



**LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**STANDING COMMITTEE ON ECONOMY AND GENDER  
AND ECONOMIC EQUALITY**

(Reference: [Inquiry into Annual and Financial Reports 2022 - 2023](#))

**Members:**

**MS L CASTLEY (Chair)  
MS S ORR (Deputy Chair)**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**WEDNESDAY, 15 NOVEMBER 2023**

**Secretary to the committee:  
Ms S Milne (Ph: 620 50435)**

**By authority of the Legislative Assembly for the Australian Capital Territory**

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

## **APPEARANCES**

<b>Chief Minister, Treasury and Economic Development Directorate .....</b>	<b>1</b>
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*Amended 20 May 2013*

## **The committee met at 3.34 pm.**

Appearances:

Steel, Mr Chris, Minister for Skills, Minister for Transport and City Services and Special Minister of State

Chief Minister, Treasury and Economic Development Directorate

Konti, Ms Bettina, Chief Digital Officer, Digital, Data and Technology Solutions,

Mirzabegian, Ms Sanaz, Executive Group Manager, Procurement ACT, Treasury

Whybrow, Mr Mark, Executive Group Manager, Finance, Procurement and Contracts, Digital, Data and Technology Solutions

Rynehart, Mr Josh, Acting Executive Group Manager, Property and Government Insourcing, Office of Industrial Relations and Workforce Strategy

**THE CHAIR:** Good afternoon, and welcome to this public hearing of the economy and gender and economic equality committee inquiry into the annual and financial reports 2022-23. The committee today will hear from the Special Minister of State and officials.

The committee wishes to acknowledge the traditional custodians of the land that we are meeting on, the Ngunnawal people. The committee wishes to acknowledge and respect their continuing culture and the contribution they make to the life of this city and the region. We would also like to acknowledge and welcome other Aboriginal and Torres Strait Islander people who may be attending today's event.

The proceedings today are being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed live. When taking a question on notice, it would be useful if witnesses used the words, "I will take that question on notice." This will help the committee and witnesses to confirm questions taken on notice from the transcript.

We welcome Mr Chris Steel MLA, Special Minister of State, and officials. I remind witnesses of the protections and obligations afforded by parliamentary privilege. Have you all read and agree to the statement? Excellent. Witnesses must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered to be a contempt of the Assembly.

We are not inviting opening statements, so we will now proceed to questions. I will kick off with the first one. Minister, I would like to ask about the Human Resources Information Management System. In response to a question on notice, No. 1331, you revealed that the total cost of the information management system was not \$74.5 million, as you had advised previously; was actually \$77.6 million, with an additional \$39-odd million in impairment. Can you provide the committee with an outline of the system deficiencies that led to the failure to track those finances accurately?

**Mr Steel:** I will hand over shortly to Bettina Konti to talk through that further. I think it was in relation to a particular contract—the review that had been undertaken into the system, and that was added to the initial figure. I will hand over to Ms Konti.

**Ms Konti:** I will hand over to Mark Whybrow in a minute to talk about the financial discrepancy. I think you also asked about the deficiencies in the system that led to the failure?

**THE CHAIR:** System deficiencies that led to the failure in accurately tracking the program expenditure.

**Ms Konti:** We were accurately tracking the program expenditure. I think the answer to the question on notice related to a discrepancy. I would like to hand over to Mark Whybrow, who is our finance person, to explain that.

**Mr Whybrow:** With respect to question on notice 1331, which is a response on notice that I created and provided back, there was not a financial discrepancy in tracking information in the system. The answer previously provided information up to a point in time, which was 31 March. These are 30 June figures.

The element of interpretation was one about the use of contractors, and a significant increase in what we called suppliers; the term was “suppliers”. Previously, we did not include in that our payments through our labour hire of technical experts. That was a company called Commensurate, and they go on through a number of lower level companies.

In relation to the information in 1331, the accounting for something like building a software system is fairly detailed. You will notice that the answer talks about capitalisation of costs. Under the relevant accounting standard, you can expense costs, and part of the total amount of the \$77 million was expensed and part of it was capitalised. The decision to stop the system resulted in us writing off the work that we capitalised on the accounting system, and that was the \$39.6 million.

Essentially, there was no change in the amounts that were accounted for this system. The earlier report, at 31 March, did not include as suppliers our use of labour hire staff. That was the significant difference.

**THE CHAIR:** It is a change in what is being reported, not what was always expended?

**Mr Whybrow:** The earlier question on notice did not include in suppliers our use of labour hire staff, which is a payment externally. The final 1331 incorporated the full expense of suppliers. It also includes, from the entity’s operation and from the project operation itself, payments to other directorates that were charged, specially identified and listed in attachment C of 1331. It was that we have not tracked it; the earlier question on notice was not complete.

**MR CAIN:** Just to be clear, you are saying those payments for labour hire staff were not provided in the answer up to 31 March?

**Mr Whybrow:** As suppliers; that is correct.

**MR CAIN:** Had they actually been paid before that date?

**Mr Whybrow:** They had most definitely been paid.

**MR CAIN:** So that is a discrepancy. In other words, you left a figure out as opposed to saying—I am not quite sure what your rationalisation for that is.

**MS ORR:** Is it a discrepancy or a change in the reporting of the project due to a change in the nature of the project?

**Mr Whybrow:** I think there was an interpretation. The total dollars were the total dollars. There was an answer that said suppliers greater than \$100,000 did not include that payment. I think there was an interpretation in that, but I do not believe it was correct. When I saw that and reviewed the financial figures and created 1331, I included the total payments of all suppliers, and those suppliers included our labour hire, which are experts who are effectively our staff that are directed by us. They were not included in that first figure.

**MS ORR:** That is due to accountancy standards and how normal practice—

**Ms Konti:** It is due to our interpretation of the term “supplier”. We did not include labour hire staff. Mr Cain, I think it was in the budget estimates that what was being sought was clarified. That turned into the QON, and we answered it in the fuller detail that we were requested to the second time.

**MS ORR:** You are saying that it is an interpretation issue; it is not necessarily a change in anything that has occurred to date?

**Ms Konti:** I think there are three things. I will try and be as clear as I can about that. There was the interpretation of “supplier” which led to additional costs being recorded in the second QON, which was our labour hire staff. There was also the difference between the first QON, which was accounting for costs up to and including the 31 March date, the second QON, which was including to 30 June, and the third element, which was the difference that Mr Whybrow was explaining—the capital expenditure and the expenses. We are saying that the capital expenditure which then needed to be remedied was the \$39.6 million of capital out of the \$70-odd million.

**THE CHAIR:** It was not clear from the initial QON, the first QON, that what was being asked was what the entire cost was. You just assumed we did not want to know what the supplier cost was. Was it not clear from the first QON?

**Mr Whybrow:** I cannot answer what was clear from the first QON. I was on leave at that time, and it was not part of the answer to the first QON, so I cannot answer for that interpretation.

**Ms Konti:** But we did not include labour hire staff in the definition of “supplier”.

**Mr Whybrow:** Of suppliers. That was clear because that is the significant difference between the 44 figure that was quoted about suppliers before and the 1331.

