The Revenue Office does not collect all the taxes that are levied across the territory, though. There are one or two that you do not collect. Fees and fines and the rest of the revenue come under the actual department. So motor vehicle registrations will now come under the justice directorate. They will go into the justice directorate on the territorial side of revenue and into their bank account, be selected and then go

into the territory's bank account, which is administered by Treasury.

MR HARGREAVES: You knock it off at the end, not at the beginning?

Ms Smithies: That is right. The ones that the Commissioner for Revenue in a tax sense is directly accountable and responsible for come through the Treasury territorial accounts. Then, as other directorates are responsible for fees or regulatory fees, fines et cetera, they come through their particular directorates' bank accounts.

MR SMYTH: Do they provide you with a reconciliation? The money is transferred regularly or does it just go—

Ms Smithies: The territorial bank accounts are swept every night. So all of the regulatory fees or taxes that come into everybody's territorial bank accounts get swept into the territory bank account—so Pat McAuliffe's bank account.

THE CHAIR: He is looking happy at the moment.

Ms Smithies: In an organisational sense, of course.

MR SMYTH: And he is now leaving the room.

Ms Smithies: With bags of money! On a monthly basis we get what we call an expenditure and revenue workbook from each agency which says how much revenue has gone into their bank account and, therefore, how much has been swept back to ours. We get it acquitted based on the chart of accounts that Treasury requires every month.

MR SMYTH: So you would know how much you are getting from parking and how much you are getting from fines?

Ms Smithies: That is right.

MR SMYTH: You would know how much land sale money you are getting and all that sort of stuff.

Ms Smithies: Yes, from the territory bank account perspective. We will know from a bank account perspective how much but not necessarily what for. We will know how much every day, but in terms of that detailed, granular information on what we get, we will get that I think eight days after the end of each working month, based on a return submitted from agencies.

MR SMYTH: So you can track the revenue against the projection against each of the fees, fines, taxes, charges?

Ms Smithies: Yes. Treasury has basically what we call a mandatory reporting level, so we stipulate the level that we require. We do not require information; there will be a lot more granular information that we do not require, I imagine.

MR SMYTH: I asked you, minister, a couple of questions on notice about revenue

collection and you referred me back to the annual financial statements of each of the agencies. By the sound of that, you do have, and hold in Treasury, a breakdown of each of the taxes, fees, charges that we levy. You have a breakdown of what the government is earning from each of those lines.

Ms Smithies: The information that you sought was publicly available against each agency. It was also publicly available, at the level that we stipulate, in the territory's consolidated financial statement. It was also reported on a quarterly basis in the quarterly consolidated financial statement.

MR SMYTH: If you have it why would you not just provide that information instead of referring people to look at other areas? For instance, you raise JACS. In its volume 1 against "parking ops" it will tell you how many tickets were issued but it will not tell you how much is collected against parking fines. If you collect that, what is the difficulty in providing those numbers against the questions that I asked? I would just hate for you to be accused of sending information that was not correct to the Assembly, minister.

Mr Barr: Would you? Your concern for my welfare is most appreciated.

MR SMYTH: But you have that information, don't you?

Mr Barr: It is reported quarterly, is it not?

Ms Smithies: It is reported quarterly and reported annually in the consolidated financial statements. It is just not to duplicate information that is already publicly available.

MR SMYTH: You have it in a tabulated chart of accounts form where it could be consolidated. You have it as a consolidated document?

Ms Smithies: Yes. We collect information on an actual basis based on the level of information that we provide in the budget papers.

MR SMYTH: So you have that information?

Mr Barr: And we report it on a quarterly basis, yes.

MR SMYTH: I have asked you to provide that information in a simple table. What you have said is that the information is available in the published annual financial statements of all of the agencies. Are you confident that the information I asked for is published in those statements?

Mr Barr: Well, either that or in the quarterly financial reports, yes.

MR SMYTH: It says here "in the annual financial statements of the agencies". There were three questions that I asked you. I asked for the level of revenue and you have responded: "They are published in the annual financial statements of the agencies." Are you confident that that information is in the annual financial statements of the agencies?

Ms Smithies: To my knowledge, yes.

MR SMYTH: If you have it as a chart of accounts of all the various lines in which you receive revenue, will you provide this committee with that chart of accounts with the revenue against those charts for, say, the last financial year?

Mr Barr: I think we have already published that publicly, have we not?

MR SMYTH: No. I am asking: will you provide, for the committee's use, that chart of accounts and the revenue against each of those lines?

Mr Barr: I will take that on notice.

MR SMYTH: I do not see what is so hard about it. If you have such a report, I do not see what is so difficult. Is it difficult to get that out of the computer?

Mr Barr: I will take that on notice.

THE CHAIR: He has taken it on notice, Mr Smyth. We will go to Ms Hunter.

MS HUNTER: Thank you. I want to go to pages 8 and 9. First of all, on page 8, under "Economics branch", at the end of the first paragraph, it talks about the branch "providing advice on community issues, including social and environmental well-being". I am wondering what particular advice is provided.

Mr Broughton: I am just looking at the reference.

MR HARGREAVES: I cannot find it either. Whereabouts on the page is it?

MS HUNTER: It is under the heading "Economics branch"; it is the first paragraph, the last line. It says:

... advice on community issues, including social and environmental well-being.

Mr Broughton: I have got it.

MS HUNTER: Would you like me to point it out for you?

MR HARGREAVES: No; I do not need it now.

Mr Broughton: I think that is a general statement on an as required basis. As part of our role, we review pretty much every cabinet submission that comes forward from the various agencies; part of our comments will, where necessary, reflect where there are some social or environmental aspects to what we are commenting on. I do not think that we provide a particular piece of advice about the environment or about social wellbeing per se.

MS HUNTER: Sorry; could you just go through that again and explain what that might look like?

Mr Broughton: The framework that we apply to providing advice to the government or to the minister includes, where we think it is pertinent, any social or environmental concern or impact that might arise from a proposed policy, for example. We would take each policy as it comes before us and, if necessary, make comment in that regard, but we would not write reports about social wellbeing or about the environment.

MS HUNTER: So you highlight where you see there might be a social or environmental impact.

Mr Broughton: That is right.

MS HUNTER: Do you have particular expertise to be able to identify when that might be the case?

Mr Broughton: Do I have anybody qualified in environmental science? No.

MS HUNTER: If you are doing this and someone is highlighting it, how do you do that? It is not necessarily about a particular degree, but it is the economics branch. I am interested in what is in your team to be able to highlight and get that right each time or ensure that you are not missing things.

Mr Broughton: Those sorts of things are more qualitative than quantitative. Most of the advice in that sort of area would probably come from experience rather than any particular qualification.

MS HUNTER: Okay.

MR SMYTH: In that same sentence, there is also a reference to economic development. In the same light, we have a department of economic development. What is the role of Treasury in economic development here and how does that differ from what the Economic Development Directorate does?

Mr Barr: One has a policy advice role through Treasury; the other also contains, in addition to its policy role, a lot of hands-on engagement with business and industry development issues. Running programs within the Economic Development Directorate—obviously it is diverse; it is everything from tourism events, sport and recreation and land development to affordable housing and supermarket competition. It is important also to distinguish between a central agency role and a line agency role.

