



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

TUESDAY, 29 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 Auditor-General's Office	180
Legislative Assembly for the ACT Secretariat	195

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Amended 9 August 2011

The committee met at 2.02 pm.

Appearances:

ACT Auditor-General's Office

Cooper, Dr Maxine, ACT Auditor-General

Nicholas, Mr Rod, Director, Performance Audits and Corporate Services

Sheville, Mr Bernie, Director, Financial Audits

Prentice, Mr Malcolm, Senior Audit Manager, Financial Audits

THE CHAIR: Good afternoon everyone and welcome. I now 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, Auditor-General and relevant audit officials, for appearing here today. At this hearing the committee is examining the 2010-11 annual report of the ACT Auditor-General's Office. 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 just confirm for the record that you understand the privilege implications of the statement?

Dr Cooper: I do.

THE CHAIR: Can I also remind witnesses that the hearings are being recorded by Hansard for transcription purposes and are being webstreamed and broadcast live. Before we proceed to questions from the committee, Auditor-General, would you like to make an opening statement?

Dr Cooper: Thank you very much. I would just like to give you a bit of a summary in terms of opening comments. The 2010-11 financial year was a transition year, as it saw the previous Auditor-General, Ms Tu Pham, complete her seven-year term in March 2011. Mr Bernie Sheville acted as the A-G for three months during that last financial year and early in August I commenced as the A-G. I would really like to show my respect for Ms Tu Pham and Mr Sheville and thank them for all they have done. The annual report that is the subject of today's hearing reflects their efforts and those of the staff in the audit office and I give full credit to those people for this what I consider high quality report and performance outline.

During the 2010-11 year seven performance audits were completed. They are listed on page 14 so I will not read through them. In 2010-11 all performance audit recommendations were agreed or agreed to in principle by agencies. With respect to those fully agreed, there was an increase on former years: 72 per cent in the 2009-10 year, 86 per cent in the 2010-11 year.

The annual program of audits of financial statements and reviews of statements of performance was successfully completed. This entailed producing 80 audits of financial statements—the previous year it was 74—and 30 reviews of statements of performance; the previous year it was 28. In 2010-11 all agencies and entities were given an unqualified audit opinion on their financial statements, as is evidenced on

page 148 and the appendix. The acceptance rate of financial audit recommendations, 89 per cent, was below the target of 95 per cent and the acceptance rate of the prior year of 92 per cent. However, 89 per cent from my perspective is still a high figure, indicating agencies' willingness to improve aspects of their work.

The audit office responded to matters raised by the Assembly and members of the community. This is witnessed by two performance audits that were undertaken due to representations—the waiting list for elective surgery and medical treatments, and the North Weston pond project in the Molonglo valley.

There were 18 representations made to the office under the Auditor-General Act and one under the Public Interest Disclosure Act. The latter one is still an ongoing matter and the agency responsible for the issue or managing that issue is investigating it. We will be informed of the results of that investigation and then we will consider what we need to pursue in that PID matter.

In 2010-11 the office revenue was \$5.4 million, \$3.2 million from audit fees and \$2.2 million from appropriations. As reported in our annual report, the office incurred additional expenses due to my arrival. Employee entitlements for my prior service and also the recruitment costs for the A-G were taken out of the A-G's budget. It is anticipated that the office in 2011-12 through to 2014 will continue to break even. It is considered that the audit office's financial performance and position remains very sound.

I would just like to share with the committee some benchmarking figures. Our costs per financial audit opinion are about \$54,000. That compares to the average across all A-G offices of just under \$68,000. So we were \$12,000 shy, if you like, in terms of the moneys we spend on FA. In terms of the financial audits, we have an outstanding record, I consider, in that our opinions are issued in a very short time. Our figure is 89 per cent and across the nation it is more around 63 per cent. So I think that is a credit to the office during that period.

In terms of our performance audits, often a question is raised about how much these things cost. On average it is \$185,000, and the average across auditor-generals' offices is around \$290,000, so it is significantly cost efficient. The average time to do a PA varies. In the last year ours was around 6.4 months and the average is about 8.4 months. That kind of puts the office in perspective in terms of how hard the staff work to try and deliver.

Our challenge in the office is that we have had in the 2010-11 year a 33 per cent turnover in staff. Our average for the last five years was 27 per cent. The highest turnover has been in the performance area where although we lost three staff that was 43 per cent of the staff. In the financial area we lost six staff, which is 26 per cent. We generally have a budget for 36 people and at the moment we are sitting at 32. Contracts, therefore, are becoming an ever important way for us to deliver our audit program. For 2011-12 we are in a sound position to complete all the financial audits and associated reports, but the performance audits at this stage of the year are not as advanced to deliver the target number within this current financial year. However, every effort at the moment is being made to address that. Thank you for giving me the opportunity to talk, to open.

THE CHAIR: Thank you. I might start off with staff turnover. As you highlighted—and we have had this discussion with your predecessor over the years—it is clearly an issue, is there anything that you think can be done to alleviate the problem, apart from contracts?

Dr Cooper: Yes, and we are doing a few different, if you like, experiments in that area. One of the things we have done, instead of calling for auditors to come and join the office on a permanent basis, is to try to make it an exciting part of someone's career, for them to come for 12 months or 18 months and then go back to their home agencies, because a lot of people from our observation do not necessarily see a long-term career path in the audit office. So we are looking at that. We are also looking at whether retirees might want to work for a short time on a particular project and might be able to come and join the office for that. Contracts will certainly be an ongoing part of the office. Even though we have a budget for the 36 people, and we would like to have that, I think it will always be made up by a combination of these other arrangements.

THE CHAIR: Mr Hargreaves.

MR HARGREAVES: I am thrilled to pieces with what I am reading. So I am going to just shut up and keep reading.

THE CHAIR: Mr Smyth.

MR SMYTH: At the bottom of page 1 it says:

Two agencies responding to a performance audit advised that the performance audit team did not understand their operations.

What were the two agencies and what were their problems with the audit team?

Mr Nicholas: Both responses were in relation to one audit. It was the audit on residential land supply and development. The two agencies were the Land Development Agency and LAPS. I guess both of them felt that we had missed some aspects of the government's intentions in regard to the land supply and I think some parts of it in relation to the land rent scheme.

MR SMYTH: And do you think that is justified?

Mr Nicholas: We make a great deal of effort to ensure that we have a fairly good understanding of the organisation and the organisation's operations. I guess in the end it does not really matter so much whether it was fact or fiction. The view from the agencies' perspective is that there was a concern, and we need to address that. Part of that we are doing through a better communication process, increased communication particularly with the senior executives and the chief executive—director-general, now—of the agencies, than when we first commenced our audits. We are doing more intensive pre-engagement research, if you like. We are speaking to a lot more stakeholders than perhaps we have in the past. So we are trying to get a very good handle on those particular matters.

I suspect, however, there will always be some occasions where we will reach an opinion that the agency does not particularly agree with, and one way they can match that difference, if you like, is to say we did not quite grasp the facts of the circumstances.

MR SMYTH: So what practices have been improved accordingly to overcome this?

Mr Nicholas: As I said, in more recent times we have re-examined our initial planning processes and we are now undertaking more intensive pre-engagement planning activities. That will involve us meeting on several occasions with the agency and typically with the senior executives of the agency. We speak also to various stakeholders. That is a fairly common process in our audits anyway, but we are certainly going out of our way to make sure that we capture many of those now. We have certainly established a more formal communications plan in the course of an audit. We will continue to engage agencies during the activities of the audit so that it is unlikely that we will reach a stage where we deliver a report to the agency, whether it is a draft or otherwise, and they go: “Wow. That’s a surprise to us.” It is really about engagement and communication.

Dr Cooper: And, Mr Smyth, I would add that we are also encouraging agencies who have been audited more recently to offer to agencies that are about to be audited their wisdom on how to run the project, so that from their perspective they can offer information but also be kept abreast of where we are at. Some agencies look at us, when we come in to do an audit, as a major project; other agencies just have us come in and talk to whoever we think we need. Those who have considered us as a major project—which it is, at a couple of hundred thousand dollars sometimes, or sometimes \$100,000—seem to have had a better relationship with us. It does not mean they agree with what we say. But at least they are fully aware at all levels within their agency.

Mr Nicholas: In our process this year, not so long ago we had a seminar for members of the ACT government; about 70 or 80 people turned up at that. We had some speakers from some of the agencies come and talk generally about their experiences with the office and about what worked, what worked particularly well and what they would encourage other parties to be involved in.

THE CHAIR: Continuing on with the question I asked earlier—I should have said this at the time—if you are taking on more people for whom auditing is not a career, what sort of qualifications do they have, and is this going to make a difference to your audit capabilities?

