



**LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS AND
ADMINISTRATION**

(Reference: [Inquiry into Annual and Financial Reports 2024–25](#))

Members:

**MR J MILLIGAN (Chair)
MS F CARRICK (Deputy Chair)
MS C TOUGH**

PROOF TRANSCRIPT OF EVIDENCE

CANBERRA

THURSDAY, 13 NOVEMBER 2025

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**Secretary to the committee:
Mr A Walker (Ph: 620 74843)**

By authority of the Legislative Assembly for the Australian Capital Territory

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

APPEARANCES

| | |
|---|-------|
| Chief Minister, Treasury and Economic Development Directorate | 1, 16 |
| Digital Canberra..... | 1 |

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Amended 20 May 2013

The committee met at 1.03 pm

Appearances:

Stephen-Smith, Ms Rachel, Minister for Health, Minister for Mental Health, Minister for Finance and Minister for the Public Service

Chief Minister, Treasury and Economic Development Directorate

Wright, Mr Robert, Acting Deputy Director-General, Office of Industrial Relations and Workforce Strategy

Allars, Ms Alex, Executive Group Manager, ACTPS Employment and Industrial Relations Group, Office of Industrial Relations and Workforce Strategy

O'Neill, Ms Carolyn, Executive Group Manager, Capability, Culture and Governance Group, Office of Industrial Relations and Workforce Strategy

Digital Canberra

Konti, Ms Bettina, Interim Director-General and Chief Digital Officer

Rooney, Mr Eamonn, Executive Group Manager, Planning Design and Digital Group

Leu, Ms Adina, Executive Branch Manager, Data, AI and Digital Records Branch

THE CHAIR: Good afternoon, Minister and officials. Welcome to the public hearings of the Standing Committee on Public Accounts and Administration for its inquiry into annual and financial reports. The committee today will hear, firstly, from the Minister for Public Service and the Minister for Health; then we will move to finance.

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

This hearing is a legal proceeding of the Assembly and has the same standing as the proceedings of the Assembly itself. Therefore, today's evidence attracts parliamentary privilege. Giving false or misleading evidence is a serious matter and may be regarded as contempt of the Assembly.

The hearings 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, please use the words, "I will take that as a question on notice." That will help Hansard and witnesses to confirm which questions have been taken on notice.

Today, for the first hour, we have Minister Rachel Stephen-Smith here, in her capacity as Minister for the Public Service and Minister for Health, and we have officials. We will go straight to questions. I will hand my substantive across to Mr Cocks.

MR COCKS: I would like to get some clarity around where PCHRM is sitting. Is that now, with Digital Canberra, or is it elsewhere?

Ms Stephen-Smith: Digital Canberra.

MR COCKS: Okay; we can have a chat about that. Where is that project up to, right now?

Ms Stephen-Smith: I will hand over to Eamonn Rooney to talk in some detail about that. We have both the business outcome owner, Mr Wright, and the senior responsible officer, Mr Rooney.

MR COCKS: I hoped we might.

Mr Rooney: I have read and acknowledge the privilege statement. Overall, the program is tracking well. We expect that we will be able to deliver all the capability anticipated within the time frame and within the budget that has been allocated. We have had three projects delivered successfully in this tranche of work. Recapping those from the previous meeting, they were establishing the program, closing up HRIMS, which included some contracts that we had to close and some technical debt that we had, and significantly upgrading the time and attendance system for 5½ thousand of our staff. That has just been completed. That was quite a successful project in that we had four releases there, in iterations, and that has now been closed out.

The remaining two projects are the upgrade of the payroll and HR system, HR21 and CHRIS21, and expanding our time and attendance capability out for the rest of the whole of the service. That one currently is in procurement evaluation for a supplier. Once that is finalised, we will be able to announce who that is and move on to implementation.

Overall, the program is tracking well. It is very well managed through the governance board that we have. We have great support from the business outcome owner. There is a lot of investment with the stakeholder group, being the payroll teams and staff, chief operating officers et cetera, across government. It is a key area that we wanted to focus on after HRIMS. The team has spent a lot of time looking at any of the recommendations and findings out of HRIMS and other projects to make sure that we are adopting them and implementing them. We also have an independent assurance partner who provides independent reviews of the program and recommendations into the program board, and an independent board member.

MR COCKS: It is a pretty large workforce that is working on this project. I was looking at some numbers that were reported in the media of 143, and that is split between 64 public servants, 65 consultants, and a bunch of people on labour hire agreements as well. Can you explain what that split is? Is that a functional split or are we short of people to do work?

Mr Rooney: All of those people are not full time. On the staff side, we have a number of staff outside, out in the directorates, who we draw in to do testing and to work with us on that. That is a part-time cohort. In terms of the actual full-time staffing numbers that we have inside the team at the moment, there are 23—ACTPS, nine and labour hire, 14—and we have quite a large number of staffing suppliers. Those people would be some full time, some part time, depending on the work that they are doing.

It is what we call a multidisciplinary team. We have coverage across all the directorates, plus all the functional technology teams, and some change management capability.

MR COCKS: It looks like there has been a fair bit of turnover as well. It sounds like the turnover is not just limited to people moving in and out of directorates, is it?

Mr Rooney: No, that is right. We do have turnover. In some cases, we have people who come in to do a specific technical role; then they are no longer required. In other cases, we have had contract staff that have been brought in to do a particular piece of work, and some of the suppliers have been finished and rolled off.

MR COCKS: I was reading reports that 11 per cent of the total workforce left within the first six months.

Mr Rooney: Yes, that is correct. I would say turnover of about 11 per cent on a program of this scale and complexity is not unusual, in my experience.

MR COCKS: Eleven per cent in six months?

Mr Rooney: Some of those contracts would have been for that period of time.

MR COCKS: There are allegations here about people on labour hire agreements who say that they have had their time on the project cut short and contracts ended early. There are allegations about being off-boarded. It is not painting a great picture of stability, after the previous HR system did not go well; it is a really important project for the ACT.

Mr Rooney: In the first set-up of the program, I anticipate a fair bit of churn with the teams. It is quite normal to have that level of turnover. The off-boarding processes we use are pretty standard processes. Any issues that have been raised by staff, labour hire or contractors have been addressed and investigated, and we have not found any significant issues. I would say that it is a complex program. It is difficult to work in. It is very high pace, so it is not for everyone.

MR COCKS: If I recall correctly, it delivers us essentially the same platform with some expanded functionality.

Mr Rooney: In terms of what was envisioned for HRIMS or—

MR COCKS: Compared with what was envisioned for HRIMS, we are staying with essentially the same platform that the ACT government has been using for some time.

Mr Rooney: That is correct.

Ms Stephen-Smith: That is correct in terms of CHRIS21 and HR21, but the time and attendance will be broader.

Mr Rooney: Yes.

Ms Konti: The decision that was made to move to upgrading the existing CHRIS and

HR21 system is, in and of itself, a complex undertaking, because that system was running several versions behind. It is the same platform but there will be new functionality that will be available through it, and upgraded interfaces, and it will become easier for staff to be able to apply for leave.

MR COCKS: There is a bit of catch-up work because things have become so far behind, while there was another project going on to replace?

Ms Konti: Yes.

MR COCKS: Mr Rooney, I think you were saying that the first two stages of this project were essentially, it sounded like, closing off the old project. Does that mean that the budget numbers, when we look at this project, include some that were really about closing off the previous one, when we look at our costs?

Mr Rooney: We have allocated any costs related to HRIMS to the HRIMS program.

MR COCKS: That includes the staffing costs of those first two stages?

Mr Rooney: One stage, one project, which we called HRIMS decommissioning, yes.

MR COCKS: You had two stages. One was the establishment; stage 2 was the decommissioning of the previous project.

Mr Rooney: That is right, yes.

MR COCKS: With stage 1, the planning was all entirely focused on what is going to be done under the new system?

Mr Rooney: In PCHRM, yes.

MS CARRICK: Given some of the previous IT systems that have been implemented, are you able to provide the committee with the milestones, the deliverables, the invoicing points and the risk register?

Mr Rooney: Yes, it is quite a detailed set of information that we can provide.

Ms Stephen-Smith: We will take that on notice.

MS CARRICK: Thank you.

Mr Wright: Going to both your question and Mr Cocks's statements, for me, the big difference between HRIMS and this PCHRM is the significant governance upgrade that we are working with, as well as the engagement of the business area.

As the business outcome owner of the PCHRM program, my role is to make decisions on design and delivery issues that relate to policy interpretation or business practice, so that we are accountable to government and the Minister for the Public Service for ensuring that the program delivery will meet the business needs of directorates. It is about having that engagement with directorates and really bringing them in.

