



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2017-2018

(Reference: [Appropriation Bill 2017-2018 and Appropriation \(Office of the Legislative Assembly\) Bill 2017-2018](#))

Members:

MR A WALL (Chair)
MS B CODY (Deputy Chair)
MR A COE
MS C LE COUTEUR
MR M PETTERSSON

PROOF TRANSCRIPT OF EVIDENCE

CANBERRA

TUESDAY, 20 JUNE 2017

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Secretary to the committee:
Mrs N Kosseck (Ph 620 50435)

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

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Amended 20 May 2013

The committee met at 9.31 am.

Appearances:

Barr, Mr Andrew, Chief Minister, Treasurer, Minister for Economic Development and Minister for Tourism and Major Events

Chief Minister, Treasury and Economic Development Directorate

Leigh, Ms Kathy, Head of Service and Director-General

Nicol, Mr David, Under Treasurer

Fletcher, Mr John, General Manager, ACT Insurance Authority

Tanton, Mr Graham, Executive Director, Shared Services

Davis, Mr Gary, Executive Director, Shared Services ICT, Shared Services

Hill, Mr Ian, Executive Director, VisitCanberra, Enterprise Canberra

Clarke, Ms Liz, Director, Venues Canberra

Bailey, Mr Daniel, Executive Director, Sales, Marketing and Property Management, Land Development Agency

Perkins, Ms Anita, Director Communications, Communications Division

Wickman, Ms Dani, Director, Territory Records Office, Policy and Cabinet Division

Overton-Clarke, Ms Bronwen, Deputy Director-General, Workforce Capability and Governance Division

Cumming, Mr Jon, Chief Digital Officer

Icon Water

Knox, Mr John, Managing Director

Sachse, Mr Sam, Chief Financial Officer

Breaden, Ms Jane, General Manager Business Services, Company Secretary

Lewry, Ms Amanda, General Manager Asset Management

THE CHAIR: Welcome to day three of public hearings for the Select Committee on Budget Estimates 2017-2018. Today we will be continuing to examine the Chief Minister, Treasury and Economic Development Directorate, particularly in relation to budget statements B.

Before we kick off, I have a few housekeeping notes. If you are taking a question on notice, can you please clearly state that you will be taking that question on notice. It helps with the preparation of the transcript. Can I get an indication that everyone is familiar with the privilege statement which is on the pink sheet in front of them.

Mr Fletcher: Yes.

THE CHAIR: We will go straight to questions. The first session this morning is examining the ACT Insurance Authority and statement of intent as well as output class 7, Shared Services. Chief Minister, how many claims are processed by the office of the nominal defendant annually?

Mr Fletcher: In relation to the nominal defendant, we currently have 120 claims on foot.

THE CHAIR: Have claim frequencies increased over time?

Mr Fletcher: For the nominal defendant?

THE CHAIR: Yes.

Mr Fletcher: The nominal defendant is not a budgeted activity. It is funded from levies from private sector CTP insurers. Our arrangements for the nominal defendant are that those valuations and our analysis of claims are undertaken at 30 June each year. So I do not have ready access to detailed information about the nominal defendant. I would have to take that question on notice.

MS CODY: Chief Minister, ACTIA has significantly improved its financial performance in recent years. What are the factors behind this?

Mr Fletcher: Thank you for your question. We have, I think, improved our financial performance in recent years. That process started about four years ago when the authority undertook a financial condition review, which is a process that is usually undertaken by licensed insurers as an APRA regulator process. We decided to apply that to our operation as a captive. We looked at all aspects of our financial operations, including our reinsurance program and our claims activity. From that review, there was a list of recommendations out of the report. We have implemented most of those recommendations.

The key recommendation within that report was to have a look at our claims experience in more detail. In December 2014, we rewrote our claims reserving practice. The key element that changed within that practice was that we move from what is described as a maximum possible loss approach, where you look at a claim and you reserve it on the basis of the worst-case scenario, to a probable loss scenario, where you look at what the probable loss of a claim is based on your experience.

The authority could not make that change early in its existence because it did not have a lot of claims data. When we got to 2004, we had 14 years of experience and staff with the capability to make a better assessment of a reserve. We had brought government solicitor office staff along with us on our little journey to act perhaps a little more commercially in a way where they managed our claims. We made a one-off change to our reserves. We looked at every claim over \$250,000; we adjusted it; and we made a one-off adjustment in our liability profile. Since then, we have applied that practice.

That went along with some changes in experience in the portfolio, because as soon as you start changing those parameters and actually start to look at the numbers differently, you start to be able to narrow that liability profile. We have better information than we had in the past to reserve claims, so we are now, along with our experience and the capability of our claims staff in the GSO, able to narrow more closely what that liability is and be less conservative.

All those numbers are still pretty safe. We have risk margins built into our central estimates, so I am confident that we have appropriately allowed for the liability of

what that profile looks like. We made a number of capital returns to the budget in previous years. Our premium revenue has reduced year on year for probably about the past five years, with a pretty significant reduction from the 2015-16 year to 2016-17, of about \$6 million on about \$50 million in premium.

That is basically the story of how we have arrived and improved our financial position. We are still working on that. We are still trying to manage our capital position. We try to maintain a capital effort. The target ratio is between 100 per cent and 110 per cent assets to liabilities. That is pretty tight. At the moment, I think the numbers are up around 134, if I can find it in our performance information. Yes; the estimated outcome for 2016-17 is 134 per cent. That is on page 152. That seems very high, but really, in relation to a volatile sort of portfolio like this, there are captive insurers who manage that capital ratio from anywhere from sort of 70 to 150. We just self-imposed 110 as a target, and that is what we are trying to manage down to.

Mr Nicol: I will just add a couple of details to that. We have done two other things which have improved our performance. First, we have actively and closely managed our insurance arrangements, taking advantage of good market conditions but also developing good relationships with significant reinsurers who know our risks. We can give them certainty of our risks, and that has delivered premium reductions in our reinsurance program over the past three years, of \$5 million or \$6 million.

Mr Fletcher: I think our budget five years ago was about \$12 million or \$13 million. It is now down to sort of 7.7, in 2016-17.

Mr Nicol: That has been quite a good outcome. The other thing we are doing is making an expanded effort in assisting agencies to manage their risks. The better risk management we can get in, the lower the incidence of insurable events that occur, the better our performance will be.

MS CODY: You both spoke about risk margins and risk management. Can you just expand on that a bit for me? What sorts of things do you have in place?

Mr Fletcher: We have a team of four staff in my office that are involved in risk management. They deliver a range of services to agencies that are our clients. We run a series of risk management training courses. We have a general course. We have a 101 course. We have delivered that to 300 or 400 staff a year for the past four or five years. It is very popular. Generally from that activity stems a whole lot more work. When people come to those training courses, they come to get a general understanding of risk management, but usually in the back of their mind they want to go back and apply it to their workspace.

Then we get involved in what can be a whole range of different agency activities. We generally develop with them a risk plan, or they bring a risk plan that they have already got and we help them improve that. That can be organisationally based, in that it might be a senior executive group from a directorate who might want to look at their overall directorate sort of strategic risk, or it could be a project-based activity where an agency has a particular project underway and wants to develop a risk management plan for that.

We are always continuously trying to engage with agencies to offer up that sort of support. Reinsurers often have people in their organisations who are risk specialists, and we have got some of those people on board to assist us with particular aspects.

With ACT Health at the moment, we are focusing on trying to assist them with some services, because our medical negligence reinsurer in the UK is very enthusiastic about trying to assist us. They have visited twice, and they have had meetings and discussions with people at TCH about risk management, quality and safety. They bring a broader perspective, given that they look after insureds in the UK and the US health systems. They have certainly got a lot of experience to bring to those sorts of conversations.

MS LE COUTEUR: Continuing on from that, I would like to ask about midwifery. I was not going to ask about this, but tell me how we are going with insurance for midwifery, particularly midwives not in the hospital. I know that has been an issue.

Mr Fletcher: Private midwives?

MS LE COUTEUR: Correct me if I am wrong, but—

Mr Fletcher: There was a trial.

MS LE COUTEUR: Yes, I thought we had. That is what I was saying. I thought we had a public trial.

Mr Fletcher: We do. There is currently a publicly funded home birth trial. We assisted ACT Health last year—it might even have been the year before—with developing a proposal that we could take to our reinsurers. We asked them to come up with a policy and a framework that would represent a home birth trial, because we had nothing to take to the insurance market to tell them about what the parameters of that would be.

We worked with staff at TCH to assist them to put that together. We ran a couple of risk workshops for them so that they could understand the risks associated with the home birth trial. We took our proposal to our reinsurers in London. It is fair to say that they are concerned generally about home birth. They have some poor experiences all around the planet. I do not know what the basis is, but they do.

In giving them the opportunity to see the parameters of the program that Health wanted to deliver and the risk management work that they were doing, they were prepared to roll the trial in under our medical negligence program. That has been going for a while. I got an email yesterday about birth No 3, individual emails about them, connected with the midwives at TCH.

It has been going well. The reinsurers from C and A who came and visited last year had a meeting with those midwives. They have experience in the National Health Service in the UK, so they are familiar with home birth. So far so good. I am sure that people in ACT Health would welcome a question from you on that. They have probably got way more detail than I do about it.

MS LE COUTEUR: I was just thinking about the insurance because, from my memory from my previous time here, the big obstacle was insurance. Everyone was enthusiastic, but no-one would insure.

Mr Fletcher: The big obstacle? It was one of the obstacles. I think it is fair to say that there are a number of different stakeholders involved. We have participated in discussions with all those stakeholders as an active participant in that project. Yes, there were some interesting issues to try to deal with.

MS LE COUTEUR: All right.

MS CODY: Can I just ask something in a continuation of Caroline's question about home births. With some of the risk management strategies you briefly mentioned, have you continued to work with the home birth trial on risk management strategies?

Mr Fletcher: Yes, we have. I think that we made a good start with a register that they have taken forward into their broader risk management framework at the women's and children's hospital. We will probably approach them again in the next six or 12 months and ask them whether or not they would like to have a bit of a desktop review of where they are at. But we really want them to own that document. They have some good processes in place and I am confident that they can use that document, that tool, to manage the risk appropriately.

MS LE COUTEUR: I was going to ask a question about volunteers working on ACT government land. I understand, from the previous parliamentary agreement, that you guys cover environment restoration groups. Where is that at?

Mr Fletcher: We have a policy, a volunteers policy, that is in place.

MS LE COUTEUR: Yes.

Mr Fletcher: Basically, if an organisation has volunteers coming to their organisation, all they need to do is register those volunteers, and they are covered by that personal accident injury policy.

MS LE COUTEUR: While they are working on ACT government land?

Mr Fletcher: Yes.

MS LE COUTEUR: What happens in terms of ACT government venues? My understanding is that groups have to have their own insurance, which in some cases means they will not do it, because if it is the only event they are doing for a year, it is a few hundred dollars to get the insurance, and basically all the risks are the risks of the venue: all they are doing is turning up and sitting people on seats in a venue. Is there any way that you could look at something for occasional users who are very low risk where the risk would basically be the venue risk more than what they were doing?

Mr Fletcher: They tend to be decisions that need to be made by people in the territory who are responsible for management of those venues. They need to make an assessment of the user of their venue and what insurance requirements they might

need to have in place. My understanding is that there is no legislated requirement anywhere for the user of an ACT government venue to have insurance, but you may need to speak to someone in the property group who is involved in those venues. Our difficulty in insuring them is that we are not a licensed insurer, so we can only insure, as a captive, ACT government directorates and agencies, whereas with someone from a private entity, we cannot insure a private entity.

MS LE COUTEUR: So when you are insuring the environmental volunteers, it is on the basis that they are effectively volunteering for the ACT government, even if they are organised by Greening Australia or whoever?

Mr Fletcher: Yes.

MS LE COUTEUR: They are probably big enough that they do their own. But even if they are organised by friends of wherever to turn up, they are working on ACT government land, so—

Mr Fletcher: They need to be engaged by the agency so that the agency can give us a schedule of the people who are involved in that activity. Then it attaches to an insurance policy that is an insurance policy with a private sector insurer rather than with the territory. We have a couple of policies that are like that where we do not underwrite the risk. With travel, for example, we have the insurance policy with a private sector provider. ACTIA does not underwrite any of that risk. It is like when anybody travels overseas: you go to your travel provider and you buy a travel insurance policy. It is the same type of policy. That policy is similar in nature. It is direct with the market rather than underwritten by ACTIA, because we cannot insure private entities under our legislation. We are not a licensed insurer.

MS LE COUTEUR: No, but you have facilitated insurance for people who are—

Mr Fletcher: We have. Yes, we have done our best. In fact, I think—

MS LE COUTEUR: I have gone along and signed up with the sign-in sheet saying that you are turning up, that is when you came and that is when you left. My understanding is that—

Mr Fletcher: Yes. If my memory serves me right, we have a similar arrangement with venues—and, like I said, I am not 100 per cent on the detail—where a user of an ACT government venue has the opportunity to tick a box on their application form to allow them access to a group policy that is arranged by the property group organisation.

MS LE COUTEUR: I should ask—

Mr Fletcher: It arose as an issue, I think, at Albert Hall and the Woolshed.

MS LE COUTEUR: Yes. I was particularly thinking of the Albert Hall. I know groups who have looked at it and said, “No; the insurance cost just makes it unviable.”

Mr Fletcher: I think that you will find that there is a group policy in place.

MS LE COUTEUR: Good. I should ask about this when property comes.

MR COE: It may well also be that there is just not enough of a description as to what that actually means, as well, if there is a tick box.

MS LE COUTEUR: Yes. Thank you.

MR COE: Could you please let me know what areas of the hospital are causing the most issues with regard to malpractice?

Mr Fletcher: That is probably a question best put to ACT Health. They have an enormous amount of information that comes out of their quality and safety people. There is the usual range of risks that you see in any medical malpractice activity. You have misdiagnosis, you have surgical issues. There is the usual duty of care where there is an argument about whether or not we fail to meet our duty of care towards a patient. The high cost ones are associated with paediatrics and obstetrics, and there is a full range of different types of claims. But I would suggest that ACT Health would be in a better position to comment on that from a quality and safety point of view. They will have more information and more detail.

MR COE: But are there any particular areas that have been brought to your attention or that reinsurers have brought to your attention as being of particular concern?

Mr Fletcher: No, there are not.

MR COE: And you are not aware of any particular trends developing in any particular areas of the hospital that—

Mr Fletcher: Not that I can draw from the data that we collect, no.

MR COE: In terms of the Insurance Authority's involvement in personal claims, do you, in effect, bypass the authority and go straight to reinsurers or will you actually handle some of these claims?

Mr Fletcher: We handle all the claims, all the insurable claims. In terms of the medical negligence program, it is an aggregate policy. What that means is that it has a \$100 million limit. We self-insure the first \$20 million in the aggregate in any year, and then for the rest, if we exceed that aggregate, which is called a self-insure retention, we go into reinsurers' money. And they have a watching brief on the way that the policy works in a year.

We hold quarterly claims review meetings with the Government Solicitor's office. Once a year the reinsurers are invited to come along to that meeting and we run through the list of claims that are over \$250,000, reserved over \$250,000, as well as provide them with regular reports on a quarterly basis about what the profile looks like. They are trying to monitor our activity in terms of what is called the erosion, which is the erosion of that \$20 million aggregate, and they want to understand that we have good claims management practices in place. So far, all the feedback from

those markets has been positive about our claims management practice.

MR COE: And in terms of actually defending or arguing the authority's position with regard to compensation, do you see a government solicitor or do you use external legal advisers?

Mr Fletcher: The authority uses the Government Solicitor's office for its ACTIA portfolio of claims. The Nominal Defendant and at-fault insurance fund claims are managed under a legal services panel contract. All the ACTIA claims are with the Government Solicitor's office and they facilitate our access to senior counsel and other experts whom we might need to assist us in management of claims.

MR COE: Finally with regard to the Canberra Hospital, do you give, in effect, a ward-by-ward or area-by-area assessment and premium or is it done in totality?

Mr Fletcher: It is done in totality because there is no need for us to try to split those costs out in too much detail, given that most of the medical services are obviously provided by ACT Health or by CSD through the ACT Ambulance Service. We certainly understand what their claim profile looks like and are able to apportion the premium between Health, the Ambulance Service and then a couple of other smaller organisations that have a need for some medical negligence cover. And what I mean by that is: the Academy of Sport has a couple of physiotherapists. So they are covered by that medical negligence program. Again, I think that probably ACT Health would have some statistics about their claims profile they may be able to provide you.

THE CHAIR: While we are on that, for the current financial year how many claim numbers have there been on medical malpractice?

Mr Fletcher: At the moment we have 534 open claims, claims on foot. Generally the three largest components of those claims are medical malpractice with 206, public liability with 238, and property with 66. And then it runs off into a whole bunch of other smaller classes of insurance. Medical malpractice and public liability claims make up the majority of that profile.

THE CHAIR: And that figure would relate to what the planned outcome is for ultimate claims next year or is that total claims some of which would date back two or three years?

Mr Fletcher: Yes, they do. The medical malpractice claims are long-tail claims. They can take six, seven years to settle. Property claims obviously are property material damage, short-tail-type claims, and liability claims sort of sit in the middle there.

THE CHAIR: So how many claims have originated in the current financial year?

Mr Fletcher: I would have to take that on notice. It changes. In terms of new claims?

THE CHAIR: Yes.

Mr Fletcher: I would have to take that on notice; so year to date for 2016-17?

THE CHAIR: Please.

MR PETTERSSON: I have some questions about the Office of the Nominal Defendant. I have a very simple one to start with. How many claims are processed annually or made?

Mr Fletcher: I would have to take that on notice. As I answered before, I think it is under 20, is the number I used. We have that many claims on foot but I would have to take it on notice in terms of claims that come on in one year.

MR PETTERSSON: Can you give me a ballpark figure? Are we talking tens, hundreds, thousands?

Mr Fletcher: No it is not that many. A guesstimate is 20, 25. They do not represent a huge volume of our new work. They are claims for uninsured vehicles. They make up a very small percentage of our claims profile, a very small percentage of the overall scheme's CTP percentage.

MR PETTERSSON: One of your roles is, I guess, trying to recover costs from these at-fault drivers. What is the process for covering those costs?

Mr Fletcher: The Nominal Defendant fund gets its revenue via levy of licensed insurers. That is undertaken by the regulator and those funds are then transferred to the Nominal Defendant fund. When we have powers to attempt to recover from drivers and owners—and we do our best to do that by a whole range of different legal mechanisms—the difficulty is that certainly a percentage of those claims are for unidentified drivers or unidentified vehicles. Obviously you have no opportunity to recover from them.

The others tend to be in situations where the individual involved does not have assets for us to pursue. If you do not have enough money to register a motor vehicle you generally do not have funds to do a lot of things. They can be difficult to identify and, when we do identify those people, they generally do not have assets to recover. We are in a position where we are not able to recover those funds.

We have repayment agreements in place with some people, which are either court imposed or by agreement with us, where they make a monthly payment into the fund. But that revenue is a very small component of the overall revenue within the Nominal Defendant fund in any one year. When I say “small”, it is only about \$130,000 or \$150,000 a year. It is not much at all.

MR PETTERSSON: When you come to one of these agreements where they agree to make contributions, is that with the intention for them to one day maybe pay off their liability or is this liability so large that they would never be able to make enough contributions to pay it off?

Mr Fletcher: They are very long-term agreements, which is the thing when people underestimate the costs associated with these types of claims. The costs can be hundreds of thousands of dollars for a person injured in a motor vehicle incident and, if you are responsible for that debt, that is a pretty big burden and there are not many

people who have access to that sort of funding. We put in place the best arrangement we can to try to recover some money from them.

We have settled some of those on the basis of a lump sum payment where people will come to us and say, "I owe you \$100,000 but I am never going to have access to that. Can we negotiate a settlement number?" We might get access to \$15,000, \$20,000, \$25,000 in a one-off payment, which is a much better outcome for the fund than trying to pursue someone for 30 years for a debt that they are really never going to be able to pay off.

MR PETTERSSON: In the process of getting those funds from them, are you garnisheeing their wages or do you enter a contract with them?

Mr Fletcher: No, it is purely by agreement with them. It is a very simple three or four-page document where they basically agree to transfer funds to us on a predetermined basis.

MR PETTERSSON: And going back to the worst case scenario where they do not have the assets and they do not really have the income, what happens when you have that conversation where someone says, "I do not have the ability to pay whatsoever"? Is that the end of it?

Mr Fletcher: We can only do what we can do.

THE CHAIR: To what extent do you prosecute those claims? At what point is the assessment made that it is futile going any further?

Mr Fletcher: Very early on in our assessment, because we have pursued people and you end up in a court process. You have lawyers involved and as soon as you have lawyers involved you incur costs. You might be chasing someone for a debt and you are going to incur \$30,000 or \$40,000 to even get their attendance in court and when you get there they have no assets. It is a bit of a pointless process. You have to weigh up the risks associated with attempting to pursue those debtors, and the reality is that they do not have any funds to meet the costs of the debt even if you were successful in pursuing them.

THE CHAIR: I have a couple of questions for Shared Services.

Mr Fletcher: Have we finished with ACTIA?

THE CHAIR: Yes.

Mr Fletcher: Thank you.

THE CHAIR: As there are new witnesses at the table, could you make yourselves familiar with the pink privilege statement. Could you indicate that you are aware of the statement and its implications?

Mr Tanton: I have read the statement.

THE CHAIR: My question is around the management of government websites. What work is done to identify or fix broken links; what would normally come up as a 404 error on someone's browser?

Mr Davis: There are myriad websites maintained for the ACT government. Some are maintained by SSICT on our core provisional platform, the name of which is eluding me at the moment. We have a platform that we run. Other directorates use external providers as well. So there is a mix between what we provide and what directorates provide. They might use external providers for these sorts of things. Where they are internally controlled by us, obviously there is a process whereby—whether it is an external person accessing that site or an internal person accessing that site—we would put the appropriate message through; that would go through our help desk or, by way of a similar process, to the people who maintain those websites and they would rectify that link.

If it is a site maintained externally by an external vendor, obviously, that is in liaison. It depends on where the link is; we might have to work with that directorate to identify which particular webpage it is. We would then either notify that directorate or they may actually find out in advance of us in Shared Services and work with that particular vendor to try to resolve that link.

THE CHAIR: What, as far as ICT's policy is concerned, is an acceptable number of broken links on government websites?

Mr Davis: We do not have a policy that gives the acceptable number of broken links. We would have an aspirational level of zero, of course. But we do not have a policy that says there must be this many or not many broken links. Where we identify them, we endeavour to resolve them as quickly as possible.

THE CHAIR: Are they identified electronically or manually?

Mr Davis: In terms of the person accessing the link?

THE CHAIR: Yes, or is there software that is going through and actually checking?

Mr Davis: No, we do not have software that would trawl through the whole environment looking for broken links, because to do that requires a manual intervention to click on that particular URL, the little blue link, to find out. To run that would be quite expensive. Having said that, of course, as people find out, it would be a manual process.

THE CHAIR: How long do those sorts of issues normally take to get rectified when they are internal?

Mr Davis: I do not have a measurement for that at the moment. I can take that on notice, though, for a typical response.

THE CHAIR: Maybe we can do a test. I tried to access budget statements B on the treasury website this morning and it came up as a broken link.

Mr Davis: Did it?

THE CHAIR: Yes.

Mr Davis: Okay, I will take that back.

THE CHAIR: So the clock is ticking.

Mr Davis: That is unfortunate, of course. There will be people listening now, I am sure, who will be looking at that straightaway.

THE CHAIR: There is a scurrying in Shared Services!

Mr Tanton: It is probably worth noting, too, that, with some of those broken links, and if we are referring, say, to something at the ATO, and the ATO changed their address or their URL—

THE CHAIR: No, this is your document.

Mr Tanton: Absolutely, and I am aware of that, but with respect to your line of questioning on that, when someone actually clicks on that link, that is when we get a notification. We do not have people sitting there trawling and clicking on all the links.

THE CHAIR: On the other side of website management, have there been any instances of cyber attack of any territory-hosted websites in the previous year?

Mr Davis: People would be aware of the WannaCry incident that happened several weeks ago. We are always under threat and we are constantly diligent in managing those threats. To this year, we have had no successful major incidents to report, which is reassuring for us. We have had a number of minor incidents, with something call phishing. I think we have covered this topic several times since I have been here; I appreciate that it is a different audience now. For some reason or another, usually because of the advanced nature of some of these hackers—let us call them what they are out there; they are always trying to be one step ahead of the game—every now and then an email may get through our management system, and get to an end user. They see it, so generally they click on it, and they get themselves into a bit of bother.