Dr Cooper: No. I think in the performance audit area you need a variety of people. What they really need is the analytical ability, a critique ability and a research ability. Within the team that we have got there is plenty of experience, if you like, in traditional auditing. In Rod’s team a lot of the recent people we have got have been from quite varied backgrounds and are showing a strong application for performing audits because of those kinds of criteria.

Mr Nicholas: It is probably not so much a matter of them not necessarily wanting a career in auditing but necessarily a longer term career in the audit office per se. The

folks that we brought into our organisation—a couple of senior managers, for example—certainly have a background in research, a background in investigation type processes. One is from the internal audit of one of the agencies, for example. We are quite satisfied, as the Auditor-General was saying, that they bear the communication capabilities and the analytical and research capabilities that are really fundamental to our performance audit approach.

THE CHAIR: So you are just getting these people for performance audit, not for financial audit?

Dr Cooper: No, there is a mixture, and you would have noticed about two weeks ago we went out for the finance—we have actually gone out for a traditional recruitment, but in that area we will probably have to go to one of the big four firms to seek additional staff.

THE CHAIR: But it would mainly be in the performance audit area that you are getting—

Dr Cooper: The variety of backgrounds, yes.

THE CHAIR: Your one-year, your short-term—

Dr Cooper: Yes.

THE CHAIR: non-career auditors.

Mr Nicholas: With the approach that we are using at the moment, as the Auditor-General said, our shorter term engagements, our secondments, have been in the performance audit area specifically. They are proving quite successful for us at present. They do not obviate the need for us to go out and continue to examine other ways in which we can provide the capacity that we need. It may be that, in a while, we go out and seek some further recruitment for other audit staff, performance audit staff. We will certainly be looking to supplement our capacity by either engaging contractors to do audits or engaging people and bringing them inside from an organisation that has obviously got the capabilities, the specific skills, required for PAs.

THE CHAIR: So you will look at sometimes, I hear you say, recruiting people specifically for an audit if it requires specific knowledge, like an IT-related audit?

Mr Nicholas: That is right. If we have specialist assistance that is required for a particular audit, we will seek that, and it may be that we have got to engage somebody as a consultant or an expert in that particular field. We certainly have done that in the past and we will continue to do that. We are really talking about the more general skills of performance auditing in some respects, and we are seeking to bolster our performance capabilities in that manner, through that recruitment process.

Mr Sheville: Financial audits are a slightly different issue. Traditionally our financial audit background will be either CPA or chartered accounting qualification, so they tend to be in that space. Occasionally we will have an IT auditor, and that will be

normally where we go.

The difficulty with financial audit is that the skill sets they bring to financial audit are quite demanding. There is a wide demand outside the audit office. You can go into internal audit, you can go into accounting. There is a whole range of professions or activities that you can do. Yet the move back into the office is more difficult because actually doing a financial audit is a fairly defined task. You find that the market for our auditors is quite broad but it is not so easy for staff to move back the other way. So it is more difficult for us, for example, to attract people with an accounting qualification with no audit background, bring them into our organisation and start them at a more senior level, because they do not have the audit component.

MR HARGREAVES: I am curious about the financial report on page 31. I have a number of questions in relation to that. The notes do not seem to indicate to me what is happening. The numbers themselves per se are not very large. I accept the fact that 60 grand is not a large number, but it is the way things actually pop up.

With respect to the interest and distributions from cash and investments, you have to be very clever, I thought, to be 100 per cent accurate from one year to the next. It is pretty good. I would have thought there would have been a bit of fluctuation in investments in that year, but so be it. Being accurate to 66 grand is pretty good. It went up by 28 grand but you actually anticipated that it was going to go down. So how did you get that so wrong? It is on page 31, the third line down.

Mr Sheville: With the interest and distributions from cash and investments, we will tend to budget that line fairly conservatively. One of the reasons we have managed to improve our investment interest and distribution performance is that we have implemented more regular billing throughout the year. That means we end up with a higher average cash balance throughout the year. The other thing that has happened is that during the year we have made considerable salary savings from not being able to replace departing staff, so we have ended up with higher average cash balances during the year than what we were anticipating in the budget. As a result, we have managed to get more interest than we were expecting.

MR HARGREAVES: In the report, 2009-10 was exactly the same as 2008-09, but your budget for 2010-11 was effectively a 50 per cent decrease, or a 200 per cent decrease. What were you looking at which caused such a drop in the expectation?

Mr Sheville: I think we were just budgeting on the basis of having a lower cash balance throughout the year.

MR HARGREAVES: With the 2009-10 one, which was spot-on for the previous year, did you have a similar sort of approach in your budget for that year, where you budgeted on the conservative side and then the actuals came in higher than that?

Mr Sheville: I might point out that the interest and cash distributions is not a key budget line for the audit office. It is really small change. There is a not a lot of effort that goes into actually getting that estimate right. But, typically, I think you would find we have come in a little bit better because our budget will always tend to have the assumption that we have spent all our money, and when we generate a surplus and

have a higher cash balance, we tend to make more money than what—

MR HARGREAVES: Yes, but a 150 per cent better actual over estimate is a pretty good effort. In fact, if one of your agencies you were auditing did that, you would crucify them, wouldn't you? I would.

Can you explain another one. Again, the numbers themselves are small. In the next line, workers compensation recovery, I am not aware of what the recovery is, so you might like to explain that, but you have got zero in 2008-09 and then 82 grand in 2009-10. It drops down to three with a budget of zero. I can understand the zero and three bit, but what was the 82?

Mr Sheville: One of our staff members had their workers compensation claim accepted and, as a result of that, we continued to meet their salary costs. For that period of time we are also entitled to get a recovery back from Comcare, so we recovered money, and that just reflects the pattern of the case, if you like. The jump to 82 was the year when we paid the person's salary for the full year.

MR HARGREAVES: It is interesting that Treasury did not knock it off, that it actually came back to the agency. Presumably the expenditure you would have made against that claim would have been over a couple of years at least. It would not have been just the previous one.

Mr Sheville: Yes, it has been one year from—

MR HARGREAVES: So you spent 82 grand—in round numbers 80 grand—on that one person in the previous 12 months and then they gave it back to you?

Mr Sheville: Yes, and the 3,000 in the 2010-11 period was basically a minor amount that was paid in the current year.

Dr Cooper: I understand, Mr Hargreaves, that we might get further moneys in this current financial year. There is a potential there for some. It will be small; that is my understanding.

MR HARGREAVES: Make a bit of a profit out of it.

Dr Cooper: Well, not a profit but—

Mr Sheville: No, this will be cost recovery.

Dr Cooper: Yes.

MR HARGREAVES: My last one on this is: in the "Other" line, I do not know what "Other" means. It is only 14 grand so it is probably petty cash; it is probably just Rod Nicholas's grog cupboard, because that is a pretty hefty sort of expense for the audit office, I know that. I have not been a beneficiary of it yet. You have got 14, 10 and 21 on that line but your budget was zero. Given that you have a track record of over 10 grand for the last couple of years, wouldn't you have thought it prudent to put something in there rather than zero in the budget line?

Mr Sheville: The “Other” line would typically include items that cannot be budgeted for. For example, we might sell a motor vehicle or we might generate a small amount of gains on our investment. So it is like a market gain on our investment in that type of category. Typically, part of being conservative in your budgeting outlook is that you would not start booking in that type of revenue when you budget, as if you were going to collect it.

MR HARGREAVES: But I would have thought that with something which is indeterminate like “Miscellaneous” and “Other”, if you have a track record of collecting 10, 14 or 20, the prudent thing would have been to say, “Okay, this has got a basket of goods here that we can’t really determine but our track record actually says that we’ve got a minimum of X, so we’ll whack that in,” and then you would have been less in your variance, so that where you projected a \$49,000 deficit, it would have been less than that. It would have been 39 which, funnily enough, would have made your \$210,000 deficit look a little bit worse. What I am trying to get at is: what sort of budgeting approach have you got? That is the second time we have seen it in the items here where your budget has been on the conservative side but there is a track record of a certain achievement, if you like, against these things.

Mr Sheville: Mr Hargreaves, the major income streams for the office are its appropriation and its financial audit fees. That is where we spend our time in getting the budget right. In relation to workers comp recovery and other items, we do not think you would be making your planning decisions based on the very small amounts of money involved. For \$21,000 on \$5.4 million worth of revenue, we would not spend time trying to come up with an item for that. We could. There is no barrier to that. We just do not think it would add a lot of information to our budget.

MR HARGREAVES: Do you extend the same sort of freedom and latitude to the agencies that you do financial audits on?

Mr Sheville: Yes.

Dr Cooper: Yes.

Mr Sheville: Although, as part of the financial audit process, we do not examine the agencies’ budgets.

MR HARGREAVES: No, it is up to us to do that.

Mr Sheville: About whether they are reasonable budgets, in that sense.

MR HARGREAVES: But you do examine them on achievement of actuals against budget, don’t you?

Mr Sheville: Yes, we do.

