



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: [Annual and financial reports 2018-2019](#))

Members:

**MRS V DUNNE (Chair)
MS T CHEYNE (Deputy Chair)
MS B CODY
MS N LAWDER**

TRANSCRIPT OF EVIDENCE

CANBERRA

TUESDAY, 5 NOVEMBER 2019

**Secretary to the committee:
Dr B Lloyd (Ph: 620 50137)**

By authority of the Legislative Assembly for the Australian Capital Territory

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

APPEARANCES

ACT Audit Office	110
Chief Minister, Treasury and Economic Development Directorate	44, 83
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Amended 20 May 2013

The committee met at 9.14 am.

Appearances:

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

Icon Water Limited

Hezkial, Mr Ray, Managing Director

Breaden, Ms Jane, General Manager, Business Services

Independent Competition and Regulatory Commission

Dimasi, Mr Joe, Senior Commissioner

Weier, Dr Annette, Chief Executive Officer

Chief Minister, Treasury and Economic Development Directorate

Nicol, Mr David Nicol, Under Treasurer

Holmes, Ms Lisa, Executive Branch Manager, Economic and Financial, Economic, Budget and Industrial Relations

Wickman, Ms Dani, Executive Branch Manager and Director, Territory Records Office

THE CHAIR: Welcome to the second day of hearings of the inquiry by the Standing Committee on Public Accounts into annual reports for 2018-19. I ask witnesses to indicate whether they have read and understood the privilege statement on the table in front of them. Thank you for indicating that with a general nod.

I welcome the Treasurer and officials from Icon Water. Mr Barr, do you have an opening statement?

Mr Barr: No.

THE CHAIR: I begin by asking a general question about water levels. What is the capacity of each of the current dams?

Mr Hezkial: Our total combined storage is 53.16 per cent.

THE CHAIR: What is that in gigalitres?

Mr Hezkial: It is about 148 gigalitres in total storage. Corin Dam is at 19.4 per cent, Bendora Dam is at 59.4 per cent; Cotter Dam is at 84.9 per cent, and Googong Dam is at 52.3 per cent.

THE CHAIR: What is the thinking of Icon Water and the government on water restrictions and when might that happen?

Mr Hezkial: Currently the empirical evidence, the data and our modelling suggest we do not need to enter into restrictions just yet, but we are keeping a close watching

brief on that. Icon Water has already telegraphed that if inflows continue to be as low as they currently are we could potentially be entering into restrictions in the summer of 2020-21.

THE CHAIR: I notice there is quite a variation in the dam levels. Why is it that Corin is so low? Cotter Dam is high because we have to pump it.

Mr Hezkial: Yes, exactly; you have pretty much hit the nail on the head. We have a source water strategy that takes into account not only where the water is available but the most optimal way to use the system. We typically favour extracting from sources that are more economical than others wherever we can.

The other very general rule is that we typically try to manage our water supplies such that we do not lose any water unnecessarily from the system. We will always preferentially use water from those catchments.

At the moment we are currently drawing from Googong Dam. Over summer we will re-evaluate that position. But that is typically the reason behind why we choose one catchment or dam only.

THE CHAIR: Has the Murrumbidgee to Googong—M2G—been operational in the last little while?

Mr Hezkial: It is currently classified as being in operating mode, but we are still constrained by river levels and water quality parameters which have precluded us from using it. The last time we used the M2G pipeline was in August.

THE CHAIR: What did you do in August? Did you fire it up in anger, so to speak?

Mr Hezkial: Yes, we fired it up in anger and transferred some water into Googong Dam. We also took the opportunity to do some maintenance while the system was in operation.

THE CHAIR: How much water did we transfer?

Ms Breden: We were asked by the committee to publish that in our annual reports, so that is on page 55. During that period of operation in August last year we transferred 397 megalitres.

THE CHAIR: Not very much.

Ms Breden: No.

Mr Barr: The equivalent of about three days of total water use?

Mr Hezkial: Average daily usage is about 130, so that would be correct.

Mr Barr: Mrs Dunne, you also asked about the government's view in relation to water restrictions. The other point to add is that permanent water conservation measures have been in place since 2010, and they are the equivalent of what would be

considered stage 1 water restrictions in New South Wales.

I note that some members of the community have rightly asked whether we have any water conservation measures in place having seen what is happening in New South Wales, and the answer to that is yes, they have been permanently in place since 2010. They are effectively the equivalent of stage 1 restrictions in New South Wales, and that is important to put on the record.

THE CHAIR: Yes. What was the cost of the operation and maintenance of the Murrumbidgee to Googong pipeline last year?

Ms Breden: I do not have that information on hand.

THE CHAIR: Could you take it on notice?

Mr Barr: We will take that on notice, yes.

THE CHAIR: In the current drought environment, you said that it is going to be difficult to draw out water from the Murrumbidgee because there is not as much water in the Murrumbidgee. Do we still have the rights to pump water from the Murrumbidgee to go to Googong, because there was at some stage discussion about dispensing with some of our water rights, for example, Tantangara?

Mr Hezkial: I think you are referring to two different things—

THE CHAIR: Yes.

Mr Hezkial: I think you are referring to the Tantangara scheme.

THE CHAIR: Yes.

Mr Hezkial: So the Tantangara scheme was basically a right that we had to extract water from Tantangara Dam for release into the river. The Murrumbidgee to Googong pipeline can operate independently of that right. So we can still actually extract water from the river.

THE CHAIR: Yes, but when the water levels are low, it is difficult—

Mr Hezkial: You cannot.

THE CHAIR: You cannot. Do we still have the Tantangara rights?

Mr Hezkial: No, we made a decision to relinquish that right—

THE CHAIR: So you cannot put a big flow down and extract it?

Mr Hezkial: Technically we can. We actually have a three-year trailing option on it. So from the moment we gave notice of our intention to release that right, it expires actually in June 2021. In effect, if we wanted to exercise that right now we could. But the release from Tantangara Dam really is our last option in terms of extraction costs.

Typically that would be the last arrow in the quiver, so to speak.

THE CHAIR: Why did we give it up or why are we in the process of giving it up if it was the last resort?

Mr Hezkial: One of the major assumptions that was made at the time we entered into that scheme was that the ACT government had a target reduction measure of about 25 per cent per capita usage in the ACT. What we found was that we have had a 30 to 40 per cent per capita consumption reduction sustained. Probably I think it is the longest sustained per capita reduction in Australia. That changed the equation for us.

In terms of the economic cost to the community, it is a very expensive source of water to hold a right over. It was costing us somewhere in the vicinity of \$1.2 million per year. There was an on-balance decision made. Given that consumer behaviour had improved to the extent it had and the actual cost of holding that right, it was better to relinquish it. Again, as far as our source water strategy is concerned, that would definitely be the last-ditch source that we would go to in any regard.

THE CHAIR: But does that not mean that the Murrumbidgee to Googong scheme is less useful? As things are, you are probably not in the position to draw water out of the Murrumbidgee at the moment. Then you do not have that last-ditch capacity to flush water out of Tantangara and extract it.

Mr Hezkial: Yes.

THE CHAIR: I understand the point you make that the holding costs of the water rights were high, but you actually just about made Murrumbidgee to Googong obsolete.

Mr Hezkial: I guess, just to reiterate, we still have the ability to extract out of the Murrumbidgee without the Tantangara scheme—

THE CHAIR: Yes, I know, but you only have the ability to extract when it is at a certain level.

Mr Hezkial: Sure. If the question is about whether that reduces the frequency with which we can actually engage the pipeline, it is hard to tell. I guess that is a matter for what the environment is doing and how much flow is in the river. Suffice to say that we are very confident that we do not actually need that scheme. In effect, the benefit to the community to give that right up outweighed the small benefit of holding it.

THE CHAIR: Yes, but you have a large sunk capital cost. You have reduced its capacity to provide us with water in extremis.

MS CODY: How has our water security been with the extension to the dams? Has it made us more secure?

Mr Hezkial: Yes, absolutely. I think if it had not been for the Cotter Dam we would definitely be in water restrictions right now. The effect of the Cotter Dam increased our total storage capacity by 35 per cent. That, coupled with the reduction in per

capital usage and the Chief Minister's point earlier about the permanent water conservation measures, all as a package have really helped us stave off water restrictions. As you would appreciate, of course, we are not getting complacent or resting on our laurels. But it has put us in a very strong position compared to some of our neighbours. If you look just across the border, obviously a lot of our neighbours are doing it tough. Murrumbateman is currently in stage 1 restrictions—

THE CHAIR: Eurobodalla is on stage 1 restrictions.

Mr Hezkial: Correct, and there are many jurisdictions around the country. But when you look across the landscape, as you scan across the environment, there is a very different configuration of water sources and capacity.

MS CHEYNE: What else can Canberrans be doing in the short term, in the lead-up stage to restrictions being applied? I know that based on what happened a decade ago people's consumption patterns have changed. But have you seen any trends to complacency? Are there things that people could be doing at the moment to make things better?

Mr Hezkial: That is a really good question. I guess our message, as much as we can push it out, is that we do not have to wait until water restrictions to do something. In fact, internally we have set up a water conservation team and we have kicked off what we are calling the care for water campaign. So we have actually been a bit more active in trying to promote awareness of permanent water conservation measures, because what we are finding is that although they were brought into effect permanently in 2010, there is an opportunity there to refresh the community's memory that they are in place and have been for some time. So that is where we are focusing our efforts.

We are reaching out through social media. If you go to our website, we have recently reconfigured our care for water page, which is a whole range of tips for how to save water in the garden, for home usage, and how to monitor that. We have a number of things in the pipeline as we progress through the various phases on the assumption that this will get a bit tighter as we move forward. We have a very structured approach to what we would like to communicate and how we would be partnering with the community on moving forward.

MS CHEYNE: How are you getting that message out to the community about not having to wait? What are you doing to direct people to these water saving tips?

Mr Hezkial: It is a challenge because most people sort of do not engage very actively with their local water utility. But we are trying to be in people's faces as much as we can without being annoying. We are using platforms like Twitter. We are obviously using our website and local media channels. When there is a story about water security and they are asking for a comment, we will try to use the opportunity to push that. We have also made some appearances on local radio, again to try to push that message. So whenever we are given the opportunity we do that.

There is some work in progress and work that we are currently doing around communicating through school programs when we can. When we can attend community meetings, we do that. We are very much ramping up awareness around

water conservation measures right now.

MS CHEYNE: Would you consider putting it on people's bills?

Mr Hezkial: Yes, that is a good point, because we have actually done that—

MS CHEYNE: Are we not at a point where, I would contend, it is important to be annoying?

Mr Hezkial: Yes, but I think it is important—

MS CHEYNE: I do not think people will mind.

Mr Hezkial: Yes, you are absolutely right. We prefer not to be annoying, but what we have got is a very concerted ramping up of communication as we move into phases. Sorry to show this to you from across the way, but here is an example of what we call our weekly water outlook. We are actually sharing collateral with the ACT government so that we can use whatever channels they have at their disposal. We are, through whatever means we can, trying to get that message out. So this is something that—

MS CHEYNE: Is this is publicly available?

Mr Hezkial: Yes, it is.

MS CHEYNE: Can you table it, please?

Mr Hezkial: Yes, sure.

MS CHEYNE: I have a question on drinking fountains. I understand that Icon Water has previously had a very good program partnering with the community to provide drinking fountains. I know that there is a formal program with refill Canberra, but I have heard from community groups recently that Icon Water has decided to stop providing the infrastructure for community groups to have drinking fountains. Are you able to shed some light on that?

Mr Hezkial: I think we have actively said that we will not be doing any drinking fountains, but I think what we are finding is that they have limited use. If you walk through the ANU, for example, most of those water fountains are actually owned by the ANU. So we do not have a program that rolls out water fountains. To the extent that we receive a request, we would consider it.

Our focus really has been on the refill Canberra campaign, which is around reducing single-use plastics, encouraging people to use reusable bottles, getting cafes involved and also, I guess, in some small way encouraging local business to give people a reason to walk in. I guess that is a roundabout way of saying that we do not have a concerted program to install them, but we are not actively against installing them, either. It is something that we are not pursuing actively.

MS CHEYNE: I am aware of one group who had been offered it and then the offer

was rescinded, so I was just curious to know if that is now the strategy. If there is any more detail you could give on that, I would be grateful if you could provide it on notice.

Mr Hezkial: Sure. We are happy to take any information you have on it.

MS LAWDER: I want to ask about how customers deal with Icon Water about blocked or broken water and sewer mains. There are always constituent requests about that. My understanding is that usually they are told to have a plumber look at it on the premises and then sometimes they are told they have to dig and show that it is on government land.

Mr Hezkial: Yes.

MS LAWDER: They say, “Why would I damage government property by digging to look at the sewerage or water mains?” What is the proper process that should be followed?

Mr Hezkial: The proper process is that if there is a blockage, if it is in the mains, more often than not we will clear the blockage in the main without any interaction with or onus on the owner. If there is a blockage that indicates that it might be internal—there are ways to identify, on balance, depending on, to use the language, whether a surcharge is occurring—we ask the resident to dig up on their side, not on our side. If, after that, it is found that it is actually on our side—what we are really talking about, to get technical, is that there is a boundary junction, and it is a very fine line between where the tree roots have entered—we ask them to dig up on their side, not on the government side.

THE CHAIR: It is not particularly technical.

Mr Hezkial: Okay. If you dig it up and find that the tree roots are actually on the other side or reaching in from the other side, we will wear that cost and we will reimburse you for it. We find that is the most efficient way.

MS LAWDER: If the tree is coming from the customer’s property but it has encroached on the government’s—

Mr Hezkial: It is not about where the tree sits; it is where the tree roots have entered. It is where the actual blockage is effected or exists.

MS LAWDER: Do you know your rate of success in terms of repeat issues if you use an electric eel to clean it out? I am talking about your area, not the customer’s premises. Do you find that there is often a recurrence of the same issue in the same location?

Mr Hezkial: Quite often we do find rework, particularly in the older suburbs. That is a function of how beautifully tree-lined a street might be, but it is also a function of how old the asset might be. We benchmark our blockage rates from a network perspective. Our current blockage rate has increased to about 76 blockages per 100 kilometres. That is the metric that most utilities compare themselves against.

What we are finding particularly is that during the drought, with the warmer weather, the tree roots seek the moisture that is in the sewer pipe, so we get a high prevalence of sewer blockages during the drought.

Do we get rework? Yes. Is there a high prevalence right now? Yes. I will also say that we have a sewer mains renewal program, so we replace many kilometres of sewer main per year. We also have a proactive sewer drain cleaning program. We do try to mitigate by doing those things.

MS LAWDER: When a customer rings, do you provide a list of recommended plumbers who Icon Water would deal with and reimburse directly?

Mr Hezkial: We do not typically like to recommend plumbers, because there are questions of equity, making sure that everyone gets a fair go and not interfering with the market. To the extent that we do, we liaise with the master plumbers association to set those rebates. Recently we did a review because we recognised that some of our rates were a bit out of date and some of our customers were finding that they were partially out of pocket because they had not been updated. We have corrected that. We liaise with the association but we do not go to the extent of recommending a plumber.

MS LAWDER: If I think it is on public land but you have said that I have to check that it is not on my property first, and I get a plumber and the plumber looks at it and says that it is definitely outside, do I get reimbursed for my part of that plumbing exercise?

Mr Hezkial: Correct.

MS LAWDER: In full?

Mr Hezkial: To the cap.

MS LAWDER: Your cap?

Mr Hezkial: We have a standard schedule of rates that we have agreed with Master Plumbers ACT that, as best we can, reflects what the current market rate is. You will get reimbursed for that. But, just to qualify, we will check the main in the street first. The ambiguity arises between the sewer main itself that is in the street and the connection that extends off that and into the property. That is where the ambiguity usually sits.

THE CHAIR: So you are saying you check the main but not the connection?

Mr Hezkial: We check the main, and to the extent that if the surcharge is occurring within the house, all indicators usually suggest, once you have checked that, that the blockage is in the internal plumbing. That is why we will suggest that. We cannot do anything—

THE CHAIR: When you say internal plumbing, you mean beyond the property line?

Mr Hezkial: Correct.

THE CHAIR: Inside the property line?

Mr Hezkial: Correct. Beyond the boundary riser, as we call it.

MS LAWDER: Is it equitable to home owners to have to potentially pay in part for a problem that is not on their land?

Mr Hezkial: It is equitable in the sense that if you are out of pocket and it is caused by something on our side of the network you will get reimbursed.

MS LAWDER: Up to the cap.

THE CHAIR: Up to a cap.

Mr Hezkial: Up to a cap.

THE CHAIR: Are members of the public apprised of what the cap is so that when they are looking for a plumber they can compare the quote they get from the plumber with your appraisal?

Mr Hezkial: That is a good point. We are finding in some isolated circumstances, depending on which plumber has been engaged, that some of those rates exceed. We have worked with customers on a case-by-case basis where the difference is quite large. It does occur, but not very often.

Mr Barr: There would have to be a cap.

THE CHAIR: Yes.

Mr Barr: Or else you are opening it up to a—

THE CHAIR: I take the point, but if the cap is secret and people do not know—

Mr Barr: True.

Mr Hezkial: Sorry, yes.

MS LAWDER: Not realising the actual problem—

THE CHAIR: If people do not know, when they are looking for a quote from a plumber, that the promised quote is in excess, and sometimes well in excess, of that cap—

Mr Hezkial: Those rates are publicly available on our website. I think the issue is that most people, when they are in the middle of a situation like that, do not think to check the right stuff.

THE CHAIR: But also, if you are advising people that they need to do this work and

that if it is your fault you will pay for it, why aren't you advising them that we have a standard bill of fare and this is what they should expect to pay so that those people go to the plumber that you do not recommend at least forearmed with the knowledge of what ACTEW is going to pay? How many are outstanding where there is a discrepancy between what ACTEW has paid and what the punter has paid? How many of those are there?

Mr Barr: Icon.

THE CHAIR: Sorry, Icon. Old habits die hard.

Mr Hezkial: I do not have that information to hand, but if—

THE CHAIR: Could you take it on notice?

Mr Hezkial: Sure.

THE CHAIR: And quantify the discrepancy between what the public has paid and what you paid.

Mr Hezkial: Sure.

MS LAWDER: When you are working with the master plumbers association, is part of your discussion about the fees that plumbers will charge for that type of instance?

Mr Hezkial: Yes.

MS LAWDER: And their membership are supportive of that?

Mr Hezkial: That is exactly what it is. It is also a negotiation. It is also a commercial negotiation between Icon Water and the master plumbers association, but we engage with the master plumbers association because we understand that they are closest to what the market rate is in any given year. We try to make sure that it is within reason because we also have an obligation to keep our cost down.

MS LAWDER: Do you gain a financial advantage if ratepayers, home owners or however you want to constitute them are paying the difference for that maintenance of Icon infrastructure?

Mr Hezkial: I am sorry; I do not see the point.

Mr Barr: It would not be maintenance of Icon infrastructure.

MS LAWDER: If they have to pay \$200 and they only get \$160 back—I am just making up a number—Icon in effect has an advantage of \$40 for fixing that public Icon infrastructure.

Mr Hezkial: Potentially, but that is probably more an indication of what the individual plumber chose to charge for that particular task. It is very hard when you are negotiating with an association to get an ironclad rate for every activity that is

going to be universally applied by all plumbers. That usually does not occur. Sometimes it is the other way around.

Mr Barr: The point is well made around consumer awareness of what is a reasonable charge.

THE CHAIR: What is considered the standard fare.

Mr Barr: Yes. In terms of a reasonable charge, I think that is understandable. If you find yourselves in these circumstances, which I will declare I have in the past week, so I am very across all of this now, the bill shock certainly can be there, and yes, the question of how you address this—

THE CHAIR: Can I go to bill shock?

MS CODY: Can I ask a follow-up?

THE CHAIR: Okay; then I will go back to bill shock.

MS CODY: You said you work with the master plumbers association. Does that mean that they disperse to their members the Icon caps and what they look like?

Mr Hezkial: That is exactly what happens. I think the limitation is that not all plumbers are members of that association. It does cover the majority. There will be exceptions, but, yes, they do that.

MS CODY: That is the idea, is it, so that it can get out to the plumbing industry to the best of your ability, to let plumbers know?

Mr Barr: Yes, and they will give quotes, and you can get stuff back online, even on a Sunday, very quickly.

MS LAWDER: If I have had the plumber dig up on my land and they have found that it is on your land, do I get reimbursed for my land part as well?

Mr Hezkial: Yes.

THE CHAIR: I would like to go to the bill shock, because it is not going to cost 200 bucks; it is going to cost thousands of dollars to get this work done. Not everybody has a lazy \$4,000 or \$5,000 sitting in their bank account. You probably do, Chief Minister, because you—

Mr Barr: No, but it is more—

THE CHAIR: are earning above the odds.

Mr Barr: It is not necessarily even \$4,000, if you need to replace—

THE CHAIR: So you are not owning up to having that money in your bank account.

Mr Barr: No, I am saying it can cost more than \$4,000; that is what I am saying.

THE CHAIR: There are lots of people who live from week to week, or fortnight to fortnight, and if they had a sewage spill in their yard they will not have the capacity to go out and do it. What are the hardship provisions, because this is a public health matter? Lots of people in this town are doing it tough, and cannot shell out \$4,000-plus on the off-chance that it is ACTEW's responsibility, anyhow. And even if it is their responsibility, it has to be addressed, and they do not have the money to do it. What are the hardship provisions? There are public health matters associated with this.

Mr Hezkial: Jane can talk about the hardship provisions.

Ms Breden: We have hardship provisions in place for customers who cannot pay their Icon water bill, but those arrangements do not extend to customers who cannot pay their plumber for work that is done on their property.

THE CHAIR: There would be people who do not even go out and engage a plumber because they know they could not afford to do it, but there is an ongoing issue of sewage. How do we address that issue? If it is, strictly speaking, the landholder's responsibility, the landholder does not have the readies to fix the problem, and they are not going to go out and get a plumber because they know they cannot pay the plumber, what are the hardship provisions? Do we have hardship provisions? What are the health implications of not addressing those issues?

Mr Hezkial: My understanding is that we do have partnership arrangements with institutions like St Vinnie's, who can assist in terms of helping someone to manage their personal finances, and there are a number of other partners that immediately spring to mind.

Mr Barr: There is not a specific program so that—

Mr Hezkial: There is not a specific—

Mr Barr: if your plumbing is blocked, you can get emergency financial assistance. There are emergency financial assistance programs more generally, to cover a range of other circumstances. This is something that will be increasingly the case for property owners in inner areas, with older—

THE CHAIR: Older plumbing, bigger trees.

Mr Barr: Yes.

THE CHAIR: This is an issue that would have gone back to the millennium drought as well.

Mr Barr: Yes.

THE CHAIR: That is when it first started to really—

Mr Barr: People were still getting tree roots in their sewers before the drought. It is not something that—

THE CHAIR: Yes, but the thing is that—

Mr Barr: But it is exacerbated, yes.

