



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

SELECT COMMITTEE ON ESTIMATES 2019-2020

(Reference: [Appropriation Bill 2019-2020 and Appropriation
\(Office of the Legislative Assembly\) Bill 2019-2020](#))

Members:

**MISS C BURCH (Chair)
MS B CODY (Deputy Chair)
MRS G JONES
MS C LE COUTEUR
MR M PETTERSSON**

TRANSCRIPT OF EVIDENCE

CANBERRA

TUESDAY, 18 JUNE 2019

Secretary to the committee:

Ms Annemieke Jongsma (Ph 620 51253)

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

Chief Minister, Treasury and Economic Development Directorate	223, 319
City Renewal Authority.....	223
Icon Water Ltd.....	223

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Amended 20 May 2013

The committee met at 9.30 am.

Appearances:

Barr, Mr Andrew, Chief Minister, Treasurer, Minister for Social Inclusion and Equality, Minister for Tourism and Special Events and Minister for Trade, Industry and Investment

Chief Minister, Treasury and Economic Development Directorate

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

Croke, Ms Leesa, Deputy Director-General, Policy and Cabinet

Whitten, Ms Meredith, Deputy Director-General, Workforce Capability and Governance

Robinson, Mr Peter, Executive Branch Manager, Wellbeing Indicators Project

Konti, Ms Bettina, Chief Digital Officer

Noud, Mr Russell, Director, Public Sector Workplace Relations, Workforce Capability and Governance

Perkins, Ms Anita, Executive Group Manager, Communications and Engagement

Dolan, Ms Fiona, Executive Branch Manager, Communications and Engagement

Nicol, Mr David, Under Treasurer

Strachan, Mr Shaun, Deputy Under Treasurer

Esau, Mr Lloyd, Executive Director, Major Projects

Bain, Mr Glenn, Executive Director, Procurement ACT

Asteraki, Mr David, Director, Infrastructure Finance, Infrastructure Finance and Reform

Arthy, Ms Kareena, Deputy Director-General, Economic Development

Starick, Ms Kate, Acting Executive Group Manager, Strategy and Policy, Economic Development

Harrison, Mr Craig, Executive Branch Manager, Innovation, Industry and Investment, Economic Development

Hassett, Mr Glen, Senior Director, Innovation, Entrepreneurship and Projects, Economic Development

Kelly, Mr Sean, Senior Director, Policy and Strategy, Economic Development

Smyth, Mr Brendan, Commissioner for International Engagement

Icon Water Ltd

Hezkial, Mr Ray, Managing Director

Yau, Ms Joy, Chief Financial Officer

Breaden, Ms Jane, General Manager, Business Services

City Renewal Authority

Snow, Mr Malcolm, Chief Executive Officer

Gillman, Mr Craig, Chief Operating Officer

THE CHAIR: Good morning, and welcome to the third day of public hearings of the Select Committee on Estimates 2019-2020. The proceedings today will examine the expenditure proposals and revenue estimates for the executive and ACT Integrity Commission in budget statements A; the Chief Minister, Treasury and Economic Development Directorate in budget statements B; and the Environment, Planning and

Sustainable Development Directorate in budget statements E.

Please be aware that the proceedings today are being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed live. When taking a question on notice it would be useful if witnesses use the words “I will take that as a question on notice”. This will help the committee and witnesses to confirm questions taken on notice for the transcript.

Mr Barr: We will aim to do better with that than we did yesterday.

THE CHAIR: Witnesses, can I also ask you to familiarise yourselves with the privilege statement provided and confirm that you have read the privilege card presented before you and that you understand the privilege implications of the statement?

Ms Leigh: Yes.

Ms Croke: Yes.

THE CHAIR: We are not accepting opening statements. We will proceed directly to questions.

Mr Barr: That is an excellent reform.

MS CODY: Chief Minister, I am assuming this is the area where I can talk about staffing. I know we briefly touched on it yesterday.

Mr Barr: Workforce capability and governance, yes.

MS CODY: That sounds like a good place to start. I know yesterday I raised briefly what the government is doing to help to counteract insecure work but I thought maybe we could go into a little more detail in today’s session.

Mr Barr: We certainly can. Obviously there are a number of decisions within the budget this year that seek to make changes in terms of the nature of employment for certain workers who have been with the ACT government or performing effectively the same task every day under long-term contracts with the government. They are outlined in the initiatives within the budget papers. It particularly relates to staff within TCCS and within the Education Directorate. There is also a further initiative to look across ACT government more broadly.

MS CODY: Maybe we could talk on the higher level, what we are doing across ACT government. That would be handy.

Mr Barr: We will. We will then follow up with the individual directorates, yes. I invite Ms Whitten and Mr Noud to talk on that initiative.

Ms Whitten: I will start off and Mr Noud will follow through. In budget paper 3 there is the initiative for supporting more permanent ACT government jobs, where there is funding of around \$471,000 in 2019-20 to support the insecure work task force and

also to conduct a classification review. These two initiatives derive from the negotiations that have been undertaken through the enterprise bargaining arrangements. The task force has kicked off with directorate and union participation. The classification review will kick off with this funding as well. Mr Noud has the detail.

Mr Noud: Thank you for your question, Ms Cody. The government has taken the step to establish a task force to look at insecure work. That arose during the enterprise bargaining negotiations. The task force will systematically work through employment in the service over the next, we anticipate, 12 months and will do that in a number of phases.

The first phase is to look at where we can now identify areas of employment that can be converted to permanency. Some examples of that are: school cleaners will be brought into the Education Directorate. Access Canberra is looking at converting labour-hire employees to permanency. ICT professionals have been on temporary employment and labour hire. There is a program working through those to engage them as permanent employees. We are looking at how the graduate nursing program works for the engagement of nurses for their first year of employment post university.

There is a large pool of casual teachers that supplements the schools on a daily basis. The Education Directorate is looking at how that arrangement might work in the longer term. We are also looking at libraries, which also have a pool of casuals that they use on any day because of needs across the library service. We are looking at how that works. That is, if you like, the areas that we can identify now. The risk in doing only that is that there will be large areas of the service not looked at in a systemic way.

The trigger for us to look at any particular area of the service is the enterprise agreements which cover those parts of the service. The enterprise agreements have got new clauses that have been negotiated which allow for the transition of insecure work employees into permanency. To be able to use those clauses, the enterprise agreements have to be approved by the Fair Work Commission.

We are some way through bargaining. Over half of the agreements are certified now. As those agreements come online we will work through the employment covered by that agreement and look at how we might convert employees within those groups. That is the broad process across the service. I can go into more detail or not, depending on what you are looking to do.

MS CODY: You mentioned moving away from labour hire firms. Is that a policy shift to move away from labour hire firms?

Mr Noud: Yes, absolutely.

MS CODY: I am very pleased to hear that.

Mr Noud: There will always be a role for labour hire, casual and temporary, across the service because you will always have unexpected demand, peak times. Labour hire is often used where the skill set is unusual and is not available readily within the

service. You will always have a need for temporary casual and labour hire as that buffer, as that top-up, to be able to deliver in the service. When that becomes the norm is where insecure work becomes a problem.

There is plenty of evidence around to show that long-term, insecure work has a terrible effect on the employees concerned. It costs the employer through repeated recruitment processes, through our corporate knowledge walking out the door when every contract expires. There are a lot of good reasons to do this. The model that we have struck gives us a balance between allowing for buffers to fill needs where need be and the tendency towards permanency.

THE CHAIR: While we are on this topic, the committee heard on Friday from a number of community organisations about the difficulties that their organisations face, particularly in terms of employment, due to the fact that they can often only secure one year of government grant funding at a time. Has the government given any consideration to extending grant funding to three or four years at a time?

Mr Barr: Yes, and there have been examples where that has occurred. In some instances part of the challenge will be that community organisations are jointly funded between the commonwealth and the territory, and the commonwealth programs that require matched ACT government funding are only for one year or two years. That is, I think, the exception.

THE CHAIR: What about when it comes to ACT government grants?

Mr Barr: Broadly speaking—other directorates will be better qualified to talk about the exact work that they are undertaking—moving to three, four and five-year contractual arrangements, sometimes even longer if particular organisations have a very long track record of providing services, is a sensible approach for exactly the reasons that you have highlighted.

MR PETTERSSON: Going back to labour hire and insecure work, I have never heard of insecure work being associated with libraries in the ACT. Can you expand on that? Are there a large number of casuals working in libraries in the ACT?

Mr Noud: That is only a relatively recent development. In libraries they do have a strong casual pool at the moment, and that is predominantly to cover sick leave. They have a roster for annual leave but it is mainly for sick leave and also where, in one of the 10 libraries on a given day, they have a shortfall, and they need to be able to move people into the different libraries. They have tended to use casuals for that, but we are looking at how we might be able to make those positions floating permanent positions.

MR PETTERSSON: Was there any rhyme or reason to how you identified the areas that you mentioned before? I know you mentioned that there is a big-picture solution in terms of conversion clauses. How did the government come to the opinion that these were the areas that needed to be focused on?

Mr Noud: Primarily, that was done through our own internal directorates. We have worked with them to identify where they see pockets of casual employment or temporary employment. We have done that statistically through our pay systems,

which can show us where there are cohorts of insecure workers. We have also worked with the unions who are on the task force to identify through their memberships where there are members who are in insecure work.

That was an interim step, if you like, to start moving through the work. The big job of work is the more systemic approach which we will do as each of the agreements comes through. In that we will start with a large number, to identify where all temporary casual employees are under a given agreement, and we will work backwards from there. We will take out of that large number where there are temporary employees covering, for example, different leave times. That might be maternity leave or long service leave. That is a legitimate use of temporary employment as opposed to longer term temporary employment.

Temporary employment can also be used for higher duties. That is done through a temporary contract. Again we would take that out. There are also cohorts of workers within the service that are naturally on temporary contracts. Often they will be in training positions. If you go to the hospitals, all of the junior doctors are here for a fixed period of time on temporary contracts. That is because they are in training positions, and ultimately they will end up, hopefully, employed by the service.

MR PETTERSSON: Could someone confirm for me how the school crossing supervisors are employed?

Ms Whitten: Mr Pettersson, that is a matter for Transport Canberra and City Services.

Mr Barr: We will take that one on notice.

MS LE COUTEUR: I hope this is the right place to ask this question.

Mr Barr: I am sure we will tell you if it is not.

MS LE COUTEUR: I assume that this is where we start asking about things that cross directorate boundaries, like poverty and climate change. Starting with climate change, the Assembly recently passed a resolution declaring that we are in a state of climate emergency. How will this resolution be implemented across the whole of government?

Mr Barr: Following the Assembly's passage of the resolution, the strategic board have given it consideration. The cabinet has, of course, given it consideration. A range of initiatives will be announced as part of the next phase of our response to climate change. That work is progressing through a cabinet process at this stage, and it is anticipated that it will be released in the coming months—certainly, this calendar year—as it relates to actions for the next five years. There continues to be work within individual directorates in relation to achieving targets under existing policy frameworks and objectives to 2020. We are then particularly focused on the next five-year period, from 2020 to 2025.

I cannot pre-empt cabinet's consideration of all of those issues today; suffice to say that there is a lot of work occurring. You would be aware, no doubt, that Minister Rattenbury is deeply involved in that work, as the minister with direct portfolio

responsibility. I can advise that in each area of ACT government, ministers, directors-general, senior executives and, indeed, most ACT government staff are involved in a range of direct actions, policy development and change management to reflect that circumstance, the government's short, medium and long-term objectives around its own operations and some of the broader goals for this city.

There is one area that is under watch at the moment, and that relates to the direction of Australian government policy: where, for example, future energy policy will head and what opportunities there are under programs that were announced during the federal campaign process that might be available to the territory government. A topical example today that is somewhat related relates to commonwealth-ACT programs around improving the quality of water, our rivers, lakes and the like. That is topical today. I understand that Minister Gentleman and Senator Seselja will be making some further announcements today. That is a practical example of the two levels of government working together. Where those opportunities exist under the policy framework of the Australian government, we will work constructively. In other areas I suspect more leadership will be required at a state and territory level over the coming three years.

MS LE COUTEUR: I think leadership will be required from every single level if we are going to sort out this climate emergency, basically. Is this also the part where we talk about the wellbeing indicators?

Mr Barr: It is, yes.

MS LE COUTEUR: You have announced that we are going to have them. Basically, what is happening with them? What work has been done?

Mr Barr: The history here is that in 2018—going back a year now—I announced the government's intention to develop a set of wellbeing indicators to measure the ACT's progress beyond the more traditional economic metrics, the idea being to provide a regular snapshot of progress in the territory, and the insights from that regular snapshot then to inform government policymaking in the next decade.

One of the issues that we are grappling with at the moment and working with interested stakeholders in the broader community on is the range of indicators, and what are the indicators, that would be most useful to guide not only measuring progress but also future government policymaking and budgetary decisions.

That is part of the work, and there is an extensive series of workshops and activities that are underway and will pick up pace from as early as the first week of July. There have already been a number of events and seminars. I have spoken, and Minister Fitzharris as minister for wellbeing has spoken, at a number of these events. There is extensive activity underway. Peter will update us on all of that.

The other important elements here are the time frames for completion of the work and how it will then flow through. I will announce the final indicators for the first phase on Canberra Day next year and they will then be part of the 2020 budget process. I want to stress that this is the beginning. It will not be the end of the process. If you were to look at similar examples elsewhere in our region, particularly in New Zealand,

whom we are working very closely with, they were very clear in their budget that was released a few weeks ago that that was the beginning of a process, not the be-all and end-all. It will be iterative. It will adapt over time.

One of the questions that will be resolved in the next period is the extent to which we have data gaps in areas where we would seek to have more information, how we might gather that information and whether it is feasible for us to do that at a state and territory level or whether it will involve a further conversation, for example, with the Australian Bureau of Statistics around their information gathering, and whether there is information that they only currently collect on a five-yearly basis that might be able to be collected more frequently. I will invite Mr Robinson to talk a little about the work that is underway and what is happening in the next month or so.

Mr Robinson: As the Chief Minister mentioned we are about to commence a phase of community consultation. A hallmark of the framework we are developing is that we want to develop it with the community rather than develop it and announce it to the community. So a series of roundtables will be held in the first half of July with community groups.

We have issued invitations to around about 140 community groups around town. They will each attend the four roundtables we have. We are looking for a variety of interests at each of the roundtables so we get a good mix of interests at each of the sessions. They will be looking essentially to get a sense of the community's views around wellbeing.

We want to let the participants know and understand what wellbeing frameworks are, so we are engaging some experts from the University of Canberra who work in wellbeing frameworks as their daily activity. They will come along and give a bit of an explanation of wellbeing frameworks and some of the frameworks that are being introduced around the world, OECD, New Zealand and so on.

We are intending to supplement the roundtables with some broader community activity through the your say website and also the your say community panel. That will be timed to complement the roundtable work we are doing in July.

Out of those sessions we will be keen to understand the views of the community around what are the things and what are the factors that enhance the quality of life of Canberrans and within those what aspects would give the best expression of success in those areas. Typically in a framework context they would be called domains and indicators as per the New Zealand framework.

The intention is to talk to the community, understand the community's perspective. There will, no doubt, be a large range of issues raised, which will be good. That will allow us to understand the sentiment. Then we will work beyond the roundtables and the your say activity in July to think about a draft framework that we could then go back to the community with in the last few months of 2019.

Again, it will not be a case of officials putting something together and that being the final outcome. We want to go back with our thoughts to the community in the latter part of the year and engage in a fairly wide way with the community through a variety

of channels. We may hold more workshops, we may hold focus groups. We will utilise the your say website yet again.

We want to get out and about and talk to the Canberran community in as many ways as we can. With things like roundtables, focus groups, workshops many people around town engage in those forms of communication, but we want to also sort of get out and talk to those people who normally may not feel like they should engage in those forms of activity as well to ensure that we pick up the broad sentiment. It is the breadth of sentiment that will give the richness to the framework we eventually come up with.

Mr Barr: I observe that it is important through this process that those people who want to commit days in a week, weeks in a month to this sort of activity have their opportunity but equally people who want to spend 15 minutes on it and give their views clearly have an opportunity as well. I will invite Ms Dolan to talk about how we are going to achieve that part of the task.

Ms Dolan: From a broad community engagement perspective for this project it is really important that we aim to ensure that the majority of Canberrans are aware of the wellbeing indicator process by March 2020 when we launch the framework. We understand that not everyone will want to engage on this topic at every stage, so we are building a broad piece of work around making sure that there are different opportunities to engage in this subject matter in different ways.

As the Chief Minister said, there will be the ability to attend workshops where necessary, and that will be really important, but there will also be other tools used through your say and the establishment of the community panel when it is up and running to make sure we hear from the community through a lot of tactics.

The other thing that is really important is that we have done a lot of community engagement over the past two to four years as well. We are looking at all of that and analysing all of that work that has already been happening across the ACTPS to ensure that we take on board what we have already heard from the community and our stakeholders so we are not asking people the same questions again and again, which is really important.

That is a really important piece of work that we are doing at the moment to make sure that we pull that information together and make it easily accessible. We will be publishing that on the your say website before the roundtables take effect in July.

MS LE COUTEUR: Is this going to include environmental indicators or just the human indicators?

Mr Barr: The intent is part of the discussion to have, but I would have thought so. But then which environmental indicators? That is the question that we need to delve into: what level of information do we currently have? What would be the best set—

MS LE COUTEUR: Or sets, presumably?

Mr Barr: Or sets, yes. But the one thing I want to caution against here is that we do not want a wellbeing framework that has 4,000 indicators. We have to be sensible

around how we approach this. In New Zealand they have dropped to about 12 domains and then a series of indicators within them. So we are not replicating the Australian government census here. But we are wanting to drill down to a set of meaningful indicators that the majority of Canberrans would agree are the ones we should be focusing on.

There will always be people who go, “No, I don’t think topic X should be in there and topic Y should be,” so I am not setting an unrealistic objective here that there would be unanimity on everything contained within this. But we want to get as close as we can to hitting on what are the majority opinions and priority areas for Canberrans through this exercise.

MS LE COUTEUR: The government spent a lot of time on triple bottom line analysis. Are you envisaging that this is going to replace that?

Mr Barr: Yes, I think it will enhance it and take it beyond where it is now. Part of that involves an assessment from government during its annual budgeting process to indicate priority settings. An example is that the New Zealand government said in certain areas they would only fund new initiatives that achieved one or more of the five core objectives they set for that budget.

MS LE COUTEUR: So you anticipate the same thing will happen with our budget?

Mr Barr: Over time, though, yes. It is not an immediate—

MS LE COUTEUR: Not the next budget?

Mr Barr: It will start in 2020, but it will evolve. The lesson learnt from New Zealand was that they still allocated funding in certain areas along the more traditional lines but they did say, for example, that they wanted to encourage collaborative initiatives between different New Zealand government agencies that would address Indigenous disadvantage. That was one of their priorities. Another was that they would respond to climate change, so they were looking for whole-of-government or multi-agency responses.

Part of this is around using the annual budget process to encourage that sort of collaboration or more targeted focus on initiatives and assessing them not just on their financial impact but also on their capacity to positively improve wellbeing against these other barometers. At the moment we have an almost exclusively fiscal domain. This process is principally about inquiring about dollars.

MRS JONES: I do not know; we get to some other fairly meaty topics.

Mr Barr: Occasionally, but if we were all honest with ourselves we would note that the vast majority of our discussion—certainly yesterday—is principally dominated by money.

MRS JONES: Well, you are the Treasurer.

Mr Barr: Sure, but the budget can take a broader perspective, and that is the point I

am making.

MRS JONES: What services will be moved online with the provision of the \$7.368 million funding in the budget?

Mr Barr: I will invite our chief digital officer to talk us through that project. It is a really good one and I am really pleased we have been able to find some additional resources to move this one forward in this budget round.

Ms Konti: The program that allocates \$7.3 million dollars in funding is funding for the 2019-20 financial year and is part of a broader package of work that also provides ongoing operational funding to maintain the ACT digital account and its four current services.

MRS JONES: So some of it is the ongoing normal funding?

Ms Konti: This is moving delivery of more community services online, just to be clear that that is the program we are talking about under outcome 1.4?

MRS JONES: Yes.

Ms Konti: So \$7.5 million net or \$8.3 million gross over four years is to maintain the ACT digital account and existing services and an additional \$7.3 million to implement reforms.

MRS JONES: What is that \$7.3 million going to achieve?

Ms Konti: We are looking to implement reforms into the working with vulnerable people registration process, including embedding within that the ability to do NDIS screening requests for people who are going to be employed to look after people who are under the NDIS program. In addition to that, there will be some work to do some design around thinking about how we can ensure that people who are entitled to various concessions within the ACT government can prove their eligibility for those concessions once and have that then be—

MRS JONES: Saved.

Ms Konti: Yes.

MRS JONES: Paying for things online has been a bit of a change that has finally occurred in the past few years, which is good. I want to ask about whether the whole government might be moving to the same payment framework. For example, last time I checked you still had to use cash in a library to pay off a fine but other parts of government are now online and electronic predominantly.

Ms Konti: It is our intention to enable all the forms of payment to come in online. That will be a multi-year program of work. It is not specifically part of the funding that is allocated to this at this stage.

MRS JONES: I also wanted to ask about the role that you are in as the Chief Digital

Officer. Who do you report to? What is exactly the nature of the work you are doing and the oversight that you have? Can you answer that in a brief statement?

Ms Konti: Sure. I report directly to the Head of Service. My brief is very much around driving the transformation of ACT government in a technology way. We have oversight for, and are in the process of creating, a brand new digital strategy for the ACT. We have a digital strategy that was created and published in 2016 by our inaugural chief digital officer, who was Jon Cumming. That ends at the end of the 2019 calendar year. We are currently in consultation for refreshing that digital strategy.

MRS JONES: How many staff are working with the OCDO?

Ms Konti: The core OCDO has me and another four staff. There are two programs that also sit under the Office of the Chief Digital Officer. That is this one, moving delivery of more community services online—the one we have just spoken about. There is also the ACT whole-of-government data lake and the staff that provide those services.

MRS JONES: The budget states that OCDO will continue to develop the ACT data analytics centre. What is that and what does it do?

Ms Konti: That is right. Okay, so the data analytics centre is a capability that is combined technology and staffing that allows us ultimately to make better decisions, to make better policy decisions, to deliver better services and outcomes for the community through better use of data.

MRS JONES: Accountability indicator F, at footnote 6 on page 17 of the strategic objectives says that value delivered through technology investment improvements is one of your outcomes that you are trying to achieve. How are you measuring that? How are you going to achieve that through the work you are doing?

Ms Konti: That is part of what I would call the core OCDO function. What we do is we work with Treasury and the various directorates providing them with advice and guidance around the technology investments that they are planning for during the business case creation process that ultimately leads through to the budget cabinet.

MRS JONES: Is that part of the economic analysis of what new initiatives might be done?

Ms Konti: Well, yes—

MRS JONES: But also information about what can be done?

Ms Konti: That is right. When a directorate wants to put together a business case to invest in some technology that allows them to improve some outcomes, we have a committee that has every directorate represented on that that we lead.

MRS JONES: For budget cabinet, it is directed from the departments, not from you? If there was something that a directorate was doing that could be done better, would

you go the other way and promote changes?

Ms Konti: Yes, in the technology space. If businesses cases come through and they are looking at some technology and we think that there might be a better capability technology or a—

MRS JONES: But you are not doing a broad-brush sort of analysis of the way things are being done. It is more as things come up, type of thing?

Ms Konti: We were talking specifically about what we do for budget cabinet just then—

MRS JONES: Yes, I understand that.

Ms Konti: in terms of a broad-brush approach about what technology are we employing in the ACT. In respect of what our future technology road map would be, that work is also underway and is also being led by my area. But we are working very closely with all of the directorates, the CIOs in each of the directorates, and our Shared Services—

MRS JONES: CIOs being chief information officers?

Ms Konti: Yes.

THE CHAIR: The footnotes on the same page reference the benefits realisation plan for the ACT digital account. What is the benefits realisation plan? What does that entail?

Ms Konti: As part of this program, moving delivery of more community services online, we are anticipating that there will be benefits for the community as well as benefits for government efficiency and effectiveness through the reforms of the working with vulnerable people program that we will be undertaking. In the business case we have said that the first thing we would be doing once the project establishes is to develop the benefits realisation plan.

We have made some estimates about what benefits could be realised in terms of efficiencies to government as well as time saved for people. That is something that we need to ensure that we are tracking our progress against to ensure that we get those outcomes through the delivery.

THE CHAIR: Will the main measurement for the community be the time factor?

Ms Konti: We think so, yes.

THE CHAIR: Are you also responsible for the digitisation of government records?

Ms Konti: No.

Mr Barr: That is the Territory Records Office.

MS LE COUTEUR: I have a question that is effectively the flip side of this. There are a number of people who are not digital natives. Particularly as we get older, our ability to cope with new technologies become problematic. Some people cannot cope with the existing level of digitisation the ACT government has done. What are you doing to ensure that none of the people who live in Canberra are left behind and left unable to access ACT government services?

Ms Konti: We are doing a few things. One of the key themes in our digital strategy that we are in the process of working through at the moment is inclusive. This is very much about making sure that we do not widen the gap; that we look to close the gap between the people who are digital natives and the people who struggle to access or use digital services. So the face-to-face services and the telephony services that are provided by Access Canberra now will remain open. There is no plan to close those. That will ensure that people are able to access the services that they need in a way that they feel most comfortable with.

There is also some thinking that we are doing around how we can make sure that good access is provided to technology in places like libraries to enable people to have access to things that they may not otherwise be able to access. That is as far as we have gone at the moment. There is some community consultation that we are doing around the digital strategy. One of the things that we are learning through that is that people are very conscious about making sure that those who have access or usage issues with technology are catered for somehow.

MS LE COUTEUR: One of the areas which maybe you do not class as technology is payments. You basically cannot pay for some ACT government things with cash. There are people who—

MRS JONES: There are both problems. Sometimes you can only pay with cash and sometimes you cannot pay with card.

MS LE COUTEUR: Access Canberra generally do not want you turning up with cash. For some people, rightly or wrongly, cash is what they have. I have had inconclusive correspondence with the minister for Access Canberra, because I think that there are ways around that, but what are you doing so that you are not forcing everyone in Canberra to get a credit card?

Ms Konti: Payments are moving increasingly online. Access Canberra are the ones that you would probably need to ask.

Mr Barr: They will be able to give you a more definitive answer.

MS LE COUTEUR: But this is basically part of the digital strategy.

MRS JONES: And the whole-of-government approach.

Mr Barr: One of the dilemmas, not just for government but for most organisations, is that there is a portion of the community who think that our pace of change is too slow, that we are not moving quickly enough, and equally there is a portion of the community who will never move into this world. You must maintain capacity and

options over the longer term.

MS LE COUTEUR: Absolutely.

MRS JONES: Otherwise you can create disadvantage.

Mr Barr: From a policy perspective, that is well understood. This will be about managing a change over decades, I imagine. The question will be for a future government, probably mid century. Will we be in a cashless society by then, in three decades? Probably, if current trends continue. I am not going to sit here and predict exactly when that will happen, but this is something that governments and every organisation are needing to think about.

MRS JONES: But given that cash is still legal tender, the complaints people bring to us do have some validity.

Mr Barr: Of course, yes. That is why it is important to offer choice. You have indicated that cash should not be the only payment option; I think that is absolutely right. Equally, there should be a way of making a payment that is not just through a credit card. We understand that.

MRS JONES: Some people cannot have a credit card.

