



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**SELECT COMMITTEE ON ESTIMATES 2015-2016**

(Reference: [Appropriation Bill 2015-2016 and Appropriation \(Office of the Legislative Assembly\) Bill 2015-2016](#))

**Members:**

**MR B SMYTH (Chair)**  
**MS M FITZHARRIS (Deputy Chair)**  
**DR C BOURKE**  
**MS N LAWDER**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**TUESDAY, 16 JUNE 2015**

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

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

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

## APPEARANCES

<b>Chief Minister, Treasury and Economic Development Directorate .....</b>	<b>221</b>
<b>Icon Water Ltd .....</b>	<b>221</b>

## **Privilege statement**

The Assembly has authorised the recording, broadcasting and re-broadcasting of these proceedings.

All witnesses making submissions or giving evidence to committees of the Legislative Assembly for the ACT are protected by parliamentary privilege.

“Parliamentary privilege” means the special rights and immunities which belong to the Assembly, its committees and its members. These rights and immunities enable committees to operate effectively, and enable those involved in committee processes to do so without obstruction, or fear of prosecution.

Witnesses must tell the truth: giving false or misleading evidence will be treated as a serious matter, and may be considered a contempt of the Assembly.

While the Committee prefers to hear all evidence in public, it may take evidence in-camera if requested. Confidential evidence will be recorded and kept securely. It is within the power of the committee at a later date to publish or present all or part of that evidence to the Assembly; but any decision to publish or present in-camera evidence will not be taken without consulting with the person who gave the evidence.

*Amended 20 May 2013*

## **The committee met at 9.30 am.**

Appearances:

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

Chief Minister, Treasury and Economic Development Directorate  
Leigh, Ms Kathy, Head of Service and Director General  
Alderson, Dr Karl, Deputy Director-General, Policy and Cabinet Division  
Nicol, Mr David, Under Treasurer  
Divorty, Ms Jill, Executive Director, Shared Services  
McLean, Mr Al, Acting Director, Strategic HR, Shared Services  
Robinson, Mr Calvin, Acting Executive Director, Finance and HR Services, Shared Services  
Kegel, Mr Mick, Director of Operations, ICT, Shared Services  
Fletcher, Mr John, General Manager, ACT Insurance Authority  
Overton-Clarke, Ms Bronwen, Acting Deputy Director General, Workforce Capability and Governance Division, and Commissioner for Public Administration  
Hall, Ms Sue, Executive Director, Corporate  
Peffer, Mr Dave, Deputy Director-General, Access Canberra  
Pitt, Mrs Leesha, Acting Director, Customer Coordination Services, Access Canberra  
Quiggin, Mr Jon, Senior Director, Registrations and Fair Trading, Access Canberra  
Kefford, Mr Andrew, Head, Asbestos Response Task Force  
Miners, Mr Stephen, Executive Director, Finance and Budget Division

Icon Water Ltd

Knox, Mr John, Managing Director  
Sachse, Mr Sam, General Manager, Finance  
Lewry, Ms Amanda, General Manager, Asset Management

**THE CHAIR:** Good morning, and welcome to the third day of the public hearings of the Select Committee on Estimates into the 2015-16 budget. The proceedings today will examine Shared Services, ACT Insurance Authority, Icon Water Ltd and parts of the Chief Minister's portfolio.

Please be aware that the proceedings today are being recorded and will be transcribed by Hansard, and will be published. The proceedings are also being broadcast and webstreamed.

Could witnesses please familiarise themselves with the privilege statement, which is the pink card on the table? Could they please signify that they have read the statement and understand the privilege implications? Thank you. Before we go to questions, would you like to make an opening statement, Chief Minister?

**Mr Barr:** No, given that we are just in another output class. I do not think I need to do one for every output class.

**THE CHAIR:** How can you describe ICT as “just another output class”? I am shocked! If it is just another output class, what is the rationale behind the allocation of \$413,000 to commission a feasibility study on network modernisation?

**Ms Divorty:** The network modernisation program has been an ongoing program. It is a lifecycle program to make sure that our network is always reliable and robust. We have been doing it in the same way for a number of years. We think it is time to approach the market and see if there are more innovative ways to do it—whether we could do it as a managed service or whether in fact the program that we have had should be continued. So the money that has been allocated is just to make sure that we are doing it in the most cost-effective and efficient way possible.

**THE CHAIR:** How will that be done? Will it be outsourced? Is someone internally going to do it? What are the details?

**Ms Divorty:** We have not selected anyone as yet, but we will do an industry approach. So, yes, it will be an outsourced feasibility study.

**MR DOSZPOT:** I have a supplementary, chair.

**THE CHAIR:** Certainly, Mr Doszpot.

**MR DOSZPOT:** Your process for doing that: is that going to be to select or preferred tenderers, or will you make that a general opportunity for Canberra businesses?

**Ms Divorty:** We have not gone into the details yet, Mr Doszpot. We have a number of panels that are available in our IT environment, and I would suggest that we would look at all capable and appropriately qualified people who could do it and choose from within them. So it would probably be a select tender, I would think.

**THE CHAIR:** Ms Fitzharris.

**MS FITZHARRIS:** Could I have a supplementary on that too? Once that project is finished what benefits do you think will accrue internally to Shared Services, and will the general community see any benefit from it?

**Ms Divorty:** Possibly. It could be a wide-ranging feasibility study. As you are probably aware, we own the fibre that is in the ground and we own every component of our network. I think it is time to have a look at that and see if that is the appropriate model going forward.

There are many entities at the moment who are going into a managed service arrangement instead, which means that they sell off the equipment and buy it back as a managed service, so that industry itself looks after the equipment. I think that is a good risk question to ask, from a government perspective, as to whether we are actually owning the equipment and whether we should continue to own the equipment. So there could be a benefit there for all parts of the ACT government and the community, in that we may release some capital out of it. But it is very early to make those sorts of statements. At a minimum, I would say we would either confirm that we

have a very good lifecycle management program or that it needs tweaking.

**MS FITZHARRIS:** I have a substantive question. I want to ask about the shift to Winyu House in Gungahlin and get your take on how that went, how staff are faring, whether they are happy with the building. I have had some anecdotal evidence that a couple of the cafes are pretty pleased with the increased trade, so could you talk us through how that move has gone?

**Ms Divorty:** Sure. Winyu House has about 650 Shared Services employees in it now. That is more than we thought we would fit in when the building was first mooted. We originally thought it would be about 500, but there is increased density that we have put in there—the 12 square metres office fit-out with lots of neighbourhood hubs and touchdown spaces. I know you have seen it. It is a very trendy and contemporary space.

There was a lot of angst. People were moving from the south side. There were about 350 who moved from the south side at Callam Offices, and a couple of hundred who moved from the city in Eclipse House. So although there was not so much angst from staff moving from the city to Gungahlin—that was seen as a positive move because they could get free car parking, and they would not be in the city all day—from the south side staff there was a lot of angst because many of them were south-siders and they thought that the travelling times would be onerous. Everyone was worried about car parking in Gungahlin, apart from fit-outs and all the other things that come with that.

I have to say it has been a fabulous move for us. The project management was done well. It was very well thought out. With respect to the builders, the project managers and the economic development staff who helped us, everything went swimmingly well, which is great. The moves happened over weekends, so staff disassembled their workstation on a Friday and they were up and running again on Monday morning. So there was very little loss of productivity for us—and for us it is a very busy time of year, coming into May.

From all of the anecdotal feedback that I have had—we have not done formal surveys but we will do that—everyone is incredibly happy. So the travel times are not as bad as people thought; car parking is available; they love their space; they love the actual fit-out of the office; and they love the fact that they have been so welcomed in Gungahlin.

**MS FITZHARRIS:** Most people would probably be parking at the park-and-ride facility next to it, which is very large. From my observation of it, in mornings and afternoons, it is not full, so that people are not having any difficulties with parking.

**Ms Divorty:** No. We did a gradual move-in over three weekends. Obviously in the first week everyone had a car park; in the second week it got a little bit tighter; by the third week obviously not everyone could get a car park in the building itself. But everyone I asked said, “I only have to walk five minutes, it’s free, it’s great and no problem at all.”

**MS FITZHARRIS:** I understand the design of the building has been done so that

when the public come into the building, and although they may be there to visit Access Canberra and the shopfront, they get to see their taxpayers' money being well spent, in terms of how staff are working. Has that made any difference or is that something that you talk to the staff about?

**Ms Divorty:** Not so much the public interaction. I think they see that and they acknowledge that they are in a public building. For our staff that is obviously something they have to get used to. But I think they welcome that and they really love the convenience of Access Canberra being there, actually, for their own purposes. They find that the open plan office lets them get to know 650 people instead of just the 50 or 60 people they were working with in a particular pod before, so it has been fabulous.

**MS FITZHARRIS:** And the 12 square metres is working?

**Ms Divorty:** It is working.

**MS FITZHARRIS:** Have people noticed a difference at all?

**Ms Divorty:** Not really. The workstations are so well designed that they are compact and everything has its right place. We were very diligent in making sure that people did not bring a lot of stuff with them that was unnecessary.

**MS FITZHARRIS:** De-clutter.

**Ms Divorty:** Yes, they de-cluttered. There were so many files that we had, and we have now got compactuses. Things go away in the compactuses and things go away in the filing cabinets. When you de-clutter there is actually enough room, and it is good. As I say, they do have very good touchdown spaces and neighbourhood hubs, and they routinely use those to go and have a chat, instead of sitting at their desk and having a chat. It is not so much for a meeting as such, but if they want to talk to a colleague about a particular issue it is really a matter of moving away from the work environment and moving into one of those little chair-and-table areas so that they can have a conversation without disturbing everyone else. So there is still a little bit of cultural alignment that needs to go on, but it is working well so far.

**MS FITZHARRIS:** I understand the local businesses were able to provide some information about what services are around. There are a couple of gyms and there is a swimming pool nearby; there are lots of cafes. Do staff feel like they have enough information to explore the local—

**THE CHAIR:** It is beginning to sound like a travelogue for Gungahlin.

**MS FITZHARRIS:** You should go there some time.

**Ms Divorty:** After so much trepidation it has been a very welcoming environment for them. Yes, I know everyone has coffee cards, everyone has discounts for the local gym and all those sorts of things. And we have welcomed that into the office environment as well. So if someone wants to give us a group discount then we will put it on the coffee table so that people can see there are those sorts of benefits

available to them.

**MS FITZHARRIS:** Thank you.

**MR DOSZPOT:** A supplementary on that?

**THE CHAIR:** It will have to be very quick. We have 20 minutes for this area.

**MR DOSZPOT:** Further to the questions from Ms Fitzharris regarding services, what about ICT services that would relate to your own activities? Have you been able to source many local company services to assist you?

**Ms Divorty:** Mr Doszpot, is this related to the move to Winyu House or just in general?

**MR DOSZPOT:** It is in general—ICT. What are the ICT-related companies around Gungahlin that you could get further access to?

**Ms Divorty:** It would be too early for us to say that. Generally speaking, we use our panels. If an industry member is on the panel then we would use those regardless of whether they are in Fyshwick, Gungahlin or Woden. We would not really differentiate in that. If they are local, they are local. I am not sure that I could answer. I might have to take that on notice, if you would like that information. I do not know which companies might be located in Gungahlin.

**MR DOSZPOT:** Yes, that is what I am trying to understand.

**Ms Divorty:** Okay, I can take that on notice.

**THE CHAIR:** Dr Bourke.

**DR BOURKE:** Thank you. There is increased demand, clearly, for government ICT. Apart from the network modernisation, which I presume is one step that you are taking to meet that future demand, what else are you doing?

**Mr Kegel:** The network modernisation is not only replacing end-of-life network equipment but also increasing capacity across the network. We are seeing a huge demand in the general public as well around network traffic and video conferencing. Video data in itself is expanding and we are having to meet the demands of that. The network modernisation also caters for that increased capacity which we are seeing.

We have just had a budget allocation to do a Windows desktop environment upgrade, which will allow us to increase staff use of the computing resources—Microsoft Office et cetera. Windows 7 is our current operating system. It is going end of life in a couple of years. We have to forecast that out and do the preparatory work so we are able to cater for an upgrade either to Windows 8 or Windows 10, as the case may be. The project will determine what that looks like going forward.

**DR BOURKE:** What other innovations are you seeing in other Australian jurisdictions in government ICT that we could be thinking about here?



**Ms Divorty:** Cloud computing is obviously a very big topic in all jurisdictions, the private and public sector. Mick might want to talk a little bit about the public cloud issue.

**Mr Kegel:** Hybrid cloud is looking at not only the ACT but also the federal government space around cloud computing and the advantages from that. Obviously there are potential savings cost-wise, but also effectiveness with on-boarding and off-boarding of services, software for service and infrastructure for service. There are, of course, issues associated with that, which the project is looking at, around sovereignty of data, security of that data et cetera, sitting in the cloud space. The federal government is pushing down that road as well. There are certainly advantages for any jurisdiction in that space.

**Ms Divorty:** Apart from cloud computing, there is of course wireless, which is in many government office buildings now in the Canberra region. There are also initiatives that are being looked at such as smart parking and sensor arrangements that will allow us to, if you like, help the municipal services part of government. Some of those are actually being talked about as trials and new initiatives.

**DR BOURKE:** Could you elaborate a little on data sovereignty and what that means?

**Mr Kegel:** Sure. If data is held overseas, there are still questions around who owns that data, if it is public data—medical records et cetera—and if it is hosted overseas in a foreign location. In terms of the sovereignty of that data there are questions that still need to be worked through, and not just from our perspective; the industry is still grappling with this. It is a rapidly evolving technology and service, so there are still a lot of issues that many people are working through to try and come up with the answers. That is around—

**Ms Divorty:** Ownership.

**Mr Kegel:** Yes, ownership, but also where is it held? If it is held overseas, does the sovereignty of that data transfer to that owning locality or does it not?

**THE CHAIR:** A new question from Ms Lawder.

**MS LAWDER:** Thank you. In relation to some of the accountability indicators for Shared Services ICT, there is reference to the independent benchmarking that is undertaken every two years. Who conducts that independent benchmarking?

**Ms Divorty:** The independent benchmarking of ICT has been undertaken by one particular firm for a number of years. In the most recent year we have changed providers. This year it was undertaken by the Hackett Group. They are a global entity who have a specialisation in benchmarking and in shared services organisations. We asked them to come in and not only benchmark ICT but also benchmark our entire operation and see how we compared to our peers.

**MS LAWDER:** Did you go out to the market or have a tender process? How were they selected?

**Ms Divorty:** We did. I believe we did a select tender. I would have to check that, Ms Lawder. I believe it was a select tender rather than an open tender, but I will check that.

**MS LAWDER:** What were some of the reasons behind the shift from the previous provider to go to the new one?

**Ms Divorty:** Broader expertise, to be honest. The provider we had before was a specialist just in ICT and really concentrated on an Australian public sector jurisdictional approach. The approach that we wanted to take was more about shared services globally, and against our peers. Our peers could be within Australia or they could be overseas. We wanted someone who actually did this for a living and did nothing else and specialised in that. There were a number of firms who were in that particular niche market. We found that Hackett Group provided the most effective, robust and reliable service that we could find in that arrangement.

**MS LAWDER:** Have they already provided one of the audits or benchmarking?

**Ms Divorty:** Yes, they have.

**MS LAWDER:** Were the results significantly different, given the new provider?

**Ms Divorty:** The previous provider only benchmarked Shared Services ICT as a whole and said, "Is it cost-effective compared to its peers?" The Hackett Group came up with very similar results. So, yes, we are competitive, within five per cent of our peers, which is what the accountability indicator was.

The Hackett Group went into a very significant deconstruction of that and was able to tell us against particular service towers whether or not we are cost-effective, where we need to improve and where, in fact, we need perhaps more automation or better risk management. It was a very broad approach that really analysed our business in a very robust way. It gave us many pointers for how to improve our business or how to perhaps decide whether we should be in that part of the business at all and whether we should actually give that part of the business to industry.

There are a lot of great strategies that can come out of the benchmarking in the way that it has been done this year. But it will take time to analyse, obviously, and come up with answers on all of those particular services that we deliver.

**MS LAWDER:** Are they a local company? Do they have a local office or is it a fly-in—

**Ms Divorty:** The Hackett Group's most local office is in Sydney. They have, if you like, an Asia-Pacific office, which is based on Sydney. They work with most jurisdictions around the country, so they would have people in Melbourne, New Zealand and Queensland. They would have people working in public sector jurisdictions most of the time. The Hackett Group are a very important part of the shared services space. But their main head office is overseas.

**MS LAWDER:** In your procurement process or your invitation to people—however you do it—do you consider local firms? Do they get additional weighting? What about capacity development, trying to improve the capacity of local firms to perform that sort of work?

**Ms Divorty:** Benchmarking is probably not a good example of that because it really required significant expertise and small and medium local enterprises would not have been in that particular area. All of our panels contain SMEs—small and medium enterprises—that are local. We use a weighting of between five per cent and 10 per cent for all of our tenders for local businesses.

**Mr Nicol:** I would just add that, for the benchmarking work, I think it was particularly important to get a firm that had its own knowledge of other jurisdictions, which is hard to get in just a local firm. There are not too many that are locally based but have a worldwide presence in this field, so that restricted us on this occasion.

**THE CHAIR:** Mr Doszpot, you have about 37 seconds.

**MR DOSZPOT:** Okay. I want to go to the budget management system, budget paper 3, page 113. When will the new budget management system be implemented?

**Mr Nicol:** Sorry; I missed that. Could you repeat it?

**MR DOSZPOT:** When will the new budget management system be implemented?

**Mr Nicol:** It will not be implemented for next budget; we will be still using existing systems. We aim to implement it for the next budget, or the budget review, the following year. That is our aim.

**MR DOSZPOT:** Is it an upgrade or is it a totally new system?

**Mr Nicol:** We are going to the market. We are seeking a totally new system. The current system is based on 10 or 12-year-old data; it is getting to the stage where the next version of Windows will not support it and we will have to maintain it on a separate network, in a sense—an old computer with an old version of Windows. Obviously that increases network costs, et cetera.

**MR DOSZPOT:** It is an enterprise-wide system you are talking about?

**Mr Nicol:** Yes. All the directorates and agencies will feed into it. We use it essentially to produce the budget papers and the budget bottom line in the forward estimates.

**MR DOSZPOT:** Is that currently the state of affairs?

**Mr Nicol:** Yes.

**MR DOSZPOT:** Is it all enterprise-wide at the moment?

**Mr Nicol:** It is.

**MR DOSZPOT:** Do you have any idea as to which direction you want to go in regarding the new budget system?

**Mr Nicol:** We want an off-the-shelf solution. We want something that is robust and updateable. And, as technology changes, we want the simplest approach to update that technology and keep it current. We want a system that is robust; it is obviously a very important part of our financial management framework. We also want a system that is very flexible and responsive, particularly when preparing a budget. The current system requires a fair amount of manual input and takes a lot of time; it is a lot of late night work to get the budget out. I would like to see a bit less of that and a bit more of the system doing the work. So all of the things that ICT provides for any solution are what we are looking for in this space as well.

**MR DOSZPOT:** Do you have any feel for how other jurisdictions are handling similar-sized business that Canberra presents in the budget management system? Have you looked at other jurisdictions?

**Mr Nicol:** I have a long experience in budget management systems that are in place. The commonwealth are currently, for example, updating their system, at significant cost to them. That has been going on for about three to four years. These are high risk. The budget management systems in the other states and territories tend to be a bit of a mix. Some are in-house bespoke-developed systems. Some are systems bought offline and then configured. Off-the-shelf systems are not—it is not a product that you can go and easily acquire, because most of the big accounting software systems are targeted at the private sector, which has a different way of budgeting from the public sector.

**MR DOSZPOT:** Sure.

**Mr Nicol:** There are products starting to emerge now that are attached to the big accounting systems—SAP, Oracle et cetera. We are testing the market and it is getting better. The aim is to try and get it off the shelf.

**MR DOSZPOT:** Thank you. I think I have exceeded my 30 seconds.

**THE CHAIR:** You have; you have had more than 30 seconds. We will now go to Shared Services and Human Resources. Mr Doszpot.

**MR DOSZPOT:** Thank you. Minister, has Shared Services been requested by the minister for education or the Education and Training Directorate to conduct an investigation into why a cage-like structure was erected to contain a child with autism at an ACT primary school?

**Mr Barr:** My understanding is that that investigation is being undertaken within the Education and Training Directorate.

**THE CHAIR:** Sorry, Chief Minister, I cannot hear you.

**Mr Barr:** Sorry. My understanding is that investigation is being undertaken in the Education and Training Directorate.

**MR DOSZPOT:** My understanding is that Shared Services—

**Mr Barr:** Have some role too?

**Ms Divorty:** We do.

**MR DOSZPOT:** Can you elaborate on that?

**Ms Divorty:** Not greatly. I can say that an investigation is underway. That is probably as much as I can say.

**MR DOSZPOT:** When was the request made to—

**Mr Robinson:** Okay. We received the request in early April. I think around 10 April was when we got the request.

**MR DOSZPOT:** The minister indicated on 2 April that an independent study was to be undertaken. Do you consider Shared Services to be independent enough to conduct a review like this? Was any reservation expressed about that?

**Mr Robinson:** I think Shared Services is independent enough to conduct the investigation. That investigation is underway. There have been some delays in it, with people on leave—some of the witnesses et cetera—but we realise the urgency of that, and it is being dealt with.

**MR DOSZPOT:** Realising the urgency of it, the minister spoke about this on 2 April. She indicated it would take about two weeks for something to happen. Four weeks later she indicated that it would take another two weeks. We are now at the two-month mark and the minister cannot give us any indication as to when this will be completed. Can you give us any indication as to when the Shared Services part of the investigation will be completed?

**Mr Robinson:** I cannot, because we are largely in the hands of some of the witnesses that our team needs to interview through this process. People have been on leave. We have also had some involvement from the union. So as the matter stands, it is with the directorate, not with Shared Services at the moment.

**MR DOSZPOT:** So you have completed your part of the investigation?

**Mr Robinson:** No; there are some parts of our investigation that are still pending, and we need to talk to some witnesses, and we have not been able to do that at this point in time.

**MR DOSZPOT:** The minister referred to urgency, as you have as well. Do you consider two months meets the definition of “urgent response”?

**Mr Robinson:** I can tell you from a Shared Services perspective that we are conscious of the urgency of it. Some of the matters are outside our control, but I can assure you as I sit here today that we have treated that particular matter as an urgent matter and are conscious of the need to complete it quickly. But we are in directorate

hands, in many respects, in terms of getting access to witnesses.

**MR DOSZPOT:** Is it normal practice for Shared Services to be called on to make inquiries or to conduct an investigation such as this into incidents at a school?

**Mr Robinson:** Yes, that is in our normal business.

**MR DOSZPOT:** Can you cite other examples of any such investigation?

**Mr Robinson:** I could not. I would have to take that on notice.

**MR DOSZPOT:** Relating to schools.

**Mr Robinson:** Relating to schools.

**MR DOSZPOT:** I appreciate that. What time frame was indicated to you that this report would need to be completed by?

**Mr Robinson:** I do not believe I had a time frame—except to understand that there was an urgency around it.

**MR DOSZPOT:** Are you in charge of the inquiry yourself or is it tasked to somebody else?

**Mr Robinson:** It is tasked to someone else. We have a person that heads up the employee relations team. We have a number of people in that space that are actually doing it. We have the best people working on it.

**MR DOSZPOT:** I am trying to understand. You are saying that you have not completed all of the aspects of the inquiry.

**Mr Robinson:** That is correct.

**MR DOSZPOT:** But you have passed some of the information back to the directorate already?

**Mr Robinson:** No. We have not given our report back to the directorate at this point in time because there are still witnesses that we need to talk to.

**MR DOSZPOT:** Witnesses from within the school?

**Mr Robinson:** Within the school.

**MR DOSZPOT:** Okay.

**THE CHAIR:** Mr Doszpot, we have to move on.

**MR DOSZPOT:** Okay. I will have some more questions, but I will put them on notice. Thank you very much.

**THE CHAIR:** Ms Lawder, a new question.

**MS LAWDER:** Thank you. Budget paper B on page 34 has some accountability measures. Indicator a is being discontinued, and there is a new one, b. Does b replace a?

**Ms Divorty:** Yes, b does replace a.

**MS LAWDER:** Indicator b talks about “within service standard time frames”. It would be much more helpful if the time frame was actually listed in the budget paper, like the previous one of five working days. Is there a reason why you are not publishing the particular measure?

**Ms Divorty:** My understanding is that the reason they are not published in detail is because there are a number of priorities, and each priority has a different time frame. So our requirement is to meet each time frame. Calvin might be able to talk about how many priorities there are, but I believe there are multiple priorities, and that is why we have gone to a simpler format—just so that we do not take up too much space in there.

**MS LAWDER:** It may be simpler but it is a bit harder to understand exactly what it is that you are measuring.

**Ms Divorty:** Sure. We can consider that for next time. It is because the same sort of performance measure is also used in ICT, and in ICT there are about a dozen particular time frames, depending on the urgency and the type of request. So it would become, if you like, a half-page accountability indicator rather than just a small table. But we can certainly consider that for next time.

**MS LAWDER:** It has moved to a 90 per cent target, and in the previous measure, which I understand may be slightly different, the previous target was 95 per cent. Again without understanding exactly what that is measuring, it is hard to understand what—

**Ms Divorty:** Yes, to understand why it has been lowered. The measure that was a, which had a 95 per cent target, was actually a very simple measure. It was just measuring forms that were received and taken off and resolved. It was a particular part of our business. This is more complex because it represents a broader part of our business. So our accountability indicator for our customers has become a broader range of functions; therefore the target is a little bit more complex to leave at 95 per cent. As with all of our targets over time we have improved them. A couple of years ago our targets in finance were at 90 per cent, then we took them to 95 per cent and now they are at 100 per cent. So we have improved them as we get to understand our ability to deliver against them. So I am sure the 90 per cent target will go up over time as well.

**MS LAWDER:** Just so that I am clear: what is covered in those service standard time frames is not listed somewhere else in the budget papers that I could find somewhere?

**Ms Divorty:** No, I do not believe so. We could provide it to you on notice, though, if you like.

**MS LAWDER:** That would be great. Thank you.

**THE CHAIR:** Dr Bourke, a new question.

**DR BOURKE:** Thank you, chair. Could you tell us more about how your HR role improves greater efficiency and morale in the ACT public service?

**Mr Robinson:** In HR we provide a number of services to government. There is payroll. We do something like 22,000 pays every fortnight. We provide recruitment services. We provide learning and development services and we provide employee relation services in that space. So in terms of efficiency and effectiveness, particularly in the payroll space, we have a large team that not only processes standard pays each fortnight but also looks after timesheets, leave applications et cetera. The original benefits in creating Shared Services were realised maybe seven years ago.

**DR BOURKE:** What is your role in meeting the government's targets in Aboriginal and Torres Strait Islander employment?

**Mr Robinson:** We are not directly involved in that other than to report or provide information in that space.

**Ms Divorty:** Shared Services ourselves obviously have a target, which is part of the CMTEDD overall target. We try and encourage that through our training programs and our graduate programs, as well as by having talked to the elected body about possibly identifying particular positions. It is quite attractive in our IT organisation as it would be a great place to have some identified positions for Aboriginal and Torres Strait Islanders. But as Calvin said, from a whole-of-government perspective we have a reporting role.

**Mr Nicol:** Dr Bourke, perhaps I can add something there. That is a responsibility that the Head of Service and the strategic board are taking on directly. It is something I am sure you could follow up this afternoon.

**DR BOURKE:** I am looking forward to it.

**Mr Nicol:** Ms Leigh has written to us all several times around this issue, including targets not only for Aboriginal and Torres Strait Islanders but for people with a disability. It is something that is very high on our priority list.

**DR BOURKE:** Good. Thank you.

**THE CHAIR:** Ms Fitzharris, a new question.

**MS FITZHARRIS:** I want to ask about the graduate program across the ACT government. Could you explain how that works and whether or not you have seen any shift, given all the negative consequences of the commonwealth contraction, particularly in the last couple of years? Have we seen any shift so that graduates are looking to the ACT government as a future employer?



**Mr McLean:** In terms of the whole-of-government program, that is run from the CMTEDD public sector management group, but we have always played a significant part in that program and continue to be a major player in providing spots for graduates—and in fact for trainees as well. We run a very large trainee program. The program is offered from whole of government. I am not sure if I should touch on that space too much or if that should be a question for later. But if you want anything specifically from our area, I am happy to touch on that now.

**MS FITZHARRIS:** How many applications do you receive each year and how many graduates are taken on across ACT government?

**Mr McLean:** Again I can give you my understanding of it. I understand there are upwards of 1,100 applicants on this occasion and there were only 800 last time. So it is much increased. There is an increased number of graduates being taken this year as well, as I understand it.

**MS FITZHARRIS:** I can follow up this afternoon. Thank you.

**THE CHAIR:** Chief Minister, on pages 2 to 3 of budget paper B, one of the priorities for the year is guiding cultural change across government in order to achieve greater collaboration and innovation in delivery of government priorities. How does HR work with all of the other agencies to do this and what is happening?

**Mr Barr:** I think you will find that priority is more relating to Chief Minister's public sector management rather than HR.

**THE CHAIR:** But does HR have a role in that?

**Ms Divorty:** Not particularly, Mr Smyth. Shared Services HR really looks after tactical and transactional. Most of the strategic initiatives remain within the directorates and are coordinated through the Public Service Commissioner—Bronwen Overton-Clarke's area.

**THE CHAIR:** Where, for instance, an incident of bullying is encountered, what is the role of HR there? Are they brought in as the independent arbitrator? How does the system work? How quickly do you respond?

**Ms Divorty:** The individual directorate is in control of that situation and they decide at what level they will deal with that situation. As you would know, there are things called RED contact officers and RED sponsors, who would obviously try and assist any employee who was feeling bullied or harassed. If they wanted to make a complaint then that would go through the strategic HR area of that directorate. The strategic HR area can decide to investigate that claim through either their own means, through Shared Services employee relations, or through the use of an independent panel. Most of those routine investigations are done by Shared Services HR, and our employee relations area would normally be involved. But it is not a strong mandate, so there are other options, of course.

**THE CHAIR:** From first time of complaint to start of action by HR, what is the normal time frame?

**Mr Robinson:** The time frames vary, I guess. We have some key performance indicators in that space. It would vary by the nature of the investigation. Generally about three months would be an average, but some cases obviously have taken more than 12 months.

**Ms Divorty:** But from the time of the directorate tasking you to the time of Shared Services HR commencing?

**Mr Robinson:** We think it is about three months—sorry, commencing or completing?

**Ms Divorty:** Commencing.

**Mr Robinson:** They would commence generally straightaway, but in terms of completing it, it is on average about three months.

**THE CHAIR:** You mentioned you had some accountability indicators on how that works. Are they just internal? They do not seem to be here in the budget.

**Mr Robinson:** Yes, they are. We have an HR collaboration forum where we meet with the directorates on a six-weekly basis. There are some performance indicators in that space and they are monitored through that forum. We are not achieving the performance indicators in that space but there has been a substantial improvement over the past 12 months.

**THE CHAIR:** When you say “substantial improvement”, what does that mean?

**Mr Robinson:** A 50 to 60 per cent improvement in the turnaround time, the completion times for the investigations.

**Ms Divorty:** There was a period, Mr Smyth, when we were inundated with investigations. That was a period that obviously meant we needed either to staff up very rapidly or we needed to form longer queues. Unfortunately, although we tried to staff up rapidly, we were not able to do that in the time frames that we needed. So the queues on our investigations became longer. Calvin, over the last 12 months, has undertaken a significant recruitment campaign and has got now very seasoned and experienced investigators. They are eating into those queues very rapidly and being able to resolve investigations.