THE CHAIR: these two drought episodes have exacerbated that.

Mr Barr: Indeed, yes.

MS CODY: I want to talk about staffing: my favourite subject. Firstly, I want to say well done on having zero casual staff. That is pretty impressive. I am very happy about that. I want to know how you achieved having no casuals. I am assuming that meant that you permanently employed people?

Mr Hezkial: Yes is the short answer to that. We have also tried to be a little bit more flexible with our flexible work arrangements, which have given people more options. We went through a period of time when we had flexible provisions in our enterprise agreement, but the degree of exercising that was pretty low. We have gone through a bit of a campaign of reminding our leadership team that that option is available, that it should be made available to people in the workforce. I think that that has made a bit of a difference. These are just my personal views on how I think that came about.

MS CODY: What advice would you have for other agencies looking to reduce their casual employment and increase their flexible working arrangements?

Mr Hezkial: For us the key is about focusing on outcomes, and being very specific about what expectations there are for a particular role, rather than being too consumed by watching a clock. There are jobs or roles where you are time-bound. You are either in a response capacity or you do not have that flexibility. But for those roles where you can actually set clear objectives and hold people to account against those objectives without really being too onerous about time watching, I think that has really been the case.

For us it has also been a matter of trying it on a small scale and getting more accustomed to it and more comfortable with it. It is, for an organisation like ours which is very engineering-exacting, a bit of a deviation from our personality. It does take a bit of time to permeate through the organisation.

MS CODY: Another initiative that you are doing to help the workforce is providing on-site physiotherapy. Can you expand on that? That sounds pretty awesome.

Mr Hezkial: I could do with one now! Thank you for pointing that out. I am not going to claim credit for that, because our safety team has done a fantastic job, and that is led by Jane. We have physiotherapists who come to our offices a couple of days a week, and our team can actually book sessions.

We have found that it is a very useful preventive. It is a very preventive tool that we are using. It was born out of a recognition that most of our injuries were coming from

musculoskeletal injuries, manual handling. In concert with finding new tools and equipment in the field to reduce manual handling, we thought, “Rather than reacting to someone when they get injured, why don’t we actually focus on the whole being, and make sure that if they’ve got any niggles, we’re ironing those out before they get exacerbated and turn into a proper injury?”

The on-site physio is part of a much broader health program that the safety team has been running. We have been running sessions around sleep, diet and mental health. We have been partnering with external agencies to come in to talk to our staff. We have also implemented a choose to move program, which is focused on field staff. There is nothing funnier than seeing a whole bunch of men in lycra jumping up and down at 6 o’clock in the morning, but they are very committed. We are trying to take an overall program view, so I am pleased that you noticed that.

MS CODY: I really enjoyed reading that in your annual report. It says that you are looking to expand particularly the physiotherapy side. Will that involve increasing the hours that the physiotherapists are there, or adding different services? What do you mean by that?

Mr Hezkial: We started off at one location; then we moved to other locations. I think we kicked off initially at our depot in Mitchell; then we moved out to our treatment plant at lower Molonglo. We expanded the locations where the physios were available. I am not sure whether we increased the number of days.

Ms Breden: We increased the staff who could access the services. Originally, it was our field staff who could access that, but we are starting to open it up to office-based staff as well.

MS CODY: Have you seen a reduction in musculoskeletal—

Ms Breden: Yes, in 2018-19 we had a 53 per cent reduction in reportable injuries over the year. That was largely attributed to the reduction in musculoskeletal, so it is definitely working for us. As part of that overall package, that involves the choose to move program and ongoing sessions in the health program as well.

MS LE COUTEUR: Could you provide us an update on the exploration of options for reducing greenhouse gas emissions from your wastewater treatments?

Ms Breden: Icon Water’s greenhouse gas emissions represent 1.5 per cent of the ACT’s total greenhouse gas emissions. Our emissions come from a number of sources.

Initially electricity was a big one, but with the achievement of 100 per cent renewables that has dropped down for us. We still do consume electricity in New South Wales for our operations out at Googong, so electricity still is a high emission for us going forward. We also have emissions in relation to fuel and oil and gas—transportation due to our vehicle fleet.

The final one is called fugitive emissions. That is nitrous oxide, which is a by-product of the sewage treatment process. Nitrous oxide emissions are a challenge for the whole water industry and it is something that organisations like Water Research

Australia and the Water Services Association are researching. We are keeping a watching brief and trying to work with them to see how the industry is able to solve that problem of nitrous oxide.

In terms of the other types of emissions, transportation and fuel and gas, we have a number of asset classes. For example, our vehicles are an asset class. We develop long-term strategies for those asset classes. As we develop those strategies going forward, we take sustainability and the environment into account, as we do in all of our strategic planning and our capex projects. As we look at renewing our vehicle fleet, for example, we will look at opportunities then to find solutions that have lower emissions.

MS LE COUTEUR: So as far as nitrous oxide goes, you are just keeping a watching brief. Do you contribute financially through an industry association or something?

Ms Breaden: Yes, we do. Icon Water is a member of the Water Services Association of Australia. That has many dozens of utilities who are members. They will raise a research topic, for example, ask members who want to contribute \$10,000 or \$20,000 each, pool the funds and then engage an external expert to come and do that research. We have participated in those in the past and we will continue to do so where the topic is relevant to us.

MS LE COUTEUR: Particularly looking at nitrous oxide and/or wastewater, have you actually made any changes to your operating practices?

Ms Breaden: Not that I am aware of in relation to nitrous oxide.

Mr Hezkial: With nitrous oxide, no, we have not made any changes. It is at the bleeding edge of technology as far as the water utility is concerned, so we would rather benefit from the collective wisdom and maybe mistakes of other utilities before we dive headfirst; so not in a big way at the moment.

MR COE: A conflict exists with regard to being a territory-owned corporation but also having the desire to cut water consumption. In previous years in annual reports, there has been mention of profitability being higher because of increased consumption. So you have got some parts of the business, obviously, that want more consumption, but you have an overarching position to cut water consumption. How do you balance that and how do you make up for a shortfall in revenue derived from consumption?

Mr Hezkial: Our primary objective is to make sure that we have enough water. I do not think that there is any real sense in selling a finite product to the extent that it runs out. We are not really motivated by generating profits at the expense of water security. Our focus at the moment is on making sure that we have got enough and we are promoting those water conservation measures.

MR COE: If water consumptions halves, is that a good outcome?

Mr Hezkial: If water consumption halves to the extent that we do not run out of water, I think that is a good thing.

MR COE: But how do you operate if water consumption continues to go down? It has flatlined now but, if it does go down, what is the contingency for how you are going to fund your operations?

Mr Barr: We have had a lived experience of this from 2010 to now, in that water consumption has dropped terribly. What has happened over the past decade would be that exact point in action.

MR COE: That is right. That is why the question is: going forward, how are you going to operate if water consumption does decrease on a per capita basis, yet infrastructure costs continue to go up, the fixed costs?

Mr Barr: Water consumption on a per capita basis has reduced. Obviously the population increases, so there is a partial offset there in terms of the total volume. One of the other factors would be whether we are fully utilising our existing infrastructure in the location of new dwellings. For example, we could avoid the very expensive costs of extending the infrastructure network into far-flung areas that have really expensive infrastructure costs. The Kowen Forest, for example, would be one such region. The costs of providing infrastructure of this kind in that area would be very high, as would all of the other land development costs. That is one way. So the territory's planning strategy around seeking to utilise the existing infrastructure more efficiently would be one practical way over time to address that issue. Clearly the regulator and Icon Water need to undertake further work around ongoing efficiency improvements.

MR COE: Sure. It is potentially a question for the ICRC shortly, but do you have a preference as to whether the ACT keeps increasing the variable cost or increases the supply charge?

Mr Barr: The government has made submissions through the regulatory process and there has been a process of community engagement in relation to those particular trade-offs, and in recent times, there has been some commentary on more dynamic water pricing. I think the current system has served us well. Obviously it is a matter for the regulator to have a look at, and to look at trends elsewhere around the nation too in terms of water pricing. But at this point I am not advocating a change from the current position.

I think one of the most effective ways that we can address the main issue that you have raised is to better utilise our existing infrastructure and not undertake excessive expansion of the infrastructure network beyond what is necessary, and to make some integrated planning and land development decisions that do not impose significant additional costs across all users of the network. I think that is a pretty common-sense approach.

MR COE: Are there any pieces of infrastructure that are not performing as well as they could, or should, due to reduced flows?

Mr Hezkial: Typically the sewer system is the one that suffers the most, because most of our sewer networks are designed for what we call self-cleansing velocities. Those velocities are—

Mr Barr: There is a technical term for you: self-cleansing velocity.

MR COE: We can guess what it means though.

Mr Hezkial: If you are using less water, it does not flush as well.

MR COE: It has been put to me that Icon are having to supplement the flow with potable water because of reduced flow. Is that so?

Mr Hezkial: No. That is not correct.

THE CHAIR: Are you supplementing the flow with any sort of water?

Mr Hezkial: No.

MS CHEYNE: How is the sewer system suffering—I think that was the word you used. What does it look like if the flow is not at the velocity that it should be?

Mr Hezkial: What I am trying to say is that if we are using less water in the system less water is flushing the sewer network. How that manifests is what we were talking about earlier—those blockages through either debris or sediment. That is typically what we see.

As to the net effect between the water system and the sewer system, annually we use somewhere in the order of 50 gegalitres per year and about 33 gegalitres per year of that ends up running through and being treated at the sewer treatment plant. So there is a connection between the two.

MS CHEYNE: So you are not telling people to use the full flush on their toilets to help improve the sewer system?

Mr Hezkial: Half-flush is still king where it is applicable.

MR COE: With regard to houses at higher elevation—I am thinking about Casey and Taylor in particular—where houses are being constructed at the moment, what pressure issues are there and how can they be addressed?

Mr Hezkial: That is a great question, because that is exactly what we are experiencing at Taylor.

MR COE: And parts of Casey as well.

Mr Hezkial: This must be the day for technical terms; we have had to create a super-high zone in Taylor. It is manageable and serviceable, but it has required us to look at that on a case-by-case basis.

MR COE: Does that pretty much mean a smaller reservoir further up the hill?

Mr Hezkial: It is higher up, yes.

MR COE: So in addition to the main reservoir at the back of Casey you have had to put in a smaller one to service particular houses?

Mr Hezkial: I believe you are referring to what we call the One Tree Hill reservoir.

MR COE: Yes.

Mr Hezkial: There has to be a reservoir specifically to service that development—not just the Taylor development but also the adjoining suburbs.

MR COE: Has that been constructed already and is that operational?

Mr Hezkial: I believe it has been constructed already. There are multiple stages involved with the Taylor development. I do not want to give you incorrect information, but to my knowledge the first stage has been completed.

Mr Barr: We will take that bit on notice.

MR COE: That would be handy. With regard to the Crace odour management project, I have looked at that online and I am amazed by the civil work that has gone into it in terms of the access roads. A few people have remarked that they look like serious access roads that are not going anywhere and are going to be permanent. Will they remain, and what is the expected need for those access roads after construction?

Mr Hezkial: Without having a map to point at, I think you will find a combination of roads are involved in the construction of the odour control facility. Many of those roads will be reinstated, to the extent we can, back to the environment. We will definitely need access roads into those facilities to continue maintaining and operating.

Without having the specifics, I suggest we will end up with much less scarring on the environment, and a large degree of that area that has been cleared will be rehabilitated. But access roads will still need to be maintained.

MR COE: Will there be any replanting of the dozens of trees that have been cleared?

Mr Hezkial: Yes; that is a good point. One of the main sources of feedback in our community consultation is about returning the amenity. We will definitely be planting more trees. In many cases there is an opportunity to improve the amenity from what it was before construction started, so we are talking to the community about how best to do that.

MR COE: What are you doing?

Mr Hezkial: We have had over 20,000 letter drops across the entire route of the pipeline. We have attended a number of community meetings and provided briefings. We also invited the community to do a walk along the pipeline route with us so that we could hear their views and talk about what we are thinking.

MR COE: Can you take on notice any plans you have for the reinstatement of some

of those paths or the tracks?

MS CODY: What else are the access roads being used for?

Mr Hezkial: The access roads are simply for operations and maintenance. The team are looking at where we can couple that with existing facilities without duplication. But usually for construction access you will need a bit more of a wide berth. Then we will maintain only what we absolutely need to maintain and operate and basically make good and improve, if we can, the other areas impacted.

THE CHAIR: I thank Icon Water officials for being with us. We now welcome Mr Dimasi and officials from the ICRC to the table. Do you have any opening comments, Mr Dimasi?

Mr Dimasi: No, I do not have any opening comments.

THE CHAIR: Has the commission considered the effect that the government's climate change initiative has had on electricity and gas prices in 2019-20?

Mr Dimasi: Yes, to the extent that they impact directly on the costs. That is part of the process that we undertake in coming up with the price changes for electricity only. We are not involved in regulating gas prices. The answer to gas is: no, it is outside our scope. But for electricity, yes, and what we do is determine the costs, if you like, of the different components to get to the price. That includes the government's schemes—both the large-scale FIT and the local scheme, the efficiency scheme—and both are impacted, which works both ways in terms of the process. Our focus, I should say, is purely on prices. There are of course broader social and other issues but, in terms of prices, we consider it and it is included in our determination.

THE CHAIR: When you say that it works both ways, there are costs and savings—there are costs and benefits?

Mr Dimasi: There are costs and benefits. There are costs and savings. Yes.

THE CHAIR: Have you quantified the contribution of the government's schemes to the overall price?

Mr Dimasi: Yes, we have.

THE CHAIR: And per whatever—kilowatt hour et cetera—what is the contribution?

Mr Dimasi: I have got the data here. If you just bear with me, I will find it. Here we are. The ACT government scheme is here. Out of the total costs—

THE CHAIR: Where are you reading that from?

Mr Dimasi: Sorry, it is in our report—

Mr Barr: The last determination.

THE CHAIR: The last determination, not the present one?

Mr Dimasi: In the determination you will find the table that has every component of the costs and in there you will see the ACT government scheme cost, and that is \$28.28 per megawatt hour. That is out of a total of \$258 per megawatt hour for the average price.

THE CHAIR: Sorry, \$258?

Mr Dimasi: Out of \$258.

Dr Weier: It is about 11 per cent.

Mr Dimasi: About 11 per cent, yes. That is for the ACT government scheme costs. There is also a costing benefit from the large-scale feed-in tariff. That is in the network costs. I do not have a breakdown of that. Do we have that breakdown separately? I do not think we do, because that is dealt with separately. There is a costing there as well. I should also add that, according to AEMO, there were benefits that resulted from reduced energy losses as a result of—

THE CHAIR: Reduced network losses?

Mr Dimasi: Yes, reduced network losses.

Mr Barr: Yes, in effect because the energy is produced here.

Mr Dimasi: Because there has been a reduction of energy having to go across the borders and that has reduced energy losses. That is a benefit. With the feed-in tariff, that creates, if you like, a hedge for our future price increases. There is a cost up to whatever that feed-in tariff is, but it also provides a hedge about it going over for the territory. There are a range of benefits and costs that you would have to take into account if you did an exercise in trying to do a cost benefit on that alone.

THE CHAIR: Have you quantified, for instance, the reduction in network losses?

Mr Dimasi: No, we have not. They are done—

Dr Weier: Done by AEMO.

Mr Dimasi: by AEMO, but I have not got the info here in front of me.

THE CHAIR: Could you point the committee to either the information or where we would find the information, on notice?

Mr Dimasi: Yes, we will do that.

THE CHAIR: And can I just clarify: you are saying that with the large-scale feed-in tariff you have essentially created a ceiling price? Is that what you mean by—

Mr Dimasi: We have not created it; the government has.

Mr Barr: Yes, as in: they are fixed-price contracts over a 20-year period and with no—

THE CHAIR: So if the cost of electricity went beyond that—

Mr Barr: Which it has done.

THE CHAIR: that is not borne by the territory?

Mr Barr: Then it is not borne, no, because we have got a fixed-price contract on a 20-year basis. The difference is that when the market price is higher than that fixed price then the generators pay that back. That happened, obviously, when, particularly recently, prices spiked quite considerably.

I guess the other obvious point—and that is starting to be picked up in terms of the transmission costs—is that prior to renewable energy generation the ACT essentially imported 100 per cent of its energy from coal-fired power plants in New South Wales, Victoria and Queensland, largely, across the net. Now we have some energy production inside the borders of the territory and we have more renewable production within our region than we did previously. We are not—

THE CHAIR: But some of that is also coming from South Australia?

Mr Barr: Yes, indeed.

Mr Dimasi: You cannot trace it.

THE CHAIR: There would be much larger transmission costs as well?

Mr Barr: Yes, sure. But obviously our portfolio of renewable energy production is diverse in terms of its location and its source, its renewables type. That is different, obviously, from the previous arrangements, where all power was imported largely from coal-fired generators.

MS CHEYNE: The staff numbers and the cyclical nature of your core regulatory functions have been identified as some of the main operational challenges. I note that in the annual report you have identified that there are three strategies to address this: managing the cyclical work program and recruitment of temporary staff, as well as trying to establish and maintain a deeper pool of expertise. I note that earlier in the year, when work was done into fuel prices in the ACT, that was contracted out.

Mr Dimasi: Part of it was contracted out.

MS CHEYNE: Indeed. That is what I would like to get to the nub of. Are we lacking some sort of expertise within the ICRC at the moment regarding fuel price monitoring, and is there some work that can be done there to increase that?

Mr Dimasi: It is perfectly normal for us to go and seek specialist expertise on some of the particular bits of the modelling work that we do. We have internal modelling

capabilities, but to retain that in house for every contingency that came up would probably be quite expensive, so on occasions we will need to go out to tender with some of those specialist firms like Frontier or ACIL Tasman, who are specialised in the kind of regulatory work that we do. And there are others; it is not just them.

But we have been building the capacity within the commission. We have hired additional people and we are training those people at the moment. We are pretty confident that we have a good, solid core team now that is capable of undertaking the sort of work that is involved in electricity price resets, water and sewerage price resets, monitoring of petrol or anything else.

We are quite well skilled to do that sort of work, but of course with the sorts of things that we do we will occasionally need to go and get additional pieces of work done outside, under our guidance. That is what we did there. A couple of pieces of work were done for us, but we certainly kept very close control and we did the bulk of the thinking and the work on petrol. The team, some of whom are here, were very heavily involved in producing that report.

Dr Weier: When we were given the petrol inquiry we were already very busy. We did not have a lot of spare capacity at all, so we seconded an additional staff member to help us out from the treasury and then we had two consultancies. We got a very large database from Informed Sources on petrol prices, so we asked ACIL Allen to basically do the number crunching for us. We told them what we wanted.

MS CHEYNE: So you contracted Informed Sources to give you the data?

Mr Dimasi: Yes.

MS CHEYNE: And then you contracted ACIL to analyse the data?

Dr Weier: Yes. We told them what we wanted them to do. We were very closely involved in the strategy, about what we wanted and what we needed, to answer the questions that the government had given us. They were basically number crunching for us, because it was a very large model and a very large database and we felt that we could use our skills and expertise in doing the more complex analysis. They fed that basic analysis to us and then we did the more complex analysis and put it together with the other information that we got.

We also employed Sapere. Because there was a lot of information already out there, we wanted to look at what the ACCC had done and what other reports had done, so they basically did a literature review for us. Again, we felt that, because it was a fairly basic thing, our expertise was better used in the more complex analysis. So they put together all that basic information and that formed a framework of what was out there already for us to build on.

MS CHEYNE: This remains a very live issue for Canberrans. In your view, is the capacity and the understanding of the issues relating to the fuel industry sufficient within the current staffing numbers and expertise that you have within the commission?

Mr Dimasi: Yes. We have built up the team during the year as well, so we now have a number of additional people in the commission. It is always a challenge to keep people, I have to say, because one of the things that we do is train people up, and of course they become very attractive to others. That is an ongoing challenge. We think of that as a public good that we do.

MS CHEYNE: I am sure private industry is very grateful.

Mr Dimasi: Exactly. But I think we are very well placed at the moment. I am never going to say that we could not use more, but right now I think we are in a good place. We have got new staff that we are training. We have got capable people. We have got good teams. So I am pretty confident that we have got the understanding and the capability to analyse anything else that the government might want us to look at within that sort of role, within that function.

MS LAWDER: We heard from Icon Water this morning about possibly introducing water restrictions. Will you estimate an increase in water and sewerage prices in the coming year because of possible water restrictions or just generally?

Mr Dimasi: No.

MS LAWDER: Anecdotally, last time we had water restrictions prices went up.

Mr Dimasi: There will not be any price increases as a result of water restrictions. We make a determination on Icon's water and sewerage charges for a period of time. That runs out in 2023. That is in place. There are some forecasts in that for each year adjustment. There will be price changes year on year, depending on the inflation that we see and a couple of other things. We have at the moment a forecast in there. That demand forecast means that Icon wears the risk of that forecast up to a level. But there is no mechanism for us to change those prices during that period of time, other than through those annual adjustments that we will be undertaking. So the fact that restrictions are in place does not mean that there will be any automatic change in prices at all.

MS LAWDER: In 2018-19 there was a predicted increase of 2.1 per cent, and a 1.9 per cent actual increase. What caused that small discrepancy?

Mr Dimasi: There were a few things, but the two major ones probably were that inflation came in lower than we had anticipated and the cost of debt was a bit lower than we had anticipated. They were, I think, the two major things. There were a few other factors in there as well, but they were the two main things.

MS LAWDER: So then do you revise your ongoing forecast?

Mr Dimasi: No. It is for each year. The determination is there. That lasts for that period of time. That is why we have the annual adjustment: to make sure that it is accurate each year. Next year we will see where that inflation comes in. We will see what the demand forecasts might be. If restrictions end up being so severe that the six per cent—I think it is at six per cent—is breached, then there would be an impact on the consumers at that point.

Dr Weier: We would look that in the next regulatory period and make an adjustment if needed.

MR COE: If water restrictions come in, how much do you think water demand or water usage will decrease?

Mr Dimasi: If water restrictions come in?

MR COE: If further water restrictions come in.

Mr Dimasi: We are the economic experts. We are not experts in those sorts of issues. But we do know a couple of things.

MR COE: Demand is pretty essential for economics, mind you.

Mr Dimasi: Absolutely. I am not disputing that. We understand that the experience is that further water restrictions will have some impact but not necessarily a lot to begin with. This is Icon's advice to us, not our view, because we are not experts in that field. For example, as Icon were explaining to us, if you restrict water to watering your garden twice a week for example, people might water their gardens twice a week, whereas they might have been watering once a week before the restrictions come in because they felt that that is what they needed to do. These are issues that, again, I claim no expertise on. But we understand that it is not straightforward. I am not going to claim to give you an expert answer on that question.