**MR CAIN:** That, clearly, is a mistake; that is what you are saying.

**MS ORR:** Isn't it more that, once clarification was sought through the estimates process, it was—

**Mr Whybrow:** That is my understanding.

**Ms Konti:** It was made clear and we provided the additional information.

**Mr Whybrow:** In 1331 we talked about that definition and there being a change. With the total dollars, the only differential was between March and the June figures, but the supplier component changed significantly because of that definition. We took the extreme of showing everything that was charged in the accounting system as suppliers, whether it was internally between ACT government entities as well. So we took the broadest—

**MR CAIN:** If I asked you the same question again on another project, how would you answer it?

**MS ORR:** It is a little bit hypothetical.

**MR CAIN:** No; it is about how you respond to a request for expenditure on a project.

**MS ORR:** No, it is not; it is hypothetical.

**THE CHAIR:** I think what Peter is asking is: if a question is asked about the total cost, and whether you must tell us what suppliers or contractors you are using for your labour hire, do we need to articulate that in every question?

**Ms Konti:** We do not define labour hire contractors as suppliers. Suppliers tend to be the people that you contract to deliver a service over a longer period of time. We might need to get a proper interpretation of this, to make sure that we can do this well next time. Certainly, that was the way that we had interpreted it. Suppliers were—

**MS ORR:** I think it is fair to say that, when crafting a question—as someone who has had to do that a few times—you have to be very careful about how you craft that question. As a former public servant who has had to answer questions, the wording matters.

**THE CHAIR:** As someone who has not worked in the public service, it is difficult to understand how each different department defines things; so it is hard. If an opposition person is asking what this costs, you, in good faith, expect to understand what that cost is.

**Mr Whybrow:** Indeed. My understanding of the previous QON was that the total cost was there; it was just that the specific question about contractors or suppliers was the one where there was a misinterpretation, from my perspective as well; because, when I saw it, that is why I have answered it in this way, when it was asked.

**MR CAIN:** It should have been answered in that way in the first place?

**MS ORR:** I think that is an opinion.

**THE CHAIR:** Mr Whybrow was not here. Do you have any more supplementaries, Mr Cain?

**MR CAIN:** Yes, I do. What was the capital investment in that \$1.6 million figure which was in that QON?

**Mr Whybrow:** Are you talking about—

**MR CAIN:** In 1331, the total capitalised expenditure of \$1.664 million: can you explain that a bit more?

**Mr Whybrow:** The development of the Human Resources Information Management System had an element which was the learning management system. The learning management system was actually completed in 2021 and put into production. It is an asset that is now depreciating over time.

**MR CAIN:** How frequently do your procurement projects require accountants to provide advice for write-downs and impairment?

**Mr Whybrow:** Under the standards, when there is a significant event to determine whether there is an impairment of any particular asset base that you hold. Generally, there is a review of assets and there is a revaluation of them. If there is an event, and the fundamental event here was about the hold on that project, the end to that project, clearly, that created an event where, based on that decision, we had to reassess the work to date. The only element that could remain an asset was the work that was done on the learning management system. That remained capitalised. The impairment occurred to the work that was done on the other parts of the system which were not going to be used.

**MR CAIN:** Finally, can you table this advice for the HRIMS project, this accountant's advice? Are you able to table that for this committee?

**Mr Whybrow:** The accounting advice for the—

**MR CAIN:** For the write-downs and impairments for the HRIMS project.

**Mr Whybrow:** I will take that on notice. We had an external report identifying the basis of the assessment. That assessment was by me; I am a Fellow of CPA Australia. Also, the CFO of CMTEDD concurred with our interpretation that the work done on that needed to be written off. We did not go out and seek external advice to say, for a system that is no longer going to be used, whether we should impair it and write it down. That was my own professional judgement and that of the CFO—the broad assessment of it, when we were looking at it at that time, and at whether or not, if the project continued, there would have needed to be an element of write-down of that work. With that work, there is an assessment made by an external firm to say what the quantum was that would have been written down in the event that the project was not ended.



It was a smaller amount if you were going to continue, and continue to work on it, or it was the whole amount. But we did not get an external accounting firm to say whether we should fully impair it. We did have a system expert identify the work that was done at that time and, if it was to continue, there would have had to have been a write-down, anyway. We could provide that advice, because there is a report on that.

**THE CHAIR:** There was no external review into the finances. Has there been any internal or external review into the project?

**Mr Whybrow:** I should say that there has been an external review into the finances. You are probably aware that the audit office is doing a performance audit. We have had the finances of this project reviewed by them, as part of that, and provided information. The outcomes will be subject to release to the committee and the Assembly. Part of that review was a review of the finances from an external source.

**MS ORR:** I am interested in something completely different: the Concession Management Service mentioned on page 54 of the annual report. I am interested in what the success of the pilot has been and what types of services we are looking at expanding it to in the long term?

**Mr Steel:** I will hand over to Ms Konti to provide some information on what we do in terms of moving government services online and particularly supporting services that involve a concession element.

**Ms Konti:** Thank you, Minister. Thank you for the question, Ms Orr. My team has been working as part of the ACT Digital Program to develop and deliver what we call digital foundations for directorates to be able to pick up and use. There was a significant discovery and design process undertaken to understand the criteria around up to 65 different concessions that government provides. “Concessions” is loosely described as anything where government make the decision that they would offer concession pricing or discounts for members of the community under certain circumstances. When people are seniors, or over the age of 65, or pension holders, they can get a discount to their annual rates, their vehicle registration, and so on.

This project culminated in our team building a system that would record what we are calling whole-of-government concessions. The outcome that we are seeking from this is that people who are eligible for concessions would only need to prove their eligibility for that concession once. From then on, all services that are connected to our ACT digital system would be able to offer automatic price discounts for whatever the service may be that they are trying to access, rather than the person in the community having to prove it for every concession that they want to get access to or for every directorate that is providing a concession service.

In the particular year in question, we worked with the Territory Revenue Office and we were able to provide concessions for three different transactions. They are the application for a rates rebate for pension card holders, the deferral of payments based on age, which is the deferral of payments for rates if you are over 65, and the deferral of payments based on financial hardship. At the time of writing this, there were 800 online applications through the Concession Management Service. While we are here, if it is of interest, we can find out what that number is now.

**MS ORR:** That is alright. That is really good. Thank you.

**THE CHAIR:** Mr Cain, do you have—

**MR CAIN:** Thank you, Chair. Finishing on the HRIMS project, Minister, are you awaiting the Auditor-General's report into this instance of project failure before you address reforming the execution of large-scale whole-of-government projects?

**Mr Steel:** No. It is one of the reasons why we undertook an independent review through Geoff Leeper, which has provided a forward look at recommendations which will be applied to a range of different large-scale ICT projects. That work has already been started in terms of making sure that project teams are fully briefed and understand the learnings from the HRIMS project to inform a range of governance matters and deliver that for other projects.

**MR CAIN:** Regarding these very expensive “learnings”, as you put it, what changes have already been implemented or are planned to be implemented in the near future?

**Mr Steel:** I will hand over to Ms Konti to provide some of the detail. I have pointed you towards the Leeper report before. That is something worth looking at, in terms of what it has provided. But, certainly in relation to other projects, Ms Konti can provide a bit of detail.