**THE CHAIR:** Could we have a copy of the accountability indicators?

**Ms Divorty:** Yes. I guess towards the end of 2013 we signed a new service level agreement, or a partnership agreement we call it, with all of our directorates. Each of our service areas has KPIs. Rather than accountability indicators they are internal KPIs. But I am happy to provide you with the employer relations ones.

**THE CHAIR:** What is the split between directorates doing internal investigations and the ones that are referred to you?

**Ms Divorty:** With most directorates, Shared Services HR does the majority of them.

It would be very rare that there would be a lot going outside either to industry or being done themselves but there are one or two directorates who have particular needs and they may not use our services very much.

**THE CHAIR:** Which directorates are those?

**Mr Robinson:** Health would be an example of that.

**THE CHAIR:** Could we have a list of the ones that tend to use internal rather than using your services?

**Mr Robinson:** Yes, we could take that on notice and provide that.

**Ms Divorty:** I think it is a very simple question, is it not?

**Mr Robinson:** Yes.

**Ms Divorty:** Most directorates use our services, except Health and the CIT are now using our services, I think.

**Mr Robinson:** That is correct, yes.

**Ms Divorty:** I think it is mainly just Health who have a separate service.

**THE CHAIR:** Thanks for that. Unless somebody else has an urgent question, we might go to Shared Services finance. On page 22 of BP B, one of the dot points of key outputs to be delivered is the development and maintenance of the Oracle e-business suite. Where is that at and when will it be finalised?

**Mr Robinson:** The Oracle e-business suite upgrade has been finalised. It was finalised in May last year. That was a substantial upgrade of the system to version 12. There have been subsequent modifications and releases but they are only minor. So the major upgrade is complete, implemented and running well.

**THE CHAIR:** Okay. So why is one of the key outputs to be delivered in the coming year the development and maintenance of the Oracle e-business suite if it is already up and running?

**Ms Divorty:** It is pretty much a standing item, Mr Smyth. It is because Oracle is our main finance system. It is our ERP for finance. There are ongoing upgrades; so it becomes an ongoing item to make sure that it is current, robust and reliable.

**THE CHAIR:** What upgrades will happen in the coming year?

**Mr Robinson:** We do not know at this point in time. It depends on what software upgrades are released by Oracle.

**THE CHAIR:** So it is just standard releases by Oracle themselves? We are not actually doing any development?

**Mr Robinson:** Our strategy is to keep our software up to date, so we try to manage the upgrades as soon as they become available. That is our strategy. It is an ongoing thing.

**Mr Nicol:** Oracle will release minor patches on an ongoing basis, which we ensure are implemented continually so we do not get behind on the release.

**THE CHAIR:** Okay. I guess that when you put it in as a key output and it starts with “development and maintenance” it sounds like you are actually doing something in house rather than just uploading the patches.

**Ms Divorty:** No, it is—

**Mr Barr:** So the maintenance of it.

**Ms Divorty:** Yes. It is actually just a priority that we give to the system—

**THE CHAIR:** Yes, that is okay.

**Ms Divorty:** because it is so important to us, yes.

**THE CHAIR:** Yes. I thought there was something new coming but apparently not. There you go. Ms Fitzharris, a new question.

**MS FITZHARRIS:** Could tell us a little about how your payment systems work for local businesses in particular? Are there any changes underway to improve the efficiency of those payments?

**Ms Divorty:** There certainly are. We are just about to implement invoice automation and that will make a significant difference. Calvin, can you talk about that?

**Mr Robinson:** Yes. The invoice automation project was approved in this year’s budget, the current year. We have progressed that project to the point where we are actually in a procurement stage. It is anticipated that we will have a solution and a go-live date of around 1 December of this year. That will really help us, I guess, to pay 100 per cent of our suppliers on time, which is where we have been trying to head.

The type of solution is not determined yet. We have got essentially three options or a hybrid of options. We can automate and do the process internally; we can outsource software as a service; or we can do a hybrid model which may involve some parts of the process being internal and some parts being outsourced. We have not made those final decisions at this point in time, but they are imminent.

**Ms Divorty:** And with that, what it actually means is that all of our invoices become electronic in nature. It means that they can be tracked throughout the system. As soon as an invoice is submitted we are hoping that there will be transparency so that people, including suppliers, can see where they are up to in the system and whether they are actually on hold, being disputed or they are being processed. It also means that Shared Services finance will have much more visibility of the system. At the moment because paper invoices are in trays we actually cannot see what is due to be paid or what is

overdue. So this will give us total visibility of the finance system and the invoices due to suppliers. We will be able to manage the payment cycle much more effectively as well as, as I say, being able to report very effectively on where we have overdue payments.

**MS FITZHARRIS:** Is that quite a significant change?

**Ms Divorty:** It is significant. It is also a bit of a significant change for suppliers who may not have come across this before. So there will be an education and training program for suppliers that we will go into. As Calvin says, depending on what the solution is particularly, it may be that we need to go and talk to suppliers and actually make them aware of what it is and what the benefits are for them so that they come on board as quickly as possible.

**MS FITZHARRIS:** Are you working with suppliers in the assessment phase about what might work for them as well?

**Mr Robinson:** We plan to once we work out which process we are going to go with. We will engage with suppliers most definitely.

**MS FITZHARRIS:** Would it be useful to get their input early on to understand their perspective in terms of selecting which one you go with? In terms of suppliers, I presume there is thousands. How would you—

**Ms Divorty:** We could probably work with industry groups to try to get more manageable areas, I suppose. It is not a bad thought actually; so we will discuss that and see what we can do. Obviously, a lot of the suppliers have worked with industry in order to develop their product. Some of the ones that we are looking at are very popular. Many suppliers would be used to them and would have the technology there ready to go.

**MS FITZHARRIS:** Great. Thank you.

**THE CHAIR:** Dr Bourke, a new question.

**DR BOURKE:** Yes. Turning to page 35, your new accountability indicator f states:

Service requests made via the Service Desk are resolved within Service Standards timeframes

How is that going to help you since you have never had that one before in the past?

**Ms Divorty:** This is similar to the question Ms Louder asked earlier. So what we have done in the past year, again—

**MS LAWDER:** Could I just say: Lawder.

**Ms Divorty:** I am sorry.

**MS LAWDER:** That is okay.

**Ms Divorty:** Sorry.

**Mr Barr:** Be very patient.

**Ms Divorty:** Sorry.

**Mr Barr:** It has been consistent for a day and a half.

**Ms Divorty:** About 18 months ago when we signed our new agreement with directorates we put in place a number of initiatives which were aimed at providing better customer service and better analysis of our performance and responsiveness. As part of that we introduced a single service desk across our organisation. Previous to that, we had a service desk for finance, we had a service desk for HR and we had a service desk for IT. We now have one view, if you like, of what requests are coming in to Shared Services and we have invested in a system which is able to actually track those.

Hence the change to our performance measures is related to the fact that we now have a single service desk and we have a single tool that provides us with visibility. We still are in the implementation stages of that tool, though. It is called ServiceNow. It is a customer management system. It actually, if you like, receives the request, tracks the request and decides where that request should go, how it should be managed and when it should be resolved. As I said before, because there are so many different types of requests that come into our organisation, they do go into different categories; this needs to be resolved immediately, this can be resolved within four hours, this can be resolved within three days.

I guess the main benefit of this system is the transparency that our customers can have and the transparency that we have over all the requests that are coming in. Many of those requests previously were paper and they were going into in-trays. We actually did not have very good visibility from a service provider perspective of what our customers needed, when they needed it and how urgent that was.

Now we have much better management tools, I think. That is why we have put it in as one of our accountability indicators. It is because it is so important to us that we can manage this and it is very, very important that our service desk is able to actually track those and provide that transparency to our customers.

**THE CHAIR:** Thank you. Ms Lawder, a new question.

**MS LAWDER:** Thank you. It does, in a way, follow on. You did mention that it is similar to the HR Shared Services measure—that accountability indicator. You were going to provide the individual components, I think, on notice. You just spoke about how some may be four hours or whatever. How was the 90 per cent arrived at? Is it an average of all of the indicators?

**Ms Divorty:** I think I will take that on notice just to be sure. My understanding is that if we have 20 requests that should be resolved within four hours, then if we do not meet 20 requests resolved within four hours, how much of that did we actually

achieve, and is that 90 per cent? So it should be a weighted average against a number of categories, but I would have to get that formula and check it for you.

**MS LAWDER:** For example, if you include the HR side of it that I spoke about earlier, which has a 95 per cent indicator for service requests within five working days, if one of the indicators within this is service requests resolved within five working days, will that remain at 95 per cent or are you reducing that one down to 90 per cent? Do you understand what I mean?

**Ms Divorty:** Yes, I do. They are all at 90 per cent.

**MS LAWDER:** So you have revised that one down from 95? Is that because you were not meeting it?

**Ms Divorty:** No; I think it is just because the tool is new, we are getting to know it, and we just wanted to have a target that was, if you like, high but not unachievable in its first year. Ninety per cent may be a very low target, it may be just about right, or it may be too high. We just need a bit of time to get used to the service management tool to know whether 90 per cent is the right level. We would love to achieve 100 per cent on everything—of course we would—but sometimes circumstances do not allow you to do that; and if you have a particular spike, you cannot resource up quickly enough to get 100 per cent. Sometimes it is just peaks and troughs that make you achieve 90 per cent instead of 100 per cent. Our aspiration is always 100 per cent.

**Mr Nicol:** I think also, for new targets, my understanding is that over time some of them are a lot tougher than five days. So whereas before, for an urgent request, you could take the five days and meet that accountability indicator, now you cannot. You have to do it in four hours if you want to meet the accountability indicator. I think the 90 per cent will be a tougher ask over the entire span on average, but I agree with Ms Divorty that we will be monitoring how it goes and our aim will be to increase that percentage over time.

**MS LAWDER:** It was just that we had also spoken about the increased resources that you managed to recruit. Given that you looked as though your estimated outcome for that old discontinued measure was 95 per cent and now you have increased your resourcing, why are you revising it down?

**Ms Divorty:** The increased resourcing is just in the employee relations area. Many of the targets that you are seeing there are actually in the payroll area, and resourcing has not increased there at all.

**MS LAWDER:** Thanks.

**THE CHAIR:** The transition to Westpac happened 18 months ago. Has that all been settled? Are there any residual issues over the change?

**Mr Robinson:** Yes, it has all been settled; and no, there are no residual issues. It is working well.

**THE CHAIR:** With the new revenue system, was that delivered on budget and on

time?

**Mr Nicol:** The new revenue system is still under procurement so we have not—

**THE CHAIR:** When is that due to be delivered? That was in the—

**Mr Nicol:** I think we talked about this yesterday. We are trying to get elements of the system online by 1 July 2016, and then it will probably be rolled out over the next 12 months from that date. That is my recollection of the time frames.

**THE CHAIR:** And Shared Services does that?

**Mr Nicol:** The team has been managed by a project board that I chair. Shared Services is a member of that project board and provides some technical expertise. The business itself also provides business expertise. So we are essentially integrating those two sets of expertise to deliver the project. I would not say it is a Shared Services project or a Revenue Office project; it is a government project.

**THE CHAIR:** Members, any further questions for Shared Services? Thank you very much.

We will now move to the ACT Insurance Authority. Welcome, Mr Fletcher, to the estimates hearing on the 2015-16 budget. Would you please indicate to the committee that you have read the privileges statement and that you understand the implications of the statement.

**Mr Fletcher:** I have read the statement and understand it, yes.

**THE CHAIR:** Thank you. Chief Minister, would you like to make a statement on behalf of ACTIA?

**Mr Barr:** No, I do not need to make a statement on behalf of ACTIA. Thank you for the offer, though.

**THE CHAIR:** That is okay. The first priority on page 115 of budget paper B is to implement a program of reinsurance to protect the territory's budget based on an appropriate balance between transferred risk and the risk retained. How is that going and are you satisfied of what that balance is? And could you please tell us what you think the balance should be?

**Mr Fletcher:** I think it is going very well. We have just completed the reinsurance cycle to place our 2015-16 program. The advisory board met last Thursday to consider the program. We presented the program following a marketing exercise in Australian and London insurance markets. We put forward the same program structure that we had last year. The result of that marketing exercise is that, across the full range of reinsurance contracts that we purchase, the insurance contracts that we purchase, we have managed to achieve a result that is a saving of just over three million off the program. Last year's cost was just on 12.3 and the cost for 2015-16 will be 9.2, a \$3 million saving.



The market has been on a decline for a number of years. In the last two years in particular, though, the insurance market has been flooded with capital. There are a lot of new players in the market. We took the opportunity this year to remarket the whole program. That means that each of the covers that we purchase has a lead insurer.

For example, our liability policy in previous years, and for a lot of years, has been led by QBE Europe, which is a London syndicate. We have had a good relationship with them. We put it to those incumbents that it was time for us to go the whole hog and offer the opportunity to lead each of those lines of insurance to a new provider, given the changes in the market. That did a lot to drive the price down. The result is that some of those incumbents were successful, and we will stick with those; in some other lines of insurance, we have changed our lead.

**THE CHAIR:** How many lines of insurance are there?

**Mr Fletcher:** The way the program is structured depends on what it is. The liability cover, which is liability and the medical negligence, is structured in a way that has layers from the ground up. Each insurer puts in a price for a particular layer. Our medical negligence program has a limit at 100 million. We self-insure the first 20 million in the aggregate; then there are a number of layers, usually 20 million layers, that head up to that 100 million.

Depending on the competition in the market and how you broker a deal, you may end up with as few as one insurer who wants to buy a whole particular layer or you might try and spread that risk among four or five and they take a percentage of the risk in that layer and a percentage of the premium that is attached to that layer. It is a bit of horse trading, a bit of a juggling exercise, to get them to compete against one another, and that is really how you achieve the best price outcome.

**THE CHAIR:** Is it forces within the market itself with the premium, is there something that you would be able to do to get the directorates to change the way they were operating or is it a combination?

**Mr Fletcher:** It is a bit about the market and it is also about the submission that the authority puts together to put to the market, which is the presentation process that we go through in early May. We work with the directorates to put together that submission. We put the submission out to the market. It just contains details of the Treasury's activities.

For example, with our property program we put together a schedule that lists all of our assets; we talk a bit about which one of the directorates owns those assets, whether it is health, education, roads, et cetera; we talk about how those assets are managed; we try and highlight to the reinsurance market where, say, the top 15 properties are, for example, so where the real risk lies. Within our property portfolio, for example, that is concentrated at the Canberra Hospital. It is obviously a significant site; it is a bit of a hotspot—as is Calvary hospital.

We basically try to sell to them that we are a good risk. I think we have been very successful in doing that in the past, and that is reflected in the pricing. What an underwriter wants to be able to do is, with his budget—he might have \$20 million or

\$30 million to put into the market—place that capital with an insurer who is a safer risk than the next risk and earn the same amount of premium. If you think about it in terms of a whole pile of submissions that an underwriter might have, when they look at those submissions you want to be in the pile that is the pile that they want to pursue. Our activities this year have indicated that there are a lot of people who are chasing our business perhaps when we get ourselves in a position to be able to negotiate a good price.

**THE CHAIR:** Do you go to the market every year?

**Mr Fletcher:** Yes.

**THE CHAIR:** In the past 12 months, what issues have you identified particularly with the directorates that they have needed to address that has helped you in going to the market for a better outcome?

**Mr Fletcher:** We do a couple of things with different areas. With our property assets, for example, we undertake a rolling program of risk reviews by our lead insurer. CGU have been our lead insurer for the past two or three years. Each year they come to the territory and they go around with directorate staff and with staff from the authority. They do basically a review of an asset. We do that on a rolling program. They produce a report. The report has a schedule of findings in it that rates things identified as low, medium or high risk.

Then we work with the directorates through the year to address that schedule of issues. Then we put that schedule back into that reinsurance process, and because it is a rolling program we work our way progressively through, particularly, that list of high value assets so that they can be reassured that we have good management practices in place and our buildings are new and well maintained.

We have done a couple of things with some of the other directorates, although it is sometimes difficult to identify particular areas of concern. With ACTION buses, we have worked with them in the past in terms of the CCTV facilities that are installed in their buses to help us assist with managing claims for the incidents that occur on ACTION buses, both inside the bus and outside the bus, in terms of us being the insurer on the CTP side. And in the past—not so recently, but in the past—we have been involved in driver training activities for them. So we work with the directorates, trying to identify some opportunities to try and help them improve their risk management activities. We have got resources available free for them to do that.

**THE CHAIR:** Thanks for that. Ms Fitzharris, another question.

**MS FITZHARRIS:** That was quite an overview; thank you. In terms of the resources available that you have to help with training across directorates, have they all seized on that and want to take up that offer?

**Mr Fletcher:** Yes. We have run a range of training activities in the past few years. We have run a general introduction to risk management course. We have run a projects risk management course and an events risk management course. The events and projects risk management activity dropped off a little bit. We have changed the

way we deliver that, in a way that I will explain in a minute.

The introduction to risk management course is very popular. It is a 101 of risk management, targeted very much at staff who are involved in the day-to-day delivery of services and projects. The courses are provided via the relationship that we have with Marsh, who are our insurance broker. They have a risk management team. We organise for their staff to come from Sydney, usually in a two-day block, and we run two courses in a row free to anyone who wants to come along and attend.

On the events side of things and the projects side of things, rather than try and run a general project management course we have started to target in on actual projects to provide an opportunity for project teams to use the resources we have to focus in on their particular project. We facilitated that for the asbestos eradication task force. We have done some work with capital metro. We have done some work with the courts project. We are trying to target those sorts of things, which seems to be of more value to directorates than trying to run general courses on those topics.

**MS FITZHARRIS:** Is it possible to tell us the total value the ACT government pays each year in insurance premiums?

**Mr Fletcher:** Yes, absolutely. This year it will be 9.2, so 9.3.

**MS FITZHARRIS:** 9.2. Where is that in the budget papers?

**Mr Fletcher:** You will find that that is called outward reinsurance expenses. It is on page 117, I think, of BP 3 and on page 17 of the statement of intent.

**MS FITZHARRIS:** What page in BP 3, sorry?

**Mr Fletcher:** 117, I think.

**THE CHAIR:** It is actually BP B.

**Mr Fletcher:** BP B, sorry.

**MS FITZHARRIS:** Outward reinsurance. Thank you.

**THE CHAIR:** Dr Bourke, a new question.

**DR BOURKE:** Thank you. Treasurer, people that hire ACT government facilities such as sporting grounds and the like often bring to my attention the cost of insurance, particularly for things like junior sport. Has any consideration ever been given to providing some sort of blanket insurance which could then be ameliorated through perhaps increasing the ground hire?

**Mr Fletcher:** We have, and I think we are about to revisit that issue. The difficulty for the territory and the authorities is that we are not a licensed insurer. We are set up as a captive insurer for the territory. We are not in a position to offer an insurance product to the public. That being said, we have put in place an arrangement where through Marsh, our broker, there is a group-type policy that applies to people who at

the moment hire the Yarralumla Woolshed and the Albert Hall. As part of the hiring arrangement there, the person can tick the box on the hirer's agreement, which I understand they put in place with TAMS, and pay a fee, and that gives them access to that insurance policy for their event.

I have read recently some email traffic about the potential for some opportunity to do the same thing in more venues and in other circumstances. I think as long as we structure it the right way, the same scenario would be able to apply to other assets that the territory owns that the public may wish to hire. It is only an issue really when you have individuals who want to hire or make use of particular facilities. Most organisations have an insurance policy that meets that expectation.

If you hire a hall to a big enough sporting organisation or a charity organisation, they usually have an insurance policy that meets the expectations in terms of public liability. So there is some potential for us to assist those responsible for the management of those assets with a policy that is easy to access if a person wishes to do that. Of course, they can carry their own risk, but I think the usual arrangement with that type of event hire is that the person is protected by an insurance policy.

**DR BOURKE:** Essentially, what you are talking about there is where an individual person wants to hire a facility on a one-off basis. That is the scenario you are painting, as far as I can tell.

**Ms Fletcher:** Yes.

**DR BOURKE:** So this is not going to help kids playing junior cricket or junior footy on the weekend.

**Mr Fletcher:** From personal experience, I think that most sporting organisations have those types of policies in place at a club level to protect their players. It is really their liability; it is not ours. We insure our own liability. If they use a particular facility and a claim arises out of that and the liability sits with us, that is our issue. But if it is something that happens that is the hirer's responsibility then they need to protect themselves against that liability.

**DR BOURKE:** I think the concern relates to the cost of insurance and the opportunity to get a greater market if the territory was involved and the opportunity for a bulk deal there. That is what I think people are perhaps more interested in.

**Mr Nicol:** I think that is probably a different issue from ACTIA's responsibility.

**DR BOURKE:** Clearly.

**Mr Nicol:** It is an issue, and it goes to the cost of insurance and the operation of the general insurance public liability market rather than the internal ACT insurance market. We can have a look at the issue, but I am not sure there is an immediate obvious solution for us to lower insurance premiums generally.

**DR BOURKE:** You will take it on notice.

**Mr Nicol:** The market is going to be better than us at operating and providing that product. I just cannot see that we would be able to lower premium prices. In a sense, it is like car insurance or house insurance.

**DR BOURKE:** Sure.

**Mr Nicol:** Where the government does have a role to play in that is in the compensation and legal system and the costs that that imposes, and medical negligence systems. The government has a role there which could be considered.

**MS FITZHARRIS:** Did you mean the government effectively bulk-buying an insurance premium for all its sporting fields that was able to cover the sporting team on the weekend so that the sporting teams—

**MS LAWDER:** Included in your ground hire.

**MS FITZHARRIS:** Included in the hire cost, as opposed to the club membership cost.

**DR BOURKE:** Yes, that is what I was—

**MS FITZHARRIS:** Is that a risk government would want to take on?

**Mr Nicol:** That is the question, yes.

**MS FITZHARRIS:** And how it would do it equitably.

**DR BOURKE:** So you are going to come back with an answer or more detail on that one for us?

**Mr Nicol:** I am happy to take it on notice and see what response we can give you.

**DR BOURKE:** Thank you.

**THE CHAIR:** Ms Lawder.

**MS LAWDER:** In the budget papers, in the priorities for the coming year, it talks about delivering an upgrade of the Insurance Authority office accommodation to meet modern office standards. Are they currently in below standard accommodation?

**Mr Fletcher:** The authority has been on level 3 in the Nara Centre for quite a few years. As I said, I have been the general manager for the last five years and we really have not spent any funding at all on accommodation. We are at the point now where we have basically bits of furniture that are falling apart that we need to replace. The authority is very small with only 15 or 16 staff. Last year we engaged a project manager-architect to give us some advice about how we might upgrade the office accommodation. We very much used the model that is applied in the new building at Gungahlin as a basis for the design.

I think the budget is just on \$125,000 for the whole box and dice, and that includes new workstations and new chairs, but reuse of a lot of the existing IT equipment. Our

claims managers in particular spend a lot of time doing keyboard work, so it is important that we make sure from a health and safety perspective that they have equipment that is appropriate for that environment. The discussion that we are having at the moment is about sit-stand workstations and use of a smaller workstation with break-out spaces, meeting rooms and smaller private rooms in which to have meetings and telephone calls. It is a more team-based, open plan-type arrangement.

**MS LAWDER:** It is only a reasonably small amount, but whereabouts would that be included in the budget paper?

**Mr Fletcher:** That is a good question. I am not sure. I would have to take that on notice.

**Mr Nicol:** I suspect it is in the expenses—

**Mr Fletcher:** Yes.

**Mr Nicol:** of the authority in general. It is an internal decision of the authority, how to spend its resources.

**Mr Fletcher:** Yes, it is probably in other expenses.

**MS LAWDER:** Other expenses?

**Mr Fletcher:** Yes.

**Mr Nicol:** But we can take that on notice and confirm.

**Mr Fletcher:** It would be in other expenses. If I cast my mind back to the annual report process, there are a whole range of operational costs within that other expenses bundle.

**MS LAWDER:** Again, it is not an enormous amount of money, and you do not have an enormous number of staff either, but per head of staff is the cost commensurate with other agencies in what they expend?

**Mr Fletcher:** I cannot comment about the cost. It is probably a little bit more, given that obviously the number of staff is smaller and we still have to have some functional spaces that cost money to build. In terms of the workstation set-up and the space per person, it is consistent with other fit-outs that are undertaken in the ACT government, in particular the one that has just been completed at Gungahlin. I think it is about 15 square metres per person—something in that order—if I remember rightly.

**MS LAWDER:** Either in the public service generally or in your agency specifically is there a general plan that every three, five or seven years you go through this sort of process?

**Mr Fletcher:** No, not particularly.

**MS LAWDER:** It comes up every so often.

**Mr Fletcher:** Certainly not within the authority.

**MS LAWDER:** It is not a sort of cycle that you would generally—

**Mr Fletcher:** No. I think we have well and truly wrung every last cent out of the existing office accommodation, given that it has been there for, I think, at least the last eight years. I think it is time that we made an investment for our people in some new accommodation.

**MS LAWDER:** Sure. I do not disagree. As I say, I am just wondering if there is an “every seven years” plan or—

**Mr Fletcher:** No. We do not particularly budget for that. There will be a capital amount, but it is not to the budget that I am talking about in terms of what we intend to do next year.

**Mr Nicol:** Minor fit-outs of this nature are generally assessed on an as-needs basis by the relevant responsible officer.

**MS LAWDER:** Is that the depreciation then? Does that reflect your new furniture?

**Mr Nicol:** Yes.

**MS LAWDER:** Thank you.

**THE CHAIR:** We might call the break there. Minister, I thank you and all your officials this morning.

**Sitting suspended from 10.50 to 11.05 am.**

**THE CHAIR:** Welcome back to the continuing hearing of the Select Committee on Estimates 2015-16. Between now and 12.30 we have with us Icon Water Ltd, formerly known as ACTEW Corporation. Please be aware that the proceedings are being recorded and will be transcribed by Hansard and published. The proceedings are also being broadcast and webstreamed. Before you on the table is the pink privilege statement. Could you please confirm for the committee that you have read the statement and understand the implications of privilege? Thank you. Minister, would you like to make an opening statement?

**Mr Barr:** I might even invite Mr Knox to say a few words—

**THE CHAIR:** Your prerogative.

**Mr Barr:** certainly in relation to this being the first appearance of Icon Water at budget estimates. Yes, it might be useful to have a few remarks around the change of the organisation.

**Mr Knox:** Certainly and thank you, Chief Minister. Since we were last here at public accounts we have done a couple of things we said we were going to do. Obviously,

the name change is one of them. It has substantially reduced confusion obviously between Icon Water and the energy investment ActewAGL. It is early days. There is still a long education process to be undertaken with regards to the broader community. That will probably come through a number of channels that we are working with. Also, unfortunately, the facts of life are that when your bill comes out that is generally when people pick up name changes as well; so we will look forward to that.

We have also obviously been through a very protracted period with the industry panel review over the water and sewerage pricing determination. We are glad to say that that is finalised. We feel that it was a very fair and robust outcome. We are also working with the ACT Auditor-General, which is under confidence at the moment, for finalisation of the Bulk Water Alliance audit with the completion of the enlarged Cotter Dam and related projects as well. We estimate that that should probably be tabled in the Assembly over the next couple of months.

We have also had a very busy year with regard to general strategy work, a lot of industry analysis, understanding where we have been, where we plan to go and how to get there as well. We are across all of those issues as well. That includes, obviously, our previous discussions around finance strategies, debt strategies and the like.

**THE CHAIR:** Excellent anticipation, Mr Knox. Can you tell us about your ongoing finance and capital discussions with ActewAGL? Have you been able to repatriate any capital, as was mentioned at annual report hearings?

**Mr Knox:** Certainly. I think that as far as that is concerned, I will start off with the ActewAGL debt program. We have had a number of meetings with Treasury and the Australian Government Solicitor. We were progressing down that path but we pretty much paused for a couple of reasons. The first one was that we came across a complexity that needs a bit more consideration. It is quite complex and technical but it refers to equitable charges over assets. That is something that we will need to get back on to and push through.

The second point, though, is that the energy investment over the last 12 months has been through quite a ride with regard to the AER's determination. That pretty much superseded the issue of the debt program. We are very focused on making sure that the business could resize itself, intending it to operate safely moving forward. We have made some progress on it but there is still some way to go. That is on the debt program, the ActewAGL debt program.

**THE CHAIR:** You said that it has been put on hold. When is it likely to be off hold and actively considered? When are you likely to make an approach and get an outcome?

**Mr Knox:** We have formed a working group with the Treasury team. We have had a couple of meetings. That covers a number of things relating to financial and debt strategies. I anticipate really that the main game is talking about the long-term financial position of Icon Water and what we can do to reduce the gearing levels that we are at at the moment, which is just under 60 per cent. There are a number of things to that and the ActewAGL debt program will be picked up through those meetings.



**THE CHAIR:** When you say that it is just under 60 per cent, is there an industry standard?

**Mr Knox:** I might refer this to the General Manager, Finance, Sam Sachse. He is all over it and so am I.

**Mr Sachse:** Just to put it into context, we have over \$2.9 billion worth of assets. Our gearing levels are \$1.5 billion; so that is around 59 per cent, 60 per cent. For a utility that is asset intensive, it is about an optimal level to have around 60 per cent gearing ratio. So most utilities around the world, especially in the electricity world, would be geared up to sort of 60 per cent. That is sort of, I guess, where the benchmark is.

You look at the regulator as well. The ICRC sets its pricing decision assuming that we are geared at around 60 per cent. We are able to refinance our debt or service our debt at this stage; so there are no sort of concerns in the short term around being able to service our debt in the short term.

**THE CHAIR:** Are there concerns for long term, therefore?

**Mr Sachse:** That is where we are in discussions with Treasury. We do have a joint working group and long term we would like to move to a more sort of sustainable dividend policy to make sure that our gearing ratio stays within that optimum level—around 55 per cent to 65 per cent.

**THE CHAIR:** Treasurer, what is your view on long-term debt and the sustainability of Icon and are you agreeable to some easing of the debt they carry?

**Mr Barr:** We have a working party examining these matters. But the statistics I have are that the current base value of borrowings, the \$1.6 billion, is a gearing level of 58.1 per cent as at 31 May 2015. With the borrowings forecast over the forwards, the gearing level would reach 63.6 per cent for 2018-19. We would look to work with Icon Water on operating within that 55 per cent to 65 per cent band and we are well within that for the foreseeable future. So the question of the change of dividend policy is one that is on the agenda for this working group but not one that will be in this parliamentary term but could well be in the next parliamentary term.

**THE CHAIR:** The working group will not have a decision by the end of this term?

**Mr Barr:** Obviously, it will come back to government but I am signalling that there will not be a change in the government's dividend policy in the 2016 budget but there may well be subsequent to that.

**THE CHAIR:** When is the working group likely to report?

**Mr Knox:** We are aiming at the end of this calendar year to have some recommendations served to the Treasurer.

**THE CHAIR:** I turn to the debt, which is dealt with on page 145 on BP B. It does get up to \$1.7 billion. What is the difference between—this year it is expected to end at \$1.471 billion and then \$1.562 billion. It drops to \$1.354 billion and then bounces up

to \$1.728 billion. What is driving that?

**Mr Sachse:** Some of the debt facilities will mature in that year. As you can see, there will be a big increase in interest bearing liabilities under current liabilities. Due to accounting standards they get classified differently. In that final 12-month maturity they will be reclassified and then we will just refinance that facility going forward. The line you are reading off is just the non-current liabilities. We will dip down for one year and then return back to normal once we have refinanced that debt.

**THE CHAIR:** And that explains the spike in 2016-17 where it bounces up from \$22 million to \$325 million and then back down to \$27 million. That is where it comes due?

**Mr Sachse:** Yes. I have got a number of \$1,354 billion in 2016-17.

**THE CHAIR:** Yes, but if you go up into liabilities, you have got the interest bearing bouncing from \$22 million to \$325 million.