MR HARGREAVES: By definition, you would have to look at the underlying assumptions of their budgets. You would have to.

Mr Sheville: When we work out whether an agency has achieved its budget or not, we do not assess whether the budget is the budget that the agency ought to have prepared. The budget is the document that has been handed down and tabled in the Legislative Assembly, and we simply assess whether they achieved that budget or not.

MR HARGREAVES: So you do not look at the underlying assumptions behind it?

Mr Sheville: No.

MR HARGREAVES: Even though they may be way out?

Mr Sheville: If a budgetary error is seen as a reason for them not achieving their budget, that is what we would say. But it is very rare that I have seen it is due to a major error in the budget or major accounting treatment area in the budget that would result in an agency not achieving its budget. It is usually for other reasons.

MR SMYTH: On page 4 there is a paragraph explaining the deficit and there are two components—employee entitlements and recruitment costs. Does this mean that when the incoming Auditor-General comes from another public service position, you get the liability but you do not get the cash to cover it?

Dr Cooper: Yes, it is normal across commonwealth government and within ACT government. It is standard practice.

MR SMYTH: It is not quite standard practice. I have been fighting this on behalf of the long service leave board for several years now and the long service leave board actually won.

Dr Cooper: Yes.

MR SMYTH: The government did transfer funds to cover that. In a small agency, if you have got somebody with years of service it can be quite a substantial amount of money. Why are the funds not transferred at the same time?

Dr Cooper: I cannot answer that. Mr Sheville might be able to.

Mr Sheville: I think the portability arrangements that allow people to transfer have been done for ease of administration. However, as you can see, for a small organisation like ours, every time we bring in somebody who is experienced, whether it is Dr Cooper or an experienced performance auditor from the commonwealth, for us there is a risk that we will have to meet all of their accumulated annual and long service leave entitlements when they arrive. The implication for our office is that we need to have some level of buffer when we plan our budget so that we deal with that financial shock as and when it happens.

MR SMYTH: In an accounting sense, why should you have to deal with the financial shock? It does not have any effect on the government's bottom line if it is apportioned to your account or to environment's account or to Treasury's account, so why is it not reasonable? I could not imagine it was that onerous. We can calculate down to the \$516 what the exact amount is, so obviously the knowledge is there. Why can it not

just simply be transferred so that we actually have a true state of all the departments and their liabilities?

Mr Sheville: This is just my opinion—it is not the audit office’s view on the issue—but I think there is an argument, when a transfer like this occurs, for the agency to write a cheque to the receiving agency so that that agency is not wearing the cost for services that were provided somewhere else. I think there is a reasonable argument for that, but I suspect that the portability arrangements, when they were designed, were probably dealing with the administrative ease of just moving the liability rather than actually having agencies writing out cheques for these amounts.

MR SMYTH: This might be something you might like to take up with the Treasurer. It certainly disadvantages the smaller agencies. The long service leave board, which has slightly different arrangements, had to fight long and hard with lots of help from estimates committees and PAC during annual reports to resolve that issue. This is not the only case in the ACT government. Perhaps it is something the auditor might like to take up with the Treasurer and come up with an arrangement.

Dr Cooper: I am happy to.

MR SMYTH: It just seems unfair that you are suddenly running at a deficit when, in fact, your operation has been lean and, really, in theory, you should be running a surplus.

MR HARGREAVES: Have you had officers working in the office for 10-plus years go into some other part of the public service or public sector and you have pocketed the dough that they have actually accrued in the period of time? I would imagine so, because the same thing would happen in reverse. It would be swings and roundabouts stuff negotiated with Treasury in the year of effect, I would imagine. Is that the way it works?

Mr Sheville: There are swings and roundabouts. I certainly have not done the exercise as to whether the audit office has come out in front. When the former Auditor-General arrived we had a similar issue, yet at the same time we have lost some of our performance audit staff. They have gone to the commonwealth and we have had the financial benefit, if you like. We lose the benefit of their experience, but, in financial terms, their liabilities get transferred from the office as well. In relation to the long service one, that is probably a very specific issue. They were obviously in a position where they were not getting the swings and roundabouts in relation to that particular issue.

MR SMYTH: Is there not a double standard? The government has now legislated so that, for instance, construction, cleaning and childcare now have to have portability of long service leave. So why would that not apply? Again, it might be something you might like to take up with the Treasurer.

Dr Cooper: Yes, we will take it up.

MR SMYTH: Just for accuracy in the accounts. I know there are swings and roundabouts. It is perhaps a more accurate picture of where the liabilities lie. If they

are just paper transfers, I cannot imagine it would be that onerous. It is just a suggestion. Perhaps it is something that you will take up.

MR HARGREAVES: The comparison may very well be between elements of, say, a major private sector company—where, in fact, they are employees of a major private sector company but there are elements within it where people will change from one part to the next. Does the liability travel with them and, therefore, does the revenue to support that travel with them? If the answer is no, you have got a comparator. If the answer is yes, maybe we have got a different model we need to look at.

Dr Cooper: I am aware because of a previous role where we had several people from a commonwealth agency join a very small agency that the impost was simply one way.

MR SMYTH: The second component of that paragraph is the cost of the recruitment process at \$82,000. When a one-off cost of that nature occurs—for instance, Elections ACT every fourth budget gets quite a substantial boost because in the fourth year they run an election. Is that not unreasonable? Perhaps this is a suggestion for the future because the audit office did not actually conduct the recruitment process.

Dr Cooper: No.

MR SMYTH: But the cost is apportioned to you, which also seemed a bit odd.

THE CHAIR: Yes.

MR SMYTH: Is it not unreasonable—perhaps every seventh year, given that we know that we will have a new Auditor-General—that something be included in the budget to cover that cost? Is that not unreasonable? It is a cost legislated for. It is beyond your control.

Dr Cooper: In 6½ years time, I will certainly remember your point.

MR HARGREAVES: I will not be here to hear it, but good on you.

MR SMYTH: Will the office be seeking to recover that money somehow, either from the Treasurer's advance or from one-off funds from the government?

Dr Cooper: That is something I have inherited. Usually, when you inherit something, it is rather difficult to address it retrospectively. What I would like our energy put into is increasing the funding for our performance audits.

MR SMYTH: But you could say this is \$82,000 that has not gone to audits.

Dr Cooper: Yes, I agree with that.

MR SMYTH: It does not matter where you account for it. You have been forced by legislation to spend—or the government has been forced by legislation to conduct a process to find a new Auditor-General. It is a non-common occurrence; it only occurs every seven years. Provision should be made to cover those costs.

Dr Cooper: Yes. We will definitely focus on the performance, but we will also put this in as an adjunct in our current budget bid retrospectively, because it is actually at least half, if not two-thirds, of the PA.

MR SMYTH: And seven years from now, the same thing will happen.

Dr Cooper: Yes.

THE CHAIR: I might move to another area.

MR HARGREAVES: Great!

THE CHAIR: At page 27 and then on page 61 environmental performance is raised. Particularly given your previous employment, Dr Cooper, unfortunately everything seems to be basically going in the wrong direction.

Dr Cooper: Yes.

THE CHAIR: I appreciate that has very little, if anything, to do with you right now, because you were recruited at the end of the year—

Dr Cooper: I will take the question.

THE CHAIR: Are there any reasons that you are aware of and things you can do to address it?

Dr Cooper: This reporting arrangement here is always a vexed issue, I think. With the agencies I have been involved with in my previous life, how they report and what they report can be quite variable. What I will say, for the committee and other people's benefit, is that the office is definitely joining up with the ACT smart office program. What we propose to do is join that program, but what we have done is that we have decided that it would be better to go in partnership with the Community Services Directorate and, hopefully, the Health Directorate, and then you have got the three occupiers of the building. We cannot answer some of these—or I cannot—but we will try to do it in that holistic way rather than just us in a half a floor area trying to address that issue.

We are beholden to how the whole building is managed, and it is just then a proportion. So we are definitely taking action with ACT smart office. I cannot even guarantee through that that we will be able to deal with anything other than our own recycling, our own sort of compost and all of those things, but the really big issue of the water and stuff is really out of our control. But we do make inquiries about how it can be more efficiently done.

Mr Nicholas: There is certainly a difficulty when we are only 500 square metres out of about 11,000. So the only thing that we have a direct control over in any way in this page here is electricity costs, really. They are the only things that are separately metered to us. The gas and the water is a building charge and we get a proportion of that.

We have done what we can, I think, in terms of water usage. There is a dishwasher that gets used when it is full, and that is about it. In the office, electricity wise, we did have a bit of a problem last year. We had a faulty switch that, unfortunately, left the lights on in the building for far longer than they should have. We identified that. It took a while to get that fixed. I expect that that was a contributor to the increase in the costs. We have also spent a fair amount of time working back late at night too, which obviously uses the electricity.