Mr Barr: Looking at the trend over the last decade, total water consumption for the ACT and Queanbeyan has been as low as about 41½ gigitalitres annually. That was in 2010. It has ranged between 40 and 50 almost every year except for 2018. Last year it went a little over 50 gigitalitres, but it has largely been within that range. The amount that varies mostly during water restrictions is what is utilised outside the home, as opposed to inside. But the permanent water conservation measures have reduced, as we heard previously, the per capita consumption by 30 to 40 per cent. That is where the big change has been. People have changed their gardens so that they are not as water intensive as they once were.

MS CODY: Or moved to apartments where there is no garden.

Mr Barr: There is certainly less water usage for those who are in high-density living; that is true. The other factor has been the improved efficiency of appliances. Everything new in terms of toilets, showers et cetera is much more water efficient than was the case previously. So obviously each time something new is added, someone renovates or does a new bathroom or whatever, then they are going to get more efficient appliances, because what is available on the market is more efficient now. So I think the per capita trend will continue. But our population is increasing. That is the factor that is driving increased total consumption.

MS CODY: In your operating environment, priorities and outlook statement, you say that you have recruited qualified and experienced staff to replace staff who have left to take up other opportunities. Who do you consider to be qualified and experienced

staff? How many staff have moved on? How many have replaced those that have moved on?

Dr Weier: It is quite a small office. We range from, usually, 10 to 12 staff. We had a number of people who finished contracts. The main reason they were on contracts is that we were not able to employ them permanently because they did not meet the residency requirements. There were a couple of people there. There were a couple of people that went to other regulators or government departments, mainly the federal government. It was about half the people who we turned over in the last year. We have replaced all of those and we got a couple of extra people as well.

In terms of qualifications, people are generally very highly qualified. Apart from our administrative staff, there are a high number of people with PhDs and master's degrees. Everyone has a degree of some sort. They also have experience either in public policy or in regulatory work. Some have worked at universities as well; so there is a range of experience. But one of the things we need from people, given that it is a small office, is that they can be quite flexible to do a range of different work. So we recruit on that basis as well.

THE CHAIR: I have a quick question before we close. Is the ICRC looking at undertaking further investigations into competition issues? I notice that it is a while since you did competition studies compared to neutrality studies. I think there was Capital Linen Service a decade ago or thereabouts. Are you looking at those sorts of issues?

Mr Dimasi: The petrol report was in part about competition. We touched on some of the competition issues there. But in respect of competitive neutrality studies, if the government asks us to do them, we—

THE CHAIR: So they are not own—

Mr Dimasi: Initiated?

THE CHAIR: Yes; they are not own-initiated inquiries?

Mr Dimasi: No.

THE CHAIR: You are actually asked to do them?

Mr Dimasi: We need to be asked to do those. If the government asks us to do those, we stand ready.

THE CHAIR: Chief Minister, are there any competitive neutrality investigations on the horizon?

Mr Barr: I do not believe so, but I will check. I will take that on notice.

THE CHAIR: We are out of the space of having a large number of territory-owned corporations, but there are still pockets. Capital Linen Service is the one that springs to mind, where there were competitive neutrality issues.

Mr Barr: Yes.

THE CHAIR: So can you take that on notice?

Mr Barr: Yes.

THE CHAIR: Wonderful. It is just after 10.30. I think that is it for you, Chief Minister.

Mr Barr: No, I believe I am back after the break.

THE CHAIR: You are here until lunch.

Mr Barr: No, until 11.30.

THE CHAIR: Yes, sorry. I got ahead of myself.

Mr Barr: I am happy, if you want to give me an early mark, Mrs Dunne.

THE CHAIR: No.

Mr Barr: I did not think you would.

THE CHAIR: No, I do not think so. I just got ahead of myself. We will resume in 15 minutes.

Hearing suspended from 10.31 to 10.46 am.

THE CHAIR: We will resume the hearings and move to consider the lifetime care and support fund. Do we have any opening comments?

Mr Barr: No.

Ms Holmes: Mrs Dunne, may I make a clarifying statement about my comments yesterday during the CTP regulator session?

THE CHAIR: Yes.

Ms Holmes: During that session, when we were discussing the guideline consultation, I advised the committee that feedback had been provided on independent medical assessment for the whole person impairment assessments. I want to clarify that the feedback was in relation to medical and allied health examinations generally under the scheme.

THE CHAIR: Thank you, Ms Holmes. In relation to the lifetime care and support fund, in dollar figures and percentages, for 2018-19 what proportion of the revenue from the support levy came from motor vehicle registrations; vintage, veteran and historical registrations; workers compensation; and self-insurers?

Ms Holmes: We collected \$14.8 million in levies, \$10.96 million of which related to motor vehicles, including the vintage vehicles. I do not have the split for the amount for vintage vehicles.

THE CHAIR: Is that obtainable?

Ms Holmes: It is certainly obtainable.

THE CHAIR: Could we get that split on notice, please?

Ms Holmes: Yes. The levy on the private sector workers compensation insurers was \$3.8 million.

THE CHAIR: And do self-insurers get a look in?

Ms Holmes: The \$3.8 million includes both.

THE CHAIR: Can that be split?

Ms Holmes: That is publicly available; it is on a notifiable instrument which we can provide to the secretary.

THE CHAIR: Is it envisaged that there will be any impact of the new CTP scheme on the lifetime care and support fund?

Ms Holmes: No, there will not be.

THE CHAIR: They are operated completely separately?

Ms Holmes: Separately operated. There is no change in terms of what the lifetime care scheme covers, which is catastrophic injury.

THE CHAIR: But is it possible that people will transition from the CTP scheme to the lifetime care and support scheme?

Ms Holmes: That is no different from what is already happening; the lifetime care scheme is already a no-fault scheme.

THE CHAIR: How does someone transition from the CTP scheme to the lifetime scheme? What are the entry points to the lifetime scheme?

Ms Holmes: When someone is catastrophically injured they are generally identified through the hospital system. They have to make an application to the lifetime care fund. If they do not, an insurer—be it a workers comp insurer or a CTP insurer—can do the application on their behalf. You cannot have a settlement for CTP or workers compensation prior to making that application.

THE CHAIR: I did not mean there would be a settlement, but you might start being assessed in the CTP scheme or workers comp scheme and be determined as needing to be in the lifetime scheme.

Ms Holmes: If someone has not directly been identified and done an application then the CTP insurer or workers comp insurer has the ability to do an application on your behalf to put you into the scheme.

THE CHAIR: I cannot imagine the circumstances where someone would say, “No, I don’t want to do that,” but is there capacity for someone to exercise their agency and say, “No, I don’t want to be in the lifetime scheme”?

Ms Holmes: The legislation provides that those insurers can do the application and they do not require the agreement of the individual to do that application.

MS CODY: Can next of kin or an attorney or a guardian make those applications? It does not necessarily have to be the person or the insurer? It could be someone working on behalf of the injured person?

Ms Holmes: Correct, yes. Certainly we have had situations where someone has been very badly injured and is in a coma and an application has been done. That is all allowed under the legislation.

MS CHEYNE: I want to go to the participant feedback report. What changes have been made since last year’s report? Has there been any change in feedback that resulted in changes to the way that you do things?

Ms Holmes: With the feedback report that we had done this year, we tested the process for the work stream participants when they enter the scheme, to see how well that was working and the interactions between the lifetime care scheme and the workers comp scheme. That was the first time we have actually tested that. The workers comp stream started in July 2016, and we have only had two participants come in, so it was the first point in time where we had the ability to start testing that.

The feedback we had was extremely positive, both from the perspective of people coming in and interaction with the workers comp scheme and as to how they were finding the scheme generally. There were no significant findings out of that report that required addressing. One point which did come through was about making sure, particularly with people who do not have family supports, about things like their case manager attending their first treatment and care appointments with, say, a specialist, to help relay the circumstances and the knowledge to do with the injury and the accident, just to take some pressure off the injured person themselves having to provide that information.

MS LAWDER: I have a question about one of your performance indicators, (d). The difference between the investment earning rate and the benchmark is zero, and you have done better than the benchmark. Why wouldn’t you aspire to better than zero?

Ms Holmes: When it says zero, it is the benchmark across the portfolio of assets and things. Basically we are saying that we are not trying to pick the market but trying to match what is happening in the market as a strategy. That is done through our investment area. The lifetime care scheme itself is not doing the investments. That is through the investment area, Pat McAuliffe’s area.

Mr Nicol: The zero is the difference between the benchmark and what we did, obviously. It is very important that these funds are invested for the long term, so they are invested with a degree of safety. They are there to provide for the lifetime care of participants. The amount we collect in any one year is to pay for costs that might go out several decades. Generally, the higher the return, the greater the risk. We have to balance that return and risk.

MS LAWDER: I understand that. I was wondering why—

Mr Nicol: That is why.

MS LAWDER: Why you might not seek to get slightly higher, rather than zero.

Mr Nicol: That generally means taking more risk when you try to beat a benchmark.

MS LAWDER: Is your investment strategy the same as the government's strategy generally?

Ms Holmes: The investment strategy for the portfolio is a balanced strategy. It is 50 per cent income and 50 per cent growth in terms of what we are investing in. The process is that our payment stream, which has been estimated by the actuaries, is provided to the investment area, which then has basically said, with their consultants, what they believe is the best mix for our payment stream and for the sort of return that we are wanting to target.

MS LAWDER: You do not give instructions about ethical investment or—

Mr Nicol: No. We have implemented a central investment plan for every fund that exists across government—not quite every fund; there are a couple of exceptions. According to the risk return you want for each fund, you can tailor how you build that across our tool. We apply ethical investments to the macro tool. Everyone who invests through that automatically complies with our ethical investment policies.

MS CODY: I am hoping for a bit of clarification on a couple of things. There seemed to be an awfully large surplus in the fund's operating result. The result is a surplus of \$7.695 million, compared to a budgeted surplus of \$0.414 million. That is on page 137 of volume 2.2. I know you have said some words in there, but I wanted a bit more clarification about why that is there. Also, could you outline what the improvement in the assessment of injury levels relates to.

Ms Holmes: The nature of the scheme and the small number of participants that we have mean that we are always going to have volatility year on year. The budget is based on some actuarial work that we have done every year which says how many people we think might enter the scheme, and an average cost is used. It depends on the number of actual participants that we have in the scheme and also their severity level. The cost of participants, depending on the severity, can change considerably from that average.

What has happened this year is that, when you are talking about the operating surplus,

from an expense perspective for the participants it was \$3.5 million lower than budget. Whilst the number of participants that we had entering the scheme was in line generally with what we were expecting, one participant had significantly higher requirements. Offsetting that is that there was a decrease in the estimation of the lifetime costs of some of the participants who were already in the scheme. By that I mean that they have improved from what they were last year. Particularly for traumatic brain injuries, you will see, particularly over the first five years, improvements in the level of needs that they have and hence a decrease in those expenses. That will flow through in the year that that is taken into account. Offsetting that was this decrease to do with some of our existing participants.

MS CODY: And then the improvements in the assessment of injury level? Was that a change in the way you did them or is that part of the explanation you have just given me?

Ms Holmes: That is the second part of the explanation I just gave in terms of participants already in the scheme improving.

MS CODY: So it is not actually a change in how you assess them?

Ms Holmes: No.

MS CODY: It is the fact that they have actually improved?

Ms Holmes: Yes, so a good news story. The other side of the equation is that we had higher gains from our investments, so our revenues were also higher. The two combined resulted in that operating surplus.

THE CHAIR: That goes back to Ms Lawder's question. I know that it is early days in the scheme. How often is there an actuarial assessment of the liabilities of the scheme, and is that something that will change over time as the scheme grows? Because you have a small client base, it must be extraordinarily difficult to pin it down.

Ms Holmes: We have actuarial work done twice a year. We have it done once during the budget process and to set the levies for the next coming financial year. We also have it done at 30 June. That 30 June actuarial assessment will get done every year. It needs to get done for the purpose of putting a figure on the liabilities, for the purposes of the financial statements.

THE CHAIR: We will move to the ACT executive. I have a few questions on ministerial travel. Chief Minister, I understand that in September 2018 a member of your staff spent four days on a trip to Jakarta and that the cost was \$2,790.51. What was the purpose of the visit to Jakarta?

Mr Barr: The staff member was accompanying the Commissioner for International Engagement as a precursor, as the lead-in to a trade delegation that took place this year.

THE CHAIR: Was that essentially a scoping study, a scoping visit?

Mr Barr: It was to undertake some initial meetings. Given the available time frame for the larger delegation that included the universities, some initial meetings were undertaken.

THE CHAIR: So there were other officials, apart from someone from your office?

Mr Barr: Yes.

THE CHAIR: Who else went in August-September?

Mr Barr: The Commissioner for International Engagement. I will check whether there was anyone else.

THE CHAIR: Were there any particular qualifications or expertise that this staffer had to participate in the scoping study?

Mr Barr: Yes, speaking the language—they speak Bahasa—and portfolio responsibilities in a number of the areas that were covered as part of the trip.

THE CHAIR: Is it standard to send an advance scoping study?

Mr Barr: It can be. The commissioner will often do that in advance of there being a larger delegation—not always, but on occasion.

THE CHAIR: How often would a member of your staff—ministerial staff—also attend?

Mr Barr: On occasion; not frequently. Again, it would depend on the circumstances and, in this instance, obviously language skills.

THE CHAIR: Could you provide to the committee, on notice, for your tenure as Chief Minister how often that has happened and the reasons why that would have happened?

Mr Barr: Yes. For domestic and international travel?

THE CHAIR: International.

Mr Barr: International only?

THE CHAIR: Yes.

Mr Barr: It does also happen on domestic occasions. For example, when there are multiple ministerial meetings on the same day and I cannot physically be in three places at once, either officials or staff, or a combination thereof, would attend.

THE CHAIR: No, I am really thinking about advance—

Mr Barr: In international? Yes, sure.

THE CHAIR: I have done it myself. I have done advance for ministerial trips, so I know what is involved. What particular contribution did this staffer make to this particular delegation? Did they participate in the delegation?

Mr Barr: Sorry, in the subsequent—

THE CHAIR: Yes, in the subsequent delegation.

Mr Barr: I believe so, but I will check.

THE CHAIR: Was the Australian embassy in Jakarta consulted about the logistics and the potential gain from the delegation?

Mr Barr: Yes. Obviously, we engage with both embassies, Austrade and our domestic partners. In the instance of the Indonesian engagement, principally that was in relation to higher education.

THE CHAIR: I am trying to get a feel for what was special about this that required a staffer to do advance—

Mr Barr: I will provide information in relation to that.

MS LAWDER: I continue on the travel theme and your recent trip to India.

Mr Barr: Yes.

MS LAWDER: When did you fly out and when did you start the meetings?

Mr Barr: Let me get the dates. I will come back to that. I will get the dates.

MS LAWDER: When you arrived, did you have some sightseeing or cultural tour activities, or did you go straight into meetings the next day?

Mr Barr: We travelled all day Saturday, 31 August and into Sunday, 1 September, Canberra time. Obviously, India is 4½ hours behind; so I think the cumulative travel time was about 17 hours—18 hours, noting that there was a stop in Singapore on the way. Yes, Sunday included a tour, in the evening of that Sunday, Indian time, of a cultural apps facility on Sunday the 1st. Then meetings began first thing on Monday the 2nd.

MS LAWDER: Who made a decision to invite Mr Gupta?

Mr Barr: I did.

MS LAWDER: On how many other occasions, at least in this term, have non-executive members accompanied travel overseas?

Mr Barr: In this term, I do not believe any. I know there has been non-executive travel to represent overseas. Ms Cody represented me in New Zealand. In previous Assemblies, non-executive members have accompanied ministers on international

travel. The commissioner himself indicated that he did that at one point in a previous Assembly.

MS LAWDER: Were there any changes in your plans when Mr Gupta came on board? Did he provide suggestions or advice?

Mr Barr: He obviously was able to indicate some particular areas that would be worthwhile for us to focus on in the context of his knowledge, being the first Indian-Australian elected to a parliament. Yes, he was able to provide assistance in relation to both securing some meetings or providing the contacts necessary in order to secure them.

MS LAWDER: I go back to my previous question about how many times this has occurred. Are you able to take on notice how many times that has occurred in the history of the Assembly?

Mr Barr: Sure, as much as there are records available of that, yes.

MS LAWDER: Hopefully there are.

Mr Barr: Yes; I presume there would be.

MS LAWDER: What kind of involvement did the Indian high commission have in planning your trip?

Mr Barr: The Indian high commission here in Canberra?

MS LAWDER: Yes.

Mr Barr: They were involved and consulted. I met with the high commissioner, the deputy high commissioner and their trade commissioner prior to the trip. We also undertook engagement with the Australian high commission, Austrade and our consulate-general in Mumbai. As is standard practice for all ACT government delegations, we engage both with our DFAT officials, locally and in the country we are travelling to, as well as with the embassy and officials from the country that we are visiting.

MS LAWDER: What is the ACT government policy on the standard of travel? What class do executives and non-executives travel?

Mr Barr: There is a Remuneration Tribunal determination in relation to members of the Assembly. Then there is a public service determination as well, based upon the level of employment within the public service tied back to, I understand, either ATO or Australian government guidelines in relation to allowances, accommodation standards and the like.

THE CHAIR: Does everyone travel at the same class and stay at the same accommodation?

Mr Barr: Yes, I believe so. I will check on the travel class. In relation to the Indian

trip or on all trips?

THE CHAIR: On the Indian trip, please.

Mr Barr: On the Indian trip, I will check that, but I believe so.

THE CHAIR: There was no-one who travelled on the Indian trip who was an official who would not have qualified for business class travel?

Mr Barr: I will double-check that. There may have been one who did not, but let me check.

THE CHAIR: One of the issues with overseas travel and the ATO is that that is linked to salary. What would happen if anyone travelled on a lower allowance and therefore might have been required by their circumstances to stay in a less expensive hotel? If so, did you bump them up?

Mr Barr: I do not believe so. Generally speaking, through arrangements that the Australian posts have in particular countries, they tend to have a—

THE CHAIR: You get a better rate.

Mr Barr: They secure a government rate because obviously they host delegations on a regular basis. We are able, generally speaking, to secure quite a favourable rate.

THE CHAIR: It would be logistically difficult if someone was forced to, say, stay somewhere else?

Mr Barr: Yes, in certain circumstances that is the case. In other instances, where there is a much larger delegation, where we have had 30 or 40 people go, as has been the case with trade missions to Singapore in the past, people have made their own arrangements. It will depend a lot on the program and the logistics, obviously, around whether there are co-located hotels. But, generally speaking, there is an embassy rate that is secured and, depending on the country and the exchange rate, that can often be very, very affordable, as hotels in India are generally cheaper than even here in Canberra. You are able to get, at embassy rates, very affordable accommodation that would be cheaper than undertaking domestic travel at times into markets like Sydney, Melbourne or Perth, for example.

MS LAWDER: How many people were on this trip to India?

Mr Barr: Government or non-government?

MS LAWDER: All. And what is the breakdown?

Mr Barr: There were representatives from the University of Canberra and UNSW Canberra. The ANU were in India as well but not formally linked to our delegation. But all the Canberra universities were there. There was one public servant in the higher education area, a commissioner, me and a staff member.

MS LAWDER: Mr Gupta was not separately staffed?

Mr Barr: No.

MS LAWDER: Could you provide a breakdown to the committee of the cost of the trip, by airfares and class, accommodation and rating, hospitality expenses, other travel, such as a car, and any other costs?

Mr Barr: That is part of the usual reporting process. Yes, we will do that. I think we foreshadowed in advance of the trip in a media release, very publicly, the costs associated with that. That will be reported in due course.

MS LAWDER: Did anyone request an airline upgrade or receive an airline upgrade?

Mr Barr: I do not believe so, but I will check that.

MS LAWDER: And then to the major focus of the trip: what was your goal in going?

Mr Barr: The purpose of the trip was twofold. Our two biggest and Australia's two biggest export industries in India are education and tourism. They are the two largest export industries for the ACT, and the trip focused on higher education and tourism. That included the University of Canberra signing a series of MoUs with colleges, with the University of Mumbai, and UNSW Canberra also undertaking a series of engagements and commitments with Australian specialist education agents—those who work with Indian students who wish to study in Australia—in terms of guiding them to the right university for their needs. There were a series of meetings that both UNSW and the University of Canberra participated in in that regard. We also met with Austrade and the high commissioner and her team whilst in Delhi, as well as the Chief Minister of Delhi.

In Mumbai the focus was on the University of Canberra's MoU arrangements, together with Tourism Australia—Tourism Australia headquarters there, their activities in Mumbai. India is now the fourth largest international tourist market for the ACT and grew by 40 per cent in the last 12 months, principally off the back of the Singapore Airlines flight. We met with Singapore Airlines' India market representative, together with Tourism Australia's—

MS LAWDER: When you say “ours”—the ACT's or Australia's?

Mr Barr: Ours, the ACT's fourth largest, yes. China, the UK, the US, and India now coming in at No 4 for the ACT. Tourism Australia also then facilitated a meeting with half a dozen Aussie specialists who are the main travel agents who undertake work with Tourism Australia in the Indian market. A couple of those agents have visited Canberra. We were also then able to meet with a number of others who had not previously visited the city. Obviously their assistance will be significant in driving further increases in Indian tourism.

I gave a full report on the trip in the last Assembly sitting. I refer you to *Hansard* for the details of every single engagement that took place, but that is a snapshot of the activities.

MS LAWDER: You mentioned that the ANU were there separately. No CIT? That was not—

Mr Barr: In this instance no, but, as their minister, to the extent that vocational education and training issues were part of discussions around particular emerging needs for India, their interests were represented, yes.

MS LAWDER: Why did ANU not choose to be part of your delegation?

Mr Barr: Because in large part they were focused on a couple of other cities and we simply did not have time in the available four business days to go to three different Indian cities. The logistics of travel within India are challenging, and it just was not physically possible to do so within the available four days. We then left Mumbai on Thursday, at midnight or thereabouts, or 11 pm their time. We were 48 hours in each city. There was a lot of activity that was packed into that relatively short period of time.

The ANU were in Bangalore, I believe. I will double-check that, but we were just physically not able to get there. India is a big country and you just cannot be everywhere. Whilst we were very supportive of their endeavours and activities—and there had been some initial hope that we might be able to meet up with them—it just was not logistically possible.

THE CHAIR: Could I just clarify: you were in Delhi or New Delhi?

Mr Barr: There is the old city and the new city. New Delhi was where we stayed. They are a few kilometres apart. The diplomatic area is in New Delhi, yes.

THE CHAIR: Did you meet the Chief Minister or the Prime Minister?

Mr Barr: The Chief Minister.

THE CHAIR: Did you have plans for any meetings with a federal government official?

Mr Barr: With Prime Minister Modi?

THE CHAIR: Federal government officials.

Mr Barr: We did in the context of the tertiary education and education areas. I did not seek a meeting with the Prime Minister but I did with the department. So federal departments, yes, but not with the Prime Minister.

THE CHAIR: Or the Minister for Higher Education?

Mr Barr: No, I do not believe there was availability. We met the secretary.

THE CHAIR: We will move on to territory records.