Having said that, we have not been aware of any major data spill that has been impacted in this space. We are notified as soon as it happens. Our security team, headed by Peter Major, is very diligent in this space. We have had no major incidents that have impacted the integrity of the ACT government data environment.

THE CHAIR: You said “major”. Have there been any minor ones?

MR Davis: We do get minor ones; as I said, those phishing instances. We have had no data spill. It is usually just an end user error where they have clicked on something that they thought was their Australia Post link; it has taken them off to some scam website or something like that, which we contain very quickly once we are made aware of it. As I said we have had no instances that have resulted in data spill.

THE CHAIR: Have you got figures, Mr Davis, for the number of attacks that have been either prevented prior to their gaining access or—

MR Davis: No, I do not have the exact number of how many people have tried. I can tell you that it is not an insignificant number. These things happen, as we would have seen in recent media, whether obviously or otherwise. Sometimes you do not know what you do not know, but I could get a number for what we have identified as a potential threat. I could take that on notice.

THE CHAIR: Okay. As part of the budget process are there any new initiatives or expenditure to address or upgrade security measures for ICT?

Mr Davis: Yes. In the last budget we received some money to improve our database logging environment, which is essentially logging the transactions that happen on our different databases. We have a huge number of databases that sit within the ACT government environment. We are implementing a piece of software that improves the logging. Essentially, that is who is accessing that information and what for et cetera. We do not sit there monitoring it. We use it a little bit retrospectively at times, from a forensic point of view.

With respect to the reason we do that, essentially it is about us improving our security environment. We look to do these things proactively. Of course, managing ICT security is a “risk against gain” environment. If you speak to someone at the Australian Signals Directorate, some of them might say to you, the real black hat types, “Well, how much have you got?” Of course, we manage that via a risk analysis. We work with various bodies within the directorates around understanding what that risk is, with the appreciation that whilst we have a small amount of what we would call national security type information, we have a huge amount of citizen personal information. So whilst we may not capture the attention of, say, some of those groups out there who are trying to hit PM&C, Finance, Treasury and these sorts of environments, we are very cognisant that we have a huge amount of sensitive information—people’s addresses, names and situations—and we do take that very seriously. I can assure you that every year we have a conversation with our colleagues in management around what we can do and what sort of funding we can get to improve that, and we do that on a risk-based approach.

THE CHAIR: Ms Cody.

MS CODY: I might give my question to Mr Pettersson. I am still absorbing some of that.

MR PETTERSSON: I have some questions about the WannaCry ransom attack. When that broke globally, everyone was sent into a panic. What is the process within Shared Services when a global event like that happens?

Mr Davis: I can explain that. I became aware of that somewhere around eight to 8.30 on the Saturday morning. I forget the actual date. I know it was a Saturday, though. The reason I know that is because I had ABC 24 on, I had a cup of coffee and I went, “Oh,” just as many others did. The first thing I did was to call my ICT security manager, the ACT government security adviser, Peter Major. He was already all over

it. His team had already started—

Mr Barr: We are not surprised by that.

Mr Davis: To be fair, Chief Minister, that is what we want to hear. If I am physically myself trying to solve that sort of problem, I think we are in a bad place. The first thing I did was speak to my ICT security manager, Peter Major. His team were already onto it, to identify if there were any threats to the ACT government environment. The next phone call I made was to Peter O'Halloran, who is the Chief Information Officer at Health, because that was the particular focus of the attack worldwide, even though it can impact other areas, of course. I know that the media does have updates around that periodically. The next thing I did was speak to him to inform him that we were all over it. He was aware of it, of course, as well. So the two teams were working exactly like this. I then rang Graham, and I made sure the Under Treasurer was aware of it, just to let my management know, across the ACT government, that this was a known incident and that we were looking at any impacts within ACT government.

I can only tell you we were lucky in that we did not have any impacted machines. But the response of the crew was outstanding: the fact that they were on it before I made the phone call. It is manual in that sense; phone calls are required. Sending emails to executives at 8 o'clock on a Saturday morning is probably not likely to receive an instant outcome. But the phone calls all occurred and people were on it. The team worked most of that weekend, just to give that extra reassurance that this was not impacting the ACT.

MR PETTERSSON: You said you were working over the weekend. Did ICT require any patching or—

Mr Davis: It did. On the Monday, Microsoft released some patching. The main impacted environments involved some older Microsoft Windows XPs. They seemed to require the biggest attention in this space. On that Monday, Microsoft released a patch particularly for this incident, and we put it into our environment that Monday night, through an emergency change process.

Mr Tanton: It is fair to say that our exposure to servers with XPs is very limited in that sense. We identified maybe three servers that needed an update. It was a virus that was already known by Microsoft Corporation, so they had that fix ready to go. Again, noting the maturity of our systems and where we are currently at with platforms that we currently run, the actual risk to the ACT was low compared to some other jurisdictions that we are aware of. It was fairly well maintained and identified fairly early. Our exposure was limited. It was targeted more towards Europe, the Northern Hemisphere; especially targeted towards UK and some of the other countries in that European bloc.

Mr Nicol: One advantage of having centralised IT across government is that we have the critical mass of resources to manage our entire network and it means we will generally be more consistently up to date. We will not have directorates on different versions of different software and with different servers. It makes it much easier to manage from one point, rather than trying to organise multiple directorates and their

IT teams to come across and deal with the issue. That is an advantage we have in our set-up in dealing with these issues.

MR PETTERSSON: This was quite a notable incident around the world. It is not every day that local breaking news covers a cyber attack. Did you take away any lessons from the experience that will prepare you for the next one or are the systems in place from previous attacks and you think everything is set to go?

Mr Davis: I am always touching wood, Mr Pettersson, when we talk about these sorts of matters. You can only ever be as prepared as to what the next kiddie script, as we call them, out there, can run. Did we take away any lessons? Not as such. I could not have been happier with the way we ran that process and the communication between directorates and Shared Services ICT on that particular weekend. Sometimes that is testament to the amount of noise coming back at me.

The fact is that we released that patch on the Monday, as soon as Microsoft released it that night, as the Under Treasurer has pointed out, essentially across the directorates. That was an excellent boon for us. Two weeks later, the chief digital officer and I were in Queensland for a cross-jurisdictional CIO gathering at our level. Queensland sat there and said, “We have 2,000 XP servers.” I thought, “I’m glad I’m not in your situation.” So whilst zero is the number we always aspire to, we all understand that some things get out of synch for some reason or another, vendors et cetera whose system we cannot maintain unless we keep an XP or something like that sitting in the corner and chugging away for a while. It was an excellent scenario for us to test some of these processes. We should always be diligent. There is always a chance that we could be the next target.

MR PETTERSSON: I do not want you to break any confidences, but you said you were at this conference and chatting with ICT services from across the country. How did the other states respond to the attack? Did they do as well as you think we did?

Mr Davis: Obviously, this is only from my perspective and my subjective opinion. The CDO this afternoon might offer something different. We handled it, I would suggest proudly, better than most other jurisdictions, maybe, as the Under Treasurer suggested, because we have Shared Services ICT that operates from the middle of that classic spoke. Many of the other jurisdictions do not operate in that way, and each directorate or agency still maintains their own environments. They have a much more disjointed approach.

MS LE COUTEUR: I will continue on the IT theme, being an ex-IT person.

Mr Barr: Can you ever be “ex”?

MS LE COUTEUR: I feel very “ex” compared to what I used to do, when I would have been quite worried about WannaCry. It is blissful not to have to have any concern about it, in some ways.

Mr Davis: We were worried. In that weekend there was a lot of duck activity with legs under the water.

MS LE COUTEUR: I would have been doing that sort of thing. Ten years ago that would have been me, but not now. Last Assembly, a motion that I moved was passed about establishing an IT sustainability plan. We had a lot of conversation about green IT. Where has that gone? I believe an ICT sustainability plan was established. Can you tell me more about what happened?

Mr Davis: Yes. There is an ICT sustainability plan. It is managed centrally. We have one component of that, because it is more of a broader environmental consideration. I do not have some of the details now in terms of specifics you might be asking about. I am very close to the recycling asset program, for example.

MS LE COUTEUR: I was going to ask specifically about e-waste. Can I ask you or is there someone else I should be asking?

Mr Davis: Yes, you can ask me around that particular one. I do have some information here. The question is?

MS LE COUTEUR: What do you do with e-waste?

Mr Davis: What do we do with it? We have—

MS LE COUTEUR: I suppose there are two questions. What do you do with it? And also what do you do to avoid having it in the first place?

Mr Davis: Avoid having ICT waste?

MS LE COUTEUR: In the first place, yes. The IT industry has had a history of very quick turnover of hardware. There is always a new toy and it is always fun to get one. What are you doing to avoid that?

Mr Davis: Yes—

MS LE COUTEUR: That was a major part of where I was pushing when I was in the Assembly before. They had fairly quick turnovers of things.

Mr Davis: We have an arrangement in place with Reuse IT. It is a local ACT company, a Canberra company, where we recycle those assets. We can say that we have had no hardware assets go to landfill in the past year or more. It is an arrangement. We have that private entity to do that.

How do we avoid having waste anyway? As you pointed out, it is a very difficult question. Things do come to an end, especially in the industry that we are in. I think the Under Treasurer thinks it is a conspiracy by the IT industry to make sure we are constantly chewing into his budget.

Mr Barr: We have had this discussion. Planned obsolescence.

MS LE COUTEUR: I would have to be on the Under Treasurer's side on this one.

Mr Davis: To avoid that, though, in seriousness, we extend the life cycle of the asset

as much as we reasonably can without interfering with the integrity of the ability to upgrade and maintain the ACT government environment. That is always a tense conversation with our financial type colleagues: “Is five years enough?” “Is seven years enough?”

Of course, I am always going to advocate more strongly for less is better, because we want to minimise that sort of lumpy capital expenditure that we can often see in IT. You have this lull, and then three years later I am coming back to my budget colleagues because we have not invested enough in the capital space to keep things upgraded and we need this huge injection to keep ourselves current.

We do our best to keep it as flat as possible within reality. But of course we extend it to between five and seven years, depending on what the piece of kit and the asset actually is and what it does. As you are probably all aware, laptops and things like that seem to wear out pretty quickly, especially as new operating systems come on board. Obviously I cannot speak for Microsoft, but they seem to be very good at making sure that we are using more and more resources and need more and more memory, more and more RAM and all these sorts of things, which cost more and more money.

We extend it as much as we can. It almost gets to a point where sometimes it is about the noise. When we measure that, we say, “Are we now at a point where we really are a bit far behind where we want to be to provide those right services? We now need to make some investments.” That is it. We go back to the original point with RecycleIT, a locally based industry, where we work with them and they recycle them. They put them out to schools and the disadvantaged, and do those sorts of things. I can get you more information if you are looking for specifics. That is what we do. We are not putting any of our waste into landfill.

Mr Nicol: Can I add an extra couple of points? I will go to the minor point first. The other thing we have done in the past 12 months is move much more actively to make sure surplus assets are used rather than new assets purchased. It is an administrative, making-best-use-of-our-capital-base argument.

The other thing we are very acutely aware of is that it is part of a broader environmental question. For example, the government has announced a move to a new building. We are very much aiming to have that as an IT-enabled, no paper as far as possible building, an environmentally friendly building, with lower power consumption and better use of space. That is going to mean more IT mobile devices and those sorts of things. I think that will produce a better environmental outcome in total, although we will require a bigger investment in IT to make that happen.

The second part of that is the external use. The more digitisation we can have with people doing services online rather than travelling to shopfronts, the better it is from an environmental and consumer perspective.

We are very conscious of not wanting to either waste money or resources or have e-waste needlessly produced, but we are also aware that electronic enabling provides significant environmental benefits more broadly. We aim to balance those two issues.

PROOF

MS LE COUTEUR: I am very interested in your comment that the new building might be paperless or low paper. It will not be paperless.

MR COE: An aspiration, I think.

Mr Nicol: No, it will not. It will not be paperless, but—

MS LE COUTEUR: Who should I talk to more about that? I assume you are not going to be driving that.

Mr Nicol: You can talk to us when you get to the property team. We can talk about that.

MS LE COUTEUR: This is talking about considerable change in how people actually work.

Mr Nicol: Indeed.

MS LE COUTEUR: Who is running that? That seems like a very exciting project.

Mr Nicol: Mr Kefford, Ms Overton-Clarke—

MS LE COUTEUR: When should I talk to you more about this?

Mr Nicol: Why don't we—

MS LE COUTEUR: In the busy schedule of these two weeks I am sure it will come up.

Mr Nicol: I think tomorrow morning.

Mr Barr: Tomorrow morning would be best.

MS LE COUTEUR: Tomorrow morning, okay. I will foreshadow that I would be very interested to hear about that.

Mr Barr: There we go.

Mr Nicol: Can I say—I think I can speak on behalf of Mr Peffer—that with the Cosmo building in Woden, we have gone to a more activity-based working environment. If you go and visit that, you will see that there are no bookshelves, there are no big cupboards full of files and paper folders. It is very different from a normal, traditional public service environment. That is because we are trying to move to an IT data first capability. We still have printers there, because we still do have to print things, and Access Canberra does generate quite a lot of correspondence et cetera. But it is small steps, and I think we will make some significant improvements.

MS LE COUTEUR: Great. Can I keep going with IT? What do you use for the ACT government's network these days?

Mr Davis: I am sorry; can you repeat the question, please?

MS LE COUTEUR: Your network.

Mr Davis: What about it, though?

MS LE COUTEUR: Who provides it? Do you run the cable yourself?

Mr Davis: Network? Do you mean internal or the external providers?

MS LE COUTEUR: The ACT government has bits throughout the ACT.

Mr Davis: We do indeed.

MS LE COUTEUR: Are you your own ISP?

Mr Davis: We are not our own ISP. We do—

MS LE COUTEUR: What is your network arrangement?

Mr Davis: Yes; I can tell you. Our ICT data and voice network internally covers around 300 kilometres of fibre cabling, 3,000 or so switches and 6,000 or so wireless access points. They are—I cannot see any here to point out—the little white boxes that sit on our walls. We provide that across all the government buildings. That is including schools, of course.

We also use the federal Icon, which is maintained by the Department of Finance. We utilise that where we can to avoid duplication of those sorts of fibre connections between our buildings. We use Optus as our external voice and data communications provider. We have got some excellent arrangements in place with them. We have our own gateway, but we use Optus in the main. We are not an ISP. We do not provide the free wi-fi that we use when we walk around in Canberra, because—

MS LE COUTEUR: That is iiNet, I think?

Mr Davis: It is iiNet; that is correct. As I understand it—I am only a bush lawyer at best—the government is not in a position to be a commercial ISP. That is why we have a third-party commercial provider to provide that free wi-fi for citizens. But yes, in the main we provide and maintain all our own network infrastructure, utilising things like FedLink or Icon from the federal space where we can.

MS LE COUTEUR: Okay; that makes sense.

Mr Davis: Yes.

MS LE COUTEUR: Going to data, where does the ACT government store its data? In the ACT?

Mr Davis: Absolutely. Sorry; I will take that question in a second. We have three data centres at the moment, where our main core server hardware and stuff sits. One of

those is in Macarthur House, which is a topic in itself, because obviously we are moving out of Macarthur House to allow the sale; at the Canberra data centre, which is located over in Fyshwick, which is a commercial provider and probably the most heavily used data centre by even the federal spaces located in Canberra; and we have a significant footprint at the Canberra Hospital as well, because obviously—

MS LE COUTEUR: Obviously that is your biggest data—

Mr Davis: Exactly. And of course, in relation to some of those systems, with the way we like to operate with Health—and it may be a question in their space—obviously Health needs to be able to operate in more of an island kind of mode so that should other things fall down around them, they still have the ability to maintain those critical health services to citizens. It would not be much good to them if it was at the Canberra data centre and you cannot do pathology or something. Sorry to be flippant, but that is the way we operate with them.

As we move towards cloud services, we have arrangements with Microsoft Azure now, and we are very close to Amazon, moving down that path of using some cloud-based systems and software as a service. They will be located in Australia. We still follow the Australian Signals Directorate rules and guidelines on data, and the national sovereignty issues that come around that. So it is still within Australia. What we are seeing now, though, is some movement in the market from Amazon, only as recently as a week or two ago, who are actually putting a capability locally in Canberra. It is only Sydney anyway, but that is in terms of it being located in the ACT.

So there will be mixes. We have followed an assessment process around, if we are using those cloud-based systems, making sure that they follow those ASD guidelines that we adopt here in the territory, to ensure that the data is protected. In the main, 90 plus per cent, I am guessing—I am touching wood—would still be located in Canberra. There is only small movement into the cloud space at this time. But when it does occur, it will still be located in Australia, and in some cases it may still well be located in the ACT, depending on the vendor who is supporting that particular system.

MR COE: As a supplementary to that in the first instance, is the ACT following the Digital Transformation Agency's approach of the commonwealth or not closely?

Mr Davis: Which particular initiative, Mr Coe?

MR COE: Especially with regard to the cloud.

Mr Davis: I have some strong personal relationships with some of the crew in the federal space, given my background. To be fair—and I will say it openly—we are probably more advanced than the DTA in the federal space at this time. We have things moving into the cloud. We use them where we can, Mr Coe. For example, they were looking to identify and adopt what is called a digital marketplace, which is about how we can work better with vendors and create those digital markets. If they can make it work, we are more than happy to jump on their coat-tails rather than reinvent a wheel. We do have relationships with them, but federal is not ACT government; we operate differently. They have a very different IT environment to what we do.

MR COE: Can I get a bit of an idea of the workforce at Shared Services, particularly in the IT area? How many contractors are there as opposed to permanent public servants?

Mr Tanton: As of May there were 115 contractors out of a workforce of around 450 within the ICT space against a total FTE of permanent employees within Shared Services of 850. We have around 115 contractors on top of that, and most of those contractors are in the ICT space.

MR COE: What sort of work are they doing? Is there any particular area in which you struggle to hire public servants?

Mr Tanton: Basically they provide specialised services around project work with a defined period of a project, so that could be two to three years. Where we need to buy in specialist resources for specific ICT expertise, we will do that as well. It is across the board at this point in time. With the current programs running in defence, DHS and the Tax Office there is a big pull on some of the specialist resources that we have. We are always managing that contractor base, and it goes up and down depending on what projects we have ongoing and what specialist skills we need to buy in at any particular time.

MR COE: Are any of the executives in Shared Services contractors?

Mr Tanton: At our level, no.

MR COE: Are any of the executives?

Mr Tanton: We have some managers who would be contractors; that is correct. So at the SOGA level we would have some contractors in those roles.

MR COE: With regard to not entry level but ASO4, 5, 6-type level technicians, do you struggle to employ people at that pay schedule, and is there a need for a technicians' schedule or something like that in an EBA?

Mr Davis: It is an interesting question you put, Mr Coe. I had the fortune to work 10 or so years ago in the federal government space on what was called the Gershon review, which was a whole-of-government review at that time. We were discussing whether ICT could be seen as a stream in its own right for remuneration purposes in the same way that legal and others were. That obviously did not go forward

As we are probably all aware, it is a competitive market. Canberra is not a huge town and we are competing with the large federal spaces who pay significant sums of money. You have only to look at the paper on a weekly basis to see some of the huge numbers being thrown into some of the DHS projects and defence projects, and we are all competing for those resources.

I note from last year's federal benchmarking exercise—we are not part of that but I read it—that the contractor ratio went from 23 per cent to 28 per cent across federal government. I am pretty happy to say that in our space we sit at around 20 per cent contractor ratio, which is much below their benchmark. They actually set a

benchmark of 30 per cent during those Gershon days.

We have to try to attract people based on the nature of the work we have as against remuneration; it is as simple as that. I am happy to say that we have a good workforce who are really happy to work in ACT government because they can see that direct link in the services they provide. But yes, we are all fighting for those same resources.

Since the mid-90s, when I was a young tech myself, ICT went down that contracting path due to the outsourcing regimes around at that particular time. As people much more senior than I have said, and even Sir Peter himself, once that genie is out of the bottle it is very hard to put back in. We advertise for a role. We might get somebody, we might not. If we do not, we have to look for a contractor.

MR COE: Chief Minister, are you open to the idea of a technical stream?

Mr Barr: The government will consider that in the context of EBA negotiations.

MR COE: Has it been considered in the past?

Mr Barr: I will need to check whether it has come up.

Mr Tanton: It is fair to say that with those 115 contractors, as they come up for renewal we will go out and test against the market. For some of the technologies for which people may have been getting higher rates before, that technology is no longer cutting front and there are more people doing it. Their rates may be going down and we can attract more people. There may be other areas where we need to potentially pay a premium to get, say, specialist technical skills. But it is something you always have to be testing on an ongoing basis. We need to look at it at a case-by-case basis depending on the skill set that is coming with an individual rather than setting a certain pay scale across the board.

As Gary mentioned, people often work for the ACT for different reasons. They work for us because they are dealing with things impacting on our community. That is one thing that we have across Shared Services. I think our turnover is around eight per cent or nine per cent. If you compare that to a lot of government agencies it is extremely low. That is because of the work they are doing, which is challenging and is actually doing things for the community. There is that base about people using their ICT skills for something that makes a difference, and we are quite lucky in that sense.

Mr Nicol: Mr Coe, perhaps I can provide a comment too. Certainly the ICT market is a particular market that is often characterised by competitiveness between projects. The skills of the market tend to be project based or software based or hardware based, and that is quite transferrable. That has been the history of the market. We have had several discussions on a regular basis about staff and remuneration and levels et cetera. My conclusion at this point is we probably would not need to go for a separate stream; we have enough flexibility to manage in the market as it currently sits. That could change, of course, but I think it is fair to say that we have never had a discussion to say we should create a completely separate stream.

MR COE: Finally, have there been any major hardware purchases in the past year or

two that have not been deployed for one reason or another—either it got superseded or the original specs were not correct—and you have had to shelve hundreds of thousands of dollars worth of hardware?

Mr Davis: No, that is not something we have had occur. We have a rolling capital plan and we take that to treasury each year. As we talked about before, we are very much held to account on making sure we are using those assets effectively. We do not have storerooms full of equipment. We have not made any significant—significance is of course relative—purchases in the same way that the tax office would have seen. You might have seen the storage area networks on which they spent millions and millions and which did not work and had to get shipped back. We have not had anything of that nature come up.

We have a rolling capital program to replace hardware, as we spoke about before, depending on the life cycle that it is at. That is why we developed that plan: to try to at least minimise the shock, if you like, to the Under Treasurer and Stephen Miners when we walk in and say, “We need some money for new kit”. We do not just walk in on an ad hoc basis. It is a two or three-year capital plan so we know where that expenditure is going to be.

Mr Tanton: It is fair to say that we do not have the budget to buy stuff and then put it into a storeroom and never use it.

MR COE: I am not saying you do it by design.

Mr Tanton: Again, we are very prudent in the way we go about the scoping of what we need for that infrastructure process that Gary mentioned. We do not make big purchases, or any purchases at all really, until we have gone to find the scope of works and tested the market and understand what the user requirements are. We have not had that issue arise.

MS CODY: I would like to ask about the service delivery and the scope of Shared Services’ service delivery functions. How many helpdesk calls are answered, how many staff are on board and how many HR accounts are managed, maybe over the past 12 months, if you can give the information to me?

Mr Tanton: I can give you a broad basis.

MS CODY: A broad basis would be great.

Mr Tanton: Shared Services looks after recruitment for all the directorates, all the payroll, all the invoice payments, all the accounts receivable, all the financial statements across the ACT and for the directorates. In a year we will generally pay over 400,000 pays. In any given year we will process over 350,000 invoices, we will on-board the entire staffing. I have not got a number but I am happy to take on notice any questions you have on that.

We answer I think approximately thousands of calls a day on the service desk for a broad range, from ICT to pay issues to salary packaging across the board in regard to that. That is a broad base but I am happy to provide those figures and I am happy to

take some of them on notice if you have a list of them for me.

MS CODY: A broad basis is fine really. We are talking about a rather large range of government services.

Mr Tanton: Yes, absolutely. We are looking at providing services to 22,000 public servants, plus 40,000 students at ICT from a Shared Services function. We do lead the way across that remit and again all of our transactions are in the hundreds of thousands. Benchmarking against the commonwealth shared services agencies and also the corporate roles, we do perform extremely well in those unit costs. I think in the latest benchmark last year we were in the top 10 to 15 per cent across 34 or so commonwealth agencies. We actually benchmark extremely strongly. It is something that we are always continuing to improve, especially the automation of the systems that we provide.