MR SMYTH: Perhaps that is exactly what Ms Hunter is asking about. What is the role of Treasury in Economic Development and what is the role of Treasury in social—

Mr Barr: To provide economic analysis of particular submissions on government policy priorities as they come forward.

MR SMYTH: Economic analysis is different; that is in the line above.

THE CHAIR: It is different.

MR SMYTH: It is different from economic development.

Mr Broughton: Perhaps I could clarify one thing at least, Mr Smyth. We work very closely with the Economic Development Directorate in relation to any policies or proposals they might be coming forward with. That includes assisting them with analysis on, say, the economic impact of a proposal. For example, if there was a suggestion that we assist a particular industry or business in some way or another, we would undertake analysis and provide advice on whether we thought that was worthwhile or not.

THE CHAIR: This morning we were talking to CMCD about triple bottom line analysis, and you appear to be doing that here. Is that almost what you are saying—that you have got social, environmental and economic? Or are you basically going to say that we are reading far too much into this sentence?

Ms Smithies: Now I understand why you are asking that question.

MR HARGREAVES: We all do.

Ms Smithies: Sorry?

MR HARGREAVES: We all do.

Ms Smithies: Understand why you are asking the question?

MR HARGREAVES: It is a trick question. Treasurer, it is a trick question.

Ms Smithies: To me, the role of Treasury is around providing economic and financial advice and being the premier department to advise the Treasurer on those issues. In doing that, you need to be aware and take account of all those social impacts, impacts on government policy, environment impacts, et cetera. You talk about it in terms of a triple bottom line.

Certainly, through the budget process and those major policy proposals that come to government, in our advising role, we will look at a number of things that are put to us around claims that are made by departments or proponents in relation to how something contributes to economic growth, how something contributes to social welfare, how something contributes to the policy aims or outcomes around government, how something contributes to a reduction in greenhouse gas emissions, et cetera. If the proposal is put to us, we will look at it and analyse it.

MS HUNTER: It is more about looking at the proposals put up by the directorates and testing the claims that are being made in those proposals. That is the sort of advice role, if you like, that is going on here?

Ms Smithies: There is an advisory role, but also there is an assistance role. The business of government is around providing advice to the Treasurer but also working with other government directorates in relation to bringing forward the best and most robust business proposals or policy proposals to government. For example, Roger's

people will spend, and have spent, an awful lot of time working with the environment and sustainability directorate on the proposals for the framework for action plan 2 et cetera. It acts as a counterfoil on policy but also as assistance in relation to the development of those policies.

MS HUNTER: I understand that better. That makes more sense. I also wanted to go to some questions around insurance. On page 9—I am sorry; I have jumped to another branch now—there is “Legal insurance policy branch”. The second dot point down talks about the “implementation of the core elements of the new community insurance scheme”. We would like a bit of information on that.

The next dot point down talks about the continued implementation and monitoring of the new CTP insurance arrangements and amendments introduced in February and before the committee. Those amendments were not passed by the Assembly. I am just trying to understand what that dot point means. Does it mean that you are continuing to implement and monitor what is already in place or are you just getting ready for when a change might be made?

MR HARGREAVES: Can I just ask whether or not, in the context of this discussion, this hearing is about the 2010-11 financial year, which concluded on 30 June 2011, which was five months ago. What we are seeing in the report here—I would like confirmation of this—is the attitude as at 30 June 2011. It may not be the attitude in, say, October this year, because things have moved on. Am I wrong or right?

Mr Broughton: Mr Hargreaves, once again, you have taken the words out of my mouth.

MR HARGREAVES: I am like that, though.

MS HUNTER: It is in the annual report. So—

MR HARGREAVES: But the annual report is a 2010-11 annual report.

MS HUNTER: It does not matter.

MR SMYTH: No. It talks about—

MS HUNTER: It is on page 9 of the annual report. I have put a question; I would quite like an answer, thanks.

MR HARGREAVES: I can read English. I came top of my class in English.

THE CHAIR: Thank you, Mr Hargreaves. We will let Mr Broughton reply.

Mr Broughton: During the financial year 2010-11, we were continuing to implement the new arrangements for CTP. Obviously, since that has been referred to the committee, our work role has gone from being one of implementation to being one of advice and support as part of that process.

MS HUNTER: Waiting for that process.

Ms Smithies: The legislation was introduced in December 2010?

Mr Broughton: Correct.

Ms Smithies: The first part of the year was around policy advice and formulation of policy, and consultation on the bill, which led to its tabling in December. Given that this is a reference to what we did last year—

MS HUNTER: So it is that first part of the financial year that most of that work would have been done in?

Ms Smithies: Yes.

MS HUNTER: Okay; thanks for that. Can we go back to an update on the community insurance scheme?

Mr Broughton: Sure. As things stand at the moment, the insurance environment has improved quite a lot since we first began assisting through a community program for insurance. It is now readily available and far more affordable than it has been. Treasury is winding itself out of an active space in this area. We developed a range of schemes over the years. They are now being run out of the Chief Minister and Cabinet Directorate and also Volunteering ACT. And there are other programs out there which various community groups can tap into if they wish. Treasury have pretty much drawn back from most of the activity in this area.

MR SMYTH: The public accounts committee is, of course, depending on the government's review of the CTP arrangements. When will that review be forthcoming?

Ms Smithies: The legislation required that the review commence on 30 October?

Mr Broughton: No; as soon as possible after 30 September, with a view to putting that in front of the Assembly within 90 days of when the review commences. The review is underway. We have had a short delay in getting up-to-date data out of NRMA. My understanding is that all the data is now available. The actuary has undertaken to provide a draft of his work to me either later this week, which only leaves tomorrow, or next week.

MR SMYTH: So the expectation is that the review will be with the committee when?

Mr Broughton: I intend to have that review to the Treasurer within the time period; it depends a bit on where we go from there.

MR SMYTH: Treasurer, when is the review likely to be forwarded to the committee?

Mr Barr: I will have a look at it and forward it to the committee as soon as possible.

MR SMYTH: It is not a trick question. We are meant to report by March. If the government is going to take 90 days, that is October, November, December.

Mr Barr: I will get it to the committee as soon as I can.

MR SMYTH: Do you have an expectation?

Mr Barr: Not at this point, no. I am awaiting further advice from Treasury.

THE CHAIR: Thank you, minister. I will move on to a new subject now—one of our perennial subjects, the superannuation provision account. What is the new wholesale property fund we have invested in?

Mr Broughton: I will get Mr McAuliffe to answer questions before he leaves.

MR SMYTH: How much luggage do you own, Mr McAuliffe?

Mr McAuliffe: Pardon?

MR SMYTH: How much luggage do you own?

Mr Barr: Is there enough to fit a shadow treasurer?

THE CHAIR: I was asking about the new wholesale property fund.

Mr McAuliffe: Part of our strategy for the superannuation provision account is a 10 per cent allocation to property. Through the year we have been exploring different opportunities. What we did to bring our final exposure up to our 10 per cent was an investment in the Queensland Investment Corporation property fund.

THE CHAIR: And you have not looked at any local investments? I suppose Queensland is local, although, having said that, I realise—

Mr Barr: You could well make the observation that they could not get any more local than that, could they?

THE CHAIR: It could not be any more local. But they possibly have some non-Canberra investments—I am just guessing.