Mr Barr: There is a range of new payment technologies emerging now that will allow people to make a direct transfer, and an easier one, between their financial institution and government, and indeed other places. There is probably a relatively smaller proportion of the community now who have no banking at all and who operate entirely in a cash economy. There may be some people who still get paid in cash and do not have a bank account, but I do not think there are very many, and I suspect that over time that number will further diminish.

MR PETTERSSON: I have some questions about the integrity commission. We have had a delay in the commencement. Why did that occur?

Mr Barr: The legislation required unanimous agreement, effectively, across the Assembly in relation to the appointment of a commissioner. When the initial process recommended a candidate who did not receive unanimous support, that clearly set the process back somewhat. We now, happily, have arrived at a point where a commissioner has been able to be appointed. That commissioner has now formally advised the Speaker around a time frame for commencement.

MR COE: What is the delay on his start date compared to the proposed start date?

Mr Barr: I understand it was up to December.

MR COE: No, his personal start date. You said there was a delay because of the appointment of the person.

Mr Barr: As I understand, several months.

MR COE: He is not starting on 1 July?

Ms Whitten: My understanding is that the Speaker has made an instrument which is up on the legislation register which indicates that the commissioner will start from 1 July.

MR COE: So there is no delay? July 1 is the start date?

Ms Whitten: I think that that is where the instrument commences from. I think that his appointment on 1 August, which was originally proposed, is probably his start date, but probably the Speaker—

Mr Barr: The Speaker would be in a better position to answer this.

MR COE: So perhaps no delay at all?

Mr Barr: It would have been earlier had you not vetoed the approved candidate.

MR COE: He could not have been appointed before 1 July according to the legislation.

Mr Barr: Had you not vetoed the earlier candidate, we obviously would have been—

MR COE: Well, 1 July is the first possible date the person can start, and he is starting on the first possible date.

Mr Barr: That is—

MR COE: What is the delay?

Mr Barr: The delay is that we had indicated as an Assembly that we wanted this to start earlier, and the process in which—

MR COE: Your legislation said 1 July.

Mr Barr: The process which we followed required a unanimous agreement. You can get all angry about vetoing the candidate.

MR COE: I just think you are misleading the committee.

Mr Barr: No, I am not misleading the committee.

MR COE: What date, according to the legislation, could somebody have started?

Mr Barr: The process of appointing a commissioner, and the start date and the effective ability of the commission to undertake its work, are contingent upon someone being in place as a commissioner and for them also to have staff, Mr Coe, as you are aware, to practically operate.

MR COE: Could a commissioner have started before 1 July?

Mr Barr: No, but a commissioner appointed before could have commenced the work, and that was allowed for, to begin—

MR COE: It would not have any legal coverage because the enactment is 1 July.

Mr Barr: To begin the establishment of the commission. There is no point arguing over this. You did what you did, and you will forever be on the public record for that.

MR COE: I am racked with guilt.

Mr Barr: So you should be.

MR PETTERSSON: How does the ACT integrity commission differ from the proposal currently being put forward by the commonwealth government?

Mr Barr: Quite significantly. With the commonwealth process, although it is yet to be absolutely finalised, what they announced would not really be the creation of an equivalent body to ours. This raises the specific issue of the treatment of ACT Policing. It would appear that the commonwealth's initial response on that question was to reject the Assembly's view that ACT Policing should be covered by our integrity commission. That is disappointing but we will continue to advocate on that question.

MRS JONES: To your knowledge, what would be required to bring ACT Policing under ACT government as in—

Mr Barr: In terms of the Integrity Commission?

MRS JONES: No. For the purpose of that outcome, what changes would be required in federal law—the self-government act?

Mr Barr: It would be the self-government act, yes.

MRS JONES: To have our own police force?

Mr Barr: The self-government act requires the territory to utilise the Australian Federal Police. It would be a change to the self-government act.

MRS JONES: That is at the commonwealth level. Correct?

Mr Barr: Yes, that is an act of the commonwealth parliament.

MRS JONES: Has the government ever considered that?

Mr Barr: We cannot. We have no constitutional power to have our own police force.

MRS JONES: You will be well aware that there are things that we do not have power for that you have pushed for us to have power for in the past. My question is: have you ever considered that?

Mr Barr: Having an ACT police force?

MRS JONES: Yes.

Mr Barr: No. I do not think it would work in practice to have the Australian Federal Police policing national areas of the territory and a different police force also operating within the territory. The only practical way I believe to undertake policing is through the arrangements that are in the self-government act. But the question of oversight through an integrity commission, I think, is an appropriate mechanism.

MS CODY: What are the advantages of having ACT Policing covered by our integrity commissioner?

Mr Barr: I think the Assembly has reached that conclusion through multiple committee inquiries and I believe it to be the unanimous view of all Assembly members that obviously police perform a very important role within our community and our society. The intent of our integrity commission is to have appropriate oversight of public officials performing their duties. In every other state or territory where an integrity commission is in operation, in whatever form, it would appear to have coverage of their police force.

MS CODY: What are the limitations on ACT Policing being covered by ACLEI, for example, which is a commonwealth body?

Mr Barr: I think it is particularly highlighted by the difference in the legislative framework for our integrity commission and largely the state-based ones versus what would appear to be proposed at a federal level. I think that is the principal difference. The only other possible avenue here is that the commonwealth body looks more like the state and territory ones but that is not in what is being proposed.

I know that there is a legitimate debate to be had about how many levels and how many bodies of oversight there are but I think that there is a risk that, if ACT Policing are not covered by the ACT integrity commission, there is a gap and they would be the only police force in the nation that did not have that integrity commission oversight.

MS CODY: Having sat on the committee that looked into the well-known integrity body and/or the legislation as it came forward, what other differences are there between what the commonwealth is proposing and what the ACT integrity body looks like?

Mr Barr: The commonwealth would appear to be looking for a multiple-agency response that would apply different levels of oversight to different areas and I guess that the risk in the ACT is that ACT Policing integrity matters are not considered to be serious enough on a national scale for some of these national bodies to have oversight in the way that a that a state or territory-based body would. I guess the greatest risk here is that matters within the territory are just simply not deemed to be significant enough for those national oversight bodies.

MS CODY: I believe our integrity commission also seems to be a bit tougher on what it can look at across the board.

Mr Barr: The difficulty I have here is that the commonwealth are not exactly being crystal clear about what they are going to do. I guess the answer to that question is partly an exercise in perhaps their process looking at state and territory integrity commissions and saying, "What, of those models, would be applicable and should be picked up at a commonwealth level?" That would seem to be a sensible approach for the commonwealth to take in this regard. If they are going to stick to their position that ACT Policing remains outside our integrity commission then I think they need to provide a greater degree of certainty and clarity around how integrity matters that relate to the Australian Federal Police will be dealt with, particularly the community policing arm of the Australian Federal Police, within their framework. They are the two parts, I would have thought, that are available but the ball is very firmly in the commonwealth's court in this regard.

THE CHAIR: The budget indicates that the integrity commissioner will make an assessment on staffing requirements once he commences in the position. Could you give us a breakdown of how you have modelled staffing numbers in the budget?

Ms Whitten: The budget commitment for the integrity commission was made in the 2018-19 budget. It was about \$8.4 million. That was appropriated to the Office of the Legislative Assembly. At that time the calculation was also informed by costings of commitments that were made during election time and also on the Tasmanian Integrity Commission model. At that time it was estimated that about 10 staff might be needed from the commencement of the commission but really it is up to the integrity commissioner to determine what he thinks he needs to do.

THE CHAIR: If the commissioner finds that he does not have sufficient resources will resources be made available?

Mr Barr: The process there was: as the commission is an office of the Legislative Assembly it would then go through the Speaker or be part of that consideration.

MR COE: Would you please explain what work has been done to the HR information management system?

Mr Barr: Shared Services? That is in output class 7 this afternoon.

MR COE: In terms of the need for it, it must have come as a whole-of-government decision?

Mr Barr: Yes, but the Minister for Government Services and Procurement, who has output class 7, is appearing this afternoon. That is when the officials who will be able to assist you will be here.

MR COE: I understand that they are delivering it but I am talking about the rationale and the decision to actually go ahead with this.

Mr Barr: It is their area. Come back to it then, yes.

MR COE: There have been no management decisions taken within this area of Chief Minister to determine this work?

Ms Leigh: In terms of offering that capability to directorates, it is an upgrading of an existing capability. In terms of what benefit that would offer to the efficiency of directorates, then yes, there was a reporting to strategic boards so that directors-general understood this. Shared Services keep directors-general informed about how the services they offer are functioning, where there are issues, where directors-general perceive there to be issues and what might be done about those. This is one of those operational services that Shared Services provide. Yes, we discussed in strategic board what the benefits of this upgrade were. In terms of responsibility for identifying that this is the best technical solution to provide that upgrade and how it would be rolled out, it is Shared Services that have the actual responsibility for that and advise on it, not just the delivery, actually advise on what those options are. That is why this afternoon would be the best place to discuss that.

MR COE: Were there any governance, risk or security issues that were identified regarding the existing system?

Ms Leigh: Again that is within the expertise of Shared Services and is about government services, which is probably in the output that is coming before you this afternoon.

MR COE: I am going to what you just spoke about in terms of the motivation for this.

Ms Leigh: It was about an opportunity to improve the capability, to extend our current payroll system so that it had greater functionality and it could link in with some of the other whole-of-staffing matters that we might like to monitor. We have a relatively basic system currently which requires a lot of things to be done manually. That is not very efficient. It means that directors-general cannot readily see information that they could use to manage their directorates. We have operated on that basis.

As I say, it has been a fairly rudimentary system. This will take it to a better system that will allow greater access to that information for directors-general to manage their directorates. It really is bringing it up to what would be a normal standard in today's operating environment.

MR COE: Does the present system assist in any identification of fraud or malpractice?

Ms Leigh: My understanding, Mr Coe, is that the core of the system is a payroll system. There may be a detail that I am not immediately aware of. Certainly, Shared Services would also be the right place to start a discussion about systems we have in place to identify fraud across the service at a high level.

MR COE: On this broader topic, with regard to bullying and harassment, what whole-of-government changes have been implemented in the past 12 months to assist directorates to deal with it?

Ms Leigh: The first thing is the most important thing, that is, a very strong statement of our values and expectations of the behaviour of every single member of our service. Our values include respect and integrity. We take every opportunity to embed those values in our system. Whether it is our whole-of-service staffing awards or the individual CMTEDD staffing awards, or whether it is performance agreements and how we measure staff performance, we base them on those values. I find myself constantly referring to those values when I talk to staff because they really do underpin how we achieve a good outcome for our community and how we are most effective internally as a service.

In relation to dealing with particular issues, we have a toolkit available for the whole of service which provides a number of resources that support managers on how to deal with these issues. It also provides information for every individual staff member. Of course, when we do have issues—inevitably, we will always have some issues, despite how seriously we take this; no matter how much work we do, there will always be some issues—we have a clear system for complaints. We have a number of options for staff. They can go to their respect, equity and diversity network member if they want to go to somebody to get advice and guidance. They can go to their supervisor; they can go to their HR manager. There are a number of ways that people can make formal complaints. When formal complaints are made, again, we have systems for those complaints to be investigated and escalated, as appropriate.

MR COE: Compared to 2017-18, what are the numbers looking like in terms of 2018-19, by way of the number of reports?

Ms Leigh: I would like to take the detail of that on notice. It is something that we continually focus on. Sometimes when you focus on something you can actually increase reporting because you are signalling to people that we will take this seriously, and people are then more likely to report. Sometimes getting behind the numbers can be complex. But I am happy to take that on notice and provide those details to you.

MR COE: Are you happy with how the professional standards unit is operating?

Ms Leigh: Yes, I am. With the Public Sector Standards Commissioner's role and the leadership that that independent position provides, I think we have a very strong system and that people can feel comfortable going to the professional standards unit and the Public Sector Standards Commissioner, knowing that it is an independent and very professional unit.

MR COE: How many breaches of the PSM Act have there been this year?

Ms Leigh: Could I take the detail on notice and come back to you with a number?

MR COE: Sure. Are there any agencies that have made particularly good progress in the last year, and are there others that are yet to meet the standards set by other directorates?

Ms Leigh: It is hard to make a general comment like that for the reason I outlined before. Sometimes when people are actually moving forward they will get more

complaints because staff feel able to bring them forward. That is actually a positive. When you look at the numbers, you need to know the story behind them to really assess whether we have an increasing problem or an improving situation.

MR COE: But in terms of the systems in place, rather than the actual number of reports, are you satisfied that all of the agencies are effective in this area?

Ms Leigh: I am absolutely satisfied that every director-general takes this very seriously. It is one of the issues that we discuss around the table at the strategic board. Everybody understands my very clear expectation that this is a priority, and everybody is on board and united on this.

MR COE: Is every agency effectively dealing with it—not just motivated to do so but actually—

Ms Leigh: Directors-general are dealing with it. Every director-general is actually dealing with this.

MR COE: I am not talking about the directors-general here; I am talking about the actual agencies.

Ms Leigh: They lead their agencies and they are bringing—

MR COE: So every agency is effectively dealing with bullying and harassment?

Ms Leigh: Every director-general is leading their agency to give this absolute priority and to deal with it seriously. There will be variations across the service. Mr Coe, my caution is simply that I fear you are asking me to say everyone is equal. Outcomes will vary but everyone is putting an equal effort into getting a good outcome.

MR COE: If everyone is putting in equal effort but outcomes differ, what is the reason for that?

Ms Leigh: Perhaps they are putting in a greater effort and outcomes still differ. We do not start from zero. Everybody is working from where they are at and making an utmost effort to take it forward.

THE CHAIR: In terms of the Public Sector Standards Commissioner, there is new budget funding that is “to boost capacity of the commissioner to respond to complaints in a timely and comprehensive way”.

Ms Leigh: That is right.

THE CHAIR: What is the current average response time for complaints?

Ms Leigh: I would need to take that on notice.

THE CHAIR: Thank you; and can you talk us more through that initiative, what that funding is for and what they are going to achieve?

Ms Whitten: The funding is in two parts. Firstly, the ACT Remuneration Tribunal determined a higher level salary for the Public Sector Standards Commissioner. There is funding that will go towards that increased funding, and that determination is available on the rem tribunal website. That goes to the work that the commissioner is leading in his role. His role is a part-time commissioner role.

The other part is to provide additional resources to support the commissioner in his part-time role, particularly with the establishment of the integrity commission coming on board and the referral that will probably occur between the integrity commissioner and the Public Sector Standards Commissioner where there are matters of misconduct. The integrity commission focuses on serious misconduct and the Public Sector Standards Commissioner focuses on misconduct. In the initial stages of establishing the integrity commissioner, it will be a matter of working through what that looks like.

THE CHAIR: Is that additional resources in terms of people?

Ms Leigh: Yes; just one.

THE CHAIR: You mentioned the rem tribunal and that he is a part-time commissioner, so there is an increase in salary as well. Is there an increase in his hours?

Ms Leigh: That is determined by the work that he does and that is dependent on the demand that is coming through, in a sense.

THE CHAIR: Turning to government funding for smarter regulation—red tape reduction—I note that there was funding rolled over from 2018-19 to 2019-20. I would like to understand the reason for that.

Ms Croke: Can I check what page you are looking at?

THE CHAIR: Budget statements B, page 54.

Ms Croke: The \$790,000? Is that what you are looking at?

THE CHAIR: Yes.

Ms Croke: Do you mind if I take it on notice? I will try to get you an answer within this period.

THE CHAIR: That would be great; thank you. I would like to understand the reason for that rollover and if the reform that was meant to take place has not taken place, or what was driving that.

Ms Croke: Okay.

MS LE COUTEUR: Have you done any overall evaluation of how the various deliberative democracy processes have gone?

Ms Perkins: In terms of the main deliberative democracy projects that have been held

over the past couple of years there has been the CTP project, the carers strategy and a couple in the EPSDD space. We have not done formal evaluations of those projects so far, but we certainly have done a series of case studies, presentations, workshops and discussions that have been open to both the community, public sector, employees, practitioners and academics to discuss these processes and what we have learnt and the rich learnings that have come through these deliberative processes.

You might be familiar with Deliberate ACT, a network we have established in partnership with members of CAPaD and members from the academic community and civil society groups. There has certainly been an ongoing discussion through those interested participants in all of these deliberative processes and the true value of bringing deliberative processes to our engagements to ensure we are providing opportunities for all issues and viewpoints to be put forward rather than people just participating on the specific topics they want to put forward in the engagement.

We have also established an engagement network across the ACT public service. We have a large cohort of predominantly policy officers as well as communications and engagement officers who have been participating in these sessions. They are coming together to talk about these practices and seeing how we can embed them through the policy development cycle and the project development cycle as well.

MS LE COUTEUR: Is the engagement network different from the people who have done community consultation, or is this is a separate network?

Ms Perkins: It is an informal network. It is like a community of practice predominantly of policy officers but communications and engagement staff work hand in glove with the policy officers. It is really important that we bring our work together throughout the policy development cycle.

This is an emerging practice across government, particularly bringing in deliberative processes early. We are making sure that we are working very closely with policy across the service as we learn the value of bringing in these deliberative processes throughout the entire policy cycle.

MS LE COUTEUR: Are you talking to the participants who were involved sometime in the future? At the end of the process I understand they generally all felt pretty positive about it, but are you talking with them within a year or two year after, seeing the outcome or otherwise?

Ms Perkins: Certainly, and the CTP project is a good example. The group that coordinated that with government, Democracy Co, certainly had an ongoing dialogue with the participants in the citizens jury to gain their feedback throughout the process and at the end of the process.

We also ask the community on an annual basis how well informed they feel on government policies, programs and services, and that includes the element of being informed and being able to participate in engagement opportunities. The most recent time we asked that was just a couple of months ago. The results were that 72 per cent of the community is feeling well informed of government services, programs, policies and the broader opportunities of what is going on and how they can be involved.

MS LE COUTEUR: So you will not be doing any formal evaluation?

Ms Perkins: At this stage, there is not a formal process for formal evaluation for those individual projects, but there are certainly ongoing conversations, learnings and lessons learnt being shared.

MS LE COUTEUR: Are you likely to do more of it?

Ms Perkins: Most certainly. Deliberative processes into all of our engagement is an important part of what we do. We heard earlier about the wellbeing indicators. We need to provide multiple opportunities for people to participate in our engagements, whether it is a couple of minutes of viewpoint through an online process or a really long, engaged process where people give their time to participate in depth. There are lots of different ways that we need to do that, but by making it a more deliberative process, the participants can see all of the viewpoints and all of the trade-offs that need to be considered in decision-making.

MS LE COUTEUR: Have you heard any feedback on housing choices where there has not been any significant government response as yet as to whether this was what they thought they were doing?

Ms Perkins: That is a question best put to the Environment, Planning, and Sustainable Development Directorate given that it was their project.

MS LE COUTEUR: Did the better suburbs process have an impact on the budget?

Mr Barr: Clearly yes by the initiatives that were announced in the budget.

MS LE COUTEUR: Well, you cannot necessarily tell by that because it could have been—

Mr Barr: I understand that Minister Steel released a response that said, “This is what we heard and these are the things that we have done in response.”

MS LE COUTEUR: I saw that. The question is would the statement have been significantly different otherwise?

Mr Barr: Yes, information is presented to decision-makers and you respond to that information. If he did not have that information presumably you would respond differently.

MRS JONES: The deliberative democracy process is great and it is a very different process to direct election democracy in a way. Do you think there is a limit to how much it can be used given our system of government? Is there an issue with mandate when using deliberative democracy when it is essentially putting power in the hands of a few to be relied upon to be the voice of everybody or it is taking power away from elected representatives?

Mr Barr: Ultimately in our parliamentary democracy any changes to laws require the

consent of the majority of elected representatives.

MRS JONES: True, but in the debate on the CTP bill, as you well know, a great deal of what was supposedly decided by people in the deliberative democracy process was used as a sledgehammer in the debate to say this is what people want.

Mr Barr: Establishing a process to endeavour to get a sense of community views on a particular issue—

MRS JONES: On a part of a particular issue, yes. That is what I am saying; it is a complex issue.

Mr Barr: In the end, Mrs Jones, the Assembly voted on those laws following a deliberative democracy process, an extensive committee process, hundreds of amendments, hours and hours of debate and consideration by elected representatives. We had a bill and the laws changed. Ultimately the decision was taken by the elected representatives of this community.

Similarly, reforms to CTP previously have also been through committee processes, extensive amendments on the floor of the Assembly and hours of debate and changes were made.

MRS JONES: But the difference was that there was not a reliance on, “The community says X”, which is what was derived from the deliberative democracy process.

Mr Barr: To the extent that having that additional source of information and having the benefit of the wisdom of a group of Canberrans who deeply engaged on the issue and looked at the trade-offs and were not simply beholden to party political perspectives or—

MRS JONES: I think some of them believe that they were beholden to a process that may not have given them full flexibility to say what they thought. These are the complications of a deliberative democracy.

Mr Barr: There will always be a million process arguments if you do not like the outcome of a democratic decision.

MRS JONES: Or how you felt during the process itself.

Mr Barr: Yes. There is no world in which everyone will be satisfied. If you did not like the outcome of the CTP process, then you will find whatever process argument best suits your case to argue against it. But in the end the decision was made by the elected representatives of the people.

MRS JONES: The question I was asking at the beginning—which I still think is valid—is do you think there is a limit to how much these deliberative democracy processes should be used given the system we have?

Mr Barr: Obviously there is, and that limit is imposed by the constitution of this

nation and by the governing arrangements of this territory.

MRS JONES: So you think you could use it quite a lot. I am asking for your opinion about how far you think it should be used.

Mr Barr: I think there is an opportunity to use this sort of process increasingly.

MRS JONES: More and more?

Mr Barr: Not on every issue. The ultimate decision is always made by elected representatives, and that is safeguarded by our constitution, both nationally and through the constitution of the territory, being the self-government act. The implication of your question is: do I trust the people of Canberra to give an informed—

MRS JONES: No, that is not the implication of my question.

Mr Barr: Absolutely that is the implication of your question.

MRS JONES: No, it is not. Someone could argue that the deliberative processes that have been used were manipulated. That is the point. That could be argued and that has been argued.

Mr Barr: That is a pretty wild conspiracy theory, Mrs Jones.

MRS JONES: No, it is not. There are people who were in the process who had that opinion. I am just saying, if you want to take it to the nth point, that that is definitely not what I am saying. I am saying that we live in a democracy where people are elected to represent the people, not where small groups of people are selected to make decisions and then use that as a bludgeoning tool against members who are elected.

Mr Barr: The scenario that you have just outlined reflects more about your state of mind than anyone else.

MRS JONES: I do not need your reflections on my state of mind.

Mr Barr: You have just reflected on mine, Mrs Jones—

MRS JONES: No, I have not.

Mr Barr: and suggested that I have used some sort of nefarious tactic to bludgeon you into—

MRS JONES: That is not about your mental state, Chief Minister; that is about a decision that was made. I am not reflecting on your mental state, and I would prefer it if you did not reflect on my mental state.

Mr Barr: This line of questioning suggests, Mrs Jones, that you think there is some grand conspiracy in the Assembly's decision.

MRS JONES: I am not the one who raised that concern. A member of the community did, through the process, when they resigned from the process in a huff. They may have had a point; I am not making that judgement. I am asking about where you think this type of process has its limits.

Mr Barr: I have answered that question.

MRS JONES: You are the one who said that I am therefore questioning the people. I am not. I am questioning whether the process has limits because of its ability to perhaps be used in a certain way. I think that is a reasonable question to ask.

Mr Barr: You can muse on that issue as much as you want.

MRS JONES: I will.

Mr Barr: We will probably have a difference of opinion.

MRS JONES: Sure.

Mr Barr: But in the end, the decisions are made by elected representatives.

MRS JONES: If I am correct, the response to my actual question is that it will probably be used in an increasing way.

Mr Barr: No. I would not suggest that that is how you should interpret my answer, but I am not saying that it will not ever be used again.

MRS JONES: I am not asking for you not to use—

Mr Barr: It has been used on a handful of occasions for a range of issues where there has been a desire for people to get into the detail of a particularly complex policy area.

MRS JONES: I think the desire for the process came from the government. The decision that came from the government—

Mr Barr: Mrs Jones, seriously, what is this achieving? Are you seeking to re-litigate CTP?

THE CHAIR: There is five minutes left, Mrs Jones. Ms Cody has some supplementaries.

MS CODY: Ms Perkins, I wanted to ask about something you talked about in some of the discussion that was happening beforehand. You were saying that you went out to the community and asked how well they felt they were represented. Was it 72 per cent of people?

Ms Perkins: How well informed?

Mr Barr: How well informed they were.

MS CODY: Sorry; it was a little while ago that that conversation happened, and I could not remember the exact words. When you are using the deliberative democracy process, what parts of the community do you interact with, ask for input from? How does that all work out?

Ms Perkins: One of the most important elements of any engagement project, including deliberative engagement projects, is to ensure that you have valid representativeness of your target audience. Depending on the issue, if it is a city-wide issue, you need to seek to have a representative audience that matches the demographics of the city.

Going to the CTP example, there was a sort of stratified process to match the demographics of the city by age, by region, by gender. There needs to be an important process to make sure that who you are involving in those processes is representative of the topic, the audience and the community. That might be very different for, say, the carer strategy. The audience for the carer strategy was carers.

The most important element that we can work into designing these engagement processes is that we really understand the audience and the impact on the broader community or a set of stakeholders and design the process appropriately to get to a representative sample of that audience or that community.

The research more generally, then, goes to a city-wide level. The city-wide level then tells us what everyone across the city typically would think, but you might also have the very specific audience for a region or a community group to compare those differences against.

THE CHAIR: The indicators show that the community felt less informed about government services this year than last year.

Ms Perkins: Sure.

THE CHAIR: Though only by a small amount, I note.

Ms Perkins: Yes.

THE CHAIR: Do you have a reason for that?

Ms Perkins: Yes, we do. We have been tracking this since 2015. When we first asked the question in 2015, 58 per cent of the community felt well informed. This year, in 2019, we are at 72 per cent of the community feeling well informed. Last year it was 73 per cent. When you put the statistical validation process around that—we use a research company; we go to 600 Canberrans—that is a statistically valid number but when you have 600 Canberrans speaking at a whole-of-city level, there is a figure of plus or minus four percentage points for the accuracy of that figure. The researchers advise us that it is not a material issue, it is not a concern.

Having said that, our world, the communications and engagement world, so rapidly evolves that we have to keep making sure that we are asking the community how they want to talk to us and how they want to receive information from us, and we need to

keep adapting to that.

You only have to look at local media to see how that keeps changing. The paywall has just gone up on the *Canberra Times*. That is one channel that now people will respond to differently. From the government's perspective and the public service perspective, we need to be looking at our own channels and how we can still be providing that information to as many people as possible.

We have the *Our Canberra* newsletter that gets to 187,000 households in 11 months of the year, with the exception of the January period. We have social media accounts that get to really large numbers of people. On the ACT government Facebook account, for example, we have about 16,500 to 17,000 followers. Any sort of solid post can get in excess of 100,000 people. It is important that we keep responding and make sure that we are finding out how the community wants to receive information. We are shifting our tactics to keep up with that as the landscape keeps changing.

THE CHAIR: We are out of time.

Ms Croke: Miss Burch, would you mind if I quickly came back on that question that you asked?

THE CHAIR: Yes.

Ms Croke: I believe it is best directed at Access Canberra. I think that is their rollover.

THE CHAIR: Thank you.

Hearing suspended from 11.00 to 11.15 am.