MS CODY: And do you have a policy around how long the calls are?

Mr Tanton: Yes, absolutely. At the moment it is 80 per cent of calls answered within 20 seconds. We are looking to move that out to 70 per cent of our calls within 30 seconds. We need to move that out just because of the resources that are required to look to manage the 20 seconds, when the benchmark in industry practice is around 30-second call answering. Obviously we see in the news quite a lot, and I like to raise it every time, about Centrelink. I think I was searching last night and they had 28 million dropped calls and the average wait time was around 14 minutes to answer a call. We are looking at 30 seconds.

Mr Nicol: The other reason why we have been discussing moving that out is that we would like to resolve more issues in one call—take a little longer, make sure the call is put to bed and the issue is sorted—rather than trying to say, “Keep it to a shorter time,” and perhaps have two or three calls from the one person on the one shift.

MS CODY: That was going to be my next question.

Mr Tanton: First-point resolution is obviously key. The more times people have to ring up to resolve a pay issue or an issue around their ICT, that is taking them off what they need to do. In the budget statements on how we performed, I think we had an average of answering calls within 22 seconds. We did not meet our benchmark of 20 seconds but there was a push. We talked about first-point resolution. It generally takes longer to do the inquiry and handle the call. However, the actual benefits to the government and also to the directorate in handling those and doing them at first point is that we are not then having follow-up calls, we are not taking employees away from their job trying to follow things up with Shared Services.

Mr Nicol: And the other dimension of our strategy here is to try to move as many of the routine calls as we can to a software answering solution. I do not mean an automated caller response; I mean that you can look up the system and find out how much leave you took three years ago, easily. Many of our calls happen on payday, which is obviously the same day each fortnight. It pushes out the small number of people we have on and can deploy to the helpdesk. This budget has a measure to look at updating our HRMS system. Our current system I think is quite clunky. I think I

mentioned yesterday, or maybe it was in my mind, it does not process long service leave, for example.

THE CHAIR: Yes, you did mention it.

Mr Nicol: Having a system that at least captures the balances and processes the forms reduces that very low value-added workload and I would rather have the teams working on more complex problems that it is harder for software to do automatically.

Mr Tanton: I am happy to expand on that. We do have at the moment a project with the existing provider on looking at providing the long service leave module in CHRIS 21 which will allow you to actually go in and have a look at your long service leave that you have got accrued and be able to apply for it rather than currently when it is manually done. If you have long service leave you need to send an email off to the service desk or phone the service desk and ask what your balance is. They will go away and after a period come back to you and say that you have got it. You then do a manual form to your manager to fill in your long service and then you get approved and then it goes through the system.

As the Under Treasurer mentioned, we do have a body of work to look at going out to market for a new HRMS system, which will look at payroll but also the human HR management capabilities from on-boarding to basically retirement, looking at all the phases, including long service management. We are going to approach the market in the coming few weeks in regard to getting an understanding of what is out there in that process.

But it is going back to that self-help managing so that people actually are able to get the information at their fingertips rather than at the moment where there is a lot of manual intervention across a lot of procedures. It also allows directorate management to be able to manage their workforce a little better because they will be able to have the reporting tools that they need to manage their workforce, especially around performance management, training and things like that, to be able to manage and provide a better service for the staff as a whole. It is a big task.

THE CHAIR: Just while we are on the efficiencies of Shared Services, how often is benchmarking done to private sector organisations that can complete or facilitate similar roles to ascertain what value for money we are getting?

Mr Tanton: Previously we had a benchmark in the budget which was to do it every two years. We engaged a company called Hackett Group to do that. With the actual survey to do that benchmarking as it was—and it was a positive outcome for us—we were looking at around \$200,000, \$250,000. From doing it every two years, we are going to push it out to three years. We are moving to three years. We did it last year but we are not going to do it this financial year because, again, \$200,000, \$250,000 to do it was not seen to be good value for money, noting the gains.

We do customer service surveys each year. Shared Services goes across all the ACT staff but we also then do subject ourselves to the commonwealth benchmarking that I mentioned before on which we perform strongly. We also do an ICT benchmarking which basically looks at our services, how we perform against

other like agencies as well. We do that quite regularly. That found that our cost basis that we use is very comparable if not cheaper than like for like.

THE CHAIR: When they compare you to like-for-like organisations, whom is that in comparison with?

Mr Tanton: Generally they will do them across other jurisdictions such as New South Wales—and some the agencies there have got like-for-like functions that we have—or the commonwealth. They will sometimes compare us against best practice which would be, say, with the Hackett Group. They will do us against government like for like but then they will also bench us against best practice as well. We get an understanding that yes, we might be performing well against Queensland or Tasmania or another jurisdiction. However what is the best place in the market? What is happening? Who is at the cutting edge of it and who is really driving the best efficiencies out of it? They will provide us with a bit of a guide around that as well.

MR STEEL: I want to ask some questions following on from Mr Pettersson's questions about the vulnerabilities of Microsoft XP. What was the rollout schedule for Shared Services in terms of new operating software and also Microsoft Office software? Just a cursory look on the internet tells me that the extended support for Microsoft XP service pack 3 runs out in October 2020. By then that operating system would have been almost 20 years old. The Microsoft Office operating system 2016 requires Windows 7 as a minimum operating requirement but I understand we are rolling out 2010 currently, which is based on the XP system. What is the current plan to upgrade?

Mr Davis: We need to split that question in two. From a front-end operating perspective, from your desktop perspective, we have a budget-funded program to upgrade the operation system called the SOE to Windows 10. We also have, as part of that program, a subset of that program if you like, a project that upgrades to Office 2010. Why are we going to not the very latest? The way Office works is that it often uses a lot of other applications around it. From an Office point of view simply using Word works quite successfully but when you have got specialist systems like, let us use Health as an example, you are using third-party software that sometimes is not compatible with the very latest.

We have a program underway at the moment that we are working with the directorates on. The first Windows 10 operating rollout will happen towards the end of this year. Office 2013 will be kicked off by October this year and we have already started a rolling program at the moment across some of our users who are more open to testing it, if you like, to keep it nice and simple before we do this sort of broad whack across all the directorates. We are doing that testing now, essentially to make sure it does not break anything. That is at the desktop level. We have a project that will actually be doing that.

With regard to your XP question we have a list of what particular servicing systems are still running on what we would call those legacy environments and we then work with the relevant directorates on that particular system. It does require us putting a case up, often through a budget, to get that upgraded. In many instances the reason that they are still sitting in the corner, if you like, is that sometimes the vendor who

supports that particular piece of software is not ready to upgrade. Of course we cannot just simply switch it off. It is a very small number, as Mr Tanton pointed out before. He says “touch wood” but we would not want to see ourselves in a position where, within the next couple of years, by the time XP actually goes out of extended support by Microsoft, we will not be in that situation. That is our goal.

MR STEEL: So why are we not upgrading to the latest version of Office? Are we being held back by the operating system?

Mr Davis: It is not so much the operating system. It is to do with the systems that utilise the office automation suite. Most of us would simply use Microsoft Office as it stands. We just open up an email, we open up a document, and it works. We edit briefs and things like that. When you have a third-party application that—what we would call—“calls a document out of Office”, there is a compatibility issue at that point and that is where it can be the barrier. So we go with the known quantity.

Mr Nicol: Can I give you an example? The government a couple of years ago funded a project to upgrade the budget management system which actually draws all the financials together to produce the budget. Our old system was on an Access database that could not be upgraded to the latest version. We were maintaining a 10-year-old environment, a 12-year-old environment, just so we could produce the budget. At the time this programmed piece of software did exactly what the government of the day wanted to produce a set of budget papers. There was not commercial, off-the-shelf software to do that. Part of the reason why we upgraded that budget application was that it could run in a modern environment both in terms of Office and in terms of the operating system. Then we can switch off that old server and those old systems. That piece of software had input from every finance unit in every directorate as well as my own team. It affected quite a few people.

Then we have other legacy systems like that across government which we have to work through on a priority risk basis and manage costs and risks and outcomes. Ignoring cost in a sense, the sheer effort that it takes to upgrade systems and get them right is a very intensive effort. One way we can avoid this problem happening in the future is to move to a much more commercial, off-the-shelf basis so that we rely on our third-party vendors to essentially upgrade the underlying software rather than us. That is the legacy situation we have. It is not an insurmountable problem. It is a complex problem. I think every organisation of our size would have this problem. I think by and large we are not badly off. We are addressing those systems as and when we can.

Mr Davis: I want to clarify one point. I might have said “Win Office 2010”. I meant to say “Office 2013 with Windows version 10”. Sorry if I mixed up any of those in that language.

MR STEEL: So will all legacy systems be transitioned by October 2020 or are you going to need further routine support in order to run those systems beyond that point?

Mr Davis: I would like to think no, we would be in that space where they are not. Of course in 2020 there may be some conversations and I cannot ever guarantee 100 per cent. There may be a particular reason that might come out of the woodwork

that does prohibit that but it will be a known issue that we will not hide in the backroom. It will be a known reason why we could not do that.

MR STEEL: And there is a written strategy that you have for transitioning?

Mr Davis: Yes, absolutely. We have that exactly.

MR STEEL: Is that available publicly?

Mr Davis: We have an ICT strategy, yes.

MR STEEL: Which is available publicly?

Mr Davis: Yes. I can provide that to you, absolutely.

MR STEEL: That would good.

Mr Tanton: We are just saying that there is that discussion with vendors as well. In some instances vendors will not support current applications—and we have got over 5,000 applications across the ACT—just because of the diverse nature of what the ACT does at our level compared to probably federally. There is that discussion with vendors as well. Microsoft, I think, last year were talking potentially about, instead of going to a big-stage release every two or three years, going to do iterative upgrades on a three-monthly basis. You can imagine all these vendors trying to keep up to speed with that new operating system and they are just scratching their head how they are going to do this. There is going to be some pushback to Microsoft on how they are going to do this. Microsoft being Microsoft will probably have to go off and do what they like and then it is going to be a matter of catch-up.

But it is a matter of talking with directorates about what systems have been useful. Was there criticality? What is the risk? Do we keep providing special support or do we just fix them on failure? But it all depends on doing that risk assessment and understanding what the application is, what it does, can it be just let go and not renewed or do we look to put something else because obviously we are trying to get into a Microsoft suite rather than a bespoke application which they brought in maybe 10 or 20 years ago and that has been in the Microsoft suite because it is part of our licensing regime. It is an ongoing process but it is fairly complex, as you are alluding to.

Mr Nicol: There are also other factors that we had to take into account. One is the balance between having a controlled, locked-down environment that only if it is ticked off, approved and certified can you have a piece of software on it and something that has a little flexibility that enables fit-for-purpose applications to come onto the existing network. That is something we have to make decisions about as we go. But I would say that the digital environment is getting more complex. We are having fragmentation of systems. We are getting mobile devices and applications from various vendors. In one sense we are lucky that Microsoft sets a standard and everyone tries to meet it. But we have to take that into account as well. Local vendors and local IT companies that offer solutions that might be innovative and worth trialling often do not have the resources to keep up with the latest version of Microsoft.

Do we automatically rule those out or do we create environments that can manage that over time? It is an optimisation problem that we have to manage and we will have to manage. I do not think we will ever get this perfect system because five minutes later something has changed, and we have to deal with something new in the environment.

MR STEEL: I would not call 20 years five minutes.

Mr Nicol: That is true. We were talking earlier about the marketplace turning over its environments every three to four years and there is a cost issue for this.

THE CHAIR: Thank you very much. That concludes this output class.

Hearing suspended from 11.01 to 11.16 am.

THE CHAIR: Welcome back. We now have Icon Water; there is a change of officials. Could everyone please have a quick look at the pink privilege statement that is in front of them and familiarise themselves with it and indicate that they are aware of it and its implications. Beautiful.

We can kick off with questions if there is no opening statement. Chief Minister, there is a substantial increase in the predicted operating result, an increase of about 34 per cent in the life of the budget outyears in relation to Icon's dividend back to the government. How does the government, Icon particularly, decide whether its primary function is a low-cost or at-cost provision of water to the territory, or if it is a revenue-generating exercise for the territory's bottom line?

Mr Barr: There is a regulatory process, obviously, that sets prices in relation to most elements of Icon's activities. There is an independent regulator who addresses those specific issues. In terms of the future financial position of the organisation, I will invite Mr Knox to talk about that, and then delegate responsibility amongst his team, who will deal with the detail from there.

Mr Knox: Thank you, Treasurer. Chair, going back to your previous question, we have previously in the forum had value for money type discussions with regard to how we operate the business. We strive to find the balance between cost, price, quality, safety, reliability of supply, customer service, satisfaction and environmental. As the Treasurer indicated, we are subject to the ICRC's review, which is one data point for establishing appropriate operating costs of the business. We also do some activities internally to benchmark ourselves across the rest of the industry. We are quite conscious about where our prices sit. And then the third one is that there is a national performance report which comes out across the industry. We seek to strike the balance in all of those considerations.

THE CHAIR: Okay.

Mr Knox: With regard to the outyear dividends, I might refer you to Mr Sachse, who is our CFO.

Mr Sachse: It is a very good question that you raise. What we also need to consider is

that both ActewAGL Distribution and Icon Water need to continue to invest in infrastructure going forward, renewing our infrastructure. Our infrastructure will continue to increase over time. As the Chief Minister indicated, the ICRC regulates Icon Water in terms of what its return is on those assets. It is a similar thing with the AER on ActewAGL Distribution's assets. As that asset base grows, the return that is allowed on those assets will continue to be on those assets, and therefore the dollar profit will increase over time as that asset base grows.

THE CHAIR: Yes. But the statement in the budget papers says “continue to generate profits to support strong dividends to shareholders”. Would that not to some extent be in contrast to providing an affordable service for the community?

Mr Sachse: That is another good point. Our statement of corporate intent does look at balancing various objectives. One is being as efficient as any other party, making sure that we are sustainable. There is a trade-off between all of those elements that has to be considered when we manage our business going forward.

Mr Barr: And of course the dividends are used to invest in the provision of community services through the ACT government budget, so the community retains all of the benefit from those investments via the dividends that are paid. They are not sent off into someone's retirement fund; they are invested.

THE CHAIR: But certainly recognising that if there is a significant revenue stream coming through to the territory in the form of a dividend, essentially it means there is an element of taxation in water usage.

Mr Barr: There is a return on capital, but it is a regulated return via the ICRC. This is exactly the same regulatory environment that all other utilities operate within. It is not a situation where there are not both benchmarking and industry standards against which the regulator makes assessments on what is an appropriate return on capital. As we heard yesterday, the regulator intervened in relation to ActewAGL in the context of the most recent electricity price increase, and lowered their return on capital. That is what we have the ICRC for. One of its primary functions is to, in an independent way, balance those competing priorities.

I guess the ultimate and conclusive point in all of this is that the dividend is paid back to the territory government and is invested. To follow a similar pattern to the rest of the ACT budget, about a third of it would be invested in health, a quarter in education, and 15 per cent in municipal services. If there were not a dividend, either services would need to be lowered or revenue would be raised in another form.

There is certainly nothing new in utilities returning dividends to shareholders. If the utilities were privatised, for example, there would be perhaps a different question that you might ask. But in this instance, they are not; and, I hasten to add, nor is there any suggestion that they would be. This is a public company, a public monopoly effectively, that operates in a regulated environment, the same as all other utilities of a similar kind around the country.

THE CHAIR: In budget statements B, it shows that there is a substantial increase in the staffing FTE for 2017-18. It is an increase from 388 up to 419. What is the major

cause for that? And—

Mr Barr: There is a little footnote there, is there?

THE CHAIR: There is, particularly around the IT systems. What IT systems upgrades are being conducted?

Mr Knox: The substantial contributor to the increase is a result of what we describe internally as a business transformation project. That has a number of streams of activity to it, but the backbone of that activity is a refresh of the technology systems, which will enhance the business to a change of processes, technology and effectively work practices.

The majority of the increase in the staff numbers is attributable to roles such as project managers, analysts, testers and people in all the suite of technology roles. We have a mix of both FTEs and contractors on that. Our first preference is to seek full-time people, but the majority of those increases are also on fixed-term contracts varying between two and three years.

THE CHAIR: What portion of that increase is made up by trainees?

Mr Knox: We have in our forward program four graduates and three trainees.

THE CHAIR: What are the roles of those trainees and graduates?

Mr Knox: With regard to the graduates, they are broad based across the business. A lot of them have been orientated around probably engineering-type base degree qualifications. With regard to the trainees, they are predominantly going to be in the operations, specifically around the lower Molonglo operations.

THE CHAIR: Is the traineeship program an ongoing program, or is this a new initiative?

Mr Knox: This is a new initiative. We have not had any grads or trainees for a number of years. It was discussed heavily by the board, and we felt it was appropriate to reinvest into succession planning in particular. With a lot of our workforce, we do not have a high turnover. We are seeing as we get further and further down into the business that we need to restock the inflow, the skills gap.

THE CHAIR: How is the number of trainees or graduates identified? What is the right number that you strive to have? Is there a figure set down?

Mr Knox: The numbers I mentioned were agreed upon by the board and discussed heavily with the executive. The number was partially identified as a result of operational requirements. We felt that that was what I would describe as a modest start. We have a program for those, and they are on a rotation basis. There is no magic solution as to how many we need, other than washing it through into succession planning, workforce management and the like. We do not have a view as to what that number should be in two to three years time.

THE CHAIR: There is no sort of ratio or contemplation of that?

Mr Knox: No.

MS CODY: What impact will the ACT's renewable energy contracts for forward supply have in terms of insulating the territory from further price increases? I am just following on from where Mr Wall started about the—

Mr Sachse: Just to clarify the question, are you talking about Icon Water's business or the electricity business?

MS CODY: You have a bit of a role in the electricity field as well, and from an Icon Water perspective, that is sort of related to renewable energy, surely?

Mr Knox: With regard to the renewable energy profile, if I just talk about Icon Water specifically—

MS CODY: Sure.

Mr Knox: We do not necessarily align with the ACT government with regard to 2020 targets. We have an energy strategy, and we are looking for efficiencies in our energy profile. Some of the plant in particular which is quite intensive on energy demand is lower Molonglo, our sewerage treatment plant for the whole of the ACT. We have a number of projects that are identifying energy efficiency moving forward.

Within the next regulatory period, as part of our pricing submission, we also have addressed, subject to a business case, a review and all the rest of it, an investment into substantially investing into PV. What we would be proposing to do in that area is to actually use that PV purely for operations. We would not be exporting it to the grid. We are thinking about rolling out PV at Mount Stromlo, our water treatment plant; at lower Molonglo; and at any other sites where we can use it for our own purposes. That is largely as a result of the increase in the wholesale electricity price, and what impact that is having on the Icon Water operating expenses as well.

THE CHAIR: Just on renewables, has there been any consideration or investigation of technology to utilise the waste that arrives at lower Molonglo into power sources?

Mr Knox: Yes, there has been. To go back and supplement the answer to the previous question, what we also have in the business are mini-hydros that are used at various sites; we generate electricity as a result of the water flows.

With regard to the consideration of lower Molonglo, we have looked at waste to energy around bioproduct, the product that comes through our furnace. That is currently being reutilised as an agri-ash product which goes out for topsoil conditioning.

There have also been some investigations on waste to gas type exploration. We found that the nature of the plant was not conducive to exploring that further. We had ActewAGL come in and do a research project on that; we have looked at it over the

recent decade or so.

With regard to the waste to energy opportunities more broadly, the ACT government is in the process of investigating broader waste to energy type initiatives. Icon Water has responded to that expression, saying that we have a number of waste products or streams that we would be interested in offering to the market, subject to what private sector interest or otherwise there might be. We are very focused on understanding whether or not we can minimise landfill and convert anything to other streams which will reduce our op ex and be better for the environment.

MS CODY: Proceeding from my original question, I notice that one of your priorities for this coming financial year is the customer management strategy. I notice that started this financial year and continues over the coming financial year.

Mr Knox: Yes.

MS CODY: Can you give me broader information on that, please?

Mr Knox: Certainly. Ms Cody, I will refer you to Jane Breaden.

Ms Breaden: Our customer management strategy has two components. One is internal looking, in that we need to improve the skills of our staff in treating each other as internal customers. We all provide services that move across the groups within Icon Water. It is about embedding that customer service mentality and culture in our staff so that those of us that are customer facing can then improve the way in which we interact with external customers. It is generally about looking to external customers. Our focus is on understanding our customers, their needs and their expectations of Icon Water and continuing to improve our processes so that we actually meet those needs and exceed their expectations.

MS CODY: Does that encompass, in the inward facing stuff, the work health and safety strategy?

Ms Breaden: Yes, that is a separate strategy looking at work health and safety. We are a couple of years into that strategy now. A key component of that has been rolling out an education program across the business, which we call switch on. That has been a program that has involved every employee in the organisation attending a training program for two days. I think that two-day investment reflects to our staff, to our board and to our executive how seriously we take safety, how important it is to us that we are prepared to put every single member of our business through this course.

It has been a very successful program. The program does not focus on the legislation around safety, the hard numbers, the statistics and those sorts of things. It focuses on the importance of safety to us as individuals, both at work and at home, and it focuses on the things that are important to us in our lives, such as our family, our leisure pursuits and so on, that mean that we should have a focus on being safe at work.

MS CODY: Do you have specific work health and safety training for the engineering side of the business and that sort of stuff?

Ms Breden: Yes, there is some very job-specific training. There are assessments to identify the risks associated with certain types of tasks, in addition to the risks associated with certain of our sites—for example, our sewage treatment plants versus our pumping station versus our office buildings. That identifies what the risks are. Then we can put in place a range of mechanisms, one of which might be training, to make sure that our people are trained appropriately to be aware of the risks and to manage those risks with their tasks on a particular worksite.

MS CODY: I am assuming that the new trainees and graduates would also have to undertake this training.

Ms Breden: Yes, our switch-on program will continue. We will run it routinely so that we can pick up new staff as they join the business over time.

MS LE COUTEUR: I would like to talk about what is sort of the other end of your business—what goes down the drain. Are you doing any more work on encouraging the people of Canberra not to put the wrong thing down the drain? I think a while ago there was stuff about putting leaves down the drain, but I have not seen anything for ages.

Ms Lewry: We work very much on the point of source, particularly with liquid trade waste. What people put into our sewer systems is incredibly important because that impacts on both the network and the safety of our people working in and around our assets. But it also impacts the environment because, at the end of the day, we discharge to the environment. So we work very closely with our customers, and in particular our trade waste customers, to educate them as to what they can and cannot put into the sewer system and also try to incentivise them to pre-treat and look after the waste products on their premises before they put them into the sewer system.

MS LE COUTEUR: Tell me more about how you incentivise them. Where someone has a specialised waste source, in general I would assume that it is considerably more efficient and cheaper to treat it as whatever it is, rather than to mix it in with everything.

Ms Lewry: Yes, absolutely. Here in the ACT we are very lucky with the type of industry we have in that we do not have any particularly high risk customers that generate wastes into our sewer system. If you were to go to other jurisdictions, you might have high chemical manufacturing, that type of things. Those sorts of industries are not predominant in the ACT.

The largest types of users that are discharging are fats, oils and greases. A lot of the waste generators are restaurants and those types of things. So we work really closely with restaurants to ensure that they have things like grease traps on their premises, which filter out some of those fats and oils before they are able to enter our system. We work with them when they are starting up their business to determine the amounts of fats, oils, greases and those types of things that they will produce, and the types of systems that they will need to treat them before they discharge them into the sewer system.

MS LE COUTEUR: You said you incentivise people. How do you do this?

Ms Lewry: We work with them very closely so that they understand the need. At the moment there is no charging regime in and around liquid trade waste. So it is very much about understanding the impact that they have on the network.

MS LE COUTEUR: That is what I thought was the case. That is why I was wondering how you incentivise them, if you do not charge them at all.

Ms Lewry: In fact, we find most of our respondents very willing to understand their obligations and their needs. We actually do find that our customers work really well with us, by and large. Most of our customers respond to that first or second conversation that we have with them.

MS LE COUTEUR: Talking about that, I assume you have seen, as I have seen on the internet, these fatbergs, these horrible—

Mr Knox: Yes.

MS LE COUTEUR: Yes, where it is a combination clearly of fats and things which should not have been put down the drain in the first place. Some of those are nappies and things. Some of those clearly come from consumers. Is this a problem in Canberra at all? As I was saying, I have not heard anything in the last few years saying, “Do not put it down the drain.”