Before every program board meeting that we have, we have a business outcome working group meeting, because the real wins in this come from the work, particularly in the time and attendance space, on the ground in directorates. To me, that engagement, along with the really good governance that the program team have brought, is a significant uplift and speaks very well for the success of this project.

MS CARRICK: I have a question about gender diversity at the executive level. In the 2024-25 *State of the service report*, the Head of Service stated that the ACT public service seeks to maintain and strengthen their commitment to gender equity. There is a breakdown of gender diversity at executive levels, and it is 56 per cent female, 44 per cent male and 0.3 per cent non-binary. However, in the Treasury stream, 78.3 per cent of executives are male. My question is: do you believe it is appropriate for such a key central agency to have such a clear lack of gender equity at executive levels?

Ms Stephen-Smith: It is probably a question for senior Treasury officials in terms of Treasury. Obviously, the Under Treasurer will be here with me for the finance section. What I can say—and Mr Wright might want to talk more broadly—is that the new Deputy Under Treasurer has just been appointed and is a woman. In my conversations with the Under Treasurer, he has expressed the view that more work needs to be done within Treasury to increase the gender diversity of staff within Treasury as a whole. That is something that is on his radar.

Mr Wright: I think the really key bit coming out of that *State of the service report* is that the gender equity pay gap is at a record low. That is a significant achievement and something that the ACT government and the ACT public service should be very proud of. We have been getting closer and closer to gender parity over the past five years. In terms of the Australian labour force, we are achieving really impressive outcomes there.

It is a really good news story. There will be continued pockets for improvement. We also have gender equity in some areas which is the other way. That is, as a community and a society, something that we can continue to work towards. Overall, I think it is a very good news story.

MS CARRICK: It is true; there are some pockets where women make up a higher percentage than males in the executive stream. Treasury is a really important one. Do you have any initiatives in place to increase diversity at the executive level in the Treasury stream? Do you work with the Under Treasurer to help balance that one a bit?

Mr Wright: Ms Carrick, there was some work conducted about 12 to 18 months ago in the Treasury stream, but it is probably a question for CMTEDD corporate, who are not here for this particular hearing. I will take that on notice, and we might be able to come back to you with that. I do understand there was some work done there.

Ms Stephen-Smith: If anyone from Treasury in the finance stream is watching, they might be able to come back in the finance session with that.

MS CARRICK: Yes, that would be good.

MS TOUGH: You mentioned the gender pay gap. In some parts of the service, or

maybe the whole service, it is now negative, Overall, for the whole service, women are now paid slightly more than men. Do other states and territories track their gender pay gap? If they do, how are we comparing?

Mr Wright: That is a really good question. I do not have the answer to it, off the top of my head. Do you know the answer to that one, Ms O'Neill?

Ms O'Neill: I acknowledge that I have read and understood the privilege statement. Yes, that pay gap is tracked across the country. At the federal level, it is about 11 per cent, so we are significantly outperforming our more local federal government cousins, but I do not have the state-by-state breakdown to hand.

MS TOUGH: I was mostly interested in how we compare to the commonwealth, being in the same town

Ms O'Neill: As were we, and we were pleased to see that it was favourable.

Mr Wright: A small jurisdiction punching above our weight, I think, Ms Tough.

MR COCKS: I am very interested in looking at the data that drives what shifts the pay gap. In table A.4, "headcount by age group, gender and average length of service", you see that females outnumber males in every one of those categories. Have you done any analysis around the impact of workforce distribution across both age and employment bands to see what the impact of that is on what levers can be moved for the gender pay gap?

Mr Wright: Mr Cocks, which page were you referring to in the *State of the service report*?

MR COCKS: That is page 52.

Ms O'Neill: No, I do not believe we have that data to hand for the question. I will take that on notice. I do not have it at my fingertips. I can provide it to the committee.

MR COCKS: It would be useful to understand to what extent demographic factors are influencing changes versus proactive steps in other policy spaces.

MS TOUGH: Sticking with pay and workplace conditions, I am interested in the medical practitioners enterprise agreement. The medical practitioners enterprise agreement intractable bargaining workplace determination decision was handed down by the Fair Work Commission Full Bench on 14 October, affirming the territory's wage proposal for staff under the agreement. What does this decision mean for medical practitioners, particularly in CHS?

Ms Stephen-Smith: I will hand over to Ms Allars in a moment. I note that the final determination was handed down earlier this week, so we now effectively have an agreement for medical practitioners, which I am very pleased about. One of the things I am most pleased about is that we will be able to deliver not only pay rises and back pay as quickly as possible but also the cost-of-living payment, which we should be able to do by the end of this month; if not, by early December.

Ms Allars: It is correct that we do now have an outcome following that full bench process around the medical practitioners enterprise agreement. It means, as the minister said, that we will now be able to flow through the pay increases, the back pay and cost-of-living payment to our doctors who were covered by that enterprise agreement.

The full bench determined that the pay offer that the government made to the whole of the ACT public service, which was accepted and voted on by other members of the workforce, will flow through to medical practitioners. It is a good outcome that they have the certainty now and they know when the pay increases will apply.

There are a couple of elements that were requiring resolution. Pay was one, and the other one related to their medical expenses, education allowance. That has also been confirmed; that will now move to an allowance that is paid fortnightly, from an annual one.

It also means that we have commenced bargaining for 16 of our 18 enterprise agreements across the service, and we will now be in a position to commence renegotiation for that agreement.

MS TOUGH: You said the final determination came out this week. What is the time period for having that in place and starting to pay people that higher rate?

Ms Allars: The determination, which, as the minister said, is an enterprise agreement, was issued this morning. A decision on that was issued earlier this week. That enterprise agreement or determination applies from now, today. That agreement now will ensure that the pay increases that the rest of the workforce received over the past three years will be backdated for those employees. There is a general pay increase that the rest of the workforce will receive in December, a one per cent and a \$1,000 payment. That will then also be applied to the medical practitioners agreement, and they will receive that cost-of-living payment in the next pay, which is 20 November.

MS TOUGH: For how long was the matter in the Fair Work Commission?

Ms Allars: With the process in the Fair Work Commission, the formal hearing was held earlier this year, in March, over three days. The full bench handed down their decision in October. There was a draft determination, which the ACT government and our union representatives worked through and then provided feedback to the Fair Work Commission. They issued a decision on that early this week, and the final determination this week.

With the process itself, once the enterprise agreement was voted down last year by the workforce, we moved into an intractable bargaining dispute process before the commission. It has probably taken over 12 months, from the date of the hearing to November. That is the length of time it has taken to get to this point.

Ms Stephen-Smith: The original intractable bargaining declaration was made on 12 November 2024, so it has been almost exactly 12 months from there to here.

MS TOUGH: That is really in the hands of the commission—how long their process

took?

Ms Stephen-Smith: Yes.

MS CARRICK: With enterprise bargaining for the broader ACT public service commencing again next year, I think—

Ms Stephen-Smith: It is underway.

MS CARRICK: It is already underway. So does the current budget forecast include a forecast for the increase in salaries?

Ms Stephen-Smith: The current budget includes a provision for potential outcomes of enterprise agreement processes. It always includes a provision for that.

MS CARRICK: When you say it “includes a provision”, where is that provision in the budget? Is it built into the employees line—2026-27, 2027-28, 2028-29? Is that what a provision means?

Ms Stephen-Smith: You would have to ask the Treasury about exactly how they present it. I am not sure where it sits. I suspect it is a central provision, because we are going into the process of undertaking bargaining. We are currently in that process. We have an expectation of what that would look like, but we also have to have those conversations with the employees and unions as well.

MS CARRICK: Thank you.

MR COCKS: You have outlined a process of about nine months, or less than a year, around the intractable elements, but when did the actual negotiations on the medical wages start? That was not just a year ago, was it?

Ms Stephen-Smith: No.

Mr Allars: No. That was over three years ago.

MR COCKS: So that was 2022. When did you first have signs that things were going to be difficult to navigate or would become intractable, as it turned out?

Ms Stephen-Smith: The bargaining commenced in February 2022, along with most of the other agreements. It was clear early in 2024. This was a bargain where it took quite a long time to get to the core outcome and then the stream. The way it works, as you probably know, is that there is a core offer and a core outcome around pay and conditions. They are offered uniformly. Then we go into stream bargaining for the 18 different enterprise agreements, some of which are not on the same timeline.

It was clear fairly early with the Medical Practitioners Enterprise Agreement that there were some areas of significant disagreement, particularly around the core pay offer. The history of the MPEA is that it is often the case that there is disagreement between the union and the government around whether the pay offer is satisfactory. It has previously been the case that, where the agreement has been put to a vote, it has been voted up,

even if the union is running neutral or opposing the proposed agreement.