**Mr Sachse:** That is right. We reclassify that as short-term debt because it is maturing in the next 12 months. Then we will refinance that and then it will be—

**THE CHAIR:** You will refinance that, which is why it bounces to \$1.7 billion.

**Mr Sachse:** That is correct, yes.

**THE CHAIR:** What are we paying in interest on the debt?

**Mr Sachse:** Overall, our average interest rate is around 5.25 per cent. We know that in the current environment we can refinance debt at very cheap rates at the moment. We did borrow another \$61 million during May at around about 2.5 per cent, which is very attractive, but we need to convert that into sort of more long-term debt going forward, which would be a little bit more expensive than that.

**THE CHAIR:** And no question in estimates would be complete without one on a final cost of the dam?

**Mr Knox:** 410.5 and we have forwarded that information to the—

**THE CHAIR:** Just for the record here in this place. The settlement of the insurance claim—did that come in our favour? Was it what you expected it to be?

**Mr Sachse:** Our claim was \$8.9 million. It was a very hard negotiation and fairly technical from a legal sense around what exclusions were under the insurance policy. We did settle at \$6 million, which we thought was a reasonable outcome for that insurance claim.

**THE CHAIR:** Now the dam is done and dusted, there is nothing outstanding in terms of the construction?

**Mr Sachse:** Yes, that is correct.

**THE CHAIR:** And what happens with the alliance now?

**Mr Knox:** It has all been wrapped up. As part of actually tabling that number we wrapped up the alliance group, finalised the meetings, dealt with any issues that were outstanding at that point in time. It is all over.

**THE CHAIR:** Thank you.

**Mr Sachse:** I was—

**THE CHAIR:** Sorry you were going—

**Mr Sachse:** I was just going to say that the Bulk Water Alliance has no right to make a further claim on this project going forward.

**THE CHAIR:** Always useful. Ms Fitzharris.

**MS FITZHARRIS:** I have a supplementary. The Treasury mentioned the optimal sort of debt level at being around 55 to 65, that you do not want to go above that ratio. What happens if you go below that? What are the implications of not having a—

**Mr Barr:** Sufficient level of debt?

**MS FITZHARRIS:** Yes.

**Mr Barr:** I guess that in terms of the practical mechanism to achieve that it would mean a shift of resources off the territory's budget to pay down the utility's debt. If you were to do that you would be spending—every dollar you spend on that would be one dollar less you were spending on the community in service provision or in investing a new productive infrastructure in other areas of need within the city.

You would have to question on what basis you would do that, to what end, because there would be an opportunity cost associated with it. The question then, of course, of the future infrastructure needs of the utility needs to be contemplated as well. But suffice to say that the once in a 100-year bit of infrastructure has, as we have just heard, been concluded. So there would not be in an Icon's forward program another dam in our lifetime, one would presume.

**THE CHAIR:** No, Mr Stanhope said that there would be no need for dams within 20 years and two years later he started this project.

**MS FITZHARRIS:** My substantive question was about the rebranding. From your point of view, how it has gone, what sort of penetration it is having in the community and what your program is over the next 12 months for talking to the community more about Icon Water.

**Mr Knox:** I think, Ms Fitzharris, that we consider the launch obviously to have been very successful. But we measured the response from what we have done through our call centre and other informal channels as well. Broadly speaking, it has been very

positive feedback. You always get the odd outlier that may have a comment. From here on, now that we have actually launched the name, as you say, it is about embedding that name and actually alignment of the brand to the community.

I think broadly speaking that Icon Water are very focused on actually creating a stronger connection with our community moving forward. There are a number of limbs to that. I think the brand is an enabling piece for us to do that, moving forward. So it is a very opportune time.

We will get out there. There will be education processes—probably what I would call a long-term education process that will happen over many years. We will also do brand awareness surveys and the like as well to make sure that we are actually getting that penetration. The board has indicated that they have got certain targets they would like to see over a sort of 24-month period as well.

**MS FITZHARRIS:** Thank you. And internally, how is the process?

**Mr Knox:** It has gone very well. I think the process internally has actually been going for quite some time. Through the media we indicated that we actually—in the words of predecessor of the prior Chief Minister, it was a no-brainer. The business got on to it. So we started. The main thing was really about understanding what journey we needed to go on to do the rebrand.

There was very heavy staff consultation. We had working groups and we did cultural workshops. That probably went for about four to six months. It was very well versed before we actually went for the D-day. Business are very comfortable with the outcome and feel as though they very much own the brand.

**THE CHAIR:** Dr Bourke.

**DR BOURKE:** Thank you. One of your four objectives is to “operate at least as efficiently as any comparable business”. Are you operating efficiently compared to other utilities?

**Mr Knox:** We have, over the last 12 months, done a substantial amount of work, as I mentioned, through the strategy, and that is one of the issues that we have been examining. We cut that from quite a few dimensions. We are actually a member of the Water Services Association of Australia, which is the industry water and sewerage body. Through that organisation, there is an industry push to activate benchmarking, and that is very much against fellow water authorities. We are in that process now; we are one of 15 water authorities that have signed up to that. We expect preliminary results probably towards the end of this calendar year to demonstrate whether or not there are any outliers that we would consider warrant due diligence. I am talking here about opex and capex, but largely from an operating cost perspective. So that is one dimension we are looking at.

The second dimension where we also look at it is where our overall prices sit with regard to the other water authorities. That is another way of looking at it. At the end of the industry panel’s pricing determination, we sit about mid-point with regard to all other water authorities, albeit that a lot of those are relatively short dated, with a

couple of years to run on their determinations as well. It is not as though you have a long-term five to 10; you look at that as well.

With regard to the other areas, we are pretty much self-initiating general efficiency programs. We are very keen to adopt more technology. We feel as though we are a long way behind with regard to general efficiency improvements. I am talking here about investing into equipment that will go up sewer pipes and do activities which will reduce labour. We are talking here about using drones over sites, more telemetry and more geospatial, and other applications from business as well.

Beyond that, though, we do a number of internal health checks. We are looking at the maturity of our business through maturity models, competency models, capability. We do a lot of localised benchmarking with regard to how efficiently we are performing at the moment.

I think it would be fair to say that you never stop looking at this; it is a continuous journey. You set the bar, you go after it, you improve it, and then every year you go back and keep looking at whether or not you can do better.

**DR BOURKE:** What about customer satisfaction?

**Mr Knox:** Customer satisfaction is quite high at this point in time—certainly the trends have been. We have had a big focus on customer satisfaction over the last couple of years. Indeed, our area that looks after that has been out dealing with the community, talking about what is important to them. What we found through that essentially was that, for example, restoration of premises after work has been undertaken was extremely important, so we have had to change our work practices to make sure that we leave the property at least as good as, if not with a claim to even have it better than, when we went in.

The other issues that we found through that include that it would segment our customer base. There are large commercial and other customers that want more online engagement with the organisation as well. In particular, the builders, the plumbers and the like want to go home and lodge applications at midnight, and want it all seamlessly online, as opposed to turning up at a front counter and the like. Our customer service is also indicating that the community is very satisfied with the drinking water quality and how broadly speaking we are engaging.

I should say, though, that in addition to that, we have been examining, at water strategy level, how the UK water authorities have been undertaking regulatory determinations and businesses. Business efficiencies and community engagement are a bigger piece of work that we are looking at. Deliberative engagement is something that we are just starting to talk about. As we move forward over the next year, we will be firing up reference groups where we can go out and start engaging with the community, doing a deeper dive as to what is actually important to the community moving forward, and potentially even making commitments and entering into what I would call consumer-based service standards with regard to us making commitments to them and upholding those commitments. If we do not uphold those commitments, we bear some sort of penalty regime.

So it is a very big focus moving forward. The organisation are extremely conscious that we are a monopoly, and we have done a lot of work around making sure that we continue to be relevant and hooked up with the community.

**DR BOURKE:** How do you go about raising public awareness of the complexity of these activities, given that most people do not think about Icon very much at all, even when they turn their tap on or flush their toilet, which are probably the two major interactions on a daily basis?

**Mr Knox:** That is what we call the brand alignment phase. After we have done the re-brand, we have a project that runs up to 24 months where we are going to go out and actually demonstrate the relevance of Icon Water to the community. That is on a number of limbs. As I mentioned, drinking water quality—where that water comes from, source protection, catchment management areas. We are still talking about making sure that we are conscious about using pristine product in an efficient way moving forward and that we do not abuse that. We want to talk to them about tariff structures and what it means to them—so large water users versus mass market water users.

A very topical one that has been going through of late has been the wet wipes. There has been an enormous industry issue with regard to how they have been blocking up half the sewerage network. If you look at Sydney Water and some of the programs and education that we have been doing, you will see that we have been targeting people to make sure that they understand the impact of using those wipes. And through the industry we have also been talking to the manufacturers about whether or not they can start to produce a bona fide biodegradable product that is community friendly and environment friendly moving forward.

**DR BOURKE:** Do we have any fat balls in our sewers?

**Mr Knox:** Yes, we certainly do. It is a huge issue. Tonnage-wise, it is extraordinary. We have taken footage, and we have actually been out there. We are posting it to our website, and our comms team has done numerous radio interviews about the impact on the network. At the end of the day, if we can get the manufacturers of these products and the community to approach this differently, overall operating costs are going to come down. At the moment they are going through the roof, because we have got an extra impost to keep our network operating without wet wipes.

**DR BOURKE:** How do you measure customer satisfaction?

**Mr Knox:** We do customer satisfaction surveys. We have been out in a forum; we have done those. We have the percentages available on the satisfaction rates.

**DR BOURKE:** Online? Telephone?

**Mr Knox:** I would have to take on notice how we have done it. I am talking generally speaking at the moment, as I cannot remember the specifics, but most of them would be online market research type activities where they go and contact people either over the phone or through digital means and all the rest of it as well.

**DR BOURKE:** Given my opening remarks about the encounters of the average citizen with Icon, how are you going about dealing with resistance that you may be experiencing from the community about the name change and the need for it?

**Mr Knox:** At this point in time—

**DR BOURKE:** Or is there any resistance?

**Mr Knox:** There is—very, very minor; I would almost call it, quite frankly, immaterial. We are talking about dozens of people that may have contacted the call centres being critical about this expenditure, but in the main people are incredibly relieved that we engage with them and that there is a clear distinction between the two organisations. The reality is that we have been around for 100 years, and it is a wonderful opportunity to re-baseline, freshen up and get a good line of sight moving forward as well.

When we engage people, it is like there is a contract that says Icon Water Ltd and there is no confusion as to who you are dealing with. When you have a problem with your electricity and gas, they now understand that they need to go to ActewAGL and not to Icon Water. When the media clips come through on a daily basis, now there is segregation between the two issues. Sponsorship is clearer. The benefits are absolutely endless.

**DR BOURKE:** And benefits for your staff as well.

**Mr Knox:** Yes, indeed. They are very proud of the new name and what it means to them. They wanted that identity separation, because they are very proud of what they do and they do not want to be confused with energy. I am not putting any slant on the quality of the brand name of ActewAGL, which is extremely well recognised, but we are very distinct and separate businesses.

**DR BOURKE:** Thank you.

**MS FITZHARRIS:** Can I have a supplementary?

**THE CHAIR:** A supplementary; then Ms Lawder.

**MS FITZHARRIS:** Just going back to what you said about setting the bar and jumping over it and that it is a continuous process—

**Mr Knox:** Yes.

**MS FITZHARRIS:** Would you see a state in the future where, rather than operating at least as efficiently as any comparable business, you might be operating more efficiently than a comparable business?

**Mr Knox:** I have no doubt that in some areas we already are, but the issue is actually gathering that information on a normalised basis and proving beyond any reasonable doubt that that is the case. As an aspiration, internally what we are aspiring to be over a period of time, and I am talking a medium time period, is the premier water

authority within the industry. Definition of “premier” has to be actually articulated, so your point, but we certainly will not be satisfied with just being as good as the others.

**MS FITZHARRIS:** Thank you.

**THE CHAIR:** Ms Lawder.

**MS LAWDER:** Thanks. I have a series of questions about the operating statement which is on page 143 of budget paper B. Firstly, user charges, non ACT government, and user charges, ACT government, are going up nine per cent, or a variation of nine per cent. What is the reason for that increase?

**Mr Sachse:** The major reason is that in 2014-15, this current year, we have had very mild weather conditions, and water sales have been around nine per cent below our budget. Obviously that means less revenue for Icon Water, so we have reflected that in the forecast for this year for the estimated outcome.

**MS LAWDER:** So you are hoping for fiercer weather conditions?

**Mr Sachse:** Next year we are assuming we will return to normal weather conditions and normal water sales, and that is why there is an increase there. It is not a price increase; it is just returning back to normal consumption levels.

**MS LAWDER:** Interest looks to be going down—a drop of 44 per cent. What is the reason for that?

**Mr Sachse:** That is just interest income. Depending on when you borrow money and when you need to actually spend that money, we will invest that for short periods of time, and we will generate interest from that investment. I know 44 per cent is a large amount, but it is probably only \$800,000 out of our circa \$90 million worth of profit.

**MS LAWDER:** Then you have other revenue going down by 18 per cent. What is included in other revenue?

**Mr Sachse:** In the current year we received some insurance proceeds for the enlarged Cotter Dam insurance claim. That was just a once-off event, and it will return back to normal levels in future years.

**MS LAWDER:** Other gains—what does that include?

**Mr Sachse:** Other gains is mostly around capital contributions or gifted assets from developers. As developers build their big land development, they build the water infrastructure that goes in that development, and then they give those assets over to Icon Water. Under the accounting standards we are required to recognise that as revenue. We do not forecast those gifted assets, due to the level of gifted assets being so uncertain. We are not sure about the timing of when those gifted assets actually come online, so we do not budget for them, for that reason.

**MS LAWDER:** I note your employee and superannuation expenses are relatively stable. In the other table on the previous page your FTE is remaining pretty stable. But



I understand there has been some uncertainty about staffing cuts over the past year or so. Have there been cuts or is it a restructuring of some sort?

**Mr Knox:** In the past, now or in anticipation of—

**MS LAWDER:** Over the past year. It looks like it is going to remain reasonably stable?

**Mr Knox:** I would say that our churn rate in the organisation is very low compared to a normal service industry sector. We have done two restructures which have almost concluded. The second one is due to finish by 30 June. We have done a finance restructure, and we have also done a restructure within our projects delivery area. As a result of those restructures, approximately 15 staff have left, and we have employed some new staff as well. But there has been some minor churn as a result of those.

**MS LAWDER:** What was the purpose of the restructure?

**Mr Knox:** The large one was really efficiencies moving forward. Going back to the previous line of questioning, we have benchmarked it around some of our efficiency, and we determined in the project delivery area that we needed to improve the metrics with which we were delivering our capital expenditure projects. We have restructured the area to accommodate a better arrangement with our alliance partner, which is Downer, formerly Tenix, whereby we have a scalable capital expenditure capability moving forward. So if we get an \$80 million peak, we do a certain offload to the alliance partner. If we are at \$40 million, that is pretty much the mean of what we would service in house.

We have also set up a PMO, a project management office, to standardise methodology, processes and the like, to deliver that. Capital expenditure delivery is all about basically efficiency, so that is the benchmarking we have been doing. Similarly, in the finance area, that has been about alignment of finance activities and support staff to support the business moving forward, and we have done some activity around restructuring—how we have actually set up the finance team. There is what I would call probably less of a centralised support function, and we have shifted to a more and better business partner type model within the organisation.

**MS LAWDER:** When you say 15 staff have left, is that a redundancy offer?

**Mr Knox:** Yes, redundancies.

**MS LAWDER:** You mentioned that you have set up a PMO. Do you have some big projects on the horizon? Why do you need a PMO structure like that?

**Mr Knox:** With a project management office, the functions that they would be looking at include understanding the work that is coming into the project delivery from the asset management, where you formulate the actual projects, and then they look at basically allocating resources to the project.

**MS LAWDER:** I understand what a PMO is. I am just asking what they are going to be doing, in that you felt the need to set it up.

**Mr Knox:** Probably more of what I have just described. Some of the resourcing around how we allocated that work can be done a lot better. Our alliance partner and Icon Water have different processes on how we have done that, so we are looking for synergies and standardisation between the two organisations.

**MS LAWDER:** But you are not about to build another enlarged dam?

**Mr Knox:** No, but we do have a spike in work. I can ask our GM of asset management to refer to this, but we have a big horizon of work to be done at lower Molonglo quality control centre around our sewerage. We are talking about a very significant program of work there. But there is no one-off large bulk water security type initiative moving forward. It is what I would call more remediation and improvement around our legacy assets.

**MS LAWDER:** You have cost of goods sold going down by nine per cent. Is that similar to the other nine per cent change or is it something completely different?

**Mr Sachse:** I understand that relates to the water abstraction charge that we pay to the government. That will return back to normal levels once water sales return back to normal levels in 2015-16.

**Mr Knox:** So the WAC moves with the consumption issue.

**MS LAWDER:** An operating result of minus 17 per cent—what is the major cause for that?

**Mr Sachse:** The majority comes from our investment in ActewAGL. The AER decision has adversely impacted the returns or the profitability of that ActewAGL investment. As well, ActewAGL Retail are looking at upgrading some of their systems, and some of it will need to be expensed in 2015-16. But that will just be a once-off impact in 2015-16.

**THE CHAIR:** The decision yesterday on electricity prices, what does that do in terms of what you might expect from ActewAGL?

**Mr Sachse:** The decision yesterday to decrease retail electricity prices by about 4.7 per cent will not have a material impact on our profitability for 2015-16. A lot of that is downstream from ActewAGL Retail. Obviously, the ActewAGL Distribution side of that has already been reflected in the AER decision.

**THE CHAIR:** Just for information, do you break down your consumption numbers into residential, commercial and community usage? How far can you break it down?

**Mr Sachse:** That is something that we are looking at over the next three years, to improve that segment reporting around our customers, to understand where our revenue comes from and where the water sales comes from. This will feed into the next regulatory submission so that we can get improvement in the tariff structures going forward.

**THE CHAIR:** What data have you got available at the moment?

**Mr Sachse:** It will be there; I just do not have anything with me today. I can take your question on notice.

**THE CHAIR:** That is all right.

**Ms Sachse:** I can provide some segment data.

**THE CHAIR:** Do you know how you segment it? Is it residential, commercial, community use?

**Mr Knox:** Yes, that is pretty close to the segmentation. So it is mass market versus large water users and the like.

**THE CHAIR:** Who is in the large water users?

**Mr Knox:** They are typically golf courses, gyms, the National Capital Authority, airport and the like. I think we have about 40-odd or thereabouts of those large water users.

**THE CHAIR:** You mentioned golf courses. A number of us are on another committee that is looking at clubs. Can you break it down as far as club usage and then particularly golf course and bowling green usage?

**Mr Knox:** Chair, I could not answer that; I would have to take that on notice.

**THE CHAIR:** I am quite happy for that to go on notice. If you could, that would be kind.

**Mr Knox:** Certainly, yes.

**THE CHAIR:** Going to the review that was done of water and sewerage pricing, how much did the review in the end cost ACTEW Water or Icon?

**Mr Knox:** The direct costs incurred from the industry panel were approximately \$1.4 million, ex-GST.

**THE CHAIR:** Because you called for the review you carried all the cost?

**Mr Knox:** Correct.

**THE CHAIR:** There was nothing paid for by the taxpayer?

**Mr Knox:** Correct.

**Mr Barr:** Other than, I guess, the bureaucratic time.

**THE CHAIR:** Yes.

**Mr Knox:** At this point in time any costs associated with the ICRC determination, the appeal process and the final determination are borne now, and we would describe it as an out of pocket. How they would be treated and whether they would be, in part, whole or not at all, included ultimately through to the consumer will be the subject of the next pricing determination, so it always works on an arrears basis.

**THE CHAIR:** There seems to have been some trouble over the years in accessing documents. Some were found, some were not found and then some were found. Has the way that you are getting information that can go to the ICRC been improved so that we do not have that problem in the future?

**Mr Knox:** I cannot really comment on the past. The only real issue that I have personally experienced which was a subject of the ACT Auditor-General was the accusation that the former managing director withheld information to the ICRC. Those claims were deemed to be false and in the end he was totally exonerated. With regard to the preparation of information for determinations, I would say that, from my experience, we have never had any issues about being able to provide information to the ICRC or, for that matter, to the regulator or the technical regulator.

I think there is always an opportunity to improve how you gather this information and submit it. I would describe that pretty much as being an ongoing journey. The issue about pricing determinations is that if you have a good regime around setting those prices and your business is well prepared, it should become seamless so you are over your water consumption, you are over your opex, you are over your capex—that is, your traditional building block components—weather forecasting and the like. We always continue to enhance how we gather that information, but I would not say that we have any systemic problems at this point in time.

**THE CHAIR:** The panel's review just simply looked at your water and sewerage activity. It did not take into account the relationship with ActewAGL?

**Mr Knox:** No, it did not; it was purely core business.

**THE CHAIR:** The panel has made some suggestions. Does Icon support those, have difficulty with those and would be happy to see the changes?

**Mr Knox:** We are very supportive of the panel. I think the panel demonstrated enormous industry experience. We felt that across the three members of the panel they had an enormous amount of regulatory experience in energy as well as water and sewerage, quite esteemed experience. We felt that that determination returned us to what I would call a very strong foundation of principles moving forward for pricing determinations. So we have certainty. We are on a five-year pricing determination. There are appropriate mechanisms there where risk is shared with the customers. We feel as though they robustly examined the entire process and came up with a fair outcome.

**THE CHAIR:** The five-year pricing determination gives you certainty to plan your business and the business model that you undertake, so something like two years, one year or six months would be impossible to cope with?

**Mr Knox:** It certainly was. When the ICRC undertook the first determination, the original determination, in 2012-13, as you would be aware, there was a suggestion that there would be biennial reviews moving forward. As to the exact activity and the cost of those biennial reviews, it was not clear as to what we could expect moving forward. I think we struggled on the first limb of the two-year determination. We were very anxious about actually understanding that we were not going to be in a situation where we would have dramatic shifts not only to Icon Water but also potentially to the consumer every two years. That was one of the key reasons why we appealed the determination, because of the certainty and transparency.

**THE CHAIR:** At a time of change in industry—sometimes you do not get a choice as to when things change—certainty is very important to your long-term planning?

**Mr Knox:** Absolutely. You cannot bank certainty, but the longer you can plan, particularly with regard to the network where you have got assets that have a 90 or 100-year lifecycle, these are incredibly important elements.

**THE CHAIR:** Yes.

**Mr Knox:** We are not only talking about five years here but also, I guess, the foundation of principles and approaches that transition from one regulatory determination period into another so you can get some degree of comfort that you are actually aligned with that future direction.

I appreciate the fact that regulatory determinations and the whole landscape are changing. We are certainly by no means locked into a traditional or conservative approach as to how pricing determinations should be undertaken or how they should be handed down. Indeed, that is why we have been looking so closely at how the UK regulator has operated. They have been through national regulation for some 20-plus years and are now at what we would describe as a very mature state of having a traditional building-block approach plus a strong engagement with the consumers and moving to where I would put the onus more on the utility with longer term lighter-handed regulation. We are very much conscious of anything that we can do to reduce the expense to the consumers of that process and get general transparency and certainty for all involved.

**THE CHAIR:** Is it possible for you to track what the cost of water has been for taxpayers, say, over the last decade? Can you take it on notice and inform the committee?

**Mr Knox:** Certainly.

**THE CHAIR:** It has been put to me that we perhaps have the highest pricing structure for water in the country. Do you regularly compare your prices with those charged by other utilities?

**Mr Knox:** Yes, without a doubt. The standard report that comes out, which was originally undertaken, prepared and published through the National Water Commission—which has now been abolished—and has been adopted by the Bureau of Meteorology produces the national performance report and that gives you a lot of

indicators as to where you sit on all of your service standards and prices compared to the industry.

In addition to that there are a number of other tests. For example, the industry panel, when they handed down their determination—I am not sure where they gathered their information from—certainly benchmarked us against the rest of our peers, and that is where I make the reference that we sat on about the 50th percentile compared to others. It is an incredibly important piece of work that we regularly look at. We want to make sure that we are delivering good service at an efficient price to the consumer for the long run.

**THE CHAIR:** You will be pleased to know that we are serving Icon water here this morning, not sparkling.

**Mr Knox:** Yes, and it will taste even better after the rain.

**THE CHAIR:** As it will. Ms Fitzharris, a new question.

**MS FITZHARRIS:** Thank you. Could you explain to me the water pricing and water charging for single dwelling residential versus multi-unit?

**Ms Knox:** Yes.

**MS FITZHARRIS:** What is the state of that charging arrangement?

**Mr Sachse:** The normal pricing arrangement is that we have a small connection charge, a first-tier charge and a second-tier charge. That charging system applies for all customers, whether you are a small customer or a big customer. That structure was put in place by the ICRC at the most recent rate determination back in June 2013.

**MS FITZHARRIS:** Are there some multi-unit complexes where individuals are not able to be charged for their own water use and it is shared equally amongst residents, irrespective of use?

**Mr Knox:** We would have to take that on notice. One of our colleagues in accounts indicates that the answer is yes, there are some complexes like that.

**Ms Lewry:** There are a number of multi-unit dwellings where that is the case. It really depends on how they do their internal plumbing systems, whether or not they opted for a strata structure to have a single meter. How they then apply the cost of their water use is up to the body corporate for those structures. It really depends on how the internal plumbing was put together when the development was done.

**MS FITZHARRIS:** I guess that is a critical point for the people who are subsequently going to live there and bear that cost of water. What sits around that decision-making point? Is that solely for the developer of the complex? The body corporate comes later. Is there any regulation around that decision?

**Ms Lewry:** There are a number of water and sewerage standards that talk about where the boundary is. We are talking about the boundary between Icon Water and the

internal plumbing system. That happens just after the meter, so it depends on whether they put in multiple or single meters. Often we are involved in a conversation with the developer on the options that they have.

**MS FITZHARRIS:** Are most single meter?

**Ms Lewry:** I would have to take that on notice. I do not know the proportions.

**MS FITZHARRIS:** Are this largely the ones that are not able to be metered separately in retirement complexes?

**Ms Lewry:** Again, the segmentation of single versus multi I would need to take on notice.

**MS FITZHARRIS:** More broadly, in terms of consumption, a person living in a large complex might be very conscientious about their water consumption but someone else might not be quite so. Do you have a view on what is a better system?

**Ms Lewry:** One of the things that we are looking at investing in in the future, as John mentioned earlier, is innovative technology within organisations. Smart metering is certainly a technology that is gaining a lot of precedence within the water industry. The cost-benefit analysis does not stand up today to invest in that type of technology but, I guess, as the uptake of those meters increases, the cost will come down. That is certainly something that could easily be added to systems and provide people with good and ready access to their water meter usage, online and real-time data, which would be advantageous because they would then know exactly what they are using versus someone else.

**MS FITZHARRIS:** So it is cost prohibitive at the moment for residential consumers.

**Ms Lewry:** Yes.

**MS FITZHARRIS:** Do you know if anyone has it?

**Ms Lewry:** We ran a pilot program during the drought with a number of our large customers. It was looking at tracking. They were able to get online and actually track what their water use was during that period. But, again, for the small consumer—the 20-millimeter meters that we are talking about—it is cost prohibitive at this point in time. The industry, as it picks up in Australia, I think will turn that in the next five to 10 years. We are certainly looking at investing in pilot programs in the next one to two years to understand what all the options are for us in that space.

**MS FITZHARRIS:** Do you know of anywhere around the world where this has been rolled out or is being done well or is just ahead of the game a bit?

**Ms Lewry:** A country that has heavily invested in this is the Middle East, particularly in Abu Dhabi and Dubai. They and Singapore are probably leading world's best practice in smart networks. Smart networks are not just about your meter. It is about looking at how you operate your whole network, as well as balancing reservoirs and water quality—a whole raft of things. I would say that the Middle East and Singapore

are leading the world with that. Contemporary mainland USA have had a reasonable uptake in smart meters, but they have the volumes which Australia just does not have to make them very cost-effective.

**THE CHAIR:** Ms Lawder with a supplementary.

**MS LAWDER:** You talked about multi-unit developments. The ICRC, I understand, have warned that residents in apartments and smaller houses would face the largest increases in water bills under the new pricing structure. Is that correct?

**Mr Knox:** The tariff structure has not changed dramatically from the prior determination. We raised it with the ICRC as we entered into the previous determination, but I think it is fair to say that there were so many issues going on at that point in time with the determination that, for whatever reasons, that was suspended.

The current structure we have, as Sam indicated, is a tier 1, tier 2 structure, where basically the average consumption of a residential user is 200 kilolitres per annum. If you go above the 200 kilolitres, you trigger tier 2, and that tier 2 pricing is approximately double tier 1. This is more of an issue for large water users—the golf courses, the clubs and all those other entities.

At this point in time we do not share the view of the ICRC that there are major swings in prices likely for consumers. And it is very difficult to actually predict that when you are three years away. We may or may not go through an El Nino. We may or may not have a lot of rain. We do not have a crystal ball. But there are certain mechanisms in place through the industry panel's determination, which I referred to as dead bands, on how we bear the risk of either over or under-consumption, up to about a six per cent threshold above the mean. If it goes beyond that, it flips out and it is reciprocally passed on to the consumer beyond that. So there are some mechanisms to buffer before that shock would come through. But at this point in time I do not see enough evidence to share that concern.

**THE CHAIR:** Dr Bourke, a new question.

**DR BOURKE:** Thank you. You have already talked a fair bit about the changes that you perceive within the external environment around economics, climate and technology, and a bit around regulation as well. Are there any other potential changes within the external environment for business?

**Mr Knox:** Yes, without a doubt. Probably the predominant one in the ACT is the planning regime moving forward, so the urban densification. The other issue that we are closely looking at is regional overlay with our neighbours. There was a group recently formed by Minister Corbell, referred to as the catchment management group, which has a number of committees that sit underneath it. That addresses cross-territory objectives of synergising options on how to best leverage issues around water, the environment, infrastructure and the like.

One of the key projects that we are working on at the moment is the Queanbeyan sewage treatment plant, which actually resides in the ACT but is used by Queanbeyan



residents. We are very focused on what all of that 10 to 30-year-type time frame looks like from an urban densification, greenfield perspective and then a regional interface as well. That is a very big issue.

**DR BOURKE:** Have you identified any growth opportunities? I am not necessarily talking about selling more water, because there would be perhaps a public policy issue around greater water consumption. However, within the offerings that you have, is there further opportunity for growth within your business?

**Mr Knox:** I think so, Dr Bourke. The Chief Minister announced, when we launched the brand, that the next phase for Icon Water beyond some of the issues that we are talking about now is to understand how we can leverage our expertise and some of our infrastructure cross-border. It is fair to say that, whether or not it is actual infrastructure or we are sharing that expertise in some manner, we see those as the growth opportunities moving forward.

**DR BOURKE:** What do you identify as your core competencies?

**Mr Knox:** Asset management capability, how to look after sewerage services, operations and maintenance, construction activities and the like. And beyond that we have core skill sets that are used as support services—that is, customer services, safety expertise and a whole array of community skills that we engage as support to run a water authority. In the main, our core skill sets are asset management operations, maintenance and the community focus. If we can leverage any of those into the regions, which gives us greater economies of scale and synergies to come, that would be the mandate that we would pursue.

**THE CHAIR:** Ms Lawder, a new question.

**MS LAWDER:** Thanks. I want to go back to staffing, which I asked about earlier. You said you had 15 redundancies. In which financial year did people take those?

**Mr Knox:** All of those are incurred in this financial year.

**MS LAWDER:** In 2014-15?

**Mr Knox:** The 2014-15 financial year.

**MS LAWDER:** It looks as though, despite having 15 redundancies, you have more staff than the previous year. What are the areas that you ramped up in?

**Mr Knox:** There has not been, I would say, a large step increase in staff financially.

**Mr Sachse:** As John talked about before, with the PMO obviously we need to fill that unit up with people, so there has been a bit of an increase in that area, for that reason, to manage a number of complex interlinked projects going forward.