**Ms Konti:** Thank you for the question. As the committee is aware, there is a new program that we are now calling the PCHRM project: the People, Capability and Human Resource Management project. That is the project that will upgrade our existing CHRIS and HR21 systems and undertake the design work for a time and attendance system under the banner of that program. The way that the governance is being established, the program is being established, the resourcing is being recruited and the program will be governed the whole way through is being given a lot of attention, not just by me and my area and the business stakeholders that I work with but also senior leaders from right across government, to make sure that, as we are developing the governance documents, the board documents, and ways of operating, it is going to form a template for how we actually do all the others. PCHRM is not the only initiative that has an ICT component to it that is being implemented this year. Other programs and projects are watching that and seeking to take on board the same kinds of changes, in parallel to this one.

**MR CAIN:** Have you received an interim report from the Auditor-General?

**Mr Steel:** Not at this stage. Not that I am aware of. No.

**MR CAIN:** Could you provide an update on the upgrades of the legacy CHRIS21 payroll and HR system?

**Mr Steel:** Yes; we can. Ms Konti just spoke to that.

**Ms Konti:** The program is being initiated, having been given budget funding in the latest budget round. The activities that we are planning to have achieved go to the end

of this quarter—that is, the end of December—to recruit the team. We have branch manager recruitment underway, program manager recruitment underway, and a business change manager already in place in the team. The procurements and selection of the partner to design the time and attendance system with us is in evaluation at the moment. The planning of the upgrade to CHRIS and HR21 with that particular vendor is underway. The other program initiation elements that I spoke about before in relation to governance and ensuring that we are learning the lessons and standing up the project board and the other project initiation things that we need to get on with are on the way.

**MR CAIN:** Thank you. Has HRIMS been completely decommissioned?

**Ms Konti:** That decommissioning work is underway, Mr Cain, except the learning management system.

**MR CAIN:** What is the cost of the decommissioning at the current date?

**Ms Konti:** I would have to take that on notice.

**MR CAIN:** Okay. Could I get a figure for the total cost of the whole project and every expenditure, please, just in case there are some other things that come to light?

**Ms Konti:** Yes. I will take that on notice, noting that there was \$17.1 million provided in this budget for the delivery of the components that I just outlined.

**THE CHAIR:** Minister, the Auditor-General has done more to innovate and reform procurement policies and practices in the ACT than anyone else. I note that six performance audits have documented procurement mismanagement in the ACT, and there are two more publications coming soon on the HR information management program and the IT infrastructure renewal projects of PTG.

The reports detail poor conduct of procurement and inadequate assessments of value for money. The Auditor-General has remarked that cultural incompetence lies at the heart of procurement oversight in the ACT with a “lack of expertise, lack of practice, unawareness, in some cases even naivety”. Minister, is the common denominator procurement mismanagement, under your leadership as Special Minister of State?

**Mr Steel:** No. During my time as minister, we have initiated a very significant procurement reform program. That has not just come about as a result of the reports that you have mentioned; it is as a result of a review that we have undertaken in Procurement ACT, and as a result of the Better Regulation Task Force recommendations about how we can streamline procurement and make it easier for business and suppliers to engage with government in doing government work.

As a result of that, we have undertaken a range of different initiatives which are underway, including legislation that I introduced into the Assembly in the last sitting week to deal with the Better Regulation Task Force’s recommendations, as well as strengthening transparency around procurement, getting better value for money and undertaking a full review of the act, which has seen quite significant reform brought forward.

In addition, the policy reforms that are being undertaken through the Procurement Reform Program address and deliver on our continuous improvement approach. We want to continually make sure that we have up-to-date procurement practices that reflect the needs of the government and of business, and ensure that we have transparent and robust procurement processes.

It is all there to see. The updates on the program in the annual report are there, and they speak for themselves in terms of the work that is underway to establish and support agencies who do not have as much capability in relation to procurement, and the capability framework will assist in that regard.

**THE CHAIR:** Can you please provide the total money spent on procurement in the ACT for the 2022-23 financial year?

**Mr Steel:** I certainly can. The last figure I saw was \$2.5 billion, but we can clarify that figure.

**Ms Mirzabegian:** We will clarify that. I will take that on notice and give you the exact figure.

**THE CHAIR:** Thank you very much.

**Ms Mirzabegian:** Could I clarify that it was for the 2022-23 financial year?

**THE CHAIR:** Yes. Was the Government Procurement Board considered for reform when the Procurement Reform Program was initially developed?

**Mr Steel:** Certainly, there were other priorities. We take feedback from the Procurement Board. Procurement ACT is regularly in touch with and supporting them. I assume that any information they had, or input, would have informed what is happening with the Procurement Reform Program, and their experiences in looking at specific procurement proposals.

**Ms Mirzabegian:** I can elaborate on that. Thank you for your question. Yes, the Government Procurement Board composition, structure and so forth were part of the Procurement Reform Program. We considered that as what we call part of our streamlining, to make sure that the various services and supports that were available from different areas and different business areas were complementary to each other.

You would appreciate that the Government Procurement Board is one piece of the puzzle in providing the support. Procurement ACT is another piece of the puzzle. Major Projects Canberra is yet another piece of the puzzle, and the central procurement cells in each directorate and agency are another piece of the puzzle.

The Procurement Reform Program is trying to make sure that the services and support being provided are complementary; therefore the Government Procurement Board was considered as part of that. But we were also aware that the Auditor-General was aiming to conduct a review, so we are awaiting the outcome of that before finalising how we would respond to that.

**MR CAIN:** Minister, do you think it is acceptable for you to be relying on a steady flux of performance audits to source ideas for procurement reform?

**MS ORR:** Is that asking for an opinion? There have been a lot of questions that are seeking an opinion.

**THE CHAIR:** No, we are talking about performance audits, and it is up and down.

**MR CAIN:** I think the witness is capable of responding to a question.

**MS ORR:** You would; it is your question.

**Mr Steel:** If the suggestion is that we should ignore what the Auditor-General says in their reports, I do not accept that. It is actually very welcome; they play an incredibly important role here in the ACT in undertaking those performance audits, and making recommendations which help to strengthen procurement practices, when they are looking into procurement matters.

We welcome those reports and the recommendations that they make, many of which we agree with. If you look at our response to the recent Auditor-General's report into the performance of the Government Procurement Board, we pretty much agreed with all of the recommendations, and we are getting on with actioning those, including through the piece of legislation that I brought forward to the Assembly amending the Government Procurement Act.

It is not the only source of information. I have outlined some of the other sources—our own self-initiated reviews, the advice of the Government Procurement Board itself, as well as Procurement ACT and other government agencies, the work that the Better Regulation Task Force has undertaken and their recommendations to government. Direct engagement with suppliers themselves on what procurement practices could be strengthened also informs—

**MR CAIN:** But you would concede that, without the performance audits—I think we have had eight—criticising your procurement performance, you will just keep making mistakes, won't you?

**Mr Steel:** No, they are very much welcome and will inform what we are doing in relation to strengthening procurement practices across ACT government. We have a continuous improvement approach. We are always looking to improve what we can do, to engage with the agencies, to engage with business and suppliers to strengthen our procurement practices.