Mr Knox: The obvious one that we are seeing in the industry, which is of huge impact in both Sydney and Victoria, is the wet wipes. The Water Services Association of Australia has heavily embarked upon having conversations, and an education process to complement them, with the manufacturers of wet wipes. In respect of the icebergs that you refer to, there is actually a promotional campaign that was run in Sydney to educate the community about what not to put down the drain, specifically this one.

The impact is phenomenal. The tonnage in Sydney—I cannot tell you the numbers, but it is just astronomical. You are quite right. In the ACT we ran an education program a couple of years ago when it first came to bear. I cannot give you specifics on how big it is in the ACT, but it is not as big as in the other states at this point in time. We are relying upon the industry to address that at the source.

MS LE COUTEUR: It seems very optimistic.

Mr Knox: Well, they are talking, for example, to Kimberly Clark and some of the rest of them to address stickers. We can continue with an education campaign in the ACT but it is an uphill battle. We will leave it to the industry to keep pushing it.

MS LE COUTEUR: Do you have anything to do with organisations that try to use rainwater or to use grey water? I have just moved, but I recently I was living in a multi-unit apartment where they were using rainwater for the gardens outside. They had their purple water line, which I thought was very nice. Are you involved in that at all?

Mr Knox: If I was to describe our aspiration to work in that area, Icon Water, in engaging with the community consultation forum that we have in place, have strongly encouraged us to consider playing a broader role in the integrated water catchment management cycle—to move beyond just sewerage and drinking water and to move into considering reuse, stormwater harvesting, water sensitive urban design assets and the like. We are interested in pursuing a number of initiatives that are currently evolving in the ACT to play a role in that.

For example, the Ginninderry development is looking at potential stormwater harvesting and reuse schemes there. We have been internally discussing playing a role in that to understand what that looks like. The ACT government, through one of the agencies, is doing a lot of work around the healthy river systems as well. We have been closely monitoring that to see if there are any opportunities that Icon Water would partake in in further reuse and water sensitive urban design. This goes to the swales, capture and the like.

There are also opportunities in northern Canberra, where there is a reuse system. If that goes out to market, Icon Water would be considering playing a role and expressing an interest to do that as well. So directly at the moment, no. Also, the Googong development has a reuse system over there as well. That is an area that, as we evolve in our relationship with QPRC, we would hope to have some exposure to in the longer term as well. But we are very keen to play a role in that area.

Mr Barr: Just for the benefit of the transcript, QPRC is Queanbeyan-Palerang Regional Council—just so that that is understood.

MR LE COUTEUR: You talked about water reuse in the inner north. Is that the thing that has been in there for a very long time, near the hockey grounds just north of Southwell Park? Are you talking about what I think you are talking about or something else? I think you might be talking about that.

Ms Lewry: I think that is the stormwater, yes. It is the stormwater that TCCS runs. It is a stormwater reuse system. It is near the racecourse there. What they do is capture—

MS LE COUTEUR: Those ponds by Flemington Road?

Mr Knox: Correct.

MS LE COUTEUR: I know what you are talking about, then, which is not what I thought you were talking about.

Ms Lewry: No, it is slightly different. Southwell Park is on the sewer recycling system, a reuse system through the sewer. But what the managing director was referring to was specifically the stormwater reuse system in the inner north that is run by TCCS.

MS LE COUTEUR: Talking about sewerage, is anyone in the ACT government—ACTPLA I suppose or someone—talking to you about the capacity of lower Molonglo in terms of the potential expansion of Canberra? I have also heard that

lower Molonglo is not going to do it. It would have to be Queanbeyan that would take that on. Is this something that is at least being discussed with Icon?

Mr Knox: Yes. I think we will answer that in two parts if that is okay, Ms Le Couteur. First, I will refer to Amanda to talk about long-term growth planning, the impact on lower Molonglo and the amount of headroom we have in treating sewerage through that particular site.

Then, if we roll to the east and talk about further development over there, we also have a second site, which we refer to as our Fyshwick sewerage treatment plant. It does primary treatment. It also acts as a buffer to prevent heavy impact through stormwater events and the like to lower Molonglo. I will talk about the second part on the eastern side, picking up Corin Forest, and I will refer to Amanda for the first part.

Ms Lewry: With respect to long-term planning, we work incredibly closely with government departments—mainly EPSDD, LDA and EDD—regarding the development fronts in and around the ACT, not just in the short to medium term but also in the long term, to ensure that we have the infrastructure to support the growth of Canberra. It is incredibly important that we take a long-range view.

Primarily, lower Molonglo is the main sewerage treatment plant of the ACT that we are interested in, just in terms of the overall growth numbers, to ensure that we actually have the capacity to work through lower Molonglo. That planning has taken into account high, medium and low range population numbers. We have a number of projects in our forward CAPEX program to determine the growth capacity that would be required for lower Molonglo.

Like any of the other assets, we look at where our infrastructure can support growth that is planned and where we need to augment our infrastructure. So, yes, there are some minor upgrades that are required at lower Molonglo to support the growth of the ACT moving forward, but they have been planned for a number of years and understood for a number of years now.

Mr Knox: I will pick up the eastern side. We currently have a site that may be familiar to you as you drive down the Monaro Highway. On Dairy Flat Road, as opposed to going left into Fyshwick, there is open grassland there that is adjacent to Canturf on the corner.

MS LE COUTEUR: Yes.

Mr Knox: That is our Fyshwick sewage treatment plant site. That treats probably about the equivalent of a 25,000 population for sewerage. It is primary treatment. Once it is treated it goes through a pipe that goes all the way over to the western side of Canberra. That site is in the medium term requiring capital work to renew it. It was built in the 1970s, I think—approximately somewhere around there.

Queanbeyan is also investigating an upgrade to its existing plant which deals with about a 50,000 to 55,000 equivalent population. We responded to the QPRC master plan in investigating a joint plant. We are in early discussions about going out to market to explore whether or not the two plants in the medium term could be one and

whether or not there are some aspirations around the objectives of that. As it is cross-border, it is a broader strategic relationship. Most importantly, it is about actually yielding an outcome which would result in a lower cost to the ratepayer for both the ACT and for Queanbeyan as a result of harnessing the synergies between the two plants and leading to a central site.

There is a long way to go in that. It is very early days, but we are shaping up to undertake a release to the market to have a concept design done on what that combined plant would look like. That combined plant would be for an EP equivalent of about 90,000. That picks up aspirations for QPRC growth, which is down around the Hume area—Jerrabomberra and all the rest of it. From our perspective, it would probably give future capacity to any eastern development—Corin estate and the like.

MS LE COUTEUR: Thank you.

MR COE: With regard to the staffing profile, what portion, roughly, would be at desks at the headquarters as opposed to out in the field?

Mr Knox: Could you just bear with me for a second?

MR COE: I had a quick look in the annual report. I could not see a breakdown by classification or by work type. It might be by classification but not by work type.

Mr Knox: I can take it on notice.

Mr Sachse: If we go through our corporate areas, there are around 50 FTEs in business services, 35 in finance and corporate, and in our strategic project areas there are about 37. That leaves another 82 and 214 in asset management, our project delivery and ops and maintenance. So circa 300 of our FTEs are really focused on managing the asset and are out in the field and maintaining the asset.

Mr Knox: I will take it on notice and provide the exact information, but the maintenance services team, which is out there doing the jobs in the community, has around 120 or thereabouts. We also have operators at our water treatment and sewage treatment plants. I will take it on notice, but, broadly speaking, they are the numbers.

MR COE: Sure. In terms of those corporate areas that you mentioned, for business services and finance services, there is a general manager for both those two areas; is that correct?

Mr Knox: Yes.

MR COE: What about areas like payroll, HR or accounts payable and stuff like that? What area does that rest in?

Mr Knox: Mr Coe, they are services provided by ActewAGL under a service agreement to Icon Water which was established many years ago. Procurement services, accounts, excluding large capital projects, day-to-day procurement activities, accounts payable, payroll, HR services and the like are provided by ActewAGL. We all have differing responsibilities for some of those areas. For example, with finance

activities, Sam overviews that. With regard to people and performance, the HR services, I look over that, and they come through a managed services agreement.

MR COE: Did you say service agreement or agreements?

Mr Knox: There are two agreements in place for ActewAGL to provide services to Icon Water. The first one is with regard to what I would call shared services, which is one agreement, and the other agreement is for billing and receivables, and those services are provided out of different partnerships within ActewAGL. The billing and receivables is provided through the retail partnership. The shared services for corporate-type activities are provided through the distribution partnership.

MR COE: For how long have those agreements been in place? Do they date from about the same time or are they different agreements?

Mr Knox: I think they date from the same time.

Mr Sachse: 1 July 2012.

MR COE: Are they public documents?

Mr Knox: Not that I am aware of, no.

MR COE: Is there a reason they are not public?

Mr Knox: We have never had any need to put them out into the public. They are service agreements between Icon Water and ActewAGL.

MR COE: Are you happy with the services being provided?

Mr Knox: In the main, yes, we are happy. As with any managed shared services, there are areas for improvement. We have areas that absolutely excel, and there are other areas that are quite satisfactory. There is a governance arrangement that sits over the top of that; we meet on a regular basis to discuss those services from a quality and a price perspective.

MR COE: Why is Icon Water using shared services with ActewAGL as opposed to Shared Services with the ACT government?

Mr Knox: Those shared services have been provided for a very long time, from when the water business was back in ActewAGL, from an operations and maintenance perspective. We have chosen to seek synergies by continuing to receive those services across the whole group. So it is good for ActewAGL and it is good for Icon Water. And there are economies of scale.

MR COE: Did it go out to tender?

Mr Knox: No, it did not go out to tender, because the services were already being provided. When the water business was rolled back in, it was more a formalisation of moving to arm's-length agreements as opposed to what was previously an in-house

service.

MR COE: Were you with Icon Water at the time of those agreements, or were you with ActewAGL at the time?

Mr Knox: I was with ActewAGL at the time.

MR COE: Who, in effect, signed the agreement from Icon's point of view?

Mr Knox: I cannot—

Mr Sachse: It would have been the managing director at the time.

Mr Knox: I assume at the time it would have been Mark Sullivan.

MR COE: What is the length of these agreements?

Mr Knox: They are for 10 or 11 years?

Mr Sachse: It expires on 30 June 2023.

MR COE: Are you able to say what the value of those is?

Mr Knox: Broadly speaking, on the retail, I will take it on notice, but approximately \$7 million for retail, and on the distribution side—

Mr Sachse: Circa \$20 million.

Mr Knox: \$20 million.

MR COE: 20?

Mr Knox: Per annum.

MR COE: Per annum?

Mr Knox: Yes.

MR COE: For shared services?

Mr Knox: Correct.

MR COE: What shared services are you getting for \$27 million a year?

Mr Sachse: It does include the majority of ICT.

Mr Knox: So we get our desktop services, our infrastructure, security—

Mr Sachse: Regulatory.

Mr Knox: regulatory, HR, treasury services, procurement services, accounts payable services.

MR COE: That contract is worth \$27 million a year, and you did not think it was worthwhile putting it out to market?

Mr Knox: It is not a single contract. There are two management agreements. When business was rolled back in, the concept was to preserve those synergies within the business; otherwise we would have been laying off a whole heap of people. So it made sense because it was a continuation of service.

MR COE: But who would have been laying off people?

Mr Knox: ActewAGL would have been laying off a substantial number of people, because they were already providing services to the business as it was at that point in time, up to 1 July 2012.

MR COE: Does Icon Water have a mandate to keep staff at ActewAGL?

Mr Knox: No, it does not have a mandate, but the services were already being incurred on the part of regulatory submissions, and opex tested and all the rest of it, so we continued to capture the synergies of the business moving forward in the best interests of the price and customer.

MR COE: Do you think it is a good deal that the taxpayer and Icon Water are getting at the moment?

Mr Knox: I think it is a good deal. It is an arrangement whereby there are synergies across having ActewAGL Retail, ActewAGL Distribution and Icon Water all serviced under one agreement. It is a no-brainer that you get synergies from those services.

MR COE: Treasurer, are you happy with this arrangement?

Mr Barr: I have no reason not to be. There has been no concern—

MR COE: Have Shared Services ever been approached to, in effect, market test, or to ensure that there is actual value for money here?

Mr Barr: Have Shared Services been approached?

MR COE: Shared Services make all these provisions to every other agency in the ACT government.

Mr Barr: Have Shared Services been approached by Icon?

MR COE: Or by the government, or by treasury, to make sure that—

Mr Barr: Not that I am aware of, no.

MR COE: Does \$27 million seem excessive to you for shared services?

Mr Barr: I have no reason to see why that is an issue. It has only become an issue for you this morning, and it has not been for anyone for decades.

MR COE: Is it listed in the annual report or in the budget anywhere that these contracts are in place?

Mr Knox: There are many contracts in place for all sorts of services provided. We have an alliance arrangement with Downer, for example, but we do not pull out those.

MR COE: In terms of having an agreement with ActewAGL for provision of what are, in effect, traditional tasks done by a public service agency—

Mr Knox: Can I just correct that? ActewAGL is not a public service. ActewAGL is a private sector organisation—

MR COE: I am talking about Icon Water's shared services.

Mr Knox: Yes. When those services were being provided, they were being provided by a private sector organisation, and at the time the operations and maintenance of the water division were receiving those services as part of being a subset of the joint venture. Those services are tested through a range of mechanisms. In energy networks, they are tested through the AER, through the operating cost review; they are tested through retail, through the TFT process. In Icon Water, the opex base of all services is tested ultimately through the ICRC and other external benchmarking that I referred to earlier.

MR COE: Okay. Is this agreement on the ACT government contract register?

Mr Knox: I would be surprised if it was. I do not understand why it would be on the ACT government contract register because it is between Icon Water, which is an incorporated entity, and ActewAGL.

MR COE: I believe it should be on the contract register.

Mr Knox: We will take that on notice and investigate it.

MR COE: Yes. So the quantum of this is in the vicinity of nearly \$300 million if it is 11 years; is that right?

Mr Knox: That is circa the type of number, yes.

MR COE: Is there an increment built into this contract? Is that \$20 million and \$7 million the original amount or is that escalated?

Mr Sachse: It will escalate by CPI broadly over that period.

MR COE: Can you tell me what tasks are undertaken by ActewAGL as part of these service agreements?

Mr Knox: As I mentioned before, there are technology services.

MR COE: What does that include?

Mr Knox: As I mentioned before, security, infrastructure services, help desk services and supporting a number of applications that are provided across all the Icon Water business. So what I would call ICT services, as opposed to OT services, which is operational technology—standard operating environments, help desk, finance systems and the like.

MR COE: So all the things that are currently done by Shared Services within the ACT government?

Mr Knox: I cannot comment on what is done in the ACT government because I do not have any knowledge of that. Many of these applications and services were in situ when the joint venture was formed back in October 2000. It is very difficult to detangle some of these services. For example, our Outlook mail services are supported across both ActewAGL and Icon Water. The separation of those can be quite costly. That is where we exercise the synergies from having the services to the whole group.

MR COE: You mean email?

Mr Knox: Yes, that is an example.

MR COE: And that could not be provided elsewhere by the ACT government?

Mr Knox: I have not sourced or had those discussions.

MR COE: I am surprised that it seems that a \$300 million contract would be entered into without going to market, without putting it out to tender or without using the in-house services that are available for the other 21,000 FTE.

Mr Knox: Getting back to your question, it is technology services, it is HR services and it is procurement services, accounts payable, accounts regulatory.

MR COE: When you say “regulatory”, what do you mean by that?

Mr Sachse: Economic regulation. Assistance when we put in our regulatory submissions to the ICRC.

Mr Knox: There is a group of economists in ActewAGL headed by a director that prepares pricing submissions for energy networks, for electricity, for the gas pricing submission, for the retail pricing submission and for the water pricing submission.

MR COE: And that is not just procured according to demand? They are actually in house, given that you are the water regulator?

Mr Knox: As I mentioned, it is a 10-year, 11-year agreement for the services they provide.

MR COE: What are the penalties for exiting this contract or these agreements?

Mr Knox: There is a contract that reflects the position after the 10 or 11-year life, and we would consider our options at that point in time. But I do not have all the details at hand on the contract.

MR COE: What reporting is there about the services that are provided? What KPIs et cetera are there to make sure—

Mr Knox: There is a set list of KPIs under the agreement, and both the retail business and the shared services provided by the distribution side of the business report on those KPIs to a contract control group, which is the governance arrangement that sits over the two of them.

Mr Sachse: If you look back further, there was a utilities management agreement between the then ACTEW Corporation and ActewAGL to provide the whole fleet of operations and maintenance services. That agreement went to 2023. While that bit was transferred into Icon Water, the corporate services that were provided under that UMA just continued. That was a very long-dated contract, and it was decided to continue at that time with that portion of the contract.

MR COE: Are you able to provide the service agreements to the committee?

Mr Knox: Can I take that on notice?

MR COE: Yes. Finally, are board members of ActewAGL remunerated?

Mr Knox: Yes, they are.

MR COE: Are you the only government representative on the ActewAGL board?

Mr Knox: I think we need to be careful about the word “government” because I am not a government employee.

MR COE: Well, are you the only ex officio Icon—

Mr Knox: There are three directors on the ActewAGL board that are representatives from Icon Water—Dr Parry, Ms Caird, and me. Then there are alternative arrangements if they are absent at any point in time.

MR COE: Do those three board members receive remuneration from ActewAGL?

Mr Knox: I think this is a question I would prefer to take on notice as well. I just need to get clarity here about whether we are talking about ActewAGL or Icon Water.

MR COE: You are, in effect, an Icon Water representative on ActewAGL?

Mr Knox: Yes, that is correct.

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MR COE: And to that end, that is well and truly within the charter of the—

Mr Barr: Is your question whether Icon board members who receive remuneration to be Icon board members are also paid so, in effect, they get a sitting fee or a fee—

MR COE: Or a salary, if they are staff.

Mr Barr: for Icon as well as the—

MR COE: That is right, as well as ActewAGL. That is the question.

Mr Barr: That is the question. We will take that on notice.

MR COE: Are there any staff members of Icon Water who also work for ActewAGL?

Mr Knox: If I understand the question, all Icon Water employees are solely employed for the purposes of running Icon Water full stop. That is what I can extract from the question. Is that correct?

MR COE: Yes. I am just curious. For instance, you said the regulatory experts in ActewAGL are not actually employed by Icon Water as well.

Mr Knox: All the regulatory affairs team are ActewAGL employees who provide a service to Icon Water.

MR COE: Is there ever any conflict of interest between the regulatory or corporate services responsibilities with ActewAGL and Icon Water?

Mr Knox: Not that I am aware, no.

MR COE: For instance, could ActewAGL be exploring partnerships with other utility providers?

Mr Knox: I do not quite understand that question, to be honest.

MR COE: Well, is Icon Water or ActewAGL in any way hampered by having this service agreement in terms of the flexibility of being able to work with other providers?

Mr Knox: I cannot quite understand that, so I might have to take it on notice and give it some consideration. But if I put it this way and use regulatory affairs and economic expertise as a really good example: the benefit to Icon Water is that it has insight into what happens in the energy sector as well. If there is an AER determination or something that occurs more broadly within the regulatory environment, we are using people that have expertise across a large number of sectors. We are getting highly specialised people. For example, if there is an expert in the weighted average cost of capital, that person would have insight into energy and water. I know we get very, very good expertise from these services. I cannot think of any example whereby there would be any constriction or the hampering arrangements that you refer to.

MR PETTERSSON: ActewAGL has experienced a range of blackouts in Gungahlin in recent times. As part owners of ActewAGL, what are you doing, if anything, to rectify the situation?

Mr Knox: I think, Mr Pettersson, that there are questions that refer to the daily operations of ActewAGL and then there are those questions that refer to Icon Water as an investor in the 50 per cent. The ActewAGL board members would be provided with a briefing as to the day-to-day running of the business, but the Icon Water board would not necessarily partake in a role where we would be examining that line of activity.

MR PETTERSSON: So you would not necessarily be taking a view to those board meetings? As 50 per cent of the company, surely your opinion means something in the running of the company.

Mr Knox: Yes, it does. Those directors that sit on the ActewAGL board discharge their duties, and there would be many conversations on any operational matters. They would be reported accordingly. I do not have a view or an expression of what the Icon Water board members would say about those blackouts, because it is the CEO's job to run that in ActewAGL and it would be discussed by the ActewAGL board.

MR PETTERSSON: Where do you think the best forum for me to ask these questions would be? If we cannot ask you these questions, and I understand your reasoning—

Mr Knox: Yes.

MR PETTERSSON: I understand the separation. Are you saying that I would have to speak to ActewAGL directly?

Mr Knox: I think ActewAGL would be very comfortable discussing the matters with you. I cannot see that there would be any problem. With a member of the Assembly or a member of the community, I would expect them to be very happy to engage in any of those discussions.

MR PETTERSSON: As 50 per cent of ActewAGL, where do you draw the line on commenting on what they do? Do you just let the directors that have been appointed to the ACTEW board operate independently, or would their decision-making come back to Icon Water in any sense?

Mr Knox: They discharge their responsibilities in their role on the ActewAGL board, but there are governance arrangements that are in place. We have two subsidiary boards under Icon Water, ActewAGL Retail and ActewAGL Distribution, and they reflect the partnership interests in the ActewAGL joint venture. We have an investment strategy over the top of that, and KPIs have been established. And we have other governance arrangements whereby, if the business is going to undertake an investment in a certain area and it warrants briefing the Icon Water board, that comes back up through to the Icon Water board.

They come at it from an investment perspective and they monitor the activities through those subsidiary organisations. In relation to those two subsidiary companies, all of the Icon Water boards are fully represented in the two of them. There is not a single director on the Icon Water board that does not sit on the subsidiary entity. It is not provided with a brief of the ActewAGL activities; it is a standing item on a board agenda.

MR PETTERSSON: Picking up from a comment made, you have some frameworks that outline the investment strategy?

Mr Knox: Yes.

MR PETTERSSON: Within those frameworks, is there any consideration for service levels?

Mr Knox: Yes, there is.

MR PETTERSSON: So as Icon Water you do care about the service levels at ActewAGL?

Mr Knox: Yes.

MR PETTERSSON: Okay.

Mr Knox: The types of service levels that you would be referring to would be network interruption aspects, making sure that we have got a reliable network. That is reported at two levels. It is reported at an ActewAGL level, but then it would be given regard to at an Icon Water board level as well. In the role of the retail partnership, if there are any issues there as well, again due consideration would be given to the customer service satisfaction surveys as one of the metrics that we have that we continually monitor.

MR PETTERSSON: This is what I was really hoping to get at. So you are concerned with these things. Do you have any concern about these recent blackouts? You have said you would worry about customer satisfaction and guaranteed supply levels. These are obviously concerning the community at the moment. Do you have any thoughts on the matter?

Mr Knox: I do not have any specific thoughts on the detail of the matter, because we would discuss that at an ActewAGL board level. If there was any particular inquiry, we would ask ActewAGL to come and talk to the Icon Water board and discuss the matter. From my evidence of all matters undertaken to date, ActewAGL has appropriately dealt with the matter and it has not been escalated to a level beyond that. If it was, it would be to the owners of those distribution partnerships.

MR PETTERSSON: This is more of a historical question. Historically, how often have things been escalated from the ActewAGL board to the Icon board?

Mr Knox: When I say escalation, it is a matter for the owners. There are regular owner meetings around ActewAGL. For example, I go and discuss matters with

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Jemena. I also discuss matters with AGL. It is managed at an ownership level. There are arrangements in place, as I mentioned before, where the Icon Water board and its subsidiary boards are kept abreast of activities within ActewAGL, but it is not on a day-to-day business level; it is at an energy investment level.

MR PETTERSSON: I fully understand that on a management level it would have entertained those conversations. But I am talking about significant events: maybe major investments that need to be made or a major shortfall in the network. Should those sorts of instances get escalated to the Icon board in some way?

Mr Knox: Yes. The Icon Water board would be abreast of those matters. If there was something very topical in the media or it was a matter that the Icon Water board should be made aware of, a briefing would be provided, dependent upon what the issue was.

MR PETTERSSON: Has a briefing been prepared about the Gungahlin outages?

Mr Knox: No, not to the Icon Water board. But, in saying that, the cycle of the ActewAGL board on that particular matter is still to occur. We do work in cycles in the information phase as well.

MR PETTERSSON: Thank you.