MS CHEYNE: I am particularly interested in knowing about the interactions of the territory records office with government on the transition to digital record keeping and moving away from paper. What challenges have been identified in maintaining as well as disposing of official records, and how have they been addressed?

Ms Wickman: Certainly the digital transition is a challenge. It requires a new way of thinking about record keeping that agencies are not always used to. It requires agencies to think about records before they create them and to design business systems capable of keeping adequate records, rather than that being the end of a business process. We have a number of areas where we advocate for that.

We have worked with particular business areas that are designing significant business systems, where we get in early and talk to them about how they can build record-keeping requirements into those systems. We do that as and when we understand significant projects are underway. We are also talking with the office of the chief digital officer to build the records-by-design kind of thinking into their processes when designing new business systems.

MS CHEYNE: Would significant projects include things like record keeping relating to the recommendations arising out of the child sexual abuse royal commission and maintaining very high standards?

Ms Wickman: Indeed. Particular projects would be when we understand new business systems are being built. One example we have been engaged with recently is the new HR system the ACT is working towards. We have had early discussions about ensuring that the system is able to keep proper HR records so that they do not need to be printed and filed at the end of a business process.

Certainly government archives as a group were very much engaged with the royal commission. Along with my colleagues in the other jurisdictions, I sit on an organisation with a very long name—the Council of Australasian Archives and Records Authorities. That includes all governments of Australia and New Zealand. We meet regularly to share ideas and work on issues together.

As a group we advised the child abuse royal commission on the management of its records, to make sure that was done well. We agreed that, even though there were technically a number of royal commissions, all those records would be taken and managed by the National Archives so that they were not fragmented. We were quite proactive in that space.

We also established a couple of working groups so that our staff had the opportunity to work together on issues that came out of the royal commission. We are working together on advice for both government and non-government institutions that create records about children in care in particular. We are working also with the Australian Society of Archivists, the professional body in this space, to develop good advice for those people so that they are creating records today that will support children in out of home care and in other circumstances and also so that we can improve the experience for those people who want to see the historical records.

MS CHEYNE: I think it is fair to say that record keeping is something this committee

is particularly interested in, especially historical record keeping. In some of our other inquiries—without foreshadowing future deliberations—the improvement of record keeping is a live issue. Have you been engaged with the Suburban Land Agency in terms of making sure their record keeping is of a high standard?

Ms Wickman: We have not had a lot of dealings directly with the Suburban Land Agency, but we have been advising and talking with EPSDD, the directorate that provides record keeping services for the Suburban Land Agency. We have worked with them to help them ensure that the Suburban Land Agency is doing well.

MS CHEYNE: What has that looked like?

Ms Wickman: There are some mechanisms under the Territory Records Act around planning for record keeping. There are some compliance requirements around having a records management program. We have worked to help EPSDD ensure that their records management program encompasses the requirements of the Suburban Land Agency. We have talked with them about getting them enrolled in one of the whole-of-government digital record-keeping systems to make sure that they have the tools to support that task.

MS CHEYNE: In your view, is the SLA operating at a standard higher than the previous LDA?

Ms Wickman: I do not have a clear view on the LDA, but I am certainly satisfied with how the Suburban Land Agency is progressing.

MS CHEYNE: Good to hear. Thank you.

MS CODY: What are the requirements of non-executive members in possession of government correspondence to ensure that the executive is able to get a record of the file or document from a records management perspective?

Ms Wickman: Non-executive members would not be subject to the Territory Records Act and neither would the personal or political or electorate material for executive members. If an executive member has shared documents with a non-executive member, we would expect that to be understood in the executive office.

MS LAWDER: It says in your annual report that you are adopting a records-by-design methodology for ACT government agencies. Is that used in some other jurisdictions?

Ms Wickman: As I was saying in response to Ms Cheyne's question, it is about getting on the front foot with building business systems capable of retaining records to the standards that we need. The term has some currency in records and archives circles. I talk about that kind of approach with my colleagues all the time. As I said, we are working with the office of the chief digital officer to build that thinking, alongside privacy by design. You might have heard people talk about that. Records by design should be part of exactly the same process.

MS LAWDER: Are you involved with copyright of ACT government publications?

Ms Wickman: We have a small role. We have advocated for the adoption of creative commons as the default position for copyright for ACT government agencies, and we were pleased the strategic board agreed to adopt that position. Beyond that, we have a small administrative role in managing copyright licence fees on a whole-of-government basis.

MS LAWDER: Have there been any copyright requests involving ACT government publications in the year that was reported on?

Ms Wickman: There are bound to have been requests. I would have to take on notice the number we have had.

MS LAWDER: I am interested in how many, which agencies they are from and any incidences of breaches.

Ms Wickman: We do not pursue or police incidences of breaches.

MS LAWDER: Are you made aware of them in some way?

Ms Wickman: No, not routinely.

THE CHAIR: Thank you very much, officials. Chief Minister, you are free to go. Thank you for your participation. The usual things about transcripts et cetera can be taken as read.

Hearing suspended from 11.30 am to 12.30 pm.

Appearances:

Orr, Ms Suzanne, Minister for Community Services and Facilities, Minister for Disability, Minister for Employment and Workplace Safety and Minister for Government Services and Procurement

Chief Minister, Treasury and Economic Development Directorate

Nicol, Mr David, Under Treasurer

Strachan, Mr Shaun, Deputy Under Treasurer, Commercial Services and Infrastructure

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

Lynch, Ms Marion, Insurance and Risk Manager, ACT Insurance Authority, Commercial Services and Infrastructure

Pritchard, Ms Suzanne, Finance Manager, ACT Insurance Authority, Commercial Services and Infrastructure

Osborne, Mr Peter, Assistant General Manager, ACT Insurance Authority, Commercial Services and Infrastructure

THE CHAIR: Good afternoon. Could you acknowledge that you have read and understood the pink privilege statement?

Ms Orr: I have, thank you.

THE CHAIR: Do you have any opening statement to make?

Ms Orr: No.

THE CHAIR: Since the release of the 2019-20 budget, how many extra contractors on top of the estimated 120 have been employed by Shared Services?

Mr Tanton: I acknowledge the privilege statement. We have currently got 128 contractors employed from Shared Services, mainly in the ICT space. That is looking to cover off the ongoing work program at this point in time. So it is not a large increase.

THE CHAIR: What is the ongoing work program?

Mr Tanton: The ongoing work program is a large body of work that we currently have running across Shared Services in regard to moving to the cloud, a desktop modernisation program and looking at the HRMIS body of work. So there is a—

THE CHAIR: Sorry?

Mr Tanton: HRMIS: Human Resources Management Information System.

THE CHAIR: I did not pick it up, so Hansard may not have picked it up either.

Mr Tanton: So there is a broad range of projects that we are doing, noting that we provide ICT services for all the directorates and across schools as well. So there is a large portfolio of ICT services that we manage.

THE CHAIR: I understand you have roughly 450 people in the ICT area. Is that correct?

Mr Tanton: That is correct.

THE CHAIR: And there are 128 contractors. Are they in the rollout of the new works, or are they also providing business as usual services?

Mr Tanton: Absolutely. They are across that broad-ranging portfolio that we have. We have the new projects coming on board which require special skills. We also have legacy systems that we ongoingly keep managing. We also have a range of different infrastructure technologies. It is across the whole broad range of all the services that we provide, from business as usual to new projects.

THE CHAIR: What are the criteria for taking on contractors rather than permanent employees?

Mr Tanton: We look at contractors if we have permanent skills that we need only on a short-term basis, so in some cases they are for a set time. If it is for a project that runs for 12 months, two years or three years, we would bring on a contractor because there is not an ongoing body of work after that, or if there is specific information or expertise that we require to bring into the service because we do not currently have it available to us.

THE CHAIR: What would be the average length of the contract and what would the average salary on a contract be?

Mr Tanton: I do not have that on hand. I can take that on notice.

THE CHAIR: Thank you.

MS CHEYNE: Windows 10—

THE CHAIR: Don't get me started.

MS CHEYNE: how are we going?

Mr Tanton: I think we have just cracked 10,000 assets that have been upgraded at this point in time—

MS CHEYNE: Out of?

Mr Tanton: Out of 16,000. We have another 6,000 to go, out of 16,000 which have been identified. That program of work has really ramped up in the past three months as we started to iron out the build, noting that we have such a broad range of system

applications across all of our systems. It is really pushing forward. We have seen that move and the speed of that rollout increase as we have been going through the process, so it is encouraging. I think we have just cracked 60 per cent of the total of those assets. Now we are looking to have most of that project wrapped up by the end of this calendar year.

MS CHEYNE: The benefits of moving to Windows 10 have included greater security?

Mr Tanton: That is correct.

MS CHEYNE: Is that the biggest benefit we are getting out of it? A lot of people are saying it is slow.

Mr Tanton: Yes. There is a broad range of benefits. One is the security aspect in regard to it. There are also other benefits. We are now on a platform that is contemporary with the way that Microsoft is going as a future state, moving away from those such as Microsoft 2007. Some of those older platforms allow us to do that. So it gives us greater flexibility. Moving to the cloud provides us with some capability that we did not have before around data centres. We are investing in data centres and the like. So there is a broad range of benefits surrounding it, but security and the ability to whitelist our systems and protect them is definitely one of them. Having legacy systems does open you up to increased chance of hacking and compromise. Moving into the new environment will assist in reducing that risk.

MS CHEYNE: There has been one breach of the network in this past financial year, right? That is what the *Canberra Times* reported.

Mr Tanton: That breach was in November 2018. There was a phishing attack on just the directory.

MS CHEYNE: But that hack was not discovered until internal information was exposed in the breach and put up for sale online. Is that right?

Mr Tanton: The directory information we were informed of by the Australian cyber security committee in regard to that hack as such. While it did compromise the active directory, since that point in time we have put in multifunction verification of the systems so that now if you are using mobile devices and the like you have to multi-authenticate your ID to be able to get into that system. So we have strengthened that capability and closed down that loophole as well. Basically what was available and what was accessed through that was the active directory, which is government email addresses, government phone numbers and things like that. There were a number of records there but no personal or other data was compromised.

MS CHEYNE: So it was people's email addresses but no—

Mr Tanton: It was grahamtanton.act.gov.au—that side of things—or their work phone numbers but no other data underneath that. It was basically a number of records also including meeting room accounts, because meeting rooms have system access. So a number of data applied, and access too, but it was mainly work-related data, as in

very specific email addresses and work phone numbers. In a small number of known cases, I think 14, some people in their active directory, the directory you look up people's names and get their work numbers, had put a personal address or personal phone number. So we had contacted those 14 individuals to advise them of that potential breach, and they looked to adjust those records.

MS CHEYNE: Fourteen out of how many?

Mr Tanton: I think roughly over 50,000 items were accessed. But, again, I think a large number of those were meeting rooms and the like. That is different pieces of data, so that is including grahamtanton@act.gov.au and my work number and the like.

MS CHEYNE: So it was 50,000 individual bits of data.

Mr Tanton: That is correct.

MS CHEYNE: For you it was an email address.

Mr Tanton: That is correct, and phone number and the like.

MS CHEYNE: Plus the phone number; that is not one bit of data; that is two.

Mr Tanton: That is right.

MS CHEYNE: You said that there was a loophole that was closed. What was the loophole?

Mr Davis: I acknowledge the privilege statement. The loophole that we were looking for was around multi-factor authentication on the Outlook web client. That may have inconvenienced some people but it was there. That was a recommendation from the Australian Cyber Security Centre, to close that loophole off.

MS CHEYNE: So the loophole was that multi-factor authentication did not exist?

Mr Davis: Correct.

MS CHEYNE: Were we planning to roll out multi-factor authentication regardless of whether there was a breach, or did we only do it because a breach occurred?

Mr Davis: We did it there post the breach occurring. We do have multi-factor authentication for many of our systems. We did not have it for the Outlook web access, so that was a recommendation.

MS CHEYNE: Had that previously been identified as a risk?

Mr Davis: I could not answer that question. I would have to take on notice whether we had that as part of our risk plan or our security risk plan.

MS CHEYNE: Do you do regular risk assessments in Shared Services?

Mr Davis: I can answer this. We do risk assessments against nearly all of the systems that we have. We are very heavily scrutinised by the CMT risk and audit committee. We are also scrutinised by the Auditor-General around data. We have an ongoing investigation—not investigation; I apologise. We have ongoing engagement with them around security. Every time we have a cloud system, for example, or a new system comes on board, we do a security assessment against it, yes. It just happened that in this particular case it was not there. I do not know the history of it myself, but I will find out on notice why that particular one was not closed.

MS CHEYNE: Yes, thank you for taking that on notice. I would be keen to know.

Mr Tanton: It is probably worth noting that we also have an ICT security team that are monitoring the current threats and vulnerabilities, and looking at what patches are coming through. Obviously, there is a lot of information coming from Microsoft and Oracle from overseas. The source of a lot of these attacks is obviously from other countries or organisations. They are continually getting feedback from around the world, especially in the Microsoft space or the Oracle space where you have a large enterprise. We are consistently monitoring those, making sure that our patches are up to date so that we are always looking at what those current threats are and the vulnerabilities.

We have the benefit within the ACT that we have one large platform and network as such, which does reduce the risk somewhat. So we can do our patches and apply them quite quickly. But we are always looking at those risks that are coming over. We also get guidance from the Australian Federal Police, the Australian Cyber Security Centre and the like. We are always monitoring and having liaisons with them and with our federal counterparts as well because it is something that is very topical at the moment.

MS CHEYNE: How did the multi-factor authentication recommendation come about? The breach happened and then that was recommended to you as a fix. Did you self-report that this breach had happened and ask for some advice?

Mr Davis: The Australian Cyber Security Centre were the ones that noticed—

MS CHEYNE: They are the ones who found it.

Mr Davis: They are the ones who found the directory listing online and advised us.

MS CHEYNE: And the directory listing was for sale online.

Mr Davis: As I understand it, yes. I did not see it myself, but that is what I—

MS CHEYNE: Yes, what an attractive product.

Mr Davis: I would like to add to that comment that the directory is available externally. You can look at it yourself and find out people's phone numbers and roles. So it was kind of interesting that they did pick that, given that you can jump on to any internet site and see it. But, yes, they had a copy for sale. That recommendation from the Australian Cyber Security Centre did flow out of finding that.

MS CHEYNE: When the Cyber Security Centre makes a recommendation, are you bound to that or can you say, “Thanks for your recommendation. No, too much effort”?

Mr Davis: No, we are not bound to it. We look to adhere to it if it makes sense to do so. If there is a business implication regarding that particular recommendation, we would push that up the line or to the various business lines because we are not here to disrupt or to direct the business of government or the business of directorates.

MS CHEYNE: Finally, this is probably back you, Mr Tanton, as it relates to Windows 10. I see that the average time taken for telephone service requests is 97 seconds, which is above the pick-up time. It is well in excess of the target of 30 seconds. Is this related to the Microsoft 10 rollout?

Mr Tanton: It contributes to it. There is a number of factors that relate to everyone who has been through the Windows rollout to date. On Monday mornings or Friday mornings after we have done the rollout we tend to get a number of questions in regards to the system—that it looks different and the like. So we get a spike on those days. This has impacted. We also have within the service desk a finite amount of resources. You just cannot bring people on around those peak periods. It does impact.

Once the majority of those rollouts is completed by the end of this year, the call volume should be coming down. Then the actual time to take calls should reduce, noting that when people do ring up they do still go through an automated response. Then it takes 90 seconds to two minutes for people to have their call picked up. Again, in my role as head of Shared Services, I am not getting people picking up the phone and complaining that they have to wait for two minutes, especially when they might have been on another commonwealth system for 30 minutes and periods like that. So, whilst two minutes is longer than the 30-minute time line, for us to bring the calls back down to that 30 minutes, we would have to increase the resources.

MS CHEYNE: Thirty seconds.

Mr Tanton: Sorry, 30 seconds, I should say.

MS CHEYNE: Yes.

Mr Tanton: We would need to bring the resources up and that is really for a time frame of three months while we finish this off. We will redress it once the Windows desktop modernisation rolls out. We will have a look at those call numbers again from then. If we need to look at additional resources to bring that down to a level of 30 seconds, we will look to do that. But, again, at this point in time I am not getting a lot of people knocking on the door saying that it needs to be 30 seconds, because that is a very quick time to answer calls.

Mr Nicol: I will add a little to that. The other strategy we are using with our phone call services is to improve the amount of basic information that you can get on line so that you do not have to ring up. For example, we have put long service leave balances on people’s payslips. That has two effects. One, it reduces the call volumes in that low complexity end, but it also means that on average the calls we are taking have become

more complex. We are also trying to address call questions in the first go, so not have call backs et cetera which, again, tends to lengthen things a bit. It is a balance of all of those objectives.

MS CHEYNE: Is it worth perhaps rethinking this target?

Mr Nicol: It might be, yes.

MS CHEYNE: Thirty seconds seems pretty arbitrary. Why isn't it 35 or 20, especially given what Mr Nicol has said.

Mr Tanton: I totally, absolutely agree. We are preparing a paper looking at what the potential cost might be to bring it down. That figure used to be an industry benchmark.

MS CHEYNE: Right.

Mr Tanton: Seventy per cent of all calls used to be answered in 30 seconds. So if you were going out to market, that was one of the benchmarks and 80 per cent of calls in 20 seconds. Depending on that, it would affect the resourcing required to answer those calls. You are very correct on that. It is something that we will look at more broadly, whether that KPI is still relevant, noting where it is currently at.

One of the other areas—the Under Treasurer touched on this—is automating some of our processes relating to password reset and items like that. That is something that comes up on Mondays as well. People who forget their passwords ring up to get them reset. We are thinking about how we could actually automate that to reduce those calls.

MS CHEYNE: Is that the number one call that you get, password resets?

Mr Tanton: It would be one of the larger ones that we have. Also, just around the desktop organisation when people get their new systems and the like; it looks a little different or there is something around the mapping of drives and things like that.

MS CHEYNE: I appreciate your comment on the target. My final comment, Mrs Dunne, is that it might almost be a false economy. You might get a call answered quickly but really what people are wanting is a solution. If they are on the phone and it takes half an hour to fix, if it is fixed they do not have to pick up the phone again and again.

Mr Tanton: Yes, first point resolution is really the key for a service desk. If you can do it within that first time resolution, it is really better for everyone. For the person who is working on the job, if they can get their problem solved, it is done and dusted. They do not need to think about it. They can go off and do their job. So the focus really should be that first point resolution and the timing, again noting that that two minute wait time is still fairly strong in my opinion.

MS LAWDER: On centralised debt management, it says you procured a commercial, off-the-shelf debt management and debt recovery system. What procurement process did you use? Was this an open tender?

Mr Tanton: We went out to the market to see what systems were available. A number of providers expressed interest in tendering for that service. We have entered a contract with a system called Collexus. Basically that provides us with a case management tool to be able to really understand the debt, contacts, and the like. That is going to look to go live later this year, and we will have that process and the system in place. It is a collection management system. This is not robo-debt. It provides a tool we can use to manage debt and understand it. But we still have folks within Shared Services who do the follow-up, send the letters out, request information and the like.

MS LAWDER: What was the value of that procurement?

Mr Tanton: \$180,000.

MS LAWDER: And it will be up and running later this year?

Mr Tanton: That is correct.

MS LAWDER: What exactly are you looking for? What performance indicators did you have, or scope, that made you select Collexus as opposed to another system.

Mr Tanton: I do not have the procurement criteria in front of me but I am happy to take that on notice.

MS LAWDER: Sure. I am talking about what you are looking at. Is it debt recovery, greater transparency? What were your factors?

Mr Tanton: Generally in regard to that it is usability. We are looking at software as a service or a cloud-based product that can provide us with the flexibility and generally the tools that we need to be able to understand the debt and assist us in collecting debt. Debt collection is one of those functions where if you can collect debt earlier you will have a better chance of collecting it. The longer it goes, the more difficult it is to collect. It just gives us broader information and better reporting. Those would have been the core areas around that.

MS LAWDER: And it is off the shelf. You are mapping your business processes and the requirements. Is there modification or adjustment based on that, or—

Mr Tanton: Configuration rather than modification. Off the shelf, as you may have heard, is a set product. We are not looking to bespoke or to make customisation, because as soon as you start customisation of a product there is additional cost. You have to keep it maintained and it makes it a bit harder to operate, and then you have a legacy system. Moving to an off-the-shelf product, where upgrades are coming through and you are configuring the need for it, generally is a more efficient way to go. It allows you then to do the upgrades on an ongoing basis without the complexities of having system enhancements that you may do on a whim. So we are looking at taking on best process rather than looking at process and mapping it to a system, so to speak.

MS LAWDER: Once you have made those small changes to reflect your business processes, does the cost of the procurement include testing, training or any of those

types of things?

Mr Tanton: That \$180,000 is the project cost. That would include training for our teams. Some of those costs are also done as business as usual. There are generally costs that our teams would incur just with a normal resource, so we make those teams available to do the training and the like. But communications, change strategies and things like that, that is the holistic price that we have got for getting this product up and running.

MS LAWDER: Is there any data that has to be migrated across to the new system?

Mr Tanton: There is some data that we will be entering. We do have quite manual processes at the moment. There will be data that we will need to move into the new system in regard to the debt and the details about who owes the debt. We will be putting that into the new system. The data migration will occur from different sources and different databases.

MS LAWDER: And that is included in the project cost as well?

Mr Tanton: That is correct.

MS LAWDER: Is there any manual input?

Mr Tanton: There will be manual input.

MS LAWDER: What kinds of things will be manually input as opposed to uploaded in some way?

Mr Tanton: It would go from people's names to contact numbers, histories and things like that. It is quite a manual process at this point in time, with Excel spreadsheets and things like that. A lot of that data will need to be entered manually. Some of it may automatically be migrated across but there will be and there is a requirement for manual data on that, just to make sure.

MS LAWDER: What is your quality control process to ensure that you are not introducing new errors during that manual process?

Mr Tanton: It is an ongoing process. We will keep reviewing that information as we see what that project looks like, and with additional reporting we can look to see if there is duplication in entries and the like. It is something that the project team worked around and work with. They will look to make sure that we are going through those records when they bring up the reports, to make sure that there is no duplication in those records as we go through, looking at phone numbers; a lot of it is data in, data out. We would need to make sure that the data that is coming in to us is accurate so that we can chase up those debts going out.

MS CODY: I am going to ask an IT question, so hang on to your hat. Deal with it, because I may not get all the terminology right.

Mr Tanton: We are holding on.

MS CHEYNE: Is it about a personal IT issue?

MS CODY: No, it is not. It is actually about stuff in the annual report. I would like to know how the implementation of the two cloud platforms has improved things.

Mr Davis: We now have two providers, as you pointed out, Ms Cody: Microsoft and Amazon. We have migrated a lot of what we call workloads, which is a code for business systems underneath in our space, across to these clouds. We have so far avoided several hundred thousand, at least \$300,000, in capital expense by moving our Microsoft Exchange to online. A lot of the costs we are avoiding as opposed to incurring in a different way.