**MS LAWDER:** Were the 15 redundancies voluntary or involuntary?

**Mr Knox:** They are always offered as voluntary, then you work through that process

and then they are declared as involuntary at the end of that process.

**MS LAWDER:** While it is not a huge number, whereabouts in the operating statement or the balance sheet is the redundancy payout included? In employee expenses?

**Mr Sachse:** That is correct.

**Mr Knox:** That is correct.

**MS LAWDER:** What support do you provide to employees going through that redundancy?

**Mr Knox:** There have been multiple limbs. If I may, I will just go back to staffing numbers there. We have insourced some activities of late, Ecowise Services. I am not referring to the laboratory services; you may see them driving around town—Ecowise vans. We have insourced some of that work as well. We have actually brought people on to undertake that activity, because we did the cost-benefit that we got more synergies from delivering in house.

**MS LAWDER:** Had you previously sold Ecowise?

**Mr Knox:** A different Ecowise. One was a laboratory business and the other one looks after—

**Mr Sachse:** It is an electrical contractor.

**Mr Knox:** Yes; two very separate, different groups.

With regard to the support services we provide on employee separation, the traditional approach has been that you work through consultation and then you provide outsourcing support services at the end of all that. In many of the cases that we have worked through over the last six months plus through those two restructures, we have provided a substantial investment into those areas with regard to coaching, career options and the like as well. So we have done proactive investment. Part of that journey is about making really sure that when people are going through restructures they are informed about where they are at with regard to their careers, their skill sets and their future aspirations. Then we go through consultation, we undertake the restructure and then we offer support services post engagement, post separation.

**MS LAWDER:** How many were voluntary redundancies?

**Mr Knox:** Very few of those. Atypically, within utility industries—I cannot speak for others—and service industries, if you have a long period of service, very few people sign off on VRs; they wait for the IVR process. It is quite unusual. I have been surprised at times how many people, after a long period of service, are probably looking to sign off rather than to be redeployed through other options, which is what we offer as part of the VR to IVR process.

**MS LAWDER:** So generally speaking those people who left had a long period of

service?

**Mr Knox:** I would say so, yes. On average, yes, they would.

**MS LAWDER:** Do you know—you may not know—whether they have retired or moved on to other employment?

**Mr Knox:** Moved on to other employment in the main. I would say that would be the core. I know that one or two out of those 16 are likely to pursue interstate options; others probably would be seeking employment elsewhere in the ACT.

**MS LAWDER:** Sorry, did you just say 16?

**Mr Knox:** I cannot remember if it is 15 or 16—whatever number I referred to before across the two restructures. Actually, I have the stats. Just bear with me for a moment so I get it right. It is 15. There were six in the finance group and nine in the project delivery area.

**MS LAWDER:** Thank you; that will do.

**THE CHAIR:** Can we look at the dividend you pay to government and how that is derived? On page 215 of budget paper 3 it shows the Icon Water dividend. It is \$79 million this year, but it dips in the coming year to \$69 million and then recovers somewhat. The first question would be: what is the cause of the 13 per cent drop?

**Mr Sachse:** As I said before, there are two reasons for the drop. One is an ongoing issue and that is around the AER, the electricity network decision. The other impact is from ActewAGL retail investing in a new billing system. Some of that investment will have to be expensed in 2015-16. Therefore, it is just a one-off event and there will be some recovery in the next year after that.

**THE CHAIR:** How does ActewAGL pay the dividend or pay the profit or what—

**Mr Knox:** Distributions.

**THE CHAIR:** Distributions; thank you. Where does that show up in the statements?

**Mr Sachse:** That was ActewAGL, did you say?

**THE CHAIR:** Yes.

**Mr Sachse:** Maybe it might be best to look at budget paper 4, page 143.

**THE CHAIR:** That is the share of operating results.

**Mr Sachse:** The third bottom line, yes, “Share of operating result from joint venture accounted for using the equity method”.

**THE CHAIR:** You got from ActewAGL the estimate for 2014-15, which is \$89 million. When you go to budget paper 3, the dividends table on page 215 shows

that you are getting \$89 million from ActewAGL, but the dividend estimated for this year is only \$79 million. Why the difference?

**Mr Sachse:** Obviously, we receive distributions from ActewAGL. Remember that they are all under a zero or no gearing structure. We are probably borrowing some of their investment. We need to pay interest and we need to pay tax out of that partnership income that we receive. Therefore, the amount of dividends that we actually pay the ACT government is lower than that amount.

**THE CHAIR:** So you get \$89 million from ActewAGL, but there is a cost attached to that; so that reduces that to \$79 million?

**Mr Sachse:** Yes, it is pre-interest and pre-tax. We have to pay tax and interest.

**THE CHAIR:** On page 149 in BP B you have then got a line called “Dividends to government”. The dividend to government estimated in 204-15 is \$81 million. So what is the difference between that and the \$79 million?

**Mr Sachse:** Our policy to pay dividends is that we pay 80 per cent of our forecast profit in the current year. Once we actually receive the final actual profit, we pay the remaining 20 per cent, plus any true up associated between the difference between the forecast and the actual profit.

**THE CHAIR:** When is that 20 per cent paid? How much later?

**Mr Sachse:** We pay the final 20 per cent in October the following year.

**THE CHAIR:** That explains the difference between those figures. Ms Fitzharris, a new question?

**MS FITZHARRIS:** Could you explain to me the community service obligations that the government has with Icon? Why are they there and what benefit do they deliver?

**Mr Sachse:** The community service obligations are a social rather than a commercial objective. Most of the about \$11.5 million worth of CSOs relate to pensioner concessions or concessions associated with community organisations, such as schools and churches. There are about 14,000 eligible customers that receive some sort of concession on their water and sewerage bill. Icon Water receives those funds from the ACT government and we pass that discount on to customers through that mechanism.

**MS FITZHARRIS:** So that is all schools, churches—

**Mr Sachse:** Correct, yes, and pensioner concessions.

**MS FITZHARRIS:** So the pensioner receives the water bill with the concession in it that you have taken off and then the government will—

**Mr Sachse:** Correct.

**THE CHAIR:** Dr Bourke, a new question.

**DR BOURKE:** Thank you, chair. Could you tell us a little more about how you balance those economic and environmental considerations in your decision-making processes?

**Ms Lewry:** Dr Bourke, I could give you an example. We have a capital process of determining which capital we should invest in. One way we make that practical is the sustainability index. We look at various options—technical options—to solve an issue that we have in our business. Before we make an investment, one of the trade-offs that we do is that we do a sustainability index across all of the feasibly technical options that present themselves with our capital solution.

It is part of the criteria that is assessed before we move those projects forward. An example that you could use is looking at a project that has a high level of pumping in it. One of the things you would look at is how efficiently the options present themselves for pumping, what are the greenhouse gas emissions from a number of those. We compare and we give a rating—a score—at the end against a whole bunch of sustainability criteria. That goes into the mix in determining which is the most prudent technical option that we take forward into our investment program.

**DR BOURKE:** I recall that in the past you won some awards for environmental matters. Has anything happened in the last 12 to 18 months that you would like to tell the committee about that is worthy of note?

**Mr Knox:** I am just trying to reflect; probably not.

**THE CHAIR:** Perhaps you would like to take that on notice.

**Mr Knox:** If we have, it is a bit sad that I cannot remember it.

**MS LAWDER:** Do it at annual report time.

**THE CHAIR:** You have been very busy.

**DR BOURKE:** No awards for fish management.

**Mr Knox:** No, no awards for fish management, but an active program that we monitor.

**DR BOURKE:** Thank you.

**MS LAWDER:** Mr Knox, I think you referred earlier to lower Cotter catchment work that will be coming up.

**Mr Knox:** Yes.

**MS LAWDER:** Is there an Icon Water component to that in the budget?

**Mr Knox:** Just to get clarity there, lower Cotter catchment versus lower Molonglo. Perhaps I mentioned it. Did I?

**Mr Sachse:** No, you said lower Molonglo before.

**MS LAWDER:** Okay, yes.

**Mr Knox:** Yes, it would be in the capex management forecast moving forward.

**MS LAWDER:** What exactly are you going to be doing there in the lower Molonglo?

**Ms Lewry:** Lower Molonglo has a fairly reasonable investment portfolio moving forward in the next five years. Lower Molonglo was built in the 1960s. It is at about halfway through its useful life. As you can imagine, equipment in there becomes due for service. Particularly if we look at electrical, instrumentation and mechanical equipment, there are a number of upgrades throughout the plant for various items that have reached the end of their usable life. There are also a number of upgrades being looked at for the tertiary systems within the plant and also looking at the incineration areas within the plant. There is a reasonable investment portfolio happening to ensure the continuation and ensuring that the products that we put through the plant meet all of our environmental obligations.

**MS LAWDER:** Thanks.

**THE CHAIR:** Under the act the shareholders can give you directions. Have they given you any directions in the last 12 months? If they have, have you sought recompense for the cost of those directions?

**Mr Knox:** No, the only instructions we have had, which are from Treasury, have been the ongoing rate for the water abstraction charge. That is it, isn't it?

**Mr Sachse:** Yes.

**Mr Knox:** So definitely no directions.

**THE CHAIR:** That is fine. There is every now and then a discussion about selling the poles and wires. Are you in negotiations with the government or where are the discussions on those assets?

**Mr Knox:** It is largely a matter for ActewAGL. However, the board is abreast of that possible acquisition. But there is, at this point in time, no detailed business case that has been presented to us on behalf of managing that investment at this point.

**THE CHAIR:** Are there thoughts, discussions or plans, minister?

**Mr Barr:** No.

**THE CHAIR:** No? Thanks for that. I turn to the cash flow statements on page 149. I am not sure if somebody else has dealt with this. The increase in net cash held, it has gone up 85 per cent. What drove that?

**Mr Sachse:** Sorry, what line?

**THE CHAIR:** It is the third last line, net increase in cash held. Increase or decrease—you have gone from minus eight to minus 1.2?

**Mr Sachse:** I would have to take that on notice.

**THE CHAIR:** That would be kind, thank you.

**MS FITZHARRIS:** Could you tell me what role Icon plays in the management of our local ponds and stormwater?

**Ms Lewry:** I can talk about that. Stormwater is managed by TAMS through the ACT government. We play a role in protecting the integrity and the quality of those but we do not play an active management role. We run a tailored program looking at focusing on our sewerage infrastructure in and around Lake Burley Griffin, as an example. We pay a lot of attention to those particular catchments but we do not play an active role in the physical management. That is done by the rest of the ACT government.

**MS FITZHARRIS:** With, for example, Gungahlin and Isabella ponds, which are part of it, the water from there is used to irrigate the enclosed oval, which is just nearby. Do you play any role in any of that?

**Ms Lewry:** No, that is not part of our infrastructure.

**MS FITZHARRIS:** All right.

**THE CHAIR:** Any further questions, members? Looking for the early lunch? Minister, it would appear that we are through with questions here. Mr Knox, thank you and your staff for attending today, particularly Ms Breaden. Congratulations on all your answers. You have done exceedingly well today. With that, members, you only have a short lunch time. So we are back at 1.30 to deal with the Chief Minister's output class 1.

**Sitting suspended from 12.16 to 1.30 pm.**

**THE CHAIR:** Good afternoon, and welcome to the afternoon hearing on the third day of public hearings of the Select Committee on Estimates 2015-2016. This afternoon we will look at Chief Minister's portfolio, in the main. Please be aware that the proceedings today are being recorded, and will be transcribed by Hansard and published. The proceedings are also being broadcast and webstreamed.

Could witnesses please confirm that they have seen the privilege card on the desk and that they understand the implications of privilege? You all seem to understand; fantastic. Chief Minister, before we proceed to questions, would you like to make an opening statement?

**Mr Barr:** No. As I have indicated I will not be doing that in every output class. We would be here for a very long time if I did that. But I appreciate the offer again; thank you.

**THE CHAIR:** I am sure you do. Chief Minister, what progress has been made on achieving the one government model?

**Mr Barr:** I invite the Head of Service to provide some commentary on that.

**Ms Leigh:** We have had a continuing focus on a whole range of activities to strengthen the one-government approach and the one-service approach across the service. I think we can point to some of the big changes that have been made and also to some of the activities we are undertaking to embed that approach as a culture.

I take the opportunity to say what I often say when I talk to staff; that is, this year the ACT public service turns 21 and I think that is a great milestone to have reached. To me, it means that we are both still a young service that can be quite innovative and that we are grown up enough to be able to say we can do things differently. We do not have to accept the template of the larger public services and just try and do a cut-down version; we can actually look at the opportunities that being small gives us.

Some of the things that we have been doing, for example, include creating coordinators-general. We have now created four different coordinators-general. The idea is that you can leave staff in their own directorates and they can continue to have the benefit of knowledge of the subject area of their directorate and the skills that they get from working with their colleagues in that directorate, but they are more formally linked up across directorates on particular tasks that require a whole-service focus. We have created a parking coordinator-general, an urban renewal coordinator-general, a domestic violence coordinator-general and a roads coordinator-general. That has been one very successful innovation that we have put in place.

We have also—I am sure the Chief Minister would like to speak about this—created Access Canberra, which brings together all of the different regulatory and licensing functions of the ACT government, so that we can provide services focused on the customer's perspective rather than on the individual professional expertise of the staff involved. That has been a significant achievement. I have been very pleased with what we have achieved in just six months and the change that has made. We have a lot further that we can go with that initiative.

Also I can point to things like the asbestos task force, again bringing together staff from across the service to focus on a particular task to be achieved, bringing all of their expertise together. I was very pleased with how quickly we got that together and how effective that task force has been.

We have also had an increased focus on mobility across the service so that staff understand the different perspectives of the different directorates and the different contexts that the different directorates work in. We have had an increased focus on senior executive development. We have an ongoing program of speakers so that we bring the senior executive together to think about their leadership, and get in speakers who can give them examples drawn from their own background. We recently had Glenn Keys come in and speak to the senior executive about leadership from his perspective. That is going to be an ongoing program. So they are some of the things that I would point to.



**THE CHAIR:** How do you measure the effectiveness of the changes? What are you judging yourself against and how do you report against that?

**Ms Leigh:** We need to look at the difference it makes for the Canberra community. In relation to Access Canberra we have had a lot of positive feedback about how much easier it is for people to navigate their way through the regulatory protections that are in place. I would like to emphasise that it is not about reducing those regulatory protections; it is about presenting them to the community in a way that does not create any more hurdles than is necessary to achieve those protections. We have had a lot of good feedback about that. That is probably a good indicator of achieving a positive outcome.

Similarly, with the asbestos task force, that has been a very difficult issue and it has been handled very well. I think that has been recognised as well. The changes you make to the culture are a longer term change. As to how you would measure that, we need to keep looking at how, as a service, people understand the broader framework that the government is operating in, how well they understand the current imperatives, how well they understand the broader government priorities in terms of their contributions as issues arise.

**THE CHAIR:** Ms Fitzharris.

**MS FITZHARRIS:** Thank you. Could you talk me through something? It is related to how you monitor implementation and delivery, what sort of processes you use around that, and how you make sure that once the decision has been made it is implemented in the right time frame or risks are managed. If something comes up that you might not have foreseen, how do you then have some flexibility to adapt to those changed situations?

**Ms Leigh:** That is a really important question because, on the one hand, we need to be agile and innovative, but, on the other, if we do not follow through and actually implement, nobody will get the benefit of those great innovations. It is something that all public services need to have a constant focus on.

We have put in place a range of mechanisms to ensure that there are proper project management skills across our larger projects. There has been a review of the capital works framework to make sure that we have a robust framework for managing capital works. That obviously leads in to the question you raised about whether, as things change, we have a structure that allows risk to be identified in advance, for mechanisms to be put in place to mitigate that risk and to adapt to deal with unexpected changes.

Also, through the strategic board, there is a clear emphasis on being up to date with the commitments that the government has made to the community—election commitments and parliamentary agreement commitments, to make sure that proper milestones have been put in place in advance so that there is proper planning to ensure that the public service is delivering what it is expected to deliver for the government. We monitor that on an ongoing basis.

**MS FITZHARRIS:** This might be a question for later but I am interested in that too

in the context of communicating that more broadly to the community. We can deal with that in the next output class.

**THE CHAIR:** Dr Bourke.

**DR BOURKE:** What are the priorities for the strategic board at the moment?

**Ms Leigh:** The strategic board had a planning session in December last year to reflect on its role. One of the things that were very helpful that we did was that we agreed we needed to have a clear set of priorities to determine which matters we should use our time on in the board and which matters could be dealt with through collaboration between directors outside board meetings, through correspondence, committee meetings et cetera.

We looked at and assessed what were the five areas where the public service should be focused in order to deliver for the government on its priorities. They are: growing and diversifying the economy; the digital transition; regulatory reform; having an agile public service that can deliver across the board on everything—without a strong public service, you cannot deliver anything else; and communication. They were the five areas that we identified as a strategic board that we needed to have a whole-of-service focus on. So our meetings are focused under those five headings.

**DR BOURKE:** Where does the strengthening families strategy fit within that? I understand that was a previous issue for strategic planning.

**Ms Leigh:** The strengthening families issue is one of the government's priorities to improve service delivery in the community services area. That is an initiative that involves a number of directorates. It is led by the Community Services Directorate. A number of other directorates come together to support that. Of course there are issues for JACS in relation to strengthening families, and for health and education. So there has been a whole separate governance structure to manage that project through.

The strategic board itself does not manage projects because we have to keep a focus on the limited time that the strategic board has, and therefore what is appropriate to come to those meetings. That is a project in itself that needs a detailed focus and it is led by Community Services, with the engagement of a number of other directorates, including those I mentioned.

**DR BOURKE:** So that is more of that second stream of collaboration that you talked about previously?

**Ms Leigh:** Exactly.

**DR BOURKE:** Is the purpose of the strategic board to identify those projects or policies which require collaboration, or is that something that is agency led?

**Ms Leigh:** I think it is both. Part of the importance of coming together as a strategic board is to have a collegiate relationship as a board and to understand our responsibilities to lead the public service.

Every director-general, in addition to their responsibilities for their particular agency, has an overall responsibility in terms of leadership within the public service. That is the role we play when we come together as a strategic board. Certainly, through strengthening our understanding of collaboration and how we should operate as a service, the strategic board will guide that work. Equally every individual director-general will be keenly focused on other areas of service that they need to have involved in order to deliver the responsibility that they may have the lead on.

I think strengthening families is a really good example of where we have achieved a lot as a service. It has been a really good model for bringing together directorates and having a timely focus on outcomes that engage all the areas of the service. It has been a great success.

**THE CHAIR:** Ms Lawder.

**MS LAWDER:** Thank you. Minister, in relation to the areas looking at whole-of-government reforms and effective delivery of government policy and priorities, does the whole-of-government response to domestic violence also fall under this area?

**Mr Barr:** There is a coordinator-general, as Ms Leigh has outlined, and there is a role for a central agency to coordinate activities, particularly in relation to our response here, and to support work associated with the COAG reform agenda. There are other areas of government that are also contributing.

**MS LAWDER:** Is CMTED coordinating that approach?

**Mr Barr:** In relation to support for me for COAG, yes.

**MS LAWDER:** Can you outline the role of CMTED in this as opposed to JACS, Heath and other directorates?

**Dr Alderson:** As the Chief Minister said, we now have a coordinator-general of domestic violence in Justice and Community Safety. The distinctive aspects that Chief Minister's contributes to this are as follows. First, in the lead-in to a Council of Australian Governments meeting, we provide support to the Chief Minister in briefing him and briefing cabinet on the issues on the agenda. In the April meeting, domestic violence was one of the major issues on the COAG agenda. We worked with the other directorates to provide that advice to the Chief Minister. On that particular occasion, there was also the augmented Domestic Violence Prevention Council meeting attended by a number of MLAs, including the Chief Minister and Mr Hanson. Because that was in the lead-in, I attended and participated in that meeting. I gave a little briefing to the meeting about the things being discussed at COAG and led a little session to get the feedback of participants to inform the Chief Minister's position, again because of that distinctive link to COAG.

A second role that we play is—because we have the cabinet office, we support the Chief Minister in ensuring a well-organised agenda for the cabinet and its subcommittees, including the social inclusion and equality subcommittee. Although much of the substance of the advice will come from other directorates, we will work with them to make sure that the agenda is well organised and that the issues and

papers that have been promised to the cabinet and the subcommittee are coming along well and deal with all of the issues.

A third component is that with any issue that is a significant priority for government, we support and assist the other directorates in providing their advice to government by getting involved, say, in reviewing draft papers or seeing if there is anything we have seen in the COAG process or what have you that might help inform that.

Lastly because we support the Chief Minister in looking after administrative arrangements on questions like appointing a coordinator-general of domestic violence, we provide the Chief Minister with advice on questions like that.

So there is a series of elements to support the smooth functioning of government, and we do those things to support the substance of the work being done.

**MS LAWDER:** Chief Minister, what work has been done since that Domestic Violence Prevention Council expanded roundtable on formulating a national response to domestic violence and other things that were identified as a result?

**Mr Barr:** The Council of Australian Governments meeting had some of its time allocated to that particular subject. There was a breakfast the Prime Minister hosted with Rosie Batty, the Australian of the Year, where there was further discussion. We are now in the process of engagement across jurisdictions in the commonwealth in relation to a national campaign. I understand that the next COAG meeting—this will be the subsequent one, in the springtime—will continue to have this as an agenda item.

**MS LAWDER:** In terms of the additional funding that was allocated—is this the time to ask about it or is that the JACS portfolio?

**Mr Barr:** In relation to this year's budget you can certainly ask a question now, but there are a number of initiatives across a range of different portfolios. I can endeavour to help you; if not, we will take questions on notice or refer to a later part of the estimates hearings.

**MS LAWDER:** There was the additional \$1.2 million to help combat domestic violence in this year's budget. Some of that went to a school program, the Domestic Violence Crisis Service, the Canberra Rape Crisis Centre and the Canberra Men's Centre. It appears that there would be some money left over. Where does the rest of that money go?

**Dr Alderson:** The new measures in the budget were the funding that is really to go to how these issues are dealt with in schools, based on the premise that the earlier you can deal with young people, change attitudes and provide support—

**MS LAWDER:** I appreciate the intent; I am asking about the actual money.

**Dr Alderson:** That was the first. The second was the money that you mentioned for the crisis service. The additional component was the \$300,000 announced a little while before the budget that was to provide additional support to the Domestic Violence Prevention Council, to support the development of a domestic violence data

framework and to fund some women's safety grants. They were the three components of the \$300,000.

**MS LAWDER:** There was the \$1.2 million of extra funding after the school program, the Domestic Violence Crisis Service, the Rape Crisis Centre and the Canberra Men's Centre. Does it look as though there is \$335,000 dollars left after those allocations?

**Dr Alderson:** No. There is 615 for the education, 250 for the crisis service, which adds up to 875, and 300,000 for those three items I just went through, the additional grants. I think that adds up to 1.175. There is also an additional commitment; the Chief Minister has indicated to the commonwealth that we will provide support to the national campaign. I think that will take us over the 1.2, but the commonwealth is still working out exactly what they will ask of us in relation to that campaign.

**MS LAWDER:** Are there sufficient funds in the money that was taken from the proceeds confiscated from crime to top up women's safety grants and support the Domestic Violence Prevention Council?

**Dr Alderson:** There is certainly money in the fund to support that expenditure. As to the balance of the funds, I think that would be a question for Minister Corbell or JACS.

**MS LAWDER:** Similarly, I have a question about more front-line policing to assist victims of domestic violence. That would be a question for Minister Corbell?

**Dr Alderson:** I think that one would be a question for Minister Burch, but I note that the announcement about the ACT government's identified priorities for ACT Policing included a particular emphasis on the priority of the response to domestic violence amongst the priorities the ACT government identified for ACT Policing.

**MS LAWDER:** In relation to the appointment of the coordinator-general, which I think you said was in the JACS portfolio, are there any costs associated with that?

**Dr Alderson:** No. That is managed by JACS within their resources.

**THE CHAIR:** Members, we are on output class 1.1 in Chief Minister's. We have 1.2 and 1.4 to get through by about 2.40, so we need to push along. Feel free to range a little bit over those output classes. Mr Coe, a new question.

**MR COE:** Can you please tell me, Chief Minister, what the scope is in the transport reform area?

**Mr Barr:** Yes. The government is embarking on a significant process of reform of public transport, demand responsive transport and active transport within the city. We have a transport reform subcommittee associated with cabinet. The scope of work is broad enough to in fact cover all forms of transport within the city. There are a number of specific projects contained within the work to date, including a taxi industry innovation review that is proceeding. We have released some policy papers associated with active transport. There were a number of capital works initiatives in the budget to support those particular policy initiatives. There is further work on

reform within the ACTION bus system, as we discussed yesterday in relation to expenditure review committee work on ACTION buses, and of course there is the capital metro project.

**MR COE:** With respect to each of these areas of government, none is actually sitting in the Chief Minister's department. Buses, of course, are within TAMS. Roads, again, are separate. Surely, each of these areas is looking at policy as well, so what is stopping the overlap between policy work being done in your directorate as well as theirs?

**Mr Barr:** There is not. It is a one government approach.

**MR COE:** For instance, is there nobody within ACTION who is looking at transport reform?

**Mr Barr:** There are staff within ACTION who are looking at transport reform.

**MR COE:** Are they currently, as part of this—

**Mr Barr:** They are working to support a whole-of-government reform approach. There are no silos anymore, Mr Coe. If you had arrived for Mr Smyth's question, you would have heard the Head of Service make that observation.

**MR COE:** For instance, how many people and who are the people who are working on reform at ACTION buses?

**Mr Barr:** I can provide information in relation to the number of staff who are supporting the whole-of-government effort. I do not have all the names in front of me now, but there are a number of people across different agencies who are contributing to policy development work for government.

**MR COE:** How many are employed centrally in this transport reform area?

**Mr Barr:** We will take all of those details on notice. I am happy to provide a list of information in relation to where staff are in terms of the total number of staff.

**MR COE:** I know you are recruiting or you have just finished advertising for some positions in this area. Have those positions been filled on the back of that recruitment?

**Dr Alderson:** No, that process has not concluded yet, Mr Coe.

**MR COE:** How many positions are you filling for transport reform?

**Dr Alderson:** That recruitment process was for either one or two roles in my own team. As the Chief Minister indicated there are officers working collaboratively in a number of directorates, so that is not the totality. But one component is a recruitment process in which we are looking for one or two additional people.

**MR COE:** Is the privatisation or the licensing of ACTION still on the cards for discussion?

**Mr Barr:** No.

**MR COE:** Because last time that is exactly the question I asked and you said yes.

**Mr Barr:** The answer is no.

**MR COE:** So it is not anymore. What has happened between annual reports last year and budget this year which has meant it has gone from being on the table—I think they were the words you used—through to today being a definitive no?

**Mr Barr:** The government has considered the issues and made a decision.

**MR COE:** What was the basis for that decision which is new information as opposed to what was the case in November last year?

**Mr Barr:** It is the subject of cabinet considerations and I am not disclosing cabinet discussions.

**MR COE:** But we can still expect justification for your answer, can't we?

**Mr Barr:** Yes, and the government has considered the various issues and made a decision not to go down that path.

**MR COE:** In the discussion last year we were talking about capital metro. You spoke about the benefits of having a private operator in both construction management and ongoing operations. I asked if you would have one approach for capital metro and have a totally different approach for ACTION buses. In effect, for one you are spruiking the benefits of the private sector, yet for buses you are spruiking the benefits of the public sector. Why wouldn't you consider, for instance, the privatisation or licensing of ACTION if you believe that is the best way forward for capital metro?

**Mr Barr:** We have considered it and we are not proceeding down that path.

**MR COE:** Will you consider the public operation of capital metro?

**Mr Barr:** No.

**MR COE:** Why not?

**Mr Barr:** Because we are continuing a public-private partnership procurement for that project.

**MR COE:** But you could do a PPP, in effect, until it is operational, could you not?

**Mr Barr:** That is not the model we are pursuing.

**MR COE:** That is, in effect, a form of what the model was for the dam, for instance—in effect, an alliance in construction and then it gets handed over as a government asset. You would not consider that for capital metro?

**Mr Barr:** No, I am not making any further policy pronouncements in relation to these matters at this point in time.

**MR COE:** Do you not think the biggest infrastructure project in the territory's history warrants investigation of these matters?

**Mr Barr:** I do, and it is currently under investigation.

**MR COE:** With regard to the taxi industry, where is the government at with regard to the statements that you have made today and in the last couple of days with regard to perhaps beefing up regulations for a new operator and perhaps deregulating for existing operators?

**Mr Barr:** This is a matter that is the subject of the current consultation and innovation review, and we will make further announcements in due course.

**MR COE:** So have you made a decision as to what is the best way forward?

**Mr Barr:** No, we have not. We are still considering a range of issues, but the broad direction of policy would appear to be that seeking to exclude a new entrant to the marketplace is not desirable. There are a range of appropriate minimum regulatory standards that we would need to apply. The exact nature of those is the subject of further policy work.

**MR COE:** When you say "exclude a new entrant", what barriers are there at the moment for a new entrant coming in and operating under the same regulations as the existing operators?

**Mr Barr:** There is none under the same regulations, if you wish to set up a taxi service, but ride sharing is not the same as a taxi service. So the regulatory environment does not currently provide a framework in which to regulate the ride sharing operations. It is not strictly limited to Uber, but I guess they would be the highest profile new entrant or potential new entrant. So how the regulatory system responds to these new business models is clearly an important focus for the taxi innovation review work.

**MR COE:** Do you realise that the decision that you make in this space could adversely affect many hundreds of small businesses in Canberra and the livelihood of all those who depend on those incomes?

**Mr Barr:** We are certainly aware of the range of competing interests and priorities when it comes to reform in this area. We have been down this path before in relation to the hire car industry and we were able to successfully implement a transition plan that saw the deregulation of the hire car industry in the territory.

These are all pertinent issues that need to be considered, but the point I was making yesterday was the idea that the government and the regulatory framework can simply turn its back on new business models or to suggest that the entirety of transport policy should be determined in the interests solely of producers and not of consumers is



certainly something that needs to be considered in the context of an innovation review. That is why we have undertaken this review, why we have a process underway, and we will continue to work through those issues.

It is clear from the experience in other jurisdictions in Australia and around the world that regulatory systems need to respond. There must be change in order to reflect changing circumstances in the industry and new entrants. Certainly the government's intent here is to strike a balance to ensure that there is a level playing field for operators. At the heart of it, Mr Coe, has to be the interests of consumers over producers. The industry does not exist for producers; it exists for the consumers.

**MR COE:** With regard to the current regulations for vehicles, drivers, security, safety et cetera, are you saying that they are all overkill, and for years—

**Mr Barr:** No, I am not. You are saying that.

**MR COE:** If you are looking at watering those down—

**Mr Barr:** No, I am not.

**MR COE:** Surely, that is what you are saying.

**Mr Barr:** No, it is not.

**MR COE:** Okay. You said you are talking about looking at deregulating parts of the taxi industry—

**Mr Barr:** That is correct, yes.

**MR COE:** and issue some new regulations for new operators, so what regulations are on the table for deregulation in the taxi industry?

**Mr Barr:** That is the subject of the review and when we have something to announce on that we will announce it.

**MR COE:** You were quite definitive just then when I said—

**Mr Barr:** No, I was not. I have been clear in framing the issues but not the detail, regulation by regulation. Undoubtedly there are a range of issues that have been raised in the context of the innovation review that go to some of the questions you have highlighted. Issues of insurance, vehicle safety and the like would necessarily, you would think, form part of a series of minimum regulatory standards that would need to apply to all operators. But the question of network booking services, for example, or who might be able to queue at ranks and those sorts of issues need further consideration. That is what the review is about. When we have reached a conclusion, we will make further announcements. I am simply highlighting the range of issues that need to be considered.

**THE CHAIR:** You need to wrap up, Mr Coe.

**MR COE:** This is the last question. Will you therefore be opening up the public bus service regulations to other operators, so that they can pick up and set down in the ACT as well?