THE CHAIR: We will start again and turn to output 8.1, infrastructure, finance and capital works. Chief Minister, why have you chosen to announce the new agency, major projects Canberra, in this way—two weeks before it commences—and with no information in the normal processes like the budget papers?

Mr Barr: Thank you. I sought the advice of the Head of Service and the Under Treasurer in relation to an incremental change in the administrative arrangements for infrastructure project delivery. We had this output class infrastructure, finance, capital works and procurement, as well as infrastructure, finance and capital works, being the responsibility with a degree of central focus within the central agency, but then also project-by-project engagement with some of the larger ACT government directorates that deliver the bulk of the government's infrastructure program.

In light of this year's budget considerations and the usual timing of changes to administrative orders commencing at the beginning of a new financial year, that being the administratively simplest time, it was appropriate to indicate an incremental change. It is not creating a new directorate. There was some misreporting I think by the ABC in that regard. The other media outlets perhaps got closer to the mark. So it is simply an incremental change in the administrative orders.

I must confess that I was very surprised that it was a front-page story. There must not

have been much going on in Canberra over the weekend, because it is unremarkable in large part. It is an incremental change in the way that we will deliver our infrastructure program. I will invite the Head of Service and the Under Treasurer to make some remarks in terms of the changes and the advice that they have provided to that.

Ms Leigh: As the Chief Minister said, this is an incremental change. It builds on the approach that we have continually taken in the public service of focusing our skills in one place. We are a very small service and I think we get the best outcomes for the ACT community's funding if we do not duplicate any skills across the service. This is one more example of stepping along that path.

During the work on light rail stage 1 we developed considerable expertise in delivering major infrastructure projects. We are about to embark on light rail stage 2. At the same time, the government has announced that we have a significant health infrastructure project in SPIRE. At the same time, we have a centralised infrastructure area in treasury.

We could continue as we currently do and build the expertise in Transport Canberra and City Services for light rail stage 2, build new expertise in the Health Directorate for SPIRE and continue to have an expertise in treasury. But this seemed like an opportunity to bring those together and to coalesce the expertise into what will be a small, expert team that will support the relevant directorates in the delivery of the social outcome that is the reason why we are building the particular infrastructure.

MRS JONES: As a supplementary, how much has been allocated for this new area? What will the financial arrangements or delegations be?

Ms Leigh: In relation to the first part of that question, that relates to another point that I would also like to make in relation to the previous question. There was a comment made before about not a lot of information. It is always a dilemma when you are doing these things. Do you work in a very small secret group within the service to answer every question about how you will set something up and then announce it? Or do you establish the principles about why moving in a particular direction is a good idea and then make sure that you can be open about it so that you can actually engage with all the staff who are actually on the ground and understand how to get the best structure to deliver what you are trying to achieve? I always prefer the second approach and that is what we have done this time.

MRS JONES: How much has been allocated and what will the financial delegations be?

Ms Leigh: There is no new funding. The money that is in the budget for SPIRE and light rail stage 2—

MRS JONES: Will be drawn on.

Ms Leigh: will come together. The funding that is in treasury that is there for delivering capital works will come together. Then, obviously, we will have to look at what that means in terms of when we bring that together; what is the best way of

using those resources most efficiently.

MRS JONES: Have you already developed accountability indicators for this group or is that something for down the track?

Ms Leigh: All of that is in the future. That is why I prefaced my answer with the comments I made.

MRS JONES: How many FTE are you envisaging being in this area?

Ms Leigh: Approximately 140.

THE CHAIR: Will they be new staff or staff from other—

Ms Leigh: As with any change like this, the staff who are in those functions will move. Some of those functions are yet to be staffed. In relation to SPIRE, for example, that is yet to be staffed. Then, in the normal course we will be looking to staff those functions with resources.

THE CHAIR: When was the decision made to create this new agency?

Ms Leigh: That is a matter for the Chief Minister to make those decisions. So it was made recently, shortly before I went and spoke to staff. As I explained, I wanted to be able to talk to staff so that we are doing it the best way possible.

THE CHAIR: Will there be any redundancies as part of the transition?

Ms Leigh: No.

MR COE: I have a supplementary. Was it before or after the budget was handed down?

Mr Barr: The deliberations on the incremental change commenced before budget and finalised in this budget time frame.

MR COE: Yes, but when did cabinet actually agree to it?

Mr Barr: It is not a cabinet decision. It is an administrative decision for me within my directorate.

MR COE: Right, so when did you actually formally make that administrative decision?

Mr Barr: I formally made that decision on a brief in the past seven days. The advice, though, and the consideration of making this incremental change—it is a small change to the admin orders—commenced several months ago. It is not part of the budget process but undoubtedly it is administratively simpler to commence internal changes on 1 July, the beginning of the new financial year.

But it is entirely unremarkable. These sorts of changes occur regularly. It is an

incremental change to infrastructure delivery. As I said, we did not have to make a public statement. We could have made it on 1 July, but the intent was just to indicate that this is how we are going to change the shape of internal division within government in light of the infrastructure program that we intend to deliver. So that is what we have done and that is how it will transpire.

THE CHAIR: So you will continue to be the responsible minister?

Mr Barr: The accountability around individual projects will sit with the minister and with the Treasurer. They will report to both. That is our level of governance oversight that was determined in relation to light rail stage 1 and the governance arrangements that were in place for that project as well as those determined for how the SPIRE project would proceed, and obviously that roll over into future stages of light rail and any other major projects in the future.

This is ensuring that there is appropriate central agency oversight, as well as client-focused delivery, of infrastructure by the type of project. Obviously, Health will be actively involved in the delivery of the hospital—

MRS JONES: That is always good to hear.

Mr Barr: Indeed, but there needs to be oversight and an appropriate set of skills that we maintain. Half of the story here is around capacity building with the public sector. We have recruited a new chief engineer. We have a range of expertise that we wish to retain in relation to rail transport projects as we move into the second stage of light rail. But this is one of those things that I imagine, had there been anything else happening in Canberra, would have been a page 9 story, not a page 1 story. I guess that my intent was to say, “Yes, this is what we are doing.” But I did not expect it to get the massive front page splash that it did. Thank you, Dan, for that.

MS CODY: What are the benefits of bringing people together to deliver these sorts of infrastructure projects in a dedicated, for want of a better word, area?

Ms Leigh: Clearly when we bring our expertise together, that expertise coalesces; people learn from each other and people support each other. If we have our experts spread across the service, they can more easily be isolated, but also they then need to duplicate all aspects of the skill set. When you bring people together into one team, they can complement each other. We can get much better outcomes for the Canberra community by bringing our staff together into the skill set.

Mr Nicol: I will just add that one of the benefits that I see is consistency. Instead of having seven teams where we are trying to manage them in terms of protocols and processes, which can be a challenge from the centre, when you coalesce teams of whatever sort in corporate services you improve consistency across the whole government.

MS CODY: Is this something that other jurisdictions are also undertaking or is this new?

Mr Barr: Larger jurisdictions have entirely separate directorates, departments or

agencies. In seeking advice on the best structure within ACT government, this model was recommended. We have this output class and we have a team already, so this is not a radical shift; it is an incremental change.

When you make a judgement based on the scale of your infrastructure program and the breadth of it, I think this is the appropriate balance. If we were doing 5,000 projects and they were all \$1 billion each, you would have an infrastructure delivery agency of a very different scale. That would be a large national type agency for that scale of work. In the context of the program that we need to deliver over the next four years and the forward infrastructure plan that we will be announcing in the coming months, I think this represents the right delivery model that strikes a balance between agency involvement in projects specific to their expertise and needs together with a consistent approach to infrastructure delivery.

Whilst I appreciate the massive amount of interest that this machinery-of-government change has elicited, I do not see it as that remarkable.

MS CODY: I have a question about some of the projects that have been announced as part of the budget. Obviously there are SPIRE and light rail stage 2, both of which I am very keen to see come on line. What are some of the challenges we are looking at, and some of the advantages, of having a group that works together to deliver these projects cohesively, as Mr Nicol outlined? What are the some of the challenges facing us to deliver some of these projects?

Mr Nicol: Perhaps I can ask Lloyd to come up to give you some practical experience from someone who has been involved in the delivery of some of our major projects. Without being comprehensive, obviously risk management is the biggest thing that we have to do in delivering a project. Besides actually delivering a project, we have to deliver it in a way that mitigates and manages all the risks that we face. That can be everything from work health and safety whilst delivering the project to financial risks in engaging with private sector contractors, geotech and site-specific issues if it is a site-specific risk, and engaging with stakeholders to make sure that we deliver a product that is going to be used in the best way possible. At the end of the day, the infrastructure is there to deliver a service, not as an end in itself. Our stakeholder management and internal processes are to ensure that all parts of the ACT government come together at the right time to deliver the right product.

With that short introduction, Lloyd, you might want to give some more details.

Mr Esau: With projects like SPIRE, essentially we think of them as setting up a special purpose company for the purposes of delivering that outcome. The advantage of bringing those skill sets together and having a single group that is focused on delivering the project but also focused externally on engaging with everybody that needs to be engaged with and consulting widely is that it is a very efficient way to deliver projects. If we start distributing those skill sets through a number of different agencies, reporting through different routes and government structures, the ability to deliver highly complex projects gets diminished.

MS LE COUTEUR: I would like to discuss one of the recommendations from last year's estimates committee report. Recommendation 43 said:

The Committee recommends that the ACT Government introduce Accountability Indicators covering breaches of environmental regulations for all Output Classes that procure and supervise construction work.

The government's response said:

In light of the Committee's recommendation, each chief executive may wish to consider the development and/or inclusion of Accountability Indicators to address the Committee's concerns ...

Given that capital works obviously could involve some environmental issues, what work have you done on this?

Mr Nicol: Perhaps I can start. We do not have an overarching indicator, but every project has a range of indicators—I will use the word “indicators” for want of a better word—that, as I said, look at all risks. Environmental risks and site risks are an important part of that. For example, if we are doing a greenfields development, we will have environmental impact statements if they are required and we will have mechanisms to mitigate risks in terms of flow-off for the site in terms of impact on the local wildlife, et cetera. With that introduction, Lloyd, do you want to give some specific examples?

Mr Esau: Yes. Every project operates under stringent conditions in terms of its impact upon its local environment, and most of our projects are also graded against either a green star standard or another criterion that ensures that as we go through construction we do minimum harm and deal with issues such as waste disposal in an environmentally appropriate way. We also look at the end product both from a performance perspective for a new building but also from a whole-of-life perspective to ensure that all of the appropriate approaches to environmental outcomes are taken. We are going through an exercise at the moment to look at the appropriate metrics that SPIRE will adopt in that regard. It is part of our front-end designer scope and exercise to establish the environmental performance criteria for any major project.

MS LE COUTEUR: I have two questions from that. You said you are looking at whole-of-life environmental performance. As we noted earlier, the ACT government has signed on to a climate emergency declaration and before that had signed on to zero net emissions by 2045. What are you doing to ensure that your projects, at the very least, have zero net emissions?

Mr Esau: It is more a whole-of-government issue than a project by project issue. Individual projects do not tend to have zero net emissions. Certainly the energy efficiency requirements for a building are optimised, maximised. In the case of an acute services facility at a hospital, as you would be aware, it has to have full backup power supplies, on-site generation, et cetera. These things have to be looked at in the whole context, and the built environment has to be balanced across the whole portfolio.

MS LE COUTEUR: Does that mean that there are going to be some carbon positive or carbon sink projects that you are managing as well, as they are balanced across the portfolio? Is that what you mean?

Mr Nicol: Perhaps I can answer that. As Lloyd said, the focus of the government's policy in that area is at the pre-construction phase, if you like. It is the whole-of-government policy settings and working out from a whole-of-life basis where the investments should go.

Part of the business case development, as Mr Esau said, is whole-of-life impacts on environment. The government makes choices in the context of its policy framework. I think it is fair to say that not all of the decisions to reach that policy goal by 2045 have been taken. I think the government has decided it will have a statement on climate emissions policies later this year; that will outline more details of that whole-of-government approach.

MS LE COUTEUR: SPIRE, as you said, is going to require backup power and air conditioning of some sort for all time. Is that being done with electric power, given that we now have renewable resources, or are you using fossil fuels? I know that the hospital traditionally was basically gas powered. Is that still going to be the case? That must be the sort of decision that you are working on now.

Mr Esau: It is one of the matters that is being examined now in the concept and feasibility design stage.

MS LE COUTEUR: SPIRE, hopefully, will be in existence in 2045. Are you looking at it with the view that this is a very significant issue where we cannot add in continuing fossil fuels?

Mr Esau: As I say, we have not fully gone through the engineering design for SPIRE yet; we are still at the very early stages of that design process. We are working very closely with Canberra Hospital. They are acutely interested in whole-of-life efficiency, both from an energy perspective but also from a maintenance and repair perspective and a reliability of service perspective. We are at the very early stage and we are working through all of those issues at the moment.

Mr Nicol: Perhaps I can put a broader context on the answer. When we consider any capital works project or any upgrade, electrification of equipment that was previously fossil fuel driven is one of the top things that is considered. From my observation, our default position is that that is where we start from unless we have very good reasons not to. The very good reasons are usually that it is not an implementable solution; we will not get a product that works. I think we will see more and more of that sort of equipment becoming electrified and using renewable energy sources.

MS LE COUTEUR: Given the answer to the original part of my question, are you aware of any breaches of environmental regulations over the past year? The committee's recommendation 4 was based on a bit of a discussion about environmental breaches.

Mr Nicol: I would have to take that on notice unless someone has that answer. No, I do not have that detail with me. I am not aware of any but it is possible that minor breaches occur. I occasionally get reports of safety issues. We want zero safety problems on our sites and we try to fix them as soon as possible. I could imagine that

it happens in the environmental space but as it has not been brought to my attention I think they are probably minor. But we will check.

MRS JONES: At the bottom of page 205 of BP3 it indicates that \$112 million of capital works which were meant to be completed in 2018-19 have been delayed and spending of \$60 million on new public housing has been pushed back. Is someone able to explain what projects were delayed exactly?

Mr Barr: Broadly speaking, there can often be differences, as we discussed yesterday, between physical completion and financial completion. In various instances, money may be being held back following a dispute over elements of the final product or there is a warranty period or a defect period. In relation to each individual project, I believe that there is further detail in the budget papers themselves.

Mr Nicol: I might take the detail on notice. We have a detailed list but I do not have it with me.

MRS JONES: The reason for and nature of the delays: what projects were due to contractors failing to make construction deadlines; have any penalties been imposed; and what proportion of contracts had penalty clauses or have penalty clauses?

Mr Nicol: The list will be quite long because it is quite small amounts generally over a large number of projects. My recollection was: not any single major project described it. I will take that on notice and all those details.

MRS JONES: I may put some further detail on notice as well.

Mr Nicol: Okay.

MR PETERSSON: There seems to me to be less discourse about unsolicited proposals in the ACT these days. Is it because there is less interest or because guidelines were changed a year ago?

Mr Barr: I guess there has still been a series of proposals that have come forward, not as many as when the initial guidelines were put in place. Not many unsolicited proposals proceed, largely because most unsolicited proposals are not worthy of any further consideration. But there are a few that are and they proceed through the various stages of the guidelines and the process is managed in accordance with those guidelines.

There has been a propensity for unsolicited proposals to seek exclusive use of public land and to access that land in a largely uncompetitive way or in a way that is inconsistent with the Territory Plan or with stated government policy. Most of them would fall over at that point that no, you cannot build crazy project X on site Y because it is inconsistent with the planning zoning and/or there is already an announced intention for that piece of land. In large part, in order to succeed, an unsolicited proposal needs to have a unique offering that has a public benefit. A lot of unsolicited proposals are not so unique and what is in common is that there is a large private benefit that is seeking to be derived by the proponent.

On that basis we receive them. We cannot stop people raising their ideas. I think having a formal structure and a process has probably weeded out some of the crazier ones that governments have received over the years.

Every level of government, possibly even every MP at some point in their political career, would have had someone whisper in their ear, “Have I got an idea for you! If only the government would grant us X, Y and Z then we will make a tidy profit, thank you very much.” I think there is pretty limited scope for them and there are a very small number that proceed through the various gates. But I cannot stop people from raising their crazy ideas. People will raise them.

MR PETTERSSON: Would you be able to provide the detail of how many proposals you get?

Mr Nicol: We can do that, yes. I think it is fair to say that when the guidelines were first put out they stimulated a rather large—I would not say backlog because I do not think people were holding them up—interest in the subject. I think now that we have sorted through that sort of lump at the start we are getting down to what I expect to be the usual trickle, which is probably one a quarter, looking at it on average. But we can give you numbers as the historical figures.

Mr Barr: Can I use this public forum to indicate that if people are going to go to the trouble of submitting an unsolicited proposal it needs to be genuinely unique and offer something for the community, not privatisation of public land for private benefit. There is a bit too much of that in what we have received or what has been floated, even if it has not been formally submitted but just speculated upon, either in the media or in various other public fora.

MR COE: Have any of your key infrastructure consultants or contractors expressed concerns with regard to the secure local jobs code?

Mr Nicol: Secure local jobs code is administered by Meredith Whitten’s area, and I know that Meredith was up this morning.

Mr Barr: We will take that on notice. I do not believe so but we will take that on notice.

MR COE: Have you done any assessment of what the financial impact would be on infrastructure projects?

Mr Nicol: Not formally other than we think it is minimal because the cost of a contractor complying with the code is minimal. It is an audit. I can take on notice the standard costs of an audit. But we do not think it will be significant at all.

MR COE: Has the infrastructure and capital works area provided advice to the government on this policy change?

Mr Nicol: The policy change was developed jointly with infrastructure, finance and capital works and my workforce division. In the operational phase it moved over as a separate unit under Meredith Whitten. I am sorry I am not using her correct title but it

is not to mind. We were heavily involved over six months—

Mr Strachan: Four or five months.

Mr Nicol: Yes.

MR COE: What sort of benchmarking do you do to ensure that you are getting best value for money in your infrastructure projects?

Mr Nicol: Obviously the procurement process is the approach we use to achieve not only value for money but probity and fairness in the awarding of contracts of public money. A significant number of resources and amount effort goes into managing the procurement process, particularly for large capital works projects. Beyond that process, which I am happy to describe if you wish, I think the Treasurer is going to Sydney tomorrow and he will visit representatives of the infrastructure industry to raise the profile of projects that are coming up and raise interest in them.

We will assess on a project-by-project basis the best approach for both procurement and approaching the market. We might run an expression of interest process to encourage greater competition. Generally speaking, two bidders gives you more price competition than one and potentially three and more bidders gives you even more. We will analyse the best procurement approach to manage risk.

Assigning risk between both parties is one of the best ways to get value for money. If you assign risk to a contractor that they are not in a good place to manage, generally they will price that risk in. If we can de-risk projects before we go to market we will often do that.

How we package up projects: big projects often involve greater risk. Sometimes that is unavoidable but you might be able to package up projects. We look at all those arrangements.

MR COE: Generally speaking, what is the weighting that is actually given to the tender price?

Mr Nicol: I think it varies but I can perhaps call on an official.

Mr Strachan: I acknowledge the privilege statement. It varies and it varies fairly significantly across the board. As you know, there is a weighting on safety at 30 per cent and then the other factors around that add up to 100 per cent overall. Glenn is obviously the head of Procurement ACT and also responsible for coordinating a lot of the documentation.

Probably the thing that is worth noting is that part of the structure of ICW at the moment means that we have a fairly vertical structure around our social infrastructure, our civil, our commercial and our major projects areas. On the basis of all that, we then tailor relative to the type of market that we are in. Glenn, would you like to make a comment about the weighting?

Mr Bain: The direct answer to that question is that, in most cases and certainly in the

major capital works tender arrangements, the price is treated as a non-weighted criterion. It goes into an assessment of value for money but that assessment is informed by any number of other factors: the technical expertise, any risk associated with a particular contractor in performing those services and the price for which—

MR COE: Going forward, is not the point of the secure local jobs code and the prequalification et cetera to actually weed out the bad operators and therefore we can go to having price as a much more significant factor when determining who wins the contract?

Mr Nicol: I do not think so. I think the secure local jobs code is about setting a minimum benchmark and then we want to compare tenderers above that benchmark. It is not just that you meet the benchmark and therefore you are an acceptable contractor and you are the best contractor for the job. We will still compete and compare contractors with each other.

MR COE: I regularly hear that, with the very questions and the very issues that people have to submit through prequalification and the secure local jobs code, all of these questions get asked again and again in every procurement, which just begs the question: what is the point of prequalification and all of these processes if you are starting from square one, which must be a huge cost to the territory to actually assess all of these?

Mr Nicol: As I said there is a minimum benchmark that the secure local jobs code assesses against. It does not give a ranking; it asks, “Do you meet the standards? Do you meet the requirements of that code?” We then do a procurement exercise, and part of the procurement exercise is a legislative requirement to assess a procurement on its merits from tenderers as they submit a tender. That raises issues of probity, taking in other information that you do not necessarily reassess in a tender. That is the system that we use. Mr Bain might have some further comments on that.

Mr Bain: There are two elements to the secure local jobs code implications on tender responses. The first is compliance, which is, as the Under Treasurer has just set out, pretty much a threshold question: either you are compliant, you are a certified entity, or you are not. There are other elements then, depending on the value of the procurement activity, as to the detail into which a plan for local employment and workplace training goes. That is all part of actual weighted assessment criteria of up to 10 per cent, combined with local industry participation policy consideration.

While I take the point that, for each particular tender response, certain information will be required, it is not a blanket assessment sort of element. I think that is the only way that you could do it, to compare, to actually get a good sense of—

MRS JONES: Is there no way that you could draw on the information that has already occurred through the assessment process to give that benchmarked information as part of a tender process?

Mr Bain: Potentially. That is where we go with prequalification in its own right. That is why prequalification is good for a year. Any tender response within that year draws on that data and that assessment.

MRS JONES: A year is about as long as it would be totally valid for, probably?

Mr Bain: In some cases, yes.

Mr Nicol: It is quite challenging because sometimes tenders require assessment of specific teams, not only of a general company.

MRS JONES: I understand that. There would be more detail, but whether the basic—

Mr Nicol: We are happy to—

MRS JONES: They are doing this in Health now as well.

Mr Nicol: We are looking at our whole procurement process, and we are happy to take these comments on board. We want to lower costs for this as far as we can, obviously, because that feeds into the costs we ultimately will have to pay.

MR COE: You must have had this feedback before, though.

MS CODY: I note that Minister Stephen-Smith will be here this afternoon, talking about procurement, the secure local jobs code and Procurement ACT.

MR COE: It certainly does have a broader impact, when you are looking at an infrastructure project, in terms of how quickly you can turn over a project, as well as the expertise and capability of the industry.

MS CODY: I am pretty sure that has been asked and answered.

MR COE: What about the weighting for local contractors? Is there any shift in policy that is going to take place there?

Mr Bain: Not that I am aware of.

THE CHAIR: With the delivery of capital works projects on time, accountability indicator d states that 95 per cent of capital works construction projects were completed on time. Also, noting that \$112 million of capital works was pushed back, which we have already discussed, how many projects are included in this indicator, and how was that calculated?

Mr Nicol: The indicator is an internal indicator in IFCW. The indicator is based on the time that they get commissioned and the time lines that they work to in the delivery of that project. With the delivery of the entire project, that is only a portion of the project. Obviously, a lot of pre-work goes on before it comes to IFCW, and there will be acceptance after IFCW finishes. So that is the reason. Essentially, IFCW is saying, "For the things that are in our control, this is our benchmark that we work to." But there are things that are in the control of other parts of government which are not in the control of IFCW; therefore they are not included in that indicator. It covers essentially every project that IFCW delivers, which is the vast bulk. There are a few smaller projects that agencies occasionally deliver themselves without coming to

IFCW, but they deliver the vast bulk of capital projects.

THE CHAIR: Does it also include the public-private partnerships?

Mr Nicol: It would not include—

Mr Barr: There are only two of them.

Mr Nicol: Yes, the courts and light rail. The light rail was certainly outside. I will take on notice whether the courts are in that figure, but I am pretty sure light rail would be outside this. The Capital Metro Agency was the delivery agency. There was a separate agency for that project.

MS CODY: I want to look at some of the other major infrastructure projects that have been announced as part of this budget. We are looking at some new schools. I know that the specifics will probably be better directed to individual directorates, but as an overall budget initiative, there seems to be a big infrastructure program here. Can you give us a bit more indication as to how that is—

Mr Barr: The intent is to get ahead of future anticipated population growth in a number of areas of core ACT government service delivery, as well as making some strategic investments in infrastructure renewal in parts of the city that will, over the coming 10 years, see a change in demographics and a renewal that is anticipated with further planning changes, potentially, and simply areas where the current planning zoning will see further investment in residential, commercial and mixed-use property over the next 10 years.

Undoubtedly, across the range of different programs and projects from the better infrastructure fund, through to some of the more specific initiatives in this budget, that is the recurring theme, together with a recognition that the territory needs to do more at this point to fill a bit of an infrastructure gap that we discussed yesterday in the context of the Australian government allocating well less than our per capita share of the national infrastructure budget to projects in the ACT.

That is the high-level picture. As we proceed with our work on future infrastructure needs, those high-level principles, together with adapting to climate change, will feature. We alone will not save the planet, so we need to adapt our city and our infrastructure to meet a changing climate. That is a fact. Not only do we have a responsibility in terms of how we go about delivering our new infrastructure to meet our longer term policy goals around emissions and the like, but also we have to deal with the reality that our region will experience more weather extremes.

This creates a range of challenges in infrastructure. A lot of it is not above ground and shiny. It does not necessarily attract attention. You will see in the budget that a significant amount of money is allocated around infrastructure maintenance, repairs and renewal for things that will probably be largely unnoticed and unremarkable for many. Where it would become noticed is if that infrastructure failed. We can do our best to supplement and augment our existing infrastructure, but one thing is clear: the very extreme weather events that we have experienced in recent times as a result of climate change have created circumstances where even your best gold-plated

infrastructure will not be able to manage.

There is risk of flash flooding from extreme storms. That is a fact. I do not think there is any amount of money that you could spend that would completely eliminate that risk, but there are a series of prudent investments, through this and previous budgets, that have gone to augment stormwater capacity, for example. Bridge strengthening programs are not massively sexy. Unless it is a really slow news day in Canberra, they are generally not on the front page of the paper. But if a bridge failed, that would probably be on the front page of the paper.

Mr Nicol: I want to emphasise what the Treasurer said. There is a shift in the infrastructure program to renewal and upgrade of existing assets. Stormwater is one example, more buses and having a regular bus fleet purchase policy is another, and improving the look and feel of our suburbs. That is consistent with the government's policy decision to have more infill. We will have to provide more of those sorts of services, which does not involve building a new X but upgrading an existing asset or replacing an older asset.

The challenge will come—the infrastructure plan will go into this in more depth—in that we are getting to the age now where some of our long-lived assets will need replacing and upgrading. Whereas until now it has been about growth, generally greenfields, now the shift will be much more inwards, into enhancing existing assets.

MS CODY: We did inherit a lot of ageing assets when we became self-governing.

Mr Barr: Yes, that is correct. We were given a very good asset base. We were not necessarily given the means with which to maintain that at the level that people were used to in a pre-self-government model when the rest of Australia paid for us. Part of our transition, 30 years in now, is around managing that task. Part of the reason for tax reform is to give us the resources in the next 10 and 20 years to meet those obligations.