In this case, we put the agreement to ballot because we could not resolve the dispute with ASMOF, the union. In July 2024, six per cent of employees voted no on the proposed MPEA. That was a quite unusual situation and a very clear message from medical practitioners. At that point, we were so close to caretaker period that there was no opportunity to go back and negotiate or go back to ballot. Hence, the intractable bargaining process that commenced during the caretaker period was originally proposed by ASMOF.

MR COCKS: There were difficulties getting to agreement very early in the process, clearly.

Ms Stephen-Smith: Yes.

MR COCKS: What are you putting in place for this new round of bargaining to try to avoid that happening?

Ms Stephen-Smith: The Chief Minister and I indicated to ASMOF during the election campaign, and, while we were continuing to—

MR COCKS: Sorry—I am talking broadly across all of the—

Ms Stephen-Smith: I will answer this in particular for MPEA. For MPEA, we have been clear that we agree with them that the current agreement is not structured in a way that is really fit for purpose for the medical practitioners in the ACT, so we needed to do some more fundamental work. We are talking to them about a process called interest based bargaining. The exact form of that has not been determined and we have not released the NERR.

Ms Allars: The notice of employee representational rights.

Ms Stephen-Smith: That starts the bargaining process. We have not released that yet. We are very conscious that we need to do some serious work with them, as we are with the ANMF around nursing as well. More broadly, we have indicated to all unions that we are approaching this current round of bargaining with an intent to complete bargaining as quickly as possible. The current agreements expire in March 2026 and we want to have new agreements finalised as close to that as possible, if not before. We are taking a minimal-change approach to our proposals through bargaining, and we have also been taking the approach of doing parallel bargaining between the core and the stream agreements. With that, I will hand over to—

MR COCKS: Sorry—if you are not able to achieve that by the expiry of the current agreements, do you have capability—I know that, in the federal public service, there is capacity to provide, I think, Wage Price Index increases. Is that something you are considering?

Ms Stephen-Smith: We have done that or a similar type of thing before. At this point, there is still one pay rise to go. As I think Alex mentioned, there is a pay rise of one per cent plus \$1,000 that is due to come through in December this year. With the

pattern of pay increases, the next one would not be due until June or July next year, so, if we have not reached agreement by that point, we will have a bit of time to think about what we would do then.

MR COCKS: And are you trying to make sure we stay above the CPI?

Ms Stephen-Smith: There is a challenge in relation to the CPI at the moment, but we have certainly recognised the impact of higher inflation on our workforce, and that is something that we are working through as we approach being able to make an offer.

MR COCKS: Thank you.

MR BRADDOCK: Could I clarify: to what extent has Digital Canberra become responsible for managing the MyWay+ system and procurement?

Ms Konti: The MyWay+ system and procurement is currently under the leadership of the City and Environment Directorate.

MR BRADDOCK: Fair enough. I will move those questions to next week. I just wanted to check. Moving on to public sector management and reform, can you tell us what changes you have already made to modernise the ACT public service since becoming the minister?

Ms Stephen-Smith: Mr Braddock, it is still a shared responsibility between me and the Chief Minister, who has responsibility for the Public Sector Management Act. One of the things we have done jointly between my public service hat and my finance hat is establish an expenditure prioritisation framework. All directorates are looking at where and how they are delivering services for government and the community and any opportunities to do that more efficiently. Obviously, the machinery of government changes have also been aimed at that.

With my public service hat on, the establishment of Digital Canberra has been a really important element of ensuring that we take a whole-of-government view of our ICT capability and implementation. That has real potential to improve the efficiency of the public service, not just in terms of reducing the number of different IT products we need to manage, support and procure, but also in terms of the way that the different agencies, programs and projects can talk to each other and gather and share data. Ms Konti might be able to talk more about that if you are interested.

MR BRADDOCK: Sorry, Ms Konti. I am also curious about the further positive changes ACTPS staff can expect as a result of these forthcoming changes. Minister, you started to touch on those and that is why I would be keen to hear the answer.

Ms Stephen-Smith: It is about looking at how we can use technology to enable staff to do their jobs more efficiently. It is not about replacing staff with technology; it is about ensuring that ACT public servants have the best technology available to them to support the work that they do every day. That might mean using technology to reduce the amount of manual input of data—that type of activity—or it might mean actually automating processes for the wider community or connecting pieces across government.

My colleague Ms Cheyne and Access Canberra, as well as the Treasury and the Revenue Office, have been very keen on the tell-us-once approach for the community. People do not want to have to continue to re-enter information. That is not only better for our community, where they do not have to keep redoing the same thing; it is also better for our staff that they have access to consistent information about the community when they are interacting with the ACT government.

MR BRADDOCK: How are you creating a culture where ACTPS are encouraged to come forward with innovative ideas or comparison with other jurisdictions to make sure we have a culture that is innovative and contributes with ideas?

Ms Stephen-Smith: I am quite interested in how we do more of that. Part of the expenditure prioritisation piece is encouraging people to start thinking about the way that they do their work. It is about starting that conversation with community. I have certainly had some conversations with Mr Wright about how we reduce red tape in the way we employ, engage and move people around the public service. That probably does not quite get to your point about innovation. Overall, I would not say we are there yet, but we certainly have had a number of conversations about how we create an environment where people feel confident to come forward with new ideas about how to do things, where there is a process for those ideas to be gathered, filtered and then implemented.

That will be to some extent agency by agency, and the culture piece needs to be driven from the top. It is a conversation with directors-general as well. That is something about which I am keen to have a conversation about. We probably have been more focused to date on implementing the machinery of government changes, establishing Digital Canberra, and making sure that Infrastructure Canberra, with all of its new functions, is able to get across all of that. We have also started the enterprise bargaining process and had conversations in that context as well. So we are probably not quite at the point of having the bigger conversation about innovation and risk management in a less risk-averse way, but it is something that I am very keen we do.

Mr Wright: Mr Braddock, innovation is, of course, one of our ACTPS values, and we recognise that through our ACTPS awards process. We have some amazing examples of innovation in the service, many of which are recorded in the *State of the service* report and in local areas like mine. I have a monthly innovation recognition process where we look at the ways in which people who work in the Office of Industrial Relations and Workforce Strategy can be innovative, with examples of that innovation. Innovation is one of those things, in a public service context, that does not put a Tesla into orbit; it is about ways in which we can digitise, streamline and improve the way that we provide customer service throughout the ACTPS. We get some amazing bits around that. Recognising it is a key part of that.

MR BRADDOCK: The minister touched on risk aversity. I am interested in how you plan to attack that as well to ensure that people are empowered to engage with risk to achieve those outcomes.

Ms Konti: One of the ways that we are encouraging innovation and looking at, I guess, characterising risk and managing risk appropriately is through some of the changes that

are coming through the creation of Digital Canberra. We now have a technology investment framework and a whole bunch of policy and process guidance, if you like, about how we should look at delivering projects that have technology components to them. One of the key tenets of that is to make sure that we can enable the creation of multidisciplinary teams, which Mr Wright talked about before. PC-HRM has a partial multidisciplinary team where we bring together people who are experts in the business with the people who understand how the technology works. You actually get innovation by those two disciplines and skillsets being able to work together on how they best achieve an outcome that might be a government priority or a directorate priority. That is one of the ways in which we both encourage innovation and enable us to see risk in the broader context, so that risk based decisions can be made rather than totally avoided.

MR BRADDOCK: Thank you.

MS CARRICK: How are you using AI, managing AI and checking for accuracy in briefs?

Ms Stephen-Smith: I will hand over to the team to talk about how we are managing it.

Ms Konti: We have an AI governance and assurance framework policy now, which is published, and we have established an AI Advisory Group that looks over not what I would call the day-to-day use of AI but proposals to implement AI in new and innovative ways. AI is now quite ubiquitous across ACT government and we have lots of tools that can help staff to type up responses, help with their briefings and do other things. There is local guidance that we publish and regularly remind staff about, in terms of what is and is not appropriate to put onto the public ChatGPT and the need to make sure that you verify the accuracy of the information you get from AI before you use it. I will hand over to Adina to elaborate on that.

Ms Leu: I have read, understand and acknowledge the privilege statement. We have a broad capability development program for artificial intelligence across the ACT public service where we are looking at uplifting staff capability. AI presents the opportunity for innovation in a safe space, as the minister and Bettina spoke about. We are regularly showcasing the use of AI—safe, secure, and ethical use of AI—across the ACTPS. In 2024 and 2025, we had week-long activities through AI Week that focused on upskilling—that is, building capability in the artificial intelligence space. Staff have access to a number of tools. There is the one that Bettina mentioned. We have Copilot enabled for staff to help them do their work better in that space.

MS CARRICK: Thank you.