But the real point there is that we have got a small space in the whole building. Many of those costs are building wide. We work with the rest of the tenants as best we can to be involved in environmental savings, but it is a bit limited.

THE CHAIR: The other one you have got direct control over is paper use. I note that has gone up very marginally.

Mr Nicholas: Very marginally. We try very hard to minimise that.

MR SMYTH: Sixty pages.

THE CHAIR: What?

MR SMYTH: Sixty pages.

Mr Nicholas: Yes, per person. Again, we are moving as much as we can in that direction. We are strongly encouraging the maintenance of digital records, of digital documents, rather than hard copy. We are trying to minimise the number of copies that we print and all those sorts of things. Certainly all of our machines are duplex and they are used in such capacity. I do not think we are ever going to get to the paperless office, but at least we are having a crack.

MR SMYTH: Page 46 notes that the office received 18 representations. There is no detail. I am happy for you to take it on notice. Is it possible, without identifying the individuals, to tell us what were the 18 subject areas that representations were received on? And then, having received them, it does not note what occurred.

Mr Nicholas: All of the representations that we received were investigated one way or the other during the year. Any time we get a representation in, we examine the issue and determine whether and how we can deal with it. Occasionally they are public interest disclosures. You notice one of those matters that we received during the year was a PID. It was referred to the proper authority without investigation under section 18, I think, of the Public Interest Disclosure Act. The rest of them are examined, as I said, in some way or other. We try to respond to the correspondent.

So we seek to get some form of resolution. In several of those cases we have gone back to the agency and sought information from the agency so that we can provide some reference to the correspondent. For example, one of the matters that have been raised was a couple of questions regarding sale by direct grant of blocks of land. We have had some representations on the ACT east broadacre area and development of the Canberra airport. We have had questions about infill policies. We have had questions regarding VMO contracts. What else? Respite care has been raised with us.

We have had raised some employment practices in one of the departments, custody of children and a couple of questions related to the Office for Children, Youth and Family Support. These things, if we cannot resolve them, certainly go into our strategic and longer term planning processes.

A couple of the questions that might have come through on the Office for Children, Youth and Family Support have been factored into an audit that we had planned and have been included on our program. So they are treated in a variety of ways. They are all resolved one way or another.

MR SMYTH: Perhaps a list of what they were and whether or not they were resolved in the negative or the affirmative.

Mr Nicholas: We can provide some information on that without giving away anything in terms of the privacy issues.

MR SMYTH: Yes, without giving anything away. Can I say that I quite enjoyed the way you present your notes to the financials. You might like to suggest that the other departments do the same, because you cannot read most of the notes in budget papers or financial papers since they are so small.

MR HARGREAVES: It is not an accident.

MR SMYTH: Yes, I am sure it is not an accident. To have them nicely laid out is a good thing. On page 83, I notice under “Investments” you did not budget for any investments. Is there a reason for that? It is the second line on page 83.

Mr Sheville: The reason we did not budget for an investment line is that we basically had all of our cash budgeted for as cash in that line. That would have picked up the cash and the investment, that figure on page 83. So in the budget we had not split it between cash and investments.

MR SMYTH: Why is that? When does cash become an investment? When does an investment become cash?

Mr Sheville: They were both cash equivalent-type balances, so we just decided not to break it up for budgetary purposes.

MR SMYTH: So why did you break it up for reporting purposes?

Mr Sheville: We identified during the year that one of the accounts that we had would be better classified as an investment, so we just decided to classify it in that particular way.

MR SMYTH: On page 115, there is an increase of about \$36,000 in payables and it says this was because of amounts owed to audit contractors. Is this related to the staffing problem or keeping staff that you had to bring in more contractors?

Dr Cooper: Sorry, say the page number again.

MR SMYTH: Page 115, under “Payables”, the amount has gone from \$90,000 in 2011 to \$126,000.

Mr Prentice: Perhaps I could answer that. Yes, that increase there was represented by invoices we had received at year end for the contracted-in staff.

MR SMYTH: Were the invoices received late or were there delays in paying the invoices?

Mr Prentice: Because it is settled on a monthly basis, it was just a timing issue of when they were received.

MR SMYTH: And then on page 116, you have got an amount of \$358 overdue for more than 60 days. Is there a reason for that? Is it just that you are disputing the amount?

Mr Prentice: Yes, we are just following up a payment with one of our suppliers for a repair that was conducted in our office. There was a dispute over whether we should have paid it directly or whether Property Group should have paid it on our behalf. That has now been resolved, as I understand it.

MR SMYTH: The detail is quite nice in the following box, the explanation.

THE CHAIR: Any more questions? No. In that case, thank you very much for your attendance. We seem to have come to an end of our questions. We will forward to you the transcript as soon as it is ready, in case there are any corrections. On behalf of the committee, I would like to thank the Auditor-General and all the officials for your attendance today. This hearing is adjourned until 3 o'clock.

Meeting adjourned from 2.48 to 3.02 pm.

Appearances:

Rattenbury, Mr Shane MLA, Speaker, Legislative Assembly for the Australian Capital Territory

Legislative Assembly for the ACT Secretariat

Duncan, Mr Tom, Clerk

Kiermaier, Mr Max, Deputy Clerk and Serjeant-at-Arms

Skinner, Mr David, Manager, Strategy and Parliamentary Education

Barrett, Ms Val, Manager, Hansard, Communications and Library

Snedden, Mr Andrew, Manager, Committees

THE CHAIR: Good afternoon, everybody, and welcome. I formally declare open this public hearing of the Standing Committee on Public Accounts inquiry into 2010-11 annual reports. On behalf of this committee I would like to thank you, Mr Speaker, and the relevant officials from the Legislative Assembly Secretariat for appearing today.

At this hearing the committee is examining the 2010-11 annual report of the ACT Legislative Assembly Secretariat. 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 Rattenbury: Yes, we do.

THE CHAIR: Thank you. I remind witnesses that proceedings are being recorded by Hansard for transcription purposes and are being webstreamed and broadcast live. Before we proceed to questions of the committee, Mr Speaker, do you have any opening statements?

Mr Rattenbury: I do not have any opening remarks but I would like to table, and the Secretariat has copies for you, an erratum to the Assembly's annual report. As members have only just received it, perhaps I can just touch on that. There is nothing, I believe, that is substantive in there; they are primarily minor errors. In fact they are minor errors that have been picked up since the report was published, but we provide that for the sake of completeness and clarity. Other than that I have no remarks and I would be happy to go straight to questions.

THE CHAIR: Thank you. Mr Hargreaves, I believe you are—

MR HARGREAVES: What—you've got nothing? Didn't you want to talk about the solar system or something?

THE CHAIR: No. I did not say I had nothing.

MR HARGREAVES: Mr Speaker, thank you very much for coming, but I am a bit intrigued and I wanted to share with you the sense of intrigue that I suffer. It was not all that long ago, indeed only a matter of working days ago, that you and I sat next to each other but on this side of the house—or this side of the room, rather—and you

were performing the role of an inquisitor on a particular directorate, as is your right as a member of the Assembly. We find it a bit odd that we now find you on the other side of the room. How do you reckon that can cut it? I have got a problem with that, a big problem, and I thought I might give you the opportunity for the record to share the dichotomy of the role. How is it that a member can sit in judgement on the performance of one part of the parliament and then seek to be the recipient of questions about performance in another part of the chamber? Perhaps we can open it up a bit.

Mr Rattenbury: Yes. Thank you, Mr Hargreaves. I am aware of your particular stated concerns about this, although I know other members have raised the issue at times. I think to some extent it reflects the small nature of the Assembly, where all members conduct themselves in a number of different roles. Certainly it is unusual for the Speaker particularly to be in that situation, but I guess in my own mind I have a very clear delineation between when I am acting as the Speaker, which is obviously a non-party role, and when at other times I am pursuing the issues for which I sought to be elected to this place and I am doing so from the perspective of my party. That delineation is absolutely clear in my mind. How others may perceive that is a matter for them; others will perceive it in ways that are a reflection of their own understanding and perhaps in ways that suit the argument they want to make.

MR HARGREAVES: Okay. What concerns me, and you may like to address this, is the perceptions of neutrality which need to accompany the office. Therefore do you think, given that we have been in the experiment for three years plus a little bit, the community perceives that position, you as an individual—I do not mean you personally but as an individual—can act in that sort of dual role? Is it possible for the human psyche to separate itself into the two perspectives and, most importantly, have it appreciated by the community at large that that is so?

Mr Rattenbury: It is interesting that you raise the community perspective. It is not something that I have particularly had feedback from the community about. There are some who have a particular interest in perhaps parliamentary traditions and parliamentary processes who have commented at times. But I have had very little feedback on it and certainly on the occasions at which I conduct public events as the Speaker, such as the citizenship evening, it has never been raised as an issue for me; certainly those members who have joined me on those occasions have an appreciation of the way in which I conduct myself on those occasions. I am certainly very conscious of that dual role and as the Speaker I answer people's questions in a way that I think the Speaker should, providing information rather than putting a political perspective.