Mr McAuliffe: We have a strategy targeting high quality, core, premium properties. We want diversification. In doing that we look for a managed fund that will provide those diversification opportunities. The QIC proposal was the one we chose.

Mr Broughton: When we say “diversification”, we mean geographical diversification. You do not want to put all of your money into one location.

MR SMYTH: Greece, Italy.

Mr Barr: Certainly not North Korea.

THE CHAIR: On page 21, towards the bottom, it talks of “acknowledging Treasury’s fiduciary responsibilities”. I know we have had this discussion a few times.

Abstractly, Treasury does have a degree of fiduciary responsibility but, practically speaking, from the point of view of the superannuation provision account, Treasury does not have a direct fiduciary responsibility. I just wanted to be clear. We have been through this before, but as you have got it in here, it could be confusing.

Mr Broughton: We did not mean to confuse anybody. As far as we are concerned, we have a fiduciary duty to the taxpayer. What we have discussed in the past is that we do not have a fiduciary duty to members of the superannuation schemes.

THE CHAIR: Absolutely you do not to members. So you have a fiduciary duty to the taxpayer to act in a prudent fashion.

Mr Broughton: That is right.

THE CHAIR: And that is all you are trying to say.

Mr Broughton: That is right, yes.

THE CHAIR: In this context, it could be misleading.

Mr Broughton: Okay.

THE CHAIR: You said on page 22 that you have got an investment policy on your website, but we failed to find it. Would it be possible to send it to us or the exact link?

Mr Barr: Yes.

THE CHAIR: Yes to both of the above?

Mr Barr: Yes.

THE CHAIR: Yes to either or both. Clearly, we are looking at ESG issues. Can you tell us what, if any, stocks you disinvested in in the last year because of ESG issues?

Mr McAuliffe: As I think we have tried to explain before, the portfolios we are investing in, particularly the equity portfolios, are turned over all the time. Stocks are bought and sold on a daily basis. Our instruction to our managers is that they consider all issues when they make investment decisions and they include environmental, social and governance issues. There is not one particular stock that I could put my finger on and say, "It's been divested because it's demonstrating a particular risk or issue from one of those particular aspects." It will be a combination of the entire assessment of an investment and they will make that decision on that holistic basis.

THE CHAIR: So basically there is nothing we have divested because of the ESG issues?

Mr McAuliffe: No, there is not.

Mr Broughton: No, that statement is not quite correct.

THE CHAIR: Okay. So what have we divested in because of ESG issues?

Mr Broughton: We may have, but we are not able to distinguish whether an investment consultant on our behalf has divested of something solely because of ESG issues or because of a combination of ESG and possible future investment expectations.

THE CHAIR: You think it is possible that this could have happened? Maybe you need to take this as a question on notice. If, in fact, Mr McAuliffe is not totally right and there is a possibility that this may have happened, can you please find out if this has happened and get back to us?

Mr Broughton: We can attempt to do that. We do not know if the investment adviser will be able to make that distinction because often, as I say, they will have a range of factors in their minds when they divest of a—

MS HUNTER: We pay money to these people so part of our portfolio is managed, and they perform that task. What sorts of reports do we ask for?

Mr Broughton: We get a significant amount of reporting from them. We know what stocks they hold and what stocks they have sold. If they have got concerns they might sell part of the holdings they have got for a particular firm and not the whole lot. We get reports on all of their voting and on research they have done in relation to the various stocks. We get a lot of information.

MS HUNTER: ESG sort of information?

Mr McAuliffe: The principles for responsible investment were never set up as a divestment mechanism. They were set up more about engagement and trying to encourage broader, better consideration of divestment. I guess the divestment field, if you want to go down that path, is negative screening. That is not the policy position that has been adopted in this portfolio at this point in time. Our managers do not go out there to—

MR HARGREAVES: Can I just confirm that statement? I did not quite hear it. Did you say, Mr McAuliffe, that negative screening is not policy at this particular point in time?

Mr McAuliffe: No, it is not.

MR HARGREAVES: Thank you.

THE CHAIR: You might take this on notice. You said that there was a very small possibility, despite the fact negative screening is not a policy—some slightly greater than zero possibility—that we might have divested something for ESG reasons. Can you take this on notice and report on anything that, in fact, has been divested?

Mr McAuliffe: Yes.

THE CHAIR: Or, in fact, more generally, I suppose it is possible that you could

purchase something for ESG reasons. Could you take it on notice—because I assume you cannot do it now—and report on any investment decisions which have been made because of ESG reasons? We have had this conversation every six months and, as yet, have not come back with any examples. If you now believe that there may be some, could you come back with them?

Mr Broughton: Yes, we will certainly take that on notice.

THE CHAIR: Could you give us some idea at the very least of the sector they are in and some idea of their quantum financially? Turning to ethical investment—

MR HARGREAVES: You have got to be careful about that.

THE CHAIR: There is no reason why I cannot talk about things that relate to ethical investment.

MR HARGREAVES: Okay. I have been nice. I will now go on the attack.

THE CHAIR: Okay.

MR HARGREAVES: It's very simple.

THE CHAIR: Thank you, Mr Hargreaves.

MR HARGREAVES: It's very simple.

THE CHAIR: Mr Hargreaves!

MR HARGREAVES: Do you have anything invested in Australian Ethical Investment, Mr Broughton?

MS HUNTER: This is pathetic.

MR HARGREAVES: Mr McAuliffe?

Mr McAuliffe: The Australian Ethical Investment fund?

MR HARGREAVES: Yes.

Mr McAuliffe: No.

MR HARGREAVES: Thank you.

THE CHAIR: I would not have thought so. You said that we do not do negative screening. I will just move on to voting. You have said here that the territory is an active owner and monitors the exercise of the voting right. You have voted against management on 503 occasions. Can you explain how you do the monitoring? Does this now mean that you are more conscious of what is going on and that, as you monitor, you are now directing investment managers and saying: "We've had a look at this thing. We're not happy. Vote in some way"? Have you gone past monitoring,

going back the other way and engaging with at least the investment managers?

Mr Broughton: I thought we had covered this off at the parliamentary Assembly committee. We can run through this again. Essentially, we hire our investment managers to make decisions on our behalf, including whether or not they see ESG issues as potentially being harmful to our investments. As part and parcel of that role, we expect them to vote in the best interests of the long-term investment in the firms that they are holding stock on. As a result of that, we monitor after the fact what they have done in terms of their voting.

If we were to turn that around and try to run a proactive arrangement, we would have a number of complicating issues. One is we would need to understand what the government policy is in relation to whatever the issue is that is being voted on. That is not an easy thing to manage in the very short-term process which would be required. The second thing is that what we might suggest as a way of voting on a particular issue may not, in the view of our investment manager, be in the long-term interests of that firm. They have got a fiduciary duty not just to us as one of their clients but to all of their clients. So that would put them in an extremely awkward position.

THE CHAIR: Well, not really. You can vote different parts of your shareholding in different directions. You may wish to take this on notice. I believe you voted against management on 503 occasions. Could you tell us how many of those occasions were not related to executive pay? My assumption here is that executive pay was the major issue where you would have voted against management. Putting it more positively, were there any policy-related issues where you might have voted against management, like human rights?