The Auditor-General will continue to undertake performance reviews. They are very efficient in doing so. They do a large number of them every year. They will continue to make recommendations, and we will continue to look at their advice and recommendations, and look at what we can improve out of that. That is exactly what we should be doing. We will not ignore those recommendations, if that is what the member is suggesting.

**MR CAIN:** At what point, Minister, would you come to the realisation that you are not fit to hold this role?

**MS ORR:** No. Chair, that—

**MR CAIN:** How many tens of millions of dollars do you think would need to be wasted before you reach that conclusion?

**MS ORR:** Chair, I have the standing orders in front of me. If you want me to start quoting from them, I can.

**MR CAIN:** Again, the minister is able to answer if he wants.

**THE CHAIR:** Can you reword the question, Mr Cain?

**MS ORR:** He cannot be asking for an opinion. I think that is clearly within the realm of an opinion.

**MR CAIN:** Assessing his own performance, perhaps.

**THE CHAIR:** Can you reword the question, Mr Cain?

**MS ORR:** In a way that is not asking for an opinion.

**MR CAIN:** I am quite happy for the witness to form a judgement as to how to respond to the question.

**MS ORR:** That is fine; I am quite happy to keep calling points of order.

**MR CAIN:** Minister, you have described pretty much over \$100 million of taxpayers' money as a learning measure, when looking at this HRIMS project. We hope it will not, but what will happen if this experience occurs again? Do you think that would be a reason for you to reconsider your position?

**Mr Steel:** That is just speculation, Mr Cain. Of course, if things do not go to plan in relation to a procurement, there will be lessons learnt from that which we should apply to future projects, and that is exactly what we have done. We have outlined that in the answers today.

We have a significant ongoing procurement reform program which is strengthening procurement practices. If you do not agree with that, you should outline that, but it is quite a significant program. We have a bill before the Assembly, which you are no doubt considering, which will strengthen those procurement practices. In projects going forward, of course, we will undertake learnings from other projects to help to inform and improve the outcomes and delivery of those projects.

**THE CHAIR:** You are very happy that ACT procured services are procured at the best value for money? Canberran taxpayers are questioning this \$100 million. Going forward, you are confident that ACT procurement is on the right track?

**Mr Steel:** We think that the procurement system can be improved, which is why we have a procurement reform program underway. Ultimately, agencies themselves undertake procurement. Government directorates undertake procurement within their own directorates. The role of Procurement ACT is to make sure that they support them in doing so. The new capability accreditation framework will assist in providing the right supports to agencies that need it during that process, which we think will make a significant difference.

Of course, we are always looking to strengthen procurement. Every directorate that undertakes a procurement must achieve value for money, under the Government Procurement Act. We are making further reforms to the act which strengthen the definition of “value for money” which can be considered by the Assembly in the future.

**MS ORR:** I am interested in the ACT Digital Account. How many users are now using the Digital Account, and what services are we expecting to be linked into the digital account in the future?

**Mr Steel:** We have large numbers of Digital Account users. There are now over 300,000 across the ACT. A significant number of services are linked to the account at the moment, and we are looking at how we can move more government services onto the Digital Account over time, which will strengthen the ease of access to government services for ACT residents and, indeed, residents interstate. I will hand over to Ms Konti to provide some information on what we have done so far and what we are looking at next.

**Ms Konti:** Thank you for the question. As the minister said, as at November this year, 302,031 people have signed up to get an ACT Digital Account. Seventy per cent of those account holders identify as ACT residents, 20 per cent as interstate or overseas, and 10 per cent do not specify.

Importantly, of the 302,000, 42 per cent of those account holders have taken steps to uplift their digital account identity verification status from very basic—“Government, you just know my name, my email address and contact details”—through to “I’ve actually proven my identity to you.” When they do that, that enables government to really start to take advantage of the ACT Digital Account in terms of how we might be able to deliver services that enable them to self-serve.

Imagine that you have a digital account in which you can record and update everything that you might know. This is all future-focused; this is not currently on the program. I am just trying to give a sense of what this could mean to people in the community. They could update their information about the vehicles that they own, where they might reside, the pets that they may own, where they live, if they have changed address, and all of that information is available to them. They update it once, and the Digital Account will then send it through to all of the services within ACT government that are connected to that Digital Account, without that person having to go to each directorate or department to do that.

It also allows us to be able to send them reminders. Rather than having to fill in the form or go online and make the payment, they could have information sent through to

their mobile device and, within one or two clicks, they could update their registration and pay their rates, their vehicle registration and things like that, rather than having to do something extra for it.

For the year in question, we have already talked about the whole-of-government concession service and the work we have done with the territory Revenue Office. We have also implemented automatic mutual recognition of occupational licences. Basically, when people move into the ACT from other states and the territory, and they have a licence that we recognise, such as an electrician's licence or something like that, they are able to work in the ACT without having to get and pay for a licence in the ACT in order to be able to work.

We have also delivered on another what we call foundation capability within ACT Digital, which we call "change of circumstances". For those of you who are familiar with some of the work that the commonwealth is doing in this space, they call it "tell us once". It is that "tell us once" experience that I described with the mobile service. I just update the details about me, the cars, pets and children that I have on one account, and that goes automatically to the places in ACT government, with their consent, that need to know.

We have the base capability for that. It is now a matter of looking to pilot that with one of the services, and we have a directorate partner for that, after which it will be a matter of directorates signing on to use the service and integrating with the ACT Digital Account. Once a good lot of services have connected, that is when the value to people in the community will start to be realised.

**MR CAIN:** Minister, in your response to the Auditor-General's report into activities of the Procurement Board, you proposed several reform items that are not covered in the Government Procurement Amendment Bill 2023. Do you intend to introduce these other changes in tranches or will some of the detail be accounted for in subordinate legislation and in terms of reference?

**Mr Steel:** Yes; some subordinate legislation will be required. Not all the actions are legislative; some will be policy actions as well. I will hand over to Ms Mirzabegian to provide some more information.

**Ms Mirzabegian:** Thank you. As you would have seen in the bill, certain matters are more appropriate to be included in legislation—for example, the function and the purpose of the board, its composition, and so forth. The operations of the board will then be relegated to subordinate legislation: the terms of reference for the board, the practices in relation to conflicts of interest, and so forth. The timing of the matters that come before the board will then be in low-level legislation. As you can see from the amendments that we have made to the bill, there are various levers for the minister to make notifiable instruments or disallowable instruments to give effect to the various operational matters that the board requires.

**MR CAIN:** Minister, have you sought the views of the Auditor-General and his office on the Government Procurement Amendment Bill 2023?

**Mr Steel:** His views were sought before the bill was drafted—yes—because his report



recommendations were quite open-ended in terms of how they could be delivered. They were not very specific in some areas. We discussed his recommendations and that informed the development of the bill which is before the Assembly.

**MR CAIN:** Are you able to table that advice from the Auditor-General to this committee?

**Mr Steel:** No. It was a conversation with the Auditor-General, so you would have to ask him.

**MR CAIN:** Any written correspondence—emails?

**Mr Steel:** The government's response to the Auditor-General and his report are obviously the key documents, but we had a discussion about his report, which is obviously public.