We are also able to provision environments much more quickly. The traditional way, only a few years ago really, where you bought a server, built the server, put the software on it and rolled it into production—I will keep it simple—would sometimes take several months. Now the guys can implement these capabilities within a matter of minutes. The agility that is provided has really been taken up by directorates. Of course we are now looking at what the next thing is, because people quickly forget. But the ability to manage our environments online is incredibly more expeditious than what it used to be under the hardware model.

Mr Tanton: As Mr Davis touched on, the flexibility of being able to get a service, the speed at which we can do that, has been improved dramatically. Before you would have to buy a server, configure it, put it into the data centre and the like. Now we can switch on a service within a spectrum, so to speak, and get things up and moving a lot more quickly.

MS CODY: What is the anticipated conclusion of the transition to the cloud—full transition—because, by the sounds of things, we are already working there.

Mr Davis: We will not be running 100 per cent of our capability within the cloud. There is some capability that needs to be kept on premise, whether because of technical capabilities, for example, with the health systems, a lot of those are located within the hospital. They are able to work in what is called island mode, which means that, should everything fall into chaos around them in an IT sense, they are still there and able to operate and maintain life services. And they have their own backup generators and things like that. So it is a business case by business case solution.

As Mr Tanton pointed out with the HRMIS, for example, we are doing a lot more software as a service, which is another way of doing cloud: not simply our own infrastructure but taking up the capabilities of third parties rather than build them ourselves. They can become the management platform within their space, so we become the configuration and business process owners rather than owning a piece of hardware.

MISS C BURCH: Mr Davis, did you say \$300,000 in costs have been avoided, or \$700,000?

Mr Davis: It was \$300,000 for Exchange Online. I just picked that as an example.

That is \$300,000 I did not have to go and ask the Under Treasurer for.

MS CODY: And he is very happy about that.

Mr Davis: He is always happy about it, I am sure.

MISS C BURCH: You mentioned a \$700,000 figure as well. What was that?

Mr Davis: I do not recall saying \$700,000.

MISS C BURCH: Did I mishear you? Sorry. In estimates it was mentioned that there were some contractors in Shared Services who had been on contracts for up to 10 years. Given the government's insecure work policy, what is being done to transition those people? Is anything being done?

Mr Tanton: Yes, we are reviewing all of our contractor relationships on an ongoing basis. As was mentioned there are some contractors who have had an extended period of employment. Usually, we find that some of those contractors have specific skill sets that we need in order to maintain some of our legacy systems, or our older systems. Technology is moving so quickly, and some of these folk with those specific skill sets that we need do not necessarily want to transition over into the public sector. It is about trying to get that balance between managing the risk of someone who understands Cobalt, an old legacy system or a very old system: we cannot necessarily let them go and get someone else in because they may not have the same skill set.

We are reviewing those individuals on an ongoing basis. Obviously, we would approach them to see if they would like to become public sector employees. However, in some cases they are contractors, and they are contractors for a reason. They like the flexibility, even though they have been here for 10 years. But they do have those skill sets on those systems, and if we let them go it would potentially leave us a little bit exposed.

MISS C BURCH: My next question is: what is the nature of that work? Is there anyone on those long-term contracts who is not there specifically with respect to software skill sets?

Ms Orr: Is this going more broadly to the insecure work task force? Is that what you are—

MISS C BURCH: No, this is just Shared Services.

Ms Orr: There is a broader piece of work going on, which sits in one of my other ministerial responsibilities, on the insecure work task force, which is going through the whole of the ACT public service, bit by bit; not all at once. As you could imagine, that would be quite big. It is looking at where there are jobs that have previously been contracted or that have not been permanent and that could potentially be permanent. We could talk in a lot more detail on that when the relevant officials are before us.

MISS C BURCH: This was a line of questioning from estimates regarding Shared Services. In the notifiable invoices dated from August 2019, there were five invoices

paid to Comensura specifically for labour hire work, totalling \$3.1 million. What area of Shared Services were they employed in and what was the nature of that work?

Mr Tanton: Comensura is the body that manage that on behalf of New South Wales. That could be a broad body of contractors as a whole. That would be a number of our contractors within ICT, but more broadly as well. Comensura is the overarching platform which we use to piggyback off the New South Wales central contractor, and they are provided from New South Wales.

Mr Nicol: Essentially, it is whole of government—all short-term contractors. I say “all”; there is always a possibility that a directorate will go out and do their own thing. They should not. We have a centralised contractor management and procurement process which is managed through Shared Services, which is that contract.

MISS C BURCH: Do you know how many contractors were employed under that?

Mr Nicol: As the minister said, that piece of work, where we are looking at contractors across the service, would be the best place to ask about that. We have done quite a lot of work in identifying all of our short-term employees and short-term contractors. We are going through a process. There are good reasons for hiring contractors, and there are bad reasons for hiring contractors, that is, we want to avoid renewing contractors on a permanent basis without considering their circumstances. The government’s policy direction, where there is agreement from the employee and where it makes business sense, is to convert those short-term employees and contractors to permanent employment. But that team has big spreadsheets that they can go through in great detail.

Ms Orr: Yes, and it is whole of government.

MS LAWDER: Going back to the original questions about contractors in Shared Services that came from the estimates, some have been employed for 10 years. What sort of workforce planning do you put in place? Surely, after two, three or five years, you might have identified that these were long-term contractors, and put in place some kind of handover or training role to an ACTPS employee rather than continue—

Mr Nicol: I will let Graham give you a bit more detail. We have these discussions about the Shared Services workforce pretty much on an annual basis. By and large—I am sure there are exceptions—these are, as Graham said, long-term IT contractors who want to be contractors. They are paid a specific rate, which is generally a market rate, out there in the marketplace, and that is what we have to pay to get them. The nature of this market is often contract based; it is not public service based.

We have had processes in the past where we have offered these contractors, “If you wish to transfer to a public service position, we will facilitate that.” Generally, we get turned down. We have been successful, though, in converting people over to employment positions. Sometimes that requires an ARIn to ensure that their compensation matches what they are being offered in the marketplace. Especially with the long-term contractors, it tends to involve this particular IT market. I would be much more concerned if it was an administrative role or a role that typically a public servant would fill. My impression, without having detailed knowledge of every person

employed in Shared Services, is that that is rare; they tend to be—

MS LAWDER: I think that we are all aware of those challenges, but it is about spending public money and getting value for money. I know these people might not agree to move to the public service, but that does not mean that you cannot put other strategies in place. These Cobalt skills, or whatever skills you are talking about, are not impossible to learn.

Mr Tanton: It is not impossible to learn them, but it is about getting people in to start learning some of those systems, especially when technologies move so quickly. They come from schools; they come from environments where they are learning newer technologies and the like.

MS LAWDER: Get an older person who grew up with Cobalt.

Mr Tanton: With a lot of those people, with respect to getting them into the workforce, they would like to come in under that contractor environment as well. They would like to come in and work for a few days a week—whatever it may be. It is something that we are looking at with all of our workforce. It is about managing that risk, in that time line for handover, if that was something that was available. With some of these systems, people have come in and have moved to bespoke systems. Some developers and software engineers have actually built systems up—

MS LAWDER: They built themselves a job.

Mr Nicol: Yes.

Mr Tanton: Their expertise is in that area and the like. With those areas, when you start to look at it over time, you say, “The risk is here; how do we start to transition away from that?”

Mr Nicol: Yes, I think that is the strategy: how do we move away from those systems while relying on those very narrow skill sets? We need people who can teach that, and they are not around. We have had examples of people who are basically retired and who we tempt back; they keep working in order to keep some of these legacy systems going.

MS LAWDER: Finally, of the contractors that you have who have been employed perhaps for more than two years continuously, are you able to take on notice how many of them were formerly ACT public service employees who have moved to being contractors?

Mr Nicol: Yes, we could do that.

Mr Tanton: We can do that.

THE CHAIR: I want to ask about Shared Services invoicing, in particular to ACT Health. Have Shared Services experienced an increase or a decrease in invoicing to Health compared to the previous financial year?

Mr Tanton: I would need to take that on notice. Are you talking about businesses invoicing Health?

THE CHAIR: No, Shared Services invoicing.

Mr Tanton: We bill on a quarterly basis. We send out for our services. We are a cost-recovered agency. Our cost base has not really been adjusted for a period now, the amount of invoicing. I can ask more generally and take it on notice.

Mr Nicol: Can I just clarify. Are you talking about the dollar quantum or the number of invoices?

THE CHAIR: I mean the dollar quantum. The number of invoices is immaterial. It came up in estimates that ACT Health employs ICT specialists. I am just trying to get a feel for whether ACT Health is going it alone on ICT issues as well as engaging Shared Services?

Mr Nicol: We could probably give some information on that. We provide the backbone services across ACT government, the basic operating system, LAN, email, et cetera. We work with each directorate essentially on a case-by-case basis. Mr Davis can add some details on where the boundary should be drawn.

A couple of years ago, a significant number of IT services for Health were provided by Shared Services. The IT specialists were embedded in Health. About 18 months or two years ago, we decided to essentially transfer those people to Health. We made the decision on the basis that it did not make a lot of sense to centralise the management of specialist clinical systems in an IT sense, because that would basically create an extra layer of management. Previously you would essentially have to go through Graham and Gary; we wanted that to be more immediate. But the teams work very closely together; the support is very close. With that introduction, Gary, do you have anything further to add?

Mr Davis: No. As the Under Treasurer pointed out, there is always the matter of reviewing the lines of the boundary between where the Shared Services back office systems sit against the directorate's needs. We have done that on a couple of occasions. Health has been one of the directorates that we have done that with in the last 12 months or so.

THE CHAIR: Is it the case that basically all directorates employ their own ICT specialists on top of what is provided through Shared Services?

Mr Tanton: It does depend on the level of their business systems. Obviously Health have a lot of clinical systems that we are not subject matter experts in. There is a differing requirement across different directorates, depending on their business portfolio and their needs from their ICT systems. Health have a lot of clinical systems compared to some of the other agencies that we run with. They would have a broader demand, because we do not hold subject matter expertise around those clinical systems. For another organisation, such as CMTEDD, where it is more administration inside, we would provide the bulk of their ICT capability.

THE CHAIR: On the question of subject matter expertise, would Shared Services be involved in a consultative way for a major IT acquisition in Health, for instance, when they shifted from Siemens to Agfa for the radiology?

Mr Tanton: Not so much on that side of things. We would provide assistance if it was going to be looked at to go onto our network, our overarching system. We would provide some review around that. For something in the nature of a business-related system, we would not have provided guidance on that system. I am happy to go back and check our records to see if we did have any involvement in that procurement, but—

THE CHAIR: That was a “such as”; I just wanted to know the extent to which Shared Services is involved in that sort of specialist acquisition.

Mr Nicol: As Graham said, it depends on the impact on the network and the broader systems. With the courts project, for example, even though that system and IT were provided by the contractor, with oversight from JACS, Shared Services had a pretty big role in working out how it would fit in our network. We did not necessarily get involved in saying, “Oh, you need this functionality to do these court processes.” That is not our business. We have to find that boundary essentially in each project.

THE CHAIR: Ms Cheyne?

MS CHEYNE: I do not have any more questions for Shared Services, but I do for the Insurance Authority.

THE CHAIR: We will go to the Insurance Authority. We also have the default insurance scheme.

MS CHEYNE: That is at 2 o'clock?

THE CHAIR: We were not consulted on the make-up of this.

Ms Orr: We were not consulted on that either, Mrs Dunne.

THE CHAIR: We perhaps should have a conversation about being consulted on the time allocations for some of these. We will move to the Insurance Authority.

MS CHEYNE: Your annual customer satisfaction survey found that 19 per cent of respondents were dissatisfied. I appreciate there is still a vast majority who are satisfied with the services, but why do you think that 19 per cent were dissatisfied? I note only 65 per cent were satisfied with how the Insurance Authority collaborates.

Mr Strachan: I acknowledge the privilege statement. In relation to the change in the survey result for the year, we undertook a different approach in relation to surveying the whole of the customer base across ACT government. The process within ACTIA traditionally had a fairly concentrated smaller type approach in relation to its survey. In this particular case we went right across all directorates and changed both the nature of the questions, the orientation around people and process and the approach in engaging with ACTIA.

As per the stat accounts and the notes that go with them, we talk about the challenges we have about changing the orientation of the questions and therefore the interpretation. So in many respects we have reset the lens associated with looking at the type of engagement we are looking at and the reactions we are getting from our directorate clients.

Ms Lynch: Customer focus is very important to the ACT Insurance Authority, so we welcome that feedback, albeit it feels like we have taken a step back.

MS CHEYNE: Who are your customers?

Ms Lynch: Everyone within the ACT government is our customer and from a claims perspective any third party we interact with.

Mr Nicol: As Mr Strachan has said, we have gone broader. Previously we went to those where there was a claim and with whom we had day-to-day contact in managing a claim or dealing with the claim, and the satisfaction ratings were very high. As has been said, we are providing a service to every ACT government employee and every member of the Assembly. We are providing risk management and insurance services, so we wanted to get other people's views. Some of that reflects the fact that we do not have enough of a profile with those people; they do not know what we do and what services we provide.

MS CHEYNE: Do you think that some of the dissatisfaction related to people not knowing who you are and what you do?

Ms Lynch: Potentially. We are a little bit isolated; we are quite inward-facing inasmuch as we are protecting the government's assets and liabilities. That is not necessarily appreciated by every single public servant. However, we have strong relationships in all of the directorates and agencies. We meet with them frequently to discuss their risk profile. We engage them in the annual renewal process where we collect data about the types of risks and activities we need to insure.

Being a very small team of 18 it is very hard to get across the whole of the territory. However, we have fingers in as many pies as we can, and we certainly see the results of the survey as an opportunity for us to make some movements in that space.

Having said that, we have already undertaken a lot of work. We appreciate that we need a higher profile. Mr Strachan has a role in the CSI group, and as we are now part of that group I think we have a much higher profile and are seen as a whole-of-government service provider, which I do not think was the case before.

The opportunities we have in getting information out to our clients is very important. Obviously we have the risk management plan, the data collection and our claims activity. So we have lots of opportunity to interact with those people, but at the moment it is quite a small group. Having said that, we are going to develop our intranet site so there will be lots more frequently asked questions that could be answered without having to interact with us at all.

CHAIR: So you want to be more accessible but you do not want people to interact with you?

Ms Lynch: No, we are open for business, absolutely. But they can also help themselves.

Mr Strachan: As I said before, if you look at some of the sub-indicators sitting below, you see the overall customer satisfaction with the annual renewal process was around 90 per cent. As Marion has said, we have some very good feedback and indicators about areas where we can improve, and we will continue to engage.

I might have mentioned in both estimates and this sitting last year that we continue to engage very solidly with all the directors-general, executive officers, other stakeholders and so on. The relationships with each of the directorates are in some respects consistent. Education have a few challenges in terms of their risk profile, and they are asking us to engage slightly differently with them as opposed to perhaps transport, health and other portfolios.

MS CHEYNE: What are those challenges?

Ms Lynch: It is more about support. Our role is to promote and support agencies in embracing the whole-of-government risk management policy. That is one piece of work they are doing. Our approach to risk management is changing; it is becoming much more embedded in our business. We are working with the Education Directorate to embed their risk management plan into their business planning so they can use the output from identifying key risks into appropriately allocating resources when they do their business planning.

Mr Nicol: One of my key indicators is whether directorates are adopting the frameworks promulgated by our central units. This is one area where I see no evidence of duplicative risk management practices and platforms being developed by directorates. They are adopting the platform that ACTIA has developed.

One area the team did not mention was the education and training the guys do. They are fully attended; we have had to put in more sessions and the feedback we have received is very good. The directorates are really appreciative of the direct assistance the team provides.

Ms Lynch: We have run 10 sessions. I can check the numbers but I think we have trained about 300 people in the Education Directorate in the past sort of six to eight months.

MS CHEYNE: Is there any customer base or directorate or subset of a directorate which is particularly dissatisfied? Did anything stand out, or was it just a feeling across the board?

Ms Lynch: I do not think there was any dissatisfaction within any one directorate. The number of respondents that responded to the ACT Insurance Authority area was fewer than 20 unfortunately, so it would not necessarily be representative across the whole of government.

Mr Strachan: If I could summarise some of the narrative that came through the survey results, a lot of the feedback focused on active re-engagement, forward planning, concentrated risk profiling in relation to contemporary trending analysis in some of the directorates, getting access to information, and getting access to experts and embedding that into good executive practice and thinking.

In many respects the best way to describe it is that we have moved to a solid re-engagement focus with directorates and becoming part and parcel of the way they want to effectively partner significantly with ACTIA to bring the risk profiling forward as a complementary set of the business.

MS LAWDER: You had a target of a 10-day waiting time to process payments, which was not reached. It was not reached the previous year either. What changes did you make in that time to try to reach the 10-day waiting time for processing payments?

Ms Lynch: I might ask our finance manager, Suzanne Pritchard, to talk to that.

Ms Pritchard: Sorry, could you repeat the question for me.

MS LAWDER: You had a target of a 10-day waiting time for processing payments. It was actually 14 days, so you failed to meet the target. You failed to meet it the previous year. What changes did you make last year to try to improve your processing time to get to the 10 days?

Ms Pritchard: It is more about the targets not being ultimately correct for us, I would think. We have changed the processing. We used to do it weekly; we have now re-engaged our resources to do it fortnightly. With the amount of time that it takes to process a payment on a weekly basis, we felt that those resources were being wasted because 20 payments or 40 payments take the same amount of time to process and it is better to process them on a fortnightly basis and redistribute those resources. We had some resourcing issues within the finance team, so that was better placed to extend that payment time out rather than having it on a weekly basis.

MS LAWDER: Is the target changed for the current—

Ms Pritchard: Yes; the target will change to 14 days.

MS LAWDER: And hopefully you will have 100 per cent?

Ms Pritchard: Yes, that is what we would like to achieve.

MS LAWDER: There is no other contributing factor? It will be 14 days?

Ms Pritchard: Yes.

Mr Strachan: This discussion was the subject of some fairly active conversation with our audit and risk committee within CMTEDD. As Suzanne has said, again just to give reassurance, there are no other implications or anything here; it is simply that

there is a change in business practice. That was well understood following some good conversation around it. Again we will be adjusting this through recommendation through the Under Treasurer through to the audit committee.

MS LAWDER: You said that whether it is 20 a week or 40 a fortnight, the processing time is the same.

Ms Pritchard: Yes, the amount of effort that is involved in putting through a payment.

MS LAWDER: What if it scales up to 400 a fortnight or 4,000? Is the processing time still the same?

Ms Pritchard: No. If it jumped that far, I would not think it would be the same. We would have to relook at our resources then.

Mr Nicol: I think we would have other problems because the claim rate would—

MS LAWDER: I am just wondering. There may come a point where you decide to go back to weekly; that is all.

Mr Nicol: I take your point.

Ms Pritchard: Yes, we would have to readjust

MS LAWDER: Because it is no longer as efficient.

Ms Pritchard: Yes. If our volume became extreme—

MS LAWDER: What is that tipping point? Do you know?

Ms Pritchard: No, I would not know that off the top of my head. I would have to take that on notice.

MS LAWDER: So it is a kind of wait-and-see?

Ms Pritchard: Yes, it is. Because of the nature of what we do, payments can fluctuate from month to month, how much you are processing in each fortnight, just due to the nature of our business.

MS CODY: You talk about employment rates in ACTIA. You currently have temporary full-time and temporary part-time employees. Is there a look to move those to permanent employees? If so, when will that occur?

Ms Lynch: We have just one temporary part-time person currently. We are currently working on maybe transitioning that, but I cannot say too much about that at the moment. We would like to transition that to a permanent position.

MS CODY: There is obviously a need for the work that temporary employees undertake within the organisation?

Ms Lynch: Absolutely, yes. We are very lean for the breadth of services that we provide and the complexities. We are very lean indeed. The arrangements for the temporary staff are definitely a need. Ultimately that is why we are transferring them, hopefully, to a permanent position.

Mr Strachan: In relation to where we are at the moment, in discussion with the Under Treasurer, we have recently taken on board a new general manager for ACTIA, Neil Smith, who is sitting in the gallery. One of the things we will be bringing forward over the next four or five months is to have a look at the volume, the activity and the work practices. As Ms Lynch has said, with the demands going on at the moment to remain very proactive in working with the directorates, and the issues around processing and engaging with the insurance renewal process for 2021, we have a bit of work to do just to look at the resourcing structures. All these issues will be taken into consideration, as to atypically what we require out of ACTIA and a stable operating structure. That will occur over the next four to five or six months and be settled in the 2019-20 financial year.

MS CODY: A moment ago you were talking about some of the training that you provide to directorate staff. Will you also be undertaking to look at that: the rollout of that and how you can support other directorate staff to understand the role of ACTIA?

Mr Strachan: We will.

THE CHAIR: I have a question about the capital funding ratio, but before I go to that, can I ask whether the ACTIA annual report complies with the Chief Minister's guidelines on annual reports? I am struck by what must be 150 gsm paper. It stands out as being quite rigid and possibly expensive.

Ms Pritchard: ACT publishing services produce our annual report. We go on their guidelines for production.

Mr Nicol: We will check.

THE CHAIR: I am surprised at the quality of the paper and whether we really need it.

Mr Nicol: I am very interested in eliminating any excess cost.

THE CHAIR: Yes. I am down with that. I am also down with whether we really need three volumes for CMTEDD and other agencies.

In relation to the capital funding ratio, there is quite a good description of why you have the capital funding ratio and why it is set as it is, but it seems that you never actually meet the target range. The actual for 2018 was 153 per cent, when the range is 100 to 120 per cent. You have reached 129 per cent this year and aim at 131 per cent next year. I am wondering why you aim at 131 per cent if the range is 100 to 120, and why you have to give up the money if you have a surplus beyond that range?

Mr Nicol: First of all, there are several factors at play as to why we keep having reserves greater than our targets. One is that we have been successful in reducing our

insurance premiums, which has reduced our cost base, which means our reserves grow.

THE CHAIR: When you say you have reduced your premiums, is that your reinsurance premiums?

Mr Nicol: Yes, a number of them, over the past three or four years.

THE CHAIR: Not the premiums that the agencies pay?

Mr Nicol: No; the amount we have to pay to cover our catastrophic losses. That probably amounts to about \$4 million to \$5 million in savings per year. Part of that is the market, but part of it is the good work of ACTIA in explaining and becoming a good customer to our reinsurers. That is probably the minor reason for it.

The second reason is that our claims experience has improved quite a lot over the past three or four years. With our better risk management, we are not having the claims that we used to have. That means that our actual costs are less than our expected costs, because our claims experience improves.

The third reason is that some of the reserving practices of the past were conservative. For example, if there was a potential medical negligence claim on foot, we would tend to reserve for closer to the maximum than we thought we might be liable for. Part of the reason for this stems from when ACTIA was first set up: the organisation wanted to be conservative in making sure that we had sufficient funds to meet the liabilities. Part of it is also experience and hindsight. As we have gained experience, we are now much better—

THE CHAIR: You are 20 years down the track, or close to.