**Mr Barr:** I understand they have that capacity at the moment.

**MR COE:** Pick up and set down?

**Mr Barr:** I will need to check that.

**MR COE:** No, they can't.

**Mr Barr:** Qcity operates services—

**MR COE:** Yes, they pick up or they set down. They cannot pick up and set down.

**Mr Barr:** We can certainly look at that question, yes.

**THE CHAIR:** A new question, Mr Hanson.

**MR HANSON:** Thank you. Chief Minister, did you lie to the community about the stamp duty?

**Mr Barr:** No.

**MR HANSON:** Because—

**Mr Barr:** That has got to be an unparliamentary question.

**DR BOURKE:** Indeed.

**THE CHAIR:** You have to withdraw the word “lie”. You cannot—

**MR HANSON:** I will withdraw the word “lie”. I will go to the issue. The ABC reported:

... stamp duty will no longer be abolished within 20 years, as promised before the last election.

The *Canberra Times* said:

In 2012, the budget said, “the government will abolish conveyance duty over a 20-year period” ...

And I go to a press release from the Property Council:

... the Chief Minister is now renegeing on a promise made to the Canberra community ...

Chief Minister, will you now apologise for misleading the Canberra community?

**Mr Barr:** I am—

**MS FITZHARRIS:** So we can cover anything we like in this hearing?

**DR BOURKE:** We can talk about—

**THE CHAIR:** The Chief Minister was about to answer.

**MR HANSON:** Chief Minister, tax reform is a significant part of this government's agenda, I am sure.

**MS FITZHARRIS:** We covered it in quite some detail yesterday.

**THE CHAIR:** It is my decision. This area is about government strategic policy, high priority reforms and delivery of policies and priorities. Tax reform is one of those.

**MS FITZHARRIS:** So therefore anything is on the table?

**THE CHAIR:** Yes, effectively. With one public service, just about everything is on the table for the Chief Minister, so knock yourself out.

**MR HANSON:** That is right. We can talk about taxis; we can talk about government tax reform.

**THE CHAIR:** We will get through this much quicker if we just have the question and move on.

**Mr Barr:** Thank you.

**MR HANSON:** Will you apologise to the community?

**Mr Barr:** Let me very clear, Mr Hanson, because it is important. The government is committed to the abolition of stamp duty. I have cut stamp duty in every budget when I have been Treasurer. I have cut more stamp duty than you have had hot dinners, Mr Hanson. You have no commitment to tax reform, so coming in here—

**MR HANSON:** But you lied. That is the substance of the issue.

**Mr Barr:** Once again—that is twice now, chair.

**THE CHAIR:** Mr Hanson, you will have to withdraw that.

**MR HANSON:** I withdraw. But can you explain then how it is that in the lead-up to the ACT election, and in every budget since, you have said that stamp duty will be cut within 20 years, you have got numerous public statements where you have said that—

**Mr Barr:** And nothing has changed, Mr Hanson.

**MR HANSON:** Well, it has.

**Mr Barr:** No, it has not.

**MR HANSON:** You clearly made entirely contradictory statements yesterday. We are already four or five years into that reform—

**Mr Barr:** That will take two decades.

**MR HANSON:** That will take it out beyond 25 years.

**Mr Barr:** That will take two decades.

**MR HANSON:** And you have pushed it out beyond 25 years. Look at your statements yesterday. There is a clear contradiction—

**Mr Barr:** I said, yes, ask the government in 2028 what they are going to do with stamp duty reform.

**MR HANSON:** You have reneged on it; it is clear.

**Mr Barr:** No, I have not.

**MR HANSON:** And now you are trying to do a double backflip, are you?

**Mr Barr:** No, I am not doing anything of the sort, Mr Hanson. You are the one who is seeking to make an issue of this. I am pleased that you are, because you have no commitment to tax reform other than, it would appear, to endorse what I have undertaken already. Unless you are going to be putting stamp duty back up, unless you are prepared to make that commitment—

**MR HANSON:** I was not the one that promised to remove stamp duty and then reneged on it.

**Mr Barr:** And in this budget, the budget that we are discussing, I have just cut stamp duty again, like I have done—

**MR HANSON:** What did you say yesterday about how long it will take for stamp duty to be removed under your reforms?

**Mr Barr:** It will take a couple of decades, and that has always been the government's position.

**MR HANSON:** How long? Is that what you said yesterday?

**Mr Barr:** A couple of decades, yes.

**MR HANSON:** I think you said more than that.

**Mr Barr:** It will take a couple of decades, into the 2030s.

**MR HANSON:** And beyond that.

**Mr Barr:** Into the 2030s, yes.

**MR HANSON:** If you said 20 years in 2012—

**Mr Barr:** And that would be two decades, would it not?

**MR HANSON:** how long are we in to those reforms? How long are we in to those reforms?

**Mr Barr:** We are now into the fourth year of those reforms.

**MR HANSON:** Right. So how long—what is 20 minus four?

**Mr Barr:** There would be 16 or 17 years to go.

**MR HANSON:** Sixteen, so based on what you said at the last—

**DR BOURKE:** Chair, this is ridiculous. He is being argumentative and repetitive.

**THE CHAIR:** We do not need additional commentary.

**MR HANSON:** So what you said at the ACT election—is that not 16 years?

**Mr Barr:** The government's approach to tax reform has been to look at five-year reform cycles, and I said that from the start.

**MR COE:** Five-year plans?

**MR HANSON:** You repeatedly said 20 years. "Twenty years" you repeatedly said.

**Mr Barr:** Yes, I said that. Yes, that is right. I said we had a first five-year phase, which we will complete on 1 July 2016, that sees the abolition of insurance taxes. We become the first jurisdiction in Australia to abolish insurance taxes. You may seek to be the first opposition in Australia to campaign to reintroduce them; time will tell. Time will tell on that point.

**MR HANSON:** I just want the truth told, Chief Minister.

**Mr Barr:** Simultaneously with the abolition of insurance taxes, we have been cutting stamp duties. Stamp duty on the average Canberra property is now a third lower than it was before tax reform started. A \$500,000 property is paying 32 per cent less stamp duty now than it was when reform began.

My commitment, as I have stated publicly on many occasions, is to cut stamp duty in every budget that I am Treasurer. The point I was making yesterday is that there will continue to be stamp duty collected in this city over three decades—the decade we are currently in, the 2020s and into the 2030s. There are five elections between now and the abolition of stamp duty. In order for stamp duty to be abolished, my government will need to be re-elected in each of those, because you have no commitment to

cutting stamp duty. All this mock concern from you about cutting stamp duty is a joke. You are the one who wishes to increase stamp duty.

**MR HANSON:** At the last election, did you say, “The government will abolish conveyance duty over a 20-year period.” Did you say that in 2012? Is that—

**Mr Barr:** That is correct, yes; and the government remains committed to abolishing stamp duty over that period.

**MR HANSON:** So stamp duty will be removed in 16 years time if you are re-elected?

**Mr Barr:** On the current time frames provided, the government is re-elected five more times, yes.

**MR HANSON:** So stamp duty will be removed from this territory in 16 years and that money will be put onto rates—is that correct?

**Mr Barr:** No, that is not correct.

**MR HANSON:** Where does it go then?

**Mr Barr:** The government maintains a range of options as to how it replaces revenue.

**MR HANSON:** No; you said that it was going onto rates. You have repeatedly said that.

**Mr Barr:** No. I have indicated that rates are a source of revenue replacement for the territory; I have never said it is the only source.

**THE CHAIR:** We are going to have to wrap up here.

**MR HANSON:** So to clarify, in 16 years time you will have removed stamp duty?

**Mr Barr:** That is the government’s intention, but we need to be re-elected again and again and again in order to achieve that. Stamp duty will not be abolished unless the government continues to be re-elected.

**MR HANSON:** If that stamp duty does not go onto rates, where does it go?

**Mr Barr:** It can be taken to the bottom line.

**MR HANSON:** So you put it on debt?

**Mr Barr:** No.

**MR HANSON:** Where do you put it?

**Mr Barr:** If the government is running a surplus—

**MR HANSON:** Are you going to make cuts?

**Mr Barr:** If the government is running a surplus in the future—

**MR HANSON:** Where are the cuts going to be made so that you can cut stamp duty?

**Mr Barr:** Come on.

**THE CHAIR:** All right. No; we need to—

**Mr Barr:** This is the most ridiculous line of questioning.

**THE CHAIR:** We need to finish.

**MR HANSON:** No, because the previous commitment has been to put it on rates.

**THE CHAIR:** Mr Hanson, we need to wrap this up.

**MS FITZHARRIS:** You cannot make a commitment for the next 12 months.

**Mr Barr:** If—

**MR HANSON:** It is just the one question.

**THE CHAIR:** No; we do not need more.

**MR HANSON:** It is a very important issue, because previously the commitment has been—

**Mr Barr:** Yes, and if the government runs a surplus in the future, Mr Hanson—when the government runs a surplus in the future—we would attain the capacity to utilise some of that to cut taxes.

**MR HANSON:** So your two options are—

**THE CHAIR:** Last question.

**MR HANSON:** that you will take it off the bottom line or you will put it on rates? They are your two options?

**Mr Barr:** No. The government can look at the range of revenue sources available to us and we could look at utilising a future surplus. There are a number of options over the next 16 years.

**THE CHAIR:** We will move on. Going to the whole-of-government strategy, I notice in table 4 in budget paper B, output class 1 on page 15, that the budget goes from \$33 million to \$39 million for total cost and from \$27 million to \$34 million for government payment for outputs. What is encompassed in that \$6 million increase?

**Dr Alderson:** A large part actually comes from my area where we have in particular the iConnect project to bring more government services online. Next year is a key

year in that project. We will be spending more money than in any of the other years and we have been appropriated money to support that. So the iConnect project in total goes on for four or five years, but next year is a key year where we will be engaging preferred suppliers and bringing the first wave of services online. Because that is the peak year for spending on that initiative, it is reflected in the budget position for this part of the directorate.

**THE CHAIR:** And that is the \$6 million? Is that the bulk?

**Dr Alderson:** That is the single largest component of it.

**THE CHAIR:** How much is the iConnect in total and how much is the extra money in 2015-16?

**Dr Alderson:** Bear with me for a moment.

**THE CHAIR:** If you want to take it on notice, that would be fine.

**Dr Alderson:** Yes, I may take it on notice. To give you an indication, the budgeted capital spending on iConnect capital was \$1.6 million for the year we are currently in and it goes to \$6.0 million for the following year. So you can see from that differential that that is the major component of that. As to the full breakdown, we will take that on notice.

**THE CHAIR:** All right. A new question from Ms Fitzharris. We have until 20 to three to cover outputs 1.1, 1.2 and 1.4, members.

**MS FITZHARRIS:** Ms Leigh, you referred to the five priorities of the strategic board. I think one of them was digital reform.

**Ms Leigh:** That is right.

**MS FITZHARRIS:** In the context of iConnect, digital Canberra, could you run us through where that is up to and what is in train for the next 12 months?

**Ms Leigh:** Digital reform, digital transformation, covers a broad range. It covers the things that the government is doing to create a digital economy. The economic development area of CMTEDD have the prime leadership role for that. That looks at things like wi-fi and the CBR Innovation Network. Then we have looking at how we can change the delivery of services by government out to the community. Finally we have how we operate within government.

iConnect is some technology that can sit behind those last two categories to enable a joined-up government. It can facilitate things like a citizen not having to provide the same information multiple times to different systems, so that we can have one citizen interface with government. That is a key benefit of the iConnect project.

**MS FITZHARRIS:** What role does data play in this in terms of being able to collect and keep safe, and privacy issues, as well as using that data to monitor how things are going and the public service's understanding of what is happening in the community?



**Ms Leigh:** I think there is still an enormous opportunity in terms of the use that can be made of the data we collect. At the moment there are some technical limitations on that. Because of the way that data is held, it is not readily accessible to provide that ease of analysis and linking up the different categories of data to provide some of that broader picture. As we are able to renew our digital systems there will be more and more opportunity for that. There is also opportunity for some categories of data to be provided out to the community to provide services. As the digital capabilities change, what government needs to do and what we can look to the community to deliver changes.

You can look at the way a lot of people will use Google Maps these days to work out where the road blockages are. That is something that government does not perhaps therefore need to do. You can look at things like allhomes, where some of the data that is collected by government could be provided so that there is more transparency in the market, to support people who are in the market to be able to make well-informed decisions. It means that you have less of an information gap in the market and better operation of the market for homebuyers. That is another example of use of government information. I think there will be many more of these opportunities as we strengthen our digital capacity.

**MS FITZHARRIS:** Have there been instances, perhaps around ACTION timetables, where the government has data that is not personal information but puts it out and says, "Show us what you can do"?

**Ms Leigh:** That is right. The digital challenge is an opportunity we have used. We are very lucky in Canberra to have a very strong knowledge economy. We have a lot of people who can really make a contribution. So by putting out those challenges we get really good value for taxpayers' money, great ideas and innovations in how we can use that data for very good value. And we give opportunities to small start-ups to get a start themselves. So I think we achieve two objectives with one action. We get good value for the taxpayer in terms of better government services and we strengthen the business community.

**MS FITZHARRIS:** Is there any other jurisdiction that you are looking at that might be a leader in this area or are you looking at being able to take bits and pieces from lots of good ones?

**Ms Leigh:** We constantly look at what other public services are doing in Australia and also overseas. In some ways we can be quite proud of where we are up to, particularly in the digital space, because we are entering into a lot of partnerships with people from both the university sector and the small private sector. So that is an area where I think we can be quite proud of some of the things that we have done.

**THE CHAIR:** Dr Bourke.

**DR BOURKE:** Thank you, chair. I will ask some questions about the Aboriginal and Torres Strait Islander employment strategy. How are we going with that strategy?

**Ms Leigh:** I would say that we can always do much better than we are doing, but we

are putting a huge effort into doing better. I have taken more than an interest; I have taken a personal stake in this myself, as Head of Service, because I think it is something that is really important and that we can significantly improve our performance on.

For example, I wrote to directors-general at the end of last year and said that I was not happy with what we had been achieving in terms of employment of Aboriginal and Torres Strait Islander people and set targets for each directorate. I set those targets to be challenging, and I recognise that they were challenging. They were not something that were going to happen without a significant effort. I also set them so that they were, with the challenge, achievable.

To give you an understanding of how I did that, I looked at the increase in Aboriginal and Torres Strait Islander employment that had been achieved in the previous year, which was an increase but it was not good enough. I said, “Okay in this current financial year” that was already well underway “we’re going to double that. And whatever you achieved last year in growth, you’re going to do twice as well this year.” I am really pleased to say that as a service we have done that.

I am very pleased with what we have achieved. To double the effort that was put in the previous year is a demanding target, but it was achieved. I have set another set of targets for next year, and I have set them right out to 2018-19, to make sure that we keep that focus on. I asked for reporting in March from every director-general about what they were actually doing—not just how they were going for numbers but concrete steps they were putting in place to make sure they delivered that. I got in a very good set of initiatives which we shared across the directorates so that people could take up any ideas that might be applicable to their directorate. At the whole-of-service level we have put in place a number of measures to strengthen our employment.

Yes, we can do a lot better, but it is something that I take very seriously and I am pleased with the step up that we have achieved just in the last six months. I intend to go on pushing that.

**DR BOURKE:** The Standing Committee on Health, Ageing, Community and Social Services brought down a report last year that had 31 recommendations. Probably one of the key things that is relevant to what we are talking about right now is implementing a project management approach to this issue. Has that been undertaken?

**Ms Leigh:** In the sense that, as I said, I asked every director-general to report back to me on the concrete steps that they were taking. To me that is what you do when you have a project. You have an objective and instead of just hoping that you will achieve it you actually work out what the measures are that you need to put in place in order to achieve it, and then you go about making sure that you take the steps to achieve those measures.

Yes, we have done that in terms of individual directorates, and then as a whole service we have put in place specific measures to support all directorates in achieving increases in employment. Again it has been a systematised approach to identify what measures would actually make the difference, setting those measures up and then

tracking that we are delivering on them.

**DR BOURKE:** One of the other recommendations was that there needs to be a more precise definition of targets. I hear you have set targets for particular directorates; that is great. The original target set in 2010 or thereabouts was 407 FTE head count or two per cent. How close are we to achieving that target?

**Ms Leigh:** We are not at two per cent. When I received the information last year about where we are up to on that, that is why I then started to put these measures in place, because I was quite concerned about that.

**Ms Overton-Clarke:** As the Head of Service was saying, we have put in a renewed focus. I think we were saying at annual reports last year that we absolutely recognised we were not doing well enough in that area. So the revised targets now look at an increase that will get us to the 407 by 2018-19, with a doubling of the target this year. As Ms Leigh said we have managed to employ 45 more people just in this financial year, which we are very proud of, because that exceeds the target by 15.

What we are doing, though, is putting an increased emphasis on developing specific programs. Both in terms of the graduate program and in terms of developing an Indigenous employment pathway, we expect to be able to offer 18 to 22 placements for the Indigenous employment pathway traineeship scheme within the next month. We are advertising at the moment. That is a specific initiative that we have put in place, recognising, as we did, that we needed to properly review—which we did with Community Services Directorate—the success of that previous Indigenous program.

Working with them, we recognised that the areas of mentoring and support were really crucial to supplement. In terms of both trainees and cadetships and in the graduate program, we are looking to take a number, and that will help us to really develop in terms of the numbers that we want to get to for the renewed targets that we have set.

**DR BOURKE:** The third recommendation from the committee was also to focus on senior executive appointments. Has there been any movement there?

**Ms Overton-Clarke:** We have two senior executives who are Aboriginal and Torres Strait Islander in the service. That has not moved in the last year, no.

**DR BOURKE:** Are you taking any steps in that area?

**Ms Overton-Clarke:** There are no specific initiatives at the moment to increase the numbers of Aboriginal and Torres Strait Islander executives. What we are doing, as Ms Leigh was explaining, is increasing the number of secondments and mobility arrangements across the service. There are always opportunities there for senior officers to step up, if you like, into executive positions. We have had some of that happening.

In terms of opportunities to have long-term creation of appointments for Aboriginal and Torres Strait Islander people, we now have a much larger proportion in that feeder group, if you like, before the senior executive service. So in terms of both internally

across the service and opportunities outside, there is a bigger pool than there used to be.

**DR BOURKE:** Given that you have identified particular targets for directorates, I would therefore expect that each directorate is going to have its own action plan to achieve their target?

**Ms Leigh:** That is right. As I said, I asked directorates to come back to me with specific information about the actions they had taken, not just the numbers they were achieving. So every directorate sent in a comprehensive list and each directorate had actions that were tailored to their particular workforce. I would be happy to provide you with that information. We shared it between directorates, so that if there were good ideas, others could pick up on them, to make sure we made the most of all of the work that had been put into that.

**Ms Overton-Clarke:** What we absolutely realise is that part of it is our role in progressing that work, but it is also about sharing best practice and ideas across directorates. So we are doing both things to make sure we can properly assist directorates to employ as many as they can.

**DR BOURKE:** I have a final question. Given that the previous strategy was to end in 2015, which is where we are now, you have set in place some new targets. Chief Minister, are we going to see a new strategy launched to lead us into a new five-year plan, or something of that sort?

**Mr Barr:** I am very fond of the five-year plan.

**DR BOURKE:** Glad to hear it.

**THE CHAIR:** Just as a supplementary, how many SES officers are there in the ACT public service? So it is two out of how many?

**Ms Overton-Clarke:** I would have to take the specific number on notice; 220-odd that—

**THE CHAIR:** How many new SES officers appeared in the 2014-15 financial year?

**Ms Overton-Clarke:** Again I would have to take that on notice.

**THE CHAIR:** That is okay; thank you. Ms Lawder, any questions?

**MS LAWDER:** Firstly, a supplementary. You said that you asked for specific information from directorates. In an earlier answer you said you asked them for concrete steps. I think that is what you said. Is there specific information or are there concrete steps in the performance agreements with the directors-general—so if they do not achieve them they do not get their performance bonus, for example? You laugh.

**Ms Leigh:** We do not have performance bonuses. We do have performance—

**MS LAWDER:** So when they do not meet them, what will happen?

**Ms Leigh:** I think, first of all, directors-general are highly motivated and very keen to perform at a high level.

**MS LAWDER:** As I am sure they have been for the past 21 years.

**Ms Leigh:** What I was going to say is that I think the importance of the performance appraisal system is that it ensures that we set aside time to set down what is the measure of high performance. I have said that this is one of the things that will be taken into account and that directors-general are to report against in terms of performance appraisal. It is an opportunity to say what will be considered to be high performance and then to have a conversation about whether or not that has been achieved and discuss what more can be done.

**MS LAWDER:** Sure. You get to a point in your career where you have heard these commitments and things over and over again, but nothing actually seems to change, which brings me to my substantive question—

**MS FITZHARRIS:** Could I add that doubling the numbers, unless you already—

**THE CHAIR:** No, you are not here for commentary.

**MS LAWDER:** Is that a supplementary question?

**MS FITZHARRIS:** No.

**MS LAWDER:** Perhaps I could ask my question now then. It is a similar question about the employment of people with disability. What is happening in that space?

**Ms Leigh:** We have had a similar process. When I wrote directors-general it was not only about Aboriginal and Torres Strait Islander employment; it was also about the employment of people with disability. I similarly set specific growth targets for each directorate and asked for a report back. We have not been as successful in the increase. There has been an increase, but not as much as the targets I had set. I have made it clear that that is going to have to be caught up; we are not going to adjust them.

Again, we have shared between directorates the specific initiatives that directorates have taken. We have had some additional measures at a whole-of-government level for Aboriginal and Torres Strait Islander people and have been using that as a pilot. We are happy that that was an approach that was successful. We are now going to roll out the same approach for people with disability. I am hopeful that with those additional measures we will further lift our performance for people with disability.

**MS LAWDER:** I am hopeful too.

**Ms Leigh:** When I say I am hopeful, I mean I am quite committed to achieving that. That is why we followed through with specific targets and additional measures.

**Ms Overton-Clarke:** One of the things that we decided to do for next year's graduate intake was to quarantine the process for both Aboriginal and Torres Strait Islander

people and people with disabilities at the initial recruitment phase. Through that mechanism we are expecting to get up to 30 Aboriginal and Torres Strait Islander people and people with disabilities in as part of the graduate cohort, which will be up to 52 graduates next year.

**MS LAWDER:** It is a bit like groundhog day. I remember meeting with Jon Stanhope when he was Chief Minister, who made a firm commitment to increasing the number of people with disabilities in the ACT public service, and we are still here today.

**Ms Leigh:** We are increasing the number, but not as much as I want us to.

**MS LAWDER:** Thank you.

**THE CHAIR:** A supplementary from Ms Fitzharris and then Mr Coe.

**MS FITZHARRIS:** Just in terms of the graduate program, I raised it earlier with the wrong set of officials around the ACT government recruitment program and whether the commonwealth contraction has had any impact on the pool of applicants that you get and on the competitiveness for coming into the graduate program.

**Ms Overton-Clarke:** We have had a large increase in the number of applications this year. For the 2015 cohort we had 763 applications and for the 2016 cohort we have had 1,211 applications. Along with commitments to increasing more Aboriginal and Torres Strait Islander people and also people with disabilities, we have a commitment to increasing by 10 per cent the number of graduates each year. We have a commitment to increase that number to 46 in 2016, but at this stage we have a commitment by directorates to take between 52 and 54 next year.

**MS FITZHARRIS:** Do you have a sense yet of whether the applicants are from the ACT? How many are from outside the ACT?

**Ms Overton-Clarke:** We have only just got the applications in; we are just going through that process now. We did analyse exactly how we got our graduates last year. We have targeted it much more to an online system this year and that has led to the huge increase.

**MS FITZHARRIS:** That is good.

**Ms Overton-Clarke:** Yes. Certainly about two-thirds of this year's cohort are from the ACT and a third are from interstate. I would expect the same sort of number next year.

**MS FITZHARRIS:** Is interstate the capital region?

**Ms Overton-Clarke:** No, it is a mixture. A number of graduates obviously out of ANU and UC in particular have come from the region, but I guess we classify those as—

**MS FITZHARRIS:** ACT.

**Ms Overton-Clarke:** local.

**MS FITZHARRIS:** Yes.

**Ms Overton-Clarke:** Yes, it is a mixture. It is a large increase. Whether that is due to cuts from the commonwealth or a better targeting of our recruitment is a bit difficult to say.

**MS FITZHARRIS:** The marketing?

**Ms Overton-Clarke:** That is right; an increase in our online marketing.

**THE CHAIR:** We have four minutes to go before we go to the executive. Mr Coe, and potentially Mr Hanson.

**MR COE:** Thanks, chair. Chief Minister, what involvement have you or your agency had with regard to the establishment of the container pop-up that is down the road here and, in particular, its genesis? How did it come about?

**Mr Barr:** The Land Development Agency is in fact the area of government involved here. Perhaps we can pursue this line of questioning with the LDA on Friday.

**MR COE:** Yes; I am happy to do so.

**THE CHAIR:** Mr Hanson?

**MR HANSON:** I want to talk about ice and the whole-of-government response to ice. There has been some money put aside in this budget to look at that. Do you have a breakdown of that 800,000? Some of it was announced, but it seemed that only a portion of that was for ice and some of that money was for other things. Can you give me a breakdown of what that money was in the budget and then more broadly give an explanation of how you are handling that whole-of-government approach to ice?

**Mr Barr:** I will get that information for you. It was an announcement of the Minister for Health, so the funding source is elsewhere, but we can track that down for you.

The Prime Minister, through COAG, has put forward some papers and some discussion on this matter. There has been involvement of various government authorities and police working across the country. There is not a lot more I can say at this point, but there will clearly be further announcements emerging out of subsequent—

**MR HANSON:** Who is coordinating the response to government? It cuts across a number of portfolios. There is Policing and—

**Mr Barr:** Yes, that is right. There is a variety of government responses that relate to COAG-related considerations that sit in this area, but specific actions will be with Health, A-G's or Policing.

**MR HANSON:** Sure, but I assume that that is being coordinated in some sense, is it

not?

**Mr Barr:** The ACT government's involvement, in the context of the COAG discussions, yes. And then in relation to individual policy responses, individual agencies have carriage of that.

**MR HANSON:** But there is no whole-of-government strategy to get advice? There is the COAG element, but then I suppose that filters down to the ACT. Is there a plan so that what is happening in health is synchronised with what is happening with prevention, education and policing?

**Mr Barr:** Yes. There is an ACT consultation forum that is coming up.

**Dr Alderson:** Yes. There are a couple of elements. This has been the kind of categories the Chief Minister has identified. There is work currently going on, led by the Health Directorate but involving a number of others, to finalise the ACT alcohol and other drugs strategy for 2015-19. That is broader than ice, but encompasses issues raised by ice within it. That is the part where there is an evaluation group that is assisting to advise on that. As I say, that is led within Health.

Because there is a National Ice Taskforce, which will be reporting through COAG, the Chief Minister's directorate has a particular role there. We are convening a forum to hear from a number of our ACT stakeholders on 2 July, ahead of the COAG meeting on 22 July, just to hear from them.

The commonwealth's work and the task force's work will continue throughout the year, but this is touching base. We are closely involved, with our colleagues from Health, Justice and Community Safety, Community Services and Policing, so that we are all part of the same process. That work will inform both this national process on ice which is reporting to COAG and the development of the ACT strategy that I have mentioned.

**THE CHAIR:** We will finish with outputs 1.1, 1.2 and 1.4 and move to the executive for the 20 minutes between now and 3 o'clock. I will give my question to the Leader of the Opposition.

**MR HANSON:** Thanks. With regard to the executive and the devices that you get, the phones, can you give me an example of what is provided to you? Is it laptops? Is it a mobile phone? Is there a limit on those? How is that managed, and who pays for it? Is it the individual directorate? Is it consolidated centrally? What is the allocation?

**Mr Barr:** There would be a number of possible sources of funding for devices used by ministers. The Remuneration Tribunal has provided a communications allowance to members, and that includes executive members. The utilisation of that allowance can include communications devices. Ministerial offices have an annual budget that would allow for the purchase of devices and their subsequent monthly costs.

**MR HANSON:** For example, your phone is funded through your comms allowance? Is that what you are saying?



**Mr Barr:** No. That would vary from minister to minister—as to how particular devices are funded. Some have a personal phone that they have either bought personally or entered into a contract on personally and would then seek a reimbursement component for business-related calls. Others—

**MR HANSON:** Through your comms allowance?

**Mr Barr:** That is one option, but not the only option.

**MR HANSON:** If you are a minister, and you have a phone and you make calls, you can then claim those, can you? How does it work? Do you get issued with a phone by the directorate?

**Mr Barr:** That would vary from—

**MR HANSON:** Let us ask you, minister—use you as an example, if we may. Do you have a phone that is provided by a directorate or do you use your own phone and then get reimbursed? How does it work?

**Mr Barr:** I have a phone that is provided by Shared Services with a phone number that was ported over from my private phone prior to my being a member of the Assembly. So I have kept the same phone number, I guess, over an extended period. That is part of my—

**MR HANSON:** So with that Shared Services phone that you get, you make private calls on that that you then reimburse the government for?

**Mr Barr:** I tend not to make many calls on my mobile phone. I tend to receive calls. The calls I would make would predominantly be work related.

**MR HANSON:** Predominantly, but what you are saying is that you are using—

**Mr Barr:** There are guidelines for—

**MR HANSON:** But you are using that phone that is provided to you by Shared Services for work for personal use.

**Mr Barr:** Rarely.

**MR HANSON:** But to some extent. Whether it is—

**Mr Barr:** Well, I—

**MR HANSON:** How much is “rarely” and how much is—

**Mr Barr:** Within the approved guidelines in relation to personal use of a work phone.

**MR HANSON:** Do you have a separate phone that is used for your personal phone?

**Mr Barr:** I have a home phone, yes.

**MR HANSON:** But you do not have another mobile phone?

**Mr Barr:** I do not carry two mobile phones, no.

**MR HANSON:** No.

**Mr Barr:** But I do not make many phone calls.

**MR HANSON:** So there is no process there for—

**DR BOURKE:** Chair, Mr Hanson is perpetually interrupting—

**THE CHAIR:** The conversation seems to be going reasonably well.

**DR BOURKE:** No; he keeps on interrupting. It is extremely rude.

**MS LAWDER:** As opposed to what you are doing now, Chris!

**THE CHAIR:** Thank you, Dr Bourke. The conversation is going reasonably freely, and I tend to let them go. If I thought it was annoying, I would stop it, but the Treasurer seems to be moving with it. Chief Minister—

**MR HANSON:** As you say, each minister has a different arrangement. Could we provide on notice to the committee a breakdown of what devices are provided by Shared Services to ministers? And if they are phones, can we have a breakdown of what personal use has been made over those? As you say, there is this comms allowance that we are provided with.

**Mr Barr:** That is for our electorate-related work, yes.

**MR HANSON:** Sure. And whether, essentially, ministers have been using government-supplied phones for business use for personal use, and to what extent.

**Mr Barr:** The guidelines in relation to government-issued phones, for all government-issued phones are, I think, that it is \$20 per month of personal related calls are allowed under those guidelines.

**MR HANSON:** Is that the same for staff or is it—

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

**MR HANSON:** That is also for staff, is it?

**Mr Barr:** Yes.

**MR HANSON:** Is that audited? Has there been an audit of ministers or staff on their phones or other devices to see what sorts of calls they have been making, to make sure that that is appropriate?

