



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

**STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND
TOURISM**

(Reference: [Annual and financial reports 2015-2016](#))

Members:

MR J HANSON (Chair)
MR M PETERSSON (Deputy Chair)
MS S ORR
MR M PARTON

TRANSCRIPT OF EVIDENCE

CANBERRA

MONDAY, 27 FEBRUARY 2017

Secretary to the committee:
Mr H Finlay (Ph: 620 50129)

By authority of the Legislative Assembly for the Australian Capital Territory

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

APPEARANCES

Chief Minister, Treasury and Economic Development Directorate	1
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Amended 20 May 2013

The committee met at 9.13 am.

Appearances:

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

Chief Minister, Treasury and Economic Development Directorate
Leigh, Ms Kathy, Head of Service and Director-General
Overton-Clarke, Ms Bronwen, Deputy Director General, Workforce Capability and Governance, and Commissioner for Public Administration
Nicol, Mr David, Under Treasurer
McAuliffe, Mr Patrick, Director, Asset Liability Management Branch
Salisbury, Mr Kim, Acting Executive Director, Economic and Financial Group, and Commissioner for ACT Revenue
Ogden, Mr Paul, Chief Finance Officer, Strategic Finance
Miners, Mr Stephen, Executive Director, Finance and Budget Division
Cumming, Mr Jon, Chief Digital Officer
Hall, Ms Sue, Executive Director, Corporate
Dixon, Mr Brook, Director, Regulatory Reform
Noud, Mr Russell, Director, Public Sector Workplace Relations
Perkins, Ms Anita, Director, Communications

THE CHAIR: Good morning, everybody, and welcome to the public hearing of the Standing Committee on Economic Development and Tourism inquiry into annual and financial reports 2015-16. This is the first inquiry of this new committee, so that is of note.

On behalf of the committee, I would like to thank you, Chief Minister, and your officials for attending today. I appreciate it. We will be examining the annual report of the Chief Minister, Treasury and Economic Development Directorate, beginning with Treasury responsibilities for the economic and financial management review and government business management. We will then move on to Chief Minister responsibilities for government policy and communication, the ACT executive, and public sector management and the state of the service report.

There is a time line designated for that, but there is some flexibility in that. There may be more interest in some areas than others, so as long as you are happy, Chief Minister—

Mr Barr: I am always happy.

THE CHAIR: Yes, I am sure you will be very flexible with that. Can I draw your attention to the privilege statement that is before you on the table? Do you understand it? I imagine you have seen it before. Do you recall its elements?

Mr Barr: It is a bit like the safety instructions on an aircraft, isn't it?

THE CHAIR: It is, a little. Let's hope we do not have a crash and burn. Can you and your officials confirm for the record that you understand the privilege implications of

the statement?

Mr Barr: We do.

THE CHAIR: Great. I also remind witnesses that the proceedings are being recorded for Hansard for transcription purposes and webstreamed and broadcast live. Chief Minister, do you have an opening statement?

Mr Barr: No, chair. I am happy to go to questions. Time is short.

THE CHAIR: We will move down the table. Mr Coe, as a visiting member, you will get your fair share. If members have a supplementary following a substantive question, and if you want to follow up on a particular area, indicate to me that you have a supplementary question and then we will go to your supplementary.

Chief Minister, can you give the committee an update on the commonwealth's asset recycling initiative? What is the status of that, and are there any intentions to progress that any further? I am not sure if the commonwealth has closed that scheme. Give us a bit of an update, please.

Mr Barr: Yes, they have closed the scheme. I can advise the committee that in the annual report period that we are talking about, the territory received initial asset recycling initiative incentive payments from the commonwealth for the Currong and Allawah flats and Dickson motor registry sites. The incentives were increased, as reflected in the commonwealth's budget of 2016-17—the incentives paid to the territory—by about \$7 million. That was outlined in the commonwealth's budget papers for 2016-17. Discussions with the commonwealth are well advanced for the first incentive payment for the Dickson on Northbourne site. That includes the Dickson flats, the visitor centre, the Karuah Garden flats and maisonettes, and the final incentive payment for the sale of ACTTAB. To date the territory has received approximately \$122 million of the estimated \$515 million from asset recycling sales and incentive payments.

THE CHAIR: Are there time lines whereby assets have to be sold?

Mr Barr: Yes, that is correct.

THE CHAIR: Are we meeting those time lines?

Mr Barr: We are, yes. The asset must be sold before the end of the 2018-19 financial year under the arrangements with the commonwealth.

THE CHAIR: So we are on track?

Mr Barr: We are on track, yes.

THE CHAIR: That is good.

MR COE: On that, are there progress payments regarding each site; or for each site does the bonus come in full upon settlement or contract exchange?

Mr Barr: There are two elements to it, aren't there?

Mr Nicol: Mr Coe, can I take that on notice and get you a full list? It is slightly different for each asset, depending on the size of the asset.

MR COE: Okay.

Mr Nicol: For ACTTAB, we were paid in two instalments, one upon signing, and the second one will be coming very shortly. For others, we are paid on settlement, largely. For some key ones there are some timed payments. I think the best way to answer your question is to get you a full list.

MR COE: Thank you.

THE CHAIR: We will record for *Hansard* that that has been taken on notice.

Mr Nicol: Yes.

THE CHAIR: We will expect an answer five days after the final proof of *Hansard* is made available. Mr Pettersson, do you have a question?

MR PETTERSSON: I do. I refer to page 40. Treasurer, I note that in output 2.1, economic management, one of the highlights was the directorate facilitating the annual evaluation of the ACT's credit rating. Could you provide an overview of how the directorate facilitates that evaluation and also outline the key risks that our credit rating faces?

Mr Barr: I am very happy to do that. I will invite the man of the moment, Pat McAuliffe, to talk about this. The territory maintains a AAA credit rating. Together with New South Wales and Victoria, we are the only states or territories that hold that highest possible credit rating.

Mr McAuliffe: Each year, after we prepare our budget, we have Standard & Poor's come in to have a look through all the estimates. They predominantly want to look forward—the next two to three years across the forward estimates. That is their key focus, to make sure they can see what sorts of trends are going on.

Probably one of the key focuses for them is looking at our debt to revenue ratio. That is their threshold ratio. They look at our total gross debt as a ratio compared to our total consolidated revenue. In our last review, that ratio was sitting at about 85 per cent, and that is where they want to see us. For us to be in negative credit rating territory, we are looking at the upper threshold being about 120 per cent. So at the moment we are sitting pretty well inside that.

That is the main thing. In their most recent review they were comfortable with that longer term outlook. With the capital expenditure program, they wanted to make sure that that is maintained at a reasonable level, and not increasing too far. Looking at our last budget, the advice they gave was that our credit rating had improved overall. The area of budgetary performance which was on the weak side for the previous year has

improved. Overall, they are seeing that continued improvement in the budget.

Mr Barr: It is important to note that no state or territory can hold a higher credit rating than the Australian government. When the Australian government was put on negative watch by Standard & Poor's, that flowed through to the ACT, New South Wales and Victoria. Regardless of our position, we cannot hold a higher credit rating than the sovereign, being the commonwealth. Their budgetary management is important to the states and territories, because if they are downgraded then it means every state and territory will be.

Mr McAuliffe: Their comment, when the commonwealth was put on negative outlook last year, was that, in terms of the deterioration of our own creditworthiness, it was an unlikely scenario. They made it pretty clear that our negative outlook was all to do with the commonwealth's.

Mr Barr: Entirely to do with the commonwealth's.

MR PETTERSSON: I have a supplementary. You outlined the risk that the federal government's credit rating has for our own. Are there any other actions or flow-through risks from the federal government?

Mr Barr: Forty per cent of our revenue is generated through either the goods and services tax or commonwealth payments for service delivery, largely. Health and education funding in particular is the largest area of commonwealth national partnership payments to the territory, outside what is collected on our behalf through the GST process. Failure to reach agreements on health and education funding would have a significant impact on the territory's budget and on service delivery in the ACT. But there are other national partnerships due to expire, and the commonwealth will need to make a decision in their budget in May as to whether they are going to renew them. They include a number of important community services and social welfare national partnership payments.

It is difficult for states and territories, as the commonwealth budget is handed down on the second Tuesday in May. If we do not have any certainty before that date, we have to deliver our own budget three to four weeks after the commonwealth, depending on when the Tuesdays fall in May and June. We took the decision a few years ago to move the ACT budget to June, so that it followed the commonwealth budget, to allow us some time to factor in what the commonwealth has determined in its budget. That would be a very significant risk to service delivery, as I say, because a lot of commonwealth funding flows into our hospitals and schools. Also it does place the territory budget at risk if the commonwealth, for example, did not renew or did not honour its election commitments in relation to health and education funding in particular.

MR COE: How long have Standard & Poor's been the agency the territory has used?

Mr McAuliffe: Since we have been getting credit ratings, in the early 90s when we first—

MR COE: And how much do you pay each year?

Mr McAuliffe: Basically there is an annual surveillance rating, and it is about—it is increasing under the current arrangements—\$120,000, I think, something in that order.

MR COE: It will be in here, I am sure, but will it be just a single select tender each year or every few years?

Mr McAuliffe: We have to apply the procurement process to that. This current contract that we have got at the moment with them runs out—I think it is next year it is expiring. Then we will have to decide whether we—

MR COE: Is there a chance that you will actually put it out to open tender or will you simply stick with S&P regardless?

Mr McAuliffe: I guess we will work through that process. The only alternative is Moody's, at the end of the day. The other major credit rating agency is Finch but they are predominantly an international rating agency. I guess Standard & Poor's are well recognised for particularly Australian credit. We do not do any of the national sort of debt issuance at all. I guess the S&P rating is probably a lot more relevant to us. But that is not to say that Moody's could not be our credit rating agency either.

MR COE: Do the other states just use S&P or do they use both?

Mr McAuliffe: All the other states, except the Northern Territory, use both credit rating agencies.

MR COE: Why would not the territory take on Moody's as well?

Mr Barr: I guess it is a question of cost.

MR COE: As simple as that?

Mr Barr: Yes.

Mr Nicol: Cost both in terms of the contract and the relationship effort.

MR COE: In the event that you did have a second credit risk, would that in effect de-risk the territory in some creditors' eyes by in effect—

Mr Barr: Sorry, if we had a second rating agency, you meant? Yes.

MR COE: Yes.

Mr Nicol: I think it is difficult to say. Essentially we engage S&P to ensure access to capital markets so that we can borrow at very effective rates, and at the moment we have a pretty good credit rating, as the Chief Minister said. Under current conditions I cannot see that adding a second rating agency would necessarily improve that, but it is something we will review when we come to the end of the contract period, I think.

Mr Barr: I do not think the commonwealth have any great benefit in terms of

perception. I think they have three agencies that they contract.

MR COE: That is what I am getting at. If it does de-risk us further by having two or three opinions, does that therefore have a benefit in terms of the rates at which we can borrow?

Mr McAuliffe: No. We have never had any feedback at all that another credit rating would be an advantage to us. If you have a look at the different state comparisons between S&P and Moody's, you will find that one might lead in terms of a negative outlook but they will tend to follow not too far after each other, particularly if it is a substantial downgrade. At the moment, for example, the Australian government are on a negative outlook by S&P but they are still on a stable outlook by Moody's, but that would not have, I would think, any impact at all on their costs of debt, just because one has got them on a negative outlook as opposed to the other.

Mr Nicol: I agree. I am trying to think up a reason why the second rating would benefit us. If market access were difficult in general or one rating agency had a more negative perception in the market than the other, which is not the case really—and I think S&P do a pretty thorough job looking at our financial capacity—it might be different. One is sufficient at the moment.

MS ORR: In a slightly different direction, I want to ask about the human services cluster review that is going on, which is at page 40. I want to get an idea of the scope of that work and where it is up to.

Mr Nicol: My officer is not here actually but I can give you an update from my memory. It is underway. We have had some work done. The focus of the work has been on looking across human services provided to client groups, and my understanding is that it is particularly directed at youth. We have services provided by a number of directorates to the same client group and we are looking at ways how those services may be improved. I will have to take on notice when we are expecting that report to be presented but I anticipate it is in the not too distant future.

MS ORR: Is there any indication of early findings?

Mr Nicol: I would be speculating on that at this point, I think.

MR PARTON: I am not quite sure where this should go, and it is more about what I did not find in the report than what I did. I was keen to find out what is the status of the project to outsource the management of the territory's street lighting network?

Mr Nicol: We can deal with that here.

Mr Barr: We can, yes.

Mr Salisbury: If you give me a couple of seconds I will find my briefing on this initiative, street lighting asset procurement process. A request for tender for the ongoing management of the territory's street lighting network closed in early February 2017. Six parties responded to the request for tender process. The evaluation process associated with the submission has commenced and is expected to be

completed in March 2017. Two or three shortlisted tenderers from the process will progress to the final stage and that will allow the proponents to be shortlisted for decision.

Mr Barr: The new management contract is anticipated to be in place from 1 July.

MR COE: On that issue, what incentives are there going to be with regard to upgrading the infrastructure as part of that? Is it simply going to be, in effect, the electricity savings or are other capital incentives going to be put in place through the tender?

Mr Nicol: I think we have to wait until the final offers to see what the proponents say. I am going to be very careful what I say, given that we are in the middle of a tender process, and I do not want to cause a conflict. The goal when we put out the expression of interest last year was firstly to see what the market could do. The intelligence that came back from the market was basically that if we had a long enough management contract, rather than any ownership transfer—so the government decided not to transfer ownership or lease back arrangements—but a significantly lengthy period of a management contract that encompassed not only the day-to-day management but actually the management of the capital asset as well, it could be sufficient to give incentives to private sector bidders to essentially upgrade the service, in terms of more efficient lighting et cetera, for the electricity savings to pay for that. And that is certainly one part of the goal.

The second part of the goal is to create an asset that can be used as a platform, as a smart city platform.

Mr Barr: An internet of everything.

Mr Nicol: Yes. It is limited by imagination. Our goal is to come to a conclusion where we have the appropriate incentives in the contract that allow the successful tenderer to manage it in a way that has public interest at heart but also is flexible enough to get the objectives that the government wants. You do not want to lock into a particular technical approach but a contract has to have conditions and specifications about how activities will occur. So that is our goal, and exactly how that is specified will, I think, wait on the offers of the last two tenderers.

Mr Barr: But you are talking about 79,000 powered sites evenly distributed across the city; so as a platform and a base for a range of smart city initiatives it is a very significant opportunity.

MR COE: Do any of 79,000 sites actually share—this is quite technical—a circuit with other assets? Is there going to have to be considerable work to, in effect, isolate streetlights for measuring purposes?

Mr Nicol: It is a very technical question and probably—

MR COE: It goes to the core of the tender, though, does it not?