Mr Broughton: We will take that on notice. I am not sure what information we can provide, but we will certainly have a look at it and come back with what we can.

THE CHAIR: Thank you. Mr Hargreaves.

MR HARGREAVES: Thanks very much, Madam Chair. Treasurer and Under Treasurer, I wanted to go to page 11 of volume 1, output 1.2, I notice that there has been a further \$20 million loan to Community Housing Canberra, which is on top of the \$50 million that was granted to them before in recent times. In fact, I remember that \$50 million particularly well. Given that this is a point in history and it ends on 30 June 2011, I was wanting to know if there was a time line on the delivery of those homes, how it fits into the affordable housing strategy as contributed by Treasury and what the conditions of that loan might be.

Mr Barr: The provision of 90 properties is split between Crace, Bonner and Bruce—I think, from memory, 56 in Crace, 12 in Bonner and 22 in Bruce. They are rented at 74.9 per cent of market rent, so that is the purpose there. The policy decision has been to provide Community Housing Canberra with this additional loan capacity with a view to expanding the supply side. It is consistent with everything that we are doing in the affordable housing area—that is, looking at supply side solutions but across a variety of different pricing points within the market. To the extent that this clearly represents an intervention from the government, it is one on the supply side, which I think is critical to getting the policy outcomes we want. I will have to get some

assistance in relation to the—

Mr Ahmed: Mr Hargreaves, you asked about the terms and conditions of the loan. All capital under the loan is to be drawn down in quarterly payments through 2011-12, so this financial year. That is when we will get those 90 properties. Just like with the existing loan, they will be paying a variable interest rate for that government borrowing rate. That gives them a bit of an advantage over the market. It is almost an implicit subsidy there for the government, and that is their intention. They pay on 90-day bank bills which operate on a quarterly basis. The principal repayments of this loan would commence in 2021, so they have got a 10-year period over which they will not pay any principal. Those are the terms and conditions. And the principal has to be repaid over a period of 25 years. With respect to the territory's interest, there is a public interest here. A loan has been provided. That is protected through a floating charge over the property as well. So we do have some coverage of that loan but the company is left free to do what it needs to do.

MR HARGREAVES: In terms of lending \$20 million to CHC, what protection does the territory have around that? Do you have a mortgage on the properties or do you just have a loan arrangement with them?

Mr Ahmed: It is a floating charge. It is like with the earlier \$50 million. We had a floating charge of \$53 million over its assets. That has been extended to \$75 million. So the charge that we have or the first right that we have is more than the loan that has been provided. That covers the public interest and makes sure that that interest is protected. In addition, if the company wanted to—and that is under the loan agreement—go and borrow from the commercial market, they would have to get the territory's consent. We would look at it and see whether it makes sense, whether it is financially reasonable or whether the costs are too high—all of those things. It is a conversation that we have with the company.

MR HARGREAVES: It is my understanding that the original \$50 million loan that went to CHC accompanied the transfer of 147 leases to CHC, which gave them a nice block of properties against which they could borrow to increase their stock. So can you tell me whether they have increased their stock over and above the amount of the \$50 million and the \$20 million as a result of being able to leverage off that?

Mr Barr: The data I have in front of me is that, as at 30 June, so as at the end of the financial year reporting period, CHC delivered 157 affordable rental properties and 135 affordable sale properties.

Mr Ahmed: That is correct. The numbers are correct. They fall within a set of targets that were given to them and to the company. At the time they were being set up, we thought they were quite ambitious. The company seems to be right on track. They had a target of 500 dwellings to be sold as affordable properties. So with the development activity, 500 were to be sold and 500 were to be kept for rental purposes.

They had done at that time 139 affordable sales. So that is about 63 per cent of the target. The target was 220—the five-year target. They had 68 redeveloped properties. They were supposed to redevelop the 132 that were given or transferred as equity. Seventy-five per cent of the stock was required to be redeveloped. They have done 68,

or about 51 per cent and, as the minister said, 157 affordable housing properties for rent. So that is about 63 per cent of the five-year target as well.

MR HARGREAVES: And it was intended, was it not, to put something like 1,000 properties into the affordable housing marketplace?

Mr Barr: Over the 10-year period to 2018, yes.

MR HARGREAVES: Yes, within a 10-year period. What I am hearing is that they are on track to deliver that. In terms of those three suburbs, Crace, Bonner and Bruce, do you have an idea of what percentage of properties within those suburbs are in the affordable categories? I would have thought that at Bruce there would not have been too many of them to start with. So anything in the way of affordable properties in Bruce would have been a good hit. But Crace is brand new.

Mr Barr: Yes. I think there are some within Bruce that the Village Building Company have undertaken as well that would hit that affordability criteria. Certainly the CHC development in Bruce has added significantly in that suburb, and Crace and Bonner are newer developments, so there is obviously a provision up front in the development of those suburbs.

MR HARGREAVES: That is a significant step forward, is it not, towards getting something like 10 per cent of new developments actually being delivered?

Mr Barr: Indeed, and ensuring that when new suburbs are developed social and community housing is there from the outset.

MR HARGREAVES: This is a question for the minister for housing but it does have a Treasury connotation to it. I thought I read somewhere recently that whilst the target for new developments was that we would be looking at towards 10 per cent, in fact the achievement is getting closer to 15 per cent in affordable housing delivery because of the nature of the Village Building Company and the nature of the partnership that you are reaching with CHC. Is that wrong or right?

Mr Ahmed: The target originally set under the affordable housing action plan was 15 per cent. Then we did some further modelling and it turned out that you could extend it to 20 per cent, and that is what the government adopted. So without having any cross-subsidy, you can have development, generally, that produces dwellings—up to 20 per cent in that range. So the current target for new estates is 20 per cent.

THE CHAIR: Mr Smyth.

MR SMYTH: I have a supplementary on this and then I might go to a couple of new issues.

THE CHAIR: Okay. Ms Hunter.

MS HUNTER: Just picking up on that same list that Mr Hargreaves started with some time ago, on page 11, the third dot point from the bottom talks about the expenditure review and evaluation committee working with agencies. If you go to

page 96, which shows the contracts that were let out during the year, there is a list of contracts that seem to be linked to the role of EREC. I was wondering about a couple of them. One was the social housing review. Can someone give a bit of an idea about what that consultancy was around?

Mr Ahmed: The social housing review commenced a while back, as the report says. This review generally would be a shared effort between Treasury and the Chief Minister's directorate. This review is being oversighted and managed by the Chief Minister's directorate. It is fairly well advanced. There is a draft report that has been discussed and workshopped. There is a complexity of issues here, from a quality and financial side. So it is being discussed and workshopped with the consultants.

Ms Smithies: It is worth while also mentioning with that review that EREC is usually the head of the CMCD plus the head of Treasury, but the head of CSD also sits on that particular review.

MS HUNTER: This is trying to find savings within how we deliver social housing in the territory?

Mr Barr: More efficient delivery.

MS HUNTER: That could include savings?

Mr Barr: That is potentially the case, yes. If you can deliver the services more efficiently, yes, there could potentially be a saving in the budget.

MS HUNTER: Treasurer, you may not know this; maybe it is with the Chief Minister, but when will that work be completed and when will we see some outcome of that particular consultancy?

Mr Barr: I imagine that in the context of next year's budget there will be a consideration of this work.