It is interesting that in some ways I have found myself in a difficult position on occasion where we have had feedback complaining about other members who have gone to Assembly events, whether it is the various groups that come to the Assembly or whatever, where members are invited to be on a panel. Some of the other members of the Assembly have been extremely political on those occasions and I find that unfortunate. On at least one occasion I have written to all members reminding them of their responsibilities in those fora.

It is something that requires vigilance on my part. Certainly in the context of speaking

with the media I am always very clear about the capacity in which I am available to speak to the media and if they want to, particularly if there is some prospect of uncertainty or ambiguity, I am very explicit in stating what I can and cannot say as the Speaker.

The other day, you may recall, I opened Saturday's paper and read about the Latimer House report that had just come from Professor Halligan. When the journalist rang me I said to her I would speak to her as the Speaker. Then she asked me if there was a Greens perspective on it and I said I really did not feel it was appropriate in the context of the interview for me to give that perspective and that if she wanted that she should ring Meredith Hunter in that case. So in my own capacity I think I have quite a vigilance to that delineation.

MR HARGREAVES: My last question on this, because I think we will get on to the report, is: did you feel any discomfort having sat here and been the sort of Greens spokesman on Attorney-General type matters quizzing the current Attorney-General? If the roles were reversed and the Attorney-General was sitting on this side of the table would you feel any discomfort about that?

Mr Rattenbury: No, because I would feel that the attorney, as one of the members of the Assembly, is quite welcome to question me as the Speaker in this capacity about matters relating to our annual report or the conduct of the Assembly. Again that is the nature of the small parliament. In a larger parliament members would not intersect so much, but the nature of it here is that we all see each other in multiple fora with different hats on at different times. I think we all have a well-developed sense of appreciation of those different hats.

MR HARGREAVES: Attorney-General, you do not have to bother coming down; it was a rhetorical invitation!

Mr Rattenbury: I am sure he is sitting upstairs watching closely.

MR SMYTH: There are, though, 20-odd years of history of the place where we did not have activist Speakers and it still seemed to work reasonably well. Westminster relies very much on the separation of powers and the identification of specific roles to safeguard the system. But do you think there has been any erosion of those safeguards?

Mr Rattenbury: No. I do not believe so. The history of the Westminster tradition is built on the premise of having two large parties; that is the way Westminster is designed. If I might offer a political sort of analysis view rather than necessarily a personal view, I think that in some ways the current three-party dynamic in the Assembly is not always served by the Westminster traditions. You will see that we have adjusted the standing orders in a number of ways to reflect the three-party structure in the Assembly; that is down to simple things like allowing for the sharing of speaking times and the like.

Of course one might also observe it through the history of Westminster parliaments. The Speaker has generally—and certainly in the ACT's history, always—come from the government benches and I think that one can equally mount an argument that

having a Speaker from the crossbench in fact provides a far greater neutrality between the two parties, which are generally going quite hard at each other across the chamber, where there is not an allegiance to either of them.

MR SMYTH: Is that allegiance to either of them made difficult by the fact that your party is in a formal agreement with the Labor Party?

Mr Rattenbury: Not from my perspective, no.

THE CHAIR: Ms Hunter?

MS HUNTER: Yes. I would like to get to the annual report. Page 20 of the annual report is around the solar system. I was wondering if you could provide some detail about the analysis that was done on the solar proposal and where that is up to.

Mr Rattenbury: Yes.

MS HUNTER: I have noticed some movement on the roof, so—

Mr Rattenbury: Yes. The movement on the roof is not related to the installation of solar. Several things have gone on, including the installation of the necessary safety for just working on the roof.

We did investigate and seek external guidance on the viability of the Assembly installing a solar PV generating system. Of course the Assembly under the feed-in tariff legislation was not entitled to access the feed-in tariff, so the economic analysis needed to be conducted in the context of not being able to access that payment. The Assembly of course would be entitled or able to access ActewAGL's one for one feed-in price scheme, so certainly that was factored into it.

As the annual report indicates, what that analysis showed was that the payback period would be somewhere between 11 and 17 years. That is obviously quite a large margin. The reason for that margin is that those projections have to be done on the basis of an understanding of future electricity prices; therefore how much the Assembly would save by offsetting purchases against generation.

The other complexity that has arisen, and perhaps the answer to this is at the moment somewhat in abeyance, is that we are waiting for the finalisation of the whole of government electricity purchase contract. That will determine of course what price we will be paying and will have a significant impact on, I guess, the payback period. That is somewhat overdue now; it was factored into the budget from 1 July but the actual contract has not yet been signed, so the Assembly is a little hamstrung by waiting for the finalisation of those negotiations.

We had been earlier stalled by issues with the maintenance of the roof. Those have now been resolved, so we are ready to proceed with the next stage. It will of course raise questions about the capital to fund such an investment up front if we were to proceed.

MS HUNTER: I was also wondering on page 30 about the community working

groups. Can you give some detail about what the group is doing and what the community response has been to this initiative?

Mr Rattenbury: Sure. I might ask Mr Skinner to join us. While Mr Skinner is getting to his seat what I would say is that I have certainly been very keen for the Assembly to improve its community outreach and take advantage of some of the new electronic mechanisms, which is why you will see, for example, the Assembly has opened a Twitter account. The account now has 355 followers. We are using it to do things such as advise when *Hansard* becomes available and the matters that have been debated before the Assembly. They are the sorts of areas, but I will let Mr Skinner talk about the community in more detail.

Mr Skinner: To answer your question, the community engagement group was established by the Clerk, I think, towards the beginning of last financial year and was really an attempt to get Secretariat staff from across the different sections recognising that there was a community engagement function associated with the institution of the Assembly. So it came up with a number of guiding objectives and it is working through some of the initiatives you see in here. Engaging with things like social media has obviously been an issue that has been considered. You will notice that there is an Assembly Twitter account which provides updates on the proceedings of the Assembly.

A number of publications also commenced during the reporting period. One was a schools newsletter that goes out to all schools in the territory. That happens four times a year. There is also a newsletter that goes out to a range of stakeholders, I suppose, during sitting weeks that sort of provides a recap on the proceedings so it is an easily digestible form of what happened in the Assembly during a given week, and that is called “Matters of public importance”. A number of fact sheets were also updated and revised to reflect more current information and to provide a new look and feel. The older fact sheets were starting to show their age a bit in terms of the design presentation.

Another thing that is probably worth mentioning, although not relating to the preceding financial year, is that there is a project underway to look at our web presence. I think there is some acknowledgement that we can improve some areas such as how to get around the website and how we tailor information for the broad range of audiences that are out there, and we would expect that to be completed in about 12 months.

THE CHAIR: That probably brings me on to a question I was going to ask. I have had quite a bit of feedback about the Assembly’s website and it does not appear that you have tried to address the generally accepted web usability principles. Is that going to be part of the—

Mr Skinner: Certainly part of the specification that we will be working towards is what is known as the web content accessibility guidelines version 2. That will be part of the brief for developing a new web presence to meet accessibility criteria. I think we would acknowledge there are some weaknesses in meeting accessibility requirements in the current web presence. I would expect to see some development there. I know that we are currently looking at addressing or investigating how we

might best address some of those shortcomings between now and then so that we do not wait for 12 months to fix up what we should be able to fix up in the shorter term. I believe we are still waiting on advice about the best way to proceed with that particular initiative.

THE CHAIR: I suppose it is a bit of self-interest here, but can I put a plug in for making committee inquiries a lot more accessible. I find a lot of people end up emailing me and I have to email them the link to it because if you do not understand the website your chances of finding a committee inquiry are almost zero.

Mr Skinner: I think one of the really important things when the website is redeveloped is that there is a general community user perspective rather than an inside perspective or one for those of us that know how the institution works. We may be able to get around it, or some of us may not, but certainly for users out there in the wider community there would be an acknowledgement that it is not always easy to find particular bits of information. Having said that, I think there is a lot of very good content on the website. I think it is really an issue of trying to arrange it in a way that makes sense to more people.

THE CHAIR: Absolutely, and I think Daily on Demand has been a considerable innovation.

Mr Rattenbury: We have certainly had very good feedback on that. Just on the website we have also established some reference groups, one of which is Assembly staff who of course are regular users of the site and suffer some of the same difficulties I think you are describing, Ms Le Couteur. They are very active users and they will be one important reference group to help guide the redesign.

THE CHAIR: Another thing, and this is getting past the website: have you looked a bit more at the use of new technology? I am specifically thinking here potentially of tablets in the Assembly. I was recently speaking to an ex-colleague who had been to a course from a web IT point of view and there was a presentation from the parliament in London, Westminster, where they apparently have introduced tablets for everybody. I can understand they have got severe space constraints. Apparently it is working brilliantly there. I forget how much money they have saved. It is a source of annoyance to us as MLAs how the papers go around sometimes. It obviously takes quite a lot of resources for you guys to divvy them out. Is there something you are looking at?