Mr Nicol: It is a very important question. A significant part of the work that we have

been doing is assessing the state of the network. The network has been built over 100 years. It is very diverse in terms of the quality of infrastructure and how infrastructure works. We have some lights—a fair slab of our light system—for example, that are not individually switched. They are switched on a suburb or a street basis. The quality of the internal wiring of some light fittings is obviously some good, some depreciated. And that is part of the reason why this process has taken a significant period. If we can eliminate uncertainty and risk we can come to a much better arrangement with a private sector operator.

Can I suggest that we take this up this afternoon? I can get an expert in who has been through that process and might be able to answer some of your technical questions, Mr Coe.

MR COE: If it is not too much hassle it would be good, but there is no need to invite you back to do that.

Mr Nicol: It is up to you. We took an initial audit, which was a random sample. We expect the successful final two bidders to actually spend some money themselves to go and assess the state of the asset in broader terms, and they are going to have to come up with, we expect, plans for how they roll out, because we want to structure a contract that gives them the incentive to roll out very efficient light bulbs et cetera very quickly, and they are going to have to have a very good idea of what they have to do to get that outcome and an idea of how they put a smart city platform out there as well.

MR COE: It is a huge risk, though, that they are taking on. Are there clauses which in effect say that in the event that street lights cannot be isolated from other electrical assets they do not apply, or the government will pay for them to be separated, or—

Mr Nicol: I think—

MR COE: How does it work?

Mr Nicol: I would not like to speculate on that while the tender is going on because I do not want to give away any commercial advantage that we may have in the negotiations that will have to go on to clear those issues.

MR COE: Surely this would have been spelt out in the original tender documents, though, wouldn't it?

Mr Nicol: No, because we do not know the state of the network. This has been a—

MR COE: But I am saying that variable, that risk, must have been spelt out in the original documents that were published, saying that there are unknowns here?

Mr Nicol: There are, and part of the process will be for the tenderers to investigate the state of the assets and do a pretty detailed audit.

MR COE: And they will take on the risks themselves?

Mr Nicol: That will depend on the pricing. Generally you can get anyone to take on any risk if you are willing to pay enough. So our job through this process is to reduce the risk by getting a lot more knowledge and information about the state of the assets in the market so that we actually reduce the risk for both parties and we come to a better situation to judge what sort of contract we should enter into.

Mr Barr: This is important, because street lights account for 25 per cent of the territory's electricity usage and 18 per cent of our greenhouse gas emissions. Yes, obviously it is a very important project for the territory.

THE CHAIR: Before we move on to the next substantive question, with regard to an expert, I do not think there is a requirement for that, noting that the committee this afternoon is actually not this committee. It is the public accounts committee. They might be a bit confused by this expert that we have sent. I do not want—

Mr Nicol: I will be there, so—

Mr Barr: That is all right, I am sure we—

THE CHAIR: I do not want an expert turning up to a different committee.

Mr Barr: I am sure we will have the opportunity, as this process continues, to explore this again.

THE CHAIR: I am sure that over the next four years there will be plenty of opportunities to do it.

Mr Barr: Indeed, yes.

THE CHAIR: We will just leave that there for today, anyway.

Mr Barr: Yes, sure.

THE CHAIR: Mr Coe, do you have a substantive question?

MR COE: Yes, it is a financial question in relation to the financial statement 2.1. There is an operating deficit of \$87.5 million for 2015-16. Could you tell me what the projection is for the deficit for 2016-17?

Mr Nicol: I will just ask my CFO to come up.

Mr Ogden: My apology, I do not have this year's budget paper but the forecast is in the 2016-17 budget paper.

MR COE: That is right, as of June, but at this stage what is the current projection?

Mr Ogden: I would actually have to take that on notice.

Mr Barr: Take that on notice, yes.

Mr Ogden: That is a fairly detailed question; so my apology.

MR COE: Okay. There is a significant increase in the own source revenue from last year to this year. Is that due to machinery of government changes?

Mr Ogden: Yes, it can be. Yes, there are a number of administrative arrangements.

MR COE: What in particular is bringing in the revenue this financial year that was not in the directorate last year?

Mr Ogden: I will refer to the appropriate note.

MR PARTON: Page 58, I think.

Mr Ogden: Are you talking in relation to Chief Minister's or—

MR COE: Yes, that is right. I am guessing it is Access Canberra related, is it?

Mr Ogden: In relation to resources received free of charge—

Mr Nicol: Was it that or revenue, Paul?

Mr Ogden: It is resources received free of charge. It is not revenue. There is a recognition issue in the expenses as well.

MR COE: Do you want to come back to it later on?

Mr Ogden: Yes, it is quite detailed. Thank you.

MR COE: Yes, all good. Thanks, chair.

THE CHAIR: In relation to the Australia Forum, page 43 of the report makes a point that there was a business case to get the project investment ready. You have made a recent decision, I understand, with regard to money that was going to be in the budget that was part of that process—\$8 million or so. Can you give an explanation on where we find ourselves now and what has changed to cause that decision to be made?

Mr Barr: Yes. We put a provision in the forward estimates of up to \$8 million for expenditure on the project. We made a decision in the budget update to remove that provision from the forward estimates.

THE CHAIR: What was that provision for? What was the intent of that provision?

Mr Barr: It was a range of further pieces of work associated with the project and the city to the lake development and the like. We made a decision, as I said, in the midyear update to remove that provision. We will make further announcements in relation to that project and others contained within the city to the lake developments in this budget and future ones.

THE CHAIR: In terms of the investment-ready plan that is referred to in the report,

what is the status of that?

Mr Barr: A business case—a rapid business case has been developed. I think that is on the website of certainly the Convention Bureau. I am sure it sits on a government website as well. I think it outlined a capital cost for the project of about \$430 million. The reference design came in at close to double that. So that rapid business case or indicative cost-benefit ratio is now not current.

The next steps for us will be to discuss the commonwealth's level of interest in the project as part of the city deal. The commonwealth have outlined that they intend to strike a city deal with every capital city over this term of government. So we will discuss further with them their interest in the project.

If they are not interested, and every indication to date has been that they are not, the nature of the project changes. It is no longer a national convention centre that the federal government is contributing to. It becomes a discussion and decision for the ACT government about what is an appropriate Canberra convention centre for a city of 400,000 people, which is a different proposition from a commonwealth-supported national convention centre.

We have invested in the existing facility, upgrading it twice in the past 10 years. Should the commonwealth, through the city deal, not be interested in jointly progressing the project with us, then we would look at alternative options. What we have done is set aside a site that is inside London Circuit. We have indicated that we would also make available the existing convention centre site for redevelopment and the proceeds from that asset sale would be an ACT government contribution towards the centre.

The land, plus that contribution, is a very significant one from the territory towards the project. The proponents and those who support the project have always said that it needed to be a three-way commitment as in the territory government, the commonwealth government and the private sector. The territory government has provided land and an asset sale to the value of hundreds of millions of dollars towards the project. We now await interest from other parties.

THE CHAIR: There has also been quite a bit of discussion, including in the Assembly. There have been motions unanimously passed by the Assembly with the view that in order to then progress it to that next stage, to get the investment, be it from the private sector or the federal government, you need to have that investment-ready or shovel-ready plan.

Mr Barr: The reference design is complete.

THE CHAIR: The \$8 million, was that going to be doing more of that investment-ready planning or was it going to be doing—

Mr Barr: We would have employed a range of consultants—

THE CHAIR: Eight million dollars is a lot of money; to do what?

Mr Barr: to undertake a bunch of further work that would not have added greatly to the case for the centre. If the case is there, if you believe all of the advocates, the issue is: what is the capital cost of the project? The benefits, as measured by the initial 2011 work, the 2013, 2014, 2015 and 2016 work—that work all indicated what possible benefits there are. The question is: once the capital cost moves up considerably beyond the \$400 million, the cost-benefit ratio drops because the benefits are fairly fixed. If the cost rises, then your ratio is going to fall.

THE CHAIR: What has changed? You spoke with great enthusiasm about this project in the Assembly. What has changed?

Mr Barr: It was not an election commitment. I did not undertake to build it.

THE CHAIR: It was in the forward estimates though, wasn't it?

Mr Barr: I did not undertake to build a convention—

THE CHAIR: People assume you are going to do it if it is in the forward estimates.

Mr Barr: No, no, at no point have we committed to building a project stand-alone.

THE CHAIR: No, to the \$8 million.

Mr Barr: No.

THE CHAIR: It was in the forward estimates, wasn't it?

Mr Barr: We put a provision.

THE CHAIR: There you go.

Mr Barr: We did not allocate money. We set aside a provision of up to a certain amount.

THE CHAIR: It is a pretty clear signal, I think, if you refer back to the debate in the chamber and your words around that. Has something changed?

Mr Barr: Yes. I do not believe the commonwealth are fair dinkum about supporting the project. I am about to find out. I have been very clear with them, that in the—

THE CHAIR: What have you got from the commonwealth that has changed their position? Have you got some correspondence? Have you written to them?

Mr Barr: No, a failure to engage over the last—

THE CHAIR: Is it a vibe, is it?

Mr Barr: six years odd. Well, I have asked the question verbally of successive prime ministers and treasurers.

THE CHAIR: Have you written to the commonwealth? Have you got any correspondence that is—

Mr Barr: Yes, we have written. We have raised this issue on numerous occasions. Our federal representatives have raised the issue on numerous occasions. But the test I am applying to it now is that we have a process for a city deal. The commonwealth have said, “Yes, we want to sit down and look at the infrastructure needs of each capital city in the country.” We will raise this through that process. If there is not an outcome through the city deal, there will not be an outcome for this project.

But it is not my top priority. It never has been. I did not take it to the last election as our top infrastructure priority. Light rail is our top infrastructure priority. I note you did not take the convention centre; you committed nothing towards the convention centre in the campaign either. You had a chance and Senator Seselja did in 2012 and 2008.

THE CHAIR: I think we are talking about the ACT government, not the speculative—

Mr Barr: The last time anyone took building a convention centre to an election was when Brendan Smyth was leader of the Liberal Party in 2004.

THE CHAIR: Yes, I am talking about the \$8 million that has been taken out.

Mr Barr: Yes, and we have removed a provision.

THE CHAIR: That is right.

Mr Barr: We will make further budget allocations if and when appropriate to this project.

THE CHAIR: Have you had any conversations with the operator of the casino about the convention facilities in Canberra?

Mr Barr: Yes, we have and we ruled out them operating the current convention centre.

THE CHAIR: Any supplementaries?

MR PETTERSSON: I have a supplementary. There is a lot of talk about the current return of \$8 million. Has there been any previous work from the ACT government on investigating and facilitating this new convention centre?

Mr Barr: Indeed, yes, quite a substantive amount of work funded by the government principally and undertaken on behalf of the government by various proponents. I think it is seven years now since the first scoping study was undertaken. We have, as I said, funded upgrades and improvements to the existing centre to the tune of, I think, now over \$40 million in the past 10 years.

But as I said, this is not my number one infrastructure priority; I was very clear about

that. It is not the government's number one infrastructure priority; we were very clear about that. We will progress this work in partnership with the commonwealth if they are a willing partner, and we will see. But I have heard through three federal election campaigns and every budget, "It's coming. It's coming." Well, nothing. Not one cent from the commonwealth.

If they are fair dinkum about this they will jointly fund further work with us as part of the city deal. I do not believe they are, but I am happy to be pleasantly surprised. The challenge is out there. We will negotiate with them through the city deal to see if they are serious about a national convention centre. If they are not, if they do not want to use it, if they do not want to fund it, then we will have to look at alternative options. But we are not entering into an arms race with Sydney and Melbourne for the biggest convention centre in the nation. That is not our objective, and I do not think I could be clearer about the process from here.

THE CHAIR: Just on the process of the city deal, who has the lead from the federal government on that and what is the process?

Mr Barr: They have appointed an assistant minister, Angus Taylor. I guess he is effectively the parliamentary secretary to the Prime Minister on the matter. But then the Prime Minister has also indicated at COAG level that this is one of his pet projects, the value of cities to the national economy, and he has appointed Mr Taylor.

THE CHAIR: Have you received any correspondence from the Prime Minister or from Mr Taylor about that process and when that is going to occur and how it is—

Mr Barr: No, only verbal indications through a meeting of Mr Taylor with the capital city lord mayors, on which I also sit. I will be the deputy chair of that august body this year and the chair next year. He indicated at a meeting that was held at Parliament House that that would be a process that would be forthcoming.

They have put out some specific initiatives under this broader cities policy agenda associated with smart city and digital city initiatives. We are partnering with Adelaide through the partnership I struck with the Lord Mayor of Adelaide to jointly bid for commonwealth funding under that process. At the COAG level the Prime Minister has mentioned it verbally, but there has not been a formal process outlined. The issue is at the moment that the city deals have been struck in regional areas associated with marginal seats. So there is a city deal for Townsville, the most marginal electorate in the country. There is a city deal for Launceston, formerly a marginal seat.

THE CHAIR: That is a very good argument to make Canberra more marginal. Anyone who might be listening can take that initiative to make this a more—

Mr Barr: Senator Seselja's seat teeters on the edge. He does not get a quota so—

THE CHAIR: We can make those lower house seats more marginal. I am glad you are encouraging that, Chief Minister.

Mr Barr: Well, I am working very hard to ensure that Senator Seselja's Senate seat is very, very marginal.

THE CHAIR: For *Hansard* I note that you are encouraging those seats to become more marginal. That is good.

Mr Barr: Yes, the second Senate seat.

MR PETTERSSON: I had one quick supplementary. You mentioned a deal of \$40 million over 10 years invested in convention centres in Canberra. Has there been any investment from the federal government in these facilities?

Mr Barr: No, I would not think so, but I will check the record there. We did an upgrade in, from memory, about 2007 and then a couple of budgets ago funded two years' worth of work. We would be at the tail end of that upgrade. That has included redoing the Royal Theatre and upgrading the toilet facilities and the like throughout the centre. It was a two-year program of work. We can get the detail of that.

THE CHAIR: A substantive question?

MR PETTERSSON: Yes. In output 2.1 the directorate participated in the Commonwealth Grants Commission in 2015. In this there was a review of methodology. Several of these seem to be quite negative, particularly relating to how needs for transport and health funding are calculated. Could anyone provide me with an overview of some of these changes?

Mr Nicol: Unfortunately I do not have my technical expert here, Mr Pettersson. Essentially every five years the Grants Commission undertakes a detailed review of relativities. Essentially this takes two components. One is an assessment of need, an assessment of cost, and the other part of it is the state of the data and whether new data sources have become available to provide input into that.