I simply make the observation that over time we have become less reliant on the Australian government to maintain this city. That was a serious step change in 1989 with self-government. But even from that period until now, we have been able to use one form of language. We have been weaned off that sort of commonwealth government assistance.

However, the argument that I raised yesterday, and I will repeat today, is that the commonwealth still owns, and is principally responsible for, quite a lot of infrastructure in this city that was not, and appropriately not, transferred to the territory government upon self-government. So it rightly remains its responsibility.

One way that the commonwealth could lift its share of infrastructure spending that would benefit the territory economy would be for it to look after its own assets better. Just ask anyone who works in any of the national cultural institutions—

MRS JONES: Yes, I think we went into this in some detail yesterday.

Mr Barr: or the National Capital Authority in terms of its responsibilities, or the Institute of Sport in relation to arena, stadium and other infrastructure. They are all

good examples of where this can evolve, and the commonwealth could be—

MS LE COUTEUR: I think you have basically answered this, but can I be clear about your new major projects directorate? Is it—

Mr Barr: No, I will stop you there. It is not a directorate.

MS LE COUTEUR: Sorry. What—

Mr Barr: It is an administrative unit, yes, technically.

MS LE COUTEUR: Sorry. We had better not call it an AU because we have reviewed it.

Mr Barr: We are currently discussing the administrative unit, infrastructure finance, capital works and procurement, IFCW as it—

MS LE COUTEUR: Under which there is a new administrative unit.

Mr Barr: Yes.

MS LE COUTEUR: You said that that was only people who were previously in your directorate. That is the impression I got.

Mr Barr: And project-specific staff from other directorates, yes.

MS LE COUTEUR: Is it going to take over infrastructure development from the SLA?

Mr Barr: No.

MS LE COUTEUR: And infrastructure planning from EPSDD is going to stay there?

Mr Barr: Yes, they have input but it is a delivery—

MS LE COUTEUR: But some of that is—

Mr Barr: It is a delivery agency.

MRS JONES: For specific large projects.

Mr Barr: Yes, so the title was meant to indicate as plainly as possible what it will do.

MRS JONES: I guess the word “agency” is used in several ways.

Mr Barr: But agency is not in the title.

MRS JONES: Right.

Mr Barr: It is not in the title. Major projects Canberra should, I think, give a pretty

clear indication of what it is doing.

MS LE COUTEUR: Okay.

Mr Barr: I hope so; that was the intent.

THE CHAIR: It sounds like an agency.

MS LE COUTEUR: And you will still have a bit of infrastructure finance and main capital works within your directorate separate from your new agency?

Mr Barr: The treasury does provide advice on—

MS LE COUTEUR: So that will continue?

Mr Barr: Yes, but that is—

Mr Nicol: And that will continue.

Mr Barr: Yes, that is a different issue from delivery of projects.

MS LE COUTEUR: Yes, and you are not going to take over the SLA stuff at all basically from—

Mr Barr: No, that is a separate discrete task and the Suburban Land Agency does exactly what its title says.

MS LE COUTEUR: Okay.

Mr Barr: It delivers new suburban land.

THE CHAIR: You mentioned before that there will still obviously be responsibility with the Health Directorate—for example, on the SPIRE project.

Mr Barr: Yes.

THE CHAIR: Where do you draw the lines of responsibility between the Health Directorate and this unit?

Mr Barr: The directorate is effectively the client. But the governance structures that we put in place ensure that there is central agency oversight. I think that model worked exceptionally well in regard to the delivery of the light rail project. The central agency has the skills capacity, as we have discussed at some length this morning, to value add to the process. I would expect reporting to me as Treasurer and to the line minister specific to the project. So it would be the health minister for SPIRE; the transport minister as it relates to the second stage of light rail; and other ministers where we identify other projects as we move forward under this model. It is effectively a very robust governance model that gives both financial oversight accountability as well as delivery experience.

MS LE COUTEUR: Moving back to infrastructure finance, what is the government's views on how successful the PPP was? Are you planning to do more? We have just mentioned a couple of large projects that have been speculated as possible PPPs.

Mr Barr: Generally speaking, I think the two PPPs that we have undertaken have appropriately apportioned risk, and the territory has done very well out of the apportionment of risk through that procurement methodology. PPPs are not suited for every government procurement and are generally only suitable where there will only be market interest, where you are talking about larger-scale projects in the hundreds of millions of dollars in the ACT context. We will not be undertaking PPPs to refurb community centres or at that level of procurement. There are none identified at this point but—

MS LE COUTEUR: We have been discussing this morning both SPIRE and light rail stage 2—

Mr Barr: Yes, but they are not proposed to be—

MS LE COUTEUR: The question is whether they might even be likely—

Mr Barr: No. The answer is no in that regard.

Mr Nicol: Highly unlikely given—well, SPIRE is on a brownfield site. Assignment of risk and responsibilities on a brownfield site is very complex in a PPP. The project specific there would rule it out. Similarly, with light rail stage 2, that is complex for other reasons in that we would like to have one operator on a continuous line; so the existing operator will have to be involved in some way. Just exactly how we undertake that procurement is still being considered but it is unlikely to be a separate new PPP. It is almost impossible.

MS LE COUTEUR: It would be probably a continuation of the existing, I think, from what you have said.

Mr Nicol: We are starting to speculate as to what the project will actually be in terms of a contractual arrangement. It could be rolled out in several ways that might mean different procurement methodologies under each rollout group. The government has not yet made those decisions.

MS LE COUTEUR: I just thought that you were actually saying something which was clear of that. So the government has no particular appetite for any more PPPs given the sort of—we just talked about the two biggies.

Mr Barr: The immediate projects will not be procured using PPP methodology. That does not mean that there would not be a future project that would. Our experience with the two that we have utilised would see us favourably disposed in the appropriate circumstances, but there may not be a circumstance that is appropriate or a project that lends itself to that particular procurement methodology.

There might be early contractor involvement. There might be design, construct, maintain and operate. There is a range of different options for procurement of projects

but PPPs, in the right circumstance, can work exceptionally well. I think we have demonstrated two such circumstances in the ACT that I mentioned in my opening remarks where the risk was appropriately apportioned between the public sector and the private sector. That is the basis on which you would enter into such contracts.

MRS JONES: The initial commitment from you was to commence light rail stage 2 in the term after completing stage 1 and to increase the efficiencies of the project. You made that commitment outright without being contingent on support from the commonwealth. Why is there now the idea that the federal government's non-change essentially will delay stage 2?

Mr Barr: Well, it has not. I think we are talking at cross-purposes insomuch as that a change of federal government, had that occurred, with the \$200 million capital contribution and it being identified as a priority infrastructure project would have allowed for fast-tracking. That is the difference. It is now not being fast-tracked because we do not have a commonwealth government that is making a fiscal contribution or dedicating particular resources towards its fast-tracking.

MRS JONES: Are you saying you did not make a commitment before seeking additional funding or before announcing that it was going to go ahead in the next term?

Mr Barr: We will get the exact wording of the commitment we made at the 2016 election when we committed to progressing the project. We cannot procure it until we have the planning approvals.

MRS JONES: I understand that, but I was not talking about planning approvals; I was talking about what you have said in the past.

Mr Barr: And what I have said in the past is on the public record. If you go to the wording of our election commitment you will see that it was clear that we would progress a project, and that is exactly what we are doing.

MRS JONES: So are you saying that at this stage we cannot afford stage 2 without federal government assistance?

Mr Barr: We cannot fast-track it without federal government assistance.

MRS JONES: Do you expect it will be delivered in the term after next?

Mr Barr: That will depend on what happens with planning approvals from the NCA and the Australian parliament and the exact nature of any conditions placed on that. Resolving those issues will now not be fast-tracked in the way it would have been had there been a change of government; they will go through the usual process. The project will take a number of years to construct, as the first stage did. If we are in a position to procure the project in this parliamentary term because all of the approvals are granted, then we will.

MRS JONES: So you have not said it definitely will not be delivered in the next term?

Mr Barr: No, I have just said it cannot be fast-tracked now.

THE CHAIR: The relevant commonwealth minister has not ruled out a contribution as long as the approval process was followed, I think her words were. Is that something you are still pursuing with the commonwealth government?

Mr Barr: We will, but I am a realist, Miss Burch; part of that, frankly, depends a little bit on the attitude of the local Liberal Party. Malcolm Turnbull was a great fan of public transport and every single one of your federal colleagues who I have run into in the past few months has asked, “How’s the light rail going?” They are all really keen about it. From memory, your personal position in the campaign was that you opposed it. You put some material out in my electorate saying what a terrible idea it was. If your position changed and you are also willing to advocate federally for financial support, then that might aid the course.

MRS JONES: I want to ask about our borrowing capacity. The report we have had—despite the fact there that are some things in it you disagree with—talks about the fact that while interest rates are low we are tracking okay but should interest rates start to hike up again that will be a difficult environment for us in the ACT given our fiscal position. Has preliminary work been done on borrowings or how that would be managed, or do you not do that until you have some sort of approval for the process?

Mr Barr: The government and I as Treasurer pay particularly close attention to our forward infrastructure program and when we would require additional borrowing capacity. This has clearly been a debate that has raged ever since the 2014 commitment around the billion-dollar loan from the commonwealth for Mr Fluffy in that at that time we had a billion-dollar infrastructure program ready to go that included infrastructure like stadiums, theatres and convention centres. In 2014 we said, and I have said every time since, even though some people just refuse to listen—

MRS JONES: Well, some people have not been in every conversation you have had since then.

Mr Barr: But this has been reported publicly multiple times. I will repeat it again: that billion-dollar loan, that ten-year process, has undoubtedly delayed—

MRS JONES: Slowed down.

Mr Barr: Yes, that is a fact of life. When we made that decision we had to delay a large number of infrastructure projects. So a factor in my and the government’s consideration around future infrastructure is that we need to manage that issue.

MRS JONES: So on light rail stage 2 you are confident that if you start to deliver in the next term of government you will not have any problem with the need to borrow and what that would do to our state of finances?

Mr Barr: I do not think there is any issue in relation to the territory’s capacity with a AAA credit rating to raise the funds.

MRS JONES: No, but to pay it off as well.

Mr Barr: Of course. We are one of the strongest sub-national governments in the nation and every report on our fiscal capacity is that we have an extraordinarily strong fiscal position.

MRS JONES: And it is out of that generic position that you judge that stage 2 can start to be delivered and financially that can all be managed?

Mr Barr: Yes, absolutely. Or else we would not be talking about the project.

MRS JONES: Well, we are here to ask these sorts of questions.

Mr Barr: Yes, of course. But the obvious point is that there are choices in infrastructure delivery.

MRS JONES: You cannot do everything.

Mr Barr: No. So the *Canberra Times*—or at least the back page of it—is running a campaign for a new stadium. We will not be able to—

MRS JONES: But you have been running a bit of a campaign for a new stadium, Mr Barr.

Mr Barr: Yes, but then in 2014 I said that because of Mr Fluffy we cannot do it now hence the delay on that. As I have repeated every year since 2014, that is a factor. When we release the forward infrastructure plan the capacity to afford infrastructure over an extended period of time is limited and that has to factor into our thinking around delivery. As the Under Treasurer indicated in response to questions yesterday, that is part of the approach to the next infrastructure plan. It is not just a wish list of everything we would all love to have but what is deliverable.

MR PETTERSSON: I have some questions about stage 2 light rail and its contract. I am assuming that for a PPP primarily it is going to be a design and build component. When it comes to financing and operations, what scope and variety are being explored?

MRS JONES: Other than a PPP?

MR PETTERSSON: Within a PPP.

MRS JONES: I think he said stage 2 cannot be a PPP.

MS LE COUTEUR: He did say it was not going to be.

Mr Nicol: Are you talking about stage 2 or stage 1?

MR PETTERSSON: Stage 2.

Mr Barr: The PPP that currently operates is the whole thing; it was construction, finance, maintenance, operations, everything.

MR PETTERSSON: Of stage 1?

Mr Barr: Yes. The point that the Under Treasurer was making is that we will not have a different operator operating the light rail vehicles for the second stage.

MR PETTERSSON: So that is operation.

Mr Barr: Yes, and maintenance would be similar. So in large part the second stage is around design and construction. That means that it is highly unlikely to be a PPP.

MRS JONES: Because there is not the long-term gain for a company.

Mr Nicol: It is not a long-term operation.

MRS JONES: It is just to build and deliver.

Mr Nicol: There is also an integration issue with stage 1.

MRS JONES: So it will not be a PPP.

Mr Nicol: Even in design and construct, the vehicles have to travel on both sets of tracks, so there are risks there in terms of how we manage it.

MRS JONES: Someone else's vehicles.

Mr Nicol: Someone else's tracks. There are those sorts of risks that we have to work through in a contractual sense. I am loath to say any more because we have an existing operator, we have a market, and they are, I am sure, waiting with bated breath on anything we can give them in terms of how we are going to contract this next stage in the fullness of time. With that warning, I am happy to take any questions.

MR PETTERSSON: No; that is all right.

MRS JONES: We have built track and overhead electrical wires for the first section, but the second section cannot have the overhead wires or cannot have them for the whole—

Mr Barr: This is one of the very significant elements of discussion with the commonwealth. We do not agree that it needs to be entirely catenary-free. There may be an argument for some small sections to be, but even that is contested. And why is that contested? Because it adds significantly to cost.

MRS JONES: That is a very important and interesting fact for you to share with us, but with the tracks in the ground, there are some models of light rail type vehicles that do not have quite such an expensive construction. Are we now stuck with using rails? Have we committed to definitely use rails for the whole kit and caboodle or is there the possibility to have some sections of light rail that are not on rail but are, for

example, magnetic with wheels? I am just saying that. It is a different cost level.

Mr Barr: The answer to that is: could the future bus fleet be more like light rail? Yes, it could. Bus technology may evolve so that the internal configuration—

MRS JONES: They are actually not referred to as buses. Some of them are powered by overhead wires, but there is an evolving way of delivering the same outcome.

Mr Barr: They are not rail if they are not operating on a track.

MRS JONES: But they are not called buses.

Mr Barr: It exists in a space between what we would traditionally consider to be a—

MRS JONES: The question is: are we stuck in this method of delivery? Do we think that that is what we will have to do or we will do—deliver it on rail—or is there still a possibility of a mix?

Mr Barr: For public transport more broadly, you could in the future—

MRS JONES: Do all sorts of things.

Mr Barr: Yes. For example, as we phase out internal combustion engine buses, new products that come onto the market could internally look a lot more like a light rail layout. They could be longer vehicles that could be operated under electric power, even with an overhead wire, or under battery power, and effectively be trackless trams.

MS LE COUTEUR: Trackless trams is what they are called.

Mr Barr: Yes. That could be a perfectly acceptable utilisation to replace buses in the future but in terms of rail—

MRS JONES: You would not imagine that being on our main light rail route?

Mr Barr: No. The advantage of the light rail system—

MRS JONES: One vehicle goes from the top to the bottom?

Mr Barr: Yes, same vehicle, fixed route, absolute certainty. But for that proportion of public transport provision that is not in that form, yes, trackless trams or whatever they are called. Given the community's views that light rail travel is far preferable to bus travel, I imagine that as the technology continues to evolve we will see our bus fleet replaced by that sort of amenity.

MRS JONES: Obviously you have not done research into this yet but if the east-west link could be delivered and have a similar outcome to the tram—there would have to be an interchange anyway to go from east to west—if you were then moving to the north-south line you would provide it with something that is not as much of a capital cost to produce but has the same effect?

Mr Barr: I guess part of the question would be: is it segregated from the existing traffic? You have got to remember that that is going to be expensive as well.

MRS JONES: The stats are that it is a lot cheaper than putting rails in the ground.

Mr Barr: And then it would depend on what sort of vehicle you would run on that entirely dedicated—

MRS JONES: The trackless tram looks almost exactly the same.

Mr Barr: That may well be—

MRS JONES: A possibility?

Mr Barr: But I think that the more likely thing in the short term is that as the nature of buses as we know them evolves into being—

MRS JONES: All sorts of different things, hopefully?

Mr Barr: renewably powered, cleaner, sustainable, with internal configurations that might look a little more like a light rail vehicle than a traditional bus—

MRS JONES: But may run on the actual road?

Mr Barr: Yes, or on lanes within the existing road network that are dedicated for its exclusive use. That is all potential in the future.

MRS JONES: Can you please outline the involvement that infrastructure, finance and capital works has had in the development of the business case for light rail stage 2?

Mr Nicol: I might ask Mr Asteraki to give a more detailed answer. I am on the board with oversight of the project and the board has oversight of the development of the business case which is being undertaken by TCCS. Mr Asteraki is on a working group which is looking at various aspects of the draft business case as it has developed. We get drafts and we provide comments on them. We quality assure the work: a constructive critique of the work that goes on in terms of the modelling, in terms of the costings, in terms of the project design et cetera. David, do you want to add details from your involvement?

Mr Asteraki: I do not have a lot to add actually. That pretty much describes what I do. Formally, I am part of a risk and change management committee for light rail stage 1 but there are informal working groups and workshops that have been held by the Transport Canberra team, the light rail team, over the past two or three years. I have been a participant in those and have certainly provided comments on the development of the business case, which is still ongoing, including pretty much all commercial aspects of that.

MRS JONES: In particular has IFCW been in attendance at or a part of discussions between us and the NCA or the federal government in regard to stage 2 yet?

Mr Asteraki: No.

MRS JONES: What involvement will you have in the contract approval process?

Mr Asteraki: I anticipate that I will have some reasonably considerable involvement in that, as the person within government with responsibility for infrastructure, finance and similar projects involving the private sector.

THE CHAIR: As there are no further questions, the hearing is suspended. We will reconvene at 2 o'clock.

Hearing suspended from 12.31 to 2 pm.

THE CHAIR: Can witnesses confirm that they have familiarised themselves with the privilege statement and that they understand its implications?

Ms Yau: I have

Mr Hezkial: Yes.

THE CHAIR: Page 250 of the budget papers on dividends shows a discrepancy in Icon's dividends: a \$15 million drop in water revenue, an \$8 million increase in depreciation, a one-off \$5 million increase in employment costs, and a \$9 million one-off increase in operating costs. Can you explain the reasons for that discrepancy?

Ms Yau: Overall in terms of the 2019-20 move onwards from 2018-19 you will see that the difference of \$9.1 million is largely driven from our dividends from our energy investment, so from our investment into ActewAGL specifically and the components that factor there. One is the impact of the feed-in tariff. For the large-scale feed-in tariff in 2019-20 and 2020-21 we will be handing back over recoveries of feed-in tariffs to customer bills. So that is what you are seeing there.

The second key piece is the outcome of the regulatory determinations for both electricity and gas. They are also feeding through into the forward forecast.

THE CHAIR: How much will be repaid to customers through that?

Ms Yau: In total dollars from a perspective of those two years it will be \$5 million dollars across 2019-20 and \$5 million in 2020-21. That is in excess of what was previously budgeted.

THE CHAIR: Do shareholders still require a 100 per cent dividend payment?

Ms Yau: Yes, that is right. The Icon Water dividend policy is 100 per cent of net profit after tax excluding gifted assets and capital contributions. In fact, the actual effective rate in terms of dividend policy is closer to 80 per cent of the effective rate because on an average year we have about \$15 million to \$20 million in terms of gifted assets.

MS CODY: What steps have Icon Water taken to keep Canberrans up to date about

water security and usage.

Ms Breden: We publish our water storage levels on our website and update those on a daily basis. If you go to our website you can see the overall storage level, which is currently at 57 per cent, and then the breakdown for each individual dam. There is also a graph showing the 10-year average over time.

We have a source water strategy which describes how we go about using our water sources in the environment we have. That is published on our website as well as a summary version which gives high level information about that strategy which responds to the water security level that we have.

MS CODY: Do you interact with other jurisdictions in developing the water usage strategy or the security strategy?

Ms Breden: We are members of the Water Services Association of Australia; that is our peer group. We certainly consult with our peers about how they approach water security and how they articulate that water security for the community, but we do not consult in terms of setting our own water strategy.

MS CODY: Do you look at what other jurisdictions are doing when you set your water security policies?

Ms Breden: In terms of collaborating with our peers through WSAA yes, we like to learn what others are doing, how they are approaching things and, in particular, are they communicating with the community.

MS LE COUTEUR: How much water do we have available?

Ms Breden: The current level of storage across the dams is at 57 per cent. The ACT government has set a level of service for Icon Water that we are able to meet unrestricted demand for water 95 per cent of the time. The inverse of that is that we manage and operate our water system to make sure that there is no more than a five per cent chance of water restrictions in any given year.

At the moment we are able to meet that service level for the budget period. We are currently foreshadowing that there is no more than a five per cent change of requiring water restrictions.

MS LE COUTEUR: When would water restrictions kick in? It sounds like you are looking at only a year ahead, which seems not long enough to me.

Ms Breden: No, certainly our modelling goes much further forward than a year; we forecast out decades ahead. But, of course, the further you go ahead the less reliable the models become. At the moment, as I said, we are at 57 per cent storage. We would consider water restrictions, looking at other factors, when the storage levels got down to around about 40 per cent.

MS LE COUTEUR: On our current usage how long have we got?

Ms Breden: I asked our modellers that anticipating that sort of question, and the answer we get is: how long is a piece of string? There are so many variables in terms of forecast temperatures and rainfall and patterns of usage, they were not able to give me an answer of how long it might take. The broadest answer I can give you is there is a possibility that we may require water restrictions in the summer of 2020-2021.

MS LE COUTEUR: Sure there are lots of variables, but you have to do some forecasting as well regardless?

Ms Breden: That is right, yes.

MR COE: What dams are you including to derive the 55 per cent?

Ms Breden: The 57 per cent?

MR COE: Yes.

Ms Breden: Corin, Bendora, Cotter and Googong.

MS LE COUTEUR: Given that we have a very rapidly growing population, as Mr Barr tells us, is use growing overall?

Ms Breden: As you may remember, during the millennium drought, the Canberra community reduced their water consumption by 40 per cent. That reduced consumption has remained consistent since the end of the millennium drought in about 2011. What we have seen in the past approximately two years is a slight increase in water consumption but right now we believe that that is due to the dry conditions and the hotter conditions, not necessarily an increase in consumption patterns over time.

MS LE COUTEUR: I am still a bit confused. You are saying that the total ACT consumption has remained static, so per capita use has gone down?

Ms Yau: In our forward forecast from 2019-20 through to 2022-23, overall, in terms of total volumes, we see a less than one per cent increase. In terms of the underlying drivers, it has primarily been driven from population growth; that is actually driving that. Per capita consumption is actually slightly decreasing over that sort of time.

MS LE COUTEUR: Great. Are you doing any education which is leading to this good result or is it just Australians getting used to the idea of drought?

Ms Breden: The result that came through the millennium drought we think was the Canberra community responding to the ACT government's calls for a reduction in water consumption. At the time the government's target was 20 or 25 per cent, and clearly achieving 40 per cent outstripped that. The thing that most people remember is those flashing signs along the Tuggeranong Parkway and other major arterial roads which said that storage levels were currently at such and such a level.

MS LE COUTEUR: I do remember those, yes.

Ms Breden: That seemed to be the main thing that the Canberra community picked up on.

MS LE COUTEUR: Good on us. Do you have an idea of some time when you think we will need to either do more education so that we reduce our per capita use or, conversely, increase our storage?

Ms Breden: At the moment we are currently working closely with the ACT government to share messages about the importance of conserving water. We are looking ahead to that possible period where we may need to introduce water restrictions and, about a year ahead of that, putting some information in people's water bills that encourages them to continue to conserve water.

MS LE COUTEUR: You are not looking at more storage as an option?

Ms Breden: No, not at this moment.

MS LAWDER: What is the status of the Murrumbidgee to Googong pipeline? Is that operational?

Ms Breden: The M2G pipeline is currently in standby mode.

MS LAWDER: Is there enough water to pump from the Murrumbidgee?

Ms Breden: I think not at the moment.

Mr Hezkial: At the moment, the water, as per our licence, in terms of level and water quality is not quite there, but we are preparing the pipeline ingredients to extract water should those circumstances change.

MS LAWDER: Is that dependent on water licences or on rain, or both?

Mr Hezkial: Our licence specifically states that we cannot extract water from the river until we know certain water quality parameters and also water levels in the river. The criteria that have to be satisfied are those two as well as our water source strategy, which has specific triggers in it as well.

MS LAWDER: You recently cancelled the Tantangara water transfer agreement with Snowy. Are you able to provide the committee with a copy of the business case that was presented to shareholders to justify that sale?

Mr Hezkial: I will have to take that question on notice. I do not have that level of detail with me at the moment.

MRS JONES: But you are happy to provide it to us?

Mr Hezkial: I would like to consider that and come back to the committee on that.

MRS JONES: I want to go to benchmarking. Can Icon provide details of the independent auditing undertaken in the last year, including the auditor's summary of

results as well as the ongoing audit program?

Mr Hezkial: Can I just check specifically which particular audit?

MRS JONES: What is your auditing program?

Ms Breaden: I will start with our internal audit program, which perhaps is what you are referring to. We have an internal audit function that conducts a series of audits each financial year. During the 2018-19 financial year, the current financial year, the program included 14 audits. That program is approved by the audit committee of our board. Topics include things like looking at operational controls in our water and sewerage network, ICT security management, and management of environmental impacts and aspects. We have recently had our audit committee approve the program for next financial year, with similar sorts of topics, which include looking at operational controls in our business, so out in the business as well as corporate controls.

MRS JONES: What about external auditing? Is that just financial?

Ms Breaden: I will start with the other and then I will pass the financial to our CFO. We are certified to ISO 9001, which is our quality management system; ISO 14001, for our environmental management system; and AS 4801, for our safety management system. Each year, our compliance with those standards is externally audited. Usually there is a certification audit in year 1 and then a surveillance audit in years 2 and 3.

MRS JONES: And financial auditing?

Ms Yau: Our financial auditor is appointed by the ACT Audit Office; the auditors currently are PwC. The interim audit findings were very good. There were no audit findings, which is good. We are now in the midst of the year-end audit coming up.

MRS JONES: As far as risk or crisis management is concerned, how often has Icon undertaken exercises to test the risk crisis management plans and capacity?

Ms Breaden: We have an exercise schedule that is related to each financial year. There are roughly 12 to 14 exercises each year. Some of those are mandated by legislation. Some of the legislation says we have to test on a particular frequency every year or every five years, and some of those tests are things that we want to do, things that we want to test in our system. During the current financial year, we have completed all of the tests that have been scheduled to date.

MR PETTERSSON: I was wondering if you could give us some more information about the water mains renewal program. Where is that mainly targeted in the ACT?

Mr Hezkial: Over the course of the regulatory period, we plan to replace over 28 linear kilometres of water mains across the ACT. That is determined from a number of factors. There is the maintenance history: wherever we have a history of leaks or burst water mains. We look at the age of the asset in those areas. We conduct routine pressure and flow monitoring in suburbs to make sure that we are meeting

those standards. I would describe it as quite a targeted investment. As far as this current financial year is concerned, we anticipate to replace somewhere in the order of 12 kilometres of water main.

MR PETTERSSON: How much of the network consists of unlined cast-iron pipes?

Mr Hezkial: That is quite a good question because that is a major concern for a majority of utilities in Australia. We are quite fortunate here in the ACT; we do not have many unlined cast-iron water mains. Most of our water mains are what we would describe as ductile iron cement-lined pipes; they are generally in quite good condition. Percentages are very low for unlined mains in the system.

MRS JONES: Do you know what the percentage is or are you able to provide that to us on notice?

Mr Hezkial: I am happy to provide that to you on notice, but I do know that it is a relatively small proportion.