Mr Nicol: Yes. Our actuaries assist in this process. We get much better at accurately estimating what those claims will ultimately cost, particularly in the medical space. That means that our liabilities have come down. If we expected to pay a \$10 million claim, we would have a \$10 million liability, but now, if we think that on average that will cost \$8 million, we reduce our liabilities.

So there are those three factors. We are continually trying to catch up with what our liability really is.

THE CHAIR: That does not explain why the ratio range is 100 to 120 but you are achieving more than that.

Mr Nicol: We target the 120, but because our liabilities are coming down, our reserves go up because we have less—

THE CHAIR: The report seems to say that you have to surrender excess capital, so what happens?

Mr Nicol: There are two ways that it happens.

THE CHAIR: You get it back—

Mr Nicol: That is right. The insurance fund, I think, have made two capital transfers to the budget in the past four years. Two or three?

Ms Lynch: Three.

Mr Nicol: In one sense it matters for the organisation; it does not matter for the whole balance sheet of the ACT government, because it is going from one part of the balance sheet to another—sort of a transfer. It comes off ACTIA's part of the balance sheet. The other way, of course, is through premiums, and we have reduced premiums in recent years. There is the question of whether we should reduce premiums more for directorates. That is something that we have an active debate about each year. We have reduced premiums each year, on average.

For some directorates and agencies they have gone up occasionally, because they have had a bad experience, and we charge them for their experience. In particular, we have reduced premiums in Health quite significantly in the past three or four years. We can give you the figures on notice. I am aware that at some point we will catch up to that accurate liability measurement, and our premiums will catch up. We will not only hit the target but we might even go under a bit. That is the nature of the thing.

THE CHAIR: But you have been storing up brownie points in the last—

Mr Nicol: Yes, I would rather have this problem than the alternative.

THE CHAIR: I understand. It is not a criticism; it is a matter of understanding.

Mr Nicol: Yes.

THE CHAIR: It is interesting that you said the target range is 100 to 120, but you have actually set, for the budget next year, 131.

Mr Nicol: Yes, and we will address that. We will not allow that to happen.

THE CHAIR: I wondered why you set a target that was so high. If the target is 120, why is the target not set at 120, and, if you exceed it—

Mr Nicol: If the actual figure was 90, it is a question for the government, but I do not think the government would immediately address it to get to 100 next year. It will be a thing that happens over time, and we will adjust that down. My goal is to get to within the 100 to 120 range. I probably have a slightly broader view than ACTIA, because ACTIA is thinking about their balance sheet, whereas I have a much bigger balance sheet to—

THE CHAIR: Yes, and I understand why ACTIA would like to keep as much on their balance sheet as possible.

Mr Nicol: That is right, and that is entirely appropriate.

THE CHAIR: In the great scheme of things, it is all on your balance sheet.

Mr Nicol: That is right. We do not lose any money or gain any money if it is at 130 or 120, in that sense. The bigger issue is what costs we are incurring to cover our risks and mitigate our risks. That goes into complexities about reinsurance cover, and how much risk we avoid through our risk management plan. All of those indicators are going in the right direction, which is part of the reason driving the fact that our reserves are higher than our targets.

THE CHAIR: Mr Nicol, you said that you reduced the premiums for Health. You know how I love to ask questions about Health. With respect to addressing risk management and trying to influence behaviour, has ACTIA provided advice to Health regarding any practices that carry particular risks? Have there been any areas where you have identified particular risks within the health portfolio?

Ms Lynch: Our role, as I said earlier, is to promote best practice and to provide education. There is a dedicated governance area within ACT Health who are responsible for managing their risks. Having said that, though, we have a role to influence that where we can. We do that in a number of ways. We work closely with the governance team to provide risk management support. We have done a couple of strategic sessions this year. We have worked with our senior leadership team to help them to adopt the framework, to develop their policy framework document themselves, so that they can identify their strategic risks. We have been very much engaged in that process.

We have access to some support from the reinsurance market. We have accessed that money in the past by changing the scope of our insurance to cover the publicly funded home birth trial. We got some support in that risk management space for that very specific issue. We also provide claims data. The quality of our claims data currently is a little bit light on, in my opinion. We are implementing a new insurance management system that will provide us with some additional functionality. That will help us a lot more in that trending space. I imagine that the data that we have in that system will help us to have much more meaningful and much more targeted conversations about what their risks are.

THE CHAIR: In relation to the home birth trial, have there been any claims?

Ms Lynch: No. We are notified of every incident. Every birth is classed as an incident because it has the potential to turn into a claim, but we are happy to say that there have been no claims made under that policy.

THE CHAIR: Is it anticipated that the legalisation of marijuana will have any impact on the insurance premiums of ACT Health?

Ms Lynch: Not that I am aware of.

THE CHAIR: We also have questions on the default insurance scheme. Are members happy to move on to the default insurance scheme?

MS CODY: I have one on ACTIA. It may have already been asked. I want to know

whether falling interest rates are having any—

THE CHAIR: No, we have not asked that one.

MS CODY: Yesterday we talked a lot about interest rates being at a low percentage. Is that having an impact, either positive or negative, on our insurance and our obligations as insurers?

Mr Nicol: I might pass over to Suzanne to talk about how interest rates affect the valuation of our long-tail liabilities.

Ms Pritchard: We work very closely with the territory banking account section, who currently manage our assets. We have our individual investment claim that they have set up for us, under their framework. We have had recent discussions with Mr McAuliffe about what impact these interest rates will have. We will be having meetings to discuss readjusting our target accordingly.

Mr Strachan: In relation to the target, the investment setting with Mr McAuliffe is CPI plus a 2½ to 3½ per cent range. As Suzanne said, we work very closely with the new investment strategy, in the setting under which we place in excess of \$300-odd million, within the framework. Pat comes along regularly to the board meetings and appries us in relation to the currency of the strategy and whether or not there is any potential for adjustment. In terms of the investment setting, we budget according to the CPI plus a range of 2½ to 3½ per cent.

THE CHAIR: We will move to the default insurance scheme. Can somebody tell me in 25 words or fewer what the default insurance scheme is?

Mr Osborne: I acknowledge the privilege statement. I do not know about 25 words or fewer, but the purpose of the default insurance fund is to provide benefits to injured workers whose employers do not have valid workers compensation insurance either because they have not bought it or because they placed it with an insurer that was unable to fulfil the liabilities.

MS CHEYNE: So you do a public good?

Mr Osborne: We like to think so, yes.

THE CHAIR: So it is entirely limited to workers compensation?

Mr Osborne: Yes.

THE CHAIR: Because we have other nominal insurers for other purposes?

Mr Osborne: There is also a nominal defendant for the compulsory third-party insurance scheme. That is a separate fund also managed by ACTIA.

MS CHEYNE: At the time of the publishing of the annual report you had 33 open claims. How long does it take to close claims on average, and do you have targets in that regard?

Mr Osborne: Each claim varies depending on the circumstances of the individual. We do not have a meaningful average basically because of the small number of claims. It is not really appropriate to set targets because there are two potential aspects of a claim: there can be the defined benefits that anybody would be entitled to but there is also the possibility of a common-law claim against the employer. We cannot make assumptions about whether an injured worker will be eligible to make a claim. Consequently we do not have targets for resolution of claims.

MS CHEYNE: They are out of your control?

Mr Nicol: That is a court process.

Mr Osborne: That is right. But there are within the Workers Compensation Act specified timescales by which claims have to be dealt with, payments have to be made and so on. Of course we keep to those.

MS LAWDER: With regard to the uninsured employer fund, what is the value of the current outstanding claims?

Mr Osborne: Currently our actuaries estimate it to be about \$41.65 million.

MS LAWDER: How does that compare to the previous year or as a trend? Does it fluctuate or is there a trend?

Mr Osborne: They tend to go up because claims go up in time with inflation. But there is no discernible trend. Again, it is difficult because we are talking low numbers. The number of claims made each year has dropped slightly over the past five years. I think only 11 claims were made last year. Again, the numbers are so small that it is difficult to draw any meaningful conclusions from them.

MS LAWDER: With the collapsed insurer fund you have \$192,000 in interest from investment. Is the interest reinvested in that fund, and who determines the investment direction? Is it in line with usual government spending? Is it a particular profile?

Ms Pritchard: The investment is with the Public Trustee and Guardian. Whatever assets of investments we hold are with them, and yes, the interest is reinvested.

MS LAWDER: Into that fund?

Ms Pritchard: Yes. They have a separate investment for the collapsed insurers money. Currently there are not a lot of expenses in there so the investments just keep rolling forward.

Mr Nicol: The public trustee is outside our whole-of-government fund account partly because the public trustee deals with non-government money. We have left that out to avoid the perception that we are somehow imposing government direction in that space for money that is not ours.

THE CHAIR: Why do we have two separate funds, one for uninsured people and one

for a collapsed insurer? If we are talking about small numbers of claims, is it overly bureaucratic to have two funds?

Mr Osborne: It is basically because the source of the money is different. For the uninsured employer fund we levy workers compensation insurers and self-insurers every year.

THE CHAIR: What is the levy?

Mr Osborne: It is 2.9 per cent of the premiums they collect. The collapsed insurer fund was—

THE CHAIR: Is this an HIA—

Mr Osborne: That is right., so the money was initially provided by government. The source of the funds is different and that is why we run two separate funds.

THE CHAIR: As to the levy for uninsured people, how do you get to the 2.9 per cent figure? Who advises on the figure? Is that an actuarial decision?

Mr Osborne: Yes, we have an actuarial assessment of the fund every year. Ultimately the fund manager with advice from the fund advisory committee would set it, but in practice the fund manager follows the advice of the actuary.

THE CHAIR: The fund management in relation to the uninsured employees fund is managed within government, but the collapsed insurer fund is managed through the public trustee, is that right?

Ms Pritchard: Both investments are with the public trustee.

THE CHAIR: Why is that?

Ms Pritchard: Because they are both considered external moneys.

MS CODY: I note your actuarial services are provided by Taylor Fry consulting actuaries. Is there a reason you chose them?

Mr Osborne: Yes, we went out to the market and they had the most competitive quote.

MS CODY: I know for procurement stuff that we often have panels for certain things but we do not for actuaries?

Mr Osborne: No.

Mr Nicol: We procure quite a fair range of actuarial services and we have looked at centralising. That subject is still under active consideration. We did not see a great deal of advantage in centralising it under a one service provider model, but a panel might be something we look at in future.

Mr Strachan: I can confirm the Under Treasurer's statement that we are looking at a new professional services panel, and actuarial services will be covered in the commissioning of that panel when it is approved.

THE CHAIR: Mr Nicol, why did you think it was not a good idea to have a whole-of-government actuarial service?

Mr Nicol: One of the models we considered was having one contractor provide all actuarial services across a number of users. We found that actuaries are not all the same and they provide slightly different skill sets. We have different actuaries who are expert in medical negligence versus CTP versus lifetime care et cetera. That was one of the main reasons. The other was just a matter of timing, so lining up all the contracts as they rollover. The costs of the transition would not have been huge but more than the benefits we thought we might get.

THE CHAIR: There are no more questions. The committee is suspended until 2.30.

Hearing suspended from 1.54 to 2.31 pm.

Appearances:

ACT Audit Office

Harris, Mr Michael, ACT Auditor-General
Stanton, Mr Brett, Assistant Auditor-General, Performance Audits
Sharma, Mr Ajay, Assistant Auditor-General, Financial Audits
Smith, Ms Caroline, Senior Director, Professional Services

THE ACTING CHAIR (Ms Cheyne): We welcome the ACT Auditor-General and officials. Do you have an opening statement?

Mr Harris: I did not think we were doing opening statements this year.

THE ACTING CHAIR: No, ideally not, but I think it is part of the script.

Mr Harris: No, other than to say, as always, that it is a pleasure to be here. We stand ready to answer whatever questions the committee wishes to pose.

THE ACTING CHAIR: The annual report shows that the average period for completing performance audits was 7.3 months in 2018-19, just shy of the seven-month target. How challenging is it for the office to work through these audits efficiently, particularly with the target of seven reports per year, which is quite a decent target? I know you are a small but effective team.

Mr Harris: That particular statistic for that particular year was influenced by one audit which went for an excessive amount of time. I will ask the Assistant Auditor-General to fill you in on the detail in a minute. In respect of hitting the average, had it not been for that one particular audit, which took more than 12 months because of a number of factors which I will get Brett to outline in a minute, we would have hit the target quite easily.

The average is about seven months. But inherent in the program is a desire on our part to mix up the larger, more complicated audits with the smaller, more targeted ones. The construction of the process is designed to try to do that. That is one of the ways in which we manage hitting that time frame target. I will ask Brett to give you the detail of that one audit that caused us the difficulty.

Mr Stanton: That audit was the referral for vulnerable children. That went for over 17 months. That was due partially to the complexity of the audit subject matter itself and to some departures by senior officers in the audit team. It meant that there was some turnover in the audit team that caused inefficiencies in the conduct of the audit and the time frame associated with that.

I suppose that is potentially a challenge in a small office. The departure of key personnel in the audit team has that effect on the conduct of an audit. We certainly try to plan for that. We try to mitigate that. We have a number of people on an audit team for any given audit. However, with that particular audit, given the subject matter and the cross-agency nature, it meant that it took 17.1 months in total.

Just to support what Michael said, as I recall it, I believe that another three to four audits were conducted in less than five months, which meant that four audits were conducted in less than five months and one audit was 17 months, which left another two that were in that five to seven month range.

Mr Harris: It is probably fair to say that we will experiment a little over the next two years because, with the additional appropriation that the Assembly has given us, we are moving to eight this year and nine next year. So we have been staffing up in order to meet that target. We have been through fairly successful recruitment programs in the last two or three months in particular. Having said that, we still need to manage the teams and make sure that we can hit that target and, indeed, probably revalidate that target over the next couple of years. Our benchmarking with other jurisdictions tells us that that is a reasonable benchmark and we perform well against it, compared to other jurisdictions.

MS LAWDER: I refer to your performance audit methods and practices or, as I like to call it, PAMPr. Have you made any significant updates to them?

Mr Stanton: No, I would not call them significant changes or updates. We have made—

MS LAWDER: Minor tweaks?

Mr Stanton: That is right, yes.

MS LAWDER: Such as?

Mr Stanton: We have made minor tweaks to some of the templates, as I recall. For example, we go through a quality assurance review process every year. Two of our audits get picked up through the quality assurance review. Those reviews have identified that we have been doing audits effectively and appropriately and that we do them well. But there are always areas that are identified for potential improvement and enhancement. As I recall, this year there was a recommendation about considering earlier and more effective auditing of risks. So we gave that some consideration. I think we have updated the risk assessment template and the process associated with the PAMPr, the risk management.

Mr Harris: We are also in the middle of the strategic review at the present time, the once every cycle review. I would expect some recommendations to come out of that in relation to methodology and the way we go about doing things.

MS LAWDER: Are your performance audit methods and practices for your internal use? Do you apply them to the other agencies or directorates that you audit?

Mr Stanton: No, that is our manual or our method for the conduct of our audits. It guides the audit team, the engagement leader, contractors and other staff that we use for the conduct of the audit. We conduct those audits against that method. That is certainly how we do our audits. It embodies all of the guidance and instruction that teams need to follow with reference to the Auditor-General Act and the other legislation. It also covers standards, with reference to the ASAE 3500 standards that

we have signed up to follow.

Mr Harris: That is the Australian accounting standards and auditing standards.

Mr Stanton: The method consolidates and adopts all of those requirements. We put it into a form. There are seven modules to it that follow the conduct of an audit, from foundational policies through to strategic planning and the conduct of the audit reporting and follow-up, for example. That is very specific, appropriate and focused on our office and the way we do our audits.

MS LAWDER: With your financial audits of directorates, have you identified in the past year any systemic deficiencies, anything common across a couple of directorates that is an issue?

Mr Stanton: I suggest that Ajay answer that question in relation to financial audits.

Mr Sharma: There is a summary report that we provide to the Assembly relating to the financial audits and the results of those. There is a chapter on audit findings. There are some findings that we report in there. There are three categories that we use generally for reporting: governance, internal controls and reporting. For example, one of the common themes that comes across in terms of internal controls is review of salary reports. We find in agencies that, in terms of getting assurance on payroll and the amounts that are paid to employees, there is a report that is produced that goes to the cost centres, the heads of the areas, to have a look at those reports. They get reviewed and signed off.

Sometimes we find that there is a review done but there is no evidence of a review of those reports. That is something that is consistently coming across. In terms of how we sample and how we do testing, we pick different cost centres every year. A matter might get addressed for one cost centre but it may not come across for the other cost centres. That is one of the areas.

Another common area tends to be when we are testing supplies and services expenses. Normally you would expect some evidence for satisfactory receipt of goods and services. As an auditor, we would be looking for some written or documentary evidence relating to that requirement. Sometimes we find that is not consistently performed.

THE CHAIR: I go back to something Mr Stanton said. You said that every year two of your performance audits are evaluated to see whether they comply with the methods and practices. Who determines that and how is it determined?

Mr Stanton: We have a quality and assurance technical manager in the office. That person has run that quality assurance program for both performance audits and financial audits. That person has always selected the audits for review each year. I understand that they try to get across different team members and engagement leaders to get that breadth across the team.

THE CHAIR: It would be more about who was doing the audit so that everyone is reviewed over time?

Mr Harris: And the risk profile of the audit as well.

THE CHAIR: And the risk profile of the audit?

Mr Harris: Yes, probably more the risk profile than anything else.

THE CHAIR: How do you determine the risk profile of the audit?

Mr Harris: Detailed risk assessment at the beginning of the audit, which I will get Brett to take you through.

Mr Stanton: At the commencement of every audit we go through a risk management process. We have a template for that, which we reviewed and updated, following some quality assurance review findings. We go through it and we identify an audit. There is further guidance in PAMPr, for example, as to those higher risk large audits, audits that might be medium-risk and low-risk audits. I do not think we have identified any low-risk audits over the past few years, or conducted any low-risk audits. There certainly have been medium-risk audits and high-risk audits.

Mr Harris: The complexity, the technical nature—those sorts of questions come into play—whether we need expert assistance or whether we have enough nous and expertise. Those sorts of questions all get looked at.

THE CHAIR: Would you necessarily conduct audits which you consider are low risk or do you do the risk assessment after they are already on your schedule?

Mr Harris: Yes, we identify subject matter or trends. Sometimes what piques my interest is sufficient. Then there is a scoping study. We actually go through that process to try to work out whether there is an audit there in the first place and, if there is, whether it is auditable. Having done that, we then go about assessing the risk and those sort of things.

MS CODY: Talking about audit reports, do you do anything to standardise annual reports as part of your work?

Mr Harris: The answer is yes and no. The format of the annual reports and the way they are structured is not technically our responsibility, or not directly our responsibility. We have conversations and partnership arrangements with treasury and the Head of Service about things like decluttering, standardising, complementarity with standards and those sorts of things. They are discussions that Ajay has on a regular basis. But, at the end of the day, we audit the result; we do not have direct input into the creation of the object which is being audited, for obvious conflict of interest reasons.

MS CODY: You talk about health and wellbeing initiatives in your annual report. You talk about free flu vaccinations, improved hygiene, and equity and diversity contact officers. What about mental health?

Mr Harris: That is a significant part of what we do. I have a particular interest in that

area. I have made certain that we have support programs in the office to deal with staff who may be suffering from those sorts of issues. We have appointed a mental health ambassador within the office, as most of the rest of the sector has done. Caroline looks after the program; I will get her to give you the detail.

Ms Smith: We also have a standard mental health first aid officer. One of our staff attended the training for that. They are now another position within the office which staff are able to go and speak to, should they require any support. As the Auditor-General said, it is something that we have focused on, definitely.

MS CODY: You have one specific staff member trained?

Ms Smith: Yes.

MS CODY: Do you have other staff members that you would look to to provide support, particularly from a management perspective?

Ms Smith: Yes. As the Auditor-General said, we have appointed a mental health champion as part of the new program that has been rolled out. That will be another avenue. I look after the corporate services area, the human resource area, as well. And obviously there are the services available to all staff in terms of the EAP or injury management through Chief Minister's, et cetera.

Mr Harris: I take personal responsibility for those issues. We have had three specific instances this year where I have personally intervened to manage those processes. I will not give you the detail, obviously. We have, at my insistence, specific support programs that staff can access, which we pay for. That is voluntary. We make them available if staff choose to accept them and participate. So far they have, which is good.

The general philosophy is to make the point within the office that it is a disease—it is a health issue; it is no other sort of issue—and it is treated accordingly. It is treated very softly and very confidentially, but it is treated immediately whenever we become aware.

MS CODY: Can you remind me how many staff you have in the office at the moment?

Mr Harris: The headcount is around 40 at the moment.

MS CODY: Forty FTE?

Mr Harris: No, 40 heads. The FTE is probably 38 or thereabouts. I am being approximate because we have just recruited. We have another person starting in about three weeks time, so the headcount is—

MS CODY: That is why I am taking it as approximate numbers. I will not hold you to them.

Mr Harris: My fallback is that it is today, not the date of the report.

MS CODY: Will you be improving over the next 12 months? It sounds as though you have some great initiatives there. You have spoken about health and welfare initiatives being something that you like to focus on in the office. Will the mental health side of things also be one of those things that you focus on and roll out more generally?

Mr Harris: Absolutely. The person that we have appointed as health ambassador has a particular interest in that as well, a personal interest. There will be a range of things that we look at as we go through the year and embed into the organisation so that they become a permanent part of the way we look after our people.

THE CHAIR: Do you envisage that there will be any change to your role as a consequence of the appointment of the Integrity Commissioner? Have you had any discussions with the incoming Integrity Commissioner about your role?

Mr Harris: I have had an initial discussion with the commissioner; indeed, he has had similar discussions with other statutory officers. We have agreed that we need to sit down and work out the rules of engagement, for want of a better description.

Part of that discussion is preserving the independence of each individual role and making sure we have the boundaries set properly. But it is also making sure that those who seek to access public interest disclosure arrangements, representation arrangements, corruption arrangements or whatever it happens to be, on the one hand do not go shopping around to find the best way in which to prosecute their argument but on the other hand find that there are still sufficient options available, and easily available, for people with legitimate concerns to be able to raise them with the appropriate people.

If I can use a digital analogy, the front office needs to be there to accept the question; the back office needs to work out where that question needs to go to be best addressed and how you can do that in the quickest and most efficient way. That is the flavour of the discussions that we will have once he gets his feet under the table and gets settled.

THE CHAIR: But at this stage you do not see any substantial change to your current role in practice?

Mr Harris: I do not believe so. In terms of representations and public interest disclosures, the challenge we always have is determining whether it is a public interest disclosure or a representation, or something potentially more substantial than either of those two things. If it tends towards the corruption side of things, it is not my province. I see the availability of the commissioner and the commission to deal with those things as a bonus for us to be able to better deal with some of the things that fall between the cracks as far as my legislation is concerned. I think we will get a good result and a good outcome. I am not concerned about it at all.