Mr Rattenbury: In this term I have changed the rules so that laptops can be brought into the chambers. I think it would be fair to say that that has been quite popular. One only has to look in the chamber on a given sitting day: there are a lot of laptops in there. Related to that, we were investigating the capability to provide papers electronically. I think some members had reservations about that. We were engaged with the cabinet office. Tom, where are we up to on that?

Mr Duncan: That is a project that we are keen to pursue in terms of delivery of papers to the chamber via electronic means. As members will be aware, every sitting day you get loads and loads of paper on your desk. We are having discussions with representatives of the Chief Minister's department to alleviate that situation. I have

got to say that one of our priorities now is also looking at e-petitions. We have got Intact involved in trying to get that initiative up and running and I think we are waiting to get that resolved and then move on to the next project.

We will need the cooperation of the executive because what we want is each executive agency to give us an electronic copy of every document that they need to table in the Assembly. Of course the spread of the executive is quite wide and that is going to take a bit of work on the part of the executive, then we have got to do a bit of work at our end to determine how we compile that information, how we best deliver it to members and how we best deliver it to the people who want to get access to those documents in terms of storage and IT facilities.

It may well be that we look at tablets and those sort of devices as well. But, as I said, the priority at the moment is to get e-petitions up. Because the Canberra community is very IT literate we think there will be a lot of interest in that sort of procedure in terms of how to petition the Assembly via electronic means. Once that is done that is our next priority.

MR SMYTH: Can I just sound a note of warning there. The tabling of a disc is very different from the tabling and the use of a paper. It is very hard to use a disc in debate if the minister makes a statement or tables a document. My concern is that it will lead to an inordinate amount of papers being put on notice and held over for debate another day. It is very hard to scan a document on a disc and then respond immediately, whereas I think we have all developed the skill of flicking through a paper. I have very serious reservations about the flow of work in the Assembly should we just go to electronic tabling of documents. Petitions I can understand; I think that is not unreasonable. But in terms of debate it is very hard to read from a disc when you have just received it, whereas with a paper-based document—

Mr Rattenbury: That is a fair point, Mr Smyth, but do you think that a tablet format, essentially like an e-book, addresses the concern that you have just raised?

MR SMYTH: It is hard to know without trialling it; I do not particularly possess a tablet, but even using a tablet has its limitations; you cannot put tabs on a tablet.

THE CHAIR: You can.

MR SMYTH: You can; you can mark pages and then you have to flick through them. But there are certain skills that you use in the instant response to a debate. Whilst flicking through tablets might be an acquired skill, and perhaps we all will be forced to acquire such a skill, just for the flow of debate and the immediacy of debate when statements are made or tabled or documents are tabled, in my experience—and I have tried both—paper based is far more immediate and quicker. I just say to hasten slowly—

Mr Duncan: If I could add to that: there will always be a category of documents that will need to be hard copy. I cannot envisage a system where, for instance, on budget day you would allow the Treasurer to present a disc or just say to members that the budget documents are available electronically. I would imagine that the demand from the members would be that they would always want a hard copy of the budget. I get

that sense of feedback, and there may be another whole range of other categories. It may well be we come up with a system where the executive give us three hard copies so there is at least one copy available for each of the parties so that they can be distributed. But we need to put any proposal we come up with to the admin and procedure committee and get them to give their—

MR SMYTH: Even under that arrangement there is a transference of costs from the executive to either the Assembly or to the members. If a draft variation of the territory plan is tabled that might run to several hundred pages and the government table a disc, they have then transferred all that cost. So if I ask you, Mr Clerk, for a published or a hard copy you have either got to go away and do it and bind it and get it to me, or the cost is then transferred to the individual officers. Given the very tight budgets of the DOA that officers already have, we may then be printing off several reports a week that may or may not prove necessary—and you do not know until you flick through it. I think there are more issues to it than the ease of tabling something. Having it all electronic, having it all online, I think would be wonderful—an archive of documents tabled would be a fantastic resource to have—but there is the immediacy of use of documents in the chamber and I would just caution that going totally electronic may take away some of the flow of the Assembly.

THE CHAIR: Can I suggest that you consult with some of the other parliaments, such as Westminster, who have already done this. I believe what they have done in Westminster is not give people discs—they have got tablets and wireless—and it will be there quicker than our current system of the attendants taking them around, which has become sometimes incredibly frustrating when you are waiting for a few minutes for it to come because you are not at the top of the list. Also there are many private and public companies in Australia who are doing similar things. I think you might need to consult more widely than the executive. It is certainly something worth looking at.

MR HARGREAVES: I might talk about something that is in your annual report. Ms Hunter blazed that trail and I thought I would follow her lead. The last paragraph on page 61 under members' staff employment says it was necessary in some isolated cases to address significant compliance failures in some members' offices where staff had not completed attendance records. It strikes me as being unusual that something which is generally regarded as being a standard administrative practice on the part of people's conditions would be serious enough to warrant a mention in the annual report. Are we talking about a systemic issue here or are we talking about one or two significant issues?

Mr Rattenbury: I might best ask the Clerk to answer this because I have actually not been involved in the administration of this issue.

Mr Duncan: Mr Hargreaves, as you know, the LA(MS) Act enterprise agreement requires members' staff to keep timesheets. From time to time we like to inform members of whether they are complying with that particular section of the LA(MS) Act agreement. You will recall that we had an Auditor-General's report about 18 months ago that commented on this particular aspect and made several recommendations in relation to that.

We have a sort of graduated system. In the first instance it is undertaken by an officer in the Corporate Services office. Where that approach is not met with any success it is gradually escalated. The examples that we have put in the annual report are situations where the Clerk has had to write to the member to remind the member of their obligations to meet that requirement. That has taken quite a bit of management time. Consistent with my obligations to get an honest and accurate report of the operations of the Secretariat during the year it was felt necessary that we should reflect that in the annual report.

MR HARGREAVES: How many occasions during the year did you find that you were compelled to write to a member about lack of compliance?

Mr Duncan: I am just consulting with my colleague here, but I think twice; two or three times, yes.

MR HARGREAVES: Two or three times. Was it the same member or are there a number of members?

Mr Duncan: I think it is the same member.

MR HARGREAVES: The same member. Has the problem been resolved?

Mr Duckworth: Not entirely

MR HARGREAVES: How much leeway is there? If a member will not comply what is the next step? This is a significant—

Mr Duckworth: Perhaps if I could—

MR HARGREAVES: I could ask you to name the member. That would be embarrassing for everybody, so I will not ask that question, to save everybody a lot of embarrassment. But it seems to me that you are talking about a graduated response: where a staff member has not complied, someone gets on to the staff member and says, “Hey mate, you’d better get on with it.” That does not happen so then there is an escalation and presumably there will be a more heavy response from the Corporate Services area to the said staff member: “Please, you are in breach of”. Then I presume the third scale is where somebody will write to the member concerned and say, “Look, we’ve got this problem and it has been going on for X months”—or weeks; I guess months, yes?

Mr Duckworth: If I can anticipate your area of inquiry, Mr Hargreaves, it is certainly the case that the situation as the Clerk described and as you outlined is pretty much the situation that we have encountered. The Corporate Services office, following the Auditor-General’s report of 2009, undertook effectively to monitor the submission of information and to alert individual staff members and their employers if lodgement of required documentation had not occurred. So the escalation process has occurred. It is probably fair to say that at that first point when things might be three or four fortnights overdue it is all done by phone and email and usually that does resolve things.

The particular issues that were reported on by the Clerk in the annual report really involve situations where the Clerk did have to write on two or three occasions during the year to seek to have information submitted. It is true to say that that did lead to significant compliance, gaps being closed, but there remain gaps.

MR HARGREAVES: Okay. I am not completely conversant with the LA(MS) Act but I would imagine that the responsibility to comply with this particular aspect would rest with the employee. Can you tell me where the responsibility of the employee and the member employing the employee leads?

Mr Duckworth: The certified agreement obliges staff to complete an attendance record and I think implicit in that is an expectation that that record would be signed by a supervisor or employing member and lodged. Where we do not receive any documentation we raise it with the member.

MR HARGREAVES: So the employee is in breach of the certified agreement; am I right there? And your advice to the member is to get the member to seek to get that staff member to comply with the certified agreement? Is that right?

Mr Duckworth: Yes.

MR HARGREAVES: At what point should more serious action be taken? We are seeing a clear breach of the certified agreement here. Are there any penalties contained within the certified agreement for people who breach it?

Mr Duckworth: Not explicit.

MR HARGREAVES: Not explicitly.