MS HUNTER: The other one was a bit further down—LSI Consulting. This time it is TAMS—a parks and city services review. Are you able to give any more information about the scope of that work?

Mr Ahmed: This was the process mapping and a general review around what their practices were in parks and city services. This has been completed.

MS HUNTER: It has been completed?

Mr Ahmed: It has been completed. The issue for them now is to go ahead and start implementing the changed processes. We believe that is what they are doing.

Ms Smithies: These reviews are around having a look at how processes occur within directorates—how you schedule maintenance of your asset fleet or your staffing. How do you allocate staffing to ensure that you are minimising overtime or you are minimising dead running on your fleet, your lawn mowing fleet et cetera? So it is not in the form of a traditional consultancy review per se. It was around working with the

staff, trying to figure out what they do, where they spend their time, where the blockages in process are.

If you redesign the process, how can you actually get rid of particular parts of the process? It is looking at individual staff, skills requirements, skill development. How do you know that your staff are actually doing the things that are required to achieve the outputs of the day and do they build up into what the organisation needs to achieve? What can be built on in that staff training process et cetera? That is the sort of review that those are.

Mr Ahmed: Yes, and that is an interesting point. These are quite different from the traditional consultancies that we do. There is a very strong element of process improvement but with staff involvement. So the people who would do this would sit with staff and they usually would spend perhaps a bit of time building rapport with them and then trying to understand how they do things. As an example, what is the process they use to grease their mowers? Is there a more efficient way of doing things? They will try and look for a similar process elsewhere, or a better process, and say, "Those guys are doing that; could you do that?"

It is a matter of bringing people along and trying to improve the processes. Sometimes it results in a more efficient way of doing things; sometimes it results in fewer errors and better service. We have tried in all these reviews to quantify those benefits and have the relevant area sign off and say, "Yes, we can do that." But once they sign off then we go ahead.

MS HUNTER: The last one is the ACT tax review modelling. Is that work that was being done for Treasury, or is it work that was then being passed through to the Quinlan tax review?

Ms Smithies: The Quinlan tax review secretariat is sourced within Treasury.

MS HUNTER: So that is what that is?

Ms Smithies: That is right.

THE CHAIR: Mr Smyth, this must be our last question before we go to Shared Services.

MR SMYTH: Minister, in the September consolidated financials on page 16, there is another tax called "change of use charge". Is that now the lease variation charge or is it still being listed as a change of use charge?

Ms Smithies: You are correct.

MR SMYTH: Will that be changed?

Ms Smithies: It is the incorrect name in the report.

MR SMYTH: I note that in the September quarter it was expected to receive \$5.5 million but it only received \$1.5 million. Yes, it is the question you have been

waiting for all day—the raised eyebrows to the gallery! What has caused that shortfall?

Mr Barr: I am surprised it took you this long.

MR SMYTH: It is hard to get a word in edgewise.

Mr Barr: It has never been a problem you have had.

MR SMYTH: What has caused the shortfall?

Mr Ahmed: Yes, the September quarter figure was relatively low compared to budget. I think it would be useful for me to talk through the actual activity. I can give you the latest figures. As at the end of October it is \$2.7 million, so, compared to budget, it would still appear low. However, there are 87 redevelopments that have had LVC determined as at the end of October. This is quite a high level of activity, determined but not paid. So the issue here is that revenue has not been booked. So for the revenue assessed, the figure for everything assessed but not paid yet is \$9.7 million. These are the development applications that have been approved.

MR SMYTH: You are saying it is a timing matter?

Mr Ahmed: It is a timing matter, yes.

MR SMYTH: All right. We will see. In the line below the utilities network facilities tax, the annual budget is some \$19 million but we have three columns of zeros. Is there a reason for three columns of zeros?

Ms Smithies: I think that bill is assessed annually in March each year. Yes; that is when the bills go out to the utilities. You will see zeros up until it is assessed, which is in March, when you will get the \$20 million.

MR SMYTH: Even though they collected on each bill?

Mr Broughton: I can clarify that. The UNFT is payable by the facilities' owners, not by individual bill payers. An assessment is done every 12 months in March and the invoice is then paid by May.

MR SMYTH: So all of that revenue will come in in the March quarter? Right. In volume 2, under "Territory banking account", on page 242, the floating debt rate is set at 30 per cent. I notice that it refers to a floating debt rate exposure of 70.2 per cent against the benchmark of the floating rate debt exposure of no more than 30 per cent. Why has that occurred?

Mr Broughton: Do you want me to respond to that?

Ms Smithies: Yes.

Mr Broughton: We have had a target of having a maximum 30 per cent floating interest rate. The idea behind that is that by maintaining exposure at about that level

we get more certainty about the budgetary costs of interest. However, we were aware that we were about to go into a borrowing program, which has been set out in the budget documents; that, as part of that borrowing program, we were going to engage in medium-term fixed interest borrowings; and that, as we went through that process, we would bring ourselves back to within that 30 per cent.

MR SMYTH: So that is the strategy in the last sentence of that paragraph?

Mr Broughton: I missed the page.

MR SMYTH: It is 242.

Mr Broughton: That is right.

MR SMYTH: I want to go to risk management on page 243. The third paragraph says that the main exposure faced by the territory in regard to the debt portfolio is the volatility of interest rates. What is the risk to the territory by having set such a high rate?

Mr Broughton: Having floating interest at 30 per cent—

MR SMYTH: Yes; by having it so high.

Mr Broughton: The risk is that, should interest rates suddenly increase, we would find ourselves paying more interest than we had budgeted for.

MR SMYTH: What have you assessed that risk at?

Mr Broughton: Right at the moment we assess it as being fairly remote.

MR SMYTH: Who makes that decision and who authorises that variation above 30 per cent?

Mr Broughton: That is done within Treasury.

MR SMYTH: Within Treasury? Referred to the minister or considered to be part of the day-to-day management of the portfolio?

Mr Broughton: Not referred—day-to-day management.

THE CHAIR: Okay.

MR SMYTH: I could keep going.

THE CHAIR: One very quick one. I should not say one very quick one, because we are over time on this part. All right; the last one.

MR SMYTH: In volume 2, on page 151, under “Loan receivable repayments received”, the budget for 2011 is \$630,000, which is much less than the actual for 2010 of \$1.5 million. What is the reason for that?

Mr Barr: It is the home loan portfolio, is it? Are you talking about the home loan portfolio on page 151?

MR SMYTH: Yes.

Ms Smithies: Sorry; I was looking for the page. Can you repeat the question? Sorry, Mr Smyth.

MR SMYTH: It is volume 2, page 151, the home loan portfolio. In the “Loan receivable repayments received” line, the actual in 2010 was \$1.5 million; the original budget is \$630,000 and the actual is 1.115. What is the reason for that variance?

THE CHAIR: Do you need to take it on notice?

Ms Smithies: It might be easiest to do that. Sorry.

THE CHAIR: Thank you muchly. We will now move to the Shared Services part of the directorate.

Mr Barr: We will swap officials first.

THE CHAIR: Do you wish to make a brief opening statement on Shared Services?

Mr Barr: No; we are running behind.

THE CHAIR: Thank you very much. You probably already know the first question I am going to ask, about the draft ICT sustainability plan. Where are we up to with this? When will it be finalised? We have had this conversation a few times.