MR COCKS: Regarding innovation, I heard it is a conversation, it is a culture and it is a value. I hesitate to say that it sounds like it is a vibe! We heard an example of a tangible thing within one directorate. Is there anything tangible across the service that you are doing that actually makes innovation easier?

Ms Stephen-Smith: One of the things about innovation is that it is a bit of a vibe.

MR COCKS: But you can do tangible things to support it.

Ms Stephen-Smith: It is a cultural thing. You feel supported to innovate, take risks and be honest about failure. One of the challenges with innovation in the public sector is that failure is very heavily penalised in the political realm, and innovation inevitably involves taking a risk. Where the political realm and the culture that creates discourages any form of risk-taking is challenging, so there needs to be a vibe around: “Senior people have your back if you are taking risks.” But there is also what Ms Konti was talking about in relation to how you put governance structures in place to understand, very early—where something is not working out the way you would expect it to—that you either get it back on track or fail fast. That is a key element. But we are also dealing with a range of human services in other parts of the public service where there is a real cost to failure. That is a different type of management in changing the way that you deliver services.

I can tell you that, in the health system, there is innovation happening all the time on every ward. There are quality improvement projects that nurses, midwives, allied health professionals and doctors are implementing all the time when they see an opportunity for improvement. As Mr Wright said, innovation is one of the identified values across the public service. Canberra Health Services has its own set of values, one of which is being progressive, and that is aligned with innovation as well. Again, they reward, recognise and champion research and innovation and publicly recognise that. There are a lot of individual examples of where innovation is occurring across the public service. Some of them will be in the *State of the service* report and some of them will be in CHS’s annual reporting on this.

MR COCKS: I am glad you touched on the sense of being penalised and, basically, the risk of a blame culture. It sounds like that is what you are getting to. Mr Barr has gone on record with comments like; “The ACT Public Service’s limited ability to develop and implement policies has been frustrating,” and, “We want good advice in a timely way and then, once decisions are made, we want them implemented effectively, and that’s not always happening.” Plenty of people have reached out to me feeling that the public service is always taking the blame. How do you overcome the message coming from the very top, when, at the very top of the government, the message is: “The problem is over there with the public service”?

Ms Stephen-Smith: I disagree with your characterisation of the Chief Minister’s comments in that regard, Mr Cocks. We all have a role to play here. The public service also has a responsibility to deliver and then be honest with ministers if something is going wrong. Everybody has a responsibility here.

MR COCKS: I am asking because it is not just my opinion. One article is headed: “Barr dumps on public service to deflect blame”. That is the narrative that is out in media circles as well. How do you overcome that for the public service when people are not feeling hugely empowered to do what you are talking about? I appreciate your passion for innovation—I share it—but how do you overcome that?

Ms Stephen-Smith: Commentary will occur all the time. I disagree that that is what is happening. I will take it as commentary from you and repetition of commentary from others. There is a lot of work going on and the Chief Minister is very supportive of the work that is creating an environment that enables people to both take risks and take accountability for the work that they are doing.

MR COCKS: I will come to Digital Canberra again. This was foreshadowed in other questions earlier. Is there a defined list yet of the projects that have moved or will move across from other directorates to Digital Canberra? I was searching through all the annual reports and it does not seem very clear anywhere.

Ms Konti: The annual report is from last financial year and Digital Canberra has been in existence from 1 July this year.

MR COCKS: I understand. For context, the reason I am asking is that there are two annual reports that talk about the establishment of Digital Canberra and how things will be moved across, but I do not yet know which projects have moved from which areas.

Ms Konti: I can shed some light on that, as well as the process that we are undertaking to establish Digital Canberra. It is probably fair to say that, this financial year, we will continue to establish Digital Canberra. On 1 July, Digital, Data and Technology Solutions from CMTED and the Digital Solutions Division of the former ACT Health joined together to become Digital Canberra on 1 July. There are three areas of change that we are undertaking in and around the remainder of the establishment of Digital Canberra. The first is establishing our corporate functions. That is going on at the moment. We are currently utilising the corporate capability from both CMTEDD and the Health and Community Services Directorate while we are establishing our corporate functions for Digital Canberra.

We are also undergoing what I would call a current internal Digital Canberra change, where Digital Solutions Division and DDTS staff are understanding each other, how they work, the differences between our processes and those kinds of things, so that we can come up with an operating model that makes sense. Between now and the end of the financial year, the other technology operations will be progressively moving from other directorates to Digital Canberra.

MR COCKS: Which month was that—from—

Ms Konti: Between now and the end of the financial year, in most cases. There may be some exceptions to that, but, in most cases, technology functions from other directorates will come to Digital Canberra, and that is a staged process that we are planning now. Digital Canberra already has responsibility for the following projects: PC-HRM, which we heard about before; the National Firearms Register in partnership with Justice and Community Safety; Cloud Campus in partnership with CIT; and there is an ERP program phase this year, with which we are in partnership with CMTEDD and Canberra Health Services.

MR COCKS: What is ERP?

Ms Konti: Enterprise resource planning.

MR COCKS: Thank you.

Ms Konti: Other tier 1 and tier 2 projects will transition to Digital Canberra at the right time in that project life cycle. That is something that we will be negotiating. One of the

things that is really important to understand is that today's business and the continued operation of the technology environment for ACT government must be our priority one. And the momentum that current projects have, while they are in flight at the moment, needs to be considered when we are thinking about ownership and responsibility for those transfers.

MR COCKS: Basically, if it is not one of the projects you have outlined, it still sits with whichever directorate was responsible?

Ms Konti: At the moment.

MR COCKS: Do you have an advisory role in the meantime? Are you engaging with other directorates on what they are doing around procurement?

Ms Konti: Yes.

MR COCKS: Will there be information available around when projects are being transferred and what the timeframes for particular projects are, once that decision has been made?

Ms Konti: Yes. The broad nature of the timing has been agreed at a government level. Individual transfers and transitions that are added will be bilaterally agreed between both directorates.

MR COCKS: Thank you. You may take this on notice: do you have a list of the individual projects and systems that will be transferred to Digital Canberra?

Ms Konti: We have a list of the projects and systems that are in flight across government at tier 1 and tier 2 levels, but do not yet have a list about which will transfer and when.

MR COCKS: Thank you.

THE CHAIR: We thank officials for attending today's hearing on Health and the public service. If any questions were taken on notice, you have five working days to get them to the secretariat from receiving the uncorrected proof *Hansard*.

Short suspension.

Appearances:

Stephen-Smith, Ms Rachel, Minister for Health, Minister for Mental Health, Minister for Finance and Minister for the Public Service

Chief Minister, Treasury and Economic Development Directorate

Campbell, Mr Russ, Under Treasurer, Treasury

Austin, Mr Scott, Executive Group Manager, Finance and Budget Group, Treasury

Holmes, Ms Lisa, Executive Group Manager and Commissioner for ACT Revenue, Revenue Management Group, Treasury

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

Barbaro, Ms Fiona, Acting Executive Group Manager, Policy and Cabinet Division

THE CHAIR: Welcome, Minister Rachel Stephen-Smith, this time appearing in your capacity as finance minister. I welcome the officials who are here for this session. Please note that, as witnesses, you are protected by parliamentary privilege and bound by its obligations. You must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly.

As we have an hour, we will go straight to questions. I will hand over to Mr Cocks.

MR COCKS: I want to ask about the Ombudsman's recommendations on historical land tax debts. The Ombudsman's investigation found that the Revenue Office's recovery approach was often unfair and lacking in transparency, and the government agreed to implement the recommendations. I am looking to try and get some clarity. Where is implementation up to? Can the directorate or the office give me an update on the implementation status of those recommendations?

Ms Stephen-Smith: Ms Holmes has recently been appointed as the revenue commissioner, having been acting for some time. She can provide an update.

Ms Holmes: I have read and understood the privilege statement. We have been progressively working through those recommendations from the Ombudsman's report. There are a number of things that we have already actioned and a number of others which are still in train.

We have been doing changes to the various assessments, the various notices and our correspondence, to look at the language that we have been using, to be clearer in terms of the language that we are using. We have included information, for example, around our payment options, if you are not able to pay the amount which is listed. There is more information appearing there, as well as the language.

We have also been looking at doing changes to the website in various areas. We are in the process of totally redoing the website, to make it more easily navigable in terms of what information people are trying to find, and we are looking at changing the language that we are using, to make it simpler as well. We are trying to look at the customer experience and improving the customer experience.

We have been doing a number of things in terms of the compliance activities that we do. People now, rather than getting a section 82 investigation notice, are getting a

request for information instead. It is giving opportunity for the individual to provide more information, because that is voluntary. That then feeds through to being taken into consideration in terms of any assessments which might then be made.