**Mr Barr:** I understand there have been. There have been audits from time to time in relation to utilisation of allowances. I am not aware of one specifically in relation to personal phone calls on mobile phones. My understanding, depending on the nature of the contract with the telecommunications provider, would be that there would be itemised information available in terms of billing, and then the onus is on the user of the phone to—

**MR HANSON:** Have you issued any guidelines—

**THE CHAIR:** Sorry, we are going to have to wrap it up there.

**Mr Barr:** There are guidelines, yes—not just for ministers, but for all government phones.

**MR HANSON:** And have you sought to issue guidelines for your ministers—

**THE CHAIR:** No; Ms Fitzharris has the call.

**MS FITZHARRIS:** Thank you. I understand there is a new cabinet subcommittee. Dr Alderson mentioned the social inclusion one before. Are you able to talk through how that works and perhaps give us an example of how it also fits with the one-service approach, how it works for the executive as well?

**Mr Barr:** Yes. There are a number of cabinet subcommittees that have been established in my government, with a view to early engagement across ministers, various agencies and interested stakeholders, in relation to a number of priority areas. Social inclusion and equality are indeed one such area. Work there results, for example, in the most comprehensive social inclusion and equality statement that has ever been provided by a territory government, associated with this year's budget. We look to continue subcommittee work in areas of transport reform, urban renewal and economic growth, and social inclusion and equality, amongst other government priorities.

There is a range of issues that get the opportunity for early consideration before formally moving into the cabinet process. This provides an opportunity for officials, stakeholders on occasion, and government ministers and staff to consider particular policy issues and priorities and seek further work in certain instances before a formal submission arrives in the cabinet.

**MS FITZHARRIS:** Could I ask a follow-up? There is the agile, nimble coordinator-general approach; I think there are some good examples of how that is working really well. How do you merge that with an output class and responsibilities under FMA and that sort of thing? How do those two things come together? One is quite flexible; the other is a bit less so. Are there issues involved in that?

**Ms Leigh:** The staff remain in their own directorates, so, from an appropriation point of view, the money is still appropriated to those directorates and the accountabilities in terms of expenditure of money and appropriate supervision of staff remain in the directorates. It is quite a flexible mechanism because it does not open up any of those issues, but it makes clear to staff that the expectation is that they work across

directorates and, indeed, that is what their director-general expects of them when they are in that role—that part of the responsibility of that role is to work across directorates. I think it is working very well, because it does have that flexibility and does not require any changes in that way.

**MS FITZHARRIS:** Are staff at all levels involved—not just from the strategic pool but across all levels?

**Ms Leigh:** That is right. Each coordinator-general has a map that shows the staff from the different directorates and who, under that staff, fits into that structure. Then each has formal governance structures for meetings that are held—adaptive according to the particular task and the particular issues that are arising at that time, but a governance structure of meetings so that we have a formal structure to ensure that the work is being carried forward.

**MS FITZHARRIS:** In terms of the FMA review that we discussed yesterday, any reviews of the FMA would support this one-service approach?

**Ms Leigh:** Yes.

**THE CHAIR:** Just as a supplementary to that, who do the coordinators-general report to?

**Ms Leigh:** In terms of that coordinator-general responsibility?

**THE CHAIR:** Yes.

**Ms Leigh:** They are still accountable directly to their director-general, but I take a particular interest in the issues that have been allocated to coordinators-general because they have been allocated to them because they are of importance, and naturally, in my head of service role, I am paying attention to the issues that are currently of importance across the service.

**THE CHAIR:** Dr Bourke, a new question?

**DR BOURKE:** Thank you. Where does the healthy weight initiative fit into that scheme?

**Ms Leigh:** Bronwen Overton-Clarke leads the work on the healthy weight initiative for whole of government. We have committees working across government on the different aspects of that initiative, but Bronwen provides the overview of that work.

**Ms Overton-Clarke:** I chair a whole-of-government committee with the chairs of the different subcommittees. We meet every quarter and we also provide reports both to the head of service and to the Chief Minister and other ministers. There are different initiatives sitting, if you like, in different directorates, but they all come together through that mechanism.

**DR BOURKE:** How many subcommittees are we talking about?

**Ms Overton-Clarke:** There are six subcommittees. There is the healthy food in the workplace initiative, which is the one that is run out of the Chief Minister's directorate. The other one that sits in Chief Minister's is the one through workplace health and safety for businesses in the ACT, which is about healthy workplaces, which is headed up by Mark McCabe. Then there is the social inclusion one; urban planning, which is across TAMS and Chief Minister's; the food environment one, which is run out of Health; and the schools one, which is run out of Education and Training. Health is also coordinating the overall evaluation of the healthy weight initiative. And the workplace is one which is out of Chief Minister's. So that is six, sorry, not seven.

**DR BOURKE:** You said six. Chief Minister, healthy food in the workplace—that sounds tasty.

**Ms Overton-Clarke:** Yes. Changing vending machines has been relatively controversial, I have to say

**THE CHAIR:** There is a big interest in food and equity here.

**Ms Overton-Clarke:** Traffic light coding for vending machines.

**Mr Barr:** Fresh fruit.

**DR BOURKE:** So this relates to vending machines in offices, does it, or is there more?

**Ms Overton-Clarke:** Depending on what the workplace has. For the Canberra Hospital, of course, it is the canteens at the Canberra Hospital. In a lot of workplaces, it does come down to a vending machine, but it really depends on what food is provided in the workplace.

**DR BOURKE:** So there is nothing for cook-ups at work or healthy lunches where you bring your own stuff in or something like that?

**Ms Overton-Clarke:** It is interesting, because some of them cross, obviously. Initiatives such as cooking out at Bimberi are not so much in the workplace, but yes, there is an emphasis on healthy living and different initiatives. So yes. But the workplace one has been a really interesting one. The one that is done through Mark McCabe's area has been orientated more to private business. He has held a number of breakfasts which businesses have gone to, to showcase the different ways in which they have started healthy running clubs, walking groups at lunchtime and so forth. Food is often a catalyst to talk about exercise as well; and the workplace, be it public servants or private businesses, is a good place to do that.

**DR BOURKE:** Coming back to healthy workplaces, your other subcommittee—standing desks; is that something that is the rage?

**Ms Overton-Clarke:** Yes, it is all the rage. Standing desks and the whole broader subject of activity-based working and so forth are one of the initiatives that we are looking at across the whole of Chief Minister's. The recent opening of Winyu House

has really shown to us the great potential for different ways of working and orientating workplaces, in terms of not just working desks but mobility of staff across different floors, and being able to see staircases and use them rather than taking the lift. The whole way that workplaces are orientated is something that is a pretty exciting area to be moving into.

**DR BOURKE:** Maybe the chair of the select committee should be standing as well.

**Ms Overton-Clarke:** It makes the meetings a lot shorter.

**THE CHAIR:** We could not get funding for a security officer for the Assembly; I am not sure we are going to get funding for tables that are elevated in the committee room. But if you have finished, we may move on. Ms Lawder, a new question?

**MS LAWDER:** Thanks. On page 5 of budget paper A the note about the 2014-15 budget said:

The variation ... is primarily due to the funding of additional positions in anticipation of the appointment of an additional minister.

Where were those positions, and how far in advance of the announcement of an additional minister were they made?

**Mr Barr:** I do not believe they were in advance of an additional minister, but I came into being when the minister was there. I think the former Chief Minister had foreshadowed appointing a sixth minister. An appropriation was made. Then, once the new minister took office, there were some new staff. And then some staff transferred from the Office of the Legislative Assembly.

**Ms Hall:** In relation to the note where it refers to the appointment of the additional minister, both the variations refer to the new sixth minister. There was additional money put aside for the difference between a minister's office and an MLA, so that was additional staff. The next increase was the actual transfer of Minister Gentleman and two staff from the Office of the Legislative Assembly into the executive. So it reflects that money.

**Mr Barr:** Is that why the budget went down? The other one went up a little.

**Ms Leigh:** And just to be clear on that word "anticipated", that is to do with why it was allocated in the budget, in anticipation of the future need.

**THE CHAIR:** Members, any further questions on the ministry, on the executive? No. We will resume at 3.15, when we have output class 10, Access Canberra, and then output class 9, the loose-fill asbestos insulation eradication scheme.

**Sitting suspended from 2.58 to 3.17 pm.**

**THE CHAIR:** Good afternoon and welcome back. There are a few new staff here. When you come to the table, please make certain that you review the privilege statement. Could you please tell us that you have read the statement and understand its

implications? So acknowledged; thanks very much. Please remember that the proceedings are being recorded and will be transcribed by Hansard and then published. The proceedings are being broadcast as well as webstreamed.

We now move to Access Canberra. I am assuming you are not going to want to make a statement, minister. I will ask the question: what is Access Canberra and what is it actually intended to do?

**Mr Barr:** Access Canberra is a one-stop shop for ACT government regulatory services and the former Canberra Connect is encompassed within the organisation. Its primary objective is to streamline our regulatory service provision within the territory and to provide a no-wrong-door approach. So if people wish to engage with the government, be they residents, businesses or community organisations, they have a single point of contact for engagement. I think that pretty well covers it.

**Mr Peffer:** Yes, I think it does. Access Canberra includes the old Canberra Connect, building, utilities, land and lease regulation, electricity and natural gas, water and sewerage industry technical regulation, environment protection and water regulation, fair trading and registration, inspection and regulatory services, occupational licensing, public health protection and regulation relating to food permits, public unleased land permits relating to events, racing and gambling regulation, road safety regulation and driver and vehicle licensing, WorkSafe ACT and some functions related to the territory Revenue Office shopfront.

**THE CHAIR:** Why don't you just abolish all the other ministries and have one ministry? In an attempt to simplify, is there a risk that there is an increasing level of complexity? We now have six ministers, we then have various coordinators-general and then on top of this you have the eyes picked out of various services and pulled together to create Access Canberra.

**Mr Barr:** I think it is important to draw a distinction between policy and regulatory functions. There is a powerful argument that those who are engaged in the regulatory space have a series of overlapping priorities and interests. From the perspective of a consumer, which is the perspective that I am most interested in, they do not particularly care where in government services are located. Their preference, frankly, is to be able to go to one place rather than to go to many. So if you are seeking to organise an event now in Canberra, rather than having to go and get permits from a number of different areas of government, you go to Access Canberra; it is a one-stop shop.

It is really not that complex to understand the difference between a policy function and a regulatory one. With respect to the benefits of collaboration in the regulatory area, it is becoming quite firmly the view that they would be achieved. I think even my expectations have been exceeded with Access Canberra to date. One need only attend the new government Access Canberra shopfront in Gungahlin to get a sense of how significant a change this is in service delivery.

The issue here is not, frankly, to make it easier for politicians and estimates committees; it is about making it easier for Canberrans to undertake their business with government. If it is confusing to you, I am sorry. I hope it is less confusing as

time rolls on, but in the end the issue is for Canberrans.

**THE CHAIR:** Is the creation of Access Canberra an acknowledgement that the previous arrangements were inefficient and not serving the community?

**Mr Barr:** Over time, as self-government has evolved, we have got better at service delivery and this is a further evolution of that. The day that you stand still and think that you have achieved perfection in government regulation—I doubt that day will ever come. We do seek continuous improvement.

One of the many issues we are seeking to address here is the experience by residents, businesses and community organisations in their dealings with government, when they undertake their day-to-day activities or special events and those sorts of things. When people engage with their elected members they frequently raise those as issues of concern. This is a genuine restructuring of government in order to respond to those circumstances.

I will invite Mr Peffer to give some examples of where Access Canberra has been able to assist in quickly resolving problems that have assisted business and community organisations in organising events, and individual customers. He gives a very good presentation which we do not have time for today, but I will ask for a few examples.

**THE CHAIR:** Before we move to Mr Peffer, if you want to provide a copy of the presentation, I am sure committee members would want to look at it.

**Mr Barr:** I would be very happy to volunteer Dave's time to give you the presentation.

**THE CHAIR:** Will the officers involved be co-located? Are they all brought together in one location or are they left in the existing directorates?

**Mr Barr:** There is movement of some staff.

**THE CHAIR:** The second thing is: is it possible to get a chart of all of the current arrangements regarding what is in the directorates, what is under the control of the coordinators-general and what now has moved into Access Canberra?

**Mr Barr:** Yes.

**THE CHAIR:** Thank you. Mr Peffer?

**Mr Peffer:** The first comment that I would make is that this model has not been trialled anywhere before, so this is nation leading. No other jurisdiction, including the Australian government, has attempted to bring its regulators together and work through the differences in culture, approach, behaviour and that sort of thing in an effort to provide a streamlined, better service to customers of regulated entities. So from the outset we are trying something quite new. However, quite pleasingly, a couple of jurisdictions have indicated an interest in coming to talk to us about what it is we are actually doing and how it is playing out in practice.



In relation to the events which the Chief Minister just spoke about, inside Access Canberra we have established a dedicated events approvals team. This team provides a single entry point to government for event organisers. It is the job of this team to coordinate all the regulatory approvals to get these events happening. In the past it may have been the case that for a particularly complex event, an event organiser would go to different regulatory arms of government and perhaps get three yeses and three noes, and the challenge from there fell to the proponent to figure out how to negotiate the path forward to actually put on the event.

That no longer happens. We have this dedicated team that provides a case management approach. It works with event organisers to essentially understand what it is they are setting out to do, and we do the running around behind the scenes for them. That is not just limited to the regulators that sit within Access Canberra. It is right across the ACT public service, and indeed the Australian government—the National Capital Authority, and CASA in one instance as well.

We provide everything we can to get these events happening. That is not to say that in any way we are watering down public protections. That is all still there, but we are integrating those services and making sure that everything is lined up so that we can run safe events.

Since the time that team has been set up, which is really only a couple of months, a number of approvals have already been provided to recurring events in terms of a weekly park run and also a monthly charity event. The team is also currently assisting with regulatory approvals for over 50 events, including 17 sporting events covering cycling, fun runs, marathons and triathlons, 16 community events covering festivals, markets, concerts and charity days, four major events which includes a concert, the balloon festival, a new year's eve concert and Summernats, three arts and cultural events, three Christmas events, two commemorative events, two private events, rallies and demonstrations, and the list goes on.

As you can see, even though it is a small team, the service that it is providing is immense and it has been very well received from the proponents who have accessed those services to date.

The other part of the question was around accommodation for Access Canberra. Access Canberra has been set up as an organisation, which means that staff have been brought in to the Chief Minister, Treasury and Economic Development Directorate, and the machinery of government changes to give effect to that occurred about two months ago.

There is a range of accommodation considerations that a working group within Access Canberra is currently progressing. The government has taken some decisions related to the asset recycling initiative, which looks at the sale of certain properties. Three properties in particular, covering the Dickson motor vehicle registry, Dame Pattie Menzies House and Macarthur House all house considerable numbers of Access Canberra employees. The Dickson motor vehicle registry is one we are moving on particularly quickly, because of the sale time frame. We are looking potentially at other sites where that could be relocated and we will prepare some advice for government.

Ideally, you would have everyone sitting in the same building, but that is not possible with the accommodation that we currently have. So we look at where it makes sense to co-locate teams, where there would be benefits of inspectors sitting alongside their colleagues, and that will be our priority in the short to medium term.

**THE CHAIR:** In terms of training, if I were currently a health inspector, would I remain only a health inspector or will people be expected to multitask?

**Mr Peffer:** There are a couple of aspects to that. An initiative that we have already kicked off in Access Canberra is a rotation policy. We opened that up a couple of weeks ago and we have had some good interest in that already. Where inspectors previously operated in quite small teams in their particular silo regulating their particular area, we have opened it up and given the opportunity for inspectors to start to move around, to be cross-trained. It is good for career development and that sort of thing. Naturally, through that, you will get a bit of cross-training between the regulatory arms.

There is a range of other working groups and projects that we have set up to support that cross-training. Certainly one of the big initiatives that we are working on quite hard at the moment is an overarching compliance framework. We will roll out a training and development program for all staff which will bring people onto more of a consistent platform when they actually go out and engage with individuals, community groups or businesses.

**THE CHAIR:** How many staff are now in Access Canberra?

**Mr Peffer:** It is around 700.

**MR HANSON:** Can I ask a supplementary on the co-location and the location?

**THE CHAIR:** A supplementary, then Ms Fitzharris.

**MR HANSON:** With respect to the proposed government office building, I am not sure where that proposal is at yet. I know it is an ongoing body of work. Would it be an aim to put Access Canberra in one spot or not? Would it still remain spread out? Maybe you could give us an update on where that proposal is at.

**Mr Barr:** Sure. There are different elements of service provision within Access Canberra. There is a shopfront component that would necessarily have different locations throughout the city. In the context of the ACT government's future accommodation needs, clearly, in coming years, we will need to move out of some buildings and move into other buildings. When we are in a position to make an announcement on which other buildings we are moving into, I will.

**MR HANSON:** With the actual process, a request for tenders was put out for the government office building or there was some work done?

**Mr Barr:** That is correct, yes.

**MR HANSON:** Where has that progressed to?

**Mr Barr:** The government is considering options after the request for tender process has closed.

**MR HANSON:** How many people put in a submission?

**Mr Barr:** From memory, more than 10 different propositions were put forward to government.

**MR HANSON:** So you have those and you are considering them?

**Mr Barr:** We are considering the different options.

**THE CHAIR:** Ms Fitzharris, a new question.

**MS FITZHARRIS:** Thank you. I think it is a great initiative. On behalf of constituents, I have already had some interactions with Access Canberra that have had an incredibly responsive and problem-solving customer focus. On their behalf, I was really happy about that, and I thank you and all your staff for that. In the process of doing that, have you uncovered some regulation across the three yeses and the three noes that perhaps does not make quite as much sense when you see it as a whole? And do you have some examples?

**Mr Peffer:** Absolutely. It is safe to say that we have a lot of really hardworking inspectors out there every day. I do not think anyone goes out there looking to perfect the art of making the possible impossible. I think people are genuinely out there trying to get things done. From time to time it is the case that when you get multiple regulations that require something of an individual or a business, taken in isolation they may make absolute perfect sense but when compounded they can leave you in a situation where it is very hard to progress.

One of the benefits of bringing together our many regulatory arms is the opportunity to uncover some of those instances. In the past, regulators operated in isolation of other parties who were out there making decisions that impacted business; whereas now we have far greater transparency of the decisions that we take and the influences they can have on business, community groups or individuals.

Specifically, since the creation of Access Canberra there have been a number of initiatives that we have been able to bring to the attention of our policy directorates. One in particular was related to the Lotteries Act; it was a harm minimisation measure. The way the particular legislation operated it required quite significant regulatory engagement with the Gambling and Racing Commission to hold certain types of events. We were able to identify that for many small businesses there was little or no harm to the public from the gambling that was associated with those events. They were more of an event rather than a gambling venture. Through advising the Chief Minister on that particular initiative there have been some proposed changes to the law.

In other instances we have picked up particular elements of other acts—for example,

the Liquor Act—that have impacted small businesses around town, where perhaps at a higher level it makes a lot of sense but in low-risk situations perhaps some flexibility would assist small businesses to get to where they need to be.

**MS FITZHARRIS:** What is your assessment, in general terms, of people's understanding of the regulatory environment they are operating in? I have found that at first blush people think something sounds crazy, but if you take the time to explain the rationale behind it and weigh it up with other things, they may well come to an understanding of why you have it in place. Are you playing a role in education as well?

**Mr Peffer:** Absolutely. Right from the outset my executive team and I set our minds to how we push further into the engage and educate space. A lot of the regulation that we administer is complex at times because it is trying to deal with complex situations. One of the key challenges for us is to really break that down and make it accessible and simple. That is our challenge—making it readily understandable to a small business owner who is already under pressure out there trying to get something done, and making it accessible. Pages and pages of documentation around legislation and regulation really is not a way to engage with a small business owner.

We have a range of initiatives currently underway. We are working with the HIA on one initiative where we are looking at push messaging around very short video clips to actually target builders out on site with safety information. Rather than emailing or posting out big, thick newsletters about what to do, it is short snippets of information saying, "Think about this today," or, "This could make a difference on your site." Making it simple and accessible is certainly something that we are going to push very hard on.

**MS FITZHARRIS:** Thank you.

**THE CHAIR:** Dr Bourke.

**DR BOURKE:** Thank you, chair. Are all the regulators and inspectorates part of Access Canberra or are there some bits that are not in there yet?

**Mr Peffer:** No. It is probably safe to say that most of the regulators are but not all. There are some existing regulatory teams left in planning and in TAMS, for instance, and also emergency services, where there are regulatory decision-making roles there that have not been included in Access Canberra. Importantly, we are working really closely with those teams when we do secure approvals across the board.

**DR BOURKE:** So you have the health protection service in?

**Mr Peffer:** As it relates to food businesses. It did not make sense to bring certain aspects of health protection into an Access Canberra model. Licensing, for instance, inside the Canberra Hospital—it would not make a lot of sense to bring that in. There are no real benefits to having those entities covered by Access Canberra simply because they are regulated by one arm of government already. Where you have a business like a club, which engages with the Gambling and Racing Commission, liquor licensing, food, security and perhaps unleased land, it is those sorts of

businesses where we have identified there is the greatest benefit in this model.

**DR BOURKE:** What about infection control and radiation protection?

**Mr Peffer:** That is not included.

**THE CHAIR:** Just as a supplementary to that: the inspectors from the Gambling and Racing Commission have gone across?

**Mr Peffer:** That is correct.

**THE CHAIR:** Does it require an amendment to their act? Those powers are under the commission. How are those powers transferred to Access Canberra?

**Mr Peffer:** No, I do not think so. I think the powers are preserved in the current model. Certainly I have been working very closely with the commission and its board. I met with them only this morning to talk to them about progressing Access Canberra. They still have their statutory decision-making responsibilities. The commission previously sat within the economic development arm of CMD, for instance. Now it sits within the Access Canberra arm of CMTED.

**THE CHAIR:** So the whole of the commission has gone across?

**Mr Peffer:** That is correct.

**THE CHAIR:** Ms Lawder, a new question.

**MS LAWDER:** Thank you. I was just looking at the new accountability indicators which are on page 46. I am interested in the independent annual survey which you talk about in notes 4 and 6. Can you just explain a bit more about this independent annual survey—who might undertake it, how you are going to develop the questions, exactly who is surveyed? Is it only those who have used Access Canberra or a broader group? Is there any information you can provide on it?

**Mr Peffer:** Ms Lawder, are you are referring to z—the percentage of customers satisfied? Is that what you are talking about?

**MS LAWDER:** Yes.

**Mr Peffer:** We have a lot of engagement, as you might expect, with the Canberra public. In the past we conducted an independent survey of the results that we were getting where people had found the engagement useful.

One thing that I will talk about is the new Gungahlin shopfront. For the first time ever we are actually trialling immediate feedback. As people transact with our customer service officers they can take their ticket, scan it on a machine towards the front door, and there are three rows of happy to sad faces where they can let us know very quickly—it only takes a second—how we do. That is really important to us. Surveying is one mechanism after the fact, and it could be well after the fact that we have had that engagement. This new mechanism that we have introduced will provide

us immediate feedback. The feedback to date has certainly been very positive in the Gungahlin shopfront. I am sorry, the other one that you were talking about?

**MS LAWDER:** It is at the bottom of the page, the notes from 1 to 8. In 4 and 6 at least it talks about “an independent annual survey of the Canberra community—a measure of the awareness, attitudes, behaviour and customer satisfaction”. I am just interested in that independent annual survey.

**Mr Peffer:** That new measure is really around capturing how well we are achieving against the objective that has been set for us by the Chief Minister, which is the ease of getting things done in this city when you are engaging with our regulators. We have a target there that we intend to hit, but really it is for businesses and the community to tell us how we are doing and the sorts of things that we need to change.

**MS LAWDER:** So you will be engaging an independent organisation to conduct that survey?

**Mr Peffer:** I suspect that will be the case; yes, we will.

**MS LAWDER:** Have you undertaken that process as yet?

**Mr Peffer:** We have not. This is the new indicator for 2015-16. We have not actually commenced the work to engage that independent party.

**MS LAWDER:** When you do it will it be a panel provider of open tender, or what sort of process?

**Mr Peffer:** I do not think we have settled details too much on that at the moment. I might invite Mrs Pitt to clarify it.

**Mrs Pitt:** The research will be done by a separately engaged market research company. There was a procurement process undertaken earlier this year which has engaged them on a contract. That research will be undertaken during the course of 2015-16, with particular attention paid to those indicators.

**MS LAWDER:** Mr Peffer, you mentioned businesses, but with Access Canberra the people who use it may be broader than businesses. In the note it says “survey of the Canberra community”. Are you going to go out to a random selection of Canberrans, or will you only be surveying those people who used or thought about using Access Canberra?

**Mrs Pitt:** It will be a combination of both. The research will be a random sample of a statistically valid population sample. In the past it has been about 600 people. We will be asking people to identify whether or not they are aware of Access Canberra and whether they have used us within a particular period of time. Based on that the questions and answers and the results will be presented in a way that allows us to make sure that the results presented in future budget papers and annual reports are for those people who have used us. In addition, we engage regularly with other businesses around particular feedback topics to make sure that we are meeting their needs. We have introduced the feedback mechanism in Gungahlin as well.

**Mr Peffer:** I might just add to that. There is always an ongoing opportunity for parties who have engaged with the government to provide feedback on how we have done. We have got those mechanisms up on our website. We regularly take feedback, and I am pleased to say a lot of it is often very positive.

**MS LAWDER:** How did you come up with the average cost per interaction?

**Mr Peffer:** This was a work in progress at the time. We were still settling the machinery of government arrangements around the time that we came up with this figure. Basically, it is our total appropriation divided by the number of interactions that we have. You will see that that number is somewhere around 14 million. One of the objectives of the Access Canberra project, of course, is to drive more service delivery online, so that people can access that whenever they want, and to make it as convenient and accessible as we can. As we move more into that space, you might expect to see that number reduce.

**MS LAWDER:** The number of interactions that you are targeting for the coming year—14.2 million. Those are separate interactions. So one person could interact 20 times—

**Mr Peffer:** Yes.

**MS LAWDER:** and be dissatisfied 15 times before they get the right part, for example. How will you assess that kind of interaction?

**Mr Peffer:** We would certainly hope they do not have to engage with us 15 times before they get what they need. That is absolutely right. Of those 14.2 million engagements, that could be anything from accessing information on our websites, calling a call centre and the inspections that we do, both proactive and reactive, out in the field. We capture all of that information just to see how effectively we are engaging with the community, business and community organisations.

**MS LAWDER:** Thank you.

**MR HANSON:** Have you locked in the structure of Access Canberra or are you doing a review to see whether it needs to be changed? Are there bits that you have moved in that you probably think did not work too well? Likewise, are you continuing to look for opportunities where there are elements of government that can be moved in? Is that an ongoing body of work?

**Mr Peffer:** It certainly is. It will take us some time to really bed down the right arrangements for Access Canberra. What we have got going on at the moment is an overarching reform process where we are looking at the structural design of the entity right across. This includes every team. We are thinking about what makes sense to sit together, what sorts of regulatory arms would never interact or very rarely interact, where we can get the greatest benefit from bringing the teams into a more consolidated structure.

We are thinking we will undertake this in phases, because we have got a lot of

regulatory activity out there which is crucially important to the public safety of the community. We do not want to rush things. We want to get it right. We are thinking it might take two or three phases to move us to the endgame of where we are looking to land. We have done an extensive consultation process with staff, where my executive team and I have spent time talking with all teams right across the board about what it is they do—and not just talking to them but going out on site visits, inspections, audits, you name it. We have been out there doing it to really get a good understanding of the business.

As we move forward, I think we are pretty close to nailing down where we think the first structural change will be. Within a couple of weeks we will sit down with all of our staff and discuss whether that is going to work in practice or what sorts of implementation challenges we might have along the way. From early August I would expect that we would actually start to make that structural change.

**MR HANSON:** And it might be a little difficult to put it in these terms but assuming that what you have done so far is phase 1 and you are moving on to the next phases, do you think you are about 80 per cent complete with that first phase or is it 50 per cent of the solution? In terms of order of magnitude, have you nearly cracked it or is it only a halfway measure towards a further body of work? How far along that journey are you?

**Mr Peffer:** In a structural sense I would say we are about 50 per cent, but really structure is the easy part of all of this. Structure is just where people might sit. The far more challenging task for us is the training and the compliance frameworks that actually sit around it so that when people are out in the field they are acting in a consistent way. With structure, I think we are about 50 per cent of the way there, but on the learning and development front we are probably only about 20 or 30 per cent.

**MR HANSON:** And is there much change in terms of turbulence with staff? Obviously with change, it is always a disruptive process for people. Is there a change management plan there so that individuals do not keep having to change responsibilities, change location, change even just the letterhead, so to speak?

**Mr Peffer:** There certainly has been. And we have engaged both with the unions and staff quite extensively throughout this process. We have put a lot of time and effort into our communication with staff at all levels so that people know where we are up to, know what to expect in the coming weeks. So there are really no surprises. Having said that, change is always tough for teams, and there are a lot of implementation issues that we have been working on very hard to make sure we bring everyone along. And that will take its time. But that will be an ongoing process, I think, as part of that reform.

**MR HANSON:** Does this consolidation allow you to have fewer chiefs and more Indians?

**Mr Peffer:** At this stage we have not really gone down that path. We are looking at the functions within the organisation as a whole and then we will start building the teams around that, to make sure that we design far less from the bureaucrats forward and far more from our customers or our regulated entities back.



**THE CHAIR:** Mr Peffer, you said one of the intentions is to drive the service delivery online. Not everybody is online or has the ability to use the technology effectively. What allowance will be made for those that are disadvantaged by such a move?

**Mr Peffer:** Certainly we still have our shopfronts operating. As we look to introduce a greater digital focus within our shopfronts we are not just providing touch screens and expecting that people will just pick up the technology and run with it. We have dedicated education officers to stand there with people to step them through the transaction. But for some people, for whom that may just be too much, we of course have the counters where people can transact that business with government.

I have got an interesting statistic, just since Gungahlin has opened. We have served 1,169 customers, although I am aware it is in the 1,200s as of today. Of those 1,169—this was numbers from yesterday—712 used the touch screens. So everything about Gungahlin was really set up to serve the customer and make it easy to engage with government to get your business done quickly. We get you in and out and provide you with a high level of service. For those 700 people it did not mean lining up, it meant straight to the touch screen, you can do whatever you need to do and then you are back on your way.

**THE CHAIR:** So before the decision was made to drive the service delivery online, what assessment was done of the community and their needs in regard to other alternatives to online?

**Mr Peffer:** That is a good question. One of our three questions was about the level of your service, how easy or how accessible it was, but the third question was: do you want to see more services online? Of the 651 customers who provided us feedback, 4.9 out of five—I am not sure what translates to in the 651, I am sure someone will do the sum—

**THE CHAIR:** Yes, but that is a self-fulfilling prophecy. You have to be online to be able to answer the online question.

**Mr Peffer:** No.

**THE CHAIR:** Are you missing the market?

**Mr Peffer:** No, absolutely not. This is in our shopfront, where someone has taken the time out of their day to come and transact with government. The people who do their transactions online undoubtedly want more services online, but even those who are coming to the shopfront—

**THE CHAIR:** I agree. I go back to the original question: what assessment was done of the need in the community for those who are technically illiterate, unable to access the service or just simply choose not to use the service before you went to this model?

**Mr Peffer:** We have not done any assessment, and the reason is that we still provide those services at the actual shopfront counter. There are no services that have been

shut down from the counters and just moved straight to the touch screen since the opening of Gungahlin. If you have a particular need, absolutely the counter is there for you to go to.

**MS FITZHARRIS:** As a supplementary, though, the 132281 number is still functioning and presumably getting—how many calls a day?

**Mr Peffer:** It certainly is.

**MS FITZHARRIS:** You are asking about other services. There is a phone line which probably gets how many calls a day?

**Mr Peffer:** I am not sure per day, but I understand it is about 680,000 calls per year.

**DR BOURKE:** Quite a substantive total.

**MS FITZHARRIS:** Yes. I wanted to ask about the Gungahlin shopfront a little more. How many staff from Access Canberra are actually at the shopfront there? Are there some staff that are there sometimes and not at other times?