Mr Duckworth: The Clerk in responding to the Auditor-General's observation back in the 2009 report responded initially to a suggestion that the Clerk should effectively ensure there was compliance. Our view, firmly put to the Auditor-General as part of that giving feedback on draft reports and the view accepted and reflected in the Auditor-General's report, is that we cannot within the Secretariat ensure compliance. We can ensure compliance within our own organisation but within members' offices our obligation would go as far as highlighting to members where there are failures. It is not, I do not think, an attempt by the Secretariat to wipe its hands but to simply say, "If we continue to highlight a compliance failure there is not a great deal beyond that that we can do."

MR HARGREAVES: So am I correct in assuming then that if the employee over a series of months—it has to be a series of months because you were talking about three or four fortnights—repeatedly is in breach of this particular requirement and there have been unofficial approaches to fix it to no avail, at the end of the day the worst possible thing is that the Clerk writes to the member and says: "Look, we have a serious issue here with the CA. Please get this guy to comply with the certified agreement." If there are continual breaches, what sanctions exist, if any, against the member, who I presume is therefore complicit in the breach of the certified agreement? Are there any sanctions which apply at all or can people just ignore it?

Mr Duckworth: I can only really restate that the Secretariat feels the limit of its obligations is to draw to the employing member's attention any shortfalls and that advice includes advice—

MR HARGREAVES: I need to know in the context of the LA(MS) Act whether there is a provision in the LA(MS) Act for a censure for non-compliance.

Mr Rattenbury: I understand not, Mr Hargreaves. The other component is that the Clerk has flagged this issue with me. When I said earlier I was not involved in the administration, I have not been involved in the day to day. The Clerk has flagged with me in a generic sense that this was an issue and I do believe it would fall to me as the Speaker if there was not some progress. Perhaps there is a further channel of escalation where I would be required to approach the member or ultimately make a statement to the Assembly. It is raised in the standing orders; in the members' code of conduct there are paragraphs relating to their conduct as an employer. So I presume ultimately, and I trust it will not come to this, that the Speaker could take various steps to approach the member as well.

MR HARGREAVES: So am I correct in assuming that the next stage, after you have reported it in an anonymous way in the context of the annual report, is that the member or the member's office would be named in one form or another within the context of the Assembly?

Mr Rattenbury: That would possibly be one option. The other thing that has happened here as a result of the annual report is that I have received a freedom of information request relating to this matter and I am currently consulting the member involved, advising them that I intend to release those documents, and I am seeking advice on privacy issues relating to the release of those documents.

MR HARGREAVES: What do you do in respect of the FOI documents, Mr Rattenbury? This is my last one; I apologise. The government will now put it on the web, for example. Is there a similar thing happening within the Assembly if you get an FOI request?

Mr Rattenbury: That is an interesting question. We get very few. But it is a fair point and it is one I will give some thought to.

MR HARGREAVES: Okay. Thanks.

Mr Rattenbury: I will endeavour to make more documents available on the web. The members' register of interests is now available so it would be perfectly consistent to take a similar approach.

MR HARGREAVES: Thanks.

THE CHAIR: Mr Smyth.

MR SMYTH: On page 23 is the "Supporting the chamber" section and under "Daily Program" it says 87 per cent satisfaction, satisfied or partly satisfied. One of the dilemmas of this Assembly seems to be the delay in the delivery of the blue every

morning. It seems to be far later than ever, particularly on Wednesdays; there is no MPI yet often the blue is not in the offices till 9 o'clock or past 9 o'clock. Is there any reason why it is delivered so late, and what has changed in this Assembly that makes it later than in others?

Mr Kiermaier: I do not believe there is any reason. I do not believe it actually arrives in offices after 9 am. It is finalised by 8.30 each morning and it is available on the web shortly after that.

MR SMYTH: I beg to differ. It is often not on the web till quarter to nine, 10 to nine. As we have our party room at quarter to nine so we can settle our affairs for the day, we often start the meetings without a blue. We work from the notice paper which is similar but not complete. Often it is not on the web till 10 to nine and often the blue does not arrive until almost 9 o'clock which affects the smooth flow of the Assembly. If it is only a matter of the insertion I am at a loss as to why it might take almost half an hour to reach members' offices, or it may be just that I am at the wrong end of the corridor on the first floor.

Mr Rattenbury: Perhaps it is the back corner, Mr Smyth. That office has great advantages. In all seriousness, this issue has been raised in the administration and procedure committee. The Secretariat has looked at it and certainly I have noticed in recent times that Chamber Support have taken to emailing the blue around in recent times.

MR SMYTH: The email is welcome but we have often started our party room meeting at quarter to 9 before the white—we call it the white—has appeared electronically.

Mr Rattenbury: We will look at that further.

Mr Kiermaier: Of course there is a production issue too. We have to finalise it, print it off and then distribute it to the—

MR SMYTH: But on a Wednesday there is no MPI. I am assuming at 8.30 on a Wednesday morning on private members' day that we are not still settling that. That is set by admin and procedure the day before. In fact the blue for Wednesday could be available before close of business on Tuesday in theory.

Mr Duncan: No. Mr Smyth, there are often other documents that appear apart from private members' business on Wednesday. For instance, the Speaker sometimes presents papers.

MR SMYTH: Sure.

Mr Duncan: The executive sometimes present papers. Sometimes committee reports are tabled and we get notifications from—

MR SMYTH: But very rarely on the Wednesday. I take the exception—

Mr Duncan: I am just saying that it is not simply a matter of just printing off

whatever admin and procedure committee signs off on Tuesday. There are other things that are often inserted in the daily program.

MR SMYTH: Yes, but that is the exception on the Wednesday. I accept that on Tuesday and Thursday, on government days, that might be the case. But I just make the point. I assume it may be a problem for other party rooms as well.

Mr Duncan: Yes.

THE CHAIR: Okay. Ms Hunter.

MS HUNTER: I just want to go to the issue that this year we have had quite a high staff turnover, particularly within the Committee Office, which started in the last financial year and has continued into this financial year. I just want to check up about how we are going with the capacity—whether we have enough resources in there to cope with the workload, how you think that that is going, whether there needs to be more attention or allocation of resources into the area.

Mr Rattenbury: With regard to the Committee Office, the Clerk and I have specifically spoken about it literally in the last fortnight and we are having ongoing discussions about that. There is probably a spike in pressures on the Committee Office coming in the next six months. With the sort of wind-up of this term of the Assembly there will obviously be pressure on to finish a range of matters. I have spoken with both the Clerk and the head of the Committee Office and they are specifically meeting tomorrow to discuss that. So it is a discussion that is live at the moment.

The Committee Office has brought in an additional or a temporary committee secretary at the moment and options are being canvassed, perhaps when the regular committee secretary comes back, to maintain that capacity for some time, and various other options are being considered at the moment. I expect the Clerk and the Committee Office to further that in the next couple of days.

MS HUNTER: Thank you.

THE CHAIR: Page 18 talks about the visit to Kiribati, which I was part of, and the provision of surplus computers. Have those surplus computers actually been physically provided or what is—

Mr Kiermaier: No.

THE CHAIR: What is happening with this?

Mr Kiermaier: We now have the formal approval under the Chief Minister's scheme to be provided with these computers. As you probably would be aware, there are two tranches here, 13 for the school and 13 for the parliament. We received advice early on in the piece that we had approval for the computers for the parliament but it just took a long time to get confirmation that we actually had approval for the school. We now have that approval. Now it is a matter of finding a way to ship them to Kiribati. There is not a regular shipping service, if you like. I have been trying to seek quotes from a lot of the shipping companies and I must admit I am not having much response

back from them. I pursued it again as late as last week and still have not had a response.

THE CHAIR: Okay. Mr Hargreaves.

MR HARGREAVES: I have a couple of things. I would just like to, firstly, congratulate you, Mr Speaker, and your staff on the annual report. I found it very, very easy reading and I think that is much appreciated by those people who stumble across annual reports—because you would have to be a bit cracked to go looking for them in the first place. But also I congratulate you on putting in all of the stats from 1988, 1989, going forward. I can recall from my experience in estimates committees and these hearings over many years constantly asking people to put in previous years' statistics. To have it all in one hit going way back is to be applauded and I thank you very much for that.

You can see, looking at appendices 1, 2, 3 and going forward, the growth in workload within the Assembly not only on the part of members themselves. We often forget that the members themselves are supported, not least of which by your office. I have not detected a massive increase in the number of attendants that we have had looking after us in the chamber, but I also notice and acknowledge Rick in the gallery. We still have only the one person supporting us in terms of maintenance and we only have the delightful Ray Blundell looking after us in the chamber.

I am concerned about the lack necessarily of additional resources going forward. I seem to think that what I am seeing in this annual report is quite serious justification for a re-examination of the resource base that the Speaker's office and elements of it have. I know that there has not been a significant increase in library staff, for example, over the period that I have been here, and yet the call on their services has been quite marked in its increase.