We have also increased the payment time. If there is a reassessment, the payment time has extended from three weeks to eight weeks. We are continuing to do further work on the language of our various communications, particularly in relation to being trauma-informed, and what is the best flow of those documents.

As I said, there are a number of things in train, and we will continue to make improvements.

MR COCKS: There are a couple of things regarding what you have just said. You are moving to a request for information approach.

Ms Holmes: That has already been implemented.

MR COCKS: Okay, so that is in place now. That is the description of the letter that goes out; is that correct?

Ms Holmes: It also goes to the legal form. They are not getting notice of an investigation. That actually has implications. If they are then responding with information, it is a voluntary disclosure. That actually goes to any penalty taxes—if, in fact, there is a reassessment, what penalty taxes might be applied, if any.

MR COCKS: That brings me to another part of the equation. Moving from a three-week to eight-week process, does that mean that people are likely to have an extra five weeks of interest applied or is that without interest in that period of time?

Ms Holmes: I will take that one on notice, Mr Cocks, just to make sure I get that one correct.

MR COCKS: With those changes to communications, one of the big complaints we hear across a bunch of these things is that people feel like they can never speak to someone. Have you increased the capacity for people to speak to someone from the Revenue Office and make sure those individuals are being appropriately engaged with verbally? Have you changed protocols there at all?

Ms Holmes: Yes. There are a couple of things on that point. When we are sending out things such as a request for information, we are giving contact details. There is a name happening there. We have also been looking at where someone is calling in via the contact centre and being clearer in terms of options to be able to put people through to who they need to speak to faster and easier.

Going back to the previous question that you asked, Mr Cocks, there is no interest from the notice of the assessment up to the payment due date.

MR COCKS: Is that from the original notice? Is that the notice of reassessment or the original notice of assessment that we are talking about there? I am happy for you to come back with the additional detail.

Ms Holmes: It might be best to put it in writing for you, so that we can make sure we can cover it.

Ms Stephen-Smith: I suspect that is from the notice of reassessment.

MR COCKS: That might be very useful, so that we are very clear. I think that is what you mean.

Ms Holmes: Yes.

Ms Stephen-Smith: Yes.

THE CHAIR: We will keep it as a question taken on notice.

MR COCKS: Has there been any change to the process for raising retrospective debts—in particular, in terms of how far back historically you routinely look at what may be, or reassessing what would become, people's debts?

Ms Holmes: I will take that one on notice as well, Mr Cocks. There are legislative provisions which certainly let us go back in certain circumstances earlier than five years.

MR COCKS: Yes. I am interested in whether there has been any change to the approach that has been taken to those debts, in particular the ones that are older than five years. You will come back on notice on that?

Ms Stephen-Smith: We will take that on notice.

MR COCKS: Thank you very much. Are you evaluating the effectiveness of the changes in the reforms? If so, how are you doing that?

Ms Holmes: We are looking at various things across the office in terms of the activities that we do when we are making changes—how we can potentially get information as to how effective that is. That is still a work in progress in terms of whether it is possible and, if so, what that might look like.

Ms Stephen-Smith: My reflection, Mr Cocks, is that the Ombudsman explicitly was going to come back in six months, I think, to look at what had occurred. If that is incorrect, we will correct the record. I know that the Ombudsman had committed to working with the Revenue Office to ensure that the recommendations were being implemented.

MR COCKS: I am very pleased. It sounds like there has been some good progress in terms of implementing the recommendations. I am interested in how the Revenue Office itself is determining whether those are effective in dealing with the underlying issues. Do you have an evaluation program in place at the moment, or are you looking at any particular metrics to see whether implementing those recommendations has had an impact on the outcomes?

Ms Holmes: There is nothing in place at the moment, Mr Cocks. It is still very early days. We are undergoing monitoring with the Ombudsman in terms of the activities that we are doing. Implementation was initially discussed to be over a 12-month period. At the moment we are focusing on implementing; then we will look at what assessments we could potentially do or what stats we can potentially look at, in terms of how effective they have been.

MS CARRICK: My question is about reporting. During estimates hearings, Ms Rule mentioned a few times that they would look at the accountability indicators. With a lot of them, across all the directorates, it could be as simple as producing a ministerial statement, and they are not necessarily targeted to the outcome of whatever the function is. Has there been any work done to look across the board at the accountability indicators?

Mr Campbell: I have read and understood the privilege statement. I would not say at a whole-of-government level; we are still engaging through our CFO networks, because the Auditor-General reviews every individual directorate's reporting and often provides commentary direct to the director-general about the adequacy or otherwise of improvements that can be made to some of those accountability indicators. In Treasury, we have not done a scan across everything that has been provided back to D-Gs. At the moment it is sitting with their interaction directly with the Auditor-General.

MS CARRICK: When the Auditor-General does his work, I thought that was more around the financial statements; he does performance audits as well on particular subject matter. Does he look at the performance in each directorate, in addition to ensuring that he has a fair view of the financial statements?

Mr Campbell: He has a remit to go across all of those. From time to time, he will make specific performance reporting recommendations. Obviously, every time he looks at the financial statements, he will make recommendations as appropriate there, too. I know there are a number within the Treasury portfolio that we are taking on board and having a look at ourselves. The answer is that he does.

MS CARRICK: With the program reporting, we find with the reporting that we have very high-level outputs; then we have initiatives at a very low level. How do you design, monitor and assess to improve the outcomes for people when we are looking at an output or an initiative level and there are no programs sitting in the middle? There are some programs, but it is not comprehensive, and it is not reported at program level, often.

Mr Campbell: No. Ms Carrick, this is an issue where we are aware of the historical difficulties. Going back prior to, I think, 2018, before the initiatives were part of the ACT government budget reporting, you could actually look at a finer level of detail attached to particular activities, and you could track some of that over time. Going back further than that was more difficult. At the moment, to redesign our system effectively to mimic the commonwealth's program structures to a finer level of detail would involve a very significant body of work.

We have not commenced that work at the moment. What we have done, though, as part of the enhanced budget control framework, is that all directorates are working through

their activities to look at how they have currently structured their full-time equivalent employees, and how they are addressing some of those pressures within their directorates to manage potential new spends, as well as looking at the suitability of some of the older programs or activities that they are undertaking.

That is a piece of work that is going through the cabinet processes as we speak. In time, that will provide, potentially, a hook, and we can start to think about a program of reporting in the future that might go further down that path. At the moment, to do it overnight would be an extraordinarily large exercise, and we would not have the resources to do that. It is something we are conscious of. Some of the work that is underway at the moment potentially will help in that regard.

MS CARRICK: That sounds good. Is there any timeframe for them to identify their activities or their initiatives—what activity all these initiatives belong to, so that it is grouped a bit, at that very low level?

Mr Campbell: Not in that formal sense, but that work is underway at the moment to understand that better. With the precise timeframe for that, once we start to see some of that early work coming through the ERC and cabinet process, we will be in a better position to see what is possible and what timeframes we could attach to it.

MS CARRICK: With the data, do you have data at the district level, for example, for the Wellbeing Framework and for any initiative, output or program that you deliver?

Mr Campbell: I would not be able to talk to the wellbeing data. We might have to take that on notice. If it relates to basic economic data, some of it will be captured through ABS data, which goes to a finer level of detail. In terms of actual implementation of initiatives, though, most of the data would not be captured in that way, so I would say no.

MS CARRICK: Can you take on notice the data sources that you use for the Wellbeing Framework?

Mr Campbell: I can take that on notice. It is in another part of CMTEDD, so we will take it on notice.

Ms Stephen-Smith: In terms of the data sources for the Wellbeing Framework, if you look at the Wellbeing Framework website, all the indicators point to their data source. That can be provided on notice, but it is available on the Wellbeing Framework website.

MS CARRICK: Okay. Does the data source that you are using go down to district level? Is it at the ACT level, the state level, or do we have lower level, district-level data?

Mr Campbell: Generally speaking, if it is attached to a piece of data collected by the ABS, it will usually have finer gradations down to, potentially, SA2 or SA3 level, which is suburb or district level. For a lot of the other initiatives, the data would not have been originally collected in that form, so it would be impossible to impose it. As I say, we can come back and make those links available to you.

MS TOUGH: I want to talk about procurement. The annual report talks about the goods and services accreditation program. I am curious as to what that program entails in practice.

Ms Mirzabegian: I have read and understand the privilege statement. I understand your question was in relation to the accreditation program?

MS TOUGH: Yes, the goods and services accreditation program.

Ms Mirzabegian: The accreditation program was one of the initiatives under the Procurement Reform Program, which has now largely been delivered and has been folded into business as usual. Under the accreditation program, various territory entities—territory entities are those entities subject to the Government Procurement Act and the government procurement framework—were assessed in relation to the maturity in how they did procurement.