**Mr Peffer:** There are nine staff out at that shopfront.

**MS FITZHARRIS:** Are the issues generally about the same as what you would find across other shopfronts or are they—

**Mr Peffer:** Actually, they are far broader. It is the first time we have brought together the service offering of the old ORS and the old Canberra Connect. At Canberra Connect shopfronts you could access 130 services. At Gungahlin you can now access over 200. That includes things like births, deaths and marriages, and also a wide range of business licensing. Where people previously had to drive to Fyshwick, if Gungahlin is closer certainly we are now providing that far broader range of services there.

**MS FITZHARRIS:** What are some of the other ones that you might have had to drive to Fyshwick for?

**Mr Peffer:** I might invite Mrs Pitt up to—

**Mrs Pitt:** Fyshwick shopfront predominantly delivered a range of business licensing services as well as births, deaths and marriages services and land titles services. Those services are still offered out of Fyshwick, and the change with Gungahlin is that, in bringing them together, Gungahlin offers not only the range of business licensing—real estate agents, security agents, that kind of thing, as well as births, deaths and marriages—but in addition the motor transport and driver licence services that were previously delivered through Canberra Connect, as well as the MyWay services.

**DR BOURKE:** How many government inspectors do we have now, Chief Minister?

**Mr Barr:** That is a good question. How many government inspectors?

**Mr Peffer:** That is a good question, and it is one that we do not actually have a firm number on. We are in the process of really nailing down some of the terminology that we use across Access Canberra, because it was pretty clear from the outset that different regulatory arms talked about things in different ways. What might be an inspection over here is an audit here or it is some sort of compliance engagement over here. The term “inspector” is used slightly differently, I believe, across the different arms. So it would be very difficult to put an actual number on it.

**DR BOURKE:** And you have talked about cross-training so that people who had been doing a particular type of regulating can now do other different types of regulating. Even though they are in a place to do one thing, they can deal with other issues at the same time. Is that part of the advantage of this transition?

**Mr Peffer:** Yes, that is absolutely right. We have many hundreds of hardworking folk out in the field every day, and for some of these businesses that have engagements with, in the past, multiple regulatory arms of government, it may be that in the future we can have a single inspector undertake a range of functions or it may simply be that there is improved information sharing between the inspectors. If someone is out at a particular worksite and sees something that is dangerous but it does not sit within their area of responsibility, they can at least contact the appropriate area.

**DR BOURKE:** And are you able to give us any concrete examples perhaps where small businesses have benefited from these new arrangements?

**Mr Peffer:** There are plenty of examples that we could give. I know at this point in time we are working with a couple of new, innovative businesses which are looking to establish themselves. One of those is an innovative cat cafe which we have not had here in the territory before, and it is—

**DR BOURKE:** Sorry, a cat cafe?

**Mr Peffer:** That is correct, a cat cafe. And this really brings together quite an interesting mix of regulations across the food and various other areas. That is one area where we are working across multiple regulatory arms to help this organisation get up and started. There is another one where we are working with a proponent who is looking to—

**DR BOURKE:** I am sorry, but are cats going to be served at a cafe or is it a cafe where you can take your cat? Could you be really clear about this?

**Mr Peffer:** No-one will be eating cats. As I understand it, it is a cafe where you can go and buy a cup of tea and a scone and sit in a contained area and, I guess, share some time with the cats that will be in that area.

**DR BOURKE:** So the cats are provided?

**Mr Peffer:** The cats are provided. You do not bring your own. They are on site and they are all inspected.

Another business that we are currently working with is a drive-through shipping

container cafe which is to establish itself very soon at Fyshwick, something we have not really seen before. It is quite a new model. Again we are working with various regulatory arms to get that across the line.

**DR BOURKE:** Is that on an old service station site or—

**Mr Peffer:** I am not sure what site that is on. No, it is not.

**DR BOURKE:** In other capital cities such as Perth, for instance, that is a not uncommon feature.

**THE CHAIR:** Dr Bourke asked you a question about the number of inspectors. Did you take that on notice? Are you going to try and work this out for us?

**Mr Barr:** The difficulty appeared to be in the definition of inspector. “Regulatory officers” would put it a better way.

**THE CHAIR:** How many regulatory officers does the ACT government have? If you could take that on notice that would be appreciated. Ms Lawder, we are rapidly running out of time.

**MS LAWDER:** Thanks. My question in a way does follow on from that. My question on notice, and I got the answer back from Mr Barr, was about working with vulnerable people checks. It looks like in the year we are just finishing, 286 premises were visited. The year before it was 208 premises. That is a substantial increase from one year to the next—the most recent year. Are you doing that with the same number of inspectors or whatever you call them? Do you now have more people who can do those types of checks or was it a concerted campaign to check?

**Mr Quiggin:** Ms Lawder, could I ask you to repeat the question initially, please?

**MS LAWDER:** Sure. An answer I got from Mr Barr said that, from 1 May 2013 to 30 April 2014, 208 premises were visited in relation to working with vulnerable people checks. From 1 May 2014 to 30 April 2015, 286 premises were visited. I was just asking how you managed such a substantial increase and why.

**Mr Quiggin:** First of all, the scheme is growing very rapidly. So the compliance effort is reflective of how quickly the scheme is growing. We have a small compliance team. They are, from time to time, supplemented by staff within other areas of the registrations and fair trading branch of Access Canberra.

**MS LAWDER:** You had almost a 50 per cent increase in the number of premises visited. Did you do that with the same number of inspectors?

**Mr Quiggin:** Yes.

**MS LAWDER:** Does that mean that they were busier doing these kinds of checks and that some other kinds of checks could not take place? How did you manage that significant increase in level?

**Mr Quiggin:** It is about doing targeted inspections, if you like. What we do is have a look at where the highest risks are that we perceive within the community. Often those places are places where you have larger numbers of individuals who ought to be registered or who, indeed, are registered. A single inspection of an individual is counted as an inspection. From time to time, however, we do have to juggle our resources and spread them where the risks are higher.

**MS LAWDER:** In the previous year when there were fewer premises visited, what other work would those inspectors have been doing because they were not visiting as many premises?

**Mr Quiggin:** They could have been doing a range of activities within the registrations and fair trading section. However, we do have a small group of dedicated compliance inspectors for working with vulnerable people.

**MS LAWDER:** How long would an average visit take?

**Mr Quiggin:** It depends a little. From start to finish, it depends a little on where it is, how many people are being inspected. But it is as simple as turning up to a workplace where you would expect there will be people who are registered and asking to see their registration card or some other proof that they are actually registered under the scheme.

**MS LAWDER:** Was there a performance indicator of the number of premises visited for whatever reason—not just working with vulnerable people? Do you have an indicator of the number of visits you are planning in a particular year?

**Mr Quiggin:** Within the registrations and fair trading branch, we undertake a number of compliance programs throughout the year and we report against those. It is usually 10 or 12 each year. They are carried out over the full 12-month period of the year. Some of them will be done in short bursts. Others will be incrementally, if you like, over the 12-month period.

**MS LAWDER:** But you do prepare a work plan?

**Mr Quiggin:** Yes.

**MS LAWDER:** Then you perhaps have some flexibility depending on what might occur?

**Mr Quiggin:** It is important to have a degree of flexibility because the emerging issues throughout the year will always change. So we do have a work plan in terms, including the number of inspections we anticipate to undertake in each program. Where we time those throughout the year will change a little bit from time to time depending on emergent issues.

**THE CHAIR:** We might finish with Access Canberra there. It might not be such a bad thing, the establishment of Access Canberra, Chief Minister. It has kept Mr Simmons quiet for an entire estimates, which may be quite miraculous for some people.

**Mr Barr:** Gee, that is very harsh.

**THE CHAIR:** He understands how much I appreciate his long, detailed and exact answers. So Access Canberra may have a silver lining.

We will now move to the asbestos eradication taskforce. We move to output class 9 in the Chief Minister's list, the loose-fill asbestos insulation eradication. Chief Minister, on this particular output class, would you like to say a few words or do we go straight to questions?

**Mr Barr:** No, we will go straight to questions.

**THE CHAIR:** I will reserve order and we will start with Mr Hanson.

**MR HANSON:** Thanks very much. There is a lot to get through. One of the issues that has been raised with me, and no doubt with you as well, from a lot of people who are Mr Fluffy home owners or former Mr Fluffy home owners is the go it alone option, which has been discussed. People are mid-stride on that. There seems to be quite a bit of confusion out there with regard to that. Could you give us a clear explanation of what that go alone option is, how many people are engaged, what the process is that is being followed?

**Mr Kefford:** Thank you, Mr Hanson. That particular proposal emerged as part of the committee's inquiry into the appropriation bill at the end of November last year. Essentially, while the government's response to the recommendation noted that while the government had considered supporting the private demolition of affected houses and decided not to do that as part of the scheme, the government's response left open the prospect of affected owners making a submission to the task force. Essentially, I cannot remember the exact form of words. I have got it here. I can get it if we need to but essentially it is that it could be done at a cost that did not add to the task force's costs for demolishing the house.

I think it is important to note in that context that, as I say, the issue of supporting the private demolition of houses had been considered at length by the government in reaching the position that it reached when it announced the scheme in October. The government's response makes it clear that this option is not in keeping with its preferred path.

There have been seven or eight—I will get my staff to confirm the actual number—people who have particularly raised this issue with the task force. There have been two requests made, both of which the task force has declined to support, essentially because the way those proposals were constructed was to simply take the overall cost of the scheme, as was tabled in the public accounts committee's hearing last November, and divide it by 1,021.

While those figures are at an aggregate level an average across a thousand houses, our best estimate at the time was that it is certainly not the case that there is any particular entitlement or allocation against any particular house. As we are moving into the demolition phase now with the activities starting on the pilot, it has been and will

continue to be a case by case proposition against each house. We have answered a number of letters. I am conscious that a number of owners have written to the chair of the committee and to members of the opposition recently. Those letters have now all been answered along the lines of the answers I am giving this afternoon.

**MR HANSON:** For those two that you rejected, have you gone back with a counter offer? If they came up with the average cost and you are not comfortable that is an appropriate cost, did you then go back and say, “We would say yes if you made it this amount”? Is it a process of negotiation or is it just an outright no? How does that work?

**Mr Kefford:** The response that we gave was to not support the submission as it was made. Nowhere in the scheme is there a negotiation path between officials and the owners. Essentially, the response was, “No, a submission framed in terms of dividing the aggregate cost of the scheme by 1,021 does not satisfy the test that was set out in the government’s response.” So we have then redirected those owners to the remainder of the buyback scheme guidelines.

**MR HANSON:** But if a home owner is out there struggling to try and get this through, you can appreciate that they do not have necessarily access to all the resources and figures. They are trying to come up with a figure that is fair. They have put a proposal forward, which is the public figure divided by 1,200. You do not support that. Why have you not then gone back and said, “We are not supporting that because we believe that the actual cost would be X,” and then put that on the table so that they can then make the decision whether that is then viable to go through with? Then you are not at any disadvantage, or the government is not, because that is the full cost. Then they could make that decision rather than just saying outright no.

**Mr Kefford:** I think perhaps I have—the response letters that we have given, Mr Hanson, have been, “No, we have not supported that request. If you wish to come to us with a specific proposal in relation to a particular house, then we are happy to have another conversation.” But in the meantime the response in terms of the government’s position, the task force’s response has been to return to the broader buyback scheme rules but leave open that opportunity if the owners wish to bring back a more specific and costed proposal rather than one which is simply dividing aggregated average costs by 1,021.

**MR HANSON:** The time line for the buyback option versus the go it alone option, does that end on 30 June?

**Mr Kefford:** The responses that I have sent today in part suggest that if owners wish to continue to have this conversation with us, they also should at least lodge the application for buyback to preserve their options to participate in the buyback scheme in the event that the submission is ultimately declined.

**MR HANSON:** Right.

**Mr Kefford:** So we—

**MR HANSON:** It does look a little bit like they are being shepherded towards the

government's scheme now.

**Mr Kefford:** I think, Mr Hanson, the government's response to PAC in November was clear: what was proposed by the committee was not consistent with the government's preferred approach. While the door is open to pursue an alternative, the alternative that the task force is in position to respond with is the scheme rules as they have been published.

**THE CHAIR:** I have a supplementary. Could you provide the committee with a copy of the letter that you are sending? Are they tailored letters to individual cases or is it largely a standard letter?

**Mr Kefford:** I think it is largely a standard. I am happy to provide an appropriately redacted one, Mr Smyth.

**THE CHAIR:** That would be kind, thank you. Ms Lawder?

**MS LAWDER:** Thanks. The *Canberra Times* recently had an article saying that the owners could sign contracts but pull out before settlement, even after 30 June. When was that information first provided to Mr Fluffy home owners?

**Mr Kefford:** That particular article responded to an interaction that we had had with one home owner. Essentially the scheme, since it was announced, is one in which participation is voluntary. While the deed of surrender, as a normal sales contract, contains provisions for enforcement in the event that there is a delay around the ultimate settlement, essentially the answer that we gave, when pressed by a particular home owner and subsequently by the newspaper that was following that up, was that if at the end of the day the task force had got to the scheduled settlement, had issued the notice to complete which is provided for in the deed and the owners had come back and said, "Do you know what? We have changed our mind. We do not want to participate anymore," the answer we gave was that, at the end of the day, it is a voluntary scheme, and provided we have explained all of the consequences of an owner choosing not to participate, then essentially, if they, having had all that explained, chose not to participate, then yes, they could walk away from the arrangement. And at that point, and this was part of the answer too, there are no funds at risk, inasmuch as there are no deposits paid when agreement is reached to surrender the property. So ultimately, if an owner says at any point that they do not wish to participate in a voluntary scheme, the task force will respect those wishes.

**MS LAWDER:** Has everyone who has signed contracts been advised of that eventuality or possibility?

**Mr Kefford:** Not explicitly, Ms Lawder, but at the same time more than 840 have accepted and are in the process of moving out. And it has now been covered in the press, and it is being covered in these hearings, and we would give the same answer to anyone else who chose to press that point.

**MS LAWDER:** When people agree to participate in the buyback scheme, what kind of documentation is required by an owner to ensure that they are a part of the buyback scheme prior to 30 June? What sort of documentation?



**Mr Kefford:** The only document that needs to be returned to preserve the option to participate is the request to have a valuation conducted. Beyond that, as each stage of the acquisition process unfolds, essentially how it works is that the request for a valuation comes in, we then provide the details of the property to the Property Institute, the institute appoints valuers with expertise in the particular suburb area, the valuation reports are arranged directly between the appointed valuers and the home owners, and once the reports are finalised they are sent to the home owners and us at the same time, at which point the task force makes the formal offer to acquire the property at the average of those two valuations.

That letter sets out the options that exist at that point: to accept the offer, to refuse the offer or to pursue the arbitration process through the presidential determination stage if the owner is unhappy with the value. At the point the offer is accepted, we issue instructions to the territory solicitors to actually prepare the deed of surrender based on the agreed sum. And at each of those offer stages, and again at the presentation of the deed, there is a 60 working day period during which they are able to respond.

The other important element of all this in terms of ensuring that owners are able to understand all of the implications of this scheme is that part of the scheme announced in October is a contribution of \$1,000 towards independent legal advice to be provided. Indeed, it is a condition of the deed being accepted that there is a certificate from a solicitor saying that independent advice has been provided to the owners about, particularly, the element of the deed which goes to the waiver of rights to pursue legal action against the territory or the commonwealth in relation to the house in the future. There is a contribution of \$1,000 towards the cost of that legal advice on the deed.

Certainly, as the conversations have unfolded, those conversations are going beyond that particular aspect, which has been part of the conversation since October and I think is well understood.

**MS LAWDER:** Finally, you mentioned the valuation. How many home owners have expressed dissatisfaction or argued about the valuation cost?

**Mr Kefford:** From the outset, the whole of this process has been one which, while about buildings, stopped being about buildings a long time ago. It has been, as we have acknowledged, an enormously distressing and complicated series of decisions. I would not say that any of the affected owners are happy to be needing to have the conversation. Seven have asked for the arbitration. Of the 840 or something that have accepted the offers, there have been seven arbitrations requested by owners.

**MS LAWDER:** Thanks.

**THE CHAIR:** Before we go to Dr Bourke, as a suggestion, can I say that it was quite clear, certainly to me on the PAC inquiry, that despite being in the *Canberra Times*, the newsletter and other things, people were not aware that the inquiry was on and would have put in submissions or attended. It might be worth it, perhaps—to you, Chief Minister—that quite an explicit email goes out to everyone on your list about what they are able to do and whether they are able to withdraw at a later date. I think that you would be surprised at how many people do not know about that. That is just a

suggestion. By the time we report, it will be too late. I think you included that the inquiry was on as just part of a routine newsletter, and a lot of people said to me that they did not see it.

**Mr Kefford:** It was published as part of that, Mr Smyth; that is right. There has also been other information. We have a very active presence on social media. We have a significant mailing list. These issues have been discussed at various public forums that we have hosted. But yes, we will take your suggestion on board.

**THE CHAIR:** I accept all that, and I think you would be surprised that people are not aware. New question, Dr Bourke?

**DR BOURKE:** Thank you. Just a supplementary on Ms Lawder's questions to start with, regarding those seven disputes. They went to presidential determinations, I take it.

**Mr Kefford:** Yes.

**DR BOURKE:** Did they elect to continue with the process after they had had that presidential determination? Are you able to tell us that?

**Mr Kefford:** Yes, they did. They accepted the revised valuation.

**DR BOURKE:** Further to the issue around this, can you just talk us through the support the task force is providing to deal with those issues that you were talking about before—this intangible loss that people are experiencing from losing their home. What sort of supports does the task force provide?

**Mr Kefford:** One of the key functions when we were established, beyond education and information to home owners and the community, was, when we were set up, to provide that emergency assistance while the processes played out in terms of what the longer term response has been. So right from the start our focus has been on providing a compassionate response from officials to what is a long-running issue.

The people who happened to be in the houses at the point it came to a head in the way that it did this time last year did experience enormous grief, anger, loss and a whole range of emotions. The human story of this issue and the work of the task force have been really a hallmark of the history of this issue and will remain one for some time.

We have sought to pursue individual conversations with each family about their circumstances. We have sought to put in place referral arrangements through Medicare Local for psychological and social support. We have worked with our colleagues in the Health Directorate to ensure that information is being provided through Medical Local to GPs, through our colleagues in mental health and so on, so that there are appropriate supports available and referral and information provided.

As part of that, when issues have come up we have tried to respond to those. For example, at the task force's health forums last year one of the key messages that came out was a greater desire for a longer term study of the implications. The government, as part of its response, is now funding a health study into those issues. That is one

example. And in many aspects of what we are doing we have gone into a process not knowing what the answers would be. We have tried to be clear about it: “Look, we do not know where that particular issue is going. We will do some more work and we will bring it back.”

We have also used a model which is focused on provisional personal support to individual families. The personal support team in the task force has grown. We started at three, and it is now 13, experienced officials from across the services. In some cases, they are talking to affected home owners every day, so there is a really close personal relationship there. And we are really working to explain the scheme, working to see how, within the parameters of what has been approved, we can meet the needs, meet the desires of individual home owners.

Certainly in this calendar year, we have gone about working with community service providers and others in the community to build a wider network of support. We have now got personal support team members out-posted with Woden, Dickson and Belconnen community services, and now in Tuggeranong as well. They are starting to draw links through to groups like the men’s sheds and so on to provide broader community engagement and support.

A big part of what we were doing last year and are doing now remains those individual conversations and meetings with us. Some of those are happening in places that are not our office, because that is what is convenient. My staff have been ringing home owners who are posted. We are posting letters to Jordan and overseas because they are working with DFAT or whatever. Basically we are trying to provide as flexible and individualised a response as we can within the parameters of what has been provided.

We have also sought to work with the business community to start providing a different sort of support. On Saturday there was a forum with home owners organised at Rodney’s nursery in Pialligo about establishing new gardens and moving plants from gardens. This was another issue that came through very strongly. Around Christmas time, people wanted to start moving plants from their gardens but did not want to do it in January, so we have put in place arrangements to provide access in the middle of winter, just after some nice rain, for people to go back to their blocks and remove those plants at a time that makes sense.

It really has been an effort, within the parameters of the scheme as it has been announced, to have 1,021 individual conversations. That has really been a key focus of the work of the task force.

**DR BOURKE:** Has that been a proactive response, a reactive response or some sort of mixture in between?

**Mr Kefford:** It really has been both, Dr Bourke. We have sought to proactively engage—I note Mr Smyth’s comments before, but nevertheless proactively engage—with all of the local media. We have had regular sessions on radio stations to just keep continuing that conversation. We have sought to establish a social media presence, which is now very heavily used and is an important information flow for people who want to get information from us that way. In other cases, we are providing large-print

hard copies of our newsletters to elderly residents who do not have a computer and do not want to know how to use a computer. They want us to post them a letter that is big enough for them to read.

So there has been a mix of deliberately thinking about how we can make sure that people get the information that they need from us but also respond to requests. One of the issues came up in September from a group of home owners who said, “We have just put solar panels on our house and now you are saying we cannot move them.” We worked with our colleagues in EPD, in planning, and ultimately part of the bill that the Assembly passed in March was a provision that permitted the feed-in tariffs, if not the panels themselves, to be transferred from one property to another.

In the same way, we have worked with our colleagues in the commonwealth around ensuring that discretion is exercised in terms of commonwealth pensions and so on where we have made lump sum payments for houses that were not expected—so that that does not have impacts on people’s commonwealth entitlements. We have pursued a conversation with the tax office about capital gains tax and so on.

So there have been elements where we have deliberately identified an issue and gone after it ourselves and there are others where we have taken on board requests that have been coming through and sought to provide a solution and answer to those.

**DR BOURKE:** Speaking of information getting through to people, through the noise of both the media and people’s own internal anguish, has the message around the land rent options got through?

**Mr Kefford:** Certainly we have been having conversations with home owners about land rent, yes. I think that, as we move into the demolition and actually start having real conversations about reacquisition of surrendered blocks, there can be a renewed focus on that as one of the options that exists. It has been relatively consistently about a third of people who are at this stage focused on exercising that first right of refusal. As we get to the position when the pilot demolition starts or has started, we will be in a position shortly to start talking about demolition scheduling. Then we can return the focus to the conversation about options for acquiring it and options for deciding what improvements in the backyard can be retained rather than removed.

Certainly we are conscious that we have not answered all the questions that affected home owners have. We are doing everything that we can to answer those. At the same time, we are not sitting on information that we have got either. When we have an answer, when the government has finalised its position in relation to a particular issue, we are pushing that information out.

**DR BOURKE:** You mentioned demolition schedules. How is that looking at this stage?

**Mr Kefford:** The advice we have had from our colleagues in procurement who are actually managing the demolition contract is that around 800 houses that have actually been agreed to be surrendered are about three years work. The task force has now largely completed the exercise of the indicative scheduling of those houses into tranches which can then be provided off to contractors. We have provided the first 50

to the two firms who are doing the pilot and then the rest of the first 50; then there will be a rolling series of releases of properties to contractors to actually begin that work.

**THE CHAIR:** Just before we go to Ms Fitzharris, I have a supplementary. The issue of the solar panels—did you determine that they could take them with them or not?

**Mr Kefford:** I might just check that, Mr Smyth, if that is all right. The legislation, as I recall it, allowed for the transfer of the entitlement. I might ask my colleagues to confirm the position that we reached in relation to transferring the panels themselves. Part of the issue was that, because of the current requirements for connection to the grid, not all panels were able to be moved. I recall that it was panels that have been installed since 2013, I think, that are able to be reconnected to the grid; those installed before then could not be. I might ask my colleagues to confirm the details of that, please.

**DR BOURKE:** I would like to take a supplementary too. Surely the cost of those panels would have been included in the valuation of the property.

**Mr Kefford:** Indeed. The valuation takes account of all of the improvements, the state of the property, ignoring the presence of the asbestos. So yes, they would have been valued in. We were nevertheless being asked, as we have been in other cases.

Coming back to your earlier question, Dr Bourke, the approach we have taken is that, while we will value the property as it is, it is still then possible, in keeping with the broader policy about removing items from affected houses, for owners to remove items. In some cases, people are removing their kitchen cabinets. Provided they can remove them without creating a gas hazard or an electricity hazard or leaving holes in the walls, it is possible to actually remove what would otherwise be fixtures in a private sale. This is partly how we are giving effect to if the panels can be moved. Yes, they are valued in, but they can also be taken.

**THE CHAIR:** Ms Fitzharris, a new question?

**MS FITZHARRIS:** Thank you. Of the 1,021 properties, 840 have accepted. Are the remaining 200 people in groups or are they yet to make up their minds about what they would like to do before 30 June?

**Mr Barr:** You have a more updated one than me.

**Mr Kefford:** Yes, indeed. As of this afternoon, Ms Fitzharris, 970 of the owners had asked for the valuation process to occur. In terms of reconciling that all the way through, there are the community service houses and others. Essentially there are 36 affected owners who are yet to make a decision to participate, at least by returning that form. As of this afternoon, we have taken possession of 563 houses. So the difference between the 970 and the 840 is that offer and acceptance process which will continue to play out.

In terms of the remaining 36, I wrote to a larger number than that at the start of May saying, “There are now two months, we encourage you to participate. How can we

assist you to do that? Please come and talk to us.” I have written today and yesterday to two groups: those who have an offer but are yet to accept that, indicating that they need to ask us to extend that offer beyond 30 June if it has already lapsed; and separately we have made contact again with those who are yet to opt in to say, “What else can we do? What other information can we provide in the next two weeks? If you are not sure but want to keep your option open then you need to at least have asked for that valuation before 30 June. That doesn’t commit you to anything except the valuation process.” We are conscious that there is a group of that 36, and indeed some who are yet to respond to an offer, who are waiting for more information around demolition scheduling, timing and so on. We are saying, “That’s fine, we understand that, but make sure you keep your options open.”

Essentially what we have said is that, provided owners make contact with us before 30 June and ask to reactivate or extend their offers, we will do so, for another 60 days from the end of the year, which then allows more time for discussion and for decisions to be made.

**MS FITZHARRIS:** What was your expectation around the take-up rate? Has it been greater or—

**Mr Kefford:** I am not sure we had one. It might be one the Chief Minister wanted to answer. Certainly we found there was a very rapid response last October to that process of getting the valuations started. In the March-April period this year, while home owners were waiting for us to release the asbestos management plan arrangements, there was something of a drop-off in terms of the number of acceptances. We saw a reasonably static number between offers made and offers accepted for that period. There has now been movement once we have released those management plan arrangements, as people have seen what is involved. There are five now who have asked for a 30 June 2020 settlement, which is the last date that we will settle on under the scheme. So we are starting to see that people, particularly that elderly cohort who do not want to move if they do not have to, are now seeking to do what they can do in the scheme and delay that settlement out as late as June 2020.

**MS FITZHARRIS:** So it will be an intensive period over the next couple of weeks as the 30 June deadline comes up?

**Mr Kefford:** Yes, indeed. The way it plays out is that if we were to receive a request for that valuation on 30 June and then the process plays out, people take their full 60 working days to consider the offer and the full 60 working days to respond to the deed, it will be almost Christmas or just after Christmas before a decision has to be made. And that is before we come back to Ms Lawder’s question before—even if they sign the deed, if they change their mind after that, they are able to do that.

**MS FITZHARRIS:** For example, if someone contacted an MLA and said, “I’m under pressure to make a decision by 30 June,” the response would be, “You just need to make a decision to keep your options open”?

**Mr Kefford:** Our first answer to that question has always been, “Have a talk to the personal support team about what you would like to do.” At this point the only hard deadline is to have asked for that valuation by 30 June. Absolutely, we are

encouraging people who want to take time to decide to at least keep that option open by asking for that process to start.

**MS FITZHARRIS:** Has there ever been any scheme like this that you are aware of—any problem like this and therefore any scheme like this anywhere?

**Mr Barr:** I do not believe so. With respect to your earlier question about levels of take-up, there is no precedent for this, so there is no basis to form a view. 970 out of 1,000 is a very high level of engagement and there are still a few weeks to go.

**MS FITZHARRIS:** In terms of understanding fully the impact on the budget, in terms of the overall cost and the detail behind that, how much are you able to put your finger on now in terms of how it impacts on the budget, given the unique nature of the scheme?

**Mr Barr:** More information was able to be fed into this budget process than was available to us in the midyear update, but there will again be further information available, principally in terms of the process of settlements. The billion-dollar commonwealth loan is drawn down in two parts, as we discussed yesterday. So the level of reporting on the territory's debt is there and has been discussed. Those who wanted to score cheap political points on that have done so. Meanwhile we carry on with implementing the scheme. Those questions obviously will be further refined and that information will be further refined as we move through the implementation of the scheme. The future phases around the territory plan variation and the like will come before the Assembly. We will have an opportunity to move into that next phase.

The loan from the commonwealth is a 10-year proposition. We start having to make repayments, as we went through yesterday, in the not-too-distant future. So the budgetary implications of this are clear and have been the subject of considerable public debate. Pleasingly, the general community response is supportive of the government taking out the loan and addressing the issue once and for all, but that is not to say that it is universal.

I, and I know other members of the Assembly, have received a range of correspondence—verbally even, when you least expect it, in the supermarket aisle saying various things, positive and negative, about the government scheme. But that is the nature of a democracy. There is going to be a wide range of views. Some people will never be happy; others are immensely grateful for what has occurred here. The fact that, by and large, the parliament has had a unanimous view on this question has been appreciated.

**THE CHAIR:** Mr Kefford, how many staff did you say you have?

**Mr Kefford:** Fifty.

**THE CHAIR:** Has that been adequate for the task?

**Mr Kefford:** It has. At various stages I have had a conversation with the Chief Minister and the former Chief Minister, particularly as we have moved from that first phase into the buyback; that obviously changed the structure and nature of the task

force's staff. Again as we are moving into demolition we are having a similar conversation about appropriate skills mixes and so on.

There are 50 in the core of the task force. There is additional staff. There are now two teams at Property Group who are doing the actual taking possession of properties and the physical maintenance of the acquired properties. That staff number also does not include the Work Safety Commissioner's additional staff that were funded as part of the appropriation. So this is just the core of that task force.

**THE CHAIR:** And that is accepted. I do not mean to be offensive with a couple of questions I will ask now. There are two sides to each story; I had a few words to the Chief Minister yesterday and I think we all have views on some of this.

Some of the complaint that I have had, and letters have gone to PAC which we have then forwarded on to the Chief Minister to come to you, was over timeliness of answers and, indeed, the fact that answers went out yesterday and today to some of the questions. We are two weeks short of the deadline. Has the response from the task force been timely enough?

**Mr Kefford:** As you say, Mr Smyth, there will be questions around expectations of what is an appropriate time line for response and so on. One of the things I would say is that we are communicating with home owners in a number of ways. With respect to the answers that I have communicated formally in a letter today, we have spoken to the individuals who have made those requests already on a number of occasions. So in one sense it is not news; what I have sent today is a confirmation of a process.

What we have sought to do from the outset is provide clear answers as quickly as we can. We understand the frustration where we are unable to answer a question. As I was saying before, that is not because we are sitting on information. In many cases the information simply does not exist. So there have been points in time, particularly around, for example, the conduct of the valuations, where there have been workload pressures. I think we had a conversation here in November about peaks in workload, and inevitably that happens.

If you look at one particular letter, yes, it might have been with the task force for some time. What that ignores is the emails, the telephone calls and the interactions on social media around the same issues.

Certainly, when people registered with the task force last July, they got a response from me personally, from my personal email account, with my phone number on it. We established contacts with personal support teams. There are a number of ways in which we are communicating generically as well as physically.

**THE CHAIR:** Given people have to make decisions between now and 30 June and there are 36 outstanding cases, what sort of information is not available at this stage?

**Mr Kefford:** There are two things that we are being pressed for most commonly, Mr Smyth. One is the demolition schedule. As I say, we are close to finalising the work with our colleagues in Procurement to allow us to release that, at least at the indicative level. The other one comes down to the sale price for remediated blocks.