We participate fully in that process. I have a team 90 per cent of whose job is essentially to work with the Grants Commission, provide input into their assessments, argue the case for the ACT, et cetera. All reviews have risks and potential upsides as well. As I said, we make the best case we can to reflect fairly but try to get the best outcome for Canberra. If you want to go into further details I would probably have to call someone up to take you through them, and I am happy to do that.

MR PETTERSSON: No, it is okay.

Mr Nicol: I can take your question on notice as well if you wish.

Mr Barr: We will provide some further information if we can.

MR PETTERSSON: Any negative changes to the ACT budget would be appreciated.

Mr Nicol: Yes, we can do that.

MS ORR: I would like to talk about the government's tax reform initiatives. Noting that you have completed stage 1, we have a report here saying it is going to stage 2. What are some of the differences between the two stages; and how do you see

these going to the longer term benefit of Canberra?

Mr Barr: Stage 1 involved cutting three revenue lines: the complete abolition of insurance taxes which was completed in the last budget; a lifting of the payroll tax threshold; and the abolition of commercial land tax. That was all completed in the first phase. The second phase involves continuation of stamp duty reductions, both commercial and residential. The transition has been away from those transaction-based taxes onto the broad-based land tax, being rates and land taxes that we levy on investment properties.

The difference now is that we are focusing really only on one revenue line, that is, the continued reduction of stamp duty because we have abolished insurance duties, abolished commercial land tax and we have lifted the payroll tax threshold to \$2 million, the highest payroll-tax-free threshold in the country.

That means that of the 26,000 businesses in the territory, around 22½ thousand do not pay payroll tax. There about 3,700 businesses in the territory who pay payroll tax and they are obviously at the larger end, particularly the large multinationals and national companies, banks and the like. Our payroll tax reforms have provided a real benefit to small and medium sized businesses in the territory.

We have focused our payroll tax efforts on the companies at the higher end of the scale. There is a very interesting national and international debate about those large multinationals and how much tax they pay in various countries. Through payroll tax we are able to capture a degree of revenue from those companies, which I think is a good thing.

In terms of the future in commercial stamp duty, by the 2018-19 budget I think it is 70 per cent of all commercial property transactions in the territory will be stamp-duty free, so there will be no stamp duty on transactions below \$1.5 million. We have also lowered the top rate on those very large commercial transactions that occur. They are less frequent, but when they happen they are obviously a significant boost to the territory budget. A recent example is the sale of 50 per cent of Westfield in Woden. That was a transaction where I think the reported figure was around \$330 million. That does not happen every year, obviously, but when it does there is a significant benefit.

The vast bulk of transactions in the commercial sense are less than \$1.5 million, again, small and medium businesses. Removing that stamp duty makes it easier for people to buy into businesses in the territory. That certainly helped us to continue to grow the small and medium business sector in the ACT, which is a good thing. Those two policy settings—the payroll tax and the stamp duty combined—make it a very attractive proposition not only to invest into small businesses in the territory but also to grow the level of employment in that sector.

MR PARTON: A supplementary in relation to payroll tax, could you outline the provisions relating to grouping of employers, please?

Mr Barr: They are extensive, obviously, yes.

Mr Salisbury: I guess I am answering this question as the director of the revenue management division. The payroll tax grouping provisions are a complex set of tax rules that really determine what is a group for payroll tax. The types of things that would determine a group would be tests around common employees, directorships. Those types of things determine what becomes the group for payroll tax purposes.

It is a contentious part of the law, there is no question about that, and there is a fair bit of litigation that goes on with respect to a payroll tax group. Broadly, those payroll tax laws are harmonised across each of the state jurisdictions, so there is generally a commonality of the payroll tax rules across jurisdictions. If you operate in a couple of jurisdictions, the payroll tax grouping laws are broadly similar. Indeed, the revenue offices will liaise with each other where there is a taxpayer operating across borders about determining and defining the group for payroll tax purposes.

Mr Barr: It is perhaps unsurprising that a small number of taxpayers go out of their way to seek to avoid their tax liabilities. The overwhelming majority do the right thing. I think about 97 per cent or thereabouts do the right thing, but an extraordinary amount of effort is required across state and territory revenue offices to deal with a very small number of taxpayers who undertake activities of extraordinary lengths to avoid their liabilities.

We have in recent budgets increased the resourcing within the Revenue Office to focus on compliance measures. I think it is fairer for all taxpayers and we can keep taxes lower for everyone if those who are doing the wrong thing and seeking to avoid their liabilities are discovered. That certainly assists governments right around the country at state and territory level and also at the commonwealth level. The ATO obviously has a significant compliance area as well, and this is how governments can work together in order to keep taxes as low as possible by focusing compliance efforts on those who do the wrong thing.

It is important to stress that nearly all taxpayers meet all of their obligations and do so on time and have a very productive working relationship with the Revenue Office. That is to be encouraged. But we do need to resource this area, and we will certainly continue to monitor the levels of noncompliance with the territory's tax laws to ensure that all revenue that is due is received and that that is the fairest possible thing we can do for all taxpayers.

Mr Salisbury: If I could add to that, it is not unusual for the Revenue Office to meet with taxpayers in an informal-type setting to discuss the way the payroll tax laws might apply in their particular situation. There are attempts by the revenue authority to help clarify that for taxpayers.

MR COE: I am sure it does not feel particularly informal for those being interviewed.

Mr Barr: Some voluntarily come forward and say, "These are my circumstances. Can we have a discussion about what my obligations are?" And, again, we want to encourage that. That is a very important part of the process.

MR COE: With those specifics, is there a rule about what percentage of common ownership or what percentage of common employment constitutes a grouping?

Mr Salisbury: There are. There are particular provisions, and there is case law that underpins that as well. It is not as easy as reading it off a schedule. There is a degree of complexity and interpretation of facts and circumstances to match what the law says.

MR COE: Have your investigations pretty much been restricted to private companies? Have, for instance, any listed companies, whether it be a superannuation company, a superannuation fund or other institutional investor, bought a controlling share in numerous public entities in the ACT? That could have serious implications with regard to payroll tax because there is a fair chance they are already going to be over the \$2 million threshold, but at least that \$2 million tax-free period would go. So is it just private companies you have explored, or do you actually do research into share registries as well?

Mr Salisbury: We do look into share registries, but that is not necessarily in the area of payroll tax. That is more in terms of conveyancing duty. So where you would have buying and selling of shares which would basically affect a land transfer, we do a fair bit of compliance in that space. But in terms of payroll tax, it is generally an entity that employs people, and it is that entity that is responsible for paying tax. It is the individual entity rather than who owns the entity that is responsible for the tax.

MR COE: But you mentioned earlier that common directorship was part of the consideration. Of course there are going to be many publicly listed companies that have common directors. If that is a determinant of when companies should be grouped, why would it apply only to private companies and not to listed companies as well?

Mr Salisbury: It could equally apply to listed companies. We would use ASIC data to determine the common directorships.

MR COE: Have there been any listed companies over the past few years that have received a noncompliance notice from the Revenue Office stating that they need to pay more payroll tax due to a grouping?

Mr Salisbury: I do not recall anything in the time that I have been the Commissioner for Revenue, but I will take that question on notice and respond.

MR COE: Please do, thank you.

MR PARTON: Can I just ask what avenues exist—if there are any—for an employer to appeal or question the rate of payroll tax which has been levied? Say they want to appeal against being designated as a group of employers, what process do they go through?

Mr Salisbury: There is a formal objection process in the Revenue Office where the case will be reviewed by an independent team who sit outside the area that has raised the assessment. The issue will be reconsidered, including all the facts and circumstances and the law. That area of the Revenue Office, which is called the objections area, will issue a determination as to whether they accept the taxpayer's agreement and alter the tax or whether they do not accept the taxpayer's case in that

circumstance. From that assessment, from objection, the taxpayer then has a right to appeal to the ACAT, the ACT—

Mr Barr: Civil and Administrative Tribunal.

Mr Salisbury: Civil and Administrative Tribunal. They lodge an application and that is heard in a quasi-judicial environment, but the ACAT have the ability to reissue the assessment. They can re-determine—it is called standing in the shoes of the commissioner—the tax amount based on the evidence before them.

Similarly, if the taxpayer or the revenue authority is not happy with that outcome, they can take it to the next level of ACAT, which might mean a greater level of representation by ACAT. Similarly, if that does not satisfy either party, they can take it to the Supreme Court. At any one time within the Revenue Office we would have a number of cases of objection under appeal in ACAT and occasionally in the Supreme Court.

MR PARTON: You suggested earlier that the payroll tax regulations are broadly similar.

Mr Barr: Harmonised, yes. There was a big national project to do that through COAG some time ago.

MR PARTON: Are they broadly similar or are they completely similar? Are there differences? Are there differences between us and New South Wales, for argument's sake? Working in the area that you do, you must be extremely aware of what the differences are between the payroll tax regime here and in New South Wales. What is the difference?

Mr Salisbury: I would say they are 99 per cent common. There is probably a one per cent area of difference. It can often reflect certain circumstances in the jurisdiction. I am trying to think of a good example. I will have to get back to you with a good example.

MR PARTON: Okay.

Mr Barr: The rates and thresholds are different. Some jurisdictions have a payroll tax that cuts in at a very low level, but they have a lower rate than the territory. Basically, they ask all businesses to pay something. So that is one extreme. Then at the other end is the model here in the ACT where we have the highest threshold and the highest rate. As I said, I think about 22,000 of the 26,000 businesses in the territory pay none. We focus entirely on the big boys, I guess. You have to have a pretty big payroll. It is a lot of employees. That means that the banks and the multinationals pay more in the ACT and your corner shop, your small start-up—

MR PARTON: Your little communications—

Mr Barr: Indeed, your small start-up communications do not pay it. I think on balance that is a point of advantage for the territory economy at this point in our city's history in that we want to encourage more small businesses. That is the engine room

of the private sector in the ACT. It may well be that in 100 years time the shape of our economy will have changed. Michael Pettersson is young enough to be Chief Minister in 100 years time! He may need to make a decision to alter the arrangements, but for now our focus has been very much on supporting small and medium enterprise. We have done that—going back to Ms Orr’s original question—through those changes to the tax system that remove the stamp duty on the acquisition of businesses under that \$1.5 million threshold, with no payroll tax and no commercial land tax. It is a distinct suite of tax policies to encourage small business growth. We have seen some pretty good results from it. As we all know, not every small business succeeds but, in terms of new entries, the ACT has performed very well.

THE CHAIR: The \$1.5 million threshold for payroll tax—

Mr Barr: \$2 million.

THE CHAIR: \$2 million for payroll tax.

Mr Barr: It was \$1.5 when I became Treasurer. It is now \$2 million.

THE CHAIR: You are characterising it as only the big boys, but certainly I have heard from a number of leading businesses that are looking to grow their workforce based out of the ACT, but they hit that reasonably quickly. In the ACT salaries are quite high. Have you done an analysis of the impact that is having on medium enterprise in the ACT?

Mr Barr: Yes, we have.

THE CHAIR: You have?

Mr Barr: I think I know where the question is going. We certainly looked at the comparator in terms of size of business where, with the lower New South Wales threshold and the lower rate, at what point on that curve do you end up paying more payroll tax in the ACT. You have to be up towards about 50 employees before you are in that mix. Yes, that is true. That is the trade-off. We have really thrown a lot of resources in recent times at encouraging smaller businesses. If you are comparing Canberra with Sydney in terms of salaries and cost of living, Sydney is a pretty expensive place as well. These are the trade-offs in policymaking.

THE CHAIR: How many businesses in the ACT are there with over 50 employees?

Mr Barr: I will have to take that on notice.

THE CHAIR: You can take that on notice?

Mr Barr: There are about 3,700 that pay payroll tax and 22,400 or something that do not.

THE CHAIR: But that would be a disincentive for medium enterprise—

Mr Barr: It has not been.

THE CHAIR: to move to the ACT.

Mr Barr: I do not think there is—

THE CHAIR: Beyond 50. If anyone is looking to set up or grow in the ACT—

Mr Barr: That is a big enterprise to move and, in terms of establishment, I do not think it has been a major problem for us but, as I say, it is a trade-off. You could increase the tax rate on smaller business. You could lower the threshold. You could do that. You could collect exactly the same amount of revenue in a different way, but then the problem is that if you did shift then you would be giving a tax cut to the banks and the large multinationals and you would be taxing smaller businesses.

THE CHAIR: There are always winners and losers.

Mr Barr: That is correct, yes.

THE CHAIR: Going back to rates: the stamp duty reductions have been going for about four or five years now. I have been advised by people in the real estate industry that what they have seen is that, because people know that there is a reduction in stamp duty, the price adjusts to compensate for that. Certainly we have seen prices for houses and land go up. Has there been any work done to look at that as an issue, that it is actually not making housing more affordable, because what is happening is that prices are simply adjusting to compensate for the fact that stamp duty has gone down. Has anyone looked at that body of work? People are paying more rates and the stamp duty reduction certainly has not led to a decrease in the cost of housing.

Mr Barr: There was an analysis undertaken—and I think the *Financial Review* reported on this—and it showed in the first five years that it had put downward pressure on housing price in the territory. I recall the report. It was in the *Fin Review* last year. We can get a copy of that for the committee.

THE CHAIR: Yes, but has the ACT government done any?

Mr Nicol: We monitor house prices fairly closely and we analyse the factors that are causing the trends in changes in house prices. Proving the counterfactual is the difficulty here. For example, we have had record low interest rates, which have caused house prices to go up across the country. I think the Chief Minister is right. Our view is that reductions in stamp duty rates have had a positive effect on reducing the cost of purchasing a house. There are other factors. As I said, low interest rates have gone the other way. They have encouraged house demand.

THE CHAIR: Land release, perhaps, but that is subject to another committee meeting.

Mr Nicol: Land release is a factor too. We closely monitor the demand for our new land. Whilst that has an influence, particularly over prices where people want a new detached house, it is only part of the market. It does not necessarily influence other house prices, especially in the inner suburbs. There are a lot of factors that go into

house prices. The government has a range of other policies in play to try to target particular areas of the market in terms of house prices such as the land rent scheme et cetera. My view is that reductions in stamp duty rates have had a positive effect on housing affordability in the ACT.

THE CHAIR: That view is based on what evidence—your analysis?

Mr Nicol: My analysis of the market.

THE CHAIR: Your analysis? Could you provide that analysis of the market? I assume it has not just been done on the back of a piece of paper.

Mr Nicol: It is reading reports, following data and following prices. It is not one piece of work. It is constant ongoing monitoring of the market and what is happening in the market.

Mr Barr: I found that report. It was undertaken by the economic think tank Prosper. Its key findings were that the ACT's moves to bring in land tax have cut up to \$2,200 off annual mortgage payment costs and kept house price growth 20 per cent below what it would otherwise have been after only three years. Dwelling price growth in the ACT previously closely tracked the national average but since the policy's introduction in 2012 it has slowed dramatically, meaning the median Canberra house price of \$535,000 would otherwise have been \$642,000 without the changes.