The aim was to make sure that the support that Procurement ACT was providing in relation to those procurements was commensurate with not only the scale, scope and the risk of the procurement but also with the level of maturity that that entity had. That would make sure that our level of service was appropriate for those entities. More broadly, it would also allow the entities to understand their own level of maturity and to work more positively towards building capability.

I should say that accreditation is only one part of the broader framework. We support accreditation with what we call the tiered service delivery, and we have three broad tiers of service delivery. At the top level there is the managed service, which relates to those more complex and higher risk procurements, and it is also provided to entities, depending on the level of the accreditation. The more accredited you are, the more you would be able to undertake your own procurements with a lesser level of support from Procurement ACT. Those are managed and assured. The managed stage takes the territory entity through a procurement, from the planning stage to the point where they enter into a contract.

The assured stage has five assurance points where the territory entity that is procuring can check in with Procurement ACT and check that the process is going well and appropriately. We also have an enabled tier of service. The most obvious or visible part of that is our help desk, which addresses any queries or questions from any territory entity at whatever level, and supports our suppliers externally by the provision of Tenders ACT and other various systems that we have for procurement.

MS TOUGH: That goes to what I was going to ask next, about the annual report. It talks about Procurement ACT providing territory entities with capability and training services. What kind of work is being done with the entities?

Ms Mirzabegian: Our capability and training services take a number of forms. We do have a procurement community of practice that has close to 400 members across the service. That procurement community of practice is an online forum where members are able to share their questions. We also provide proactively curated material for our members. That is to enhance the capability across the service.

We have a regularly published bulletin called “Procurement Matters”. That is published in the form of an e-newsletter, with various topical items that we find. Some of them come from us, in terms of what we observe as trends within the procurements that we look after. Sometimes our Government Procurement Board provides input into those articles. Our probity adviser also provides input. We have e-learning products that are available to the public service. Our probity e-learning product is a mandatory product. Any officer across the service who is involved in a procurement is meant to have completed that. We have a range of other e-learning products.

In addition to that, we do bespoke training. From time to time, a territory entity might reach out to us and say that they require us to present on a particular topic. From time to time, we have presented to the senior executive of that cohort. When there is legislation change or changes in policy, we run training, which is mainly virtual but sometimes face-to-face as well.

MS TOUGH: On legislation change—this one might be best answered by the minister—there was legislation introduced in the last sitting period amending the Government Procurement Act. The annual report states that it was in response to stakeholder feedback. What are the amendments covering, and what was this feedback that they are intended to address?

Ms Stephen-Smith: That is a very good question. I might hand over to Sanaz to talk in a bit of detail about the amendments.

Ms Mirzabegian: The previous round of amendments, which commenced on 1 July 2024, were in response to the Procurement Reform Program. That Procurement Reform Program suggested better clarity and positioning around our procurement framework. Our procurement framework is mainly embedded in legislation.

Noting the government’s policy position at the time, we suggested some changes to the legislation. As people were implementing those changes on the ground, we found that there were areas where people still wanted further clarity. Therefore, we sought to make clear the policy position that existed. There is a range of them, from the matters that go to the Government Procurement Board—and you may be aware that the Government Procurement Board had its powers enhanced under the 2024 legislation—to a range of other matters.

We took the opportunity, when we were looking at our broader policies, for example, to make sure that engaging Aboriginal and Torres Strait Islander businesses was made easier; engaging Canberra region small to medium enterprises was made easier. This was direct feedback from our stakeholders, being people who procure in the territory, that they would like a more streamlined way of engaging those entities—those small to medium enterprises and Aboriginal and Torres Strait Islander businesses in the Canberra region—without the need to do the paperwork in terms of seeking a specific exemption. We made that effectively a standing exemption. Of course, it has not been passed, but that is the intent. There is a range of them. We can take that on notice and provide you with more detail.

MS TOUGH: Thank you. The stakeholders, I am guessing, were the entities themselves doing the procurement, the Procurement Board and the people at the other

end of the procurement?

Ms Mirzabegian: Suppliers as well—supplier feedback.

MS CARRICK: My question is about social benefits in procurement. I understand that, in the UK, government procurement requires a social benefit. Have you investigated the opportunities available to the ACT government by including this type of incentive in government procurement?

Ms Stephen-Smith: We do outline, Ms Carrick, the social benefit that we expect to get from ACT government procurement through our ACT procurement values and our policies around Aboriginal and Torres Strait Islander procurement, local industry procurement, and particularly some of the policies we have around ensuring that particular tender processes in construction comply with the culture in construction framework. The Chief Minister recently made an announcement about the implementation of culture in construction.

We set, through our different tender processes, particular targets around Aboriginal and Torres Strait Islander employment, employment of apprentices, and employment of women through construction sectors—promoting the engagement of female employees and apprentices in male-dominated industries, for example. All of those things are taken into account,

We also have the Secure Local Jobs Code and policy, which seek to ensure that we are procuring from ethical employers who are abiding by their obligations under the Fair Work Act, providing appropriate engagement with their workforce, as well as unions, and providing that sort of secure and well-paid work for people, particularly in areas where there tends to be a higher incidence of insecure work, like cleaning, traffic management and that kind of thing.

MS CARRICK: There are other ways of doing social benefit in government procurement. Will you look at how other jurisdictions and countries include social benefits in their government procurement, to see where there are any opportunities for the ACT?

Ms Stephen-Smith: We are always happy to look at what other jurisdictions are doing. I think our procurement values very much reflect that we expect that value for money is not just about the cheapest price; it is about the biggest benefit for the ACT community. Can you give some examples of the kind of things that you would—

MS CARRICK: It was brought up in the sports inquiry that one way of getting funding towards those social benefits is to do it through government procurement—whether the procurement requires investment in something, or money comes to the government. There are different ways that these things are done, in order to attract money for social good.

Mr Campbell: Sanaz might want to talk to the council work, and that cross-jurisdictional work. There is actually a forum.

Ms Mirzabegian: You are right, Mr Campbell. Procurement ACT, and the ACT

government itself, is a member of a forum called Australasian Procurement and Construction Council. That council comprises members across all the states and territories, the Australian government, New Zealand and Singapore. We have a number of what we call special interest groups, and the special interest groups discuss what they are doing within their own jurisdictions in terms of procurement policy.

We have a special interest group relating to what we call strategic procurement, which is how we collect our buying powers to do good and do more than just purchase something for our various governments. We do learn from each other. We have frequent meetings where these matters are discussed. Part of what you see reflected in our procurement framework is informed by the work that is being done more broadly across Australia, New Zealand and, in recent times, Singapore. Our policy team also looks more broadly overseas to see what opportunities we can utilise, and work that into our framework.

MS CLAY: You mentioned the procurement legislation; is that the procurement review that is underway at the moment or is there another procurement review?

Ms Mirzabegian: With the procurement legislation that we were talking about, the amendments are to the Government Procurement Act 2001 and Government Procurement Regulation 2007. We also have subordinate legislation, which the minister referred to. One of those, for example, is the procurement values direction. These are ministerial directions.

MS CLAY: Is there a review or reform of procurement going on at the moment?

Ms Mirzabegian: Yes. I think you are referring to the Procurement Reform Program?

MS CLAY: Yes.

Ms Mirzabegian: The Procurement Reform Program, which commenced around 2022, by and large, has been wrapped up. It is continuing work. One of its concepts, continuous improvement, is wrapped into BAU.

MS CLAY: So it is complete—that reform?

Ms Mirzabegian: Yes.

MS CLAY: The minister responsible for waste and recycling policy said that the investigation of circular economy procurement principles was rolled into that procurement reform. Was it in that procurement reform that is now finished?

Ms Mirzabegian: It is perhaps not so much rolled into the procurement reform but it is one of the considerations that we continuously have as part of our policy.

MS CLAY: The government has a circular economy strategy—

Ms Mirzabegian: Correct.

MS CLAY: and it has actions on circular economy procurement.

Ms Mirzabegian: Yes.

MS CLAY: I am trying to find out where that work is happening and who is responsible, given that we asked the minister responsible for the policy, and she said that it is in the procurement reform. Is somebody in government doing that work right now?

Ms Mirzabegian: We provide input to our colleagues who are responsible for that, but we are not leading it, because the circular economy is wrapped into another portfolio.

MS CLAY: What portfolio is it?

Ms Mirzabegian: That would be the environment portfolio.

MS CLAY: Do I need to go back to the minister who told me to come to you for an answer on this question that I have already asked?

Ms Stephen-Smith: We might take on notice the detail. The pun is: we are going around in circles on the circular economy, by the sound of it. To avoid your doing that, we will take the question on notice and try and get some further information before the end of this session, or as soon as possible.