There is a range of reasons why we do not have that information yet. Principally, one of the significant issues that has meant we have been unable to provide that answer is we needed to have a reasonably well-refined conversation with industry about demolition capacity before we could have a serious conversation about time and therefore price. It has always been the case that there is insufficient capacity in the local industry to deliver hundreds of demolitions in the sort of time frame that is contemplated by the scheme.

The second constraint on that has been that the valuers on whose advice that process relies have been completely occupied, and doing more than they would normally do, to actually deal with the buyback part of the scheme, which comes on top of their ordinary business, in terms of other real estate transactions, bank valuations and so on.

It was acknowledged in October that because the government's first advice was to not live in the affected houses, and the offer was made to acquire them all last October, the government would have purchased many houses before it started knocking any down. That was part of the basis on which this scheme was put together. Certainly, now we are at the point of starting to knock houses over, we are working with our colleagues in the LDA, with the Property Institute, to come up with a mechanism by which we can have a conversation shortly about demolition schedule and price. That is the last big piece that people are wanting from us—and absolutely we understand the urgency with which they would like us to answer that question.

**THE CHAIR:** If we still cannot provide all the information that people need to make an informed decision, does that mean the 30 June deadline was too short?

**Mr Kefford:** No, I do not think so. We are saying to people who want to have that information before they do what others have done and actually participate in the scheme to at least keep that option open. Certainly, in terms of answering it while the option to participate at all is live, that is very much the space in which we are now working. As I say, the 30 June commitment to keep options open is simply to have the valuation conducted. There are a group of people who are wanting a concrete answer, in terms of time and price, before they say yes or no, and we understand that entirely. But in the confines of all of what we are doing within the scheme, we are saying that if you want to get to that point before you say yes, you are going to need to at least ask for that valuation before 30 June to keep that option alive.

**THE CHAIR:** For those who do not sign up by 30 June, what changes on 1 July for them, and have they been informed of this?

**Mr Kefford:** The government's announcements last October made it clear that participation in the scheme is voluntary, but that, for owners who choose not to participate in the scheme, it remains the government's view that the house will need to be demolished. There is no other solution to the social, financial and practical consequences of this contamination continuing to be in houses. For those owners who choose not to come into the scheme, ultimately that process, and responsibility for that process, would fall to them.

In terms of the management plan arrangements, whether or not the house has been agreed to be surrendered under the scheme, the owners of an occupied house after

1 July are required to participate in those arrangements. If the surrender date under the scheme is before 30 June next year, they do not need to do a plan. If it is after 30 June next year or they have decided not to participate in the scheme at all, they need to have the plan in place by February 2016.

Essentially, those management arrangements reflect the advice to the task force from the asbestos experts we consulted last August around the fact that the ongoing risks can be managed in the medium term but they cannot be managed in the long run. The plan has put in place arrangements to manage that ongoing exposure risk in that medium term.

The government has also communicated to owners that, in the event that they choose not to participate in the scheme and they are unable to either afford to demolish the house themselves or sell the property at some point in the future, the government has offered to acquire, as a purchaser of last resort, that affected house. But the offer to do that, which was communicated in writing to owners, is at a level that does take account of the asbestos contamination, does take account of the condition of the property and does not have the stamp duty waiver and other conditions that are attached to the current offer.

**THE CHAIR:** How much below market value would that write-down be, given those impediments?

**Mr Barr:** The market value.

**THE CHAIR:** How much, against a standard house of that kind, would be because of the asbestos?

**Mr Barr:** It would vary from property to property. Presumably some people might want to acquire the property, knock it down and then rebuild themselves. There may be some in that situation. How much they are prepared to pay, given they know they will be taking on that liability, would be determined by the market at the time. But I guess our safety net here is that if no-one will buy the property—absolutely no-one—we would, as an absolute safeguard. But presumably people who are going to make a decision to go privately and not be involved at all in the buyback scheme have a view that the land value is going to increase.

**THE CHAIR:** We will start a new round of questions. I will surrender my question to Mr Hanson and then we will go to Ms Fitzharris.

**MR HANSON:** Thanks very much. How long have people got from the point at which they accept the deal to when they have to vacate the property? I have heard of a period—is it five years?—they have got and then they settle and then they move out. How exactly does that process work? This is for the category of people who want to remain in their home as long as they possibly can.

**Mr Kefford:** The answer to your question is that the settlement date is entirely at the discretion of the owner up until 30 June 2020. The last date to which we will agree to settle is 30 June 2020. That date reflects both the advice that the risk of exposure can only be managed in the medium term as well as the practicalities of demolishing

houses and repaying the loan within the time frame that is provided for. We have also said to owners that if they want to push that date away until they have found a house that they are prepared and are happy to buy and move into and then drag it forward then we are open to that. It is not like a private sale where we are wanting to schedule our own sale or to move in.

**MR HANSON:** So they can settle any time up to 30 June?

**Mr Kefford:** Any time up to 30 June. We have also said that they can bring that forward or back. The territory cannot, but they can, more or less, at their election say, “I know said I wanted to settle on 30 June next year. I’ve now found something. Can I bring that forward?” Practically, we can bring that forward as close as we can arrange the bank to draw the cheque. We settled houses before Christmas. It was four days from exchange to settlement. We have got some now where we have exchanged but the settlement date is 30 June 2020, and there is a mix in between.

There are five, as I have said, that have actually asked for 30 June 2020 now and we have agreed to that. There are 118 that are between June this year and that period but, of that 118, 86 are before June next year. Most of the current ones where we have dates agreed are before 30 June next year, but certainly since the management plans have been released we have seen the requests come through now formally for the delayed settlement process.

**MR HANSON:** This goes to some representations that I have received from older Canberrans. Let us take someone that is 80 today. They stay there in that home for five years. I think we all understand the connection that a lot of people have with these homes that they have raised their families in and so on. For instance, being asked to leave that home when you are 85, as has been put to me quite bluntly by people, and you are not facing any effect from mitosis or mesothelioma. If they are in their mid-80s, for example, even in the very remote chance that they were to contract asbestos-related disease, it is unlikely that that would be, for want of another word, the reason for their demise.

**Mr Kefford:** Indeed.

**MR HANSON:** There are a lot of people, and I think it is quite understandable, that want to stay in their home forever—till the last safe moment. For someone in their mid-80s, for example, being asked to vacate their home, it is unrealistic to expect that they would see that home demolished and then come back in a couple years post-demolishing to rebuild their lives. That is not happening. So they are having to relocate at that age against their will.

We all understand the practicalities of this, but for those people who are elderly, who have got that long-term connection with their property, who do not have any effects of mesothelioma—and even if they do it is probably not relevant for them—there is a one-size-fits-all approach. I understand the complexity of the scheme, but can we have some flexibility in those cases? You can imagine those scenarios. I do not know how many there would be and I am not saying it should be for 80-year-olds but not for 79-year-olds necessarily. Are you prepared to revisit the scheme in those specific cases—a ministerial discretion perhaps, Chief Minister, on those individual cases?

**Mr Barr:** There are a range of competing issues. I am very sympathetic with all the points you have raised. I guess there is also a broader obligation in that in some instances there may well be support workers, community nurses—a range of people—who would provide services to those residents. Their interests also need to be balanced—the other people who might be required to undertake work on the property. There are a lot of issues that need to be considered. It is a number of years away and I guess we would need to look at the individual circumstances.

I am not in a position to make a call on that this afternoon, so I am not going to make a call on that this afternoon, but I think the time frames that have been provided ought to address most of the cases you are talking about. But you are right: there could be a circumstance that may require a decision in five years time, and we would need to, I guess, look at the circumstances then. But I do not want anyone to read into my comments that that is an absolute given for that—we have an absolutely closed mind on this. The very strong advice is that we really do need to resolve this issue, but we will be as sensitive as we can to individual cases.

**MR HANSON:** On another related issue—that is, when people move out; the timing for moving out—there was discussion at the hearings of the public accounts committee about land release and increasing land release by about 300 so there was more supply. I assume that Mr Fluffy home owners would compete with other individuals on the market; there are no blocks being put aside for them. Has that been further investigated?

**Mr Barr:** In terms of land release, we have now upped the numbers by 3,000. So there are three times as many extra dwelling sites being released as there are affected Mr Fluffy households, as part of, I think, nearly 18,000 new dwelling sites. There was an initial response and another 300. I have now added another 3,000 to that.

**MR HANSON:** Over what time frame?

**Mr Barr:** Over the next four years. It is starting in 2015-16.

**MR HANSON:** Graduated or—

**Mr Barr:** Additional; it builds up. Obviously there is a pipeline of land release in terms of new suburbs in particular. Infill sites can sometimes be brought to market quicker. Clearly the remediated blocks will become available as well. In some instances those will be blocks that have been vacated where the previous owner has no intention of coming back, but another Mr Fluffy-impacted household might wish to acquire it because it might be in the same suburb or there might be an opportunity for downsizing in the same suburb under the provisions of variation 343, when it will allow for two dwellings to be constructed on a particular site. There will be an addition to supply in the same suburbs with new properties. Sometimes that may better suit in terms of downsizing, for example.

**MR HANSON:** Have you got a final number on how many properties would be eligible for dual occupancy?

**Mr Barr:** I did have that. It was not the full 1,000. It was a number less than that.

**Mr Kefford:** I will just get my colleagues to confirm the number, Mr Hanson. It was around 750.

**MR HANSON:** Maybe just take that on notice as well.

**Mr Kefford:** Yes, we will have it here. It is 750 or something that, if surrendered, would become eligible.

**MR HANSON:** Thanks.

**MS LAWDER:** A supplementary, if I may, chair?

**THE CHAIR:** Sure.

**MS LAWDER:** On those who have settled and are moving on, an article last week in the *Canberra Times* said that 364 stamp duty concessions had been used to date—obviously that might be more as of today, but just based on last week's article—and 572 relocation assistance grants had been paid. There is a 212 difference between those two figures. Are those 212 in the process of buying? Have they moved interstate? Are they renting? Do you have any feel for that? Is that as you expected in terms of budgeting?

**Mr Kefford:** It is probably a mix of all of those things. I do not have an updated number on the 364. Around 550 have settled and, of those, 364 have purchased something else. The advice we have is that there have been something like 4,800 properties sold since October in Canberra, and 364 of those have used the stamp duty concession. We are aware of some owners who have moved to New South Wales or indeed further afield. Some owners may well be retaining their stamp duty to apply to repurchasing their block. They may be renting and they may not have decided yet.

The distinction between the two is that the stamp duty concession only becomes available on settlement, whereas the relocation assistance is paid at the point where essentially agreement has been reached and the affected house is being vacated so they have got it. You would expect the relocation to lead the stamp duty.

**MS LAWDER:** Yes.

**Mr Kefford:** The interesting thing for us is that the 364 and the 550 represent about two-thirds, which is consistent with one-third wanting to pursue the first right of refusal that is part of the scheme.

**MS LAWDER:** In terms of your budgeting, is that as you had expected? Will it have any impact on the—

**Mr Barr:** The stamp duty is revenue forgone, so that has no impact in terms of the concessions we provide within the territory. In relation to the relocation assistance, it is within the—

**Mr Kefford:** That is separate. The relocation assistance is 10,000 per household and an additional two per child. Yes, that is consistent with what we thought. From what we have been able to discover with our colleagues in the Revenue Office, the amount of stamp duty concessions used was not the entirety of the waiver amount, which might suggest that a number of perhaps elderly owners are taking the chance to downsize or move into a unit rather than a house.

**MS LAWDER:** Again, had you anticipated that?

**Mr Kefford:** We have certainly contemplated that there will be a range of responses, but obviously across 1,021 different stories anything other than “these might be the options” would have been hypotheticals and guessing. Mr Smyth, before we go on, may I answer the question about panels? My colleagues have given me the answer.

**THE CHAIR:** Sure.

**Mr Kefford:** I am advised that panels that are compliant with the current standards can be physically removed in keeping with the position in terms of other assets, provided it is done by appropriately licensed people and the roof is not left as an asbestos risk, and generally that is post-2013 installations. I am advised that there are around 100 owners that are particularly affected by this issue, and we continue to work with ActewAGL. That process is starting to happen. In one sense, the entitlement comes at the point they have moved into a new house and are looking to connect. So it will take some time to work through it.

**MS FITZHARRIS:** You mentioned earlier the demolition schedule. Can you explain what is involved in putting that schedule together?

**Mr Kefford:** Sure. Essentially the demolition process is a reasonably linear one. The process for the contractors doing the due diligence, having their asbestos removal plans and demolition plans approved by WorkSafe, the internal asbestos removal taking place, the demolition of the house and the site remediation is a linear one. And the way in which we can tackle this really does come down to how many teams are functioning because essentially the teams can move through from one house to the next. This is one of the conversations we are having with industry about what is an appropriate scale of project.

In regard to the first two contractors under the existing project managers panel arrangements that we have utilised for the pilot five and then the rest of the first 50, we have handed off about 25 either side of the lake. We have been through a process and, as we said in October, the way in which properties are being scheduled is focused around an efficient delivery of the demolitions, maximising the benefits of scale that come from doing 800, not doing one 800 times, and, secondly, about avoiding unnecessary community disruption.

There are a whole range of issues which include that, which include which blocks are identified as first right of refusal, where are there blocks in the same street, where are there twos and threes together, where are there blocks in the bushfire zone or bordering the urban fringe where it might be, all other things being equal, better for us to not have an unoccupied house sitting there in summertime and so on. There are a

whole range of considerations but all come back to efficiency and community disruption.

Essentially we have been through one to 800. We did the list when the list was about 800. That is why I keep coming to that number. We have now been through that. We are just reality-testing that through. And then essentially that can be bundled up. We have chosen 25 because then we can say, "A local contractor wants another bundle of 25." An interstate contractor might need 200. Our colleagues in procurement are having conversations with national firms about chunks of that scale to make it worthwhile and give certainty around the delivery of it. To get that kind of scale is going to be important.

This is also the conversation we have been having with the MBA as part of our planning for this to get a sense of certainty. That is why we are now saying we have 800 properties where we have reached agreement for them to be surrendered. It is not a program of five now. It is a program of 800. We think that is the three years and you come and tell us how many is a chunk that is possible.

Our expectation is that from the point we hand off properties to the contractors to the point at which they leave the site will be about eight weeks on average, with the first tranche of that being offsite preparation and planning and approvals work with WorkSafe. Until it rained today we were seeing this in the planning for the pilot houses. So it is basically going to be about a month of work onsite from the site setup, clearing of the rubbish because in some of the houses there has been material that needs to be cleared so that we can even get in to do the work, removing the contents that the owners are able to abandon at the property if that is what they wish to do.

Once that work is done, the internal asbestos removal, which is a critical bit of this work, is about a week. Once the removal has been signed off the demolition is going to be less than a day for all of them because, at the point we are doing that, all of the remaining asbestos fibres will have either been removed and taken away or will be bonded to the structure. Practically there is not a whole lot of difference between what we are doing on these houses and demolishing a normal house. So the expectation is that is less than a day.

Once that work has been done the asbestos assessor signs off on the demolition. We have not done this yet. We are not sure. We think it might take three or four weeks to get the second soil audit done. We will be doing an independent soil audit to ensure that the worksite has been appropriately cleared. Once we get that signed off it will be at that stage that the task force will strike the property off the register of affected properties. The new crown lease can be drawn up. The sales contract can be completed with the former owners if they are exercising that first right of refusal or the block can be listed for auction.

**MS FITZHARRIS:** Does that mean there will be a schedule available publicly at some point that says, "We will be doing this part of the city," and months and times or is it that you cannot really nail that down?

**Mr Kefford:** I am not sure. We have not finished the conversation about in what detail do we publicly say this is what we are doing. Certainly at the point we have

actually handed off properties to be demolished we will be having very targeted conversations as we have been doing for the pilots. “We are going to be in Cook in the next three months demolishing 35 houses and this is what to expect.” And those are the processes that we are refining through the pilot. But in terms of having a conversation with owners to say, “Your property is listed for the second half of 2015,” what I said at our last public forum a few weeks ago was that we would be looking to have those conversations in August around the time the 343 process is completed.

**MS FITZHARRIS:** That is one piece of information that they do not have?

**Mr Kefford:** Yes.

**MS FITZHARRIS:** It is more about the schedule for them individually rather than everywhere?

**Mr Kefford:** The first conversation will be, “Your property is scheduled for demolition in the second half of next year.” Subsequently we might have a conversation in Easter time next year, “All right, we are going to be doing your house in August or September. Do you still want to go through with the first right of refusal? If you do, what are the improvements that we would otherwise remove that you would you like to retain?” There are all those sorts of conversations.

Then as we get closer, we have undertaken to inform owners, whether or not they are exercising that first right, that the house will be demolished in a particular week. We have had some people say, “It is important to me to know when the house is being demolished. I want to watch.” Many say, “It is important to me to know when the house is being demolished because I do not want to know, do not want to see it, do not want to drive the children past it,” those kinds of things. Either way, the personal support team will say, “Your house is slated to be demolished next week.”

**MS FITZHARRIS:** Do you have current interaction with neighbours?

**Mr Kefford:** When we take possession of a surrendered property we are doorknocking the immediate neighbours, providing a contact card to say, “We now own next door. If you have got any concerns, please ring us.” A few months ago when there was all that wind, we had a property in Charnwood where there was a concern. The SES were called. It turned out to be just the pergola flapping and making noise, it was not the house itself. It was fine but there is that contact point. In fact, the neighbours are by far our best security system and information about what is happening.

When it gets to demolition time there are then statutory obligations on us as the project owners working on the safety as well as the contractors to make specific contact with the neighbours, and we are really refining these processes now through the pilot. Beyond that, we will be engaging with and continuing to engage with the community councils to say, “We are going to be here, here is what to expect.” We will be talking to the local community to say, “We are going to be in the suburb; this is what to expect.”

One of the things we are doing out of the pilot is actually filming the internal



demolition. Rather than just us talking about it we can say, “This is what is going on inside, this is why you do not need to be worried when we do the demolition, because we have removed it all,” those sorts of things. But right through the process the task force will be staying in touch with the former owners, especially where they are exercising that first right. We will be talking to both representatives of the community and also the actual neighbours as this process unfolds.

**DR BOURKE:** Mr Kefford, you have got 50 staff at the moment. You have got a scheme which is going to run for at least the next five years, probably longer with some support at the tail end. How long before this task force winds up?

**Mr Kefford:** I think that is probably more a question for the Chief Minister and Head of Service than for me to answer directly. I think there will certainly be an intensive period of work through the demolition of the bulk of the properties. Then there may well be something of a hiatus through to June 2020.

Certainly as we are going about our work now we are ensuring that at some point when the task force is disbanded the materials can be transferred, be it to the planning authority or wherever else they need to go, in a way that makes sense. So we are doing simple things like using the objective system for documents management that ACTPLA currently use so that the material about the houses can stay in place.

But I think the commitment that has been made is to continue to work with the affected owners through the process, and certainly while the demolition is happening there is an ongoing role for us in terms of not just managing the interactions and the logistics of the demolition program but continuing to provide that support to owners as well as the ongoing community information and education.

In fact in some respects, with the pilot process starting, we are moving from an immediate focus of 1,021 to a much broader group of people who are going to be directly affected by our work. For example, for the pilot houses we doorknocked 170 to knock down five to make sure that we have got that level of engagement and we can test what we are doing and ensure that the information we subsequently provide as part of this to the broader community does meet those needs.

**DR BOURKE:** Do you think there are learnings that we are gathering here that will be useful in other jurisdictions as they go through this process as well?

**Mr Kefford:** Certainly our New South Wales colleagues have spent a lot of time with us in the last few months as they have sought to engage with very similar issues. The biggest single difference between us and them, of course, beyond the scale is the fact that we have a list of known properties rather than starting from an unknown portion, and then separately too, of the 64 I think it is that have been identified, 38 are in one building. The dispersal and scale of that in the size of the New South Wales jurisdiction is obviously different.

But certainly we are also continuing to talk to our colleagues and the Head of Service about the learnings that have come from what we have done even so far, because while there might, one would hope, not be something of this scale again in the territory, there will be cause to set up a task force to deal with a crisis of some sort in

the future, and I think there are things that we have done that are worth recording.

There are certainly some things that I would do differently if I had 12 months again, just in terms of how we have set ourselves up and how we have had in place our operating arrangements. We are taking those opportunities now to record that, to do that evaluation along the way, because I think it is important that we do not miss the opportunity to draw on those systemic learnings while we are dealing with the problems in front of us.

**DR BOURKE:** So this still remains an isolated thing in the world or are other people coming out and admitting to having loose-fill asbestos as well?

**Mr Kefford:** There is certainly nothing of this scale anywhere that we know of, dealing with this form of asbestos in houses. There are a small number of cases in the United Kingdom, we understand, where loose asbestos was used to insulate pipes in the floor of houses but not in the kind of scale and bulk that it was used here. In New South Wales, yes, there are an unknown number of potentially affected properties but there is no suggestion they are going to have anything like the intensity of affected houses that we have.

**DR BOURKE:** But they were unremediated, were they not?

**Mr Kefford:** They were not part of the remediation program either, indeed. There is a mine in Libby, Montana, where there is asbestos contamination in a form of—I think it is—vermiculite that is used for insulation. They have had some issues. We had initial contacts with the US EPA at the time. But again, what they are dealing with there is low level contamination or something else, not bulk pure asbestos used as insulation. Perhaps fortunately, although unfortunately, we are more or less on our own in dealing with this.

**DR BOURKE:** What have you learned about the Mr Fluffy business model that you did not already know before?

**Mr Kefford:** One of the things we have now been able to do probably for the first time is go back through all the historical records that were transferred to the territory at self-government. The reason why that has taken us a little while is that when we started that process we actually found samples of grey material inside the record boxes which should not have been there but which nevertheless meant we then had to do a much more careful process of going through them.

In one sense, we have not learned much, because there are not records of what he did. There were a number of firms that undertook this business over time. Jansen and his family did some of it and then there were brothers and others involved. Certainly we have heard nothing that changes the perceived understanding, can I put it to you that way, that it was a relatively small scale general business. If you look at the map of where the houses are, the way in which it is distributed, that would seem to be consistent.

Indeed, some of the owners that we have spoken to who paid Jansen to put the stuff in said, “We were not going to, but he offered us a special deal because he was next

door.” In one sense, the reason why they had to do the survey in the 1980s was that there were not any records, and we have found nothing since then to disturb that view.

**DR BOURKE:** How many houses have you discovered that are unremediated since the Downer house in 2011, and what do you think is the probability of there being any more left out there?

**Mr Kefford:** We found one missed house in Higgins last year, September. That looks like it could have been a self-installation rather than Jansen, because there were actually asbestos bags in the roof. But there have been six, since the original program, identified as missed, houses, including Downer. The survey was around 65,000 standing houses. Six in 65,000 says they got the survey pretty right. But what it means is also that we cannot be definitive in saying that we have got them all, and that was in part behind the recommendation we made in August around considering further testing of pre-1980 houses before sale, before works, as a mechanism for ensuring we do not trip over any more.

**THE CHAIR:** Ms Lawder, a new question?

**MS LAWDER:** Thank you. I just want to ask about the commonwealth loan arrangements. Have all of the agreements been signed?

**Mr Kefford:** Yes.

**MS LAWDER:** How is the money transferred? What is the process?

**Mr Kefford:** I will defer to my Treasury colleagues about the dark arts of intergovernmental finances, but—

**Mr Miners:** It is basically just a straight transfer from the government—from the commonwealth’s bank accounts to ours.

**MS LAWDER:** How is the commonwealth loan reflected in the budget? Where is the best place to see it?

**Mr Barr:** We did go through this extensively.

**Mr Miners:** The easiest way to see it is—

**Mr Barr:** Repeat it.

**Mr Miners:** I will be very quick, minister, if that is okay. Chapter 8 of the budget papers, in budget paper No 3, sets out a line showing our debt levels. In there it has a separate line showing the amount of the loan, and you can see that it has been drawn down. So budget paper 3, page 264, table 8.3.2, has a line in there, “Commonwealth loan—asbestos eradication scheme”. It is at the end of the general government sector borrowings and shows the principal there.

**MS LAWDER:** Thanks.

**THE CHAIR:** Minister—

**Mr Kefford:** Sorry, Mr Smyth, if I might just correct my previous answer around the missed houses, just on the sequencing, there are still six, but it is two since Downer.

**THE CHAIR:** Sorry; say that again.

**Mr Kefford:** There are still only six, but it is two since the Downer house was discovered, not one.

**THE CHAIR:** Two since. All right. Mr Hanson, a final question, then I will have the last one.

**MR HANSON:** One of the recommendations from the PAC inquiry was for a board of inquiry, by all members that were sitting on PAC, in the form of an inquiry that would take place in some form. There was, understandably, the view that that would not take place immediately but that it was required. A lot of people have faced a lot of personal trauma, as we have identified here today, and it has been a big hit on the budget. In terms of the board of inquiry, where is the government at on that in terms of timing and how it is going?

**Mr Barr:** “I am not making any announcements this afternoon” is the answer to that question.

**MR HANSON:** Have you ruled out a board of inquiry?

**Mr Barr:** No.

**MR HANSON:** Do you expect that there will be a board of inquiry and it is just a matter of when you announce it?

**Mr Barr:** I am not making any announcements on that this afternoon, Mr Hanson. When the government is ready to make an announcement on that, we will; but we are not ready this afternoon, so I will not be.

**MR HANSON:** Sure, but this matter has been going for some while. The PAC reported months ago. Why are you not able to let the community know—particularly the Mr Fluffy home owners who have been impacted—that the government will act in accordance with the unanimous recommendations?

**Mr Barr:** There are a number of other priorities at this point in time, as we have just spent the last hour discussing. When the government is in a position to make an announcement, I will make one, but I am not making it this afternoon.

**MR HANSON:** Yes, but in terms of priorities. I am not saying that you would establish an inquiry today, but will there be an inquiry or not? It is a pretty simple question to ask and to answer. Are you saying that there will not be one?

**Mr Barr:** I have given an answer. I have given an answer to that. When we have got more to say, I will say it, but not today.

**THE CHAIR:** So in principle there will be an inquiry—just no detail at this stage?

**Mr Barr:** That is correct, yes.

**MR HANSON:** Will it be a board of inquiry under the Inquiries Act?

**Mr Barr:** I have got nothing further to say on that today. When we have more to say, I will say it, but this is not an exercise today in pre-empting government decision-making.

**THE CHAIR:** I am going to let the Mr Fluffy owners have the last say. With the powers of interactive technology, some questions have arrived magically on my phone. The first question, Mr Kefford, is this: how much will it cost to demolish and remediate each of the properties for those five properties in the test batch?

**Mr Kefford:** We do not know that yet, Mr Smyth. With the model we are using for the procurement for the pilot demolitions, the territory has engaged two project managers off the existing project managers panel. They have conducted, or are still conducting in relation to some of the houses, a competitive tendering process for each of those trades that I was talking about before answering Ms Fitzharris's question about process. To date we have not paid any contractors, because the works are yet to be completed. In any event, I think it would be unhelpful for us to start talking about the detail of the processes today, because the way in which the procurement is being conducted is in a series of repeated competitive processes drawing on the lessons from last time around. At this point the answer to your question does not exist.

**THE CHAIR:** If you have authorised five demolitions, will they give you a firm price before you actually start the demolition?

**Mr Kefford:** Yes. The way this particular form of engagement works is that they have indicated to us, based on what they know about the house and the information we provided, for example, that internal asbestos demolition will take eight days. In effect, the model is a per day rate for that work. If it is less than that, we pay six days; we do not pay eight. If it is more, we have a conversation about it. So yes, there are certainly clear controls around spending before we say yes.

**THE CHAIR:** Could you take that on notice, and, if that number is available before the committee reports, could you provide it?

**Mr Kefford:** Yes.

**THE CHAIR:** The next question is: will you establish clear criteria for a formal request to go it alone?

**Mr Kefford:** I think the government's response to the public accounts committee in December sets out what is necessary. Indeed, in the letters that I have written to people who have sought this information, I have said there is no particular form. The proposal is not consistent with the government's preferred approach, but nevertheless the response to PAC left open this option. But there is no form and the test is set out

in the government's response.

**THE CHAIR:** Again, if that were to change, Chief Minister, before the committee report, perhaps you could get it to us. I think people are looking for more guidance, beyond what is in the government's response to the report. If there is any change of heart, perhaps you could get that to us before it is formally reported.

The third question is: are you aware that some of the insurance companies are a bit wary about insuring houses post 30 June? Has that been raised with the task force, and will you take it up with the insurance companies?

**Mr Kefford:** We have had a range of issues raised with us by owners about not so much insuring the properties per se, apart from the normal issues around unoccupied houses. Some owners have raised concerns around public liability insurance, but I suppose we would say two things. The first one would be that that is really a conversation for owners to have with their insurers. If there are particular issues, I would invite the owners to raise them directly with the task force. But the first response is to not be living in the houses. Then, after that, there is only so much that the territory is able to do in a relationship between owners and their insurers.

**THE CHAIR:** Thanks for that. We might call it a day there. The chair's award today will go to the Mr Fluffy owners who bothered to turn up. Thank you. I know others would have come, but you have sat there in quiet dignity and we do welcome that.

**Mr Barr:** From an earlier hearing we have updated information.

**THE CHAIR:** We have an update?

**Mr Barr:** Yes, but we need—

**THE CHAIR:** Mr Nicol, come on in. You have brought the whole crew?

**Mr Nicol:** Just two of my staff.

**THE CHAIR:** Do we need space for the others or is it just yourself?

**Mr Nicol:** Me and my two staff.

**THE CHAIR:** Mr Nicol, over to you, in an answer to something asked earlier today.

**Mr Nicol:** Thank you, chair, for your indulgence. I just wanted to clarify some of the testimony of Mr Calvin Robinson earlier today in relation to the investigation of details surrounding allegations of the use of an enclosure in relation to a student. I went and reviewed the testimony. Mr Robinson stated that the investigation had been delayed for two reasons—one because of staff leave and the other because of union representation. I think the actual reason for the delay in the investigation has been caused by the complexity of the case, the desire to do a thorough investigation and the request for additional information that we made, to complete the investigation.

I think the request is entirely appropriate. I have, to date, not been involved in the

investigation because it has been at arm's length, but it has delayed the collection of all the necessary evidence and I think the collection of that evidence is required before the investigation can be finalised. Staff had been on leave, but that has not been a contributing factor to the delay in the investigation—whatsoever.

In terms of the time line, just to clarify the time line, Education consulted with us, Shared Services, on 1 April to determine our capability to respond to the matter appropriately. We met on 2 April with Education for an initial briefing. By 10 April the scope of the investigation and the terms of reference were settled and agreed, and at that point the formal investigation began.

During April and May the vast bulk of the evidence has been gathered from relevant sources. We are, as I said, just waiting to finalise a few outstanding matters of evidence before we finalise the investigation.

**THE CHAIR:** Thanks for that. What evidence is outstanding that needs to be gathered?

**Mr Nicol:** I am wary about responding to that, because of the nature of the investigation, before it is finalised. It could go to identifying particular individuals involved. I think part of the cause of the confusion earlier on was trying not to identify the evidence that we are still trying to seek.

**THE CHAIR:** The terms of reference that were agreed—are they public? Have they been made public?

**Mr Nicol:** Not to my knowledge. I do not think they have been. I can take advice on whether we can give you a copy of that.

**THE CHAIR:** Could you provide a copy of the terms of reference to the committee?

**Mr Nicol:** I would have to take advice on the appropriateness of the independence of the review and that sort of thing, but if I can I will.

**THE CHAIR:** How would that affect the independence and the appropriateness of the review for the terms of reference to be supplied?

**Mr Nicol:** Off the top of my head, I cannot think of why not, but I would like to take advice; that is all.

**THE CHAIR:** Thank you for coming back and clarifying that. Any other matters, Chief Minister?

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

**THE CHAIR:** We will finish the day there. Tomorrow we will return for Health.

**The committee adjourned at 5.32 pm.**