According to the report, *The first interval—evaluating ACT's land value tax transition*, in the same period the average home loan in the ACT had grown nine per cent to \$364,000 while it had grown by 19 per cent in the rest of the country, excluding the Northern Territory and Tasmania, suggesting a reduction in the average loan size of up to \$37,000, or a saving of \$2,200 per year.

MR COE: You are going to hang your hat on saying that your reforms have taken \$100,000 off the median house price?

Mr Barr: Well, this is what this report—

MR COE: But do you believe that?

Mr Barr: This is what this report—

MR COE: Do you believe that?

Mr Barr: This is what this report has outlined.

MR COE: If you are not willing to believe it, why are you quoting it?

Mr Barr: This is what this report has outlined, and it is the first such study undertaken on the territory's—

THE CHAIR: I do not even know who this group is. I am surprised that the

ACT government has not done that. Other than saying that you looked at it, there has been no formal analysis conducted, has there?

Mr Nicol: No. I have not engaged a modeller to look at house prices in the ACT.

THE CHAIR: Have you had discussions with the real estate industry? I have been advised by people in the real estate industry that all they have seen is house prices adjust as stamp duty comes off people who own homes, who are selling and understand that, and just adjust their price accordingly. That has been reflected in what we have seen in terms of house prices.

Mr Nicol: Your question, chair—

THE CHAIR: Is that a piece of analysis that you have looked at?

Mr Nicol: As I said, I have not engaged a modeller to model house prices in Canberra. In my view, that would be very difficult, because the market is not one market. It is segmented markets, it is very complex, and there are a range of factors going on in the market that make it very difficult, notwithstanding that report the Chief Minister has read out, to come to a view. So I would not be as certain as that, and I would doubt the modelling would—it would throw up a range of uncertainties and a range of factors. I do discuss things with various people—

THE CHAIR: So you are not confident you would be able to do modelling, but the Chief Minister is confident that he could read something from the *Fin Review* based on—

Mr Nicol: Well, that is—

Mr Barr: An article in the *Financial Review*, based on a report—

Mr Nicol: Someone's view.

THE CHAIR: Is that how you base your analysis? Do you agree with that analysis?

Mr Barr: undertaken by Dr Cameron Murray as part of the economic lobbying agency Prosper.

THE CHAIR: It sounds a little selective in terms of analysis. I am surprised that you are basing government policy decisions and evidence to the committee on an article you read.

Mr Barr: I am basing government policy decisions on 30 years of tax reform reviews, not least by the former Secretary of the Treasury, Dr Ken Henry.

THE CHAIR: Reviewing how it is playing out, you are relying on the *Fin Review* rather than government analysis.

Mr Barr: Let me be clear. We are undertaking a 20-year tax reform. We have taken it to two elections. We are not changing our policy direction, full stop.

THE CHAIR: Whether it is good or bad is the issue here, not whether you are changing it.

Mr Barr: We have taken this to two elections now—

THE CHAIR: I accept that you are continuing to go ahead.

Mr Barr: and we are going to continue.

Mr Nicol: Chair, perhaps—

THE CHAIR: We are trying to analyse the effect of it and the impact of it, aren't we?

Mr Nicol: Chair, I could bring some documents that would provide very strong evidence about the benefits of this sort of tax reform.

THE CHAIR: I want to see how it is playing out, not the—

MR COE: Theory.

THE CHAIR: The theory, that is right. Not the economic theory but the practice.

Mr Nicol: I will bring some evidence.

THE CHAIR: We are talking about the commercial rates being paid. People are moving and buying new properties, perhaps, but there are a lot of small and medium enterprises in this town who have not relocated, who have been in Manuka, Fyshwick, Mitchell or somewhere else and who have seen the proportion of their rates becoming, short of payroll tax, the most significant cost that those businesses have. For many businesses, the impact of the tax reform is negative. Most businesses are not changing their property all the time. Most businesses are static. They are based in Manuka because that is where they have got the newsagency, or whatever it might be, or in Fyshwick. They are established businesses. They are significantly worse off. So there are winners and losers in this, and it seems that the analysis that has been presented in the *Fin Review* is presenting one side. But maybe that is a topic for another day.

Mr Parton, do you have a substantive question? We might make it the last one before we break.

MR PARTON: When was the directorate first advised that ACT Health was not going to meet the Productivity Commission's deadline for emergency department figures for the annual comparison of the performance of states and territories because of those concerns about the accuracy of ACT Health's data?

Mr Barr: We will take that on notice.

MR PARTON: Thank you.

MR COE: What is the directorate's role—

Mr Barr: As I said, we will take it on notice.

MR COE: Yes, but what is the directorate's role?

Mr Barr: We will take that on notice.

MR COE: How do you know what you are taking on notice? I have not asked the question.

Mr Barr: You have just asked the question, "What is the directorate's role?" We will take that on notice.

MR COE: And with all the other questions I have where you seem to be able to guess what they are, if you could take them on notice as well, that would be great.

Mr Barr: Doing my best.

THE CHAIR: We will press pause there. We will resume at 10.45.

Hearing suspended from 10.26 to 10.43 am.

THE CHAIR: For the committee's interest, I have found the quote made by the Chief Minister, from Prosper economics.

Mr Barr: That is correct, yes.

THE CHAIR: Their aims are:

... fund government from the economic rents that fall to land and monopoly.
This will liberate our animal spirits as individual effort and ingenuity are rewarded directly and make an economic Golden Age possible.

Mr Barr: There we go.

THE CHAIR: So liberating our animal spirits is our—

Mr Barr: They are a right-wing economic think-tank, then.

THE CHAIR: Apparently they are a non-government organisation inspired by economic efficiency and social justice, and they talk about progress—

Mr Barr: Sounds like a right-wing economic think-tank to me. I think the IPA have signed up to that.

THE CHAIR: Maybe the government's tax reform will liberate our animal spirits.

MR COE: Perhaps.

THE CHAIR: Mr Coe, you have a question for the minister.

MR COE: I do. Treasurer, why is the headline net operating balance not submitted to the Auditor-General for the consolidated financial statements?

Mr Nicol: The Auditor-General's responsibility is to audit the financial statements of the territory, and all of the financial statements of all the organisations of the territory. The headline net operating balance in one sense does not form part of the financial statements of the territory. It is a budget concept. Victoria is the only jurisdiction that comes to mind in Australia where the auditor actually audits their headline budget measure. No other jurisdiction, to my mind, audits the headline budget measure. I will ask Mr Miners to come to the table.

Mr Miners: The auditor, when they do an audit, audits purely what shows up in the financial accounts. The headline net operating balance is an adjustment to produce a set of accounts for the ACT that provides what we think is the best underlying picture of the accounts in the ACT. The reason it is different is because in most jurisdictions the superannuation accounts sit within the accounts, and therefore flow straight through to their normal net operating balance. In the ACT, because of the CSS and PSS, all the costs associated with super sit inside the accounts, but a lot of the returns on the investments sit outside, in terms of the capital returns. The adjustment we make to get to the headline net operating balance is an additional one specific to the ACT that reflects the specific nature of our financial accounts. When the auditor does it, they go straight through on what is the accounting framework.

Mr Nicol: That said, Mr Coe, the headline net operating balance is based on the financial statements, so they are based on audited financial results. If the auditor decided to investigate the headline net operating balance, that is her choice, I think.

Mr Miners: Yes, that is right.

Mr Nicol: There is nothing preventing her from doing so if she wished to do so.

Mr Miners: When the audited accounts come out, they often refer to those super returns, so that it is not as if it is completely ignored by the auditor. She does pick that up in the reports as well.

Mr Nicol: There is no unaudited information in the headline net operating balance.

MR COE: In terms of the net borrowings figure, it is in effect the bottom line, would you agree, for the territory?

Mr Nicol: When looking at an organisation as complex as the ACT government, one single figure does not tell you the whole story. You need to look at multiple figures. So the headline net operating balance is the government's principal fiscal target, it is fair to say, but all the other measures which are produced in the budget statements have a purpose, whether they are net borrowings, net financial assets or net assets. They all tell you a slightly different story, and they are used for slightly different things.

For example, a very important measure in certain circumstances is liquidity. So things like net financial assets are very important measures to determine your day-to-day

ability to continue operating. But net assets are your ultimate position in the balance sheet. When you are looking at the territory as a whole, as an ongoing, long-term entity, net assets are more of a focus. Net debt gives indications of how much borrowings we have to meet in terms of interest et cetera, but it is one measure. I would not use any of them as the only measure or the primary measure.

MR COE: With the annual net borrowing for 2016-17, or indeed 2015-16, is it of concern to the Treasury?

Mr Nicol: In short, no. The net borrowing is essentially what is required in a cash flow sense after taking account of all of the operations and capital investments of the territory, and it takes into account other borrowings—maturities that come along. We have an active program to manage our borrowings such that we can raise capital in an efficient way and we do not have situations where a significant amount of borrowings mature at any one time. A good indication of concern, if you want to use that word in that space, is our credit rating, which is the highest, essentially, it can be. For that reason I am not concerned about the borrowings that we undertook.

MR COE: What level of confidence do you have with regard to the path to surplus, as stipulated in the budget?

Mr Nicol: The current forward estimates are based on current government policy and Treasury's and the government's current forecasts of, particularly, tax revenues and other revenues. That is what it is: based on current policy. I think it is a government view rather than an Under Treasurer view as to where policy will go, and changes in policy will lead to changes in those estimates. It is, as best we can make it, a central estimate of current government policy.

MR COE: Of course, government policy will influence it, but so will numerous other variables, some of them within our control and some beyond.

Mr Nicol: Indeed.

MR COE: What degree of confidence do you have in the variables that form the foundation of those forward estimates?

Mr Nicol: The budget papers contain a statement of risks, which outline some of the risks to the budget figurings. The risks go both ways, both positive and negative to the budget. It is, as I said, a central estimate, and things can change, up or down. I do not even say better or worse in my role as Under Treasurer. They are numbers, and our job is to try to get the best forecast we can for the government so that they can make informed policy decisions. That is essentially what the numbers in the budget represent.

MR COE: With this fiscal deficit or net borrowing figure, there have been positive net borrowings, so there has been a negative impact for six or seven years, I think. What has underpinned those borrowings? What have been the underlying factors for such large net borrowings?

Mr Nicol: I will not go to the point of whether they are large or small. We have

undertaken borrowings. The largest influence on that is the government's capital program, essentially.

MR COE: Are there recurrent issues as well as capital issues, or just capital?

Mr Nicol: Generally, we run a cash surplus on the operating side of our budget, so recurrent is not necessarily a big contributor. We did run a slight cash deficit in relation to Mr Fluffy. I would add that Mr Fluffy has been another significant part of the government's borrowings over the past two years. Generally, we run a recurrent cash surplus. The difference between a headline net operating balance which has been in deficit and the current cash surplus is largely depreciation on our capital base. So part of the capital investment is to renew and refresh that depreciation over time. Mr Miners, do you have anything to add?

Mr Miners: The net operating cash as at budget review is forecast to be in surplus in all years.

THE CHAIR: We might leave it there. Thank you very much for your indulgence there. We will move on to government policy and strategy, as indicated in the program. My question is about the new government office building that will be built about 100 metres that way, or maybe less. Can you give me an update on the progress that has been made there? Have you identified who is going to be moving in, from where, and when?

Mr Barr: There are two elements to your question. Within this directorate there is the property element, the bricks and mortar of the project; then Kathy Leigh can talk about who is moving in, and the public sector management side. I might ask Kathy to talk about that. You will get the opportunity in subsequent hearings to ask about the actual tender and the building.

THE CHAIR: I am more interested in when people are moving, who is moving and where they are moving from.

Mr Barr: Sure.

Ms Leigh: We have a program, which Ms Overton-Clarke leads, to develop a whole range of change management issues that will relate to moving into that building. Primarily, this is an opportunity to reinforce the one service approach, and to bring the many similar related agencies together in one building.

While we use technology to the fullest extent possible, and we achieve a lot of synergies through a whole range of other mechanisms, whether it is training, technology or the messaging that goes out, I think it is undeniable that geographical proximity assists people to collaborate. The opportunity with this building is to bring together directorates that have related responsibilities. We will particularly focus in relation to that building on directorates and parts of directorates that have the most dealings with ministers and the Assembly, because that will assist in efficiency in terms of the proximity. You can use many techniques to achieve collaboration across the service. You can have a task force, as we have done with the asbestos task force. But on a day-to-day basis there is never a clear delineation between each directorate's

responsibilities, and the more that staff work together on issues, the better outcomes we will get for the government and the people of Canberra. Undoubtedly, having people in the same building where, with ease, they can work together and meet, will assist that.

THE CHAIR: I understand the principles, and I think they have been articulated before. Specifically, where are you at in terms of the analysis of who is moving in and when?

Ms Leigh: It is too early to be setting specific details on that. We have two committees: a working group reporting to an overall steering committee that is working through those issues, and the change management issues that come with trying to achieve new working arrangements in the building. I do not think it is an efficient use of resources to be mapping the detail of which staff will move and locking that in. Part of the building design will ensure that the space can be used flexibly. As government priorities change, the public service will keep changing. We must not lock in now a rigid concept of what the administrative structures will be when we first move into the building and ongoing. So I do not think it is useful to get down to that detail.

THE CHAIR: What is the date for that?

Ms Leigh: 2019, isn't it?

Ms Overton-Clarke: June 2020.

THE CHAIR: Have you worked out which directorates are moving in and so on? What level have you got it down to? I would have thought that when it comes to things like forward leasing or planning within other directorates, or even if they are going to renew their office furniture or something like that, if they know that they are moving in 2020 they would not do that, whereas if they know that they are going to be staying where they are, they might. I would have thought that, just from a planning point of view, you would need some degree of clarity around who is moving and who is not.

Ms Leigh: As I indicated, the directorates and parts of directorates that have the most ongoing relationship on a day-to-day basis with ministers and the Assembly are the ones that we are focusing on for that building. We are expecting the directorates that are more service oriented to be located in Dickson. We are expecting Transport Canberra and City Services and Environment, Planning and Sustainable Development to be primarily located in Dickson. We are expecting the other directorates, with the exception of Health, to be primarily located in this building. That is the logic to it.

THE CHAIR: With regard to the office building in Gungahlin, how does that fit in? Are the people there going to stay where they are?

Ms Leigh: Yes. At the moment that is the plan. That has a shopfront contingent, of course, and it has the service contingent from Shared Services. So that works quite well there.

THE CHAIR: I am surprised Shared Services would not be seen as one of those agencies that has interconnectivity. It seems that, based on the principles you are talking about, they would be well suited to be in a centralised location rather than in Gungahlin. I would have thought Shared Services interacted with all of the agencies.