THE CHAIR: Mr Knox, are you or the Treasurer able to provide, for the benefit of the committee, an organisational chart showing the ownership structure of Icon, ActewAGL and any of the other ventures that exist beyond that that the territory has a financial interest in?

Mr Knox: Yes.

Mr Barr: This would be in the annual report.

THE CHAIR: It is?

Mr Knox: They would be available in our annual report, but also on our website, with regard to the ownership structures into energy investment.

THE CHAIR: And that goes down into the structure of ActewAGL and any of its subsidiaries that our share ownership continues to have an interest in?

Mr Knox: Yes, they do. It demonstrates the Icon Water ownership investment into ActewAGL Retail and into ActewAGL Distribution.

THE CHAIR: Is there anything that sits below those two entities?

Mr Knox: Yes. There are investments—still in the process of evolving, potentially evolving—which are retail specific and energy network specific that are being considered by ActewAGL at this point in time.

THE CHAIR: And it is a fifty-fifty ownership of the two partnerships?

Mr Knox: That is correct, yes.

THE CHAIR: And then anything that sits below those continues on a fifty-fifty ownership basis?

Mr Knox: Correct, yes.

THE CHAIR: Why aren't those other interests highlighted in the organisational chart at this point?

Mr Barr: They are not formed yet.

THE CHAIR: Okay.

Mr Knox: We are in the process of forming them at the moment.

THE CHAIR: They are in process. Sorry.

Mr Knox: And we do have territory-owned corporation obligations. If there are any activities that are specific to requiring our shareholder consent that are undertaken in ActewAGL, we write to our shareholders and advise them accordingly. We seek their consent where necessary; at other times it is just for information.

THE CHAIR: We will suspend for lunch.

Hearing suspended from 12.16 to 2.01 pm.

THE CHAIR: Welcome to this afternoon's hearing. This afternoon we are examining output class 3: VisitCanberra, which is 3.2, and 3.4, which is events. Alongside that, we are also looking at output class 9.2, which is venues. Is there an opening statement, Chief Minister?

Mr Barr: No. We will just go to questions.

THE CHAIR: VisitCanberra has a funding contribution of \$4.1 million in the budget, listed as "more and better jobs, growing the tourism industry". Are you able to provide, Treasurer, a breakdown of what that \$4.1 million entails?

Mr Barr: Mr Hill might be able to assist.

Mr Hill: The recent budget announcement of \$4.1 million over four years is essentially for our major events fund, which will see an evolution of what was previously our special event fund. We are currently finalising the guidelines on that expenditure, but there will be \$1 million a year to attract new exhibitions and events to the territory that are fundamentally economic drivers and add to the vibrancy of the city. Previous events have been funded under a similar type of program that has supported blockbuster exhibitions like *Versailles*, *Masterpieces from Paris*, Asian Cup football, the Cricket World Cup—those types of events that, on average, bring about 70 per cent of people from interstate, who spend somewhere between 2.7 and

2.9 nights and contribute significantly to the ACT visitor economy.

THE CHAIR: What sorts of events are in the pipeline at the moment, Mr Hill?

Mr Hill: It is a merit-based, application-based program. We will get submissions from people like the National Gallery of Australia. They have one in at the moment for a Cartier exhibition over the March period next year. The National Museum of Australia have applied in the past, and they have some things in the pipeline from their MOU with the British Museum out of London. They have some things they are likely to put in front of us. We can get a range of applications from the sporting field and the cultural field. It really does vary. So there are a few in the pipeline and a couple more that are not public just yet.

THE CHAIR: What proactive approach does VisitCanberra take in essentially making approaches to event organisers or promoters of exhibitions and events to say, “We have funds available; why don’t you come and have a chat with us”?

Mr Hill: That is a good question, and there are multiple touch points that we have with industry. We are very close to the local industry here, but we also work with event providers or event companies that might reside out of Melbourne or Sydney. Certainly, with the National Gallery, with the major national institutions here, we have a 365-days-a-year working relationship. They are very aware of this program and have applied in the past for multiple exhibitions.

With the Cricket World Cup and Asian Cup, and the FFA and the ARU, the major sporting codes are aware of our program. There are similar programs in many other states and territories. In the sporting sector there is high awareness that these types of demand-driven events are generally supported by governments, and often through their tourism body. So we promote it actively. It is a transparent process. We promote it out through some of our own distribution channels and it is publicly available information.

THE CHAIR: With the regular events that we see in Canberra, such as the Twenty20 cricket or one-day matches, the PM’s XI, do they receive funding out of this fund as well?

Mr Hill: It can vary. Some of those big global events tend to be pitched by Cricket Australia or the national sporting body. So they can come in differently. Sometimes they are about the venue hire agreement; they are about the commercial terms and agreements that you can reach. The things that we have funded through the special event fund to date have tended to be more exhibitions, and the larger scale events often come in through more of a federated model.

MS CODY: I have a couple of supplementaries. You were just talking about the special event fund.

Mr Hill: Yes.

MS CODY: That has obviously been successful. You mentioned you are bringing bigger blockbuster-type exhibitions. Can you expand on some of the things that that

has funded to date?

Mr Hill: Over the last five years about \$5.4 million has been invested in events as far back as *Masterpieces*, *Renaissance*, *Toulouse-Lautrec*, *Turner from the Tate*, *Mapping Our World* and *James Turrell*. The Night Noodle Markets have been supported through Fairfax Events, to add vibrancy and economic value to Enlighten.

With the ICC Cricket World Cup and the Asian Cup, we did provide some funding there for interstate marketing, to help grow interstate visits for those events. The Asian Cup had seven games here, including a fantastic game between Iran and Iraq. About 85,000-odd people attended those events. That activity alone generated about \$14.4 million to the ACT economy. It was also great for the reputation of our city—the ability to host these major sporting events. The venue itself was voted as having the best playing surface for Asian Cup, which is great for our credentials in bidding for future events.

Celestial Empire, at the National Library, was attended by 80,000 people. It generated about \$26 million for the ACT economy. So we are looking for events that have a low infrastructure cost, generally, with a high impact, a high number of bed nights, and that generate great returns for the visitor economy.

MS CODY: I note that there will be a new major events fund. Will that build on some of the success? Can you explain that a little bit more?

Mr Hill: Absolutely. It is probably an evolution of the special event fund. We have done some work around major event strategies in our tourism 2020 strategy, which clearly articulates that major events are drivers for the visitor economy. Our major events fund has some outyear funding to it, which is great. It means we can start planning more in the medium and long term and look at even more important strategic partnerships with some of these event providers.

It is a really positive initiative. Events drive immediacy for the tourism sector. Whilst we do a bit of work on branding and tactical campaign activity, we know that events create immediacy around a point in time to travel to Canberra. People who come to events stay for multiple nights. They spend money in our bars, restaurants and hotels. So it is not just about going to the event; it is the things they do pre and post event, too, that add value to the economy.

MS CODY: Are they currently funded in an annual sense?

Mr Hill: The major events fund will be open for the full course of the year. There is another event fund through the cultural Canberra events component, which is generally for smaller festivals, and slightly more community-focused activities. They still have some economic benefits, but the major event activity is being channelled through the major events fund.

MR MILLIGAN: In relation to international cricket, the 2016-17 budget over the four-year period was \$8.3 million. However, looking at the budget now—and it seems that you have retitled this—international cricket will be covered under “sporting capital”. For 2017-18 you have a budget of \$1.8 million to be spent, and over the

four-year period it is \$5.5 million. What are the actual costs for 2017-18 associated with cricket, and for subsequent years after that—for international cricket games here?

Mr Barr: We have multiple contracts in place, principally with Cricket Australia, but sometimes also with Cricket New South Wales as it pertains to domestic cricket. For example, in the past we have hosted the Sheffield Shield final. We have been in the market for Big Bash content. We have a multi-year agreement with Cricket Australia in relation to both men's and women's cricket—international cricket. I think it has been well publicised that, due to scheduling difficulties associated with the Ashes tour for 2017-18, Cricket Australia are unable to fulfil their contractual obligations for that season. So we have had discussions, and continue to have discussions, with them about both replacement content in that cricket season and extending the length of the current arrangement to ensure that we are not missing out on our share of international cricket.

Clearly, the future scheduling of international tours, the nature of the International Cricket Council's future scheduling and various discussions about multi-year competitions such as test cricket, for example, and what the future of the 50-over game is as opposed to international Twenty20 and the like, all come into the mix in this context. We have secured Canberra's very first test match for season 2018-19. Some of the appropriation that you referred to in your question relates to that event and preparing Manuka for that event over the period, together with ongoing content. The other outlay on this is what we might be able to attract by way of Big Bash and other domestic level content for Manuka.

MR MILLIGAN: Are you able to give any indication of exactly how much money in the budget for 2017-18 is allocated for international cricket?

Mr Barr: Not at this time because contractual negotiations have not concluded. There is a published figure, obviously. There are opportunities to roll over into a further forward year, for the lack of content in the next year, or reallocate that for another purpose. So we will not have a final answer on that until those negotiations are concluded. The range of options are to fully return all the money to the budget, use some or all of it to secure other content or roll the agreement over for a further year.

MR MILLIGAN: Would you work towards securing content in making up for the previous year? During 2018-19 could you be looking at multiple international games?

Mr Barr: That is one possibility, or extending the agreement out by a further season and adding one more year on to what was, from memory, a four-year agreement—adding a fifth year with no extra cost, if you like, by simply transferring one year's investment to a future year.

MS CODY: Chief Minister, how are the domestic and international visitor numbers tracking in the ACT?

Mr Barr: Exceptionally well. They are all-time records. In the history of the territory we have never had more tourists, both domestic and international, than we have been experiencing in the last few years. This next season is very well poised to achieve our

2020 goals in terms of expenditure in the territory economy and our contribution to the national tourism goal. We have had a very consistent performance, quarter on quarter, for some time now. There will be some new data released tomorrow that I cannot talk about yet, because it is under embargo, but I continue to be happy with how we perform. I can say no more than that, other than we continue to be pleased with the results.

On the international front, we have seen very strong growth out of South-East Asia, China. Unsurprisingly, our top five markets include Singapore and New Zealand, particularly enhanced by the Singapore Airlines services. The Chinese market is number one and growing rapidly. But we are finding, and Singapore Airlines are finding, that a lot of Chinese tourists are coming to Canberra via Singapore on that service—not all of them, but a goodly number. That has helped.

As we continue to grow our aviation capacity into Canberra, we have good reason for confidence that we will continue to see strong growth in the international arena, with Qatar Airways having announced that they intend to start their services in 2018. Our medium-term aspiration, in terms of future international aviation growth, includes some work to connect Canberra to Auckland, which would allow a North and South American launching point; that would be the best way to put that. With Singapore Airlines linked into Asia, Qatar with a link to the Middle East and then on to Europe, potentially, and then a service to New Zealand that went through Auckland, that would see Canberra well connected in terms of major parts of the world.

On the domestic front, Tiger Airways' entry into the market has been an outrageous success—so much so that they have added additional flights on their Canberra-Melbourne service and have announced the establishment of a Canberra-Brisbane service. It is important to have competition and low-cost carriers in our market. It significantly reduces one of the barriers to travel out of Victoria and Queensland. The cost has been quite high. You could go to a range of other destinations out of Melbourne or Brisbane for significantly less; now you can access them through Tiger. That is important. We continue to encourage Jetstar to come into the market as well because we think there are opportunities to further grow aviation.

The bigger picture, though, is to improve transport connectivity to Canberra, whether it is aviation, rail or road. All of that makes a difference to continue to grow our tourism numbers, together with some other supply-side opportunities—supporting new hotels, releasing land for new private sector and government-run attractions, the events funding that we have announced, and support for VisitCanberra for a range of creative marketing campaigns that we have been running for some time.

Overall, it has been a very successful period for Canberra tourism, spilling over into hospitality and other related industries. The visitor economy more broadly is doing exceptionally well. Part of our service export growth story is the success of tourism, which is not quite yet rivalling the education sector, but it is on its way.

MS CODY: That is very good to hear. You mentioned 2020. Do you have some sort of strategy or something that we are working towards?

Mr Barr: Yes.

Mr Hill: The tourism 2020 strategy is a joint strategy between industry and government around growing the value of the visitor economy. It came off the national long-term strategy, which aims to grow the value of the visitor economy in Australia to \$140 billion by 2020. The ACT's target is \$2.5 billion by 2020 and we are tracking at about \$2 billion at the moment. We are ahead of trend, employing about 16,400 Canberrans. So there are a range of things articulated in the strategy, some key result areas, which include things like growing aviation capacity both internationally and domestically, and growing the number of hotel rooms and hotel stock, which has gone from about 5,000 to 6,200 in the last 18 months, and there are more in the pipeline.

There are some specific programs focused on building the digital capability of our industry. The digital revolution is a great way for the tourism sector to grow its share of voice in attracting people to a destination. I think Canberra is very well placed and we have been doing some specific work in that area. Then there are demand-driven events, whether they be consumer events or business events, which are often generated through the Canberra Convention Bureau. So there are a range of key pillars articulated in the 2020 strategy. Ultimately, the goal is to get to \$2.5 billion by 2020. At present we are on track and there is probably a bit of upside, particularly in the aviation side.

MS LE COUTEUR: Could you tell me who currently holds the contract for maintenance of Manuka Oval? Is it still being done by Cricket ACT or is there some formal arrangement between it and the AFL?

Ms Clarke: For maintenance contracts for Manuka Oval we deal directly with property group, for the majority of our contracts. It is Venues Canberra that works closely with property group. It is not Cricket ACT. Cricket ACT used to manage the oval many years ago.

Mr Barr: Not anymore.

MS LE COUTEUR: And now property group directly—

Mr Barr: We do it in house, yes.

MS LE COUTEUR: The ACT government does it in house?

Mr Barr: Yes, that is correct.

MS LE COUTEUR: But are you contracted to Spotless or someone?

Ms Clarke: For cleaning we have a contract across our three venues where we deal directly with the cleaning contractors.

MS LE COUTEUR: And that would be Manuka and the Arboretum?

Ms Clarke: No, Manuka, GIO Stadium and Exhibition Park.

MS LE COUTEUR: Obviously you run the Arboretum as well, but that is a different arrangement?

Ms Clarke: Yes, we have a different arrangement. At the moment we are working towards contracts right across all the venues and working closely with property group to ensure we have appropriate efficiencies right across the venues.

MS LE COUTEUR: Are you looking to bring them all in house, or is that an assumption I am making here?

Ms Clarke: It just depends on the type of work it is. Some of the work is quite specialist; for example, lighting towers and things like that. But cleaning obviously is something that we can look across for all the venues.

MS LE COUTEUR: I was going to ask you what your contract covers, although given it is in house I imagine you do not have a contract; you just talk to ACT property group and say, “ACT property, please.”

Ms Clarke: There is scope.

Mr Bailey: That is right; it would be the range of services. ACT property group have a range of whole-of-government panels in place that cover off cleaning and all the different disciplines of trades—electrical, plumbing and things like that.

MS LE COUTEUR: You do maintenance, obviously?

Mr Bailey: Yes, that is correct, in house and outsourced as well. ACT property has some in-house staff, but over 90 per cent of the work is outsourced to these panels that are established and that we service numerous departments and directorates with.

MS LE COUTEUR: Where it is a big project, such as the new media tower at Manuka, that is a separate project, but you project manage that?

Mr Bailey: That is a separate project, and the capital works section within procurement will run that project. When it is handed over, it will be handed over to us to manage the day-to-day cleaning or maintenance that is required there, the statutory maintenance and things like that. We have a number of panels in place. Basically it is adding the properties in and ensuring that all the statutory maintenance is undertaken.

MS LE COUTEUR: Given that you are directly managing these properties, do you look at recycling and try to improve that? What do you do to ensure that recycling information is up to date? Having had an email over lunchtime—which I assume we all did—telling us that our paper coffee cups really are recyclable despite the fact it does not look like it, what do you do about things like that?

Ms Clarke: For the venues we work very closely with Actsmart, the government entity that looks over the environmental component. We work with our clients and ensure that we find opportunities for them to be much more proactive in their recycling. We have some great examples, particularly at Exhibition Park, of our event hirers such as the Folk Festival or the farmers market. Rotary Hall have a green waste

arrangement that the farmers market utilise for a lot of their produce left at the end of the day. We measure all that as well and include it in data for annual report reasons.

MS CODY: You mentioned that you outsource a lot of your cleaning. How does that work with the ACT government procurement code? Do you fall in line with that?

Ms Clarke: Absolutely. We have to. That is why we work very closely with property group, who have the panels in place so that we can use a number of different suppliers.

Mr Bailey: The panels were open-market tested and they are fully compliant in WH&S and other certifications. We make those available for the rest of the ACT government to utilise as well.

MS LE COUTEUR: You do not know if it is casual staff generally employed or and whether it is on a labour hire arrangement? Is that part of your evaluation of the contractors?

Mr Bailey: It is a part. Obviously they have to be fully compliant with all the employment regulations there. That is part of getting on to the panels, and they are regularly reviewed and checked for compliance and things like that.

MS LE COUTEUR: But you do not have any weighting towards casual or non-casual?

Mr Bailey: No, there is no specific weighting for that. I would see that as a local business decision. As to how they employ their staff, we ensure they are paid correctly and that side of things, but if they choose casual over part time or something like that we are not involved.

MS LE COUTEUR: I am very conscious that there have been a lot of scandals recently of staff being significantly underpaid. I would hate it if the ACT government was the ultimate employer in any of those instances.

Mr Bailey: No.

Mr Nicol: That is of concern to the government as well. We do not want to be employing any supplier or contractor who in any way does not comply with the laws of the land in any aspect—environmental, financial or employment of their staff. We are having a look at what we do and what we can do in that area. I think some announcements will be made by the government in due course. It is an issue for us and it is on our radar.

MS LE COUTEUR: You were talking about organic waste, Ms Clarke. Have you done anything other than just be positive to your hirers who wish to do things like that or have you put into place systems that casual occasional hirers can use rather than setting up their own systems? I am particularly thinking of organic waste. There are obviously systems for garbage and recycling, but we do not have a good uniform system for organic waste in the ACT.

Ms Clarke: Unless the events are quite large, you are right—we would have to have

something in place as a venue and we do not yet. I think that is a really good suggestion. I would like to take that offline and work with Actsmart on that because I think that is a great idea. A lot of our event hirers just have smaller events where we could really utilise that. I know there is a venue in South Australia that has their own worm farm, so things like that would be really interesting to do.

MS LE COUTEUR: Many of your hirers are there once a year, for instance—they typically have their annual show or their annual whatever. They are not going to set up something for one day a year, but you might be in a position as the venue manager-owner to set up a system that hirers could use.

Ms Clarke: That is right, particularly with Exhibition Park and the Arboretum, and then we could tie in the other venues to bring that waste across to the major venues. If we were able to have at least one worm farm, even at the Arboretum, I am sure that would be a really good thing to do.

MS LE COUTEUR: You have got space there.

Ms Clarke: Yes, absolutely.

Mr Barr: I will look forward to the business case, Liz.

MR COE: Chief Minister, would you advise what the decision-making process is when you weigh up investment for single events, especially single day events? For instance, when you spend money on a temporary media facility or other one-off expenses, how do you make a call as to when it is economic to do so?

Mr Barr: This is around infrastructure to support an event or just any—

MR COE: It is not really infrastructure that is coming down; it is more an expense. I guess it is expenses to support a single day event.

Mr Barr: To augment an existing ACT venue in order to allow an event to take place?

MR COE: Yes.

Mr Barr: There are a number of criteria that that would be assessed against. Capacity to hold the event at all is one element. If it is a must-have, it has to be factored into the costs of attracting the event. We have a return on investment set of metrics that have underpinned the major events fund. A bit would depend on the cost and the quantum of that temporary augmentation and whether it is an absolutely essential element in order to successfully stage the event or whether it is in the category of nice to have rather than being essential. In some instances, when you need to have that temporary infrastructure in place for every single event of that type, it does draw attention to the need in the longer term to invest in a permanent piece of infrastructure. The cost-benefit assessments are undertaken in the business case for investing in permanent infrastructure.

For example, in the context of the Manuka media centre, the business case also looked

at doing nothing and just continuing to have temporary infrastructure in place for certain events. Assessment at that level occurs. Particular applications come forward associated with staging particular events. Another example of where this has been an issue in the past has been relocatable temporary seating, so the territory has invested in seating that has the capacity to be moved around venues. This has occurred to support major events at different venues where we have needed extra temporary seating capacity. They are some examples of where this assessment occurs, but it is on an event-by-event basis.

I guess there is a distinction between what is essential infrastructure in order for the event to occur versus, as I say, something that is nice to have. And then another layer on this is whether there is broadcasting of the event, if it is a sporting event, for example. Not every event that we stage at Manuka is broadcast, so not every major event at Manuka needs that additional infrastructure. The Prime Minister's XI, for example, has not been broadcast now for a while on either pay television or free to air, so it does not need the level of infrastructure that an international one-day event, for example, or a test match would clearly need.

MR COE: Yes. But are there management tools or are there decision-making processes that you can use to try to quantify this decision-making process rather than—

Mr Barr: It comes through a business case to government, yes, either through the budget process or, if it is outside the budget process, by way of an application to one of these funds. It is then assessed, and then advice is provided to government.

MR COE: Were you actually developing a BCR or trying to quantify the return?

Mr Barr: It is not so much BCR as return on investment. But, as I say, there are some instances where the event simply cannot take place without the additional infrastructure, so you have to factor that into the cost of staging the event.

MR COE: Surely that comes into the decision as to whether you even bid for the event in the first place?

Mr Barr: That is correct, yes. Indeed, yes. That would be part of the business case associated with whether you would bid for an event or what you would do if you were approached to host one. It happens both ways. For example, the Prime Minister has launched a bid for the women's football world cup in 2023. There has been, I understand, some engagement with the ACT government, but the first I knew about it was when the Prime Minister launched it.

So there are issues from time to time when event organisers will go out and sort of seek a competitive market across the states and territories to bid for events. A lot of the time we do not, because the temporary construction costs would simply be too high. It upsets people at times that we are not in the market for every single event, but in some instances we simply do not have the capacity. We cannot bid for a State of Origin match, for example.

THE CHAIR: Which is a shame.

Mr Barr: Many Rugby League fans say that, but the level of augmentation of Canberra stadium to get a capacity sufficient to host a State of Origin match—

MR COE: And to weigh up what that sugar hit is worth.

Mr Barr: Indeed, yes; that is correct. That is the business case development process. Most of the time that goes through a budget process. Where it does not is where you would get an application, for example, to the major events fund and then there is an assessment of that. Ian, do you want to talk through how that process works?

Mr Hill: On the major events fund, we do have a list of criteria which is publicly available. It generally looks at the economic value, which is often measured in bed nights, how many people this will bring and how long they will stay. It looks at the vibrancy, what sort of vibrancy it adds to the city. Asset utilisation is an issue in that assessment: are there any further costs or cost requirements placed on us? Legacy is an issue that we look at: how we are creating the legacy that we are an event-friendly city that is capable of holding major events. We work through those. They have some weighting to them, but the ultimate driver or the greatest driver out of all that would be the economic contribution, which is generally the bed nights.

Mr Barr: Another example of an event we are often approached to stage is something like V8 supercar races and those sorts of things, where the temporary infrastructure cost would be \$7 million, \$8 million, \$9 million or \$10 million for one or two days of cars racing around. People want to do it in Canberra; they want to do it in the parliamentary triangle, as was the experience 15 or 20 years ago. That is a classic example of the infrastructure cost way outweighing any economic benefit. There is always an intangible: “Is there a social benefit of some sort?”

MR COE: The advertising and promotion, yes.

Mr Barr: There is the city branding element, the city promotion element, which you can measure through the equivalent of buying the airtime or the exposure through advertising. Then there is this intangible element: “Our city has hosted event X, Y or Z.”

MR COE: But you already do those sorts of calculations for events like Enlighten, don't you?

Mr Barr: Yes. We commission companies who really specialise in this sort of thing, yes. They will go and measure every square inch of screen time that hosting event X or Y has generated and what the equivalent value would be if we had to purchase the advertising. That is all part of the assessments of events. This is an area where you will get people spruiking their event as the greatest thing ever and worthy of significant public subsidy. One always needs to be a little sceptical of the claims of event organisers, because everyone has the greatest event ever that has the greatest return on investment ever. They push that to government all the time. We could allocate this special events budget 50 times over if we just said yes to everyone who approached us.