**MR CAIN:** Were these discussions minuted?

**Mr Steel:** No. It was a discussion that we had in my office and it was not minuted. It was a discussion to understand where he was coming from in relation to the recommendations, and that has resulted in a bill which is fully transparent and available on the legislation register.

**MR CAIN:** Is it your practice not to take minutes of an obviously very significant meeting?

**Mr Steel:** I do not think it was. It was simply about clarifying the intent behind his recommendations. He is available for you to ask questions of, Mr Cain, so I suggest, if you have any questions of him, you should do that.

**MS ORR:** Minister, can I clarify: this meeting was not a mandatory meeting, or it was not something that was required; it was something that you took of your own initiative.

**Mr Steel:** That is right. He indicated that he was willing to have a conversation about his recommendations. I took up that opportunity so that I could better understand where he was coming from in relation to some of those recommendations to help inform the development of the bill. I think the bill itself has landed in a good space in addressing those recommendations, noting that it does not just address matters coming out of that report; it is broader in its scope.

**MR CAIN:** Roughly, what percentage of meetings with significant stakeholders do you not minute and make a record of?

**Mr Steel:** I am not obliged to minute every single conversation that I have. Because we were referring to a written document, I was confident that it was simply about clarifying matters that were within the remit of the existing published report.

**MR CAIN:** When would you ever have a meeting that you felt required minutes and a record of the discussion?

**Mr Steel:** If I thought it was necessary to record the actions from the meeting.

**THE CHAIR:** I have a supplementary. You mentioned the composition of the board. In response to the AGO report, the schedule talked about the board's constitution and achieving a majority of non-public employee members, yet the Government Procurement Amendment Bill does not address this recommendation, only ensuring that the chairperson is a non-public employee. Can you explain why that has been omitted from the proposed legislation?

**Ms Mirzabegian:** I can answer that. At the moment the board comprises nine members, of which five are public employees and four are not. Once you shift the board chair to become a non-public employee, that changes the composition in favour of non-public employees, and therefore it has resolved the matter. The chair would be a member of the board.

**THE CHAIR:** Okay. No worries. I will move on to my substantive question. The Auditor-General has identified conflicts of interest routinely arising among board members during the procurement life cycle. Will there be provisions in the amended act to prevent members advocating for decisions on their projects?

**Ms Mirzabegian:** I can answer that. Thank you for your question. Yes. As I explained previously, there are different layers of documents that will give effect to the government's response to the Auditor-General's report. Matters of conflict of interest will be addressed in what we call a terms of reference document, and that document will provide sufficient detail in relation to how members will deal with conflicts of interest, including declaring and then excusing themselves as well.

**THE CHAIR:** Okay. It was recommendation 12 that, Minister, I believe you agreed with—review the practices with respect to b) the management of declared interests and the action taken as a result of the declaration. Can you provide an outline of how the bill will affect the management of declarations?

**Ms Mirzabegian:** The act, as it sits currently, does provide for certain duties of the Government Procurement Board. The bill itself deals with it by including provisions to allow the minister to make particular directions to the board, and the conflicts of interest would be one of those directions. The process and procedure in relation to conflicts of interest would be part of that. It is a subordinate piece of legislation; it is not the act that will give effect to that. The reason why we have gone down this path is that, in our discussions with our legislative drafters, the PCO, it was decided that those matters would be more appropriate for a lower level instrument and not for a bill.

**THE CHAIR:** Have these measures not previously been taken into account in the last 23 years? With regard to the bill, has this not happened before?

**Ms Mirzabegian:** The conflict of interest matters? The board has always had its own less formal arrangements in relation to how it would deal with conflicts of interest. I recall the outline in the Auditor-General's report—the less formal arrangements that were in place where members would declare their conflict of interest at every meeting. These were minuted. These are still minuted. However, the board member did not excuse themselves from the room while the matter was being discussed. That was the

process as it was. We have the chair of the board here as well.

**Ms Konti:** In the capacity as chair of the Government Procurement Board—it sounds like the last public chair of the Government Procurement Board—it is important to understand that the Government Procurement Board does not currently make any decisions. There is no incentive for any board member to advocate for their procurements, because there are no decisions to be made. In fact, the board members are typically very grateful to have their procurements in front of the Procurement Board, because it provides them the opportunity to get the advice of what is, frankly, a very high-calibre group of public and non-public officials that understand procurement to a great degree. It is always useful to get the advice of the Procurement Board to make sure that we get our procurement outcomes.

**THE CHAIR:** Just so I am clear, because I am a bit new to this arena: people on the board are people bringing procurement requests to the board. Is that correct?

**Ms Konti:** As Ms Mirzabegian said, there are four non-public members—four independents—and five officials. Senior public servants are members of the board, including me as chair. In my other role, I am Chief Digital Officer, so we can use an example here. There will be ICT procurements that come to the Government Procurement Board to get advice from the board, usually in two stages: when they are thinking about how they might handle the procurement or manage it and then with the final procurement documents just before release to the market. There would be the advice of the Government Procurement Board about how you might handle the procurement—what is the best way to go about it—taking into account the procurement act and procurement rules. How they might get their outcomes through the procurement is the sum total of what the board does in that meeting.

**MS ORR:** Ms Konti, to clarify: the board does not make the recommendation whether procurement should or should not be approved or accepted?

**Ms Konti:** No; not at all—

**MS ORR:** That is what you were getting at.

**Ms Konti:** It is just advice to—

**THE CHAIR:** However, if there is a conflict of interest, until now, for the last previous 23 years of government, someone just has to say, “There’s a bit of conflict here,” but they still remain in the room to have the conversation?

**Ms Konti:** Yes. It is recorded in the minutes on each occasion—that member x is the delegate for a particular process—and then they do not give opinion; they stay in the room and they listen to the advice that comes forward.

**MR CAIN:** I have a supplementary on that. Will you ensure explicitly in the regulation that board members are not able to be public employees of Major Projects Canberra, given that Major Projects Canberra accounts for, it would seem, 157 of 411 proposals presented—38 per cent—between 2017-18 and 2021-22? Should Major Projects Canberra not be part of the board because of the high frequency of their

projects?

**Ms Mirzabegian:** We might be conflating the conflict of interest that has been spoken about here with true conflict of interest. We have not considered that a Major Projects Canberra member should be considered. All board members go through a merit process. Anyone interested in becoming a board member applies for a position. There is a range of matters, including the existing skills and capabilities that are on the board and what could complement them. We have found that, in the past, having a member who is able to provide the knowledge and the expertise that a Major Projects Canberra person offers, or similar to that, is very useful. Indeed, our current membership, although it does not include a Major Projects Canberra member, does have expertise in infrastructure projects. We have not excluded, at this stage at least, anyone because there has never been any reason to exclude them.

As Ms Konti mentioned, the conflicts of interest that we talk about relate to whether a procurement is being conducted in a particular member's business area. There is no personal conflict in the sense that a member does not stand to gain personally from a procurement. What they stand to gain is the benefit of the advice of the board members. However, for the reason that Ms Konti explained, the member abstains from commenting on their own procurement so as not to be seen as advocating for it. The member still sits there and listens to gain the benefit of the advice.

**MS ORR:** The advice would come to them at the end of the process anyway, wouldn't it? They are not getting information that they would not be receiving if they were out of the room?