Ms Overton-Clarke: The whole reason that we established Shared Services in 2007 was to be able to separate the transactional from the strategic. The strategic functions have stayed within agencies, primarily HR and finance. The transactional functions at Winyu in Gungahlin are able to be done remotely. That was the whole point of collocating them there.

There are some embedded teams that may move into the new government office block. For example, on level 5 at Nara we have the embedded team that services here, and they probably will move in. So it is absolutely location-dependent on who their clients are and where they spend most time during the day. Some of the capacity of the government office block will, of course, mean that people will be able to move within buildings much more easily and be able to have desks that they can locate at for short times during the day. That may well include people who come from Winyu or indeed Health or other parts of ACT government.

THE CHAIR: Health is in the process of moving to Woden, out of the city?

Ms Overton-Clarke: That is correct.

THE CHAIR: When are they due to move to Woden?

Ms Leigh: That has already commenced.

Ms Overton-Clarke: It has commenced. The Property Group this afternoon will be able to give you better clarity on that. They are in the process of moving. I think they finish up in a couple of weeks; in the next few weeks, anyway.

THE CHAIR: Is there a substantive question?

MR PETTERSSON: Chief Minister, could you provide an overview of the direction of the ACT government's whole-of-government digital strategy?

Mr Barr: I invite the Chief Digital Officer.

THE CHAIR: You can just say, "I am no tech-head".

MR PETTERSSON: He has an iPad right there.

Mr Barr: I do a little better than the former Prime Minister.

THE CHAIR: Kevin Rudd?

Mr Barr: I think we are referring to the spiritual leader of the right wing of the Liberal Party, Jeremy.

MR COE: Just be careful.

Mr Barr: The one who is causing all of the trouble at the moment.

Mr Cumming: Could you repeat the question please?

MR PETTERSSON: Could you provide an overview of the ACT government's whole-of-government digital strategy?

Mr Cumming: The digital strategy is divided into three components. One is outward looking; it is around economic development and how we work with the community in a digital sense. The second dimension is around how we provide services to citizens, again focusing on the digital, but noting that part of the digital strategy for us is also to deliver services to people who are not necessarily that well equipped in a technology sense; having good service centres is part of the digital strategy in that regard. And the third part is around digital foundations. A key plank of that is the things around the cloud, for example, the use of cloud, and also the use of data in a much stronger, sort of data culturalist way, so that we actually curate our data where we create it and we use that for policy analytics, process automation and giving a personalised experience to our citizens when they use our services.

MR PETTERSSON: Excellent. You mentioned that you are doing everything you can to assist others who might not be so tech savvy.

Mr Cumming: Yes.

MR PETTERSSON: Can you expand on that?

Mr Cumming: Part of the reason for digitisation is to make those who want to engage that way engage in a really efficient way. That frees up resources to engage with those who cannot use those channels. And also, even within the service centres, a good digital flow within the service centres by our staff, or assisting people to enact those services in the service centres, gets them more comfortable with the technology. That is going to be the approach to it. It may be that for some people they just do not want to touch technology at all; they will be well looked after in the service centres on a much more personal note. But they become a smaller and smaller percentage as time goes by, so we have that really efficient straight-through processing.

MR PETTERSSON: Excellent.

MS ORR: I want to ask about the implementation of the activity-based workplace pilot in the Nara building: what you found from the initial one; what the uptake of home-based work as part of that program has been; and if there are any demographic trends, such as more women than men, different age groups and what not. And are there plans to extend the program? Specifically, are you going to be looking at putting it out to Winyu House, which is in my electorate?

Ms Overton-Clarke: We have done evaluations of the pilot. That has not specifically gone to the number of people who are working exclusively from home. The whole concept of activity-based working is that you work where it is most beneficial for you.

There are definitely occasions when everyone has been working from home but, generally speaking, everyone has also come into the office. All I am saying is that it is not much different from how it was before the pilot in terms of people working exclusively from home. But what we have done—as per the previous answer to Mr Hanson—we are expecting that through the government office block as well as in the pilots, we have people who come to use both level 4 and level 5 at odd times of the day. They may be from Access Canberra; they may be from Skills Canberra; they may be from another directorate. They are coming there because there are desks that are free at different times of the day. So it is much more a culture of people from other directorates mixing, which has been incredibly beneficial.

MS ORR: You said levels 4 and 5. I am presuming that is the building that is going to—

Ms Overton-Clarke: The Nara building.

MS ORR: Are you looking at extending it to other buildings?

Ms Overton-Clarke: At the moment, the pilots are level 4 and 5 of Nara and also at Access Canberra. The Cosmo building in Woden has also gone to activity-based working. At this stage we are not looking to extend it further before the government office block, but we are using all three of those facilities to rotate a number of people in and out. And certainly, as we move towards the government office block, it will be important for people to understand how it is. The project officer who works for me is doing a number of demonstrations each week. When we have committee meetings in Nara, one of the things we do is show them through the pilots so that they can get to understand it. So it is not just our own directorates, but across Canberra where there is heavy interest. The commonwealth government is doing a number of these things as well, as well as private industry. We are sharing all of that knowledge across Canberra, and in other states as well.

MR PARTON: Did the directorate provide reports or briefing notes on the progress of the parliamentary agreement between the Australian Labor Party and the Greens which applied in the Eighth Legislative Assembly?

Ms Leigh: Sorry?

MR PARTON: Did the directorate provide reports or briefing notes on the progress of the parliamentary agreement between the Australian Labor Party and the Greens which applied in the Eighth Assembly?

Ms Leigh: Yes. That is recorded in the annual report.

MR PARTON: Okay.

THE CHAIR: What page is that on?

Ms Leigh: Page 27, volume 1.

Mr Barr: It would be worth observing that those election commitments,

parliamentary agreement items and other strategic priorities form the basis of the government's priorities, and the directorate assists the government of the day in implementing its policy priorities.

MR PARTON: So we could assume that the progress reports will be made publicly available and published online?

Mr Barr: The parties, as in the Labor Party and the Greens party, have issued in the past, and will issue in the future, annual statements of progress against those parliamentary agreement items. More broadly in terms of election commitments, parliamentary agreement items and other strategic priorities, they are reported in the budget, in the midyear update and in the annual reports process. You get three updates a year through those processes; plus, obviously, with things that are of political interest, there will be questions asked in question time or questions put on notice. You will often find that ministers might issue public statements that say, "We have met our election commitment in this area." There is pretty regular commentary on progress.

Shadow ministers often like to point out where election commitments have not yet been met. That is part of the role of non-executive members, particularly shadow ministers, in—what is the stock phrase?—"holding the government to account", which I have heard ad nauseam from every opposition leader in this place for 15 years.

In this instance, I find the line of questioning amusing. Your job is to hold us to account. The government seeks to make information available on progress against our election commitments and parliamentary agreement items, yet somehow this is becoming a bit of a thing, it seems, as a line of questioning that is emerging.

THE CHAIR: Chief Minister, perhaps the confusion arises from the fact that the government has previously argued in the Assembly that questions cannot be asked by the opposition with regard to the parliamentary agreement because it is an entirely political document that is not part of the purview of the government, but then at the same time government officials, paid public servants, have been spending their time and resources to provide analysis and support to the government on this document. There seems to be concern, which perhaps comes from the line of questioning being asked, that there is one argument in the chamber for the opposition not being able to talk about it because it is a political document, but then behind the closed doors of the public service, the public service is being required to use public resources—

Mr Barr: If that is the line of questioning and that is the concern, clearly, when the government is formed and the first cabinet meeting occurs, official government policy is set, and the bureaucracy responds to that. We set that direction.

It will come as no great surprise to everyone who has observed the operations of this place over its near 30-year history that there has always been—I think, bar one four-year term—minority government, and therefore there has always been some form of arrangements. The extent to which they were formally written and made public has varied over the years, depending on the nature of the alliances that have been formed on the floor of the parliament in order to form a government.

There would be some who would have a deeper memory of the very first Assembly

than I—I think I was in year 10 when the first Assembly election occurred—but it has certainly been my lived experience over 11 years as a member in this place that that distinction between what is a political arrangement between members, either on a particular issue or to form a government, and what is formal government policy as determined by cabinet is a pretty clearly understood distinction. Ministerial responsibility, to the extent that opposition members can ask questions on government policy, is pretty clearly articulated. On matters of politics, obviously previous Speakers have made rulings in relation to—

THE CHAIR: The government has argued for it.

Mr Barr: what is allowable and what is not. And I guess—

THE CHAIR: So it is politics if it is a question in the Assembly, but it is not politics if the public service is providing advice on it. It is a contradiction.

Mr Barr: To a certain extent that would reflect that most of what passes for debate in the Assembly is politics. On occasion, there is actual discussion on policy and the politics is put aside, but you are kidding if you are suggesting that your questions do not have a heavily political element to them. You are not seeking information, most of the time; you are seeking to make a political point. That is fine; that is politics. I am not suggesting that you—

THE CHAIR: You have argued in the chamber that that document is politics, but then you have engaged the public service to work on it and provide advice.

Mr Barr: Once a government is formed and a policy agenda is determined by the cabinet, it becomes government policy; at that point it is appropriate for the public service to be involved in its implementation and—

THE CHAIR: But surely the advice being provided on the progress of the parliamentary report is talking about how many objectives have been met or not met.

Mr Barr: Yes, that are—

THE CHAIR: Surely those that have not been met are not formal government policy.

Mr Barr: That are government policy. Over a parliamentary term, the policy is set, and there would be progress against that over a four-year period. So no. As is clear—

THE CHAIR: So there has never been any advice provided on those elements of the parliamentary agreement that did not result in being government policy? Every piece of advice is only on those bits that became government policy?

Mr Barr: Other than that there would be a process to assess whether a submission has come forward in that area. But response on that predominantly sits with the two parties. Let me assure you that if an area of a parliamentary agreement is not enacted, you do hear about that. You hear about that from you guys; you hear about it through the political process. But the public service is charged with implementing the policies of the government of the day. That policy agenda goes to cabinet, cabinet endorses

that policy agenda, and then the government moves forward with the implementation of those items. But they do not all happen at once, and the parliamentary agreement is for the term of the Assembly.

THE CHAIR: Right then.

MR PARTON: Okay.

THE CHAIR: I think we are up to Mr Coe.

MR COE: Yes. With regard to the actual annual report itself, page 187 of volume 1 lists some of the relevant directions for the annual report. With regard to the areas where there are no items to report against—for instance, in the ministerial and director-general directions—what would be the reason for that?

Ms Leigh: I will ask Ms Hall to come and assist with that question.

Ms Hall: Mr Coe, I understand the question is: on page 187 in some sections we have said that we do not have any items to report.

MR COE: Yes.

Ms Hall: The annual report directions are put out for all of ACT government and cover all annual reports. So there will be some that will not be relevant to particular agencies. For instance, education and training—CMTEDD has no policy responsibility, no appropriation against that area. So they would not be required to report. Obviously, Education and Training Directorate and possibly the Community Services Directorate—I am only guessing—would if they had some training aspect in there.

MR COE: Sure.

Ms Hall: We do an assessment—

MR COE: Yes.

Ms Hall: and look through each one. There is not a requirement to have something there, but there is a requirement to say that you are not putting something in there.

MR COE: So with regard to point (h) in particular, where would the Director-General directions be? If they are not in this report—surely they would be? Would there not be some that are relevant here?

Ms Hall: I would have to take that on notice.

MR COE: Matters executive?

Ms Hall: Yes. I cannot actually answer that; so I will take it on notice.

MR COE: Thank you. In a similar vein, the Auditor-General noted that there were

three previously reported audit findings relating to reviews of salaries. I think it is Auditor-General's report No 11 of 2016.

Ms Hall: Sorry, what page are you on?

MR COE: This is more general; so there would not be a specific page reference there.

Ms Hall: Okay.

MR COE: With regard to the Auditor-General's report of last year, have the issues now been addressed—that is, the reviews of salary reports, accountability indicators and related targets?

Ms Hall: I think the Auditor-General report recommendations relevant to CMTEDD are set out in an earlier section of the report. All of the progress is against that. I think the salary report that you are referring to will need to be asked of Shared Services, because that was about the—

MR COE: Yes, okay.

Ms Hall: Although, there probably is an update in the section within the report. Yes, the review of accountability indicators did take place. We do an annual review of accountability indicators in the directorate. I think that that step is also referred to. I can find the page later for you, but it is actually addressed within the report itself.

MR COE: One of the concerns was that the directorate did not submit their financial statements by the required due date. The auditor noted that the explanations for the variances needed to be improved.

Ms Hall: Yes.

MR COE: That was noted, but what particular actions is the agency taking to ensure that does not happen again?

Ms Hall: The explanation for variances—when we do the assessment and review of our accountability indicators, which as I said is an annual event, we looked at each time not just to improve the actual indicator itself, but to use plain English. We have improved when we get feedback. The notes to the accountability indicators themselves are quite comprehensive. We review those each time. Again, with the variance statements that are included, where the Auditor-General or other people reading the report have raised questions, we take notes of those and we factor that into our review to make it clearer to the reader. So it was a broad statement. It was not just one indicator.

MR COE: Sure, but what is actually the underlying reason why the financial statements were late?

Ms Hall: I will have to pass that to the CFO.

Mr Ogden: Mr Coe, the reason the statements were late last year was a result of the

complexity of the organisation. There were a number of administrative arrangements, as you know. As a result of the number of consolidations we have to do, purely by size and complexity of our organisation, we were late. We advised the Audit Office of that. We gave them early versions of it, but because we did not meet the time frame, we were instantly recorded as not meeting that particular date.

MR COE: I understand that the draft statement of performance was also late. What would be the reason for that?

Mr Ogden: I would assume quite similar, so—

MR COE: Does that mean that for this year, given that there are not likely the same sorts of issues in the previous year, there should be no issues?

Mr Ogden: Correct, yes. We have worked very closely with each of the business units to ensure that we meet the time frames and we have worked with Treasury in order to set a reasonable time frame in order that we can provide those financial statements and statement of performance to the Auditor-General.

MR COE: Thank you.

THE CHAIR: Mrs Dunne, good morning.

MRS DUNNE: Good morning. Thank you, Mr Chair. Chief Minister, I seek some direction. I think this is the right place to ask this. In 2015, we exchanged letters about ethical supply chains and slavery-proofing our supply chains. This relates to the work that was done by the Legislative Assembly to improve its position in terms of slavery-proofing the supply chains. In March 2015 you said that there was an ethical supplier's declaration that linked with procurement, but that it did not cover issues like forced labour and that there was a new procurement circular and guidance material in the offing. Has it been finalised? How does it address the issues of forced labour if it has been finalised?