Mr Nicol: I think that is important too. Having a fund imposes some comparative assessments. It is not just an absolute one. We compare the different proposals and the different ideas against each other, and then you can work out the prioritisation. It is not only the cost benefit of each proposal; there is also a calendar. It has to be worked into a calendar of events across the year. And there are seasonal factors as well. That is one of the reasons why I think the government has gone to an events fund approach.

Mr Barr: With that sort of return on investment, in terms of the economic benefit generated by the government's investment, there have been some pretty stellar performers over the history of the event fund. We put half a million dollars into *Masterpieces from Paris*, and the economic benefit to the territory was \$94 million, so that is a pretty good return on investment. I do not expect every event to achieve at that level.

We get many unsolicited proposals in this space. I do point out that we look pretty critically at the returns on investment for the broader territory economy. But I am also conscious that National Gallery exhibitions cannot be the only thing that we support through these events funds, and it is not just sporting events at Manuka Oval or Canberra stadium. You have a responsibility to have a diversity of events too.

The great advantage of supporting events utilising the ACT budget is that Canberrans get to go, generally get to be able to participate in the event. When we spend money with Fairfax, News Ltd, Channel Nine or whatever, advertising Canberra interstate, Canberrans are not directly benefiting from that other than through, hopefully, the tourism appeal that comes from that sort of spend. That is why we have skewed more towards the event side in recent times. We see the value of that not only as a driver of tourism but as a way to engage the local community, because it goes to that livability and desirability to be in the city if you have a diverse program of events.

THE CHAIR: Has there ever been any consideration to changing the way that the funding is given to promoters or events: instead of a pre-event type of arrangement, going to a post-event arrangement based on performance? You mentioned that some would say they are going to be the best thing in town.

Mr Barr: Sure. You can have some contractual arrangements that allow for sharing in results. The Asian Cup was an example of that. It was a very big success. We effectively took a shareholding in it, and there was a dividend paid back that we subsequently reinvested into Capital Football and into grassroots football. That is an example of where that has occurred. I have to say that most event organisers want the cash up-front.

Mr Nicol: Or a guarantee.

Mr Barr: Or a guarantee, yes.

Mr Nicol: Where patronage might offset the ACT government's contribution, that takes the risk out for an event organiser and they are more willing to—

Mr Barr: In many instances, with events where they will take a share in food and beverage or in corporate, there are opportunities for the upside to come back to the

territory. We are always keen to get some of the money that has been invested back as best we can, but not every event is suited to that, clearly, and the more—

THE CHAIR: Often they are trying to mitigate their risk before coming rather than—

Mr Barr: Indeed. Yes.

Mr Nicol: The territory also has a fairly significant capital investment in some of our venues, and we are always looking to optimise their use. I am sure we will be looking at that in the next few years too.

Mr Barr: Yes, that is certainly the other side of it. If you are investing in the facilities, there is the expectation that you are then going to stage events at them.

THE CHAIR: They are no good locked up.

Mr Barr: Indeed.

MR PETTERSSON: I am not sure if this is the correct place to ask, but I wanted to chat about international flights.

Mr Barr: Yes, I can talk about it here.

MR PETTERSSON: I have a very broad question to get started. What is the process for attracting international flights? Then I want to delve into it.

Mr Barr: It is many and varied. Our experience over the years has demonstrated that there are different cultures within different airlines and different parts of the aviation industry as to how and why they will approach flying to new destinations. It varies markedly, depending on the financial backers of the airlines. Those that seem to have significant government backing, royal family backing or some significant source of cash, tend to be the big expanders of their fleets, looking to fly to new destinations.

The experience with Qatar, for example, is that they obviously have a program of significant expansion in the Australian market, so we did not have to do much courting of them, whereas Singapore Airlines, for example, was a four-year, seven or eight-visit process, with quite a detailed business case development to put before the various levels of their hierarchy, the president of the board, the CEO. There was all that sort of work over an extended period.

Our approach on the New Zealand flights will be to continue a conversation we have been having with Air New Zealand for a number of years now. Part of the challenge initially was that airlines would ask, “Who else flies to your airport internationally?” Now we have an answer, in Singapore Airlines, that is a pretty good answer. They are a very well respected airline.

Then there is detailed analysis of the patronage data. The big challenge for us, I think, to underpin the success of the passenger services will be further development of the freight capability out of Canberra Airport. That is pretty fundamental to underpinning the economic success of additional flights for either Singapore Airlines or the new

entrants: you have to fill the belly of the plane as well. That is a major focus for us, together with the airport, the Canberra Business Chamber and the ACT Exporters Network.

For anyone who has an interest in getting goods to market, particularly perishables into Asia, there are some significant opportunities about to emerge. This is also tapping into the broader Canberra region. That extends, as you know, from south coast oysters to cherries from Young and wine from the surrounding region. There are any number of exporters who have an interest in this. It all comes together in a business case that we have to put to the airlines.

We do a lot of that work in house, but we also commission consultants on certain elements of our approach to the airlines. Then, in many instances it is simply about assistance, repeat engagement, and repeat engagement, and repeat engagement. You have to be in front of them all of the time. So we continue that focus.

In my last trip to Singapore, about six weeks ago, I met with the CEO of Singapore Airlines. We have mapped out a range of things that are necessary to further support the expansion of that service. We know what is needed at our end. They know some of the things they need to do, and we are jointly working on it. That is really how it works. It is, in some instances, very transactional. In others it is also about selling a concept.

MR PETTERSSON: One of the things that you said that intrigued me the most was your characterisation of the different interests of different airlines. You said that with Singapore Airlines you kind of have to constantly be in their face over several years, building and developing that arrangement. But then with someone like Qatar Airlines, you said that they were very interested in expanding their reach. I find that strange, in that we have achieved Singapore Airlines before Qatar Airways. Is that because maybe the process was started at different times?

Mr Barr: I think it reflects the different approaches of the different businesses, the extent of their financial backing. There is no doubt that there is pretty healthy competition between Middle Eastern carriers and Asian carriers around being a hub between Australia and destinations beyond, and also the point-to-point activity.

The Chinese airlines are going to continue to expand quite significantly. So Singapore's traditional role as the hopping point on the old kangaroo route on to Europe is now being challenged. You have got KL, you have got Guangzhou, you have got the Middle Eastern carriers as well; so it is a very competitive market. I have to say, as a general view, that when you ask an airline executive how things are going, they are never beaming with, "It is all fantastic." It is a tough industry. There is a lot of capital investment for fairly slim returns; so you have got to be strategic in your approach and put a valued proposition before them.

Qatar want to get more business in Australia and they are aggressively pursuing that. Equally, Air New Zealand have announced that one of their new strategies is that they want more Australians who are travelling to the US to go via Auckland. But, generally speaking, the airlines' approach is to want to bring passengers into their major hub and then have them go out on the same airline to many different locations.

Air New Zealand wants to bring as many passengers as possible into Auckland; Singapore Airlines, as many passengers as possible into Changi; Qatar as many possible into Doha.

Unfortunately for us, in terms of the Australian market, Qantas wants to bring as many people as possible into Sydney, or now Perth as their western hub. That is one of the reasons why an airline like Qantas has not been as interested in our market: because they would much prefer Canberrans to fly via Sydney.

MR PETTERSSON: To piggyback off that very point, one of the things that I have heard about Qatar is that one of the interests in Canberra is that they want to be Canberra-Sydney then outward. How does that work exactly?

Mr Barr: There are restrictions on the number of flights that most international carriers can operate into Sydney, Melbourne, Brisbane and Perth—the big four. There are bilateral arrangements. They are not restricted to fly into other Australian airports. Qatar could have more flights to Australia, as could Cathay Pacific and a number of others, provided they do not fly into Sydney, Melbourne, Brisbane or Perth. They are some of the bilateral aviation arrangements that are in place. Similarly, Australian airlines are restricted in their capacity to fly to certain destinations. Jetstar has been unable to get to Hong Kong, for example, because there are similar restrictions there.

MR PETTERSSON: So it is looking at being a direct flight out of Canberra?

Mr Barr: I think they have talked about it being a triangular service. That is what they have said.

Mr Hill: With the Qatar arrangement, 21 flights a week is the cap in the bilateral arrangement between Australia and Qatar for access into Australia. Canberra is recognised as a regional airport and qualifies under the federal government as a regional package. So they can fly into Canberra without affecting their bilateral arrangement which is, like I said, the cap. In order to do that, though, they will need to fly into Canberra, and then if they wanted to tag out through Sydney they could. So it could be Doha, Canberra, Sydney and out. They have not confirmed these plans yet. They are still in internal discussions around that, but they have put in the public domain, through their website, some of their promotional material about A350s flying direct to Canberra but not saying whether they will be tagged or not. So it is still subject to some internal discussion within the airline itself.

Mr Barr: There was one press report where they have commented. I am sure you would have seen that triangulation option.

MR PETTERSSON: So it is direct into Canberra, but then if you wanted to fly out you would have to go through Sydney?

Mr Hill: Yes, that is right. Their whole network is mainly through Europe; so it would be from Doha, feeding in through Europe into Doha, then Doha to Canberra, Canberra hopping out to Sydney, and Sydney and out. That could be an option that they implement, but it is not confirmed yet.

Mr Barr: Obviously the differences for them are that Sydney Airport has restricted landing slots and restricted hours of operation. Our airport is curfew free and has capacity to take additional flights. That would be a factor in their network scheduling as well. Ultimately, these are decisions that they will make. We are not in a position to dictate anything in that regard. From our perspective, any additional international capacity is going to be a net benefit to the ACT and the Canberra region. The Australian government has these policies in place restricting the number of flights into the major ports in order to encourage the growth of airports outside of Sydney, Melbourne and Brisbane.

MR PETTERSSON: One last question. I do not always expect an answer. Can we expect any announcements in this space anytime soon?

Mr Barr: Qatar will make their further detailed intentions clear as they get closer to their proposed launch date. Normally they announce three to four months ahead—sometimes even six months ahead—of when the first flight will start, in order to start taking bookings.

As I said at the beginning, our medium-term objective is to continue our engagement with Air New Zealand, given their stated policy of wanting to get more of the Australian market that is headed to the US and South America. They do have all of those connecting services through Auckland. A 737 aircraft can do the Canberra-Auckland leg. It is a relatively smaller plane. Then you join one of their larger services to go on to various locations in the US, not just the west coast. From Auckland you can get further into the US. That would be a good opportunity for Canberra and, I imagine, a better travelling experience than doing the terminals at Sydney Airport, which I think is pretty universal regarded as not the best tourism and travel experience that our country has to offer.

MR PETTERSSON: I am going to retract my last question. How active and serious are those conversations with Air New Zealand?

Mr Barr: We began them some time ago, going back a few years. Part of their issue at that time was that no-one else was flying internationally. They wanted to see some evidence that it can work out of Canberra. We have done some business case development. I will be back in New Zealand later in the year and will take the opportunity to go and meet with them directly. We need to tie up the airports. Auckland Airport and Canberra Airport need to engage on the question. What we have done also, which worked very well, is engage with the respective tourism bodies.

We will meet Tourism New Zealand and Auckland Tourism, together with Tourism Australia and VisitCanberra, all part of a package approach. That is what worked with Singapore Airlines. We are able to access new route development funding from Tourism Australia and the airport. Wellington was clearly a partner in this too. So we were able to bring together six to eight different parties to put an approach and a business case to the airline that was ultimately successful. Ultimately, I think only government can coordinate all of those different players. That is what we have been able to do once. I cannot guarantee success, but what I can guarantee is that we will work hard to try to make it happen.

MR PETTERSSON: I have got my fingers crossed. Thank you.

Mr Barr: Thank you.

MS CHEYNE: If this has been discussed, please tell me or tell me just to read the *Hansard*. It is a two-part question. It probably stems from an article published last week by Mr Gardner.

Mr Barr: Good Lord! I can see where this is going.

MS CHEYNE: I just wanted two particular—

MR COE: You are feeding the beast, you know.

MS CHEYNE: I cannot wait for the follow-up. I will put that on the record.

MR PETTERSSON: More likely from Mr Gardner himself.

MS CHEYNE: Indeed, I hope so.

Mr Barr: He will be so pleased to be being talked about.

MS CHEYNE: That is right. Perhaps he will get another headline. But there are two passages in his article that took me a little by surprise. One was that the ACT is not gaining visitors in new visitor segments and that we are just getting a little more from the established Canberra tourism demographics—see Floriade. The second was that VisitCanberra's one good thing after another campaign fell relatively flat and that it did not move the needle for its \$2 million price tag. I guess the first part of my question is: is that true? The second part is: in the context of our marketing budget for our city, what is the bang for our buck that we get generally?

Mr Barr: I think the floor is yours, Mr Hill.

Mr Hill: For the public record, I know Mr Gardner well. I have had a lot to do with him over the years. Look, I think the reporting of that story probably does not match the facts of the visitor numbers. Domestically—and there will be some international visitor survey numbers out tomorrow—the existing ones for the year ending December show that the ACT has received about 2.49 million domestic overnight visitors, which is an all-time record.

The value of those tourists is an all-time record. It is the same with the international visitor survey. We attracted about 214,000 international visitors which is, again, an all-time record. I think, from memory, that we have six quarters of growth on the NBS data. Those people are spending more money here; so I would say that our segmentation is working really well because not only are more people coming but we are getting more expenditure out of those people.

That means that our target audience is people who have high disposable incomes and the propensity to enjoy cultural experiences, food and wine, and explore our region. I would suggest they are not the typical Floriade goer in Mr Gardner's article, in terms

of both the number of people coming and the value in yield that we are extracting. The growth and contribution of this economy is the strongest it has ever been. Sometimes with an up the only way is down, isn't it? But you would hope that there is still some upside in all of this with our growth in aviation.

There is absolutely no doubt around Tiger Airlines. They have voted with their confidence. They were doing seven flights a week. They are about to do an extra flight on the Friday; so eight flights a week into Canberra. That equates to about 200,000 seats a year on Tiger alone coming into the capital. So, yes, it provides competition but it also provides seats. They are generally leisure travellers.

The data that Tiger shows us, particularly out of Melbourne, is that people are wanting to go point to point. It is a short flight; 50 minutes. They are happy to spend \$79 on a flight but they are very happy to spend money in destination. So those people will go ballooning and spend \$350. They will go to Pialligo and stay. They will do our wineries. It would be a false assumption to assume that a Tiger traveller, for example, is a budget traveller. They are just looking at point to point and then at how they can spend a bit of money at the destination.

It is the same from 14 September. Tiger will be flying three flights a week from Brisbane, so that opens up a new market for us. I think the industry here would say that the one good thing after another tourism campaign, which is heavily researched, is about consumer insights. It is not what VisitCanberra staff say. It is actually what the consumer is saying. It was researched across multiple jurisdictions in Australia and some offshore. The core of it comes down to the proximity and the diversity of experiences that you can do here in Canberra. I think the industry remains pretty confident about the outlook and the positioning at this stage.

MS CHEYNE: Is that campaign still being heavily marketed overseas?

Mr Hill: I do not know if "heavily" is quite the right word. But we are absolutely trying to integrate it. We do a lot of work with Tourism Australia. They have got a far bigger footprint than we have. They have got far bigger budgets for international. They are charged with promoting Australia globally. What we are trying to do, and have been doing quite successfully, is engage with Tourism Australia to partner with them on campaigns. We do that with Singapore Airlines as well. So we have a current campaign at the moment that involves Tourism Australia, VisitCanberra and Singapore Airlines promoting this destination as a new destination offshore, and that is driving inbound international visitors.

MS CHEYNE: Thank you.

THE CHAIR: Thank you. We are going to suspend for an afternoon tea break.
Hearing suspended from 3.03 to 3.20 pm.

THE CHAIR: Welcome back to the afternoon session of day three of estimates. This afternoon session is looking at Chief Minister's output class 1, government strategy, with output classes 1.1, 1.2, 1.3 and 1.4, as well as the head of service and ACT executive, the public service commissioner and other bits. Chief Minister, in your role as the Chief Minister and leader of the ACT executive, what is your

expectation of ministers making themselves available for scrutiny by the Assembly, particularly attendance at this committee? Given that—

Mr Barr: Yes, given that Minister Rattenbury is not here and some people are not happy about that.

THE CHAIR: It goes beyond that. It is to the absolute credit of Nicola Kosseck, the committee secretary, that the schedule for hearings has been put together. To give everyone an indication of the hurdles put in the way of trying to put hearings together this year, you, Mr Barr, indicated that you are away from the 22nd to the 30th of this month.

Mr Barr: That is correct, yes.

THE CHAIR: Mr Rattenbury is away for the entire estimates hearing period; Mr Gentleman is away for 29 and 30 June; and Mr Ramsay is away for three days—28, 29 and 30 June, which means having to juggle the portfolio responsibilities and to establish a hearing time, when the dates are set well in advance. What is your expectation, as the Chief Minister and the leader of the government, of ministers making themselves available?

Mr Barr: Within reason, and noting that ministers have a variety of other obligations. Given that this period is the longest period of estimates of almost any state or territory for the smallest amount of money, the level of scrutiny undertaken in the ACT vastly exceeds any other jurisdiction in terms of the time that is available for estimates, for the budget debate, for annual report hearings. You get half an hour with first ministers in most other jurisdictions; you guys have me for 2½ days.

THE CHAIR: You also carry considerably more portfolio load than other first ministers.

Mr Barr: I carry a bit more, but not considerably more. That point aside, in the context of my own availability, we were clear months ago that I had a trade mission and that I needed to leave after three days of hearings. I made myself available for three days, and you have had me for 2½, and I do not think there is any more need for me after that time. You have had 2½ days at the front.

Traditionally the Treasurer appears first, and I remember the huge hullabaloo one year when Jon Stanhope was Treasurer and he had another commitment and was not going to appear on the very first morning of estimates. That became the biggest issue since Ben Hur. So I always set aside the first two to three days of the estimates period as Treasurer and as Chief Minister, with an expectation that I will appear. That has been blocked out in my diary for nearly a year, and we will block out the equivalent time next year on that basis. I need to undertake other activities in this period. I cannot stay in Canberra for two whole weeks with a view that you guys might need me for 45 minutes. We have sought to bring all of my appearances together, and I thank the committee for the fact that we were able to work that out.

Minister Rattenbury indicated again about five months ago that he would have difficulty being available in this exact period and offered a range of alternative

solutions, none of which suited the committee. That is the committee's prerogative. Under the self-government act ministers can act for ministers. If someone were to get sick in the next two weeks then another minister would need to stand in. Committee members have been sick and not everyone has been able to be here during the entire period. Within reason, people make themselves available. I realise everyone is busy and that this is a small parliament and we all have multiple responsibilities. It is reasonable for us all to be cognisant of that.

In relation to Minister Rattenbury, I do not think anyone would ever suggest that he seeks to escape scrutiny of his portfolios. I am certain that the ministers who are acting for him and the officials who will be here for this period will seek to answer all of the questions the committee has for them. Is it ideal? No. I would hope Minister Rattenbury will reflect upon the level of concern this has caused and make alternative arrangements in the future. That would be my hope. I think he understands that, and I think he regrets that there has been this level of concern in relation to these particular hearings. But I do not think it is a pattern of behaviour for Minister Rattenbury, for me or any of the ministers who will do their very best to accommodate what is often a myriad of requests for their time.

And, yes, credit to the committee secretary for being able to organise this. We might want to reflect upon whether this is the most efficient way to undertake these sorts of examinations of the budget and the detail of it. Our discussion yesterday around why we spent a particular amount of time on some topics and not others was based on a degree of historical precedent. Perhaps the committee might want to give some thought at the end of this report to looking at whether you had enough time in some areas and too much time in others. I think that is a legitimate question for you to consider.

THE CHAIR: And that is a job—

Mr Barr: I have my own views on this. I sit here for 2½ days. I know I do not sit here for as long as you guys do, but I have done this for 11 years now, so I have sat through more of these committee hearings than I think almost anyone else in the Assembly, perhaps with the exception of Mrs Dunne, although I think I am probably now even exceeding her. So I have some thoughts. I am happy to provide them towards the end of your deliberations. I will have those conversations with committee members if you think that would be helpful— happy to do so.

THE CHAIR: Yes, please.

Mr Barr: And the parties can consider how we structure this. In the past there has been some thought about having each of the standing committees undertake hearings on their particular subject matters rather than having this process. I am open to all of those considerations. But to wrap up, I would not expect Minister Rattenbury to miss estimates again in this parliament unless there are reasons obviously beyond his control. He is aware of the concerns and he did endeavour to address them early.

In relation to the other ministers being unavailable for a few days in a two-week period, I have to say I do not think that is unreasonable. In my own case, I was clear that I would appear on the first three days of hearings, and I am doing so. I presume

you will be very sick of me by lunchtime tomorrow.

MR COE: Are senior executives advised that they should not take leave or that they should be available for the last couple of weeks in June?

Mr Barr: By and large across the senior executive that is the case, but there will always be circumstances where that is not possible, for example, for personal reasons. We have had deaths in families; we have had all of those things.

MR COE: Of course, but—

Mr Barr: I can speak only for my directorates. In the 11 years that I have been doing this I cannot recall a circumstance—perhaps with one or two exceptions—where something quite significant has occurred and senior executives have not all been present, and often in numbers.

MR COE: Yes, and that is on the basis that everyone knows that the last two weeks in June is going to be when estimates is on.

Mr Barr: Generally speaking, yes, that is right, although they do not necessarily know when their minister will be appearing. I do not expect all of these staff to drop everything for two weeks once we know that my appearances are going to be in these first three days. And you want the Treasurer to appear at the start; I think that is appropriate. I get that and we block that time out. But you surely do not expect me to be available throughout the entire two weeks when you have other ministers.

MR COE: No, of course not, but it goes more to Mr Rattenbury's absence.

Mr Barr: As I say—

MR COE: We all knew that the last two weeks in June were probably when estimates was going to be on.

Mr Barr: Yes, indeed. I appreciate that; Minister Rattenbury appreciates that, and I do not believe it will be an issue in the future.

THE CHAIR: On the topic of sitting patterns and setting down these periods—it is more of a personal annoyance—the sitting pattern for the Assembly is set by the executive and we generally get the program for the following calendar year in the last week of the calendar year.

Mr Barr: The program, yes.

THE CHAIR: Has consideration ever been given to doing it six months in advance, so in the August sitting you would notify of the sittings for the first half of next year, to allow for better planning?

Mr Barr: Interesting. I do not think that has been raised before. It certainly has not been with me; it may have been with previous chief ministers. The tradition has been to publish a year ahead.

THE CHAIR: Well, it is a year ahead from the end of the year.

Mr Barr: From the end of the year, sure.

THE CHAIR: To be notified in November is—

Mr Barr: Sure. The issues that are pertinent for the sitting pattern are: we do not sit in school holidays; we tend not to sit in weeks that have public holidays on the Monday or the Friday; we need to avoid certain periods of the year because of a predominance of COAG ministerial councils, or other forums that mean ministers would not be available in the parliament; we have set the first Tuesday in June as the budget date; and we tend not to sit in January and July for summer and winter recess purposes. So it is a pretty reasonable expectation that there will be sittings in August, September, October and November and that there will be sittings in February, March, April and May, depending, of course, on where Easter falls and where the school holidays fall.

The other factor for the government is the budget preparation. You will note that this year's sitting pattern involves more sittings in the second half of the year than in the first. That is perhaps a little unusual this year because the budget process was truncated post-election. I would expect next year that rather than five weeks in the first half of the year and eight weeks in the second half probably six and seven would be the balance between the two.

I will take on board that the sooner we can notify of a sitting pattern, the better. We do put out a draft one and seek feedback from Assembly members. That happens through the manager of government business and the whips process. That has been the practice in the past. I recall a sitting week being moved because it clashed with some significant activities for a number of members, so it was moved one week. That might even have been last year, but I cannot be certain on that. But there is a degree of flexibility, noting that we are not going to sit in January and July and we are not going to sit in school holidays.

THE CHAIR: Noting those parameters, is there any prohibitive reason that the government could not come forward at the mid-point of this year and say, "Here is the sitting pattern for the first half of next year"?

Mr Barr: I will take that on board. It may be that we can publish even further out. It makes sense to give you the year ahead, but we do not necessarily have to do that in November; we could do that in August and then publish next year's calendar. But it is not going to be radically different from this year's, other than probably one more sitting week in the first half of the year and one less in the second.

THE CHAIR: A question on your determination of salary entitlements for members' offices: I note there is still a crossbench salary allowance which is largely different to a typical non-executive member salary.

Mr Barr: That is correct, yes.

THE CHAIR: Is there only one crossbench member receiving that entitlement or

does Mr Rattenbury also receive—

Mr Barr: He receives a ministerial entitlement. You would note also that there are differences for party leaders as well.