Ms Divorby: I will ask Ken Moore to join me. We have made good progress. The ICT sustainability plan has been drafted and has been sent to all directorates. We are in the final stages of that; and I will get Ken to give you some more detail.

Mr Moore: As Jill has explained, we circulated a draft ICT sustainability plan around the nine directorates. We have coordinated those responses. We consider it to be in the final draft stage and are about to put it to government, through the Under Treasurer, for consideration. It has got a number of aspects to it, including looking at our sustainability performance within the ICT sector—looking at better sustainable solutions into the future, including setting a number of targets. But as I have said, this is still very much in draft and is yet to be considered by government.

I would mention some other work in parallel to the ICT sustainability plan. As you would appreciate, one of the major users of energy in the ICT space is our two data centres. Our two primary data centres are in Callam offices and Macarthur House; they are in the middle of office accommodation that is not very efficient for power utilisation, either for compute power or for cooling power. We are running out of capacity at both sites. We expect to be at maximum capacity at Macarthur House by 2014; we received funding in this year’s budget to look at leasing options to replace the Macarthur House data centre with a commercial facility. We are currently looking

at our options within Canberra for a new lease data facility to be operational by 2014. What the market is offering in Canberra—we have looked at a number of sites in preparation for going to government with a recommendation—are very modern sites compared to what we have got, with far better power utilisation than we can achieve in our two current sites.

As you might remember from the last hearings, we are also looking at other issues on ICT sustainability. It is not just measuring data centre power usage; it is right to the desktop. It is measuring thin client compared to fat client. Even though you save energy at the desktop with thin client, it does generate more compute requirements in the data centre—and more cooling, obviously. We are still doing that review. We have undertaken to bring that back to the Assembly by the end of the year.

We are also reviewing our business model of refreshing our desktops every four years—whether that is the most appropriate time, particularly for peripherals such as monitors, keyboards and mice. We are also looking at greater use of mobile technology. We are currently conducting a pilot of both the smartphone and tablet. At the minute, that pilot is restricted to 150 users and limited to the syncing of email contact and calendars, but we are seeing quite a static demand for both desktop and laptop across the service. It is the mobile workforce that is the demand. Where we are heading in that space is, hopefully, a greater usage of mobile devices, particularly for the mobile workforce across the nine directorates.

We are also looking at more efficient technology delivery, apart from data centres. No matter where you site a data centre, it is still going to consume energy, whether it is in the ACT or somewhere else. There is emerging technology within data centre hardware. We are moving already from physical to virtual servers, which are far more power efficient, but quite regularly there are new versions of virtual servers coming onto the market that are even more power efficient than what we have already got.

We are also looking at the cloud. In many respects, we already offer a private cloud to the directorates, where we store their data for them. Cloud technology is fast moving as well. They are just somebody else's data centres somewhere else, but these have got large economies of scale compared to a proliferation of smaller data centres around the globe.

So it is a basket of many moving parts, if you like, as ICT normally is. We are trying to keep abreast of them. The ICT sustainability plan is one key component of that total effort.

THE CHAIR: That is very positive, particularly with some of the things you have talked about, it seems, which previously you have said you could not do. For instance, it appears that you are suggesting that we might not always have to replace peripherals at the same time as desktops. I remember having this conversation probably a year ago; at that stage it was impossible to do anything other than that. You rejected that.

Mr Barr: It is newfound reformist zeal.

Ms Smithies: So we do take notice of comments.

THE CHAIR: You can take that as a compliment. You have talked about a number of targets. What are they targets for? I assume that energy use might be one of them.

Mr Moore: Energy use is one.

THE CHAIR: Greenhouse gas emissions are another?

Mr Moore: Yes—being able to measure that. But also getting into recycling things like toner cartridges.

THE CHAIR: You said getting into; I thought you already were.

Mr Moore: Not in a large way. It has complications for warranty if you do not use the original manufacturer's toner cartridges, as we already know.

THE CHAIR: Yes. Six or nine months ago I asked a series of questions about this subject particularly relating to the education directorate, and I was assured that it was all happening as much as it possibly could, I think. I will go back, but I certainly asked a series on this question.

Mr Moore: I might have to take on notice exactly where we are up to with it.

THE CHAIR: Yes, if you could, with toner cartridges.

Mr Moore: I just used that as an example where we are setting hard targets. A lot of it is voluntary at the minute by each directorate. It is also recycling photocopy paper, but it is not just using recycled photocopy paper; obviously, it is using less paper in general. That is one big advantage of the mobile devices: you do not have to print various papers for meetings like this.

The ICT sustainability plan, subject to the government's consideration, will have quite specific targets, with time lines; directorates, unless they have approval to opt out, will be required to meet those targets.

THE CHAIR: When do you think this will be available to those of us who are not in government?

Ms Divorty: The sustainability plan?

THE CHAIR: Yes.

Mr Moore: It is in final draft; we are just waiting for it to be transmitted through the Under Treasurer to the minister, but that has not happened yet.

THE CHAIR: Early next year, minister?

Mr Barr: I certainly hope so. I will be working throughout the Christmas-new year period; I will endeavour to ensure that, on the return of the full cabinet in January, we are able to progress it as soon as possible.

THE CHAIR: So it should be public at the end of January as a hopeful time frame?

Mr Barr: I do not set the cabinet agenda, but I will get it to cabinet as soon as I can.

THE CHAIR: In terms of looking at the targets, the greenhouse one being an easier one to talk about, are you aiming to be consistent with the 40 per cent greenhouse gas reduction that the government has signed on to?

Mr Moore: I think the answer is yes but can I take that on notice to make sure?

THE CHAIR: Certainly. I hope the answer is yes.

Mr Barr: We will take that as a yes.

Ms Smithies: We will take that as a yes. Unless you are planning to be more ambitious, Ken?

THE CHAIR: That would be absolutely fine, to be more ambitious. Finally, does the sale of TransACT have any implications for InTACT?

Mr Moore: Within Shared Services ICT, if I could correct the former name—

MR HARGREAVES: Get into her, Mr Moore. Get with the program, Madam Chair!

THE CHAIR: Sorry, yes. I nearly asked the question: why have you changed your name? It is too hard for us.

Mr Moore: We are a large user of TransACT services, particularly in the telecommunications services space. They manage what we call our managed services, our voice-over-internet platform, for us, and they have for a number of years. The sale would mean that if our contractual arrangement continued into the future, that would have to be novated across to the buyer. We have also recently gone to the market with not managed services but a whole range of other telecommunications services such as fixed line, mobile, internet services et cetera. We are in contract negotiations with a number of telecommunications companies to try and get those contracts sorted out by 1 January. TransACT is in that mix. Again we would have to work out where they are up to in the sale process as to whether we are novating to the buyer or we are still dealing with TransACT.

Ms Smithies: But overall we do not expect any change or any difficulties at all.

Mr Moore: We do not expect any change.

THE CHAIR: Mr Hargreaves.

MR HARGREAVES: Not at the moment. As my mate Jennie Mardel would say, I will just sit here and wait for the next opportunity.

THE CHAIR: Mr Smyth.

MR SMYTH: On page 19, attendance at board meetings, it says:

During 2010-11 the Board met on one occasion for the purpose of conducting business ...