Mr Barr: This is a question better asked of the procurement area this afternoon, but now that you have asked it, we will take it on notice and see that we can have an answer hopefully before this afternoon.

MRS DUNNE: Okay, thank you.

THE CHAIR: Anything further?

MRS DUNNE: No, not at the moment, thanks.

THE CHAIR: Chief Minister and officials, I refer to the Independent Public Service Commissioner. There is a splitting of your roles. You are going to take on one of those roles, I assume?

Ms Leigh: Yes.

THE CHAIR: Can you give me an update of where that process is at in terms of the

independent commissioner? What will their roles and functions be and how will that role be split from—

Ms Overton-Clarke: Thank you, Mr Hanson. We provided in the amendments to the Public Sector Management Act in September for the Independent Public Service Commissioner. The Head of Service and I have started those negotiations and discussions. We are moving to ensure that that role is separated within the next couple of months.

In terms of the roles and functions, what we are doing is ensuring that the commissioner will retain the function of the head of misconduct investigations and also public interest disclosures. So that is primarily their role. There are a number of other smaller functions. We had to work through which functions would be retained or go to the Head of Service and which ones would go out to the commissioner. We have done that separation. But essentially it is about the investigations and public interest disclosure role.

THE CHAIR: In terms of reporting lines to make sure that the person in this position is independent, how is that going to be structured to make sure that they are not just another—I do not mean this in a derogatory sense—

Ms Overton-Clarke: No.

THE CHAIR: public servant within the chain of command, so to speak?

Ms Overton-Clarke: Yes, the commissioner will report directly to the Chief Minister.

THE CHAIR: Right.

Ms Leigh: The legislation provides that once that arrangement is put in place the commissioner is not a public servant.

THE CHAIR: Right, okay.

Ms Overton-Clarke: An ACT public servant.

Ms Leigh: Yes, an ACT public servant.

THE CHAIR: With regard to commissioners, there was an issue with the appointment of—I cannot remember the title—Mr Smyth. His appointment was reviewed by the—

Mr Barr: The Commissioner for International Engagement.

THE CHAIR: Commissioner for International Engagement; that matter was reviewed by the Auditor-General. Have you had a chance to have a look at the Auditor-General's report? Are there any lessons learned out of the Auditor-General's report for the appointment of commissioners?

Mr Barr: We noted the comments of the Auditor-General that it remains the

prerogative of the executive to make commissioner or similar appointments. People will have their various views. I note and thank you for your support of the appointment at the time. On the day it was announced you were supportive and have remained so throughout the campaign period. I am sure you continue to; so thank you.

THE CHAIR: Sure, but there were some concerns raised by the Auditor-General about this process. How are we going to make sure that those errors are not repeated—for example, in the—

Mr Barr: There were not—

THE CHAIR: appointment, or concerns—

Mr Barr: There were no errors identified.

THE CHAIR: There were concerns raised—

Mr Barr: Well, again the—

THE CHAIR: about the process. How are you going to make sure that that does not occur again, particularly around such an important position as Commissioner for Standards?

Mr Barr: The auditor made no findings and it remains the prerogative of the executive to make appointments as it sees fit according to the laws of the territory. In relation to other specific examples, such that you have referred to, we will of course abide by all of our legal obligations.

THE CHAIR: The Commissioner for International Engagement, as I understand it, as reported in the media, has then made an appointment within his office. Concerns have been raised about that given the relationship of that individual to the senior executive that was involved in the process of hiring Mr Smyth.

Is somebody now looking at that appointment—I will not name names, but the appointment that Mr Smyth made—who was the partner of a senior departmental official. Who is now looking at that issue? Is it being looked at?

Mr Barr: I am advised by Ms Overton-Clarke that the individual you are referring to has resigned and the appointment, as I understand it, was a short-term temporary appointment. That individual has resigned.

THE CHAIR: So the individual has resigned? Has the partner resigned as well—that was the senior executive? So both have resigned as a consequence of this issue?

Mr Barr: I do not believe so, no.

THE CHAIR: Was there any correspondence or discussion between you or any of the public service officials—Ms Overton-Clarke or Ms Leigh—with either of those people who have resigned, or with Mr Smyth, as a consequence of this issue?

Mr Barr: Mr Smyth advised me that he undertook a recruitment process for the temporary position, that a panel was formed in accordance with the appropriate legal requirements, and that a recommendation was made based on the applications and an interview process.

THE CHAIR: Ms Leigh, did you have any conversations with either of the individuals concerned about this issue?

Ms Leigh: When it became public I asked the head of corporate to advise me on that. She did.

THE CHAIR: If I could hear from the head of corporate?

Ms Leigh: I should say it was when it came to my attention rather than when it became public.

Ms Hall: What was the specific question, sorry?

THE CHAIR: The issue that you are obviously aware of where Mr Smyth has engaged somebody who was a partner of a senior executive and the senior executive was very closely connected with Mr Smyth's original appointment. I think Mr Smyth worked to him or in his area anyway. What then played out as that became apparent in the media? Ms Leigh has said that you provided her with advice. What advice was that, and what communication did you have with both individuals and/or Mr Smyth?

Ms Hall: I will just preface this with saying I need to be really careful about what I say about particular individuals and particular situations. Obviously when there were things in the paper, I kept Ms Leigh her up to date on what was happening with the people involved. You will be aware through the paper that Mr House had resigned and he had emailed his intention to do that. I advised Ms Leigh and Mr Dawes of that. The other person involved was at a later date, and when I was aware that they had resigned and had that information, I also advised Ms Leigh of that.

THE CHAIR: So this incident, shall we call it, or this situation became prominent in the media. Both individuals then resigned, one seemingly immediately, the other one shortly afterwards. You are saying that their resignations had nothing to do with this situation. Is that credible?

Mr Barr: I am not privy to their decisions in relation to their overall employment status. What motivates people to undertake to apply for short-term—

THE CHAIR: Yes, but I think you made the connection that their resignation had nothing to do with this. If you are unaware of why they resigned, how can you make the claim that it had nothing to do with this?

Mr Barr: I think your line of questioning asserted that to be the fact.

THE CHAIR: No, I am trying to get to the bottom of the facts.

Mr Barr: And I am simply responding by saying I am not certain that that is the fact.

THE CHAIR: Was there any correspondence then, Ms Hall, between either of these individuals? Was there any suggestion from somebody that they should resign? Did they state in their resignations that they were resigning as a result of this?

Ms Hall: No. Again, I am really conscious of people's privacy when they make decisions that are personal decisions, which this was for both of those people.

THE CHAIR: Is this matter now being investigated by anybody?

Ms Overton-Clarke: Once individuals leave the public service we do not continue with investigations. If there was one happening, which there was not, we would not progress anything once people had resigned.

THE CHAIR: So if an incident occurs more generally in the public service of any sort, if someone was engaged, and there are question marks about their appointment raised in the media—I am not talking necessarily about this specific case—if something comes to your attention, as long as that person resigns, we do not look into the matter?

Ms Overton-Clarke: Unless it should be and is being referred to the police. If the investigation is related to the fact that they are a public servant, then that is right, we do not pursue—

THE CHAIR: So if there is any breach of the Public Service Management Act or anything like that?

Ms Overton-Clarke: That is right.

THE CHAIR: But what about the individual that engages someone, if they are still employed?

Ms Overton-Clarke: Of course you would need to look at the individual circumstances of every situation. If there was fault and if something needed to be progressed with others, then yes, that is—

THE CHAIR: So in this case nothing further is being looked at? Even though two members of the public service have resigned and an incident or a situation has been reported in the media, there is no further investigation or concern about this matter?

Ms Hall: Of course, with any event—and regularly—we have gone back through, reviewed our conflict of interest support materials and our recruitment guidance that we have in place to make sure that we are satisfied that the necessary guidance and awareness of panel members is out there. That is something we do whenever anything rises on the broad scope. But, as Ms Overton-Clarke said, if there were misconduct cases or investigations, generally if people have left the public service any sanctions would not be able to be applied unless, as Ms Overton-Clarke also said, there are misconduct cases that have a criminal part to them. Where there may be sanctions, they would be pursued.

MRS DUNNE: On a follow-up question, you have said that if someone leaves the public service. If someone is employed on a contract and their contract comes to an end but they were subject to disciplinary action and investigation during that period that was not concluded, is that all dropped? They actually have a black mark against their name, and the issue may not be resolved. It may be resolved in their favour or not in their favour. The issue remaining unresolved would make it very difficult for people to seek re-employment or to seek employment elsewhere. Canberra is a pretty small place.

Ms Overton-Clarke: Allegations are only allegations until—

MRS DUNNE: No, but what if there were investigations? If someone was subject to disciplinary action—

Ms Overton-Clarke: It is no different, Mrs Dunne, from the answer I have just given.

MRS DUNNE: So someone could leave the public service because their contract has expired and if they have an unresolved complaint against them they have no recourse to have that matter finalised?

Ms Overton-Clarke: That is right.

MRS DUNNE: And you are comfortable with that as an employer?

Ms Overton-Clarke: As Ms Hall was saying, because we are very concerned about the privacy of individuals, there is no reason for anyone else to know about the fact that anyone is under any investigation. I do not quite understand why people would generally know that someone was under investigation.

MRS DUNNE: I will give you some hypotheticals. Someone is on a contract. They are subject to investigation. They may be suspended with or without pay subject to the conclusion of an investigation and their contract comes to an end in that time. Does that mean that they do not have the right to have that matter concluded? Some people might vociferously and strongly maintain they have not done anything wrong and they would like the matter concluded. They do not have an opportunity to have that concluded? If someone were suspended, either with or without pay, their colleagues would know.

Ms Overton-Clarke: Each case is very different and the individual circumstances and the context need to be taken into account in every single case. As a general rule, once someone leaves the public service we do not continue an investigation.

MRS DUNNE: What would happen if someone then attempted to come back as a contractor? You would have no history of their previous arrangement? So you might be re-employing a dud, or you might be not employing someone who should have been cleared.

Ms Overton-Clarke: If an investigation is not concluded then there is no record of an investigation held against that person.

MRS DUNNE: So their personal file will never have any matter—

Ms Overton-Clarke: That is right.

MRS DUNNE: So what happens to the investigation? Where is the history of the investigation held if it is not held on their personal file?

Ms Overton-Clarke: Within the investigations unit as part of our learnings and experience of how investigations are held. But there is nothing held against someone's personal file, no.

MR COE: I want to ask a supplementary. With regard to the specific matter that the chair discussed earlier, did your investigations or research establish whether any implicit or explicit pressure was placed on the Commissioner for International Engagement to employ this person?

Ms Overton-Clarke: Who are you directing your question to, Mr Coe?

MR COE: All questions go to the minister, and it would be good to get an answer.

Mr Barr: Not that I am aware of. The only discussion I have had in relation to the matter was when the Commissioner for International Engagement advised me that he had gone through a process of advertising for a temporary position, received a series of applicants, a panel had been formed according to the appropriate processes, applicants were interviewed, and a successful applicant was determined.

MR COE: In terms of the other senior executives alongside you today, are any of them aware of any implicit or explicit pressure on the Commissioner for International Engagement to employ the said person?

Ms Leigh: No, I am not.

Ms Overton-Clarke: No, I am not.

Ms Hall: And I am not either.

MR COE: To that end, is it fair to say that there was nothing wrong? If you are not aware of any explicit pressure, there was nothing wrong with what happened?

Mr Barr: In terms of the recruitment process?

MR COE: No, not the recruitment process, but the recruitment. If you do not think there was any undue pressure placed on the Commissioner for International Engagement, does that mean the recruitment was above board?

Mr Barr: I have no reason to think otherwise.

MR COE: Is it the same for all your executives.

Ms Leigh: I am not quite following. Would you be able to explain what you are

asking?

MR COE: The question was, if each of you feels there was no implicit or explicit pressure on the Commissioner for International Engagement to employ the said person, does that mean the recruitment was above board?

Ms Hall: Certainly my understanding from the panel process—as I say, there was no investigation into the matter—is that from a preliminary assessment of the temporary contract the correct processes were followed by the panel members involved.

MR COE: So therefore you would each be quite happy if this same circumstance was to happen again and again and again?

Mr Barr: Is the line of questioning that anyone who is related to someone else in the public service cannot apply for work in the public service?

MR COE: No, it is simply, as I said before, about implicit or explicit pressure. Somebody who is an employer or is making a recruitment decision should not feel any pressure to employ someone. Therefore, given the circumstances that have taken place, it would be fair to say that each of the senior executives here would be comfortable with this same process rolling out again and again and again if need be.

Ms Leigh: Mr Coe, you would need to assess each situation. What you have asked is about any pressure on that panel, and our understanding is that they felt none. So there does not seem to be an issue in relation to that. But if there were another case of employment, there might be a different answer to that question.

MR COE: So aside from whether there is perceived pressure or not, the actual facts of the matter in terms of the relationship between the senior executive and then the employment by that person's subordinate are squeaky clean?

Ms Leigh: Again, I would ask you to be a little more specific about that. In the ACT public service, as in a lot of workplaces, there are people who have relationships. We put in place arrangements to manage that to ensure that the conflicts are appropriately managed. That would always need to be done.

MR COE: Were such arrangements put in place in this circumstance?

Ms Leigh: What happened is that both people resigned while that was still being organised.

THE CHAIR: I think that might be the issue here, Ms Leigh. People obviously have relationships sometimes. They know each other, it is a small town. But in this circumstance there did seem to be a perception at the very least of a conflict of interest. If the mitigating structures were put in place that would be fine, but the two individuals then both resigning obviously then raises eyebrows. It raises concerns to suggest that the necessary steps were not taken. If their resignations were entirely separate of this, independent, not related, that is a remarkable coincidence. Certainly from my perspective, I am not being provided with the reassurance that, regardless of when these members resigned, necessary steps were taken and investigations were

made to confirm there was no conflict of interest and that the necessary structures were put in place. It is a concern that two members resign seemingly without explanation—or none that has been provided—and the government then says, “Nothing to see here. No problem. We’re not going to look at this any further because the members have resigned.”

Mr Barr: On one element of your statement, I do not believe that is actually correct. I understand at least one of the individuals made a public statement in response to media inquiries and has put some comments on the public record. That is obviously a matter for—

THE CHAIR: There may be statements on the public record, but the other question is, did either of these officials make any comment to others. You have said, Chief Minister, that they did not to you and you do not know why these individuals resigned. But did either of these individuals when they resigned or prior to resigning cite this issue as part of the motivation for their resignation? That is one aspect to my question. The second is: did this situation lead to conversations where it was suggested that either should resign as a result?

Ms Leigh: Not to my knowledge in relation to that specific question. There was nothing specific to my knowledge in relation to this being the cause. As the Chief Minister said, one of the people made some public statements which were of a much broader nature. To my knowledge, any comments made internally were also quite broad.