THE CHAIR: Yes, correct.

Mr Barr: There is a party leader and party deputy leader allocation, and then there is a crossbench allocation as well. The executive budget staffing allocations are reflective also of portfolio responsibilities. In some instances certain portfolios require specialised staff with skills in particular areas. There is a base allocation for ministers and then top-ups based on portfolios or seniority. Obviously the Chief Minister's office and the treasury area have additional allocations. The deputy leader also has an additional allocation. Minister Rattenbury by no means has the largest ministerial office, but he does not have the smallest ministerial office either. There would be an element of his portfolio responsibilities that would be reflected in his office's allocation.

THE CHAIR: The allocation of the crossbench member salary allocation, how is that figure arrived at?

Mr Barr: I understand a series of reviews of staffing allocations have been undertaken over the history of this place. The two I am most familiar with are the Marshall review and the Gillespie review, both of which occurred this century as opposed to previously. They benchmarked staffing allocations against other jurisdictions and then applied the specific nature of this place. They were both undertaken with 17 members, not 25.

Certainly I recall Chief Minister Gallagher in her consideration of staffing allocations, once the decision was taken that we would expand to 25 at the next election, decided to provide a short-term boost in staffing for existing members up until the election, noting that that would then be effectively the total salary pool for the expanded Assembly. The staffing resources were applied in advance of the increase in the number of members.

There was the same number of staff in the last Assembly by and large, and it depends on employment decisions as to how many people and at what level you take them on within that global allocation. The formula has been pretty consistently developed over a period of time to reflect the fact that there is a crossbench allocation and that that extra amount generally goes to the leader.

Of the non-executive members, the Leader of the Opposition has the largest staffing allocation. I understand that in the past it has been open to non-executive members to pool some of their resources and locate additional staff in the Leader of the Opposition's office. I am aware that that has happened. This is really going back into the annals of history, but I think Jon Stanhope might have done that when he was opposition leader in the 90s. I certainly recall Zed Seselja did that for a period, and that was allowed. The crossbench members have always had a slightly larger allocation than a non-executive member from a party because the leader gets the additional allocation for the party.

THE CHAIR: For clarity and for the benefit of *Hansard*, “slightly larger” is just over double at the moment.

Mr Barr: At the moment, yes. But then the opposition leader gets double or thereabouts what a crossbencher gets, from memory. It is \$600,000-something versus \$340,000, I think. It is \$170,000, \$340,000 and \$680,000, or something to that effect. I signed the instruments the other day and they are the sorts of figures that are in my head. But if non-executive members feel that the crossbench gets too much or that they do not get enough, they are always welcome to make a recommendation through the estimates committee. I will look forward to your—

MR COE: Have you ever thought about referring it to the tribunal?

Mr Barr: That is an interesting question. We could, within a global amount. I am not going to necessarily hand over decisions on the totality of the allocation to the rem tribunal, but we could seek their advice on those questions. They do that in relation to salary and other conditions for members, and that provides a reasonable indication of the different levels of responsibility. There are additional allocations for committee chairs and whips and leaders and deputy leaders and the like, so that is something to consider.

I think it is important that the global amount remain as a relative measure of the executive budget. At a federal level the opposition is given somewhere between 18 and 21 per cent of the government allocation. I think we are a little more generous here. But these are things that chief ministers can consider. As I say, if the estimates committee wants to make a recommendation that you think the highest priority in additional spending in this community is more money for opposition staff, please make that recommendation and I will give it due consideration.

MS CODY: I will change track a little bit. Chief Minister, can you outline what steps the government is taking to help Canberra become the most LGBTIQ-friendly city in the country?

Mr Barr: Indeed, thank you. We have a budget initiative this year to establish an office of LGBTIQ affairs. This new office, together with the ongoing support that we are providing to organisations like A Gender Agenda and the AIDS Action Council and community events like SpringOUT, are very practical examples of how the ACT government can provide policy support, practical support for organisations delivering services directly to LGBTIQ Canberrans, as well as focusing our attention on areas of our own service delivery.

I am particularly conscious that, across ACT government, we are the most diverse employer in the nation, in terms of the range of occupations and areas that are employed under ACT government. From our local government responsibilities to our state-level responsibilities we cover a very diverse range of occupations and services. We are members of pride in diversity, which is a program aimed specifically at employers to ensure they are supporting their LGBTI workforce. So we take a leadership role there.

PROOF

Clearly, this jurisdiction has expressed support through the Assembly, going back to 1994, when the first Domestic Relationships Act was passed—the first in Australia to recognise same-sex relationships. Significant reform occurred under the Follett government, led by the then Attorney-General, the late Terry Connolly. There was a bit of a pause in policy reform during the period 1995 to 2001, and then, upon the election of the Stanhope government, we saw some of the most dramatic changes in territory laws, including a complete audit of all the areas of legislation within the ACT where there were discriminatory provisions. That work was undertaken, and we have had a series of reforms to territory law to remove discrimination. So there is a long history in this jurisdiction of implementing progressive reforms so as to be more inclusive.

From here, there are a range of service delivery areas where I think we can do better as a service provider to reflect the differing needs within the community. I would highlight aged-care policy and provision. Although a lot of that sits under the commonwealth, we still have a role in terms of, for example, the supply of land for new facilities, and working with service providers to ensure that there are appropriate options and that there is not an assumption that every person who moves into an aged-care facility or any form of assisted housing is necessarily heterosexual or in a heterosexual relationship, or necessarily identifies as a particular gender as well. There is some important work that needs to be undertaken there.

Within the broader health portfolio, we need to look at a range of programs and services to support the diversity of our community, and, again, at programs that are tailored at particular health issues that are pertinent to LGBTI Canberrans. With respect to the mental health sphere, for a variety of reasons—some of which are very high profile and public—the fact is that our personal lives tend to be of great interest to a lot of people and are talked about quite a bit, including by other people thinking they have the right to determine how we might live. It is an area that has significant mental health implications for a number of people. If you are constantly told that you are somehow evil or in some way not the same as everyone else, that is going to have mental health implications. We see that in young people, people in middle age, through to LGBTI seniors. I think there is some further work that can be undertaken there in education.

Undoubtedly, the national debate over safe schools has been a further illustration of how these sorts of issues can be twisted into some quite dangerous agendas being run in that context. Again, it makes access to education, which most people take as a pretty fundamental right, not necessarily guaranteed for particular cohorts of students. That is an area of priority in this budget, and it will remain so over this parliamentary term.

That is a brief snapshot of some of the work that will be undertaken. I see this as being a significant priority for the new office, to both work with ACT government agencies in service delivery and develop policy to assist us in meeting the changing needs of the community over time. There is no doubt that it is better in 2017 for LGBTI Canberrans than it was in 1997, or indeed in 1987. We want to continue that trend of inclusion and of policies that are supportive of this segment of our community, just as we have successfully done in other areas over many years—for example, in multicultural affairs, through the office for women, in supporting and

advancing opportunities for women in the territory. We do the same now with this new office.

MS CODY: Chief Minister, you raised aged care. As you would also agree, it is mainly a commonwealth matter, a federal matter. Were you aware that there is a national ageing and aged care strategy on LGBTI?

Mr Barr: Yes. Our own ministerial advisory council has been undertaking some work directly with our local community in recent times on the range of issues that are being experienced. We have always had older LGBTI Canberrans and Australians, but the willingness to be out is considerably higher now than it perhaps was several decades ago. But there are still very significant assumptions that are made about living arrangements or partners. We are still in a situation where, in the absence of marriage equality, for some couples even proof of relationship becomes a substantive issue in the context of power of attorney. There are a range of issues—that, again, most people take for granted—that are quite serious and legitimate issues that need to be resolved for older LGBTI Canberrans. That is part of the work that will be undertaken in the coming months and years.

MS CODY: Chief Minister, why is it important that the government provide additional assistance to intersex, transgender and gender diverse people in our community?

Mr Barr: Within the broad umbrella of LGBTIQ, transgender, intersex and gender diverse people suffer the greatest level of discrimination, and particularly suffer the greatest level of economic disadvantage. Sometimes this is a comparative issue. I do not want to say, by saying that, that every gay or lesbian citizen of this city is doing fine, because that is obviously not the case, but as a general statement I think there is a need for some direct resource and focus on some of the most marginalised Canberrans.

Certainly, having regard to experiences in terms of access to employment, social interaction and the like for someone who is transitioning from one gender to another, from one gender to an unspecified gender or any of the myriad of possibilities within that space, I have heard, experienced and sat down with people who find that a change in gender has meant not only a loss of partner, of family, but also a loss of employment and difficulty in getting new employment. There are clearly some very high profile people in this country who have experienced some fairly extraordinary public vitriol in their transition, some of whom are quite high profile citizens in our city. And that is just the tip of the iceberg in terms of the experiences there.

We have been supporting organisations like A Gender Agenda for a number of years. Amongst other things, they provide simply a safe space for people, right through to advocacy on the series of legislative reforms that went through the Assembly a few months back, to ongoing issues that this community faces. By and large, I think there is an important role for government to play here. Again if we are not stepping up in this capacity, I am not sure who else will. It does need leadership from government and we want to demonstrate that through what we have done in the past, what we are funding in this budget and where we can go into the future.

MR DOSZPOT: Chief Minister, I have a supplementary to Ms Cody's question, but

slightly away from it. It is along the lines of the whole-of-government compassion that you referred to and the implementation of key government policies to better meet the needs of the community and of economic disadvantage. As Treasurer you have the capacity to address situations through ex gratia payments. You and Minister Fitzharris have received a letter from the legal representatives of a young man and his guardians who require urgent support to assist with medical payments and ongoing medical support after a particularly savage dog attack. Minister, why have you not responded to their letter of over a month ago about some very serious requests to you?

Mr Barr: These matters, I understand, were before the courts.

MR DOSZPOT: They are no longer before the courts.

Mr Barr: That is my understanding—that those cases were concluded. There are significant issues that need to be considered in relation to these cases, including various precedents. I cannot just make these decisions in isolation of many other issues. Whilst I appreciate your advocacy on behalf of the family concerned, can I say as a matter of principle that raising these sorts of issues in estimates hearings is not going to alter my decision-making process. I will look at the facts of the case and take advice from the various areas that provide advice on these matters. I think it is a pretty fundamental principle that it should not be the basis of whether you get a member of parliament to advocate for you or whether your story is in the media that determine whether you get a positive decision or otherwise in the context—

MR DOSZPOT: Minister, there is no question of that. What I am simply asking—

Mr Barr: I know; I understand what you are asking and I am giving—

MR DOSZPOT: You are talking about compassion and looking at the needs of the community—

Mr Barr: I do not think there is any point in pursuing this any further.

THE CHAIR: Speak one at a time.

Mr Barr: There is no point in pursuing this any further, Mr Doszpot. You have written to me; I will respond. But I want to be clear with you that this sort of approach does not benefit the situation. I will assess the matter on the merits of the case. I do not want to set a precedent so that, if someone raises something multiple times—whether it is stopping me in the car park, writing me letters or raising it in estimates—the more you raise an issue the more likely you are to get a favourable response. It needs to be considered on the merits and I will do so.

MR DOSZPOT: How long do you need for that consideration?

Mr Barr: As soon as practicable, Mr Doszpot.

MR DOSZPOT: In the meantime we have a young child who requires medical attention, ongoing medical attention, and a family that is requiring social—

Mr Barr: And there are a variety of supports in place in the Australian health system, the ACT health system—

MR DOSZPOT: Not to help them for what they need, and you know that very well.

Mr Barr: Again, I do not think this advances anyone's cause in any way. Frankly, you have now very publicly raised something that probably should have stayed in the private domain. That is your choice, but, as I say, I repeat—

MR DOSZPOT: I am not mentioning names, minister. If you want to mention any names, it is up to you.

Mr Barr: I repeat: this is not how this should be done and this cannot be how it is allowed to be done.

MR DOSZPOT: So compassion is okay in certain directions but not in others?

THE CHAIR: We will move on to a supplementary.

MS CODY: I have a supplementary for you, Chief Minister.

Mr Barr: I think it is a really disappointing approach. It is a very disappointing approach.

MR DOSZPOT: Very disappointing for me, too.

MS CODY: How does the 2017-18 budget support diversification and greater innovation in the ACT economy, Chief Minister?

Mr Barr: That is good; a change of topic.

MS CODY: It is still about diversification.

Mr Barr: Indeed. The budget aims to support a variety of areas within the territory economy that are poised for future growth. Across the Chief Minister, Treasury and Economic Development portfolio we allocate resources in a variety of different areas to support that diversification of growth. Through the policy work that is largely undertaken in these output classes and support for cabinet-level discussion and decision-making, we continue to not only support those areas of the territory economy that have significant growth opportunities in the short term; we are also looking at medium and long-term objectives for the territory economy.

The budget has a series of new initiatives that support activities across a diverse range of areas that could be broadly described under the economic development banner. The details of those are contained in the budget papers; I will not go through each one or else I would use up the rest of the available time this afternoon, and I do not intend to do that. It is important to acknowledge the direct role economic development plays within this broader group of portfolios. We have a separate hearing on that tomorrow morning, on the specifics, but I do want to acknowledge the important role that the central agency plays in supporting cabinet-level decision-making and in supporting

the coordination of whole-of-government economic development strategy and specific input into individual projects, including support for work that is undertaken between jurisdictions and between the ACT government and the federal government.

There are a number of broader economic development initiatives that would fit under the banner of the Canberra region that are also supported and coordinated through the Chief Minister's stream in terms of inter-governmental relations and regional relations. They are all supported through this budget, through either new appropriations or existing resources, including the Canberra Region Joint Organisation support, which is the work we are undertaking with the surrounding New South Wales local government areas, the COAG-level interactions, supporting individual ministers in their ministerial councils, as well as me at COAG, and the various special meetings or subcommittees that spin out of that particular forum, and more broadly cabinet as a whole. Those are the areas that would be encompassed within this output class.

MS LE COUTEUR: I would like to move to a different subject, community engagement. Output class 1.3 refers to "advice and assistance on community engagement policies and practices". How much of the money in that output class actually goes to delivering community engagement and consultation? If you do not know, take it on notice.

Mr Barr: Anita may be able to help with that.

MS LE COUTUER: I am hopeful that she will.

Ms Perkins: I can. In the 2017-18 budget we have been funded \$651,000 for whole-of-government strategic engagement. With that money we are putting together a small team for a 12-month period who will be looking to work with our colleagues across directorates to put in place consistent training, to put in place engagement tools and services that we can all use across government. That will include a stakeholder management system that we can all use to track the work that we do in engagement.

It will further develop the you are safe platform, the digital engagement platform, and we are also finalising bringing on board a nationally recognised expert or team of experts to help us with an update on *Engaging Canberrans: a guide to community engagement* and on how and where the government commits to work with the community on community engagement, recognising the unique responsibilities we have as a city-state jurisdiction and looking at the learnings and the successes around the country and internationally and how we can apply them here.

MS LE COUTEUR: So the money is basically going to be used in house for training ACT government staff rather than for outward facing projects? It is inward facing money?

Ms Perkins: For capacity building but then also working with our colleagues across the service who use their own funding to undertake their own community engagement activities across all the different directorates.

MS LE COUTEUR: And so that money that other directorates use would not be counted in this at all?

Ms Perkins: That is correct.

MS LE COUTEUR: There is one new expenditure, “More and better jobs—ensuring your views are heard—Deliberative democracy”. That is \$2.8 million. I understand that is going to fund a citizens jury trial. How much would be going to the citizens jury trial? It seems like a lot, the \$2.8 million. Given the small size of the ACT, I would think it would be difficult to cost that much. Is it going to be multiple trials or something else?

Mr Barr: In relation to areas of priority for this new investment, we are looking at some specific proposals that are issues based, as we discussed yesterday in the context of, for example, CTP reform. But more broadly the government will seek to engage with a representative sample of the community on a range of different issues. Some potential ideas here include seeking, across the 130-odd suburbs in the city, to recruit within each suburb several hundred citizens who are demographically representative of that suburb to participate in an online community panel. You aggregate all of those people and you are getting up towards 10,000, which is, I think, a more representative sample of Canberrans that would cover all the different age groups and would allow for engagement on an opt-in basis at a time of their own choosing. That will suit certain types of engagement more than others.

There are some pretty clear things that we need to do better on, and one is to engage with many more people, move beyond the idea of town hall meetings as the be-all and end-all of consultation because they are about as narrow and self-selecting as you can get in terms of community consultation. They exclude 99½ per cent of the population most of the time. Our research is demonstrating that people are just not interested in that sort of engagement and will not attend, in order to avoid situations of conflict and angry meetings. Whilst there is a very small proportion of the community who find that entertaining, the overwhelming majority do not. That is why they choose not to participate and that is why even a big meeting in an area might attract a couple of hundred people out of 30,000 or 90,000. I almost completely disregard that as being representative, because it is not.

What we need is a bigger sample and we need to get people who are not at home looking after kids. We need to get access and talk to those people, because they are not going to public meetings at 7.30 at night because they are putting the kids to bed. Anyone who is professionally engaged in a job that requires them to work long hours and then come home and look after a family, generally speaking, is not interested in going out to another meeting at night. You cannot always get everyone on Saturday mornings because there are a whole range of other activities that the community participates in at that time.

We need to design consultation techniques and opportunities for engagement that allow people to be involved at a time that suits them better. That lends itself to an online engagement. But that is not everyone’s preferred method. So we use telephone engagement. We will ring and ask people questions either on a general range of topics or specifically. That reaches a certain cohort but generally not younger people, who do not have home telephones as much these days. That is a factor. We need to use social media platforms.

I guess the bottom line in all of this is to change the view within government and more broadly of the community about either talking to 200 people at a public meeting or getting 200 submissions. It would be an enormous thing for most consultation if you got 200 submissions. But that is 200 people out of 400,000. We have got to start thinking about talking to the thousands and tens of thousands, not the dozens and not the same people all the time. You go to all these meetings and you see the same people there most of the time. You all know that. We all know that. Let us move beyond it. That is what we are going to do.

MS LE COUTEUR: I am getting the impression that you think there will be more than one citizens jury trial as part of this, given that they were the words in the paper.

Mr Barr: Again, other people have used that language. They are not necessarily the exact words I would use.

MS LE COUTEUR: There will be more than one event—exercise, whatever word you use, forum, topic or whatever. You are talking about multiple events.

Mr Barr: There is the capacity to do that, but the biggest thing here is not that. As much as that has got all the media attention, the biggest thing here is that every consultation has a higher threshold in terms of the number of people that it reaches. It is an interesting exercise, on specific topics, to get a citizens jury together, or whatever you want to call it. But that is not going to be the answer most of the time. That can be the answer in a small number of instances and you could run one or two a year perhaps, given the depth of engagement that would be necessary. But what I am interested in is how we get above and beyond our current level of engagement and into a deeper and more diverse level.

This is not rocket science. Most of the research companies in this country and around the world now do have online panels. I think the more exciting project is how we recruit 10,000 Canberrans who are demographically representative of the different suburbs in the city, the different age groups in the city, the different political interests in the city, the different outlooks, noting that across a group that large you are going to get a bit of everything. We construct that and then engage with that group and continue our engagement until a threshold has been met.

The engagement is not time limited; it is people limited. It is not over until we have heard the view of X number of Canberrans, which is a demographically representative sample. You keep going until you have done that, rather than it being open for six weeks from day X to day Y and we do not care how many people respond. There is too much of that going on at the moment. All of sudden, when the government goes on to implement something, it is said, “Why were we not consulted?” We all say, “There was a six-week period,” but no-one necessarily knew about it and we were not proactive enough in seeking the views. That is what we need to do.

The other point I would make is about being clear about what we are seeking, what issues are up for debate and what are not. We are not seeking consultation on things we took to the last election that we were absolutely clear that we are going to do. Our fundamental philosophical values are not open for consultation, because we stood on a

platform and we got elected to deliver certain things. How we might go about doing something is what we need to be clear about in the consultation. This is not a consultation to change the government's position, but it might be a consultation on how to implement the government's position. I think that is an important distinction when it comes to whether people think consultation makes a difference or not.

If someone was trying to get you, Ms Le Couteur, to change your mind on every environmental value that you have held dear all of your life and you said, "I am not consulting with you," because you will not change your position on solar power or your opposition to coal, that does not reflect a lack of consultation. No, that is a position you hold and you are not going to change that, are you?

MS LE COUTEUR: No. I think it is very good to make very clear the things that have already been decided. What I was going to ask you about was: in many community consultations what people say is, "I don't have the facts to make a decision." I have written numerous letters to members of the government basically along those lines. It is not that you think what has been proposed is necessarily good or bad, but you simply do not have the information so that you can possibly make a decision. I know that both of the citizens jury trials that I am aware of—in South Australia, with the nuclear dump, and in the City of Melbourne, with the process about how the budget was framed—put considerable effort into informing the people concerned about what the issues were.

I think that is as important as being representative, because one of the problems with your town hall meeting or whatever is that usually you get only a very small amount of the information required to reasonably make a decision. I am just wondering how that is going to be addressed. It is not just about the audience that is involved. How are you going to inform them?

Mr Barr: That is an excellent point and it highlights what sorts of issues are best dealt with in that context. There will be others where an extended period of education on all of the issues that need to be considered will not be necessary. Ultimately it falls to the government of the day to make the determination that this is a fundamentally tricky issue that has many different potential outcomes and that it is important to engage on the detail.

Yes, people will need a lot of information before they can arrive at an informed decision in the context of a citizens jury. In some instances there would be broader consultation. There are other cases where undoubtedly it is pretty straightforward; it is yes or no. You can provide a summary of the case for and the case against a particular issue and it can be just a straight yes or no vote. Some issues lend themselves to that; others do not.

There is also the question of available resources. Clearly we cannot do the intensive education campaigns on every single issue that comes before this place. I think it is also important to acknowledge our role in representative democracy: that we are all being paid to be informed about those things and to make a range of decisions on behalf of the people who elect us to this place. I am not in favour of outsourcing all that decision-making. What is the point of a parliament and of representative democracy? We all go through the process of being rigorously scrutinised and

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examined on our every utterance on nearly every issue being taken into account over the course of our time in this place. And people form a view one way or another as to whether they want us in here to reflect their particular world view.

There has got to be a primary role for this place too. Far be it from me to say that there are times when I think decisions that have been taken in this place have not always necessarily been informed by the best amount of information. But it is what it is, is it not? We will all reach different conclusions based on some of our own personal prejudices, our philosophical starting points and the like, and it is the same in the community. But if there is one thing that we can absolutely conclude out of all of this, it is that there is no way that you will be able to please everyone all of the time. There is no point trying to design a system that will please everyone all of the time, because that is an impossible task.

Can we do better? Yes. In most instances I would say the decision-making is improved by involving more people, but our best way of involving everyone is once every four years on election day, because everyone gets an equal say then. They reach a conclusion and they vote in who they vote in, as they have done on, what, nine occasions now in this place? And they have delivered us the parliament that we have.

MR COE: On the citizens jury, is the point of it actually to, in effect, quantify support one way or the other or is it simply to air views? There is a big difference.

Mr Barr: Yes, I think it is—

MR COE: I think you are always going to be fighting an uphill battle if you say, “This is representative and this represents everyone, and everyone in Canberra has to cede to this group.”

Mr Barr: That has been the experience with these exercises in other jurisdictions. You cannot necessarily say that the conclusion of such a piece of work gives you an absolute, definitive answer. In my mind there are a range of issues. We are not dealing with the black and white; we are dealing with a variety of trade-offs. An informed group of citizens, looking at the issues and looking at those trade-offs, could quite possibly reach a useful view to provide advice and a reasonable position that could perhaps be supported across—

MR COE: It might be useful but it would not be definitive, though, would it?

Mr Barr: Who is going to be the arbiter of a definitive view?

MR COE: That is right; exactly. That is why the expectation has to be such that—

Mr Barr: I agree on that point. What would be my hope out of, for example, an inquiry looking at CTP would be to look at the different trade-offs that are associated with how our current system operates. If you were to change different elements of that, what would the implications of that be? This would be in order to get a sense from the community, a group from the community, and as representative as you can possibly get within this context, of what their views are on those trade-offs.

Ultimately, any reform of CTP would need to come in by way of legislation through the Assembly. We have had multiparty hearings; we have had endeavours to work through the different issues and we were able to agree on some reforms. Not in the specific instance of CTP but in other areas there was a reluctance to move down a particular path or it was a case of, “Let’s wait and see and re-evaluate in five years time,” which is basically where we are at now. I think it was 2012 when we last looked at this. So I could see some value in pursuing that, and at least it would highlight for Assembly members: “These are the trade-offs and this is where this group of the community fell on those issues.”