**MR CAIN:** They could influence the advice given.

**THE CHAIR:** They could influence, of course—

**MS ORR:** No. They cannot, because they cannot comment. That is what they have just said. So—

**THE CHAIR:** But, if they are in there for the conversation, they—

**MS ORR:** But they cannot provide an opinion. Is that correct?

**THE CHAIR:** Not on the record.

**Ms Konti:** The important thing to know is that, at the moment, the Government Procurement Board does not make decisions and cannot influence. It provides advice to the delegate about procurements. Any future role of the Government Procurement Board may change that such that conflict of interest provisions need to be strengthened.

**MR CAIN:** Would it not be more appropriate for them to absent themselves from the committee during the discussion, rather than listen to what all the other members think about a project they are involved in?

**Mr Steel:** I will take that as a comment. Obviously, the instruments are still being—

**MR CAIN:** That is a question.

**Mr Steel:** The policy and instruments are still being settled, so there is further work happening in relation to that. There is a balance to be struck. We could exclude every single official from the Government Procurement Board, but then we would lose a lot of skill and expertise that is available to governments and to agencies undertaking procurements. It is useful in helping them to improve the outcomes for government. We have accepted the recommendation of the Auditor-General that there should be a non-government chair and a majority of non-government members of the Procurement Board, but there still is a role for officials on there. We will be providing some further advice about how the conflict of interest should be managed in that process.

**THE CHAIR:** Can I just clarify? I thought you mentioned that there was not a non-government chair. Did—

**Mr Steel:** No, no. There is a non-government chair in the bill—

**Ms Mirzabegian:** In the future there will be.

**Mr Steel:** Yes; in the bill.

**THE CHAIR:** Right.

**MS ORR:** Yes. This is one of the changes that are coming—

**Mr Steel:** In the bill.

**THE CHAIR:** Got you. Okay.

**Mr Steel:** Yes.

**MS ORR:** Yes, which is why Ms Konti is no longer the chair, if I understand correctly.

**THE CHAIR:** Yes. That is what you indicated.

**Mr Steel:** No; she is the chair until such time as the new arrangements come into place.

**MS ORR:** Okay. And then it will be a non-government chair.

**Mr Steel:** Yes.

**THE CHAIR:** Okay. I appreciate that.

**MR CAIN:** It does seem like you are saying that a conflict of interest is advantageous because they are people who know about the subject matter—

**MS ORR:** No, Chair. That is definitely an opinion.

**Mr Steel:** No, that is not what I am saying, Mr Cain.

**MS ORR:** I am going to move on from the topic of procurement; sorry. Can I get an update on how work is progressing on the interim arrangement for a community space in the Gungahlin town centre, ahead of the work on the Gungahlin community centre?

**Mr Steel:** Thank you. I might invite Mr Rynehart to talk to that. I understand it is very close, which is very good news. We will meet an important need, up until the point that we have a new Gungahlin community centre to provide that function ongoing.

**Mr Rynehart:** I understand that the work on the temporary relocation is almost complete, if not already complete. Over the coming weeks and months tenants will move in and start to operate from that location.

**MS ORR:** Okay. So the coming months will see it operational?

**Mr Rynehart:** I expect so, yes.

**MS ORR:** When you say the works are complete, you have done the fit-out; that is what you are saying?

**Mr Rynehart:** Yes.

**MS ORR:** Yes.

**Mr Rynehart:** I understand that handover of keys was due yesterday. I am just not entirely sure if it actually happened.

**MS ORR:** Okay. Great. So in coming weeks I can expect to go and hang out at Gunners Place? Thank you.

**MR CAIN:** I am going to keep asking about procurements, unsurprisingly, and again on this theme of conflict of interest. As you would be aware, Minister, the Auditor-General discovered an instance in August 2018 where a board member who declared an interest in a proposal brought forward by their directorate was later involved in amending the meeting's minutes. Is this standard practice on the board, for members with a conflict of interest to be involved in drafting the minutes?

**Ms Mirzabegian:** Thank you. I will take that, Mr Cain. Procurement ACT provides secretariat support to the board. After every meeting, the relevant officer in Procurement ACT prepares the minutes and provides them to the chair. If the chair is agreeable to that—this is current practice—they are distributed to members. Members amend the parts that are relevant to them and that relate to the comments that they made.

**MR CAIN:** How many times, broken down by financial year, are members of the board omitted? You are saying they are not omitted from input into the minutes where they have a conflict of interest?

**Ms Mirzabegian:** First, I think we should again say that the conflict of interest that we are talking about is the fact that they have got a procurement in their business area. That is the conflict of interest for the internal members. We are not talking about external members, I suspect.

When the public servants say, “We have a conflict,” by that they mean: “This procurement occurs within my business area.” They do not stand to gain anything from the discussions of the board, other than to have the benefit of good advice in relation to their procurement. And so it is to their benefit; they have the benefit of that advice.

In my recollection, I have never seen any situation where we have had a board member change the advice of the board, because you would need that in order to progress your procurement. It is the benefit of that advice that would help you move forward with your procurement.

**MR CAIN:** We are talking about the minutes.

**THE CHAIR:** Minutes, not advice.

**Ms Mirzabegian:** If board members are not contributing then that part of the minute is not theirs to amend, if that makes sense. They will only amend what they said in that meeting. If they did not say anything, they do not amend that part.

**MS ORR:** Can you just run me through that?

**Ms Mirzabegian:** Yes.

**MS ORR:** Obviously, in committees we have minutes. There are a lot of areas where minutes do—

**Ms Mirzabegian:** Yes.

**MS ORR:** I know I have made comments on minutes before about what I have said.

**Ms Mirzabegian:** Yes.

**MS ORR:** It still goes before the committee and the committee has to agree to the amendments. Can you run me through the processes you would use? I want to get a better understanding of the checks and balances that would be in place for the official record of the meeting.

**Ms Mirzabegian:** Of course. As I explained, after the meeting the minutes are typed up by the secretariat. They are first provided to the chair of the board—Ms Konti, at the moment. Ms Konti reviews them. Following her review, they are distributed to the members of the board. Any changes are either in track changes or board members provide their commentary in an email, to say, for example, “That is not my recollection of how we said that. We said such and such a thing.” Then other members say, “Yes, we agree with that,” or “We do not agree with that.” It is recorded that way.

**THE CHAIR:** Can I ask: were either of you there in 2018 and do you recollect this instance?

**Ms Mirzabegian:** No, I was not.

**THE CHAIR:** No. Okay. You said that if it was a government member then usually their conflict would be that they are aware of what the procurement request is. What about non-government?

**Ms Mirzabegian:** What would their conflict look like?

**THE CHAIR:** Yes.

**Ms Mirzabegian:** Their conflict might look, for example, like their firm providing advice to the board, or via a contractor to the board, in relation to something that is coming before the board. In those circumstances, they completely excuse themselves and we continue.

**MR CAIN:** When a conflict of interest is declared in the meeting, is that recorded in the minutes?

**Ms Mirzabegian:** Yes.

**MR CAIN:** I know that if it is written in the minutes that is one thing, but do you actually keep a metric on how many of the meetings a conflict of interest has been declared in, and how many in the meetings?