MR PETTERSSON: Was it 28 kilometres that you expect to replace this year?

Mr Hezkial: It is 28 kilometres over the entire regulatory period. For this financial year, we anticipate replacing somewhere in the order of 12 kilometres.

MR PETTERSSON: Will that all be replacing the unlined cast-iron pipes or will you also be replacing more modern pipes?

Mr Hezkial: I would hazard a guess that most of those replacements would be lined pipes that have been selected as candidate segments based on either condition or performance.

MS LAWDER: I will ask about your capital works program. Are you able to provide the capital works program and the budget for your 2019-20 projects?

Mr Hezkial: Our capital works program for the 2018-19 financial year is \$103 million.

MS LAWDER: And for 2019-20?

Mr Hezkial: For 2019-20 our target is \$105 million.

MS LAWDER: What is in that capital works program for 2019-20?

Mr Hezkial: I guess that in the past, in the lead up particularly in the last regulatory period for the vast majority of this financial year, our capital works program has been predominantly focused on upgrading major infrastructure, particularly at our lower Molonglo sewage treatment plant. As we move forward in the regulatory period, the focus is I guess weighted more towards the networks. What we are seeing in our capital program are things like the water mains renewals. We also have routine sewer mains renewals. We also are looking at a suite of reservoir upgrades as well as pump stations, just to give you a flavour for the focus of where the program is going.

THE CHAIR: Are you able to provide a list of your works to the committee?

Ms Breden: I was just going to say that in our business strategy we document from page 26 our most significant capital works program for the financial year.

MS LAWDER: Thanks. What about over the past five years, the actual spend versus the budgeted amount for each year? How have you gone on your capital works budget against actual?

Mr Hezkial: Yes, we have that information.

MS LAWDER: Is that also in that document?

Ms Breden: Not the last; I do not think the last—

Mr Hezkial: Not in that document, I beg your pardon.

MS LAWDER: You can provide that?

Mr Hezkial: We can provide that on notice.

MS LAWDER: My final question is about gifted assets. Are they still added to your revenue and paid out as dividends to the government?

Mr Barr: That was the first question Miss Burch asked.

MS LAWDER: We have that information, thanks.

MR COE: Could you talk the committee through what Icon Water's community service obligations are?

Ms Breden: That is the community support program. I assume that you are talking about the community service obligations, which I think are financial obligations.

Ms Yau: Do you have our statement of corporate intent in front of you, our business strategy? May I refer you to it? It outlines our main community service obligations. These go to community institutions such as schools, hospitals, charities, places of worship. From an ACT government perspective, the ACT government is essentially subsidising. For those community institutions we have a specific class in our schedule of charges, which means that those institutions get a reduced rate—in some cases nil charge—on water and sewerage supply. Subsequently the ACT government obviously pays for that differential between what is charged to the institution as compared to the rate charged to other consumers.

MR COE: Who determines who is eligible?

Ms Yau: That I believe is defined in legislation. But we can come back to you on specifically where that is defined. But in our schedule of charges, for those of you who have it in front of you, it is class 4. Specifically in class 4 we call that churches,

religious establishments, hospitals, benevolent institutions or charitable institutions. Then we have schools registered under the Education Act 2004. Yes, it is pretty much detailed in our schedule.

MR COE: Why would it be that it is a halving this year?

Ms Yau: In terms of the rates?

MR COE: The value.

Mr Hezkial: Can I clarify what you are specifically referring to?

MR COE: Have a look at the budget 3, page 189.

Mr Hezkial: I do not have that.

Ms Yau: Sorry, we do not have that page in front of us at the moment.

MRS JONES: We can get it for you.

Mr Hezkial: I think we might need to take that on notice.

Ms Yau: When you say it is halving, sorry, that page—

THE CHAIR: It was nearly \$12.3 million in 2018-19. It has halved to \$6.8 million in 2019-20.

Ms Yau: Yes, let us take that on notice, thank you.

MR COE: You do not have that? Chief Minister, is that something that you are across?

Mr Barr: I do not believe there has been any policy decision. Nothing has changed; so I am surprised to hear that. We will check on that but no decision has actively been taken by government.

MR COE: Sure, but if it has gone from \$12 million to \$6 million that has to have a pretty significant impact on the—

Mr Barr: I need to see what it was the year before that. There might have been an abnormal increase last year. I will have a look. We will look at the detail. I do not have it in front of me. We will get that answer to the committee on notice.

MR COE: Sure. What actually are the concessions that are offered? You mentioned who was eligible. What are the actual concessions?

Ms Yau: I refer you again to class 4, our schedule for those of you that may have it in front of you. Specifically, what you see is that it is quite detailed. For specific institutions there are specific ones depending on which category they fall under. For some it reduces to nil in terms of the charge and for others it would be a halving, so a

50 per cent discount as such.

THE CHAIR: As members of the committee do not have that document in front of them, can you please table a copy?

Ms Yau: Yes, absolutely. Would you like that now?

THE CHAIR: Yes.

Ms Yau: We can provide that after, yes.

THE CHAIR: Thank you.

MR COE: Page 192 of last year's annual report pretty clearly states \$12,279,000 as the value of the community service obligations funded by Icon Water Ltd. As we have since seen, the amount has halved.

THE CHAIR: I turn to your objectives in budget statements B, page 207. It states that one of Icon Water's objectives is to operate at least as efficiently as any comparable business. How do you measure that objective?

Ms Yau: As Jane mentioned earlier, under the Water Services Association of Australia we, as an industry, often work together on understanding each other's businesses. Specifically, the Bureau of Meteorology has an annual report or the national performance report. It essentially allows businesses, the water industry utilities, to be comparable from that perspective.

Specifically from an Icon Water lens, the latest report is 2017-18. In that report our water operating costs per property are 10 per cent below the average for major water utilities and our sewerage operating costs per property are 10 per cent higher than average major water utilities. There are two specific reasons for the higher percentage in terms of sewerage. One is our relatively high rate of tree root incursion within the ACT and two is our relatively high rate of sewerage treatment standards.

THE CHAIR: Why isn't that strategic objective at least as efficient as or more efficient than comparable businesses?

Mr Hezkial: I guess that that is the low water mark. Of course, we are not aiming to be mediocre. If there are opportunities we will chase them, and that is something that we are constantly doing. Some examples that I could provide include: we are currently rolling out PVs across multiple sites to try to reduce our electricity and our carbon footprint as well. We have recently invested in our works management system which ultimately will enable us to be able to route work more efficiently, roll out more mobility into the field. There are a whole range of initiatives that we are looking at to try to improve our efficiency.

Ms Breden: Can I clarify that those four objectives are embedded in the Territory-owned Corporations Act. They are not objectives that we have crafted for ourselves. They are given to us through legislation.

MS CODY: I just want to touch base and ask: what has Icon Water done to strengthen its processes to ensure that the mailing issue which occurred late last year does not happen again.

Mr Hezkial: Do you want to refer to that, Jane?

Ms Breaden: There are a number of improvements that have been put in place. First of all, we are working with the contractor who undertook that mailing. The system change request processes have been reviewed to ensure that they are appropriately tested. What happened in this instance was that there was a change to the underlying system and it was not properly tested before they ran with it. Also additional government arrangements have been put in place and there has been improved capability in the corporate IT service function to administer changes in the systems at the contractor's end.

MS CODY: Do you think that that will help to strengthen the processes moving forward? There will be a monitoring process put in place, I am guessing.

Mr Hezkial: I think what I can say is that we are satisfied with the response. It was a really unfortunate event for us. But we are satisfied that the management response is adequate. We continue to have people within Icon Water providing oversight of that billing process and we have also dedicated resources around that billing process so that we get a bit more oversight and control over that process.

MRS JONES: I want to go to dividends. In budget paper 3 at page 250 it states that increased dividends from Icon Water in 2018-19 were largely due to:

... increased energy revenues resulting from savings in payments for the Feed-in-Tariff scheme.

We have touched on that already. It then goes on to state:

The reduction of \$9.1 million in 2019-20 from the 2018-19 estimated outcome is mainly due to repayments to customers of the savings made in the Feed-in-Tariff scheme in 2018-19.

How much money has Icon Water made from overcharging customers in relation to the feed-in tariff scheme?

Mr Hezkial: I refer that question to Joy.

Ms Yau: Thank you for the question. On the feed-in tariff specifically, I should first of all clarify that this would not be for Icon Water. ActewAGL is the entity in relation to the feed-in tariff specifically. In terms of your question around how that feed-in tariff looks, it is actually the large-scale feed-in tariff which is the piece that we are talking about at the moment. It is a scheme that started in about 2012-13 and specifically that scheme allows ACT government to essentially contract with large renewable energy entities to give a contract price which gives them certainty as they provide solar farms, wind farms et cetera. It gives that large energy supplier certainty in terms of price.

What is actually happening underneath that is that when the wholesale market spot price moves, from a customer perspective the ACT government will essentially reimburse the suppliers to top them up for the difference between the wholesale price and the contracted price. That top-up cost is then shared amongst customer bills. Evoenergy essentially are the pass-through entity. Evoenergy work out the amount that they need to take into account for customer bills, collect on behalf of ACT government and pass those back to ACT government.

Naturally in that process you are doing a lot in terms of crystal-ball gazing around what the wholesale market is going to do, what you think the actual price movement will be. ActewAGL typically are slightly more conservative as they forecast out, and essentially what has happened, in terms of the recent two years, is actually over-recovery onto customer bills. But what that means is simply that those are then passed back to customer bills in future bills. There is no profit margin being made on this exercise. It is a simple pass through.

MRS JONES: Obviously that money had not been in customers' hands at the time and there is also the consideration of what they would have done with that money or the interest they would have earned on it. Do we know what the quantum of overpayment or over-recovery on bills was?

Ms Yau: We do. I am not sure if that is commercially sensitive. Can we take that on notice?

MRS JONES: Yes. How often are these numbers checked? Is this a three-monthly calculation that is done or is this an annual calculation that is done?

Ms Yau: The calculation itself actually features within the electricity AER determination. As ActewAGL and, specifically Evoenergy, create their budget assumptions they work with ACT government for approval of those assumptions. ACT government's approved version is the one that is then submitted to AER as part of the AER's regulatory determination. There is scrutiny over this process.

Mr Barr: I think I have the answer to the mystery around the utility concession and I will need to correct the record. I am reminded that there was a change in the management of the utilities concession, and it shifted from Icon to ActewAGL for utilities concession management. The ACT utilities concession is managed by ActewAGL on behalf of the ACT government. The utilities concession covers electricity, gas, water and sewerage services and is passed on via the electricity account. The rationale for that change was to get a water concession to renters who otherwise would not have got one because they did not own the premises.

In terms of the financial figures, Icon's amount has gone down from \$12.279 million to \$6.849 million but ActewAGL's has gone up from \$15.784 million to \$26.677 million. That is the rationale. Apologies. I believe that to be the answer to that question. I will have that confirmed by officials. I have been doing that research but I am fairly certain that that is the explanation.

MR COE: If that could be included in the notes for next year?

Mr Barr: Yes, indeed.

MR COE: This was 2015. What happened between 2015 and March this year? What transpired in that time and what actual progress was made to rectify the issue?

Ms Yau: Could you clarify which issue?

MR COE: Regarding the issue with payments and the feed-in tariff, what we have just been discussing. We were advised that it was first brought to government's attention back in 2015. What actually happened over the course of four years?

Ms Yau: Where does the date 2015 come from?

MR COE: That date, 2015, was when the government was first made aware of the problems.

Ms Yau: I think that the date that you are referring to and the problems that you are referring to are separate. The discussion we have just had was around the large-scale feed-in tariff. Separately within the feed-in tariff scheme there is another scheme for the small to medium scale, and I believe that that is the scheme that you are now referring to.

MR COE: That is right.

Ms Yau: Let me update you on that. That is a separate piece, the small to medium-scale feed-in tariff which broadly opened in around 2009 and closed to new entrants in 2011. That specific exercise, going to Mr Coe's point, is currently being looked at. Minister Rattenbury has commissioned an audit into that and it would be premature to comment on that, given that the audit is underway.

MR COE: We understand all of that. But we are advised that the discrepancy has been known for several years and I am wondering what happened in the meantime. What sparked the decision in March or April or whenever it was to go ahead with the audit?

Mr Hezkial: That is a level of detail we do not currently have at hand. The point Joy is making is that we have an audit underway that is seeking to chase out any issues with the current reconciliation process. We need to let that follow through.

MR COE: But Mr Rattenbury has said that government officials first raised concerns back in 2015. So what officials raised concerns?

Mr Hezkial: Again, I do not have that level of detail.

MR COE: What is Icon's role in the small-to-medium scale scheme?

Mr Hezkial: We do not have any role in that.

MR COE: But as the half owner of ActewAGL what reporting takes place?

Mr Hezkial: As agents of the investment we look at ActewAGL through two lenses. Essentially one is a strategic lens and the other is an investment lens. Of course, as I said earlier, we have been made aware of that issue around the feed-in tariff and we await the results of the audit.

MR COE: When did you first become aware of the issue?

Mr Hezkial: Personally, probably a month ago.

MR COE: Is that the same for your other colleagues here, Ms Breaden and Ms Yau?

Ms Breaden: I am not a member of the ActewAGL board so no, I did not become aware of the issue a month ago. It was only just recently.

Ms Yau: I echo Ray's comments in the sense of as an investor in ActewAGL the level we would see is typically the broader performance of the joint venture rather than the specific components. If you take the example of the feed-in tariff, you are talking about a specific operational lens around the reporting of that so that would not be something that would be discussed from an investor lens. That very much would be an operational management matter within ActewAGL.

MR COE: Is there any risk that the problems that exist with the systems that support the feed-in tariff could also affect the systems that Icon Water use?

Mr Hezkial: I cannot see any direct connection, unless you can, Joy?

Ms Yau: My understanding is that the system that was used to track and report on the feed-in tariff for the small-to-medium scale was its own discrete system, in which case no.

MR COE: In terms of the billing system that ActewAGL use and the billing system that Icon use, one of the stated benefits of the current arrangements is meant to be that it is the same system. Are you on the same system yet? Are there complete synergies there?

Mr Hezkial: The short answer is yes, we use the same system. But I think what we are talking about here is systems and processes. So as far as the feed-in tariff is concerned that is a process within ActewAGL. But yes, we use the same billing system.

MS LAWDER: Apart from your financial statements, have any other independent audits been undertaken?

Ms Breaden: In the two forms that I mentioned before: firstly, we have an internal audit program. During the current financial year that program included 14 audits. I think three or four are yet to be finalised but the rest have been completed. We also have an external audit of our integrated management system which looks at ISO standards, and that is once a year.

MS LAWDER: Are you able to tell us what is in your forward audit plan?

Ms Breden: Yes. Some example topics for 2019-20 include capital expenditure management, water quality and waste management, metering and billing, and compliance with work, health and safety regulations in relation to working at heights and excavation.

MS LAWDER: And you have an audit committee?

Ms Breden: Yes, there is a board audit committee.

MS LAWDER: Can you give me an idea of who is on your audit committee?

Ms Breden: Four members of our board are also sitting on our audit committee, including our board deputy chair, who is the chair of the audit committee. The audit committee meets roughly every two months.

MR COE: Of those audits you just mentioned, were all those scheduled of 2019-20 as of a year ago or have any of those been ordered urgently.

Ms Breden: No. That other program—and that is just part of the audit program—was approved by the audit committee in June for the next financial year.

MR COE: But as of a year ago did you have a list of proposed audits for 2019-20?

Ms Breden: No. So what we do—

MR COE: So it is only done 12 months in advance?

Ms Breden: No. We have a three-year audit strategy, it is a rolling strategy. In year one we are able to say these are the audits we will do in the next financial year. We foreshadow some of the key risks and key controls we might look at in the subsequent financial year. Again, for the third financial year—because we get a little bit further out—we just look at what might be the key controls that we look at.

MR COE: So the audits you are looking at for 2019-20 are consistent with last year's areas of interest?

Ms Breden: Not necessarily, no. There are some key controls we will audit routinely whether or not we consider them to be a high risk, for example, payroll. It is really important that we get our payroll right. Even if we believe our controls are right and the risk associated with payroll is low, we will routinely audit that every three to five years.

We also include in our audit program matters that are considered high risk, so we will have a look at our key risks. Then a very small component of the program will include key issues that arise at a much shorter time scale.

THE CHAIR: We are out of time so we will finish there. Thank you.

THE CHAIR: I remind the officials appearing now to confirm that you have read the privilege card that is in front of you and that you understand the implications of the privilege statement.

Mr Snow: Yes, thank you.

Mr Gillman: Yes.

THE CHAIR: With the city marketing and improvement levy, the budget papers show that a five per cent increase in revenue is expected to be generated. What is the reason for this increase in revenue?

Mr Snow: Civic's popularity, Civic's improved economic condition, has seen vacancy rates decrease, and we are getting more businesses locating in Civic. More owners are participating in the scheme. There are some really positive signs. Of course, in managing the levy, the government asked us to take on that responsibility in January 2018, and we take that responsibility very seriously. We need to be able to demonstrate value for money, return on investment, to those who contribute to that levy. Certainly, we believe we are on course to do that.

THE CHAIR: Has the levy actually increased at all or is it just an increase in the number—

Mr Snow: No, just an increase in the numbers of people contributing to the levy, by virtue of their role as commercial property owners.

Mr Gillman: The levy rate is unchanged.

THE CHAIR: Has the City Renewal Authority investigated whether the levy is potentially deterring businesses from investing and moving into the city precinct?

Mr Barr: The answer to the previous question might indicate that that is not the case.

Mr Snow: No, we do not anecdotally or informally receive that kind of feedback. Yes, there are pockets of, shall I say, ongoing questions as to why this tax, as it is often called, is being applied. I think the answers to those questions really come through the actions of the authority in delivering the kinds of results and outcomes that those who contribute to the levy expect.

THE CHAIR: You mentioned demonstrating value for money to businesses. What kind of processes or mechanisms do you have to try to do that?

Mr Snow: I think we realised that we have to have empirical evidence. We have to have metrics around this. We cannot just say that we think there is more activity in Civic. That is why we are looking at more innovative approaches, particularly through the application of new technologies that can actually provide hard data around footfall, around participation, around the kinds of activations that the levy funds. It all goes to that fundamental point that levy payers need to be able to see the effect of our work in managing that levy. We realise we have to have hard numbers to be able to do that.

Mr Barr: Just to put a historical context on this, the levy pre-dates the City Renewal Authority. It was in fact a business-led initiative some time ago. We said we would be the most efficient means to collect that, so that is the basis on which it exists.

MS CODY: Obviously, with the name being the City Renewal Authority, your focus is mainly around the city, and Braddon?

Mr Snow: Yes. There is a defined precinct under the act which also takes in Dickson and beyond Dickson.

MS CODY: There you go; I have learned something new. Is the review to look at other precincts to see how this might work?

Mr Barr: In short, yes. In the future there is certainly capacity for this sort of precinct-based approach to be rolled out into other areas. There are probably two elements that would make that a sensible thing. The first would be some form of marketing levy like the city one. If another district wanted to do that, to effectively pool their resources, that would be a catalyst for such an entity to be able to work with the private sector specifically on a range of collective activities and events. That, in the simplest terms, would overcome potential free-rider effects where there is privately owned public space that is not as well maintained or utilised.

There is a variety of reasons why these sorts of precinct levies are attractive to business operators. They allow for some collective activity where there otherwise would not be an incentive, either for their competitors or for other businesses in the precinct, to collaborate. That would be one criterion.

Another would be a significant urban renewal project or transport project, for example. Clearly, one of the catalysts for the City Renewal Authority's extension beyond just the immediate CBD precincts has been the stage 1 light rail corridor. A logical potential future precinct for this sort of model—not an extension of the current CRA's responsibilities but potentially establishing another precinct under a similar model—would be Woden.

It is open to other town or group centres where there is a particular interest from business, from commercial property owners, who want to work together on particular initiatives. The government can help but it would not be forced upon them. It would be a case of them wanting to do that. We would be happy to hear about that, if there is that interest. I raised this in Woden a few years back. There was some support; some were not so interested. Some said they just wanted to see how the city process went for a little bit longer before they reached a conclusion. In all likelihood Woden would be the next area, but by no means the only one that would be considered.

THE CHAIR: You say that it would not be forced on them but there would no doubt be differing opinions amongst businesses in a precinct. How would you make that judgement call?

Mr Barr: That is a very good question. There would need to be a critical mass of property owners. There is a question of the relative financial contribution because in

most of the big town centres, in particular, there is one large commercial operator. There are many others but—

MRS JONES: One major.

Mr Barr: Yes. I refer, for example, to Westfield—their new owner or half-owner, the new management arrangement there. That can change, and might change attitudes. Also, there is the view of other traders and other commercial property owners in a particular precinct. There is no absolute rule. The decision-making barometer for me would be that there was quite a significant level of support and that there was not going to be a massive campaign against it.

I will be frank: political support across the Assembly would also be helpful. If you think it is a reasonable idea and if business supports it, and if there was agreement across the parties, yes, I think that is something you could consider.

MRS JONES: Would part of that be some kind of improvement levy in a new area where you were working as well? Is that part of the package?

Mr Barr: It could be. There are two options. You could simply have a levy that the government would collect and then hand it to a group to manage or you could have a model that more resembled the CRA model. There would be a spectrum of opportunities in that regard. Then there is also the possibility of the government simply proceeding within its own activities, in the public realm, just to do public realm stuff. Then the private sector may decide to be involved later on.

One of the lessons we have learned out of the CRA process has been the value of that on-the-ground engagement with all of the different stakeholders. It might be useful for Malcolm to outline a bit of the work that the CRA has undertaken. You are engaging with everyone from QIC at the big end of the market to some small individual commercial property owners and businesses.

Mr Snow: In all of the places we are working in across the precinct, whether it be Dickson, Braddon or Civic, the precinct is changing rapidly: the demographics, the mix of uses, the different interests which are now coming in. Just having a conversation with business alone does not reflect the fact that there are many other interests that should be given an opportunity to have input to the way in which we go about the renewal task.

In places like Dickson, recognising that that community need to have the ability and the capacity to organise themselves, there is the application of the town team approach as one example, which is a particular mechanism that has worked well in other jurisdictions, both in the UK and in other states in Australia. At the formative stage it helps the local community—whether they be residents, tenants, traders, business owners or property owners—to come together and say, “Do we have a common shared vision about how Dickson could be in the future?” The answer out of that exercise, by taking the time and care to do it well, is “Yes, we want to get behind this, but we do not want to be dependent upon government.” We recognise that as well. It is about building that capacity for the people of Dickson, irrespective of what interests they have in its future, to come together and actually help us with the

renewal effort.

That has given us a fantastic foundation to now move to the next stage, which is to trial different approaches, whether it be in Haig Park, Braddon or Civic. This seems to be working well. The government asked us, as one of our high priorities, to engage effectively. There was a problem with the way government was doing that, perhaps, in the past, but what is important is that renewal must come and be consistent with what the community are telling us they would like, what type of city they would like to see.

MS LE COUTEUR: One of the criticisms that has been made of the levy is that it is the landlords who pay it, whereas people who are out there are the tenants generally, and they have much more interest. Of course, they do pay through the outgoings, but when you had the authority, the landlords were the ones who made the decisions. If you do extend this, have you thought of moving it maybe to a business owners or tenants model rather than a landlord model, given how disassociated some landlords are. It would also solve your problem in Woden of having one huge entity versus—

Mr Barr: There is a series of questions within that. As it applies to the current CRA precinct, I know the authority has gone to great lengths to also engage with businesses that operate in the precinct but do not own their buildings. I guess there is a second layer of engagement. It is necessary with building owners, particularly in the example I gave of publicly accessible but privately owned space and the interaction between public works on public land and privately owned assets. I think you have to probably try to do both to the extent that the CRA can lead some of that engagement and perhaps show in different contexts how that model can work. As Mr Snow indicated, the issues in the CBD and the private sector entities that the authority engages with in the CBD are a different set from Braddon and are different from Dickson. There has been a tailored approach in each of those areas.

In terms of my engagement with the authority and the discussions we have had, a very clear lesson out of this is that each place is different and engagement in each place will need to be undertaken differently. There are some similarities between town centres as opposed to group centres. I guess Braddon would sit somewhere between a local centre and a group centre in terms of its proximity to the city. It means that a different set of arrangements is required there.

I take on board those comments. They would be useful in the context of what, if any, structure would work effectively in Woden in the town centre. Probably the most explicit lesson there would be the engagement in the CBD as opposed to Dickson and Braddon.

Mr Snow: I think that is true. The reality of Civic and many of the older parts of the precinct that we are responsible for is that we have a variety of really engaged owners but also—I have called them in the past recalcitrant owners—people who are quite uninterested in the benefits that they could enjoy as property owners through uplift, through revitalisation, through economic growth. That is at the core of what this should be about: that built property owners are engaged and understand that their contribution is being used for the appropriate effect but also that they ultimately become the beneficiary through the economic revitalisation that those works that we are doing as part of the levy actually achieves.

MS CODY: I know there have been some changes to winter in the city, for example, but there are a few things that the CRA have been doing. Let us start with winter in the city. Can you tell me what the CRA have planned for the colder months, and then what other things we have got coming up?

Mr Snow: Thank you for that question, Ms Cody. Wintervention is being taken to another level and to another place this year. We do enjoy four seasons. I was interviewed on ABC radio the other day about how Hobart embraces Dark MOFO. That is a city which does have a true four seasons. We do as well.

Wintervention is certainly on our calendar of season events. This year there is the ability to bring people into the city during those slightly colder days, but very sunny and delightful days, to a larger place, Civic Square, which is, I would argue, one of the most important public spaces, both now and into the future, that we have for our city. This should be a place that people feel an attachment to.

We have taken a perhaps somewhat courageous step of moving the ice rink—it is going to be a lot larger as a result of taking it to a bigger site—but now surrounding it with other activities that people would associate with the colder months: some markets that are themed, with food and beverages, entertainment. It is a three-week program. It is going to kick off on 5 July, and we are looking forward to that.

It really goes to that opportunity that we have to shift perceptions about what Civic could be as a place to do a whole range of things: not just to shop but to come and actually experience the city, engage with your fellow citizens and, ideally, also do some activity outside. We are looking forward to it. Certainly it is a very different arrangement this year. We have gone out for public procurement and the event is entirely funded through the CCMIL.

Other seasonal events include making sure that we take advantage of what happens during Floriade with spring. We have taken the decision to give Floriade a strong presence in Civic; previously that was a bit tenuous. We can hopefully also see an economic impact simply by bringing people who go to Commonwealth Park back into Civic, as they do in other great events in other cities, and some see uplift achieved through that increased footfall.

In the summer, we have got any number of events happening in our city. We have Enlighten now coming into Civic as well.

In combination, we are trying to play to the strengths of our existing festivals but also pick out spots between those major festivals where we could do some other major activations. We did 35 activations over the last calendar year. They are small things but they are important things. It is what I call the petunia principle: you do some small things; they can grow into big things. Already the feedback is incredibly positive about those activities, and we mean to continue with that program.

MS CODY: Have you found that businesses have gained and have benefited from the activations being undertaken by the CRA?

Mr Snow: We do take the time to do the post-events evaluation. We go and talk to traders. “What happened?” “What did you see?” “Did you see a lift in trade?” That feedback from traders is very helpful. We are not saying that we have hit our straps yet; we have a long way to go.