MS CLAY: Thanks, Minister. I would like to know who is undertaking the circular economy strategy procurement reform, where that work is up to, and who is responsible for delivering it.

Ms Stephen-Smith: Yes. We will take that on notice.

MR COCKS: On procurement frameworks, New South Wales ICAC has exposed some pretty systemic integrity failures in Transport for NSW procurement practices. It raises the question of whether ACT's procurement frameworks are adequately robust, particularly in terms of high-value, multi-vendor contracts. Have you looked at what is happening in that investigation and that work? Have you taken any steps over the reporting period to try and address the integrity issues that are pretty clear where there are incentives for things like kickbacks?

Ms Stephen-Smith: I would start by saying that we have a very clear probity in procurement guide. Procurement ACT has established a number of training programs. The accreditation process that Sanaz spoke about earlier has been about focusing on ensuring that anybody who is undertaking procurement in the ACT understands the obligations that they have in relation to probity in procurement. We also have a range of reporting mechanisms, if anybody has concerns about that, including the Integrity Commission. Sanaz might like to talk about the training that people are required to undertake before they do procurement, and the probity in procurement guide that is available.

Ms Mirzabegian: Yes, we do have a comprehensive probity in procurement guide that covers a range of matters, including fairness, impartiality, confidentiality and conflict of interest. That is not the only support and framework that our public servants have

when they undertake procurement. Of course, all public servants are subject to the Public Sector Management Act.

We have other support, including our policies on receiving gifts and hospitality. We have our protective security framework. We have a range of pieces of the puzzle that together help the public servant undertaking procurement, in addition to our procurement framework, to make sure that those procurements are undertaken with integrity and that they can withstand scrutiny. That is the framework part, so that the framework is robust and sufficient.

When it comes to implementing the framework in a procurement in real life, as I mentioned previously, we have that tiered services framework that supports a territory entity to the level of their maturity through a procurement process. We also offer procurement advisory services free of charge to any officer in the territory who wishes to avail themselves of that probity advice. It is good business. People do ask those questions, and we are finding that they are asking those questions when they have doubt, rather than at the tail end, when something has gone wrong. We support the person procuring, so that they are procuring well.

MR COCKS: The first part of the question was about what has been happening in New South Wales. I am looking for some reassurance that you are watching and monitoring that.

Ms Mirzabegian: Absolutely.

MR COCKS: I want to find out whether you have done any assessment of whether similar risks exist in the ACT.

Ms Mirzabegian: We are watching and monitoring what is going on in New South Wales. We have done initial checks of our contracts, to the extent that we are aware of them, and we are making sure that we are providing that advice on a case-by-case basis as well as more broadly, when people are undertaking their procurements, to make sure that they do their own checks. We have conducted our own checks in relation to those companies that were mentioned in the New South Wales ICAC.

MR COCKS: Thank you. That is what I was looking for.

Ms Stephen-Smith: Could I go back to Ms Clay's question in relation to the circular economy in procurement? The action that was the responsibility of Procurement ACT was to develop a circular economy in procurement guide. That is not only complete but it is available on the Procurement ACT website. It did not take me long to find it. The other two actions in relation to procurement relate specifically to directorates. I understand that CIT and what was Transport Canberra and City Services had explicit actions that related to procurement, but those would be matters for those two directorates.

MR EMERSON: In some previous hearings I have asked about the procurement bill and reform. There are overlapping considerations, where you have a local SME and an Aboriginal or Torres Strait Islander-led business. In the bill that has been introduced, you can see the new requirement to seek either three written quotations or one written

quotation from a supplier that is a certified Aboriginal or Torres Strait Islander entity or a small or medium business entity based in the ACT or surrounding region. Was any consideration given to some kind of provision to focus on local Aboriginal and Torres Strait Islander businesses?

Ms Mirzabegian: We publish a list of the Aboriginal and Torres Strait Islander businesses registered within the ACT region. I should say that we are small. Our region is larger than just the ACT proper; it includes all the shires in New South Wales that surround the ACT as well. That is the way in which we address that. We are also conscious of allowing the public servant who is procuring to understand how to engage—whether it would make sense to engage an Aboriginal or Torres Strait Islander business or a small or medium enterprise within the ACT region.

MR EMERSON: To clarify, when you say “an Aboriginal or Torres Strait Islander entity registered in the ACT region,” does that mean they have based their headquarters in the ACT region in the same way that the bill specifies, separately, and small and medium enterprises based in the—

Ms Mirzabegian: The businesses are registered in the ACT.

MR EMERSON: Their ABN or the address is the ACT.

Ms Mirzabegian: Correct.

MR EMERSON: I hear from Aboriginal and Torres Strait Islander businesses who are competing across Australia and would love to win contracts here, from the ACT government, so I am asking if there is some specified—

Ms Mirzabegian: That is right. That list is available on our website. We encourage public servants who are procuring to access that list. They can put in a keyword of the service that they want, and that will then list all the businesses within the region that can serve that particular need.

MR EMERSON: Great. Thank you.

MS CLAY: Minister, I am interested in your role in assisting with budget processes and financial reporting. The annual report shows we have a net operating balance of minus \$1.5 billion now, which is almost half a billion dollars less than we thought we were going to be operating with. Are you concerned about the government’s ability to forecast its spending?

Ms Stephen-Smith: That is a question for the Treasurer. I am aware that every state and territory government has had challenges in forecasting the demand for health that we have seen over the last year, and every state and territory government has had to add money to their health system in the 2024-25 financial year, because they were unable to predict both the cost and the demand growth for health. I will hand over to Mr Campbell to talk more broadly about how the overall financial balance is projected. I just note that there will always be things that you cannot predict occurring and impacting budget outcomes. Overall, I would not agree with your characterisation on the previous record.

Mr Campbell: Thanks, Minister. I will eventually ask my colleague Scott Austin to talk to the numbers. It is not unusual to see variations from a budget announced pre the end of a financial year and the actual financial outcomes. That happens in every jurisdiction, including the commonwealth level to some substantial margin. It will depend on a whole range of factors. Some of them will be parameters based: “Has there been a change in the economy?” and some of the underlying parameters that drive some of the revenue lines. Sometimes it can be last-minute payments that were unanticipated by the directorate at the time we were setting the budget. You have to remember that, even though the budget is going out in June, you are ruling off numbers and decisions from some considerable period before that. It is not just that we have something in June and then, three weeks later, we have a different outcome.

MS CLAY: It is a quite big variance, though, and it has been happening for a while, and it is not just health, is it? The variance comes from decreased revenue on budgeted revenue and increased expenses in a number of areas. It looks as though the forecast is constantly at odds with the delivery, and then our forecasting is not particularly accurate nor helpful.

Ms Stephen-Smith: You are right: it is not just health expenses; it is also revenue in terms of things like revenue from the Suburban Land Agency, and that depends on how many sales there are. We know that changes from year to year as a result of demand in the market. I have been here long enough to see periods when we had dozens, if not hundreds, of properties on the shelf waiting for people to buy them over the counter from the Suburban Land Agency and periods when we had no stock and everyone was concerned about the fact that there was no stock for sale. Then we went back to periods when we had hundreds of properties for sale over the counter. Those parameters change. Everybody does their best to forecast, but it is not always possible to forecast what the broader economic environment is going to result in, in terms of those kinds of things. Having said that, I will hand over to Mr Austin.

MS CLAY: Maybe there are specific actions that you are taking across the public service to make sure that our forecasting is not continually going in the wrong direction, because, when it happens year on year, obviously something systemic is going on.

Mr Austin: Thank you, Ms Clay. I have read and understand the privilege statement. There are a few parts to that question. Recently, we published the consolidated financial statements for last year, and there is a fair bit of management discussion and an analysis section about what some of the components are. There were lower than expected contributions from the National Health Reform Agreement that we have talked about previously. Also, the timing of commonwealth grant payments for infrastructure can affect the outcome. There are a lot of non-cash items that we do not know about until the last minute, and there is also the timing of land sales. There are a lot of unknowns as we go through the budget process. But, in terms of your question about what we can do better, Mr Campbell referred earlier to the budget control framework that we are setting up that is trying to manage and understand issues with agencies’ cash management projections earlier, so that we will hopefully pick up some of those issues.

MS CLAY: We do not have an end date yet for when the National Health Reform Agreement will be resolved, do we?

Mr Austin: Not as far as I am aware. I think it is still under negotiation, but I am not close to that work.

MS CLAY: Does that mean that next year's budget will also not know that information?

Mr Austin: It should be resolved for next year's budget. We will have a bit of clarity by then, I would have thought.