Surely every time the board meets it is there for board business. Is this more board administration rather than—

Ms Divorty: I am sorry, are you on the Procurement Board?

MR SMYTH: Page 19.

Ms Divorty: Do you want to do that now? We could invite Sue Morrell up to—

THE CHAIR: I guess we will do it now. I assume they have afternoon tea, Mr Smyth.

MR SMYTH: Who knows? It is just curious wording.

Ms Morrell: Mr Smyth, could you repeat the question?

MR SMYTH: Page 19 of the report says:

During 2010-11 the Board met on one occasion for the purpose of conducting business ...

MR HARGREAVES: And the rest were morning teas.

Mr Barr: Governance, work planning and performance. You never finish reading the sentence, do you? That is the problem, isn't it?

MR SMYTH: No. I would have thought that any time the board met it was meeting about board business.

Ms Morrell: The board meets on just about every Tuesday morning of the year and we consider proposals from every directorate. But we do meet one or two times per year for a longer period of time, just to discuss board business. So it is business planning, it is looking at our—

MR SMYTH: So it is the administration rather than—

Ms Morrell: It is the administration part of the board rather than looking at capital works proposals.

Mr Barr: And future annual reports replace business with administration. I will look forward to that recommendation from the committee.

MR SMYTH: I doubt you will find that one. Moving to appendix 2—on page 10 I think it refers to it as appendix 4, but given there is no appendix 4 I will assume it is appendix 2—I note this year that you have seen a lot of proposals put by the

departments. What reviews did the board itself conduct or initiate to see how things have been delivered? In previous years you have actually undertaken self-initiated reviews, I believe?

Ms Morrell: We had, and we still do that. We do that almost weekly in that the proponents from the directorates are invited to each meeting to put their proposal to the board. They present a short summary of their proposal. The board members have all read the proposal in detail and we go through each proposal with the proponents and the procurement staff in the room with us. So each time we can ask detailed questions and get the information we want. What we often do, in fact quite frequently, is to invite those proponents back during different times of the year to seek progress. I do remember last year at this committee meeting we were asked to get proponents to submit written reports. We thought about that deeply and decided that it worked far better to get verbal reports on the day. So we do those on a regular basis, Mr Smyth, throughout the year.

MR SMYTH: That was reported on last year. Why is it not reported on this year?

Ms Morrell: Because we did not take written reports on it. We did it verbally at each proposal meeting.

MR SMYTH: Yes, but it was reported in the annual report last year and they were verbal then.

Ms Morrell: We did have some written last time; we did have some minute recording too that we used to do. We have just changed the process slightly where we do it at every proposals meeting now. We can report it in the annual report so that we do it at every weekly meeting.

MR SMYTH: The point is that sometimes when you go back and review progress against what was proposed or completed projects and how they performed against what the board was told, I would have thought that was a very useful tool in determining the progress of how we are going with our procurement. The board obviously felt strongly enough about it to report on it last year and list various things that were reported on, albeit verbally. Why would you not do that again this year?

Ms Morrell: Again, we felt at the time that it was more appropriate that it was done verbally. If we felt that there was an issue—

MR SMYTH: No, I am not questioning what goes on in the meeting.

Ms Morrell: Yes, reported in the annual report.

MR SMYTH: Why isn't it reported in here so that we know what it is that you checked on?

Ms Morrell: I am happy to say that we can do that again for the next annual report. We did not do it for that reporting year because we felt that we were getting sufficient information at each of the meetings and that if there was something that concerned us we would have called for a written report. Nothing came up that concerned us.

MR SMYTH: Can you see my point about the absence—

Ms Morrell: I can accept your point, Mr Smyth, and we will do it again for the next annual report.

THE CHAIR: I have got some other procurement-related questions. I do not know how much they relate to the board but you will get that right for me. We have asked at various times about sham contracting and dubious subcontract-type relationships, particularly it seems in the construction industry. Has this come up to the Procurement Board level? I think there has been an idea that that there would be some more auditing done.

Ms Morrell: It has not come to the board level. The board receives proposals each week from different directorates putting forward capital works proposals. We go through and talk with proponents about each of those proposals. It is possibly a question that is better answered by procurement rather than the board.

THE CHAIR: It is not something that you see as an overarching problem that you wish to give guidance on?

Ms Morrell: No.

THE CHAIR: It keeps coming up.

Ms Morrell: It has not been brought to us by proponents when they are discussing proposals.

THE CHAIR: It may be too early but has the government office building come under your purview yet?

Ms Morrell: No.

THE CHAIR: If it occurs, when it occurs, it will be presumably the biggest procurement operation that the ACT government has done.

Ms Morrell: Yes, given the terms for the board, it would come before the board, but it has not yet.

THE CHAIR: The Gungahlin part?

Ms Morrell: That has not come before the board yet.

Mr Barr: It will be advertised on the weekend.

THE CHAIR: Social procurement: has that concept come before the board?

Ms Morrell: We are certainly aware of social procurement. We have had briefings about social procurement. Different board members have attended different sessions about social procurement. It is uppermost in our minds and we do ask proponents

whether they have considered social procurement. They usually make comment on that in the proposal, so it is already before us. But it is certainly uppermost in our mind.

Ms Divorty: For procurement more generally, there is obviously a lot of activity in the social procurement space. We have been training and talking to directorates with both Social Ventures and Social Traders. We have had a series of roundtables. We have been actively educating directorates on the benefits of social procurement and the value that that can add to the ACT government and the community in general. We have already got some ongoing activities but we have committed to some demonstration projects, as I am sure you are aware, in the 2011-12 year and we are still working with directorates to identify those.

THE CHAIR: Do you have some sort of tick-off process or something to ensure that people actually take social procurement seriously and it is not just a matter of saying, “We’ve been to the training course, we know what it’s about but we’re going to do what we always did”?

Ms Divorty: We do. Because we have trained our own staff so well, they are, if you like, advocates for social procurement. So as they are advising directorates on particular procurement processes and needs, they will identify something that might be suitable for social procurement, they will talk it over with the directorate and they will certainly have that conversation.

THE CHAIR: This is possibly one on notice. You said there were going to be some demonstration social procurement projects in the forthcoming financial year. Could you give us the list of what those are and some idea of the amount of moneys involved in them?

Ms Divorty: Sure. We are still working with the directorate. They have not all been identified as yet, so I could not take it on notice and answer it within the next couple of weeks.

THE CHAIR: Take it on notice and answer it as well as you can. If there is more to come well then you can tell us more wonderful things later, I guess.

Mr Barr: We are always happy to do that, Madam Chair.

THE CHAIR: I have another procurement question. You say that cabinet have agreed to amend the Government Procurement Act 2011 and that these amendments will simplify reporting requirements at set contract thresholds. We get this from the government cabinet summaries website so that our people can read it.

MR HARGREAVES: Open government.

THE CHAIR: Open government. What is the timing and what are the proposed amendments?

Mr Barr: I think I am introducing a bill in the December sittings.

THE CHAIR: December?

Mr Barr: Yes.

THE CHAIR: Great.

Mr Barr: I do believe.

MR HARGREAVES: That is next week, Madam Chair.

Mr Barr: A week after, I think.

MR HARGREAVES: No, I mean December.