Have you considered doing a zero base approach on the budgeting for your office? I know that the usual story is to do an incremental base budget going forward and seek additional funding from the budget process. We always seem to try and tack something on; that is the nature of budgeting processes these days. But every now and again it is a good idea to go back into a zero base to substantiate the request for an increase in funding. Have you considered doing that as a budgetary approach?

Mr Rattenbury: Firstly, thank you, Mr Hargreaves, for the comments on the annual report. The Secretariat will appreciate that feedback, as I know quite a lot of effort goes into the report. So thank you for that. On the specific issue of Hansard or the IT side of it, that has been identified as a significant risk factor for us. We essentially are very reliant on one individual. That is unsustainable and certainly that is the subject of specific consideration at the moment.

On your suggestion of considering zero-based budgeting, I certainly have not been involved in that discussion. I do not know whether anybody wants to—

MR HARGREAVES: If you have not been—

Mr Rattenbury: It is a useful suggestion.

MR HARGREAVES: Maybe I could just suggest, as you will meet with your senior staff from time to time, that you might like to raise that issue about whether or not you want to do that as an exercise. It is not an easy one, I appreciate that, and sometimes it requires a bit of extra resources. But sometimes, probably every decade or so, it is in my view a very worthwhile exercise because we assume that the base upon which your incremental budget will be developed is a correct one and a sustainable one. I suggest to you, comparatively with other parliaments that I have seen around the country over the last decade and a half, that that may be an incorrect assumption.

Mr Rattenbury: I think it would be fair to say that certainly in the time I have been the Speaker we have been very mindful of the constraints on the budget generally. As an Assembly we have sought to ask only for those things that we really needed. A lot of other things have been absorbed and found ways to cover. But I think your suggestion is a worthwhile one.

Mr Duncan: I just want to add that certainly we are facing a lot of pressure across the Secretariat. I can look at every section of the Secretariat and say that there are issues in terms of things needing to be addressed, in terms of the Committee Office, Corporate Services, Strategy and Parliamentary Education and procurement. I think the management group will be sitting down in the next few months and trying to come up with a strategy to address that, and the option that you suggest may well be one of them. We will have that conversation with the Speaker in due course.

I am always reminded of former Treasurer Quinlan, two treasurers ago, who, in his farewell speech when he left the Assembly, made the comment that the Assembly runs on a shoestring budget and he was quite amazed about how we run the parliament as we do. I took that as a bit of a compliment because we do often run things on a shoestring. But, mindful of that and just to pick up on the Speaker's comment, we do try to restrict our requests for additional funding to really worthwhile resources that we feel we need and that we cannot otherwise obtain through rejigging our services or our budgets to try to accommodate within the existing budget.

MR HARGREAVES: They cannot deliver a champagne service on a beer budget forever, Mr Speaker.

Mr Rattenbury: Yes.

MR HARGREAVES: And I am reminded, looking at the annual report and your staffing profile, that the education office exists on one full timer and a part timer and the service that the community get through Mr Skinner and group, I think, is incredible; It is incredible what we get for such a small staff resource, and I for one would stick my hand up for an additional resource for that office alone.

THE CHAIR: Mr Smyth.

MR SMYTH: I have a couple of issues. It is a nice photo on page 9, Mr Clerk. I am not sure whether you have taken it home to show the family, but I am sure that they would enjoy seeing daddy.

Mr Rattenbury: I think it is time we got a new photo of the Clerk.

MR SMYTH: We do not have an official portrait of the Clerk, do we? Perhaps there should be official portraits of the clerks, as other parliaments do.

On page 20 it says:

The chamber roof membrane and facade have had water leakage issues for a number of years.

When you say “facade” is that the external facade of the entire building?

Mr Kiermaier: No. It is the red quarry tiles essentially, the four-inch square tiles. But not all of them have suffered from the problem. The problem relates to areas that are bonded to the cement, to cement sheeting, not to the concrete. The concrete is fine; it is the areas where it is cement sheeting and they are essentially on top of the roof.

MR SMYTH: When this bid is put in place will it also involve addressing some of the office windows leaking when it rains heavily if the weather is from prevailing—

Mr Kiermaier: Yes. It involves complete new guttering and a complete new roof for the Assembly.

MR SMYTH: No, but seals on windows in individual offices as well?

Mr Kiermaier: No. We are talking about the chamber.

MR SMYTH: You are talking about the chamber. I am asking: are you aware of problems with the external facade of the Assembly; for instance, the windows in my office? If it rains heavily from the north-west my office gets water all along the windowsill and there is damage to the windowsill.

Mr Kiermaier: No. I am not aware of that.

MR SMYTH: And I know that that is the case in a number of the offices, depending on the prevailing direction of the rain. So that is a separate issue to that?

Mr Kiermaier: Yes.

MR SMYTH: Are we going to address the external facade of the building as well?

Mr Kiermaier: Not as part of this, no. I was not aware of it.

MR SMYTH: Then you might take it on notice. The work on London Circuit rated a mention in last year’s annual report and the work is clearly underway. Is the Assembly paying for any of that refurbishment of the exterior?

Mr Kiermaier: No.

THE CHAIR: Are we being compensated for inconvenience?

MR SMYTH: We just have to wait.

Mr Kiermaier: We will have nice new steps outside of the Assembly.

MR SMYTH: Another thing on a small issue, the members entrance. Does the members entrance have capitals? I notice there are no apostrophes. Is it personal or is it the possessive that we are addressing when we have a members entrance? I know there has been discussion by some of the grammar police over it.

Mr Skinner: There was an excellent article in the *Canberra Times* the other day about pedantry. This is a constant battle around capitalisation in our office. This is the Hansard style guide that has been adopted here—lower case for members entrance.

MR SMYTH: The last question I would ask is about shared services coming back into the organisation. Claims of savings of \$65,000 are in the report. What did the \$65,000 comprise?

Mr Duckworth: I have a separate figure. Could you identify where you have got your figure of \$65,000?

MR SMYTH: Pages 18 to 19 and 182.

Mr Duckworth: I do apologise. On page 19 we refer to an estimate at the time that the savings would be \$130,000.

MR SMYTH: Indeed, yes.

Mr Duckworth: So if there is a separate figure elsewhere I do apologise.

MR SMYTH: No. Sorry. The \$65,000 is a follow-on. There was still a spend on outsourcing during 2010-11 of \$65,000. What did that comprise? It says “Outsourced Financial Processing” in note 4. Is that the first quarter?

Mr Duckworth: Indeed; that is exactly right. We terminated the arrangement effectively with the end of the first quarter of the financial year. So we incurred a quarterly fee. We have a small residual cost which will last with us for a few years which involves effectively continuing to pay for a software licence so that we can look at our old data for the Oracle system for a few years. It will probably run to \$4,000 or \$5,000. But going forward, to coin a contemporary phrase, \$130,000 is what we think we have been able to save in recurrent terms through the—

MR SMYTH: Are there other areas where it has been considered to bring them back in-house?

Mr Duckworth: Certainly in my particular patch we do our payroll and financial services. We largely self-manage our own procurement. We use the expertise of Procurement Solutions for large tenders and contracts where they have clear expertise. I am not aware—

Mr Rattenbury: The only other area in which we have shared services of any form, to my knowledge, is through InTACT, through the provision of ICT. The administration and procedure committee did look at this last year because of the discontent from members on particularly the inflexibility of the provision of both technology and software—hardware and software, I suppose. The advice we received was that, particularly because of the small size of our agency, even with all of the members and their staff included, the costs of doing our own IT would not make a good business case in essence and the increased flexibility would be outweighed by the additional cost.

MR SMYTH: Is it possible for the committee to see any cost-benefit analysis which was taken prior to the move back in-house and the justification of the \$130,000 saving?

Mr Duckworth: Yes. I would have no difficulty in providing that. Bear in mind that the process we adopted in looking at our arrangement with shared services was that we knew what our current costs were. We had to speculate on what our future costs might be, particularly around staffing. In an unusual situation, the actual additional costs we incurred were filling some HR jobs, because when we were with Shared Services finance and jobs we had internally effectively gravitated from HR to finance during a fortnightly cycle. So we knew that we had to revert those staff to full-time financial processing responsibilities. The uncertainty for us was really what were going to be our HR costs. So in a sense it was a bit of an unusual process but I do not have any difficulty in providing some further information on what our costs were prior and what they are now in terms of—

THE CHAIR: Unfortunately we have run out of time. I am not sure that there will be any questions on notice but if there are the answers are due with the secretariat by Friday, the 13th. Questions are due with the secretariat within three working days following the public hearing. So please can you provide any questions to the secretary by Friday, 2 December. On behalf of the committee I would like to thank you, Mr Speaker, and all the Assembly officials for appearing here today. When available, as you all know, a proof transcript will be forwarded to you and you can make any corrections if you need to.

The committee adjourned at 4 pm.