As I said, technology will also help us collect really hard data about that shift. We are, for example, talking to the organisers of the Multicultural Festival, which is another great festival for Civic. It is exclusively in Civic. There have been 300,000 people over two days. We recognise that we can help curate and make sure that that event continues to thrive, but equally, the relationship between those 300,000 people coming to Civic and what they do after they have enjoyed the festival is the connection we need to be making much more strongly.

Mr Barr: That is a really important point in the context of both the nature of events that are staged and the opportunities for traders in the city to be involved in them. Without reflecting on things in the past, there have been times when some events have been brought in almost in indirect competition with the existing traders.

MRS JONES: Or have taken forever to set up.

Mr Barr: Yes. Both anecdotally and in terms of some of the research, we know that events like the Comedy Festival, which bring thousands and thousands of people into existing venues, have a pretty good spillover in terms of pre and post-event activities and the like.

MRS JONES: And things like the Spiegeltent.

Mr Barr: Yes, indeed.

THE CHAIR: What proportion of the levy is spent on events as opposed to maintenance?

Mr Snow: I have a breakdown of those. For the year that is about to end two per cent was spent on the performance accountability framework. Obviously the government has made it very clear and my board has made it very clear that we need to be responsible and be able to demonstrate that our use of those funds is above reproach and that we are fully accountable for that.

Nearly 15 per cent was spent on city grants, which is the program that rolls through each year inviting submissions for people to come up with great ideas to activate the city. Three per cent went to contributing to a safer city project, which is really important initiative within Civic. We did have those problems; those problems have been significantly lowered as a result of that initiative. Having a safe night economy is really important to Civic.

Place management is perhaps a new term but it is a term many cities are now applying. Across Canberra we have a set standard of place presentation asset maintenance management, but within Civic we have argued that we should have a more responsive approach to when we have, say, litter or broken pavements that are not just safety hazards but which detract from people’s experience. Whether they are locals, tourists,

visitors or workers, we want to present Civic in a way that is appropriate as a CBD. Like many other city centres we need to be able to present our city well.

MRS JONES: Did you say it was 15 per cent on activation events?

Mr Snow: I have not got to activation yet; I am still going.

Mr Barr: Perhaps just list them, Malcolm.

Mr Snow: Partnerships and events, communications and engagement, 9 per cent; vibrant streets, which includes capital works, 21 per cent; and other capital works, 18 per cent. So it is quite a spread. The pie chart is made up of a whole lot of different elements.

MS LE COUTEUR: I understand there are development sites on City Hill on the land release program and I want to ask about them and particularly this stuff with the golden sun moth. Which land is being sold and which sites have the golden sun moths?

Mr Barr: The 2019-20 land principally is the three remaining blocks in the ANU exchange, precinct D. So that is blocks 2 and 3 section 20.

MS LE COUTEUR: That is the bus layover.

Mr Barr: Yes. Blocks 2 and 3 section 20; blocks 2 and 7 section 4; and block 5 section 30.

MS LE COUTEUR: There obviously would not be any golden sun moths at the ANU.

Mr Barr: No.

Mr Snow: To answer your specific question, this is the off ramp, or the cloverleaf as it is called in traffic engineering terms, if you are travelling north along Commonwealth Avenue and you want to get onto London Circuit. It is that large cloverleaf that takes you down onto London Circuit opposite the QT Hotel.

Mr Barr: Parkes Way heading west to Belconnen is the first one. The second one loops you around onto Parkes Way heading east to the airport.

MS CODY: But it can also take you to London Circuit.

Mr Barr: Then there is the final one that loops around the front of the QT. That cannot be removed until the Edinburgh Avenue extension to Vernon Circle is complete. So where Constitution Avenue on our side continues up to that circle there is a mirror road on the other side that will connect up. That will be the way that you will then get around to London Circuit that will replace the cloverleaf.

MS LE COUTEUR: I am totally confused. There are three ways you can get off Northbourne Avenue. If we are heading north is it one, two or three?

Mr Barr: Three.

MR COE: How do you propose people get to the eastern side of the city?

Mr Barr: The Edinburgh Avenue extension, which would be the second one.

MS LE COUTEUR: So it is the top one, which is where I thought it was. Given that it is not very big and you could not describe it as pristine habitat—it has been mowed and eaten down by rabbits.

Mr Barr: Yes, there is a rabbit warren there—Elmer Fudd would have fun.

MS LE COUTEUR: So my question is: how many golden sun moths are there? How stable is it? Is this really a viable proposition?

Mr Snow: Ms Le Couteur, thank you for that question. As part of our estate development planning we have begun the process of seeking an approval under the EPBC to remove that habitat. The consideration of that application under the act is live at the moment. I would not say it is an insignificant habitat. But under the environmental offset arrangements where we potentially can relocate those moths, there is certainly plenty of scope within the broader ACT program to find an alternative location if they do need to be relocated.

MS LE COUTEUR: Have you done an ecologist's report of some sort? If so, could we have a copy of it?

Mr Snow: Could I take that on notice?

MS LE COUTEUR: Of course. Do you have any idea how long the sun moths have been there? Have they been there forever or somehow did they get moved there? It just seems a very inhospitable place to live.

Mr Snow: I am not surprised, if I think back to my NCA days. We have got golden sun moths across the diplomatic estate. They are in footpaths; they are in verges. Their habitat is almost everywhere now. I think that that is not to say that their habitat is not important to protect. It is vital that we protect it, but they certainly have colonised some quite unusual places that do not necessarily look like bush. In this case, this is a part of Canberra that has been mown for years. It is like a lawn. It is quite unusual, I agree.

MRS JONES: Could they perhaps colonise somewhere else?

Mr Snow: As I say, under the offset arrangements you potentially can gather the numbers that are there, actually relocate them and meet the obligations that are required under EPBC.

MRS JONES: I turn to staffing. Nearly 80 per cent of your employees are earning at senior officer level and above—over \$100,000 a year. Why is the CRA so top-heavy?

Mr Snow: Thank you for that question, Mrs Jones. Renewal is a specialist activity, I would argue. The sorts of skill sets we need around project management, around design, around communications and engagement are quite critical to our success. I would say that we are a small agency. We intend to remain a small agency and we will rely upon the private sector to further supplement those skills and knowledge where we need it. But we have recruited for the right skills with the right experience.

MRS JONES: Can you provide an organisational chart breakdown with those responsibilities in the different areas—for example, communications, land release.

Mr Snow: I would be happy to provide that to you.

MRS JONES: Thank you. How much are you spending on top of employee expenses—on consultants and contractors?

Mr Snow: I will ask Mr Gillman to respond to that.

Mr Gillman: In the current financial year we are estimating that we will spend approximately \$1.5 million on consultants through the next budget.

MRS JONES: It seems from the numbers in the budget that your employee expenses are growing by 18 per cent and superannuation expenses by 64 per cent but that there are two new staff.

Mr Snow: That is correct, yes, two new staff that have transferred from the Suburban Land Agency. Under the original arrangements, the financial management function was outsourced to the SLA. We have now got that service in house. We have been through a cost neutral process. The Head of Service made it very clear to me that if I was to make those changes, they had to be cost neutral—no additional cost. We have brought those staff in. We also have a legacy, I suppose, of quite long-term ACT government employees.

MRS JONES: Your planning for the future type of thing?

Mr Snow: I think that good, prudent financial management ensures that that liability—the leave liability, particularly around long service leave—is managed correctly.

MRS JONES: Finally, why did you transfer the finance staff from the SLA?

Mr Snow: I will ask Mr Gillman also to respond, but our board, and particularly our audit committee, really felt uncomfortable about that function sitting somewhere else. When it comes to signing off on annual financial statements, that should be done within the agency.

MRS JONES: Yes.

Mr Snow: There was, I guess, not a flaw but certainly from the board's perspective and from the audit committee's perspective it was felt that it was critical.

MRS JONES: Out of your control.

Mr Gillman: I think there is also the practical reality. As the business of the SLA matured and became known, and its scale, it was just not feasible for the SLA CFO to spread himself across the two organisations and provide the level of accountability and service that would be required. So it was quite a practical thing as well.

MRS JONES: Is it correct that those staff are 100 per cent in your organisation now and no longer in the SLA, or are they still working across both?

Mr Snow: No, they are totally dedicated to us and they were recruited through an open recruitment process; so the best candidate won.

Mr Gillman: Yes; it has just been completed.

MR COE: What are you doing to support the businesses in the bus interchange?

Mr Snow: The Jolimont interchange, Mr Coe, or—

MR COE: No, the internal buses.

Mr Snow: The city buses?

MR COE: Yes.

Mr Snow: Certainly, as part of our work on the revitalisation of the Melbourne and Sydney buildings, we have had quite extensive consultation engagement, not only with property owners but also with traders. The challenge of the Melbourne and Sydney buildings is that we have many owners to engage with—well over 100—just by nature of the way in which they were developed. I think, of the two buildings, the Sydney building is particularly on the East Row frontage. Aspects of the Sydney building are certainly impacted by bus operations through the way in which that interchange actually works. We have been in discussion with Canberra buses, TCCS, about longer term plans. You would be aware also—

MR COE: I am talking about particularly the businesses that are all doing it very, very tough since changes to the bus network.

Mr Snow: I think in the vicinity of East Row, Alinga Street, yes, bus stops have been relocated but—

MR COE: All those businesses have been hit with between 20 and 40 per cent revenue. We are going to see closures very soon there as a result of the change to the bus interchanges. Have you had any engagement within the last month or two?

Mr Snow: Not in the last month, but we are monitoring also the impact of light rail. There has been a shift, of course, in people's public transport habits. Light rail has delivered, very close to those buildings, additional movements, additional passengers.

MR COE: It has moved the centre of gravity for the bus interchange. The bus

interchange is now very quiet and all these businesses are doing it extremely tough. All the cafes, all the retail stores, the restaurants are really on struggle street. I know their revenue has been hit by 30 per cent.

Mr Snow: Look, I think we should certainly be alert to that shift in people's patterns of access around the city. I think if something in the short term is immediately required then certainly we are more than happy to look at it. We will be rolling out more mobile furniture. We are looking conceptually at what could happen, for example, around East Row with improvements to streetscape to attract more people back there. But certainly, the overall ambition for Civic is to drive more people to Civic. There are particular parts of Civic that may be struggling but the rest of Civic is certainly showing very positive signs.

MR COE: Chief Minister, have you had any representations about this?

Mr Barr: Not representations, but I purchase various things from the corner store that used to be the most frequent MyWay top-up location. I have been in there in the last couple of months since the changes but I have not had any direct representations that I am aware of. I will check with my office, but, no. I have certainly had feedback from businesses in the Sydney and Melbourne buildings that are closer to Northbourne Avenue that are seeing an appreciable pickup in activities. There is more activity overall, but it has shifted, that is true.

MS LE COUTEUR: Have you done any work on what I would call the new part of the bus interchange, Alinga Street, particularly producing some shelter for the bus passengers who are waiting?

Mr Snow: Yes. We remain very close in our work with TCCS, particular in the bus operations. The creation of more bus stops to the west of Northbourne Avenue, to that part of Alinga Street, and the changes in the traffic management arrangements are all something that they have kept us briefed upon. City renewal must embrace public transport improvements. It is fundamental to that; I agree. Providing the basic amenities in terms of shelters, I know, is something that Canberra buses are looking at. It should be to a standard—particularly with the standard now being set by light rail—that is really fantastic public transport design. Buses are another significant part of people's movement around the city; they should be afforded the same amenities, I agree.

MS LE COUTEUR: Is that some sort of statement that that actually will happen? It would be great if it did.

Mr Barr: My understanding is that there are a number of changes that are going to occur in that precinct. There is work, principally being led by Transport Canberra and City Services, but with engagement with city renewal, around the amenity intersection management and potential signalisation; there is that Moore Street intersection with the two raised pedestrian footpaths that—

MS LE COUTEUR: Has been dangerous for a very long time.

Mr Barr: are challenging. It has been explained to me that there are moves afoot in

that regard.

MRS JONES: Literally.

Mr Barr: You can probably pursue the detail when Transport Canberra and City Services appear later on, but that has my full support for those changes to occur and there will be a close engagement with the City Renewal Authority. Undoubtedly every area of the city is going to change over the coming years. It cannot all happen at once, but it will happen. That is the whole purpose of the City Renewal Authority.

There are some real priority precincts and projects that have been challenging since self-government. The Sydney and Melbourne buildings are top of that list. There are a range of approaches that perhaps previously have not been considered that are going to have to be, to ensure that the heritage of those buildings is protected and enhanced. We have undertaken significant public works on the public land around the precinct, but there is privately owned public space that needs improvement as well. It is a major project and major priority for the authority.

MR COE: Are you considering compulsory acquisition?

Mr Barr: No, not acquisition, but I think there are a range of legislative changes that are possible to ensure that heritage is maintained. That is the approach that we can certainly consider. No, we are not going to buy them all; that is not feasible. But I think the community would demand something. There are parts of those buildings that the owners maintain impeccably. There are other owners who do not. It is getting to the point where it will require a more serious heritage-led approach, but I want to celebrate the success of those who are investing and renewing.

People might have noticed on the Sydney Building over the last couple of weeks a lot of work occurring where the old Private Bin used to be. There is a lot of renewal occurring there. There is the work that the authority is undertaking within the laneways themselves. There are a lot of businesses who are investing and raising the standard. We would love to see that continue. It is really 99 per cent encouragement and one per cent stick here, but we have to get an outcome.

MRS JONES: You may ultimately have to just make it compulsory?

Mr Barr: I think it is possible that I will need to bring something before the Assembly that ensures that the heritage of those buildings is maintained and respected and that there is a better standard of upkeep and management of the private land.

MRS JONES: It is difficult, isn't it?

Mr Barr: It is; it is challenging. But I foreshadow that I will bring something to the Assembly soon.

THE CHAIR: Before we finish up, going to the Braddon plan, how exactly are you making Braddon strategically gritty?

Mr Barr: Some could argue that it has achieved that already of its own accord.

MRS JONES: Some could argue that it was pretty gritty when it was for car yards.

Mr Barr: Before Mr Snow comments, let me say that I think there is obviously a balance between what is driven by owners, consumers and residents of the area, but the principle behind this is that that place in Braddon has a point of difference. It is something a bit different so that we do not have just homogeneous precincts. The point of it is that Braddon will be different from Dickson, which will be different from Civic, which will be different from other parts of Canberra. A form of words to describe that as strategic grittiness is a beautiful expression, but Malcolm—

MR COE: Can't you just leave it alone? Aren't they doing a good job?

Mr Barr: There is just a little bit of public realm that we need to do.

Mr Snow: I think that is right, Mr Coe. We realised, through the consultation, that it is a well-loved place already, so it is a bit of a light touch approach. If it ain't broke, why fix it? Nothing is broken.

MRS JONES: You mean the middle of the street parking and that kind of thing?

Mr Snow: It just needs to hold on to the very thing that makes it distinctive.

MR COE: That is good.

THE CHAIR: What kind of feedback have you had from businesses on the Braddon plan? I certainly hear a lot of concerns from businesses who are unhappy that parking is such a low priority and are unhappy about rubbish bins on the street and general maintenance of the kerbs and footpaths.

Mr Barr: Those sorts of issues are ones that—

MRS JONES: Please don't take out the parking.

Mr Barr: There is not an intention to, and there is more parking coming off street. That is a good thing because extra parking capacity is certainly required. That is happening. You are seeing a lot of that below ground. With many of the new developments, one of the challenges is to get some of the privately owned parking, to have a portion of that publicly accessible. There are examples where that is being undertaken, by Wilson Parking. That is quite prominent. Obviously a balance has to be struck; there has to be vehicle accessibility.

MRS JONES: That is the difference between that area and the middle of the city: that you can actually park there.

Mr Barr: Yes, but another really important distinction is loading zones.

MRS JONES: Getting materials in and out.

Mr Barr: One thing I am particularly interested in exploring is the capacity for

loading zones to also be one to two-minute pick-up and drop-off zones as well so that there is more flexibility for people in that context. It is not that you will park there, but so that you can drop someone off to race in and pick something up or whatever. It is that sort of flexibility—

MS CODY: Or where you wear dinner shoes instead of walking shoes.

Mr Barr: Sure; those sorts of issues have been raised. The one thing that has come through pretty consistently to me and to the authority has been around the public realm, not in the private spaces. A lot of the private developments have completed. The standard of their footpaths, bins et cetera is at a higher level than what was previously there. In the public realm our responsibility is around lifting the standard of that other but doing so in a way that is consistent with the feel of the place and not changing it dramatically.

Mr Snow: We do not want to sanitise it.

Mr Barr: Definitely not.

Mr Snow: We want to hold onto the very things that make Braddon Braddon.

Mr Barr: That, he says, concluding the session, is strategic grittiness.

MRS JONES: I think strategic grittiness will probably go down in history as the term for this day.

Hearing suspended from 3.32 to 3.45 pm.

THE CHAIR: We are now moving on to output class 3. I ask the new witnesses to confirm that they have read the privilege statement and understand its implications.

Ms Arthy: Yes, I have read the statement.

Mr Harrison: Yes, I have read the statement.

Ms Starick: Yes, I have read and understand the statement.

THE CHAIR: There is an increase in funding of \$8 million against output 3.1 for space industries. What is that money for? And, given that the federal Space Agency will now be based in Adelaide, what is the ACT government doing to support the space industry?

Ms Arthy: The initiatives in the budget are around supporting the work that we do with the various industries, including the space industry. I have to ask for where you get the \$8 million figure from specifically, but while that happens we can talk about what we are doing with the space industry, and I will hand over shortly to my colleague Mr Kelly, who works in this.

In general terms we have been working very hard over a number of years around space. We were some of the first people to move in lobbying for a space industry and

a national space agency. We initiated an MOU with South Australia and the Northern Territory. Even though the Space Agency is in Adelaide we are still one of the key hubs for space capability basically because we have the ANU and UNSW within our borders. They are the premier research agencies and as a result we do a lot with those universities to advance what they do. And because we have the proximity to the Department of Defence we have a lot of capability building around space as well.

That is a fairly general statement, but I will hand over to Mr Kelly, who is the head of the area that works specifically on space.

Mr Kelly: Obviously there was a bit of disappointment around the Space Agency going to South Australia. However, the ACT government continues to support the development of the Canberra space sector. In March 2019 we signed an MOU with the Australian Space Agency to work collaboratively towards strengthening the national space industry. This MOU promotes the use of national facilities based in the ACT and supports our local emerging start-ups and ecosystem and attracts investment to support the growth of the Australian space sector.

We also continue to invest in local space capability. We have committed \$1 million to support Canberra-based activity within the soon to be established SmartSat Cooperative Research Centre program. This is a consortium of industry and research organisations that will develop game-changing advanced telecommunications and smart satellite systems to develop sovereign capability in the Australian space industry and contribute towards meeting the Australian Space Agency's goal of lifting the industry to the value of \$12 billion. That is planned to generate 20,000 extra jobs, of which we hope a significant proportion will go to the ACT.

MS CODY: I want to talk about the CBR Innovation Network. I have not been over to have a look for a little while, but it was always a fabulous place. Can you give an overview of what is happening there?

Mr Barr: Obviously the innovation network are very pleased with the confirmation of ongoing funding from the territory government and continuation of their peppercorn lease arrangement as it relates to level 5 of Moore Street in the city. That has given the network significant certainty going forward. I think their challenge will be that they outgrow that space, such has been the rapid rate of growth and take-up of the various programs and initiatives they offer.

We would look to continue to work closely with the network. The new chair of the board is starting very soon. We are one of many supporters. It is not just the ACT government; it also includes foundation partners ANU, UNSW, UC, CIT and Data61. They are all involved, together with a number of others. There is quite a significant engagement, both in financial and non-financial terms, from a lot of the key innovation sector collaborators, which is fantastic to see.

The network continues to grow very strongly. I have had the opportunity to be engaged with some of our internationally focused work. We have in the past and will in the future bring network participants on trade missions, particularly pitching for venture capital or where businesses that may have emerged out of the network's incubator programs have now got to the point that they are wanting to seriously access

export markets. There is an opportunity there. Glen is champing at the bit to say some more.

Mr Hassett: The network is a really important connector and integrator of the innovation ecosystem, and the government has worked really hard over the last four or five years to bring all of the different players together. We have worked hard to make sure there is a really strong pathway of support for entrepreneurs and innovators, from young entrepreneurs to high growth businesses. That is one of the key roles of the innovation network—integrating all of those services.

What that might look like in Canberra is that there is a pathway of support that would start with something like Innovation ACT, which is a student-based business model competition supported by the ANU and the University of Canberra but sponsored by the ACT government and supported by the CBR Innovation Network.

Then there are lean business model start-up workshops that CBR delivers for businesses and entrepreneurs. There is a commercialisation grant program that is funded through our innovation co-investment grants called innovation connect, and that delivers grants of up to about \$30,000 for new ideas or new companies to prove a concept or to develop a prototype. That program is now delivered in partnership with the CBR Innovation Network. It has been delivered since about 2008 and has supported about 200 companies. It has been a really fantastic program to build a pipeline of companies through the investment pathway.

Following innovation, connect companies move on to the GRIFFIN Accelerator, which is actually housed in the CBR Innovation Network. That is a club or a network of high net worth individuals from Canberra who have invested in the GRIFFIN Accelerator to invest in early stage companies to really fast-track them through a six-month process to develop their technology and their business model. That is investors actually investing in the companies.

Following that, there are also the Canberra Capital Angels, an angel investor network that is also profiled through the CBR Innovation Network. That seems to be a follow-on investment vehicle for companies that have travelled through the GRIFFIN Accelerator and innovation connect.

The network is also really important in connecting companies into commonwealth programs like Commercialisation Australia, which delivers grants of up to \$1 million for companies to progress commercialisation. Then they tend to move into the venture capital world.

The ACT government supported for a very long time the delivery of venture capital in Canberra through investments in the ANU connect ventures fund and also the Canberra business development fund, but now there is a new fund called significant capital ventures which is investing in businesses in Canberra and technologies.

MS CODY: From memory, the GRIFFIN Accelerator helps to support these geniuses and their amazing ideas. It helps to support them to move forward into their chosen field and to build business.

Mr Hassett: That is right, yes. There is a really great case study. There are lots of examples of companies that have come through the innovation ecosystem over the last 10 or 15 years that are really significant businesses now. An example is Aspen Medical, who last year became Canberra's first ever Australian exporter of the year.

But one really good case study is a company called Instaclustr that was established by four founders in 2014, including two gentlemen who had sold out of the business Stratsec. They established Instaclustr, which is basically a software as a service platform that sits behind technologies like iTunes, the game *Fortnite*, and really big database platforms.

In about 2014 Instaclustr was established in the portable warehouses at Entry 29 at the ANU. When the CBR Innovation Network was established, that Entry 29 facility moved into the accommodation at 1 Moore Street. Through a period of a few years they grew to about 12 people and moved into the KILN incubator, which is also a program supported and facilitated by CBR Innovation Network. Through the KILN incubator they grew from 12 people to about 35 people, and they also got some funding of about \$12 million.

In about 2017-18, when they were 35 people, they basically transitioned out of the KILN incubator and moved into the University of Canberra campus. They are currently employing about 150 people. They did another series raise early this year of \$30 million, and in a recent article in the *Financial Review* they were valued at \$350 million in the space of seven years. That is an example of the sorts of companies that CBR Innovation Network and the ecosystem broadly are trying to facilitate to accelerate their growth.

MS LE COUTEUR: I get a lot of emails from people who are concerned about rapid population growth in Canberra. These cover environmental concerns, development impact costs, impacts on roads, cost impacts on the ACT budget—you name it. Is the government actively promoting population growth in Canberra?

Mr Barr: That is an interesting question. By way of attraction as in campaigns interstate to get people to move to Canberra?

MS LE COUTEUR: Yes, that at the bottom level.

Mr Barr: We are not running any of those at the moment. There used to be a "live in Canberra" campaign.

MS LE COUTEUR: I know there used to be.

Mr Barr: No, we are—

MRS JONES: We still have the awards for people who last here long enough.

Mr Barr: Certainly, yes.

MS LE COUTEUR: Yes, but that is 50 years. It is maybe not a big attractor.

Mr Barr: As I think we have discussed previously, the factors that are driving Canberra's population growth are these: about 45 per cent of the population growth is natural increase, births over deaths. The fact that we are all living longer is certainly contributing to that. About 40 per cent or thereabouts is international migration, but we do not receive an above the general population share. Most international migrants are coming into Sydney and Melbourne, so our share of international migration is not above what you would expect for our population share.

MRS JONES: And some of those are not permanent, either.

Mr Barr: Then there is interstate migration. To the extent that interstate migration is driven pretty heavily by the strength of our labour market, I guess you could extrapolate that by the fact that our economy continues to diversify and more good jobs are being created here. People do come for those jobs. That does contribute to population growth. Probably the biggest single factor, though, is that it is a fantastic place to live, Ms Le Couteur. I guess to the extent that the secret is getting out that—

MRS JONES: You are not going to apologise.

Mr Barr: No. But I think also, with respect to these sorts of questions, this level of government cannot build a wall around Canberra and stop people from coming. There are no policy levers.

MRS JONES: I never saw you as a Trump type.

Mr Barr: I will take the interjection, for what it is worth. It is one of your few interjections that I will not take issue with, Mrs Jones. No, I am not a Donald Trump: "Let us build a wall around Canberra." I think we can agree on that.

MRS JONES: We would probably both agree on that.

Mr Barr: Ms Le Couteur, I think there is a relative question: is population increase in this region more or less damaging in terms of the issues that your constituents have raised than a further population increase in Sydney or Melbourne, or in areas that have less capacity, potentially, to have more residents. I am cautious. I get the occasional email. I see the odd letter to the editor. But let me put this diplomatically: I do not think the art of making babies is going to go out of fashion any time soon. So natural population increase is going to be a factor for us.

People are living longer. I think generally that is a good thing too. As long as quality of life is sustained over the longer term, that is a useful thing. I do note that our respective political parties have a very strong view on Australia's responsibilities in terms of international migration, refugees and the like. I do not see there being any particular appetite for Australia to have a lower migration program as I think that would impact upon our refugee, humanitarian and other intake.

So we are then left, really, with interstate migration. I am not advocating a campaign that says, "Do not live in Canberra." The policies that we are enacting clearly are leading to very significant population growth. People are voting with their feet. People want to live here, and that is a good thing.

MS LE COUTEUR: Have you looked at it from a budget context? Is there any net benefit to the ACT or is it purely—

Mr Barr: Part of the answer to that question is that it will depend on where people choose to live and who moves here, in terms of consumption of government services. There is a significant amount of consumption of government services for people up to about 18 years of age and then over 60. They tend to be the peaks in a life cycle of when you can consume a lot of services.

Youngster, it is education; elder, it is health. In the middle phases of life, you tend to be more of a net contributor than you are a consumer of services. That tends to be the pattern. I guess our demographics indicate growth in most of those areas where we are seeing an increase in our over 65 population. We are seeing a particularly strong increase in our university age population. I think our single largest demographic is people of university age. I do not see any particular change in those trends. The economic development side of this undoubtedly is attracting people with skills that are in demand in our economy.

They tend to be highly technical, professional, scientific skills. They are high paying jobs. The Local Government Association's *State of the regions report* today pretty clearly indicated both increased diversification of the territory economy, the sorts of new jobs that are being created, and the well above Australian average and region average incomes and the like. Undoubtedly, our economy is shifting in that regard, and that is having an implication in terms of population growth.

MS LE COUTEUR: You mentioned universities and education. That is probably the one area of the ACT economy that is actively recruiting people en masse, rather than just an individual job.