THE CHAIR: Thank you.

Mr Barr: Very true.

THE CHAIR: Thank you, Mr Hargreaves.

Mr Barr: December is next week. The December sittings are in the second week of December.

THE CHAIR: It is the week after. It is good to be clear about them. You might remember that PAC did an inquiry on procurement. Am I too hopeful in thinking that the amendments would cover off PAC's plan?

MR HARGREAVES: Yes, you sure are.

THE CHAIR: You are probably right, Mr Hargreaves, but one lives in hope.

Ms Divorty: I can give you a summary of what the proposed amendments are. One is to remove the threshold that is set within the act and move that to the regulations so that we can more easily keep that up to date and current. Another one is to remove the need to report on reportable contracts, which are those contracts that have confidential text in them. We are requesting a removal of that need to report separately on those because our ACT contracts registry is now so visible, so transparent and contains so much information that it is really a duplication to report separately. We think that that is a sensible streamlining approach to reduce that requirement. There is also a small anomaly in the act which relates to the time contracts are available or accessible and we are just fixing that anomaly. Those are the three amendments that we are trying to do.

THE CHAIR: It is not quite as extensive as PAC's recommendations, but—

MR HARGREAVES: So your hopes were not realised there, Madam Chair.

THE CHAIR: It does happen, I'm afraid.

Mr Barr: You cannot always get what you want. Sometimes you get what you need.

THE CHAIR: Sometimes you do.

MR HARGREAVES: Sometimes you get what you deserve.

MR SMYTH: Just remember that.

MR HARGREAVES: It is a Rolling Stones song.

Mr Barr: It certainly is, yes—Jagger-Richards, 1969, I think. What a Rolling Stones nerd I am. Okay, fire away.

THE CHAIR: Thank you.

MR HARGREAVES: Paint it black, minister; paint it black.

THE CHAIR: We ran out of time to ask this question this morning so I will ask it here. Clearly, there is a potential overlap between the new Government Information Office in CMCD and Shared Services information—information ICT. I have got the name right, I think. Could you speak about what that is and how it is being managed?

Ms Divorty: I guess we do not see an overlap. We see the GIO and the CIO, if you want to be more specific, as a welcome addition to the plethora of options that we have available to try and move ICT in the right direction for whole of government. I guess when we have been operating just as Shared Services ICT we have found that we do not necessarily have the ability to coordinate directorates in the way it needs to be done in order to have a common path for ICT platforms, ICT systems, for whole of government without having duplication.

We see the CIO and the GIO as an opportunity to not only put an information management policy in place but also manage the whole-of-government ICT strategic plan and give some vision, if you like, and some commonality to directorates who are trying to meet those needs. We see it as an addition to our operational policy area to bring in more of an information management policy aspect. So we do not see an overlap; we see complementary assistance.

THE CHAIR: How do the two interrelate? Do you have regular meetings?

Ms Divorty: We do.

THE CHAIR: I assume that you are physically not co-located.

Ms Divorty: No. I am not far away from them. The GIO is in the Nara Centre and my office is in Allara Street, so we are across the road. Our ICT office is obviously in Woden. We can meet, obviously, informally frequently. I know that that happens with my head of ICT as well as our innovation director and several other people in the policy area. I think more recently the strategic board have come up with a subcommittee that might make that happen in a more formal way.

THE CHAIR: A question which I asked to some extent this morning, but I might ask

it again, was about the useability of government websites. I recently received some feedback, and I am sure it is true, that most of the ACT government's websites do not meet the accessibility requirements. How are you addressing this?

Ms Divorty: I will ask Ken to join me again.

THE CHAIR: Particularly in light of the fact that we seem to be doing more and more online. More and more, if you want to interact with the ACT government, you have got to be able to do it online.

Ms Divorty: Sure. We are obviously doing a lot of work in terms of the single public face and the single gateway to the ACT government. Work is going on in that space.

Mr Moore: As Jill has outlined, the one ACT PS website has made this very much easier than it was when we first looked at making all of the websites accessible to the new standard, which the government has committed to. Instead of having to make 140-plus websites accessible, we now have to focus just on that one website. We are also looking at making more different school websites accessible as well, and there are about 140 of them. It is a work in progress and we are committed to meeting the government agreement to that new 2.0 standard.

THE CHAIR: If you are only upgrading when you move to the new one website, when is that going to be?

Ms Divorty: It is an iterative process. In fact, the look and feel will be updated much earlier than when we actually move to a single website. We are doing it in a gradual way. I think we are starting with Canberra Connect and the Chief Minister's department and some of the more major websites, probably based on hit rates—how many people use those. Work is ongoing at the moment. I was hoping for something like March next year so that there would be a visible presence by then. We will probably have to take it on notice as to how that work is progressing and whether it is still March next year.

THE CHAIR: You said “look and feel”. That would include meeting accessibility standards, because look and feel does not necessarily mean that?

Ms Divorty: I think you are talking about the WCAG 2.0.

THE CHAIR: Yes.

Ms Divorty: I will take that on notice too, if you do not mind.

THE CHAIR: Thank you. The perennial question I am sure you are asked many times is what work has been done in improving internet speed and reliability? Certainly, every time you come here I am sure that question is asked.

Ms Divorty: And it is a good question to ask too. Ken?

Mr Moore: We are updating our digital network through an annual refresh program, with a Treasury funded allocation this year. We are replacing a number of ageing

components on the network. That will not necessarily get you faster internet. It is more about making sure the internet works rather than falls over. We have got specific challenges with specific sites and the infrastructure that supports that building. The Legislative Assembly is in that category. If you wanted to talk specifically about the Legislative Assembly, I do not have that detail. I would have to take it on notice.

THE CHAIR: I think there would be interest here in taking that on notice because we all get frustrated here at times.

Mr Moore: I know we have been working with your staff to try and improve it, but clearly we are not there yet.

MR HARGREAVES: I don't get frustrated at all.

THE CHAIR: I am glad to hear that, Mr Hargreaves.

MR HARGREAVES: It is because my expectations are lower than yours, Madam Chair.

THE CHAIR: That is no doubt true, Mr Hargreaves. That is all I actually had for Shared Services. I suppose we have got time for one more Treasury question, if you really want.

MR SMYTH: Well, I have one. I do not get you let off, do I? Treasury funded an economic analysis of general aviation in the ACT. Is that here or is that in business development?

Mr Barr: I think it is through economic development.

MR SMYTH: Economic development?

Mr Barr: Yes, so you will get a chance to ask me that again.

MR SMYTH: Later. Okay.

THE CHAIR: Thank you very much, Treasurer and officials. I suspect that there will be some—

Mr Barr: You think there will be questions on notice in addition to the ones we have taken? Again, I find that hard to believe!

THE CHAIR: Absolutely, Mr Barr.

Mr Barr: We look forward to answering them, Madam Chair.

THE CHAIR: Thank you. Responses to questions on notice are due with the committee secretariat by 13 January. Committee members have three working days to get their questions into the secretariat, so that means by 29 November.

On behalf of the committee, I would like to thank you, Treasurer and the many officials, who have been here today. Of course, when available, a proof transcript will be forwarded to witnesses to give them an opportunity to check it and make corrections. I now formally declare this public hearing closed.

The committee adjourned at 3.55 pm.