THE CHAIR: So there was no explanation given internally within the directorate as to why these two individuals resigned?

Ms Hall: It was their personal decision.

THE CHAIR: You can see how—

Ms Hall: I understand what you are saying, but—

THE CHAIR: there is a perception here.

Ms Hall: Yes.

THE CHAIR: It might be just a series of remarkable coincidences—it might be. But without any explanation or evidence to the contrary, you can see why members of the community would question what has gone on here. It seems we are not getting many answers here today in terms of the process being satisfactory or investigations being made to confirm that nothing untoward has happened.

Ms Hall: I can say certainly the matters came to light. Certainly within a short time the people resigned and gave their particular reasons for that. In terms of a decision to conduct a misconduct investigation, that would not have proceeded had that been the case because, as we have outlined previously, if people have left we would not do that.

Certainly there was an assessment made more generally about the situation and the

process, the people who were on the panel and whether our systems and our support documentation and everything for staff are adequate. There was a good opportunity to review that, we did that.

THE CHAIR: You just said that the individuals who resigned cited their particular reasons for having done so. Did that include—

Ms Hall: As would anyone who provides their resignation to their employer. We would not, unless they chose to share that publicly—and, as the Chief Minister has said, one of the people did put some things on the public record—normally share a resignation letter. I am a bit uncomfortable about saying, “They have said”. I am happy to say yes, they provided resignations and said there were personal reasons. That is their personal choice. I think to say anything else is—

MR COE: Ms Leigh, you said that at the time of the resignations the directorate was putting in place arrangements to manage an actual or perceived conflict of interest and a relationship. Is it usual for that to be done some time after that employment had commenced or would that usually be done from the day that they commenced employment in the agency?

Ms Leigh: These things are never straightforward. Sometimes people form relationships when they are in a particular work area.

MR COE: But in this circumstance, where it was clear from day 1 that there was an actual or perceived conflict—

Ms Leigh: Immediately steps were taken to say, “Now we need to identify whether there are arrangements that need to be put in place.” There is not one size fits all that you take off the shelf. You have to start looking at it, and that had happened.

MR COE: At the time of employment is there usually a declaration which states, “It is worth noting X, Y and Z,” and who is responsible for that declaration? Is it the employer or the employee, in effect?

Ms Leigh: In relation to senior executive positions, there is. This was a more junior position, and I would need to get the details as to exactly what the arrangements are. But the same requirements do not apply. It was a temporary employment as well.

Ms Hall: It was a temporary employment. My understanding is that when there is a possible conflict of two people going forward—if there are two people that know each other, whether they are related, in a relationship, have other connections—the conflict might be declared by the person applying. There is not a strict requirement that we have in our ACT public service application kits, but they can do it at some time then or close to being appointed. Current public servants are required, as conflicts arise, to then declare them. Then it can be looked at—whether it is a perceived one or an actual one—as to how that can be managed. That was done in this case: how would this be managed going forward if there were two people who were in a relationship? Would that cause an issue? If so, what issues and how would that be managed? And that certainly had been worked through

MR COE: Did that declaration happen in this circumstance or was it, in effect, linked to the media reports that the directorate became aware?

Ms Hall: No, there had been a declaration that there was a possible perceived conflict that could be going forward and that would need to be managed.

MR COE: And did the Commissioner for International Engagement know about this conflict or this relationship at the time of employment?

Ms Hall: My understanding was no, they were not aware of the actual nature of the relationship at that time. But when the declaration was made—“This was conflicting; how will that be managed?”—that was worked in. But it was not up to necessarily the Commissioner for International Engagement to manage the conflict. It was up to the division management of the area, if that makes sense. And certainly—

THE CHAIR: Was there a failure of divisional management, then, of the area?

Ms Hall: Sorry?

THE CHAIR: Was there a failure then in the divisional management of the area?

Ms Hall: No, there was a plan put in place to manage that close relationship.

THE CHAIR: I might conclude on a point of clarity. I just want to confirm that nobody—their representative and neither the government nor the minister—suggested or intimated in any way to either of these individuals that it be appropriate that they resign following the media reports. These individuals acted entirely on their own initiative and there was no suggestion to either person that it be appropriate that they resign? I take it from the nil response that you are saying that that is the case.

MR PETTERSSON: On a slightly lighter note, I was interested in the smart parking trials. I am not sure whom to address that to. I think most Canberrans have seen the smart parking trials pop up, and with great interest they would love to know what the future plans for smart parking trials in Canberra are.

Mr Dixon: Thank you for the question. Of course the smart parking trial with the 460 sensors in the ground has been operational in Manuka since April last year, and the government committed to a 12-month trial of that parking. We have commenced an evaluation of the trial in terms of how that relates to better customer experience, changes in congestion and the use of the application on the mobile. And we have seen a significant number of downloads of that application.

Late last year we did a baseline survey of citizens in zone to understand what their experience of parking in the sector was. As we move over the next few months we will re-do that survey to understand how the smart parking trial has changed. Subject to that evaluation, the government will then make decisions about the future of smart parking and indeed parking more generally in the ACT.

MR PETTERSSON: I note that, as you said, the report has not been finalised, and it may be too early to ask these questions, but have you any sense of the feedback, the

response? Has it been received positively so far?

Mr Dixon: As I said, we are now doing some more detailed surveys with citizens, both on the app and in zone, but what we can say is that we have seen a positive and pleasing number of downloads, over 2,400 downloads of the app, which is very high, in fact, for the trial only being in a small portion of Canberra. You can imagine that if smart parking were broader you would see those numbers increase because of the utility and the usage across the city.

We have had good feedback online. We have had positive feedback from the business community about the application, that real-time availability of parking, and through the evaluations last year, the surveys—the particular issues that the trial is trying to improve with regards to finding a park more easily and quickly, convenience, easier payment; these were all issues that were identified in the survey last year and these are all issues that the smart parking trial is targeted at—we will soon see if the trial has been as successful as it is planned to be, and we will be providing information to the government so that they can make some informed decisions about the future of parking in our city.

MR PETTERSSON: I am not a tech-head like Mr Parton or Mr Barr but what are the limitations? What are the problems we face in rolling this technology out across Canberra? Are there certain places we cannot roll it out? Are there certain limitations in that maybe we cannot get a full integration of technologies? Are there obstacles?

Mr Dixon: From a technology perspective, there are no obstacles. As with all initiatives in government, there are budget considerations. That is probably the best example of a possible limitation for that. If I had to expand on that, I would also say that there has to be an ongoing dialogue with the community about the objectives of the smart parking trial and how they can best interact with it and how they can get value out of it. And that is a two-way process, of course, because any implementation of smart technology must be about the citizen, it must be about improving their services and their life and their convenience. As far as possible we do try to engage in that two-way dialogue so that we can co-design services.

MS ORR: I was actually going to ask about smart parking but it has been thoroughly done.

THE CHAIR: You have been gazumped.

MR PETTERSSON: It is a hot topic.

MS ORR: I can skip to the state of the service report then?

THE CHAIR: Yes.

MS ORR: I want to ask some questions about Indigenous employment, noting that it has gone up—

Ms Overton-Clarke: About, sorry?

MS ORR: Indigenous employment within the public service, noting that we have seen an increase there. I was drawn by a table on page 48 looking at temporary part time, and there does seem to be a larger representation of Indigenous people in temporary part-time arrangements compared to other cohorts. You will not have the percentages but I figured those out on a calculator. My understanding—and I want to check if that is correct—is that it is because of the programs that you have got in place with the internships for Indigenous people, that the idea is to transition into permanent. Is that correct?

Ms Overton-Clarke: Yes. That is exactly right. The feedback when we were setting up the program was that it would be really important to have permanent positions at the end of it. Yes, this program is with a permanent ASO2 or equivalent at the end. Of course, they also do a certificate III or its equivalent during the program as well.

MS ORR: We would expect in next year's report that we would see the number of temporaries go down and the number of permanents go up. Is that a fair assumption?

Ms Overton-Clarke: In terms of the numbers, that is possible, yes. In relation to the program itself, that is right. Whether then there are other impacts in terms of broader employment—for example, as you can see, a large number of them are women, and of course women are much more overly represented in part-time work anyway—there may well be other reasons that part time is being undertaken by Aboriginals and Torres Strait Islanders as well as the broader population.

MS ORR: Just to clarify, when they come out of the internship program, is it into a part-time role?

Ms Overton-Clarke: No, full time. The program is full time itself, and then at the end of it they go into a permanent full-time job. Of course, all jobs can be made part time. And one of the very strong things about this government has been that they say that we will treat all jobs as though they can be turned into part-time jobs. We are always receptive to people wanting to make those jobs part time. Often it is about women returning to the workforce—not exclusively—but they are overwhelmingly women.

MS ORR: I think that, in a way, answers my question. The other question I had was about—and I noticed in the report that it had been put on hold—a work in the Assembly program for Aboriginal and Torres Strait Islander people. It was one of the ones that were not completed because you had to wait for the election to be over. I just wanted to find out if that has recommenced.

Ms Overton-Clarke: We are certainly looking at graduates doing a rotation, or partly a rotation, in the Assembly and we can also look at, and are looking at, Aboriginals and Torres Strait Islanders as well as the other traineeship, which is people with disabilities. We will progress that.

MR PARTON: Chief Minister, what initiated the ban on the selling of fundraising chocolates in ACT public service offices? What was it that actually brought us to this point?

MR COE: The tipping point.

MR PARTON: It has been the elephant in the room.

Mr Barr: A concern about the good health of our community, Mr Parton.

MR PARTON: But whose concern? Did we just wake up one day and say—

Mr Barr: I think there is considerable research that shows that the excessive consumption of sugar and fat will contribute to you being overweight. There are other ways, of course, to raise money than selling chocolate.

MR PARTON: Was any consultation undertaken with members of the ACT public service before—

Ms Overton-Clarke: Yes, extensive consultation.

MRS DUNNE: If Mr Parton could get his question out?

MR PARTON: That will do for the question.

Mr Barr: That was it? Yes, extensive, I understand. Do you want to hear more about the nature of the consultation?

MR PARTON: I would love to know what feedback had been received from ACT public servants.

Ms Overton-Clarke: I chair the healthy weight initiative across government. It is a strong government commitment in all areas of the ACT community to try to ensure that we have a zero increase in obesity for the program. That, of course, includes the ACT public service being the leader in those initiatives. We do a lot of work through Nutrition Australia in schools, for example. All facets of ACT government are involved in taking forward the government's initiative.

When it comes to the public service there are a whole range of initiatives, through policy and procedure, to ensure, as the Chief Minister says, that we are leading the charge, if you like. The one that has received attention in the media is the one about banning fundraising chocolates, but it is really at the very end of the whole spectrum of programs that we have put in place. Of course, along with it has gone a lot of information and awareness-raising about alternatives—in that case, other fundraisers that can be used.

Catering is another example. We want to ensure that the government is leading this, particularly in the use of public moneys, but individually as well. In the workplace itself we do not want to be supporting fundraising initiatives that are promoting unhealthy products. Of course, if different work areas want to have morning teas where people bring in stuff that is unhealthy—for want of another word—that is acceptable. In terms of the policy and the procedures, there are gradations in terms of how it is implemented.

MR PARTON: I am sure not everyone is on the same page across the public service on that. Has there been any discussion on setting up guidelines for consequences in terms of what would happen if someone tried to sneak in a few charity Freddos to sell to their colleagues? It is a serious question.

MR COE: As long as they leave before the inquiry is done, they are all right.

Ms Overton-Clarke: I knew that was where you were heading. I do not think we would take very serious consequences to those. Not to be flippant about it, but it is hardly in the realm of misconduct.

MR PARTON: So what you are saying is they would actually be free to do it if they so chose?

Ms Overton-Clarke: No, I am not going to condone that, Mr Parton. I am not going to sit here and say we would not take any recourse.

MR PARTON: But there would be no consequences?

Ms Overton-Clarke: I think there are horses for courses. I do not think that is something that we—

Mr Barr: You are suggesting there is going to be a massive campaign of civil disobedience on this, are you?

Ms Overton-Clarke: We have an early indicator from our audit of vending machines across government. To be serious, there are areas within ACT government that have less access than others to mainstream food and beverage services. In those areas it is more difficult for them to see a vending machine or other examples of government food. They rely on it more heavily than in other areas. I know, for example, that Health has made sure that the sausage sizzle at the hospital has more healthy varieties in terms of its barbecues and so forth.

It is being taken seriously across the government. We are allowing a long time for implementation, because we know that it is difficult in some areas, but the whole purpose, as the Chief Minister said, is to lead this initiative across government but also across the community. In every directorate there are really good examples of how the healthy weight initiative is being rolled out, such as encouraging walking to school through to the work we are doing in canteens, through to working with the Business Chamber on initiatives in selected businesses right across the directorates. It is important that public servants play their part.

Mr Barr: I can imagine the alternative line of questioning: how can the government be taken seriously on these issues if it is doing nothing itself to promote better food choices and options?

MR PETTERSSON: A very quick question on that. How many formal complaints have you received with regard to the chocolate ban?

Ms Overton-Clarke: None.

Mr Barr: Not even from David Leyonhjelm?

MR PARTON: Is it possible that this is why the two aforementioned public servants resigned? I am just putting it out there.

THE CHAIR: I know I am backtracking a bit, but just on that issue before. I have been feeling a bit uncomfortable. When I asked a question directly—that is, did anybody or their representatives speak to either of those two public servants—there was silence. Can you just confirm that the answer is no: that nobody counselled them, spoke to them or indicated there should be action taken?

Ms Overton-Clarke: No, I did not speak to them.

THE CHAIR: Ms Leigh?

Ms Leigh: I think I would need to check on that again with the head of corporate.

THE CHAIR: I am sorry to go back to it. It is just that normally when someone asks a question and there is no answer, and there had not been an answer to that question—

Ms Leigh: I guess my problem is when you say “speak to them”. As I indicated, arrangements are always put in place, so of course the topic was discussed. I am trying to understand—

THE CHAIR: Following the media reports, whether somebody spoke to the two individuals concerned and, if they did, the nature of that conversation, including did it raise the issue of what action they should then take?

Ms Leigh: When you specifically asked was it put to them that they should resign, the answer is no. Your question now is very general and open. That is what is just concerning me.

THE CHAIR: Okay. If there were conversations with them, what was the nature of those conversations?

Ms Hall: There were discussions about arrangements that needed to be put in place, yes. There was a discussion with Mr House, Ms Leigh and me about communication to staff and arrangements around resignations, how that would work. That was in terms of who sends out emails et cetera and what information was required. That occurred. I am just trying to think if I had discussions about the mechanics of resignation.