**Ms Mirzabegian:** Not currently. We do not keep a tally of how many conflicts, by whom, were recorded during the—

**MR CAIN:** Given the frequency of procurements from Major Projects Canberra, and noting as well that CMTEDD, Health and TCCS account for nearly two-thirds of procurement, if someone is saying at just about every meeting that they have a conflict and then they cannot contribute, you would have to question the value of them being on the board, surely? If you do not keep an account of that, how are you tracking the frequency of conflict of interest—

**MS ORR:** Is that oversimplifying the idea of a conflict of interest? Because conflict can be very, very wide ranging—

**MR CAIN:** I am sorry; I just asked the question.

**MS ORR:** Yes.

**THE CHAIR:** Yes. Can you answer the question?

**Mr Steel:** We can take that on notice, if you like?

**MR CAIN:** Obviously, it is for the witness to answer.



**Mr Steel:** Yes.

**Ms Konti:** You have just mentioned Health and CMTEED and another directorate. The procurements that come from the health arena, for example, come from a very large department and business area. Just because a public member may be on the board from Health does not mean that they are involved in all procurements. Particularly with the larger directorates that have multiple business areas, it is quite possible to be a public member from that directorate and only be involved in one out of every 10 procurements. From that perspective, it is quite probable that the members are not excusing themselves in every meeting.

**THE CHAIR:** Okay.

**MR CAIN:** What guidelines are given to members to say, “Here is where you would need to declare a conflict of interest”?

**Ms Konti:** Those guidelines exist.

**Ms Mirzabegian:** Yes, they do exist—

**MR CAIN:** They are publicly available?

**Ms Mirzabegian:** Each member is also provided with a briefing when they first become a board member. Abuse of position is also covered in the act as an item—abuse of position by board members. The board members are aware of their responsibilities as board members and, to the extent that we can see, are complying with those.

**MR CAIN:** But are the guidelines available publicly? Could the guidelines and any instructions to members about their duties be made available and be provided to this committee?

**Ms Mirzabegian:** I do not think they are available publicly, but they can be provided.

**THE CHAIR:** Great. Thank you.

**MR CAIN:** Thank you.

**THE CHAIR:** I will make a note of that.

**MR CAIN:** Thank you, Chair.

**THE CHAIR:** I have a question about the new powers and the functioning of the board. In your response to the Auditor-General’s report, Minister, you outlined that where procurement risks have not been mitigated “the territory entity cannot proceed with this proposal without breaching legislation”. Can you explain the mechanism, through the Government Procurement Amendment Bill 2023, by which this power of the board can be exercised?

**Mr Steel:** I will hand over to Ms Mirzabegian. It is a little bit more complex than what you have just stated. There is an escalation process that has to be gone through.

**Ms Mirzabegian:** Yes. Thank you. The escalation process is about ensuring that, following advice from the board, there are no risks that are left unmitigated or unaddressed. I might just take you through the process, instead of trying to insert your question into the process.

As a first stage, the board provides its advice and recommendation. The territory entity takes that and is meant to provide to the board evidence of how it is addressing the recommendation in a way that addresses the risks. If the board is not satisfied that the proposed solution by the territory entity adequately addresses the risk then that is escalated to the relevant chief executive or director-general of the territory entity for a response. If the response that the director-general or the chief executive of the territory entity makes is still unsatisfactory to the board, if the board still considers that it is not addressing the risks, it then is referred to the relevant minister.

**THE CHAIR:** Does this allow the board to effectively prevent a procurement from going to tender?

**Ms Mirzabegian:** It would stop the procurement from progressing until the risks are addressed, if that makes sense. It is about making sure that the risks are addressed or at least there is a way forward. That is what we mean by “risks are addressed”: there is a way forward or there is a mitigation strategy for addressing those risks before it moves forward. If there is not then the procurement itself is going to have unmitigated risks in it, and that is unacceptable.

**THE CHAIR:** Okay. Just so that I understand this correctly: once the board has assessed the risks, if it gives the sign-off does that mean that the agency can go directly to a source, rather than going out to tender and having multiple people tender for the work?

**Ms Mirzabegian:** I think we are now talking about the methodology by which a territory entity approaches the market. A territory entity may come to the board with any number of different methodologies. They could go to the open market or they could go to a select number of suppliers. If they go to one supplier, they might give different methodologies to the board as to what approach they wish to adopt. The board considers that and gives its advice as to whether the methodology that is being proposed, based on the documentation provided, represents a sound way to approach that procurement or not. In some cases, approaching a single provider may be a sound approach, provided that the relevant risks are managed. I cannot really speak theoretically about this. It just depends on what reason is provided.

**MR CAIN:** I think I know the answer, but who ascertains whether risks have been mitigated sufficiently to allow the procurement to proceed?

**Ms Mirzabegian:** I think in this instance, where a matter is coming before the board, it is the board members who are making that recommendation.

**MR CAIN:** So the board can effectively stop a procurement by saying, “You have not

mitigated the risks,” and that ends the procurement process?

**Mr Steel:** It may result in the procurement being—

**Ms Mirzabegian:** Being delayed.

**Mr Steel:** being delayed until the risks have been addressed.

**Ms Mirzabegian:** I cannot imagine it would end it.

**Mr Steel:** We have had this discussion before. Ultimately, the responsibility for individual procurements sits with the CEO or director-general of a government procuring entity. They ultimately have responsibility for the procurement, and the Financial Management Act applies in relation to their conduct.

The new escalation process, which has not existed before, will make sure that those risks are properly addressed throughout that procurement—particularly making sure that they are addressed at the early stage, before it goes out for procurement. That is going to be a new process, a new way of thinking. It may result, in some circumstances, in some procurements being withdrawn altogether or a completely different methodology adopted by the delegate, based on the recommendations of the Procurement Board. If escalated to the highest levels, to the portfolio minister who is responsible for the entity undertaking the procurement, it may result in them asking the director-general to address the risks, if they remain unmitigated.

**MR CAIN:** So the board can stop a procurement if it consistently says that you have not mitigated the risks? If it reaches that conclusion, whether it is for the first, second or third time of the proposal being considered, the board can stop a procurement?

**Mr Steel:** That may in effect happen, but they are not there making decisions on procurements; they are there to make recommendations and assess the individual procurement proposals that are coming forward and assess whether the risks have been mitigated. The ultimate decision about whether or not to proceed with a procurement sits with the director-general or the CEO of an entity.

**MR CAIN:** So the board would recommend to the decision-maker or delegate: “The risks have not been sufficiently mitigated so our recommendation is not to accept that procurement”? Is that correct?

**Ms Mirzabegian:** Not to proceed with it until the risks are addressed. That might look like, for example, if they need to seek probity advice, legal advice or expert advice on that particular matter that is the subject of the board’s recommendation.

**MR CAIN:** So the board can recommend a procurement not proceed?

**Ms Mirzabegian:** Until the risks have been addressed. I think that is what you are trying to say—

**MR CAIN:** Right; in the boards opinion?

**Ms Mirzabegian:** In the board's opinion.

**MR CAIN:** Okay. You mentioned the new two-pass system. Was that what you were referring to a bit earlier, Minister—the two-pass review system? These powers seem to be in response to recommendation 4 of the A-G report. In response to the Auditor-General, you say, “The second pass will focus on the details of the procurement.” Do you feel this contravenes the revised objectives of the board under proposed section 29 to “provide strategic direction in relation to procurement”? Will the scope of the board covers both individual details of the process proposal and the strategic directions? It seems like it is diving into the details very much with that second-pass approach.