Other examples of this practice in other jurisdictions have had varying degrees of success. We all perhaps have different views on whether the South Australian process around nuclear power ended up in a situation that—

MR COE: It has not put the issue to rest, has it?

Mr Barr: No, it has not. But there may be some opportunities on issues that are not quite as emotive to reach some form of consensus. That opportunity is there. I think in the end your opening remarks about whether this can be definitive and whether it can be used to get a conclusive view are well made. I take those on board. I do not set expectations in the stratosphere around this process, but I think it can be useful to resolve some areas where it is not necessarily partisan. There are issues that, within political parties, there would be a variety of different views on. There is value in pursuing that and involving the community at that level, while also being clear about what is up for debate and what is not.

I take on board that almost every time government seeks to engage on anything, whoever does not like the outcome says the consultation was a sham. So we have endless process arguments. Frankly, I have more respect for someone who says, “I’m opposed,” at the start and remains opposed at the end than someone who says, “It was the process that was the problem.” Just be honest and say you were opposed to it; I can respect that. But putting up a million process arguments as to why something should not happen I do not think advances the public debate.

It is okay to disagree. There is nothing wrong with that. People try to disagree loudly in order to change the government’s position on an issue. That is part of a democracy, too, isn’t it? But I am always wary of claims outside elections that “the community is outraged about this” when it is manifestly not proven to be the case when we go and vote.

MR COE: In 1.1 there is a dot point that states “providing whole-of-government advice on record-keeping to support efficient and accountable government”. What do you mean by “record-keeping”? Is it just ongoing stuff or is there a particular plan?

Ms Leigh: Dani Wickman will speak to that. She is head of the territory’s records office.

MR COE: So it is in relation to the territory’s records office—

Ms Leigh: Yes.

MR COE: as opposed to another reform initiative which is overarching?

Ms Wickman: The reference refers to some work that we began last year on trying to have a single approach to digital record-keeping across the ACT public service. We have been doing some work in the territory records office and partnering with records services in Shared Services to consolidate the various digital record-keeping systems around government and to continue to roll them out in support of greater digital record-keeping overall.

MR COE: What are the outcomes you are looking to achieve through this process?

Ms Wickman: What we are looking to achieve is progressively more capability across the ACT public service to work digitally, and to do that in support of a number of other initiatives like the digital strategy, like activity-based working, and to enable improved efficiency in government business overall.

MR COE: Is part of your work the survey of software and what technical systems are required or is it more about how you actually change the culture and get people to adopt what is already available but not being utilised?

Ms Wickman: Certainly, it has been a bit of both of those things. We have reached a policy decision on the types of software that agencies are able to use, so that we have stopped the proliferation of systems that can do that task. We did work last year in consolidating those systems so that there were fewer of them around government. But the work of encouraging people to take that up, to work more collaboratively across the system, is very much a cultural issue that we continue to work on.

MR PETTERSSON: This is a very serious question. Chief Minister, when are you going to stop holding New South Wales hostage at COAG?

Mr Barr: Yes, it is a very good question. The National Press Club speech of the New South Wales Premier, where she accused the ACT of holding New South Wales hostage, was a new low—no, I am kidding. The Premier has apologised for her “throwaway remark”, so all is well. We had a good discussion at COAG in Hobart. I do not think, in the cold light of day, that there is any evidence to support an assertion that the ACT would be holding New South Wales hostage, or indeed any jurisdiction hostage, in the COAG process.

In fact, I would go so far as to say that we are one of the most reformist jurisdictions. We tend to be one of the first to undertake a range of reforms, and we engage in the COAG process in a genuine way. We seek cooperation and collaboration where that is possible. We recognise that the Federation is a curious beast that is a mix of competitive and collaborative arrangements, not least of which is being competitive over the GST allocation, which is a perennial. It does not matter who the WA Premier is, Labor or Liberal, they complain about the GST. Equally, it does not matter whether the Tasmanian Premier is Labor or Liberal; they stoutly defend their jurisdiction’s share of the GST.

On a more serious note, the New South Wales-ACT relationship is an important one.

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We have an MOU. We are jointly progressing work in a number of areas. I am particularly pleased to continue working with the New South Wales government jointly in an approach to the federal government under the national rail program to support a faster train service between Canberra and Sydney. That is one very practical example of a project that we can jointly work on.

We continue to work closely with the Deputy Premier, who represents a seat in the Canberra region. I must say that we have been able to work effectively around the Canberra Region Joint Organisation with the New South Wales government, and, I might add, with the strong support of the federal territories minister, Senator Nash, who also, I believe, hails from the broader Canberra region. I think there have been some good and practical outcomes achieved through both the COAG process and our ACT-New South Wales MOU that are to the benefit of Canberra.

MR PETTERSSON: Touching on a point you made about the importance of the relationship with New South Wales, the importance of the relationship with the commonwealth government is of course of key interest to everyone in this Assembly. Something that I am acutely interested in is the city deal that I would like to see progressed with Canberra. That seems to have advanced with other cities, but I am yet to see progress on one with Canberra.

Mr Barr: Yes. We now have an MOU. The Prime Minister and I have exchanged letters. So that is the starting point for the Canberra city deal. That sees us a little more advanced, I understand, than some other cities. A cynic would note that the deals that have been struck to date have been in the marginal seats of Herbert and Bass, and there is a Western Sydney one. I do not know how many marginal seats there are around there. A cynic would say that. We could not possibly comment. We continue to engage productively with the commonwealth.

To the Prime Minister's great credit, he has made very clear that there will be a city deal for each capital city. He has said that the competitive element of this is really about who gets in first. He has said to the state and territory leaders, "We are open to working with you. You need to organise yourselves." For the states, and indeed for the Northern Territory, that means engagement with local government as well. We are in the fortunate position of being both, so that streamlines the process quite considerably for us. The other factor in our favour is the significant commonwealth involvement in the city, anyway, through the NCA and other institutions; clearly, they have a major role to play.

I am optimistic now that we have the MOU and we are progressing work on the detail of a city deal. The assistant minister, Angus Taylor, who has responsibility here, and who is also from the broader Canberra region, as he represents an electorate not too far from the ACT, is familiar with issues pertinent to Canberra, as is the territories minister, Fiona Nash. I think we are reasonably well poised. Clearly, we are not a federal marginal seat, perhaps with the exception of the Senate, but that is what it is, so we need to all be cognisant of that.

What is significantly to our advantage is the capacity for the public policy intent that the commonwealth have put forward, which we agree with, particularly on issues like value capture from public transport investment. We can give the commonwealth a

practical example of that, where they capture the value because they own the land and they are looking to divest the land. I refer to Constitution Avenue, the Defence precinct and the parliamentary triangle as practical examples of this, where they can put their own policy into practice and be the financial beneficiaries of that. There are not many other examples of this possibility in any other city in the country.

That is one of our compelling points of difference, and I have been able to say this to the Prime Minister and the minister: “Your stated policy objective is to achieve the following outcomes. You can do all of that in Canberra. We happen to agree with those stated policy outcomes. We can jointly work on this, and you, the commonwealth, will be a financial beneficiary.”

MR PETTERSSON: You had a positive response on that?

Mr Barr: Indeed. I do not want quote Minister Nash out of session, if you like, but she thought my argument was quite persuasive.

MR PETTERSSON: You are very persuasive, Chief Minister. I will leave it at that.

MR MILLIGAN: My question is in relation to workplace capability and governance. As part of developing and implementing the ACT public service capacity building program, what specifically will be the focus for Indigenous affairs?

Ms Overton-Clarke: We have a number of initiatives in place to support Aboriginal and Torres Strait Islander staff. They are around both attraction and retention, and at different levels across the ACT public service. Certainly at the entry level, we have run two Aboriginal and Torres Strait Islander traineeship programs and we are looking at ASBAs, or school-based apprenticeships. At the level that is more commensurate with graduates, we openly invite Aboriginal and Torres Strait Islander staff to be part of our graduate program, along with people with disabilities, and we advertise extensively about supporting a diverse workplace.

Then in the more senior levels we were lucky enough to be funded last year in the budget process for a support and retention program for middle managers and senior managers. We just completed the initial one of those. We are getting feedback from respondents at the moment, but that was very positively received. There are 27 staff that went through that program. Certainly, we are acutely aware that supporting staff to feel confident and comfortable to develop in the service is a really important part. Supporting initiatives like Muranga Muranga, the staff network and other support networks is a really important part of what we do.

We are thrilled to be able to say that we now have four Aboriginal and Torres Strait Islander senior executive staff, which is actually a 50 per cent increase from last year. We are very cognisant that at all levels through the public service we need to be developing support for retention as well as attraction programs.

MR MILLIGAN: Is the government committed to the three per cent of Indigenous employment in the public service as agreed at COAG? Do you know what the percentage of Indigenous employment is on average currently in the ACT public service?

Ms Overton-Clarke: We measure that figure every year through the *State of the Service Report*, so we can certainly at the year's end be clear about what that figure is. About three years ago, when Ms Leigh became the Head of Service, we looked at how we were tracking against the targets that we had set and we knew that we needed to regenerate them. So we have used the original targets and put them into performance agreements for directors-general. Each year, performance agreements for directors-general are set with the targets. They are updated on a quarterly basis and reconciliation is sent out to two directorates. We are very carefully monitoring how we are going in setting those targets. We will be resetting them at the beginning of next financial year.

MR MILLIGAN: Is that target the three per cent?

Ms Overton-Clarke: It is not three per cent. As I said, when the *State of the Service Report* comes out, we can be clear about what exactly it is. I can certainly report back to the committee on what it currently is. We are meeting better the targets that we had set in 2014, but it is not three per cent.

MR MILLIGAN: What programs are being delivered and developed for cultural awareness to work with Indigenous people throughout the ACT public service?

Ms Overton-Clarke: They are set up through the training portal that we have. They are delivered on a whole-of-government basis. All directorates access the portal and do it through different organisations. There is an established set of training providers who deliver those programs across the service.

MR MILLIGAN: Lastly, do you know what percentage of the budget, as stated on page 19 of the budget statements B, will be specifically for targeting the employment of Indigenous people?

Ms Overton-Clarke: In terms of targeting the employment of Aboriginal and Torres Strait Islanders, no, sorry, that would be difficult to extrapolate. Do you mean retention programs?

MR MILLIGAN: Retention but also gaining Indigenous employment from the get-go. From that budget, is there any specific amount within that that has been put aside for advertising and trying to gain Indigenous staff?

Ms Overton-Clarke: No, I guess because throughout all of our programs we advertise for all groups of diversity. The Chief Minister spoke earlier about LGBTIQ. Across different cohorts we put a lot of effort into advertising for each different cohort. The way that we have decided to approach it, apart from the specific retention program that we have run this year, is to look at the different ways that we as ACT government bring in and support staff and look at how we can best focus our existing programs on the attraction and retention of Aboriginal and Torres Strait Islander staff.

MS CODY: I note all the great work you are doing for Aboriginal and Torres Strait Islanders. I note that you talk about capacity building programs for people with a

disability as well. Could you expand on that a little for me?

Ms Overton-Clarke: Yes. What we have done is to use similar sorts of programs. Our inclusion traineeship program is run at a different time for people with a disability. Again, the graduate program had as a target people with disabilities as well as Aboriginal and Torres Strait Islander staff. So we are running a number of different programs. Of course, we put in a submission to the inquiry and we are really pleased with and taking great interest in all of those submissions.

One of the things that we have really focused on is making sure that we set up a team within our area to give practical, hands-on support to the directorates, because things such as reasonable adjustment appear scary. In reality, things have moved a long way. What we know is that by working closely with Shared Services and with directorates, there are a number of supports that we can put in place that ameliorate issues that were hitherto bigger. We do a lot of work one on one with directorates and through directorates' HR areas to support people with disabilities within ACT government as well as having attraction programs.

MR DOSZPOT: Chief Minister, I would like to take you to output 1.4, digital strategy. Reference is made to:

Provision of advice, support and project delivery for the digital transformation of government services.

There is another paragraph after it which basically repeats this but adds:

... and provide whole of government advice and assistance on digital strategy development and implementation.

Chief Minister, what services are provided in this new output?

Mr Barr: I will invite the Chief Digital Officer to answer that question for you, Mr Doszpot.

MR DOSZPOT: Thank you.

Mr Cumming: Thank you for the question. It is timely in that yesterday the Intermedia digital readiness report published the fact that we had for the third consecutive year raised our ranking of digital readiness across the federal and state entities. The two big drivers for that lift this year were the publication of the ACT digital strategy and the creation of the digital service governance committee.

My group is really focused on a number of things. The first is transformation coaching. The deputy CEO spends time, particularly with Transport Canberra and City Services and also with Access Canberra, helping people to find out about their transformation, and what their path is going to be in taking traditional services, digitising them and changing the culture of the organisation to take that customer-centric view. This is an important part of the cultural change that is necessary for digital.

The other areas we are working on are promotion to digital and geospatial through the

data project. We have undertaken the pilot over the last 12 months and have money in this budget to continue with that. That includes the open data area and the GovHack events that we hold. We are a premium supporter of the GovHack in July of this year in Canberra. Because we are a premium supporter we will get national coverage and get set challenges for people to take government data and come up with useful outcomes for that. That is an important event for raising awareness of open data, both for the government, as we mine our extra datasets, and for the community and businesses of Canberra.

MR DOSZPOT: What sort of budget has been allocated to provide these services?

Mr Cumming: For these services here, it is within the \$3 million personnel costs within the Office of the Chief Digital Officer. Many of the actual services are delivered through Access Canberra and through the other agencies and directorates.

MR DOSZPOT: Currently there is nothing under the estimated outcome for 2016-17. Is that because it is being delivered elsewhere?

Mr Cumming: For the past year under Office of Chief Digital Officer there were no outputs. It was established.

MR DOSZPOT: You mentioned the whole-of-government digital strategy, laying foundations and so forth and the establishment of the digital service governance committee.

Mr Cumming: Yes.

MR DOSZPOT: When was the digital service governance committee established?

Mr Cumming: I cannot be exact, but about 12 months ago. It was about the beginning of last financial year. The first meeting date, I think, was May or June of 2016.

MR DOSZPOT: Is the membership of that committee published anywhere?

Mr Cumming: It is published internally. There are terms of reference for the group.

MR DOSZPOT: I have been looking for it. I cannot see any reference to it anywhere.

Mr Cumming: I could provide that.

THE CHAIR: Are you able to provide on notice the terms of reference for the committee?

Mr Cumming: Yes, absolutely.

MR DOSZPOT: And the membership of the committee?

Mr Cumming: Yes. It is membership by role in the organisation rather than by person.

THE CHAIR: That is fine.

MR DOSZPOT: So within government organisations there is no external membership to the digital services committee?

Mr Cumming: Funny you should raise that. At the moment, no, but bringing in an external person to have on that committee has been discussed. We do that with a number of other project and reference bodies; we have somebody from outside the organisation to provide a view. But, given that this is its first year and its role is still evolving, we are adapting to the situations.

MR DOSZPOT: I am curious. I am looking at the future directions 2015-16 annual report. It is stated there that one of the outcomes of the government digital strategy is the establishment of a digital service governance committee. That is 2015-16. Is that correct or—

Mr Cumming: The date it was established, as I say, I can provide to you, but I think it was about May of last year, just over 12 months ago.

MR DOSZPOT: If you could give us that additional information I would appreciate that.

Mr Cumming: Yes. The terms of reference will help there.

MR DOSZPOT: The other aspect of the future direction of the government digital strategy was the undertaking of a pilot program to:

... improve data sharing across directorates as well as within the community (as open data); and
to better understand the issues and challenges in sharing information across the service.

There was also the undertaking to facilitate a series of digital strategy workshops to review each directorate's technology and business plans. Has that been done?

Mr Cumming: Yes. Can I firstly give you the date: the first digital governance service committee meeting was on 14 June in 2016, so I was a month out. There were two parts to that question. If I take the second one first, which was about the strategy implementation, the best thing about doing the strategy was not so much publishing it but the consultation with directorates in creating that strategy. It took about a month to write and four months to consult. It was that sort of cultural change and that conversation with the directorates to establish what the strategy should be. The first important point was to get to the point where fundamentally as a service we agreed on it and we published it.

The second part was to turn that into something that had meaning. In appendix 2 in the digital strategy there was a scorecard that took the 17 principles within the strategy. They included open self-assessment: what does that really mean, where are we on the scale of various things—for example, with data, or the use of cloud, or

whatever those 17 things were—and where do we stack up with that?

I facilitated and led workshops with the directorates to get their DDG level and senior technology people together. It was a presentation on what digital means and a refreshing of the strategies to bring their minds to the present. That was followed by self-assessment on those 17 principles, to say, “Where are we now as a directorate and where do we want to be in, say, two or four years time?” That was a very helpful exercise. We will come back to that on an annual basis and say, “On that scorecard, have we moved in the ways that we wanted to move in terms of our digital maturity?” That was quite a big job, as we had the boundary of Christmas into New Year, but it was very helpful, I think, in getting people engaged.

The next part of it that we are moving to now is more of an operating model view, which is to say, “What are some of the more specific targets across government that we want to put in place to give real life to the digital strategy?” It is a principles-based thing and that is entirely appropriate, in my view, for something that is covering such broad areas, from Health right through to small policy units and Enterprise Canberra. It is a big thing and therefore must be principles based. But on the individual directorate basis, I think there can be more and more tangible guideposts that line up.

One of the important things has also been to inform the various directorate IT strategies that have come out. So many people reference the digital strategy as part of their individual strategies that it is getting a degree of cohesion around it. I probably over-answered your question, but did it help?

MR DOSZPOT: It has been very helpful, thank you. I have a couple more questions on that. Have the strategy workshops and the review of each directorate’s technology and their business plans taken place? Each directorate has had their own session?

Mr Cumming: The business case review is a subset of the digital service governance committee, which my team leads. When the business case has come in, in preparation for budget cabinet, there is usually a two-part process where we look at the bids that directors want to put up to budget cabinet. We look at them within the framework of the digital strategy, generally around cohesion, for example, and common capabilities. We ask, “Is somebody over here trying to do something one way with one technology, and somebody over here trying to do pretty much the same thing in a completely different way, and should we not join that together and develop our skills in one particular area?”

There is an initial pass where we look at the concept of what they want to do and provide feedback as to how the business case could be strengthened. Then there is a second pass, which is the business case that treasury steward through the process. We take that and provide back to treasury our comments on that. Often that ends up on the front page of the budget cabinet sheets as a one-liner as to what the digital governance view of the particular initiative is.

MR DOSZPOT: Is the analysis of how the directorates are performing published?

Mr Cumming: In terms of that performance, that is not something I undertake in a clinical sense or publish; it is done more in a conversational coaching sense to see

how things are going. That is really about strategy. There is no formal test, if you like. There is the digital scorecard, which is used as a reference point. But it is like many of these things: I do not own the business of Health and I do not own the business of Access Canberra. It is up to those directors-general to manage their own shop. I just want to provide support and help with the coaching and the culture of their organisations.

MR DOSZPOT: Is any of the information that you provide to budget cabinet, which you mentioned, publicly available as well?

Mr Cumming: No. I think it is cabinet confidential.

Mr Barr: Nice try.

MR DOSZPOT: On a serious note, Mr Barr, I am also aware that there is a lot of input that you can gain from local industry if they know the directions that are being taken. I am referring more to that. Is there any way that you can better inform our local ICT industry about your direction and your strategy to see what sort of capacity is available within Canberra? I am aware that there is a lot of capacity available nationally, but I am referring to local businesses. We have some very good local businesses in this arena. Is there a capacity to give them information that is not to the same detailed level as you give budget cabinet, to give people an understanding of where we are going as a—

Mr Cumming: There are a number of ways that we do that. I generally present in public about once a month across broad areas. For example, I have presented at CollabIT and organisations like that that are industry bodies, and I work with the Business Chamber. There is quite a close connection there. I work on a one-to-one basis, mentoring figures from local industry.

MR DOSZPOT: Do you present to the AIIA as well?

Mr Cumming: Yes. Last August I presented to AIIA. I have to say that presentation was more a provocative CDO thing rather than, “Here are our capabilities,” or “Here’s what we’re doing in terms of strategies.” It did have elements of that but it was more than that.

A question I did not really answer a little earlier was on the data sharing aspect. I could just touch on that in this context. We went through the SBIP process—small business innovation program—to go to market for that data capability. That is a process that is designed specifically to engage local providers. A provider called Sliced Tech was selected to help us with our data program. They interfaced with some of the bigger providers that you referred to—the multinational software providers that we need to use. That arrangement has been good. The support that we have got through SBIP in engaging those people has been quite powerful. A lot of people turned up to that one; we had some 50 businesses turn up for the industry briefing on that.

I think we get a reasonable amount of cut-through. There is certainly strong interest from the local community in what we are doing, and I welcome opportunities to speak

to bodies, to talk about what we are doing quite openly and strategically. We are all very open about what we are doing.

MR DOSZPOT: Slightly deviating from that line of questioning but also part of the digital strategy: how is the progress going of rolling out wi-fi in every major town centre? Has that now been completed?

Mr Cumming: The wi-fi rollout is not really under my purview.

Mr Barr: It will come up tomorrow morning in economic development, but I understand that if it is not complete it is very close.

MR DOSZPOT: I would not mind some further info on that. I am aware of almost being out of time, but I have one more question, if that is okay?

THE CHAIR: Yes, and then we will go to a supplementary from Ms Le Couteur.

MR DOSZPOT: The establishment of the digital service governance committee included the desire to establish a framework to improve transparency. Are you comfortable with the level of transparency that there is currently?

Mr Cumming: Yes, I am. I think it has brought a big improvement. Prior to it being established there was kind of ad hoc governance, if I can put it that way, particularly in the budget process and business cases. I think this has provided a more consistent forum to get that consistency and transparency, and that is through to strategic board level, that gives that flow through.

But to be honest with you—I am always honest with you—the best thing is that it is a collegial forum where people who might not otherwise get together at a reasonably senior DDG level in the organisation get together and talk about what they are doing. We have some project barriers which make it mandatory to bring to the governance committee to formally sign off that stuff, but the fact is that it has brought together the senior executives to talk about technology and their plans.

There are some terrific lessons that we can all learn from: Education for example, with the digital backpack and their adoption of cloud, promoting that and getting amazing results. That is something every other directorate is keen to learn from: “How do you progress those sorts of things, not at a technology level, but how do you get them through our system that is not necessarily used to digital projects, because it is quite new for us?” Getting collegial support around that has been fantastic.

Another example is driving the cloud adoption work with the GSO and unravelling all the comments: “This is different. We don’t necessarily understand the full implications, the legal ramifications.” We are driving through that in a really positive way and finding that we are all good. We know what we are doing now and we are confident. That has been a great peer support arrangement for everybody.

MS LE COUTEUR: Yesterday the Under Treasurer, David Nicol, told us that his intention or hope was that the new government office building would be paper free. Are you the person who is going to be—

Mr Barr: Not quite—I think he qualified that by saying “paper light”.

MS LE COUTEUR: I did say “hope”.

Mr Barr: Not paper free, but much less paper, yes.

MS LE COUTEUR: Whether it be paper free or significantly less, my question is: are you representing the people who are going to make this happen? Clearly the ACT government is not currently paper free. Is this your job?

Mr Cumming: It is certainly my job to strongly advocate for it. As I said before, I persuade people, individual directors-general. I think Bronwen could answer that.

MS LE COUTEUR: It looks like it might be her job.

Ms Overton-Clarke: It is a great thrill to many of us that the Under Treasurer is leading parts of that project because his interest in that is duly heightened. Ms Wickman talked earlier about the proliferation of a number of digital systems. In the trial work that we are doing in CMTEED and across other directorates we are certainly looking at making sure that by the time we get into the government office block that is certainly the case. The freeness and the project work and the collaboration that we achieve through activity-based working methods are certainly enhanced by us being able to rely much less heavily on paper records.

MS LE COUTEUR: We could keep on going, but—

THE CHAIR: We could, but in the interests of time, it being 5 o'clock, we will adjourn today's hearings. Thank you, Chief Minister, and all of your officials for day three.

Mr Barr: It is all right. See you back again for day three.

THE CHAIR: The secretary will provide a copy of today's proof transcript of the hearings when it is available. Any witnesses who have taken questions on notice have five days from tomorrow to provide those answers. I call today's hearings to an end.

The committee adjourned at 5.02 pm.