THE CHAIR: Do you think that there will need to be formal referral protocols? As you say, you do not look at corruption, but the Integrity Commissioner will.

Mr Harris: That is part of the discussion that he and I—and my colleague the

Ombudsman here, the Public Service Commissioner, and a couple of others, just to name a few—need to have to sort out how we formalise those things without impinging upon the independence clauses that are in each of our pieces of legislation. With goodwill on all sides, I am sure we can deal with that in an effective way.

If the worst came to the worst and we needed a legislative fix because we hit some problem along the way, I am sure we would collectively come to the relevant parties, present the problem and, hopefully, present a solution at the same time. I am not expecting that to be the case; I am sure we can work out administrative arrangements that will satisfy everybody's concerns.

MS LAWDER: With the percentage of recommendations from financial audits, your target was 95; you just missed it, with 89 per cent. We go through this maybe every year. Once again, how are you working with directorates to increase the percentage of recommendations that are accepted?

Mr Sharma: Basically, we engage with the agencies when we come up with a finding. We talk to the agencies to get agreement in terms of the finding. We then work through the recommendations and the implications. Sometimes we find that, while there is agreement in terms of the finding, there would be differences about how the recommendations might get implemented. Sometimes the agency might want to take some time to do another review themselves before they proceed with the implementation of the recommendation, in which case they might say, "Agreed in principle," or they might say, "Partially agreed," or they might say, "Noted." In those instances it gets captured as such.

Normally, there is not a difference of opinion on the finding itself; it is about how the recommendation might get implemented. There are one or two instances where you might get differences in interpretation of accounting standards, for example. In those instances where the impact is not going to be material to the financial statements, and there is not a significant enough impact to make changes to the statements, we would make the recommendation and there would be risk management from the agency's side. They might feel it is not going to have a significant impact; therefore they might not implement that recommendation. In that case we might get a disagreement. As an audit office, we still have a responsibility to report it, because that is something that needs to be assessed on an annual basis. We will engage with the agencies again as part of the planning process for the following year and we will go through the same process.

MS LAWDER: With the 89 per cent this year, does that only apply to the past year's audits or is it a rolling, historical figure?

Mr Sharma: It is a rolling figure.

MS LAWDER: If some recommendations never get taken up, you might never reach your target?

Mr Sharma: Yes.

Mr Harris: I will give you an example. Typically, with computer systems we would

make a recommendation where there is an issue with password protection or something of that sort. The agency might come back to us and say, “Yes, we understand that and we appreciate that, but we’ve got a major software upgrade coming in two years time and it’s not cost effective to make the change now, so we’re not going to do it.”

MS LAWDER: Is there any way to tick that off once their new software comes in?

Mr Harris: If it becomes material then we would escalate the matter. If it is not material, as Ajay said, we will continue to report it, but until it hits a materiality milestone, we are probably not going to get too agitated about it. If it is a fob-off excuse of some sort, we will get agitated about it and we will do something about it. But there are some practicalities involved in some of these things. The fact that we continue to report them and that you continue to ask the question is an important part of that process, because we are not saying, “It’s okay; we’ll leave it alone. You can just get away with it.” That is why we continue to report it.

MS LAWDER: So they might accept 100 per cent of this year’s current recommendations but there might be two that are rolled over?

Mr Harris: Yes.

Mr Sharma: Yes, and sometimes there is the example that I mentioned before, in terms of looking at annual reports. The particular cost centre might have addressed the issue, but the sample size could be such that we would have picked another cost centre, where it continues to present a problem, in which case it will still be an issue for reporting for the following year.

THE CHAIR: Could I drill into that, specifically? There has been a longstanding Auditor-General’s recommendation about generic logons, particularly in relation to Health. What is the audit office’s view about the application of that recommendation?

Mr Harris: We continue to report it as a deficiency, and we will continue to report it as a deficiency. I am aware there might be other matters going on there that perhaps could resolve the problem; we have not got to the bottom of that yet.

THE CHAIR: When you report something like that as a deficient issue which has been going on for six or seven years, how often do you have a conversation with the agency about whether they are going to rectify this?

Mr Harris: Each year, when we go through the audit process.

THE CHAIR: You say that you think there is something in the offing that they are not telling you?

Mr Harris: As we gain more information and more evidence, we are asking deeper questions. If we do not get satisfactory answers to those deeper questions then we will escalate the manner in which we report the matter.

THE CHAIR: Would you only escalate the manner in which you report it or would

you go back in and perhaps do a performance audit in that space or something like that?

Mr Harris: Certainly, if we think the matter is not being dealt with sufficiently or we are not being given sufficiently robust responses, yes, we will broaden the scope of the way we audit and the areas that we audit, the subject matter that we audit. It is not beyond our remit to do a specific financial audit, either, if we choose to do so.

THE CHAIR: Are you satisfied with the agency's response in relation to generic logons?

Mr Harris: No.

THE CHAIR: I presume that, if you are not satisfied, you have conveyed that to the agency?

Mr Harris: We are in discussion—

THE CHAIR: More than once.

Mr Harris: We have not raised the matter with the agency at this point in time, but we are investigating pieces of information that suggest to us that they may have a solution which they are not implementing.

THE CHAIR: Thank you very much for coming along today, Mr Harris and officials. The usual things will apply. There will be a transcript provided and any issues that arise from the transcript should be referred to Dr Lloyd in the first instance.

Mr Harris: All right. Thank you, chair.

Appearances:

Office of the Commonwealth Ombudsman
Manthorpe, Mr Michael PSM, ACT Ombudsman
Hinchcliffe, Ms Jaala, Deputy Ombudsman
Macleod, Ms Louise, Senior Assistant Ombudsman, Program Delivery Branch

THE CHAIR: The committee welcomes Mr Michael Manthorpe, the ACT Ombudsman, and his officers to the table. Could you indicate that you have read and understood the privilege statement?

Mr Manthorpe: Yes, thank you.

THE CHAIR: FOI is a topical issue at the moment, and some of my colleagues and I are becoming frequent flyers. Have any directorates applied to you for an extension of time under the act? We are aware of at least one directorate that routinely requests an additional 45 days on top of the statutory time frame and asks applicants to respond if they do not agree to that application. Have there been any requests for extensions under the statutory time frames?

Mr Manthorpe: Yes, there have. In 2017-18, for the first six months of the year—the first six months of the operation of the scheme—we had one, and in the first full year of 2018-19 we had six applications for extensions of time.

THE CHAIR: Is that blanket extensions of time or individual extensions of time for individual requests?

Mr Manthorpe: I would think they would be individual extension requests.

Ms Macleod: Yes, they are for individual access requests.

THE CHAIR: Are they from the one agency?

Ms Macleod: I would need to take that question on notice and provide you with the details.

THE CHAIR: Could you provide us, on notice, with the agency or agencies that have requested extensions of time and how big they are?

Ms Macleod: Yes.

THE CHAIR: And you are not aware of a blanket approach?

Ms Macleod: No; they are on individual matters.

THE CHAIR: If somebody makes an FOI request and they immediately get a response back asking for an extra 45 working days, what recourse does the applicant have? They can say no or they can be obliging and say yes. If the applicant says yes, does that still have to go to your office to be agreed to by you?

Mr Manthorpe: No, I do not think so. There is a step at the agency level; an applicant can seek an extension of time from the agency. If that is all that happens, we will not have visibility of that.

THE CHAIR: But if the applicant does not agree and the agency still wants to get a 45-day extension, they would have to come to you?

Mr Manthorpe: Yes; that is right. They would have to come to us or, alternatively, if they simply do not succeed in processing the application in the amount of time available, the agency will have to come back to us with a section 39 decision notice. The agency would have to, in effect, fess up that they had not completed processing the application in the available time by virtue of a notice that comes to us, and which I think is also tabled in the Assembly.

Ms Macleod: It is also important to note that ACT agencies are not currently required to report to us how many extensions of time have been requested and how many times they have granted or actioned those requests.

THE CHAIR: But the agency makes the decision about whether they need extensions of time.

Ms Macleod: Yes. There is no obligation on them under the legislation at the moment to report to us on that, but we will be collecting that data from 1 July.

THE CHAIR: So you have started to collect that data?

Ms Macleod: Yes.

THE CHAIR: Have you seen any data, or is it a quarterly report?

Ms Macleod: It is quarterly.

MS LE COUTEUR: You said they do not have to report extensions of time. What about changes of scope? Apart from extensions of time, we usually find when we put in for something that it comes back saying, "Well, you asked for this and we'd like to give you this." They offer a lot less than what was asked for.

Ms Hinchcliffe: Again, agencies are not required to alert us at the point at which they are making decisions that they have negotiated as to scope. If a matter comes to us for review we might also go through a negotiation with both parties as to scope, an informal process to try to have the matter resolved, with documents either being provided or a better explanation of why documents cannot be provided before we go through the formal review mechanism.

MS LE COUTEUR: I have in front of me attachment A, section 67, of the FOI annual report and I am looking at page 10, which shows a graph and the results of your 840 decisions on access applications. It is depressing that full access was given for only 18 per cent. There has also been a substantial increase in requests. Do you think this is a bedding-down period and that things will improve, or do we need more

changes to the legislation?

Mr Manthorpe: Yes, I think there is a bedding-down process. We see similar things with respect to reportable conduct, which is another one of those topics we have picked up some responsibilities for in recent years. Agencies have to learn how a new set of legislation works and what their obligations are with respect to it.

In respect of FOI, I suggest that the fact that more decisions are being made and that most of them are being made within the statutory time frames is the upside, but the data you have highlighted is, as we have said elsewhere in our report, a matter of concern. This Assembly has passed a piece of legislation wanting FOI laws that have a pro-disclosure bias and it is a matter of concern that 18 per cent seems to be a low number. Of course, inside that on any given matter there may be good reasons why matters have not been disclosed, but 18 per cent is a number you would want to see increase over time.

MS LE COUTEUR: What do you think is the way forward? Do the agencies need more staff to deal with it? Do they need more training on the idea that the presumption is disclosure? Do we need further legislation?

Mr Manthorpe: I am glad you mentioned this report because it is the first time we have tabled, through the Speaker, such a report and I am glad it has been picked up. I do not think there needs to be legislative change. There has been legislative change—the new act was introduced and since then further legislative changes have come into effect just in the last few months, I think on 1 July. So there have been legislative changes to try to make the scheme a little more workable in terms of some of the time frames and so on. I do not think there is a legislative problem; I think a shift in behaviour needs to follow over time, with the change in legislation. You can call that a cultural shift, if you will. I think there is still a little way to go there.

In terms of what we can do about it, we are continuing to work with all of the agencies in terms of forums for staff who are making these decisions, awareness-raising, training and that sort of thing. I hope, too, that the review decisions we are taking will help inform better decision-making. We are starting to create a volume of review decisions. Sometimes members of the Assembly have sought a review of decisions and we have said, “Well, you know what? Yes, they could have given a bit more out here, albeit that there might be an appropriate exemption there.”

We are working through those in good faith and gradually producing further and better guidance in the form of decisions and further and better guidance in terms of guidelines for all the agencies. We are doing what we can. I think the agencies are engaging with that in good faith, but a change still needs to be progressed.

THE CHAIR: Following up on that—that there is often inconsistency in approach across agencies, that you might make a direct request for documents across agencies and one agency will come back with everything, except names and phone numbers deleted, and others will come back with a range of things that cover similar documents that are exempt—what can be done at your level to inculcate a better sense of consistency across the board?

Mr Manthorpe: I can think of two things that we have commenced doing and we will continue to do. One is to produce guidance for agencies that is a bit more comprehensive. To start with, there was the act. We are now in the process of producing a set of volumes on different facets of the administration of the act. Two of those are now out publicly. The next two, then the following two—there will be six in all—are in the process of being produced and we will have them done in the course of this financial year.

THE CHAIR: When you say “volumes”, it is not like Britannica or something like that?

Mr Manthorpe: No.

Ms Macleod: In developing the guidelines we have done some extensive consultation with the directorates and with agencies, in our practitioners’ forum, to make sure that they are practical guidelines and are not *Encyclopaedia Britannica*, and that they also provide templates and hacks, or tips, in terms of how directorates and agencies can meet their obligations under the legislation.

Mr Manthorpe: The other thing I was going to mention is the fact that there is a formal review process available. If you or anyone else thinks that they identify decision-making that is simply too restrictive, a review from us would be one way in which a light could be shed on it and, hopefully, improved practice occur.

Ms Hinchcliffe: We also run, as Ms Macleod just said, practitioners’ forums, where we bring together practitioners across the ACT to talk about various issues. If you saw some decision-making that you thought showed different considerations, we would be happy to look at that and talk about that at the practitioners’ forum, to bring some consistency. So we are happy for you to discuss those with us in that—

THE CHAIR: I might take it up with some of our staff who are better at this than I am.

MS CHEYNE: I want to talk about complaint rates. I am aware of ACT Policing consistently dropping, and total complaints received is pretty steady from last year. But I note that there has been an increase from last year in total complaints received about ACT agencies, noting that it is still pretty consistent with about two years ago.

Page 10, on the largest number of complaints received, has a breakdown about the directorates, then page 11 has a breakdown of some of the specific agencies as well. I appreciate that there is a table with the complaints received in appendix 1.

I am interested to know how complaints are trending year on year between agencies. Does that make sense? I see that complaints have trended up for ACT directorates and agencies overall. But has CMTEDD in the last three years been the majority? Or was the order last year JACS, then CSD and then CMTEDD? Does that make sense?

Ms Hinchcliffe: I cannot give you the figures in relation to the last three years, but we do have figures for the last two years.

MS CHEYNE: Okay; that is a start.

Ms Hinchcliffe: I am happy to take three years on notice if you are interested in that. In 2017-18 CMTEDD had the largest number of complaints for the directorates, and that was 98, compared to 114 this year. The second largest last year was Community Services, at 89, and it was 93 this year, a slight increase. Our third largest last year was Justice and Community Safety, which was at 84, compared to 78 this year. ACT Policing sits in there as well. Last year it was at 98, compared to 61 this year.

Mr Manthorpe: Just to break that down a bit further, to give you a sense of what those complaints might be about, a good number of the CMTEDD complaints are about Access Canberra, so about direct service delivery type questions that Access Canberra engages in.

MS CHEYNE: I do see that mentioned.

Mr Manthorpe: A good number of the JACS complaints are about AMC, the prison. And a good number of the Community Services complaints are about housing. They are three stand-out ones.

MS CHEYNE: With Access Canberra, I presume this is not people complaining about fix my street; it is more people complaining about the regulatory function that Access Canberra provides?

Ms Macleod: Yes; it is generally around building and planning issues, and the revenue office.

Mr Manthorpe: We have been doing some work with them to try to improve the way they handle complaints. People get to the Ombudsman because they are not happy with how their complaint has been handled somewhere else, quite often.

MS CHEYNE: Do you mean they have an experience with Access Canberra, they are not satisfied, then they complain back to Access Canberra, then they are not satisfied with that, so they go to—

Mr Manthorpe: Yes, and that is when they end up with us. One of the things that we have been trying to do is work with agencies to lift their complaint-handling capability, because they have a lot more capability than we do. We are spread thinly across the whole show. We have been working with the land and planning people, the Access Canberra people and so on, on that very issue.

MS CHEYNE: Has that been working, if we have had an increase of nine per cent in the last year?

Mr Manthorpe: I hope it will work in the years ahead. It is something we have been focusing on with them in the last six months or so.

Ms Macleod: In respect of building and planning issues, for example, we know, based on some investigations we have done, that Access Canberra has now stood up a complaints team specifically to handle those complaints. So, yes, as the Ombudsman

has indicated, we may see a downward trend this financial year.

MS CHEYNE: What is the nature of the advice that you give? Is it to be calmer, nicer? Listen better? What sorts of training are you providing to these agencies to make them more capable of handling complaints?

Ms Macleod: When it comes to complaint handling generally, it is around the fundamentals of complaint handling: making sure you acknowledge the complaint when it has been received; regular communications with the complainant about the complaint-handling process, what to expect and the time frames in which they can expect to receive a response; and then providing reasons for your decision when you decide to take action in response to the complaint and either finalise it or have no further investigation into or response to the complaint.

We are providing a complaint-handling program, an education program, that we can tailor to agencies. We have one coming up on 5 December for ACT directorates. As of yesterday, of the 25 places available, 18 have been filled by ACT agencies. I think there are a few from Access Canberra, but I would need to confirm that, who are attending. We can tailor those education sessions specifically for the agencies around the types of issues they are struggling with when they come to doing good practice complaint handling. The session on 5 December is more general in terms of complaint-handling best practice and not specifically tailored to individual agencies.

MS CHEYNE: But you would provide that if you saw the need or if they reached out to you?

Ms Macleod: Yes, we can provide that.

Mr Manthorpe: Absolutely.

MS CHEYNE: Do people ever complain to the ACT Ombudsman about the ACT Ombudsman?

Mr Manthorpe: Yes. We—

MS CHEYNE: Do you form part of those complaints, of those agencies that are captured?

Mr Manthorpe: No, I do not think so. But we do report, I think, in our Commonwealth Ombudsman annual report on the numbers of complaints we get about ourselves and the numbers of reviews we do ourselves. You can imagine that when people who are unhappy with a service or outcome they get from a government agency get to a point where they come to us, sometimes we can help them and sometimes, frankly, we cannot. We discover that the agency has in fact taken a decision that was lawful, that was open to them or what have you, or a person was not eligible for something or whatever it might be. All of my staff try very hard to communicate those outcomes to people in a way that is sensitive and reasonable, but nevertheless some people remain aggrieved and think that we are part of the problem as well. That is just a reality of this line of work.

MS CODY: You mentioned agencies. I am assuming housing goes under those agencies. What about OneLink? OneLink is not a government agency. It is funded through the government agencies. When you are looking for a house, you have to go through OneLink. I was not sure if OneLink was captured in your investigations on complaints.

Ms Macleod: We may not have broken it down to that level. When we receive complaints about Housing ACT, if it is about getting on housing lists, we look at that, but we have not broken it down to OneLink. I can take that on notice and we can have a look.

MS CODY: I am not so fussed about the number of complaints, but I would like to know if OneLink is a service that you include in your complaints-handling role.

Ms Macleod: We will take that on notice.

MS LAWDER: I want to ask about FOI requests that are refused. Cabinet information is 43 per cent of refusals; prejudicing the economy of the territory is 33 per cent; prejudicing trade secrets is 26 per cent. They are essentially judgement calls on behalf of the government of the day. Do you look at the reasons for refusal?

Mr Manthorpe: When we are asked to do a review, yes. Could I just clarify one thing with you? What did you say was the 47 per cent number?

MS LAWDER: I said 43 per cent cabinet; 33 per cent prejudicing the economy of the territory.

Mr Manthorpe: It is important to note that I think you are quoting there from the report we tabled in the Assembly. Much to our own disappointment, we discovered a data error in our own report, which we have corrected in a subsequent version of the report that has since been tabled in the Assembly.

MS LAWDER: Which would now be?

Mr Manthorpe: Prejudicing the protection of an individual's right to privacy is the 47 per cent number; prejudicing trade secrets, business affairs or research of an agency is 12 per cent; cabinet information is seven per cent; prejudicing an agency's ability to obtain confidential information is four per cent; legal professional privilege information is four per cent.

MS LAWDER: The question remains.

Mr Manthorpe: That is right, but thank you for giving me the opportunity to make sure that the right numbers are on the record. We do look at the way in which agencies apply the various tests when we are doing a review. We do not, as a matter of course, have the capacity to review every single decision that is made, so the data there is gathered from a selection of the agencies. When a member of the public asks us to review a decision, we do look at whether the right exemptions have been applied, and whether they have been applied appropriately or not, and we can make binding

findings on that.

MS LAWDER: How many appeals for that review have been successful?

Mr Manthorpe: We have some data on that.

MS LAWDER: In full or in part.

Ms Hinchcliffe: We have had 43 finalised within this financial year. In 13 the decision has been confirmed; in 11 the decision has been set aside or varied; in three it has been closed due to insufficient information; in two it has been closed due to no reasonable prospects of success; and in 14 it has been withdrawn. The withdrawn matters are usually matters where we have negotiated with both parties to come to an agreed position; at that point the applicant withdraws the review.

MS LAWDER: Do you have any figures on how many people, after they receive a refusal, just give up and do not appeal or request a review? Do you know?

Mr Manthorpe: I am not sure we have a figure on that, but it would be most cases, I think, because the review option is to come to us. As Ms Hinchcliffe just outlined, we have done 43 of those in 2018-19, and there were something like 800 FOI requests. So only a minority of requests go to review.

MS LAWDER: That seems to be the opposite of what the presumption to release should be trying to achieve.

Ms Macleod: I think it is safe to say that it is still too early for us to identify whether people are actually able to access information through open access in terms of the information they are after, as opposed to giving up.

Mr Manthorpe: All I would add is what I said a few minutes ago. I would agree with you that the figure of 18 per cent of FOI requests being provided in full looks, on its face, in a pro-disclosure context—

MS LAWDER: I know that I, and I am sure Mrs Dunne, face a constant battle. It takes a long time to get them.

THE CHAIR: In fairness, sometimes the partial release is the redaction of people's names and details.

Mr Manthorpe: Yes, that is right, absolutely.

Ms Macleod: Yes.

THE CHAIR: You have to be absolutely fair about that.

Mr Manthorpe: That is correct.

THE CHAIR: But sometimes the redactions are considerably more than that.

MS LAWDER: Where disclosure should be the default, not the exception, will you be, at the end of the year, making some recommendations or some conclusions?

Mr Manthorpe: I think our insights into this will grow over time. I would rather not speculate on how we choose to report on that at this stage. We will be keeping an eye on all of those issues.

MS CODY: In your annual report you suggest that reports on UC and CIT—the University of Canberra and the Canberra Institute of Technology—have been moved into a different annual report.

Mr Manthorpe: Have you got the page number there?

Ms Hinchcliffe: Is that page 45?

MS CODY: No, it was earlier in your annual report. On page 42, you say:

In previous years, complaints about the University of Canberra and the Canberra Institute of Technology were recorded under the Education Directorate.

Now they are recorded in your annual report.

Ms Hinchcliffe: We are still taking complaints on those issues; we are just not recording them in those appendices as being under the Education Directorate. We are recording those under appendix 2, and we have pulled them out. On page 45 we have individually pulled out the University of Canberra and the CIT. They are not being rolled up into the education department.

MS CODY: That makes more sense. It was a bit hard to understand. They were still sitting there and they were not making much sense to me.

Ms Hinchcliffe: It was rolled up before we unrolled it.

MS CODY: That is really what I was looking for. Now we can see the actual numbers of complaints against those two organisations.

Ms Hinchcliffe: Yes.

THE CHAIR: Mr Manthorpe and officers, thank you for your attendance here today. You will receive a proof *Hansard*. If there are any issues you wish to clarify, you can take it up in the first instance with the committee secretary, Dr Lloyd.