**Mr Steel:** The strategic element is providing comment on procurement rules and so forth, which is a valuable role that they can play in strengthening our procurement practices across government. The other part of their function is looking at individual procurement proposals, of which there is a two-pass element where they look at the details. So they will have a dual role in that sense. That is, I think, consistent with other recommendations of the Auditor-General's report.

**THE CHAIR:** Is it likely that a non-government member of the board would be one of the people who would be possibly winning the work that the board are considering procuring?

**Mr Steel:** That would be a conflict of interest and that would be dealt with under the conflict-of-interest—

**THE CHAIR:** Okay. Suzanne, do you have another question?

**MS ORR:** I do. I am interested in how ACT Property Group is supporting the gas transition across ACT government buildings. What progress is being made and what are some of the projects you are currently progressing?

**Mr Steel:** Thanks. I will hand it over to Mr Rynehart.

**Mr Rynehart:** With the electrification of properties, last year, ACT Property Group undertook installation of rooftop solar at 255 Canberra Avenue workshops; the expansion of existing rooftop solar at the Flynn Community Centre; secured two ACT Property Group owned locations under the Big Canberra Battery Program, with installations occurring in the 2023-24 year, which are underway; upgraded lighting and efficiency upgrading for solar and LED lighting; and undertook a gas asset audit across the portfolio and developed a priority list of 38 priority sites for transition.

The work is underway for this year. The 255 Canberra Avenue work and the Chifley Community Hub work are expected to be completed early in 2024 under the Big Canberra Battery Program. We have also engaged an engineering consultant to conduct options into the study of electrification of some of the pools—Manuka, Lakeside, Dickson and Gungahlin. They are expected to be delivered by the end of this financial year. Manuka should be delivered this calendar year. So certainly the pools are a focus of ours.

**MS ORR:** Okay. So the focus for the next transit of works will be on those 38 identified projects, subject to future planning budgetary requirements. Is that correct?

**Mr Steel:** I think it is fair to say that there is a wide range of different projects, and we have to prioritise those and look at each of the assets and each of the properties and work out what is the best time to invest in electrification. Some of the assets are obviously coming to end of life in some of those properties anyway; so the chance to replace them is sooner than others. We can get better return on the investment if we do that by not shortening the lifecycle of the asset, if it is already at end of life and we can make that investment. That work is been done, and I think now it is just about working through that list over time to try and make the transition towards gas heating to electric HVAC or whether it is in relation to some of the other assets and types of appliances.

**MS ORR:** Mr Rynehart, you said the pools were a particular focus for you. How do you transition a pool from gas to electricity?

**Mr Rynehart:** I think that will be a matter that will come out of the design and feasibility work that is currently underway. So I am happy to come back on that one.

**MS ORR:** In some of the works that you have done so far, what are the things that you have had to do to? To give us a bit an indication on what a future work cycle will be, what is some of the transition work you have had to do to date that you have experienced or come across?

**Mr Rynehart:** I suppose one of the significant ones is transitioning the heating HVAC system. Gas to electrification is certainly a key piece of work. When we are looking at a new lease or a new tenancy being taken out, we ensure that that building is either all electric or it has a program to transition to an electric HVAC system. The reality is that it on a side-by-side basis with the challenges it presents. For example, we are currently undertaking design work for the Woden Library. With each site, as it comes up, we have a look at the site and look at the challenges that present within it and then undertake the works in accordance with that forward program.

**MS ORR:** What are some of the more complex challenges you have seen and how have you worked through those to reconcile them?

**Mr Rynehart:** On the detail, I may need to take that on notice to provide some further information.

**MS ORR:** Is that because you would have construction people doing that as opposed to you doing it?

**Mr Rynehart:** Yes; there would be some elements of the technical design—

**MS ORR:** I get it. That is fine; you do not need to take that on notice. That is a lot of work for my curiosity.

**MR CAIN:** Minister, you have slated amendments to section 6 of the Government Procurement Act 2001 to revise the functions of the board. The response to Auditor-

General's Report No 5 of 2023 explicates that the purpose of the board is providing the territory with strategic direction in relation to procurement through several functions. Can you provide more clarification on how this strategic direction will operate?

**Ms Mirzabegian:** Thank you for your question, Mr Cain. In procurement language, when we talk about a strategic direction of a procurement, we talk about a number of things—the methodology which is applied to undertaking that procurement; the resources that would be required; the risks—understanding the risks; and also the forward and broader thinking on that procurement—for example, how many years we need this particular service of goods, what are the other opportunities that we can use to leverage either existing arrangements or what is the need of entirety of the territory? So, when we talk about the strategic directions of a procurement, rather than thinking about that one procurement, we are thinking more broadly and into the future.

The functions that the board has support the setting of that strategic direction in the sense that they allow the board to provide the benefit of its advice and its experience to territory entities that have different procurement coming through the board, through a range of things, including by reviewing the proposals that are coming before the board in terms of the methodology of those procurements, the risks, contract management and probity. There would be a range of matters that would be considered.

So those are the individual situations. Then you also have some risks-based situations where matters come before the board. The board can provide the benefit of its advice to those coming before it to set the strategy for that procurement. So the strategy for procurement is: how are you going to do that procurement, having regard to the bigger picture?

**MR CAIN:** Will the board identify administrative or procedural deficiencies in proposals?

**Mr Steel:** In relation to a specific individual procurement proposal?

**Ms Mirzabegian:** I think the board is looking at the relevant risks of the procurement. We have not restricted the board to looking at its real lens of administration of operation, but it is also looking at the risks. For example, if a particular procurement proposal does not have sufficient resources to deal with that procurement or has not given itself sufficient time or is going through a methodology that may not yield the best value for money, those are some of the examples that we are looking at. We do not quite call it operational or administrative. So it would be about, how we do that procurement and what the factors are that you are considering in making sure that that procurement yields a value for money outcome.

**MR CAIN:** Thank you.

**THE CHAIR:** Is there anything you would like to add before we finish.

**Mr Steel:** Yes.

**Ms Mirzabegian:** I just wanted to add that our very capable secretariat to the board

has given us some statistics. In the financial year 2022-23, 79 procurement proposals were considered by the board in 33 meetings. Out of those, the public employee members declared conflicts of interest 22 times across that whole year and across the 79, and the non-public members declared conflicts of interest three times.

**THE CHAIR:** Great. Thank you very much. On behalf of the committee, thank you to all of the witnesses for attending today. There have been a couple of questions taken on notice, so please provide those answer to the committee secretary within five business days of receiving the uncorrected proof of Hansard. Any questions to be placed on notice, please upload them to the parliament portal as soon as practicable. No later than five business days after the hearing.

On behalf of the committee, I would like to thank our witnesses who have assisted the committee through their experience and knowledge. We also thank our Broadcasting and Hansard team for their support. This meeting is now adjourned. Thank you.

**The committee adjourned at 5.01 pm.**