Mr Barr: Sure, it is obviously shorter stay. For example, the ANU have said that they have reached their capacity in terms of the number of students that they will enrol. But it tends not to be permanent. These are people who are on one, two, three or four-year courses, depending on the type of course they are enrolled in.

MS LE COUTEUR: I understand that electricity costs are low in the ACT compared to New South Wales. Is this a selling point when you are doing investment attraction? Obviously, it is not a selling point for households, I would imagine.

Mr Barr: I would not want to overstate it. I think a business doing due diligence or an investor doing due diligence on market conditions here would look at a number of factors. That would be one input in terms of factors of production. They would also look at the skills of the workforce, the availability of land et cetera—all of those different elements. But it has to be, comparatively speaking, an advantage rather than a disadvantage.

MRS JONES: I want to turn to the preventative health unit in EDD. I understand that there was a preventative health function previously set up in Economic Development. Can you provide an update on what work has been done?

Ms Arthy: Yes. That unit has now shifted its focus. The unit was set up for a short time under the portfolio for Minister Fitzharris. The work it was doing was really looking at scoping what things we could do across government to help Canberrans be more active, live healthier lives and really look at the things that we can do at a community level to bring the existing organisations together to do more in terms of prevention.

MRS JONES: What has happened now? What is the change?

Ms Arthy: In implementing wellbeing indicators, which is part of another area of responsibility, the decision has been made to reposition the work of that unit to focus more on the wellbeing indicators. In terms of my responsibilities, that unit has now been disbanded.

MRS JONES: Did you say that it has been dismantled?

Ms Arthy: Yes.

MRS JONES: How many FTEs were in there?

Ms Arthy: There were three.

MRS JONES: Were they being paid out of CMTEDD or Health?

Ms Arthy: Two were being paid out of CMTEDD, one out of Health, because this was as a joint initiative.

MRS JONES: Were any redundancy packages offered?

Ms Arthy: No, they are very high skilled people, so we were able to find other work for them.

MRS JONES: Were they physically located in the economic directorate or—

Ms Arthy: Yes, they were.

MR COE: Have they gone to the Health Directorate or have they gone elsewhere?

Ms Arthy: The two people that were funded from CMTEDD are still within my economic development division because, as I say, they are highly talented people. So I was able to find them other work. The staff member who was paid by Health I cannot comment on because that is managed by Health.

MRS JONES: We can ask Health.

MR COE: But did Health pick up the slack on that program?

Ms Arthy: There are two parts to it. Health has responsibility for the straight prevention programs. The other work that we were doing is getting picked up under the wellbeing indicators, which I believe were discussed earlier.

MS LAWDER: To go back to our work in the space industry area, we talked just a moment ago about output innovation industry investment at table 10, page 22, budget statements B. It has gone from an estimated outcome last year to the budget this year and an \$8 million increase. How much of that increase may be allocated in the space industry area?

Ms Arthy: I will hand over to Mr Hassett shortly. In general terms the increase has been a result of deferring some of the payment schedules around our largest program, which is a priority investment program. Part of that will involve allocation to the space industry. We are still going through contract negotiations on that. We cannot reveal the actual price of that today, but we can talk about it.

The other elements are around the new funding for CBRIN. That now comes in as part of that \$8 million. A lot of it is based on the new initiatives, what we have here, and deferring some of the payments for the priority investment program. I will hand over to Mr Hassett to do a fuller explanation of the \$8 million and then we can come back to the specific initiatives in terms of the space industry.

Mr Hassett: Broadly speaking, of the increase of about \$7.9 million, approximately \$4 million is new funding. As Ms Arthy just mentioned, some of that funding is for the CBR Innovation Network. There is some funding to expand the work of the innovation industry and investment branch, including the office of international engagement. Some of the new funding will be supporting the recruitment of an embedded officer in Singapore. It is a really fantastic trade and investment initiative to have an ACT representative working for us in Singapore.

There is also some funding for the maintenance contract for the Canberra free wi-fi network. Approximately \$4 million of that funding is funding that is being brought forward from previous budgets in support of the priority investment program: commitments for the priority investment program that are going to be met in the next financial year, to finish off projects like the CANdrive automated vehicle trial, with seeing machines, and also to finish off the Canberra free wi-fi contract.

Ms Arthy: Mr Kelly, are there more specifics around the space area?

Mr Kelly: In terms of initiatives that we are funding around space, obviously, as was mentioned, the priority investment program is one of the vehicles being used to fund a number of space projects that will contribute towards developing those sectors. In terms of other initiatives previously that are still being delivered, we are enabling industry access to Australia's national space test facilities at Mount Stromlo. That will contribute to attracting investment from interstate and overseas SMEs.

The specifics around those particular facilities mean that getting access to those facilities is on a pay per use basis, which is quite cost prohibitive for a lot of small start-ups. We have supported that facility and provided funding to offset some of those costs for those companies. One of those companies is the recently formed Skykraft, to add to the established areas of CubeSat testing and fundamental research in composite structures testing originating from Australian-New Zealand research around that. That is one element there.

In terms of coming events, which are also detailed in the budget, there is the commemoration of the moon landing.

MS LAWDER: That has come out of this budget?

Mr Kelly: That is coming out of this budget, yes. That is about supporting activities to commemorate Canberra's important role in the *Apollo 11* mission and to inspire and engage the next generation into STEM and space careers. We have engaged the CSIRO and the ANU to deliver a suite of activities to commemorate that week. They will include a Canberra space experience at the CSIRO; improvements to the deep space communications complex at Tidbinbilla, which is home to the decommissioned Honeysuckle Creek antenna; the establishment of a virtual reality experience at the CSIRO discovery centre; and an immersive VR experience around that. They are a number of the activities that are coming up.

MS LAWDER: We have had a space industry in Canberra for quite a long time, and in the MOU it said we had one in four space jobs located here. Are you looking to increase that proportion or keep pace with that as the space industry grows nationally?

Mr Kelly: Obviously we are looking to increase that as the space industry grows. Earlier I talked about the increase over the next five to 10 years and the 20,000 additional jobs that will be created out of the Australian Space Agency and their initiative to grow the industry. We are hoping for, obviously, a significant proportion of those jobs to be based here in Canberra, off the back of the capability that exists both within our higher education and research institutions and also the companies that are based here as well.

MS LAWDER: Will there be more people in the ACT public service working in the space area?

Mr Kelly: Within our area?

MS LAWDER: Additional staff in that area?

Mr Kelly: The area that works in this space is just one of a number of sectors that are managed. In my area the team also works across sector development around renewable energy, cybersecurity, plant and agricultural sciences and those sorts of sectors as well. The team works broadly across all those sectors, rather than focusing on one specific sector.

Ms Arthy: I think it is also important to add that it is not just ACT government public servants that do this work; we have got very strong links via the Defence Industry Advisory Board which has very strong links to the space industry as well. We try and use our connections and relationships as much as we can to influence decision-makers and make sure that we position Canberra really well when it comes to our space capability.

MR COE: What are the major changes to the area of the directorate over the last year? Obviously preventative health is one of those changes. Are there any others?

Ms Arthy: Within the overall directorate we have been doing a continual improvement in terms of how we position ourselves. Apart from preventative health, the rest of the work has been focused on looking at how we align our resources to be able to deliver priorities. A lot of the work we have been doing is going back to basics about what it is that we are delivering, how we are delivering it, getting internal efficiencies and making sure we are there.

The next phase that we are looking at is in the area particularly around investment and trade. Mr Hassett mentioned that we have recently worked with Austrade to get an in-market representative in Singapore and we have also managed to secure Tradestart services from Austrade. We are going to be moving into an expanded area around trade and investment.

Over the last year, to get there, we have been doing the very hard work around making sure that the work we are doing in our key capability areas and all the other priorities that we have are running efficiently so that we can move into this new area. That is, I would say, the biggest shift. Everything else has been just ticking along.

MR COE: Is there a formula for how staff are allocated in the area? Does it follow particular opportunities? Is it representative of the size of the industry? How does it work?

Ms Arthy: It is more around the opportunities. If I come back to this particular area, which is industry and innovation, we have a deliberate strategy of making sure that we invest our effort into areas that are of strategic importance to the territory around space, defence, cyber, agritech, allied health. What we tend to do is put a cluster of resources around groups of opportunities. We do not have fixed formulas.

The way that I certainly operate across the division is pulling together teams based on opportunities and issues. For example, the moon landing is a classic. We were bringing in people from arts, we were bringing people in from sport and rec, and we were bringing in people from all over the place to be able to deliver the outcome.

It is not a simple answer in terms of saying, “Yes, there is a formula.” It is more that we look at what are the areas of strategic importance, what is required to be done. Some areas require a lot more effort than others. For example, CBRIN is fairly well advanced and mature, so we do not need to put as many resources into that. With cyber, we are investing fairly heavily, because it is the next thing that we need to work on, and trade.

MR COE: How many people are in that area?

Ms Arthy: In that area there are about 23 FTEs.

MR COE: What about higher education?

Ms Arthy: Tertiary education and training, off the top of my head, would be four FTEs.

MR COE: Surely that would be one of the bigger industries for the ACT?

Ms Arthy: Yes. This is the concept that we have of working across disciplines. Yes, there are only four in that particular team but the whole division is focused on how we capitalise on our university sector. If we look at it, we have the 23 FTEs that are within industry and innovation. A large proportion of those actually work with the universities around research and opportunities. The tertiary education and training team work on our study Canberra program, which is around destination marketing, and also do some fairly high-level policy work, because most of the university work is a commonwealth responsibility, not at a state and territory level. We also have Skills Canberra, which I think has about 40 FTEs, which is a critical part of our higher education sector as well. They are the people that we work with on skills and working with CIT.

MR COE: What does that area do?

Ms Arthy: That is Skills Canberra. They manage the vocational education and training and also manage the funding arrangements with CIT. All the apprentices and trainees, all the contracts with all the training providers to provide user choice and placements out into the training providers are done that group.

MR COE: What about internal teams? HR is probably not done locally within this area, but what about other areas?

Ms Arthy: We have two small internal teams. We have a strategic coordination team. There are four people in there. They are responsible for managing all the flow of reports in and out of offices, doing all the coordination of the big things—strategic planning, evaluation, that sort of work. Then there is also a business systems and finance team. Off the top of my head, I think there are about eight people in it. They are responsible for doing all the day-to-day financial processing, budgeting, grants management. We run large grants programs, particularly across arts, sport and recreation.

MRS JONES: Are they FTEs, the three in the—

Ms Arthy: That is headcount. I think they are FTE. I can provide it separately, but I am just going off the top of my head.

MRS JONES: Yes, please take it on notice.

Ms Arthy: In terms of the detail, yes. It also does fairly day-to-day HR support as well as rolling out systems within the division. It is a fairly small proportion of the total division.

MR COE: You mentioned the strategic area. Do they actually do the strategic projects as well?

Ms Arthy: It depends on how you define strategic projects.

MR COE: I mean like the unsolicited bids or the—

Ms Arthy: No.

MR COE: UNSW-type project, that sort of stuff.

Ms Arthy: No, that is a separate unit. In that unit there are three FTE at the moment. We are looking to expand to a fourth very shortly. No, that is a separate team. That is specifically set up for a short term to do UNSW, AIE, the casino work, when it comes in and out, and now looking at the CIT new campus, potentially in Woden.

MR COE: Where are things at with UNSW?

Ms Arthy: We received a proposal from UNSW in October last year. It is a rather complex proposal and we are still working with them on the various elements. We are hoping to reach agreement in the next couple of months.

MR COE: Can that work in isolation of the CIT move?

Ms Arthy: We are working that through, but we believe so. There are mechanisms.

MR COE: Right; so it is not dependent on CIT moving?

Ms Arthy: No, it is not dependent on that. It is one factor. If the government makes a decision to move CIT then we adjust the UNSW because—

MR COE: Because that potentially turns it into a little education precinct, either side of Constitution Avenue, if CIT remain there.

Ms Arthy: Can you repeat that?

MR COE: If CIT did remain in the city, you would potentially have UNSW on one side of Constitution Avenue and CIT on the other.

Ms Arthy: That is an option.

Mr Barr: Or UNSW on both sides.

MR COE: Right.

Mr Barr: With CIT as well.

Ms Arthy: That is right.

Mr Barr: It could be an education precinct, with or without CIT.

MRS JONES: An area with education in it?

MR COE: Yes, but it does not matter whether it is one provider or whether you have multiple providers.

Mr Barr: Yes, but there is still potential for CIT to be a provider within a UNSW model, and for CIT to be at Woden. It could still have a presence related to specific outputs in Reid.

MRS JONES: Presumably there could also possibly be some synergies with ADFA, where UNSW works out of as well?

Mr Barr: Yes.

Ms Arthy: Yes.

MR COE: Finally, where are things at with the casino? You mentioned that it comes in and out.

Ms Arthy: In respect of the casino, the government made a decision earlier in the year to stop the unsolicited bid process. We have only recently been recontacted by the casino wishing to talk to us. That is as far as it has got. That is very recent.

Mr Barr: Because the casino licence has not fully transferred?

Ms Arthy: I am not quite sure.

Mr Barr: We are not sure on that. There obviously was an intention to sell, but there is not necessarily a new owner firmly in place.

MRS JONES: Right.

MR COE: But the government has to do due diligence on the new owner?

Mr Barr: That is correct.

MR COE: The ACT government?

Mr Barr: Yes, but that is a different—that is the Gambling and Racing Commission.

MR COE: Yes, but is that actually stalling any of the work that you are doing?

Ms Arthy: I do not believe so.

Mr Barr: It is not stalling our work.

THE CHAIR: Is there an overarching ACT economic development strategy document? What is the process for mapping parts of the ACT economy that have strong opportunities and then allocating resources accordingly?

Ms Arthy: We operate off multiple documents. The key ones are the documents around the Chief Minister's statement of ambition, and confident, bold and ready, which set out the philosophy around doing key capability areas. We also have an international engagement strategy which sets out the markets that are the priorities and why they are the priorities. They are the things that guide our planning and our

activities.

THE CHAIR: Is there a particular process for mapping areas of the economy that are showing strong opportunity?

Ms Arthy: We tend to do that not as a formal process. We tend to do that just as part of our routine work with business. We are always looking at where an opportunity might be or if we see a particular issue. It is not something that is particularly formalised.

MS CODY: Chief Minister, could you talk us through our track record in delivering jobs through economic diversification?

Mr Barr: Yes. The data has shown around 16,000 new jobs created over the past three or four years in a diverse range of industries; there has been a growth in the level of employment in the territory and in the number of industries that contributed to that growth. It is very well illustrated in the gross state product data that is available on an annual basis, like the budget.

MRS JONES: Which we have had a little chat about already.

Mr Barr: Which possibly might be worth a look. Another thing that the committee might examine is the Local Government Association's state of the regions report that was released today. The economist who prepared that report was on ABC radio this morning and made some very salient observations about the diversity of the territory economy, where new employment growth is occurring, and the nature of change in our city's economy.

Real state gross product has been growing faster in the ACT than in any other state or territory. Our economy continues to diversify. Professional, scientific and technical services grew by 11.2 per cent in the 2017-18 fiscal year; that was a contribution of 0.9 percentage points to the four percentage point growth. So around a quarter of the territory's GSP growth in 2017-18 came through professional, scientific and technical services. We have also seen strong growth in health care and social assistance, by 8.5 per cent. That is tied in with the ramp-up of the NDIS scheme. Construction and information, media and telecommunications also grew, by 5.4 per cent and 9.5 per cent respectively.

Interestingly, public administration and safety had no change; it did not grow. All of our GSP growth in 2017-18 came from sectors outside of public administration and safety, which, though, remains our single largest contributing sector. But there could be no clearer evidence of diversification and change than the fact that public administration and safety did not grow and yet our economy grew at the fastest rate in this nation. It was all of the other industry sectors that contributed.

That is why this data needs to feature. It is annual data, like an annual budget, and it needs to feature in an analysis of the territory economy. Thank you for raising the question.

MS LE COUTEUR: The other thing that is growing fast in the ACT is the population

over 65. Many of us over 65 are wanting to keep working, for either financial or social reasons. There is a mix, but certainly a lot of people wish to keep working, and the federal government's age pension policy encourages that. Is there any work being done around ACT jobs where people are more willing to take on older workers?

Mr Barr: A number of industries are demonstrating that in terms of their recruitment and, importantly, their retention of staff beyond traditional retirement ages. In some instances, that reflects some labour market scarcities; there is an essential element of asking people to stay in the workforce longer because they have skills that are not readily available. That is a factor. There are other areas where people may change the type of work that they are engaged in: retire from a particular career and then re-engage with the workforce in an either full or part-time capacity in an entirely different area. It is not so much a sea change in our context, but certainly you see a lot of that coming from the public sector into the community sector, or out of the public sector into a consultancy or an own private business. There is a lot of that that does occur.

Within our direct responsibilities around our own employment, we certainly see in many areas opportunities for mature workers with skills and experience to start in new areas or to continue working in others. Flexibility in terms of people's engagement with public sector employment is important as well. For understandable reasons, people may wish to move from full-time employment to part-time employment, and I am happy that that is managed. I can think of a few practical examples within this area of ACT government where just that sort of arrangement has been in place.

MRS JONES: I have a question on the accountability indicators. A number of international trade and investment campaigns and delegations which you have been engaged in had an estimated outcome of six against a target of four in 2018-19; the target has now been raised to five for 2019-20. How do you measure the outcomes of these trips?

Mr Barr: There is a formal reporting process where I engage and report to the Assembly directly, so there is that specific oversight. Also, the commissioner, through the international engagement strategy and the follow-up from missions, prepares information and reports. I will invite the commissioner to talk about those in a moment. We are certainly not shy about issuing public statements when there are—

MRS JONES: It is more about the measurements. Do you have a standardised practice for measuring or is it really just your experience and what you see?

Mr Barr: It will vary depending on the nature of the mission.

MRS JONES: So there is not a standardised process as such?

Mr Barr: In some instances there is, in terms of measurable outputs, but the point that I would want to make is that, given both availability of time and limited resources, the trade missions that I engage in generally cover most, if not all, of my portfolio areas.

In another jurisdiction the Treasurer would do a bond market presentation in various markets. I tend to combine that with trade missions in this portfolio, with

tourism-related things with my minister for tourism hat on, or with first minister, Chief Minister, responsibilities. In other jurisdictions you might have four different ministers undertaking that; we do it more efficiently.

I can say that all of the international missions are very diverse. That is practical, because there are only so many days that you can devote to these missions, and it makes sense, whilst you are in a particular market, to undertake activities that are multiple. That is largely what we do. I will invite the commissioner to talk a little about both measurement reporting and diversity of mission.

Mr Smyth: It is a very good question, because the Chief Minister's objective in setting up my office was to assist the diversification of the ACT economy, and of course you have to measure that. In simple terms, you can get quick outcomes. For instance, the Chief Minister, on a delegation to Hong Kong, met with Ovolo, a Hong Kong based hotel chain. Ovolo now runs what was known as Hotel Hotel. So you can see very quickly causal outcomes.

There are others with a much longer term. For instance, on a trade delegation on one of the Chief Minister's missions, we may make introductions on behalf of firms or introduce firms to various sectors. The commercial reality that comes from that sometimes takes a much longer time to come to maturity; we endeavour to track that as well. So some of it is quite quick; some of it is short term; some of it will take much longer.

On the other side, on a different mission to Hong Kong, we met the vice-president of a hotel chain based in Hong Kong. He recommended to his president that he come to Canberra. He was here about six weeks ago as part of a trade mission that Austrade organised. I know that that person has met with a number of local real estate agents and property developers, has meetings with their head offices in Sydney and is looking at opportunities here. That is something we will track. Some of it we will never know, because we may make an introduction to a firm and then some years later get a contract. Was it because of the Chief Minister's mission to Hong Kong in 2017 or was it something that came afterwards? But certainly the introductions allow the business community here to have those doors opened for them.

In terms of the diversity of the missions, the international engagement strategy, on page 10, has a vision of Canberra being world renowned as a centre of creativity, innovation and the arts while not losing its status as the world's most livable city. How do you prove that? A number of the states tend for their missions to be fly-in fly-out, drop the press release, go. We even included the sports areas. We have included the arts. We take the people from sustainability. With an overview across government, you are able to present a much larger picture of what the ACT is about: how it is a centre for creativity, innovation and the arts. You are able to build a relationship, and from those relationships you are able to call in favours or ask for introductions. I could continue should you wish.

Mr Barr: Another practical example was the effort with Singapore Airlines to get them to fly to Canberra. They are flying to Canberra. So there are tangible, demonstrable outcomes that you can point to immediately and some that might take a few years.

MRS JONES: I imagine a large part of this is about relationship development and so on. It is hard, but do you try to measure it in some sort of empirical way?

Mr Barr: The ways that are available also incorporate our work with Austrade. The example referenced earlier around embedding staff within the Austrade structure in Singapore who are solely focused on trade development for the ACT is a significant step forward for us.

We have a similar embedding relationship now with Tourism Australia in Singapore as well. Necessarily because of our limited resources we are strategic in the markets that we are in and we do not have massive offices of our own independent of Austrade in the way that New South Wales or Victoria might. We just do not have the resources in that context.

The strategic advantage for us is to work with Austrade, so some of their performance outcomes and metrics that they measure in terms of inbound investment into Australia can then be isolated to inbound investment in the ACT. We can measure those sorts of metrics. Clearly, we keep a tally of outcomes as they relate from hotel investment to aviation to—

MRS JONES: Are those matters reported on to the Assembly?

Mr Barr: They are in both statements and in annual reports and the like. There may be an opportunity as part of the update of the international engagement strategy to have a page that lists all of the specific outcomes. I have no problem with that. One thing I will say is that the commissioner is never shy about spruiking Canberra's achievements.

Mr Smyth: There are then also intangible results that you will never be able to measure. I would like to present a full bottle as it were of all the outcomes that we have done. For instance, on one of the Chief Minister's missions to Wellington we took the Woodlands and Wetlands Trust. They have signed an MOU with Zealandia, which is a reserve very much like our Mulligans Flat.

I have heard officials from the trust say that having that relationship, exchange of staff visits and exchange of data has saved them years and therefore probably millions of dollars' worth of effort in not making the mistakes that you make along the road or the slower learnings you might have achieved. So by having these relationships we can accelerate outcomes, but some of those I do not think anybody will ever be able to report back to the Assembly on.

MRS JONES: My understanding is that our proportion of GDP has reduced. Is that correct to your knowledge?

Mr Barr: Of Australian?

MRS JONES: Yes.

Mr Barr: No, I would not have thought so. We have had GSP, so the GSP of each

state, the sum total of that would be the national figure. So, no, I would not think that that would be correct.

MRS JONES: Would you mind taking that on notice to check?

Mr Barr: Certainly. You might be thinking of state final demand. The ABS made a change to apportion commonwealth activity—

MRS JONES: In how it is calculated.

Mr Barr: Yes. So at one stage, from memory, all Australian government activity was apportioned to the ACT and then they changed that to if it principally occurred in another jurisdiction then it would be allocated to that jurisdiction.

MRS JONES: Yes, so how GDP as a proportion of Australia and how state final demand have changed for the last financial year.

Mr Barr: We will take that on notice.

MR PETTERSSON: Next year is the 20th anniversary of Canberra's sister city relationship with Beijing. How will this and similar occasions boost investment from international engagement?

Mr Barr: I was in Beijing earlier this year and met with the mayor of Beijing amongst others and extended an invitation to the mayor to come to Canberra for the 20th anniversary. Previous mayors of Beijing have visited our city and have on occasion bestowed great gifts upon Canberra. We have the Beijing Garden as an example of the generosity of our sister city.

There will be a program of events and activities throughout 2020—there will be a particular focus period—to celebrate the 20th anniversary of that sister city relationship.

The commissioner and I have spoken at length about the importance of meaningful and tangible outcomes from our sister city relationships. We have spoken already about one practical one with Wellington. There are opportunities, and one of the things we discussed with the mayor of Beijing is how we can shift from fine words on paper to some practical, tangible outcomes. One that would be fantastic to see would be a direct flight between Canberra and Beijing. That might be a medium-term aspiration but one that we will continue to pursue.

Appearances:

Stephen-Smith, Ms Rachel, Minister for Aboriginal and Torres Strait Islander Affairs, Minister for Disability, Minister for Children, Youth and Families, Minister for Employment and Workplace Safety, Minister for Government Services and Procurement, Minister for Urban Renewal

Chief Minister, Treasury and Economic Development Directorate

Nicol, Mr David, Under Treasurer

Tanton, Mr Graham, Executive Group Manager, Shared Services, Commercial Services and Infrastructure

Davis, Mr Gary, Executive Group Manager, Shared Services ICT, Commercial Services and Infrastructure

Bain, Mr Glenn, Executive Director, Procurement ACT, Commercial Services and Infrastructure

Manzoney, Ms Lisa, Acting General Manager, ACT Insurance Authority, Commercial Services and Infrastructure

THE CHAIR: We will now move on to output class 7, Shared Services. I ask witnesses to confirm that they have read the privilege statement and that they understand the implications of the privilege statement in front of them. I move straight to questions. There was a security breach of the ACT government active directory reported a couple of months ago. Since the security breach, have there been any further attacks on ACT government IT infrastructure? What has been done to strengthen IT security?

Mr Davis: I acknowledge the statement.

Mr Tanton: I acknowledge the statement as well. Since that particular breach that you spoke of, we have had no known breaches. We did have an action as part of that breach to strengthen the authentication on our Outlook web client for devices. We added an additional password, which was then accepted by the Australian Cyber Security Centre as closing off the breach and seen as an active and relevant action. They supported that.

THE CHAIR: Have you engaged any cyber security experts to help strengthen the system?

Mr Tanton: On a day-to-day basis my team, which is quite significant, engages with the industry, as well as their peers across the Australian Cyber Security Centre, which is a centralised federal function, to talk about what is happening and trends within the industry. We have also put in additional software mechanisms et cetera. We have not specifically engaged “a someone” to come in and do a review as such, but it is something that they do on a day-to-day basis.

THE CHAIR: Is the government’s IT system now deemed to be sufficiently secure and safe?

Mr Tanton: At this moment in time, it is as secure as I can tell you that it can be,

Miss Burch.

MS CODY: I do not know if this is going to be relevant, but I will give it a go, Minister Stephen-Smith. I know that there has been an undertaking and a budget initiative to move away from insecure work. I am not sure how that relates to this output class. Should I wait to ask this when you appear in one of your other capacities?

Ms Stephen-Smith: I acknowledge the privilege statement. Yes, formally, it is the responsibility of the Chief Minister in relation to the whole-of-government ACT public service work. Ms Whitten and Mr Noud could talk about that. However, if you want to ask me that in the employment part of the hearing next week, I will be happy to talk to it.

MS CODY: Yes, I just wanted to double-check that one. I wanted to talk about ACTIA. I will come back to that and we can go through other matters first.

MS LE COUTEUR: Again, I am not sure whether this is the right place to ask this question. I understand that procurement of human services is moving from a value for money model to a best investment model. If this is the correct place to ask the question, can you explain how best investment will be determined and how it is relevant to non-government service providers?

Ms Stephen-Smith: It would probably be helpful, Ms Le Couteur, to get the reference that you are drawing that from?

MS LE COUTEUR: I am not drawing it from one of the budget papers. I am drawing it from conversations with ACTCOSS.

MRS JONES: They presented to us.

MS LE COUTEUR: They presented and other conversations are saying that this is one of their procurement issues they do not understand. Obviously, ACTCOSS is into human services. They do not understand. It used to be value for money. It is now best investment. Why is that?