Appearances:

Burch, Ms Joy MLA, Speaker, Legislative Assembly for the Australian Capital Territory

Office of the Legislative Assembly

Duncan, Mr Tom, Clerk, Office of the Clerk

Agostino, Ms Julia, Deputy Clerk and Serjeant-at-Arms, Parliamentary Support Branch

Duckworth, Mr Ian, Executive Manager, Business Support Branch

Prentice, Mr Malcolm, Chief Financial Officer, Business Support Branch

THE CHAIR: I welcome Ms Joy Burch MLA, Speaker of the Legislative Assembly, and the officers of the Office of the Legislative Assembly to this afternoon's inquiry of the Standing Committee on Public Accounts into the annual report of the Office of the Legislative Assembly. I presume you all have read and understood the privilege statement.

Ms J Burch: Yes.

THE CHAIR: Thank you. Speaker Burch, do you have any opening statement to make?

Ms J Burch: No.

THE CHAIR: I begin where I began last year. I always like to be consistent. I refer to bullying and harassment. I notice there was an email from Mr Duckworth recently alerting people to the availability of courses in relation to bullying and harassment. What prompted this? It seemed to be quite a different tone from last year when I raised the questions about bullying and harassment. I was assured that there was nothing to see, that we had it under control and that everyone was respectful. Has something changed that we are now having courses about recognising bullying and harassment, and how to deal with it?

Mr Duckworth: Madam Chair, there are no particular concerns driving this, other than the fact that awareness within a workplace, particularly a workplace where there is quite a large churn of people, is important from our perspective. It is important to promote within the building and within the work site what is appropriate or inappropriate behaviour. We have acknowledged for some time that our policy is quite out of date. It is not necessarily invalid. It is just that it needs a refresh.

We are trying to use these sessions as an opportunity to kill two birds with the one stone. We are looking at an opportunity to promote to people in the workplace what our policy and approach is, but we are also looking for feedback through those sessions so that we can review and finalise the policy. To be honest, we had hoped to have had that policy reviewed by now but—

THE CHAIR: What are the pathways for people in this building who experience bullying and harassment? There are quite different workforces. There is executive

staff and non-executive staff—government, backbench and crossbench—and then there is OLA staff. What are the pathways? Particularly for you, Madam Speaker, what are the pathways for OLA staff to take up issues of bullying and harassment?

Mr Duckworth: I can start by saying that I think you have identified one issue that our policy will always need to reflect. Parliaments are unusual workplaces. We do not have typical organisational structures in place. It can be an issue that if people in this wider workplace are confronted by behaviour that they think is either unwelcome or inappropriate, they may choose to speak to their employing member, if they are employed by a member. They might seek to speak with a colleague.

We have a number of trained workplace harassment contact officers, although I think recently we lost one of those to another agency; so we have a vacancy to fill there. But there are, quite simply, a number of people who people could turn to within the workplace for guidance or support, but we would encourage people to report—

THE CHAIR: Is it well advertised? For my staff or for opposition staff in particular, or for staff in general, they may not want to take it up with their member but they may want to take it up somewhere else. Also, are there recognisable places? Can people type in “bullying and harassment” and find the names of a variety of people to whom they might take their concern?

Mr Duckworth: Yes, certainly on our intranet our phone list identifies those contact officers in the workplace. We certainly make sure that new staff that start in the Assembly, through an induction process, are provided with a range of information about the policy. Our HR people are, I think, quite visible in this workplace. They would be logical contacts in some instances, and as a referral point. But to pick up the point, our policy is quite out of date and one of the things that we would like to do is reduce its size and make it a more concise document so that it is something that can be more easily digested.

MS CHEYNE: The Clerk knows what I am going to ask about. It is our parliamentary performance report card.

THE CHAIR: You gave him notes?

MS CHEYNE: Pardon?

THE CHAIR: You gave notes?

MS CHEYNE: No, I asked about it before and he gave me some information. But I have more questions. For the benefit of members and Hansard, are you able to give us some background as to what this report card is and why it is produced?

Mr Duncan: As you know, the CPA puts out a set of benchmarks. There were 87 benchmarks when it was first put out. It has now gone up to 132 benchmarks.

Ms J Burch: I am yet to see an instrument that decreases in numbers—

THE CHAIR: Yes.

Ms J Burch: rather than go the other way.

Mr Duncan: In 2013 we hosted the Presiding Officers and Clerks Conference here at the Assembly. I thought it would be a good idea to simplify those benchmarks, so I came up with 10 measures of a healthy parliament. I am a big fan of benchmarks, as some members will know. I thought that 87 and 132 were way too much, so I cottoned on to 10.

I classed them into three categories. I do not think I have a copy of them here. However, there are three functions for legislatures. One is about legislation. We pass good laws for the territory, and every jurisdiction should aim to do that. We scrutinise the executive and we represent, and are accessible to, the population of the jurisdiction.

The first two are pretty easy to measure, I think. You have question times; you have committee reports; you have the number of bills passed and things like that. But representation is very difficult to measure. However, I was drawn to a question on notice that was asked by several members in the Fifth and Sixth Assemblies. In fact, I have the very first question here, because I was provided with a little notice. The first question was directed to the Chief Minister by Mr Mulcahy. He asked:

How many representations on behalf of constituents in this term of the Legislative Assembly were made to government ministers by each non-executive member of the Assembly?

Up until then I did not know that they kept that kind of statistic. But the Chief Minister's department logs every bit of correspondence that non-executive members write to ministers.

THE CHAIR: They presumably log everybody's correspondence.

Mr Duncan: They probably do, madam chair, but I was particularly interested this. I thought that was a useful measure. I have used that as one of my 10 measures, and I have been publishing that report card ever since. Of course, the context in which you are asking the question is that in the most recent review of Latimer House principles, Professor Halligan was interested in how parliaments engage with civil society and how parliaments engage with constituents. Every parliament tries to engage as much as possible with its constituents and we are all looking for new methods to do that. But I thought that was one way to measure it.

He has latched on to that particular measure and I understand it has been reported on. But it is just one measure. I would point out that the number of representations has gone up over the years. I am happy to give that figure to the committee but, yes, there are variances across the report card that Professor Halligan has given his viewpoint on. I understand some media have put their viewpoint on it as well.

MS CHEYNE: I appreciate the attractiveness of having a report card that is one page and that does not provide that further context. However, as it reads at present, any layperson, or even any MLA, who opens this up will see it simply says that for the

2018 year the average number of constituent matters dealt with by each member is 108. That is it. There is no further context about what this actually means, what this number of representations an average member has made to a minister means. I wonder whether the report card could perhaps be extended to a two-pager, with some further context given and some other measures.

Mr Duncan: Happy to be advised of any further performance measures and glad to expand, yes.

MS CHEYNE: I have one other question on measure No 5, scrutiny, in the 2018 report card. The percentage of questions on notice answered was 98 per cent, which is healthy. But another measure relates to legislation, the percentage of bills considered by the scrutiny of bills committee. It is 98 per cent, and that is reported as being very healthy. Why do two measures with the same score have different descriptors regarding their health?

Mr Duncan: Yes, that is very subjective. It is simply that our office puts some sort of measure on it. I will have to go back and look at the previous years to see whether we might have had 95 and we rated that as healthy or something like that, or not unhealthy. Can I take that on notice and get back to you?

MS CHEYNE: You may.

Mr Duncan: Again, it is trying to get a snapshot and a layman's sort of view of how the parliament is operating. Obviously, if governments do not answer any questions on notice, that is a very unhealthy situation for a legislature.

MS CHEYNE: No, I take the point. I just think that as the snapshot has currently been prepared—I do understand its utility but it is also the reputation of this parliament that is at stake when some different people look at it and see it without further context behind what different scores actually mean.

Mr Duncan: Perhaps an addition could be to identify what qualifies as a score that would give you a very healthy rating, what score would give you a somewhat healthy—

THE CHAIR: Absolutely.

Mr Duncan: That might assist, in addition to any suggestions for a two-page report. I can make that addition to it.

THE CHAIR: I would be interested to know what two per cent of legislation did not go to the scrutiny committee—

MS CHEYNE: Indeed.

THE CHAIR: because it is the general rule that all legislation goes to scrutiny.

Mr Duncan: Usually it would only be an urgent bill that just has to be passed. That is the only thing I can think of. Sometimes there is a bill that needs to be passed urgently

to fix something.

THE CHAIR: Could we have a look at what did not go to scrutiny in that period?

Mr Duncan: Sure, yes.

MS CODY: That is the first benchmarking of correspondence logged in the Chief Minister's office. What about those that do not formally write to the Chief Minister?

Mr Duncan: Professor Halligan, in his review, says:

This presumably understates the work of MLAs who receive communications from interpersonal contact and social media etc and have other means for attending to constituent needs.

It is just one measure of a number—

MS CODY: I am just trying to add to the point that—

Ms J Burch: For example, at a mobile office—and all of us have been at a mobile office—you respond to a simple inquiry by asking, “Have you been to fix my street?” From there on it goes to the fix my street portal and we are not necessarily writing to the relevant minister. It is a simple alternative fix.

MS LAWDER: I was looking at some of the sustainability figures. We seem to be having less recycled paper. Is there a reason for that?

THE CHAIR: I am glad you asked that question.

Ms J Burch: What page are we on?

MS LAWDER: Your sustainability figures.

THE CHAIR: While you are finding the page, particularly in relation to that, the recycling bins have gone from people's offices. There is the under-desk one, but there used to be a larger one.

Ms J Burch: The big cardboard one?

THE CHAIR: Yes. Where have they gone?

Ms J Burch: I still have mine.

MS CODY: I have never had one.

MS CHEYNE: I have never had one.

MS LAWDER: I had one and I have asked the attendants four times to get one back.

THE CHAIR: Mine has gone.

MS LAWDER: We want to put recycling paper in it and we do not have it.

Mr Duckworth: Advice went out, as I recall, earlier this year. Do not quote me; if it was not, it was late last year. We were trying to get the bins out of the corridors. They have been placed in—

THE CHAIR: No, not the bins in the corridor, the cardboard ones in people's offices.

MS LAWDER: The cardboard box in our office for recycling paper.

THE CHAIR: They have disappeared and my office has made a number of requests—

MS LAWDER: Me too.

THE CHAIR: to get them back.

MS LAWDER: We want to recycle.

MS CODY: Ms Cheyne and I are just saying that we have not had them in our offices, so there you go.

Ms J Burch: We will follow that up.

MS LAWDER: With respect to the percentage of recycled paper purchased, is there any reason for the change?

Mr Duncan: We will take that question on notice, Ms Lawder. You are referring to the paper and cardboard recycling, including secure paper?

MS LAWDER: Recycled content of paper purchased.

Ms J Burch: It is on page 51.

Mr Duckworth: We will take it on notice.

MS LAWDER: With the double glazing of windows project, how have you quantified the improvement? Is it through our energy bills?

Mr Duckworth: The project itself only concluded earlier this year. I recall it was in about March. During the life of the project, windows were being removed and replaced. We recall some instances in January, for example, where that work was being done on very hot days. What we have basically said is that during the works the amount of hot and cold air in the building was not normal. We have started taking some readings from about May this year, which is only a relatively recent thing. We think that from now on we will be able to get more accurate readings. But at this stage the indications are that our gas usage is down by about nine per cent and our electricity is down by about 10 per cent.

THE CHAIR: You will be able to quantify that—put a dollar figure against that at some stage?

Mr Duckworth: We have to be careful with dollar figures. We have been very focused on the amount of energy we are consuming, because if we do it in dollars the prices are rising all the time. If you compare the bill to the one for last year, it might be the same amount of money that we are paying, but we might have consumed less this year; it is just that we are paying more for it.

THE CHAIR: If you are down 10 per cent, you can quantify that in dollar savings.

Mr Duncan: Yes.

Mr Duckworth: Yes. Certainly, for May to September. In anticipation of some possible questions, we did some comparisons of electricity and gas bills from May through to the current time, and nine to 10 per cent was about the range of reduction.

THE CHAIR: In relation to the double glazing, what was the final cost of the project?

Mr Prentice: \$1.2 million was the final cost.

THE CHAIR: Have there been any warranty issues?

Mr Prentice: Not that I am aware of.

THE CHAIR: There were panels that had come off—the double-sided tape stuff—but that was during—

Mr Duckworth: During the installation we drew the contractor's attention to the fact that we discovered that the window frames were straight but the walls were crooked. They agreed, as part of their work, to fix those frames to the wall. But it was left until the end of the process, because the key issue was to get the actual glass installed. That has all been done. I am not aware—

THE CHAIR: It has all been done; has it all been draught-proofed and checked for draughts? There were a whole lot where they were not stuck all the way around.

Mr Duckworth: Certainly, the contractors, together with our facilities staff, did a walk-around and identified all of the areas where there was leakage, and they have been properly fixed to the—

THE CHAIR: Okay, great.

MS CODY: My question is about libraries. How does our Assembly library interact with other libraries? What work is being done?

Ms Agostino: We interact in a number of ways. We have some informal relationships with other parliamentary libraries. Our new Assembly librarian is very active in that space. At the moment they are at the parliamentary library conference in Hobart, so

they do that as well. There are also some other formal relationships. I would have to get the names of those associations for you. I am not good with acronyms.

MS CODY: What about ACT libraries? Do they only interact with other parliamentary libraries or do they interact with ACT libraries?

Ms Agostino: We interact with ACT libraries in that we use the library management system that ACT libraries have. I understand that is because of the genesis of our library, having been part of ACT libraries once upon a time. But we provide a different service and we perform a different function. We are not a public library. A member of the public cannot come in and use our materials, and we do not do research for anyone.

We do provide a service to the public service. As members, you might have accessed the library and had research done for you. We also do that for the ACT public service. So we interact in that sense. Otherwise, in terms of perhaps sharing materials or information with ACT libraries, it is fairly limited to the arrangement that we have around the library management system.

MS CODY: I would be interested to see the organisations. Obviously, we share with other state parliaments around the country, but what about in the commonwealth? We are part of the CPA. Do the libraries interact in a similar kind of process? Do they get to talk to—

Mr Duncan: There is not a commonwealth parliamentary libraries association, as far as I am aware. I know that, for instance, our library has done a lot of work with the twinning library in Kiribati. We have been doing a bit of work there over the years. I think we have even sent some staff over there. I am not aware of any broader network of commonwealth librarians per se. As Julia said, there is a strong association of parliamentary librarians in Australia who meet every year, and they exchange all sorts of very valuable information about how to best serve members of their respective parliaments.

MS LE COUTEUR: There has been a proposal to introduce a communications allowance, which seems very similar to the discretionary office allowance in terms of administrative issues for the Assembly. Have you given any thought to how this would actually work if it was introduced?

Ms J Burch: Sorry, Ms Le Couteur?

MS LE COUTEUR: There has been a proposal in the Assembly to introduce a communications allowance, which would be effectively administered by the Assembly. It appears to be somewhat similar to the previous discretionary office allowance. I was wondering what thoughts you had had about the implications of administering such an allowance.

Mr Duncan: People call it the discretionary office allowance. There was never such a thing as a discretionary office allowance. It was called discretionary office allocation, which is a subtle difference, but it was not an allowance.

MS LE COUTEUR: I am sorry, Mr Duncan.

Mr Duncan: When we hear “allowance”, we go, “Mm, there never was such a thing.” Obviously, because of the presentation of the bill, we have been made aware. We were long supporters of abandoning the discretionary office allocation because we were increasingly finding that the Clerk, the Speaker and the executive manager were giving advice to members about what they could and could not put into publications. We thought that that was not the right role for us. We lobbied the Remuneration Tribunal for a number of years, in various submissions from the Clerk. The Remuneration Tribunal did give an allowance eventually. As you are aware, that allowance was very short lived, because the Remuneration Tribunal decided to roll that allowance into members’ salaries. There is a new version—

MS LAWDER: The allowance that was not an allowance?

Mr Duncan: It did start off as an allowance.

Ms J Burch: It moved from an allocation to an allowance to something else.

Mr Duncan: From an allocation to an allowance. The allocation became an allowance, and that was rolled into salary. We have some views about how the new allowance should be administered. My view is that it should be the Remuneration Tribunal that sets the quantum. I do not think that members should be setting their own allowances; I just do not think that is right. Our view is that we would prefer that members just got the money and did not have to put in receipts and claims. It is going to be administratively difficult for us, but also for the member. In the end, it is a continuing resolution of the Assembly. I understand that the Chief Minister is going to be discussing different models with various members. I am happy to give advice, but in the end it is up to members as to what they choose. Ian, do you want to add anything?

Mr Duckworth: I think that sums it up. The bill appeared last week. We looked at it with great interest. It has been made fairly clear that there is an expectation that this office would administer the allowance, so we become stakeholders in that. We would like to have the opportunity to state our views about how it would or would not, or might, work under various models that might be advocated.

MS LAWDER: Would it require additional staff?

Mr Duncan: It depends on the model chosen and if members are going to be submitting lots and lots of receipts. And it depends on the amount of money. I cannot give you an answer at this stage without knowing what the Assembly chooses, but it may require resources.

MS LAWDER: When the previous allowance was rolled into salary, did the Assembly give up some staff?

Mr Duncan: It came at a time where we were increasing in size from 17 members to 25, so it is a bit hard to say. I do not think we did. As I said, we gained some extra staff because of the increase in processing 17—

THE CHAIR: The rollover was in 2014 and you did not acquire new members until 2016.

Mr Duncan: Yes, that is right.

Ms J Burch: I do not recall there being any change.

THE CHAIR: I do not either.

Mr Duncan: I do not think there was any reduction in staff, no.

THE CHAIR: I was the Speaker. I do not recollect that there was any relinquishment of staff.

Mr Duckworth: Again, just to fill in some of the gaps on the history, as the Clerk said at the outset, it was called an allocation when it was administered by OLA, mainly because “allowance” has a different connotation and has tax implications and so on. It was effectively some funds in our budget that were quarantined that members had access to. The Clerk has already indicated, and some of the members of the committee were around at the time and know, that it was unpopular on both sides. We did not like it, and members did not like the arrangement. The tribunal was eventually persuaded to create that allowance, but for other reasons, I suspect, it received a number of representations about unforeseen consequences of that model, so it was rolled into salary. We are just taking a keen interest—I guess that would be the way we would put it—in what new model might be adopted.

MS LAWDER: So the office were not consulted during the development of the bill or prior to the presentation?

Mr Duncan: I did have some consultations. I was aware that there was a select committee on electoral matters that recommended that a comprehensive review be undertaken of all allowances of members. In that vein, I was approached by officers of the Chief Minister’s directorate to sound out my views in terms of how allowances worked, the features of DOA and things like that. I certainly had discussions with people about how the old scheme operated, because they were looking at responding to that committee report that was done, in 2017, I think.

MS LE COUTEUR: In 2017.

Mr Duncan: Yes. That is where I think the genesis of this is: to respond, belatedly I guess, to that report.

THE CHAIR: Mr Duncan, have you sought or will you seek advice from the Assembly’s tax advisers in relation to the income tax implications?

Mr Duckworth: We have already sought some preliminary advice; it has been oral at this stage. The advice that we have had is that there will be fringe benefits tax implications, and therefore, if I can clarify, it might actually be part of the solution to use the fringe benefits tax declaration process to satisfy the—

MS LAWDER: That members would have to fill out?

Mr Duckworth: I think, in the information that has been circulated, there has already been a forecast that members will be required to declare certain expenses. So if we pay an allowance to members, it either has to be treated as salary or it is a fringe benefits tax, and our preliminary advice—

THE CHAIR: I think my views on fringe benefits tax are well known.

Mr Duckworth: is that the fringe benefits tax—

MS LAWDER: Did you have any discussion with the Chief Minister's office about additional resources, if it came about in that way? You did not flag what the flow-on implications might be?

Mr Duncan: I did not discuss anything with the Chief Minister's office. I spoke with the Chief Minister's directorate. No discussions were had there, but I think I did read—correct me if I am wrong—in the Chief Minister's speech that he did indicate that there might be extra resources.

Ms J Burch: From my memory, when he tabled it the Chief Minister recognised that if there is an additional administrative burden to anybody—in this case OLA—that would be recognised and need to be considered.

MS CODY: Or members.

Ms J Burch: Yes.

MS LAWDER: Another staff member would be nice.

THE CHAIR: Were there FBT implications for the old DOA?

Mr Duckworth: No, because we were effectively proving expenditure on behalf of members for agreed expenses.

Mr Duncan: It was not an allowance.

Mr Duckworth: It was not paid to members; it was paid on members' behalf to a supplier, let us say. I should quickly add, so that there is no confusion, that we are not saying there are going to be fringe benefits tax liabilities. The only liabilities that would arise would be if members did not spend all their communications allowance and were permitted to keep it. That has not been covered. We are simply saying that the process of paying a communications allowance and going through an acquittal process or a declaration process, which might be quarterly or at least annually, would, in the event that members said, "I certify I have used all the allowances I have been given"—there is no fringe benefits tax cost that—

MS LAWDER: In addition to the tax reporting and the Electoral Commission reporting, we would also have FBT reporting.

MS LE COUTEUR: Have you provided any advice as to what would be the most workable model if the Assembly does choose to go down this line?

Mr Duckworth: That has been our objective in seeking the advice, but it is fairly recent. The bill was—

THE CHAIR: Will you provide advice—

Ms J Burch: It is my understanding that it is in the early days. Certainly from the conversations I have had with the office, they are seeking advice about what the implications for change are and, under the principles of what it is seeking to achieve, what the most straightforward way to achieve that is.

MS LE COUTEUR: Will this advice be provided to members?

Ms J Burch: It has not been, but—

Mr Duckworth: Our first step was to talk to our taxation advisers. This came somewhat out of the blue, so having looked at the bill, we have been seeking some oral advice. We are in the process of following that advice up. We will get some written advice and put that into the mix, because the decision on what the continuing resolution says is going to be negotiated, not decided by OLA.

MS LE COUTEUR: I am wondering, given that you are doing some work on this, whether it could go a little further, because other people will have to express views on it, and our views are currently uninformed views.

Mr Duckworth: I see no reason why, if we got some taxation advice, we would not make it available.

Ms J Burch: At some point—when we are clear about what that could look like. It depends, again, on the model. As we have heard today, there is a model where you can do a quarterly payment in advance, but the principle is that if you do not use it you do not keep it either. So it could be under that principle or it could be a straightforward reimbursement. One administratively, in the process, could appear easier, but does the complication come at the tail end, when you are trying to reconcile what a member has spent under the allowance and not spent, as opposed to small incidental rearrangements and repayments? It is definitely a live consideration at the moment. There is an expectation that the continuing resolution, on my understanding, will be part of the amendment in the final sitting week of the year. I would assume that, if we are seeking for it to be effective from 1 January.

THE CHAIR: Members are quite fixated on this subject, but we have exceeded our time. I thank the Speaker and officials for being here today. Any other questions will be placed on notice. A draft transcript will be provided. Any matters of clarification should be raised in the first instance with the committee secretary, Dr Lloyd. I thank members for their participation today. That concludes the hearings into annual reports by the Standing Committee on Public Accounts.

The committee adjourned at 4.06 pm.