MS CLAY: To pick a very small particular example—sometimes it is easier to illustrate with a particular example—the SLA told us the other day in a hearing that they had released zero sites for public housing. They had a target and they did not meet their target; they failed it by 100 per cent. When we drilled down with questions, the answer was basically: “Oh, it was difficult to release them. There was more work involved.” I found it hard to understand, because the SLA is involved in setting the ILRP targets for release and has been doing this for a long time. What I am trying to work out is how the budget predicts different expenses and revenue from what the public service is able to deliver. Is the public service not involved in this? Why are we constantly setting targets that we do not meet? Why is this happening?

Mr Austin: The public service is part of the budget process every year. The government makes decisions about new initiatives based on advice from across the public service. In relation to where there are unanticipated changes, like an increase in demand for services or something like that, that will be worked on through the year. There are various things that we cannot forecast at the start of a financial year, but we will have more clarity as we move through the financial year.

MS CLAY: That is probably where we will get to with that.

MR COCKS: I am glad you mentioned the consolidated financial statements, because, when you look through those, it seems to reveal that, even since the most recent budget was delivered, the picture has changed for the previous year. That budget was delivered one week before the end of the financial year. With a budget that was that late, how did we not know what the final position was going to be for that financial year?

Mr Austin: As I said, Mr Cocks, there are some changes at the last minute that we do not necessarily have full information on as we go through the year.

MR COCKS: We are talking about one week before the end of financial year, though. There is the estimated outcome for 2024-25. When you go through the detail of these consolidated financial statements, we have considerably different numbers in some cases compared with what we were looking at through the estimates process. How is it that, at the end of financial year, we did not know what the actual numbers were going to be?

Mr Austin: The date of the budget does not correlate to when we end the estimates process for that budget. There is a fair bit of work involved at the end in consolidating the estimates and providing a budget. That takes at least six weeks to do. But, as I said, if you go to the consolidated statements, there is some discussion about the differences

between the budget and what the final outcome was.

MR COCKS: When you say “between the budget and the final outcome”, you mean the budget from—

Mr Austin: As published.

MR COCKS: Yes, and then the final outcome. What I am talking about is the 2025-26 budget and the estimated outcome for 2024-25 versus the consolidated financial statements for that same year. That is not something you cannot predict. We are not talking about a lag of a year; we are talking about a lag of weeks.

Mr Austin: As I said before, there are various aspects that, at the end of the year, we have greater clarity on, and it does affect the bottom line. But those elements are discussed, as I said, in the management discussion, and an analysis is included in the consolidated financial statements.

MS CARRICK: I would like to build on what Ms Clay and Mr Cocks have been talking about. From the 2024-25 budget to the consolidated financial statements—forgetting the superannuation return adjustment, because you cannot compare apples with apples if you use that—there was a 64 per cent increase in the deficit. The revenue estimate came in under, the expenses came in over, and then, in the borrowings from the budget to the consolidated financial statements, they increased by 63 per cent. In the estimates, there are significant variances from the budget to the final outcome. Those trends need to be looked at, because there are trends in underestimating the income and overestimating the expenses. It helps with the bottom line, which is the very elusive surplus.

Mr Austin: I agree. Going back to Ms Clay’s earlier question, the estimates are based on what we get from agencies—their bit of information at the time. As we move through the budget year, we get more clarity, but there is still not absolute clarity on some of those numbers. You can have small changes that have a big impact on the net position.

MS CARRICK: What the directorates send in will have an optimism bias—that they will meet their targets. Is there anything overarching from the Treasury that puts a realistic lens over what comes in and looks at the trends from previous years?

Mr Austin: In terms of the estimates, we start with what is in agencies’ bases to begin with—what they are actually working with. They are adjusted by indexation parameters, normally the CPI or the wage price index, as relevant. As Mr Campbell talked about before, they are referred to as technical adjustments. That is on the basis of the history of what agencies have been spending. There are also the initiatives that are the new spending part, and Treasury takes a lot of time to work through the costings for that process. In a normal budget process, between 2,500 and 3,000 adjustments go in to make the numbers, and Treasury looks at all of those. If there are anomalies, they will go back to the agency. There is a process by which the agency puts them into the system and then Treasury validates those estimates, but you can imagine that, with that volume of adjustments, it is not always possible to go to the nth degree on the accuracy of some of those things.

MS CARRICK: I do not mean that. There are so many initiatives that it is hard to make sense of it. That is why I am an advocate for a program level, so you can actually see what is going on. At the holistic level, you consolidate your numbers and then you look at them and say, “That does not really fit with the trend.” Do you make any adjustments to those holistic numbers to bring them back to what might be a more holistic trend?

Mr Austin: No, other than what happens through that adjustment and validation process. While there are a lot of initiatives, they are not a huge proportion of the budget. Ninety to 95 per cent of the budget every year is what agencies already have. It is not the initiative funding. It is based on what they have actually been working with. The challenge with accrual accounting is that there are a lot of non-cash expenses and accounting definitions that you find out about at the last minute. We rely on agencies to tell us about them. It might be that a particular transaction is classified differently; it is classified as capital rather than recurrent. We learn about those things at the last minute when we bring the budget together.

MS CARRICK: Maybe better language is smoothing it at the end when it all comes together. I also want to ask about the superannuation return adjustment.

Ms Stephen-Smith: We have been in the Treasury portfolio for quite some time, not the finance portfolio. This is probably the point where I say, “This is not a question for me as Minister for Finance; this is a question for the Treasurer.”

Mr Campbell: They need to go to the right people.

MS CARRICK: I know. You are the system for all this stuff—whether you have a view on all these things.

Ms Stephen-Smith: There is a clear delineation within the AA about who does what.

THE CHAIR: Thank you. Mr Cocks on a substantive.

MR COCKS: I will try to keep this as quick as I can. Hopefully, we can get some straight answers too. The session includes audit policy. What are you responsible for in terms of audit policy? What does that actually cover?

Ms Stephen-Smith: That is a very good question.

MR COCKS: It is an important one too.

Ms Stephen-Smith: I might need Ms Barbaro to talk about it.

Ms Barbaro: Audit policy is in the AA. Essentially, Minister Stephen-Smith is responsible for the Auditor-General’s legislation. As the admin unit, CMTEDD, we essentially have a coordination role for audit.

MR COCKS: The Financial Management Act has responsibilities for the Treasurer—specifically financial audits and providing financial statements to the Auditor-General. Do you have any delegated authorities in relation to those audits or—

Ms Stephen-Smith: I do not believe so.

Ms Barbaro: No. The function that we perform is more around the performance audits. They are undertaken. The responsible DG or minister for the audit would normally be responsible for those. We provide a coordination function where there is a cross-agency audit, essentially, and the head of service will respond to that audit.

MR COCKS: But you do not have any role in relation to actual financial audits as finance minister?

Ms Stephen-Smith: No.

Ms Barbaro: No, apart from the legislation, if there need to be improvements or review of the legislation. We might take that on notice to check the delegations and the functions.

Ms Stephen-Smith: Yes, we will take that on notice. As Ms Barbaro has said, mostly, whether it they are financial audits or performance audits, the audit report will go the director-general of the relevant agency and the relevant minister. They are not all consolidated to either the Treasurer or the finance minister.

MR COCKS: What is your role, then, in terms of financial reporting?

Ms Stephen-Smith: The Treasurer is responsible for the budget and budget reporting. For my portfolios, I receive a range of audit reports.

MR COCKS: As finance minister.

Ms Stephen-Smith: Not really any that are consolidated, because audits are generally related to a specific portfolio responsibility. As Ms Barbaro said, the responsibility is around the policy, as set out in legislation, and whether there needs to be any—

MR COCKS: That is all right. I was taking the next step to financial reporting. That was the financial audit question, but what about financial reporting?

Ms Stephen-Smith: I do not have the AAs in front of me, but I think they explicitly say that the Treasurer is responsible for the budget and reporting.

MR EMERSON: On the Revenue Office—hopefully this is the right session—

Ms Stephen-Smith: Yes.

MR EMERSON: It has been put to me that, if someone pays rates even just a few days late, they are charged a whole month of interest. Is that the case? And, if so, why is that the case?

Ms Holmes: I will take that on notice.

MR EMERSON: Has that always been the case? And has any consideration been given to not making that the case, given that it seems a bit unfair to me?

Ms Stephen-Smith: We will take the questions on notice.

THE CHAIR: On behalf of the committee and our visiting members, we thank you, Minister, and all officials for attending today. If you have taken any questions on notice, please provide the answers through our parliamentary portal no later than five business days from today. I also thank broadcasting and Hansard staff and the committee secretariat for putting it all on for us today. If any members wish to put a question on notice for the minister, please feel free to flick them through the parliamentary portal within five business days from today. Thank you very much, and have a good afternoon.

The committee adjourned at 3.00 pm