Ms Stephen-Smith: Probably the best place to ask that question will be in Minister Steel's portfolio of community services and facilities, because it relates to the early support by design work that we have been doing across the Community Services Directorate and the human services cluster, but it is really about that commissioning for outcomes work that sits with Minister Steel.

MS LE COUTEUR: Minister Steel in his community services—

Ms Stephen-Smith: In his community services and facilities responsibility. In relation to the early support by design work, when I come back with Anne-Maree Sabellico's strategic policy team in CSD, we can also talk about the broader context of that work as well. Certainly from a procurement perspective, that is something that there has been ongoing conversation on with the Procurement Board. How do we think about the procurement of human services? How do we ensure that longer-term

contracting can be in place that provides more flexibility that is focused on outcomes, not the delivery of widgets, and that provides more flexibility in how you achieve those outcomes? We are looking at continuous improvement of services over time as we test and learn from different ways of delivering services to achieve the outcome that we want to achieve in the human services space.

MS LE COUTEUR: You are saying that you are looking more for flexibility, which is great. But how do you look at the other things of not having insecure work for workers in these organisations that you are basically procuring from? How do you look at the existing relationships which all of the established organisations will have within the sector and elsewhere? How do they fit in with more flexibility?

Ms Stephen-Smith: These are exactly the fundamental issues that we need to address. What I am really talking about is more flexibility within a longer-term contract. The sort of best practice in human services—in commissioning for outcomes—is really to say that we know that this trusted community partner has a track record. We are working with them in partnership to deliver outcomes for the community. So it is building flexibility around how we deliver those outcomes, but also building a longer-term relationship which then goes to your point about security of employment. One thing that we hear consistently from the community sector is frustration with short-term contracts—

MS LE COUTEUR: Yes.

Ms Stephen-Smith: Obviously, that also feeds into our bigger picture commitment to secure local jobs and to good employment conditions for people. The next stage of the secure local jobs code process will cover human services procurements as well.

MS LE COUTEUR: I am not sure whether this is a question for you or for Minister Steel. Will there be any sort of rebasing exercise for community service providers? Carers ACT have raised this as an issue. They say that for every 10,000 people in the population there are 1,000 carers. I know Health has an automatic expansion, but does human services?

Ms Stephen-Smith: That is probably moving too far away from the procurement part of this conversation.

MS LE COUTEUR: Okay.

Ms Stephen-Smith: It is probably most appropriate to raise it with Minister Steel.

MS LE COUTEUR: I will add that to the bits that go to Minister Steel.

MRS JONES: I want to go to the Shared Services cost model review. What is the Shared Services cost model review and why did the government change the arrangement between CIT and Shared Services for payments on invoice to recognising the resources received free of charge?

Mr Tanton: The Shared Services cost model review was a body of work that looked at how the appropriation and funding of Shared Services were conducted, noting that

Shared Services was established 10 years ago. In the majority part it was very much fully cost recovered. Roughly about \$180 million of the total funding pool was cost recovered. We would actually invoice directly for the services that we provided.

Over time, as the maturity levels of Shared Services increased, a number of our functions, especially around HR, finance and some of the ICT elements, were considered to be, rather than a variable cost model, fixed in nature. We have a certain amount of headcount, and we have a certain amount of fixed costs around infrastructure and the like.

The discussion then was in regard to why we were invoicing for those services when they really should be appropriated by government. A program of work was set up with the governance structure in order to look at it and have those discussions, and to say to directorates, “You’re currently being funded for this; we invoice you for those; why not have the appropriation provided directly to Shared Services?”

The first part of that—and it is highlighted in the budget this year—was in regard to the HR and finance elements that we do. We do the financial statements; we also do the payroll. They are very much fixed costs. It was agreed by the directorates and the strategic board that that amount of money should be appropriated to us. As part of that body of work there are a number of ICT costs and services that are still being worked through in regard to what they consist of, being fixed and variable. Noting that we are moving to more software as a service in the cloud, what does it actually mean?

The second part of that cost model review will go back and look at those services that make up the ICT service and see which things that are fixed—basically, data centres and things like that—could be appropriated directly to us rather than our having to invoice directorates. Also, what are those cost bases that should remain variable in round usage consumption; and, where directorates play a key part in their consumption, should they be controlling those?

MRS JONES: Has this change now occurred, from the direct invoicing to you getting the appropriation?

Mr Tanton: On the financial and HR transactional side of things, from this budget there is roughly about \$38 million, off the top of my head, which comes across—

MRS JONES: Do you still notify those directorates of what their service is costing, so that they can compare it to the market or know what their overall cost is?

Mr Tanton: Part of this body of work regarding moving the funds is also about providing transparency to directorates about the cost base.

MRS JONES: It is pretty transparent when you invoice them. That is very transparent.

Mr Tanton: Absolutely. We were governed by a customer council, which was a group that would look at our costings. A new group headed up by a D-G will look to provide governance under the QMAC, which is the quality measurement assurance committee, an advisory committee. They will start to look at those KPIs around cost of services that Shared Services provide, how we benchmark, and what things the

directorates—

MRS JONES: Can you name that body again? What is it called?

Mr Tanton: The quality measurement advisory committee.

MRS JONES: How long has that been set up for?

Mr Tanton: It is being established as we speak. This comes back to the change in the appropriation so that, rather than Shared Services getting the funding and delivering what we need to do, there will be a set of KPIs and service-level agreements established that go to—

MRS JONES: Do they benchmark against market rates?

Mr Tanton: We benchmark every two years against our peers in government, both overseas and in state and territory jurisdictions. We benchmark across those. It is about getting an understanding of what those KPIs are. You can measure multiple deliverables that we have, but it is really—

MRS JONES: Finally, how does this affect the ongoing cost profile of Shared Services? You would have gone up, presumably, in the allocation?

Mr Tanton: Because we charge for those costs, the actual pool of funds stays the same, so it is cost neutral.

MRS JONES: The appropriation looks higher, presumably.

Mr Tanton: There are our costings, but we do not recover that via invoicing, so it is really about moving the funds—

MRS JONES: I am not asserting that you are taking in more money overall, but your line item in the budget for your appropriation must be significantly higher.

Mr Tanton: The line item for appropriation is actually offset by that same amount—\$38 million—for what we have been appropriated.

MRS JONES: An additional \$38 million, which you used to get through invoicing?

Mr Tanton: That is right, and we will not be invoicing for those fees now.

MRS JONES: But you will still be invoicing for the things which are more variable; is that what you are saying?

Mr Tanton: That is correct.

MRS JONES: Is that project based?

Mr Tanton: It is project based but in some cases, such as projects for ICT, the actual appropriation goes to directorates or the portfolio for the services provided.

MRS JONES: Do you bid for the work for them or are you the sole provider of support?

Mr Tanton: It really depends on the services. In some cases we provide them, especially around ICT, but if it is software as a service, often there will be third-party providers. It depends on the nature of the project, and the nature of the services that they are looking to garner.

MRS JONES: Are you tracking whether the different departments' use of your services, for those that are not part of this change, the ones that you are still invoicing for, is going up or going down across the board or in individual departments? Do you have a tracking measurement for that?

Mr Tanton: We do not have a formal tracking capability for that. There was a review done. I think you are referring maybe to grow-back and the like. There was a review done not long ago. One of the things about Shared Services that comes up is that resources get put into the core, and directorates or commonwealth departments start to grow back that corporate resource. Since Shared Services was established in 2007, the growth in the public sector has moved up; it has grown to around 22,000 staff in that time. The actual grow-back has been very minimal compared to the actual growth across the staffing portfolio across the ACT.

MRS JONES: Do you have some figures for how much your services have been used across those years from 2007 for the matters which you are still invoicing for?

Mr Tanton: It does fluctuate depending on what ICT projects there are, but we can map for usage more broadly.

Mr Nicol: We can tell you how much we have charged each year for each directorate going back to 2007. We will take that on notice.

MRS JONES: That will be fine.

MR PETTERSSON: The Aboriginal and Torres Strait Islander budget statement outlined the delivery of an Aboriginal and Torres Strait Islander procurement policy. What work has been undertaken to ensure that the policy accurately reflects the needs of the Aboriginal and Torres Strait Islander communities?

Ms Stephen-Smith: There was significant consultation on the Aboriginal and Torres Strait Islander procurement policy. The generation of the initial draft policy was done in collaboration with Katrina Fanning, the chair of the elected body, as part of that process, and then went out for both targeted and then public consultation, which Mr Bain can talk more about.

Mr Bain: I acknowledge the privilege statement. As the minister has just surmised, the consultation on the Aboriginal and Torres Strait Islander procurement policy was quite extensive, both across government and certainly across the affected industry sector.

One of the key elements of it was Ms Fanning's involvement, not only because she was one of the respondents initially to some of those questionnaires and meetings, but also because Ms Fanning took a very active part in an interdepartmental committee that we drew together to make sure that we were targeting the elements of the policy where they might best work rather than just following what other jurisdictions might have in place.

That approach was welcomed when we went out to the targeted and then to the broader community consultation, with feedback largely around the fact that they could see how this might work. While not everyone was happy with a target less than what they would prefer, they realised that the principle of this is enabling a cultural change within government, and we will build on those targets to build the efficacy of the program.

MR PETTERSSON: What are the targets?

Mr Bain: There are three measurements that we are looking at, three targets. The first is the number, size and capability of Aboriginal and Torres Strait Islander enterprises. We are looking at measuring that. We are looking at measuring the spread of Aboriginal and Torres Strait Islander enterprises across the industries from which the territory purchases. And we are looking at the total value of the territory's addressable spend. That is the context. We are designing the metrics and looking at the targets.

MR PETTERSSON: What education has occurred in directorates to ensure that officials are aware of their requirements in relation to this policy?

Mr Bain: At this stage there have been awareness programs run, certainly at the senior executive level, in the development of the policy, and at specific procurement officer level. We are rolling out a comprehensive training program in anticipation of the 1 July commencement.

Mr Nicol: I could also add that it has been discussed at strategic board level at least twice, so it is certainly from the top down.

Ms Stephen-Smith: Can I add to that as well. I just want to put on record my appreciation for the way that all of the directorates have engaged with this. The deep consultation process that has occurred has meant that when people have come back with comments, they are coming back with constructive comments—"How do we make this work and how can we do better?"—rather than saying, "How can we create a loophole to avoid our obligations?" People across the board and across directorates are really engaged in this policy and want to see it work.

MRS JONES: The desire is there.

MR PETTERSSON: What has been the response from Aboriginal and Torres Strait Islander communities?

Ms Stephen-Smith: Really positive. I met with an Aboriginal-controlled business today; we were talking about it and they were very welcoming of the approach that has been taken in terms of both engagement of the community and also the thought

that has gone into what targets are going to look like and avoiding some of the pitfalls that other jurisdictions have experienced.

Often the ACT leads on policy, but sometimes there is an advantage to not being the first, in that you learn from other jurisdictions' experiences, particularly around what is sometimes called blackwashing: the risk that businesses will tender for something with an identified set of Aboriginal staff that they say are going to work on one thing but then that same set of Aboriginal staff are identified across a whole range of different tenders, and they are not intended to work on all of those.

Similarly, in relation to ownership of the business, we took a very considered approach around the 50 per cent ownership, but then said, "We want to know that Aboriginal and Torres Strait Islander people have effective control"—if that is the right term—"of the organisation, so that it is a genuine Aboriginal and Torres Strait Islander controlled enterprise that we are talking about." There are a number of checkpoints around that.

MRS JONES: What is the definition that you are using, or the methodology, to identify what an Aboriginal and Torres Strait Islander enterprise is? Can you provide that to us? Do you have it with you?

Ms Stephen-Smith: I have a copy of the policy with me, and it is in here.

Mr Bain: It turns on the definition, as the minister said. We are looking for effective control of an enterprise by Aboriginal and Torres Strait Islander people. The most obvious one, and the one that we have been using until now in any case, is Supply Nation's list.

MRS JONES: Is what?

Mr Bain: Supply Nation. They are also the mainstay for—

MRS JONES: So they have made an analysis of who is around? Is that what you are saying?

Mr Bain: That is right. That is an organisation set up specifically in response to the commonwealth's Aboriginal and Torres Strait Islander procurement policy. Aboriginal and Torres Strait Islander entities can register with them and they produce bona fides to have accreditation as having either 50 per cent, or more than 50 per cent, Aboriginal and Torres Strait Islander control.

Ms Stephen-Smith: As Mr Bain has said, the requirements for an organisation are that they: are at least 50 per cent Aboriginal and Torres Strait Islander owned; can demonstrate that Aboriginal and Torres Strait Islander people are involved in the daily operation of the enterprise; have effective control relative to the degree of ownership; and are registered with a certifying authority. Supply Nation is one of those; the National Aboriginal Community Controlled Health Organisation is another. Being registered with ORIC, the Office of the Registrar of Indigenous Corporations, is there too.

MS CODY: What is the main objective of this policy?

Ms Stephen-Smith: The main objective of the policy is to promote the opportunity for Aboriginal and Torres Strait Islander controlled enterprises to get work with the ACT government. The reason for doing that is a recognition that our procurement can deliver social outcomes as well as value for money, and that Aboriginal and Torres Strait Islander controlled businesses tend to employ more Aboriginal and Torres Strait Islander people. It is really going to our commitment to economic participation, which is one of the core focus areas of the Aboriginal and Torres Strait Islander agreement that we signed with the elected body in February.

MR COE: With regard to Shared Services and Health, it seems that Health are increasingly developing their own ICT capability. I am wondering whether the point of Shared Services and the officials of Shared Services are being undermined by that decision.

Mr Nicol: I can start, and my officials can take over. Going from the general, the rationale behind Shared Services is that we pool common skills and capabilities in a central team rather than disperse them amongst a number of directorates. However, where there are specialist skills needed in one directorate, and perhaps those skills are not needed in other directorates, it makes less sense to have those skills in a central area just servicing one directorate.

There is a judgement here about where that boundary lies in particular circumstances, but the decisions in regard to Health and their IT are very much specialist IT services. We could supply them from the centre, but we would only be supplying Health, whereas a lot of our IT services at the centre are about maintaining a network across the entire government, about project management across the entire government.

Many of these services are highly specialised. We took the decision that it would make sense for them to be closer to the managers and the delivery of the service. It is a judgement call in these situations. Graham, do you have anything to add?

Mr Tanton: As the Under Treasurer pointed out, there are a lot of specialist clinical systems in the hospital. When you are providing shared services and you are providing an overarching platform that services the majority of the ACT government, for us to look at the risk about managing clinical services would not make sense. It is better done by those clinicians and those subject matter experts on those Health systems. That is basically the reason why.

As we move into more technology moving forward in the medical space, it is becoming more and more the case. Specialist skills around the specialist information and technology that are required are not a skill set that we possess. We are dealing with more generic economies of scale.

Mr Nicol: We still provide the generic IT services in Health and the generic systems. The staff that were moved were outsourced and located at Health, so it was a management arrangement that Health managers went through Shared Services for staff that are physically located at Health. We have taken the decision to essentially cut out that management layer for those functions, and we feel that that is a better way

to manage risk and service delivery.

MR COE: So there is no duplication happening?

Mr Nicol: None that I have seen.

Mr Tanton: We work on different systems and different processes. There are always some links because the clinical systems still need to work on our networks and the like. We need to have a core centre network management making sure that they can get their services and support for the networks they need. But, again, those business systems are often very separated. When you are talking MRI scanners and things like that, we do not have that capability and skill set.

There is some linking on, say, the Microsoft platform or Outlook or things like that. There will be some crossover in discussions. But, more broadly, as the technology becomes more specific around those clinical services that is when the department really sets itself apart and that is where the strength of the Health ICT teams come into their own.

Mr Nicol: Not to the same scale, but where a new specialist IT system is introduced anywhere it is generally led under a governance arrangement by the responsible directorate with support from Shared Services ICT in terms of technical advice, system integration, project management, project governance. But we are very much led by the business owners in that regard, but it will vary. The smaller directorates and the smaller agencies that have less capability will take on a lesser role while the larger directorates will take on a greater role.

MR COE: Are you aware of any procurements taking place in other directorates that have sought to source Shared Services-like services, in effect taking on IT technology managers for a directorate?

Mr Nicol: I have not seen that. We occasionally get requests for consideration outside Shared Services. Shared Services is a tied service provider; it is not a competitive market internally in the ACT. We occasionally get bits of software that people install on the net themselves which causes some joy to the IT guys, but I am not aware of anyone employed or trying to replicate an IT management function.

Mr Tanton: We often get called on to do security checks and security assessments and the like. If there is a skill set we do not necessarily have in house we will act potentially as a broker. So there may be a software as a service or a business system that an agency may look at that is business related, a bit like a clinical system in the health environment, which is very specific. We may come in as a broker for that.

There may be a designer process or something they will go through as well. We will provide assistance in making sure that they can utilise the network and make sure that they adhere to security requirements. We will be engaged in that process and provide advice, but I am not aware that people are looking to procure Shared Services functions.

MRS JONES: My understanding is that Shared Services also provide a certain

amount of project management for other departments?

Mr Tanton: Other directorates, that is correct. If there is an ICT element someone would like assistance with, we will provide project management. We have project management skills we bring on if directorates require that skill set.

MRS JONES: Do you keep a record of how much of that engagement is going on or whether directorates are using outside project management services?

Mr Nicol: We keep a track of our services that we charge directorates, because that is one of the consumables that we bill for.

MRS JONES: Are you able to provide that to us, say, over the past three or four years?

Mr Nicol: I am sure we can. I can take that on notice.

MRS JONES: Is there any involvement from Shared Services with the ICT system changes for the courts?

Mr Tanton: Of course we are involved in those elements in providing support. There is a third-party provider around the ICT.

MRS JONES: What is your view of that project? I have been on this committee at times over the past seven years, and for every budget we are told that that ICT change is about to be delivered. It includes things that are quite important, such as being able to search historic records to get some data analysis.

Mr Nicol: We might be talking at cross-purposes; I suspect Graham was responding on the new courts facility and I think you are talking about the management of the courts registry.

Mr Tanton: So I do not accept the view on that.

MRS JONES: So they are two different systems?

Mr Nicol: They are different systems.

MRS JONES: Does Shared Services have anything to do with the—

Mr Tanton: We can take that on notice, but my understanding is that it is procured through JACS.

Mr Nicol: So we might be providing general services in terms of integration with the network.

Mr Tanton: That is correct.

MRS JONES: Can you look at that project around the courts records system and answer me on notice the questions of what your involvement is, how long it has been

going on for, and when you expect it to be complete?

Mr Tanton: We can answer it from our side but we may not have that—

Mr Nicol: We will also engage with JACS and provide an answer to the committee.

MRS JONES: Please. So that is both from treasury and Shared Services; is that right?

Mr Nicol: Yes, we can do that.

MR COE: You were obviously asked about services to Health. There would be the capacity to hire people with health IT expertise, wouldn't there, within Shared Services?

Mr Tanton: There is the capability but, again, we are not subject matter experts around those systems. It would not make sense for it to be held in Shared Services when they are going to provide just services to Health.

Mr Nicol: They are not shared in that sense.

MR COE: I understand that. If that is the principle, that is fine.

Mr Nicol: That is the logic, yes.

Ms Stephen-Smith: Mr Tanton was saying earlier that there was previously that management oversight structure within Shared Services of those people sitting in Health and that that has been deliberately removed to reduce a layer of management oversight for people who have that speciality.

Mr Nicol: And that was a judgement decision.

MR COE: What portion of Shared Services staff that are either centrally located or out in the field are contractors as opposed to—

Mr Tanton: Just for—

Ms Stephen-Smith: Just ICT or across Shared Services?

MR COE: In Shared Services.

Mr Tanton: And just for health or across—

MR COE: No, across Shared Services.

Mr Tanton: For contractors, I think we have got roughly 120 contractors at the moment out of an ICT area of roughly 450. But, again, that depends on the amount of appropriation, the number of projects coming on board. If you have got a project that is running for two years, three years, you are not going to bring in those people on a permanent basis. You look to get contractors. If they are specialised in their field we will look to bring them on for a period of work and then they will move on to do other

things or they will be released back to the market.

MR COE: Do you have people that have been contractors for 10 years?

Mr Tanton: Yes, in some cases we actually do. There are a few of them around those systems which are legacy systems. We are going back to the old DOS, back to some VB6s where there are old systems and old legacy systems that still need to be maintained. The folks coming into the workforce now do not necessarily have the understanding of some of the older style programming or sequencing. There are some folks who are in that space, yes.

MS CODY: I have a question for ACTIA.

Ms Manzoney: I acknowledge the privilege statement.

MS CODY: The ACTIA statement of intent in budget statements B outlines the development and implementation of a risk management plan in line with the risk management policy. Could you outline how the plan fits with the risk management policy and how it benefits the ACT to have a risk management plan?

Ms Manzoney: Are you talking about ACTIA's own risk management or broader risk management?

MS CODY: The broader ACT, yes. My understanding is that you manage and are in charge of that?

Ms Manzoney: Our role is to take a position of leading and driving risk management across the territory. We do that in a number of different ways. The most significant achievement over the last financial year has been the new risk management policy for 2019. That was a project led by ACTIA through stakeholder engagement across the directorate and with other governance risk teams to look at that policy and have that reviewed.

The policy was launched in March this year. It has been endorsed by our minister and also by strategic board. It is now a policy that all ACT public servants need to follow. The idea behind the policy is to promote consistency in terms of the way risks are managed and assessed.

In addition to the policy, we have prepared an implementation guide for directorates and we support directorates by providing various tools, templates and a tiered approach to training as well. Some of those items are still under development but some are certainly in play now. It is through that role that we promote risk management. But ultimately the risk and the management of the risk remain with the business unit. We are simply providing the support and the tools to equip them with the skills.

MS CODY: Which obviously, in turn, gives a more unified approach to risk management?

Ms Manzoney: Yes. That was our position.

MS CODY: Ultimately it would be beneficial across the board?

Ms Manzoney: Absolutely.

Ms Stephen-Smith: That is the plan.

MS CODY: Did you want to add anything further?

Ms Manzoney: In addition to those services we also, through our reinsurance arrangements, have access to some value-add services in risk management that we can offer to directorates. We are currently in the process of finalising those negotiations by 30 June but the indications are that, again, we are getting those value-add services that we can go and speak to directorates about.

Our risk management teams also have quarterly catch-ups with risk and governance teams within different directorates. In addition, we have essentially a seat at the table in relation to some whole-of-government working groups where risk management is incorporated such as planning large events and things like that. It is definitely a space that we are doing a lot of engagement in.

Mr Nicol: I could probably add that our insurance process where claims are actually managed through ACTIA gives us a very strong evidence base about where some of our risks are and where some of our exposures are. And that allows us to focus on efforts to reduce repeat occurrences of risks that materialise. Those risks do not cover all our risks by any means.

The strategic board is taking a very active approach, and has been particularly in the past two to three years, in my view, to look at risk management across procurement and across staff management and wellbeing. We are talking about not only health and wellbeing but mental health. We are talking about dealing with family violence. We are spreading that approach across all our risks.

MS CODY: And the risk platform moves as time—

Mr Nicol: Yes. And ACTIA's tools help out in all those spaces.

MS LE COUTEUR: Once upon a time the ACT government used to facilitate insurance for community councils but it does not do that anymore, I understand. Did you have any role in that?

Ms Manzoney: No, I did not.

MS LE COUTEUR: Did your organisation have any role in this? If not, why not?

Mr Nicol: Unless there is someone here who has a bit more history on this, we will take that on notice.

Ms Stephen-Smith: It is not even this part of the portfolio. It sits with the CMTEDD management of relationships with community councils. That is my

understanding.

MS LE COUTEUR: I think you might be correct. I know that I have asked questions in the past before it happened. It happened in the Seventh Assembly. We did quite a bit of encouragement and—

Mr Nicol: We will try to find the right place to ask.

MS LE COUTEUR: One of the groups we encouraged was you guys, who I think brokered the agreement. As I understand it, it basically ended up sort of buying a shared policy. I believe that it was your organisation that was instrumental in brokering that shared agreement.

Ms Stephen-Smith: We will take that on notice, Ms Le Couteur, and come back with as much information as we can both about ACTIA's role but also about that outcome.

MS LE COUTEUR: I am particularly interested in the role, if any, in the arrangement no longer happening. What happened is what happened but I would like it to re-happen, you could say.

Ms Stephen-Smith: Yes.

THE CHAIR: We are almost out of time. Before we finish, minister, earlier in answer to Mr Pettersson's question, I think it was, I believe you used the expression "blackwashing". What did you mean by that?

Ms Stephen-Smith: I will explain. Black cladding is actually the term.

THE CHAIR: Black cladding?

Ms Stephen-Smith: Black cladding is the term. It is where businesses do not have a genuine Aboriginal community control or Aboriginal control. It might be a 50-50 ownership arrangement but actually the Aboriginal partner is a partner in name only and does not have genuine control commensurate with that 50 per cent ownership. That is why one of the requirements is to be able to demonstrate control commensurate with that ownership.

As I mentioned, it relates to companies doing things like identifying the number of Aboriginal staff that they have. But then they identify the same staff against multiple contracts where they are not actually necessarily going to work on those contracts. That is the kind of thing that other jurisdictions have experienced when they have tried to implement Aboriginal and Torres Strait Islander procurement policies that we have actively tried to avoid in the way that we have set up the criteria.

MRS JONES: I have a supplementary question. Why would we be using a term here which defines Aboriginal people or names them as "blacks"?

Mr Nicol: That is the term that is used by the Aboriginal community.

Ms Stephen-Smith: That is the term. I got it wrong, but that is the term.

Mr Nicol: They brought that term to us.

MRS JONES: In the ACT?

Mr Nicol: It is a nationwide term.

Ms Stephen-Smith: It is a term that is used in relation to this. I agree. I do not like it, but that is the term that is used in relation to this particular unacceptable behaviour by businesses.

MRS JONES: I imagine that some Aboriginal and Torres Strait Islander people who perhaps are not part of national bodies might find the term quite offensive.

Ms Stephen-Smith: That may be, but when people talk about it in this context of—

MRS JONES: So that is fine, then?

Ms Stephen-Smith: Aboriginal and Torres Strait Islander procurement policy, that is one of the things specifically—

MRS JONES: Because it is an accepted term, it is fine. Is that what you are saying: that it is fine to use because it is just a term that is used? There are other terms that have been used to refer to Indigenous people, Aboriginal people, that you yourself have disagreed with. I am just asking you whether you really want that to be the word on the record that you have used to describe this matter, even though the matter itself is clearly quite serious and needs to be addressed?

Ms Stephen-Smith: Mrs Jones, I was really just trying to explain some of the pitfalls that other governments have experienced that we were trying to avoid, and I was using a term that is commonly used in this space to describe that pitfall.

MRS JONES: But, again, I ask you: because a term is commonly used, is it acceptable and is it a term that you want to be on the record using?

Ms Stephen-Smith: The behaviour is totally unacceptable and the term is a common—

MRS JONES: Whose behaviour?

Ms Stephen-Smith: The behaviour of companies that undertake this behaviour is unacceptable. The term is one that is commonly used. That is really all I have to say about that.

THE CHAIR: The committee will adjourned for today. On behalf of the committee, I thank the ministers and all of the officials who have appeared today. The secretary will provide you with a copy of the proof transcript of today's hearing when it becomes available. If witnesses have taken any questions on notice today, could you please get those answers to the committee support office and committee secretary within five working days of receipt of the uncorrected proof. If members wish to

lodge questions on notice, please get those to the committee support office within five working days of the hearing, with day one being tomorrow.

The committee adjourned at 5.34 pm.