THE CHAIR: I am just trying to get the sequence in my head. It was reported in the media and then the next conversation that happened was one regarding resignations. There was no interim discussion with either individual prior to them talking about the mechanics of resignation?

Ms Hall: Sorry, I did not follow that, Mr Hanson.

THE CHAIR: You said that the conversation that you had was about the mechanics of those individuals resigning, the process. I am trying to clarify whether there was a conversation that occurred with either of those individuals before they started talking to you or someone else about resigning. This incident appeared in the media and then the next thing they are talking to you about the mechanics of resigning. Was there no conversation prior to that about what happened or a point of clarification?

Ms Leigh: The discussions about arrangements would have been prior to that.

Ms Hall: Yes.

THE CHAIR: Sorry?

Ms Leigh: The discussion about arrangements that would be put in place would have been prior to that.

THE CHAIR: Right. So there were discussions with them about what was now going to occur. The incident occurred in the media. Then there were discussions about—

Ms Leigh: No, my comment is before the incident appeared in the media—

THE CHAIR: Before the incident was in the media?

Ms Leigh: there would have been discussions.

THE CHAIR: So what you are saying is that, following the media reports, the next conversations that occurred were about resignation. There was no conversation prior to that by anybody?

Ms Hall: I am trying to work it out, because there were two different media reports and then the time lines. Are you asking did I have a conversation about suggesting they should resign? Is that the question?

THE CHAIR: Or suggesting that there would be any disciplinary action or further investigation. Were the individuals advised that there was going to be an investigation? Was there an investigation commenced prior to them resigning?

Ms Hall: No, there was no investigation commenced. Again, we are getting into this thing about privacy.

THE CHAIR: Sure.

Ms Hall: I am not sure exactly what you are asking. Are you asking, again, whether we suggested they resign? Is that the question?

THE CHAIR: In part, yes, because when I asked that before there was just silence. I am also trying to connect the conversations with them and the process that was enacted after the media reports. The suggestions are that there were really no conversations prior to them having mechanical conversations about resignation.

Ms Hall: My recollection is that there was the conversation that I referred to—Ms Leigh, Mr House and myself—prior to either of the two media reports, and that was a conversation about an impending resignation from Mr House and the mechanics of that. That was prior to either of the *Canberra Times* articles, from my recollection.

THE CHAIR: You are saying that Mr House had said he was going to resign before either media report?

Ms Leigh: I just cannot recall. I am happy to check.

Ms Hall: Possibly, yes.

Ms Leigh: I am happy to check. For us, the media reports were not key milestones, so I just cannot remember where in relation to that discussion—

Ms Hall: Yes. Ms House had obviously indicated his intentions prior to discussing them with the *Canberra Times*, so it was a time frame.

THE CHAIR: If you could outline a time line for the committee, that would be great.

Ms Hall: Yes.

THE CHAIR: Where did we get to? You were Freddo frogs, weren't you, so I think we are off to that.

MR COE: We are on to Cadbury koalas now. With regard to public interest disclosures, the report states that as of 30 June there were some unresolved. Are any of the unresolved PIDs that are referred to in the 2015-16 *State of the service report* resolved?

Ms Overton-Clarke: Yes.

MR COE: With regard to the resolved PIDs—I do not know what sort of detail you can go into with regard to them, but—

Ms Overton-Clarke: I can give you additional information.

MR COE: In terms of the sort of flavour of what a PID is used for, are you able to describe to the committee the sorts of circumstances where a PID is a useful process for somebody to explore?

Ms Overton-Clarke: I can give you, first of all, the information on those 12 PIDs?

MR COE: Sure.

Ms Overton-Clarke: Of the 12, one was assessed as failing to meet the criteria for disclosable conduct, so was not assessed as being a PID; one was assessed as having no evidence to support the disclosure; six were investigated under the PID Act and none was substantiated; and four matters were assessed where the entity declined to act under section 20, the section where, if something has already been investigated or

there is a more effective way of dealing with it, and often that can be misconduct allegations, it is dealt with under that process. That probably gives you quite a good idea of the range. Obviously, when an allegation is made, it needs to be assessed. Then, in terms of whether it is investigated or not, there is a whole series of assessments that need to be done. That information gives you an indication of that range.

MR COE: In the event that an executive has their contract terminated, is that the sort of issue that can be put to appeal—

Ms Overton-Clarke: No.

MR COE: if somebody feels that they should not have been terminated or the reasons for that termination were not valid?

Ms Overton-Clarke: No, that is not the sort of information that would go into a public interest disclosure.

MR COE: In the event that an executive was terminated and they felt that it was not justified, what options are open to them?

Ms Overton-Clarke: Usually there is a discussion between the employer, the directorate, and the executive. It would be unusual that someone would be terminated without any sort of discussion between that executive and their director-general.

MR COE: Yes. I am not talking about the absence of discussion; I am talking about the absence of a valid reason or a perceived valid reason for the termination. In effect, if an executive is told, “You are no longer required, for these reasons,” and that executive does not think those reasons are valid, what options are open to the executive?

Ms Overton-Clarke: There has to be a justification, as per the act, about why an executive is being terminated. If an executive is terminated, which, of course, is different from an executive just not being re-engaged—

MR COE: Yes.

Ms Overton-Clarke: If an executive is terminated, there has to be a justified reason. Often it is because there may be a restructure and there is no longer an entity for which that executive would be responsible—or under-performance or something else. It is laid out—the reasons for which an executive is terminated.

MR COE: Do you know how many executives were terminated in 2015-16?

Ms Overton-Clarke: No, but I can take that on notice and get you that information.

MR COE: Yes, thank you. Also could you take on notice the payouts that were required in order for those terminations; the total payouts required for those terminations.

Ms Overton-Clarke: Yes.

MR COE: In the same report, the *State of the service* report, on page 43 it states that \$5 million was paid in additional remuneration under AWAs, attraction and retention incentives and special employment arrangements.

Ms Overton-Clarke: Yes.

MR COE: I was wondering, firstly, how that figure compares to previous years; and what are the sorts of conditions under which somebody could get additional remuneration in the ACT public service?

Ms Overton-Clarke: There are a number of positions, and the latest iteration of those—in terms of AWAs, they are obviously a hangover from—

MR COE: Yes.

Ms Overton-Clarke: In terms of attraction and retention incentives, there are a number of specialist positions which we feel as a service are not full managerial executive positions. They would not be classified as a senior executive service position, but they are maybe not your standard SOG A or SOG B position. Often, for reasons of retention, we want to be able to keep that person and their specialist skills, so we pay an attraction and retention incentive.

A good example might be a very well-qualified 2IC to a chief financial officer. Most chief financial officers are senior executive service people, paid on an executive contract, but we have a number who are long-term SOG As who have been with the service in that particular directorate for quite a while and have built up very good expertise in those areas, so we pay to retain them in the service.

Because of our needing to compete with the commonwealth and other employers, we are just looking at the moment about the nexus between the top of our classifications and the senior executive service. As an officer, you get tenure, whereas as an executive you are on a contract. There are a number of attractions and disincentives in terms of people being either a senior officer or an executive, and we are just looking at the interplay of that. But primarily those attraction and retention initiatives are for specialist skills that we want to retain in the service.

MR COE: Sure. In terms of the AWAs, as of 30 June, 251 AWAs were still in place? Is that right?

Ms Overton-Clarke: No, that is—

MR COE: Or is that total money being paid out, 251? I am guessing that must be total—

Ms Overton-Clarke: What page are we on?

Ms Hall: 43.

MR COE: Is that the number of people?

Ms Overton-Clarke: The total number of AWAs—

MR COE: As of 30 June 2016, 251.

Ms Overton-Clarke: I will get Mr Noud to come to the table.

MR COE: That is an extraordinary number, given that it must be eight or nine years since AWAs were stopped or abolished.

THE CHAIR: They were quite popular.

MR COE: Yes, and they are long ones, as well.

Mr Noud: Mr Coe, we will have to look into that and come back to you, but there are significantly fewer than 251. By last count, there were around 15. I am not sure—

MR COE: That still means that back in, I am guessing, pre 2008 or thereabouts, when the Rudd government came in, people were signing up to AWAs of eight or nine years?

Ms Overton-Clarke: Sorry. We have just worked out that we think that is a typo. We will have to check and come back to you. Sorry.

Mr Noud: It is certainly significantly less than 251, for the reasons you have said.

THE CHAIR: You might take that matter on notice. I record for *Hansard* that that will be taken on notice: you will correct the record and provide an explanation.

Ms Overton-Clarke: Yes.

MR COE: Thank you.

Ms Overton-Clarke: I think we transposed a column or two.

MRS DUNNE: If I could go back to the questions in relation to public interest disclosure—

Ms Overton-Clarke: Sure.

MRS DUNNE: What are the criteria for having something accepted as a public interest disclosure, and therefore for the ones that were knocked out—we have another 17 minutes, Chief Minister: it is all right; it will not take that long.

Mr Barr: A different alert, telling me I need to stand up.

MRS DUNNE: What were the circumstances that were—

Ms Overton-Clarke: Mrs Dunne, the threshold for disclosable conduct is under

section 8 of the Public Interest Disclosure Act. It is:

- (a) conduct of a person that could, if proved—
 - (i) be a criminal offence against a law in force in the ACT; or
 - (ii) give reasonable grounds for disciplinary action against the person;
- (b) action of a public sector entity or public official for a public sector entity that is any of the following:
 - (i) maladministration that adversely affects a person's interests in a substantial and specific way;
 - (ii) a substantial misuse of public funds;
 - (iii) a substantial and specific danger to public health or safety;
 - (iv) a substantial and specific danger to the environment.

So it is purposefully a pretty high bar in terms of limiting the threshold.

MRS DUNNE: Thank you.

THE CHAIR: The communications community engagement: there is a glossy little brochure that comes out once a month.

Mr Barr: Yes.

THE CHAIR: I have some questions about this. When did this particular format start? I remember getting it in my mailbox a while back, but when did you start with this form of communication?

Ms Perkins: The first *Our Canberra* newsletter was issued in November 2015.

THE CHAIR: And it has been going every month?

Ms Perkins: Monthly, with the exception of during the caretaker period and in the lead-up to the caretaker period.

THE CHAIR: Is this distributed to every household?

Ms Perkins: It is. It is distributed to 187,000 households across Canberra, and there are five different regional editions each month.

THE CHAIR: Those are based on what?

Ms Perkins: They are based on the geographic regions of Canberra, with some groupings. For instance, the inner north and the inner south are put together for central, and Molonglo is put in with Woden and Weston Creek.

THE CHAIR: Where is Kambah? Is that in with Tuggeranong?

Ms Perkins: Yes, that is correct.

THE CHAIR: Who determines what is in them? Who makes the executive decision about what is going to be in it for the month? Is that the executive?

Mr Barr: I do. I have to submit the material through the independent government advertising reviewer, so I sign off, ultimately, on what goes forward to the reviewer to be assessed.

THE CHAIR: How does the process work, though? Do you do this out of your office to determine what is in it? Or do you come up with a concept, Ms Perkins? What is the process?

Ms Perkins: We seek calls for content from all directorates. We collate it internally. We write the content, we design the content, and then we put it through to the Chief Minister's office for final approval. We, of course, talk through the process with all of our colleagues in the communications teams across the other directorates and with the office. Then the final is put forward for the final approval to go to the independent reviewer.

THE CHAIR: What is the cost of putting this out each time?

Ms Perkins: It costs about \$45,000 in total a month for the printing and the distribution. The design, the editing and the content are managed within existing resources.

THE CHAIR: I note that last year there were a number put out that featured trams. I was a bit surprised in Weston Creek to note that there was one that had a tram to Woden on it. My understanding was that there were pictures of trams that said "Belconnen". Who made that decision that they were going to put trams to Woden and Belconnen in the brochure?

Mr Barr: Well, the government and ultimately me.

THE CHAIR: Right. The government has not made decisions—

Mr Barr: The government had made a decision at that point.

THE CHAIR: About a tram to Belconnen?

Mr Barr: Indeed, it made that point around releasing a light rail network master plan. The independent reviewer, of course, makes the ultimate determination as to whether the content of the newsletter is in accordance with the legislative guidelines outlined and obviously with announced government policy.

THE CHAIR: So it was your decision to put pictures of trams to Belconnen and Woden? Did you come up with the idea or did someone else come up with the idea?

Mr Barr: The government—I will not claim credit for every single good idea of the

government but, undoubtedly, as I say, I take responsibility at the end of the day for submitting to the independent campaign reviewer the content of that newsletter.

THE CHAIR: Is there a review being done about the effectiveness of this newsletter? How do you judge whether it is effective or not?

Ms Perkins: Yes, we anticipate that we will, in a research program, ask the community in July of their awareness of and satisfaction levels with the newsletter.

THE CHAIR: Okay.

MR PETTERSSON: You have got one happy customer already.

Mr Barr: Indeed, yes. You are very interested in it. So it must be very effective if you are interested.

THE CHAIR: Actually, this is the Belconnen edition and the central edition—

Mr Barr: Yes.

THE CHAIR: So I appear not to have kept my own.

Mr Barr: You are missing out, then. You could find out lots of useful information located in your local area.

THE CHAIR: I was very excited to find out that there was going to be a Woden tram before it was announced by the government.

MR COE: On those publications, did you not put out a brochure in the third quarter of last year?

Ms Perkins: We did not put one out in the month prior to the caretaker period starting. Then we did not put it out during caretaker.

MR COE: What was the reason for that?

Ms Perkins: Because it would not have met the guidelines of both the Electoral Act and then the application of the campaign advertising act.

MR COE: What were the Electoral Act considerations?

Ms Perkins: That we should not be doing paid government promotion during that period of time.

MR COE: So does that imply that it does actually constitute political material?

Ms Perkins: No, I am not suggesting that. But the guidelines state that here is no paid promotion during that period.

MR COE: The guidelines do not state that. They do not say “no paid promotion”. I

think that essential promotion is still allowed. So is this deemed essential or non-essential?

Ms Perkins: I believe it states for essential services and services that are used by the community every day but, more broadly, there are no other advertising campaigns applied during that time.

MR COE: That would suggest that these sorts of publications could influence voters, which begs the question: why it is appropriate for the government to go down this path?

Mr Barr: The government does need to communicate with Canberrans on a range of programs, policies and implementation initiatives. We have an independent campaign advertising review process. I think that provides a very clear framework under which the government of the day undertakes its communications.

I certainly know that there is an appetite for this information. The online editions I think have 37,000 subscribers and the printed form obviously is very popular as well across the city. So the government will continue, in accordance with the legislative framework, to provide information to residents on policies, programs, events, campaigns et cetera. But it has to go through the independent reviewer.

MR COE: Sure. So you have 37,000 people subscribed. I think that is less than what you had hoped for but how many people do you need to have subscribed before you terminate the printed copy and just go with the digital?

Mr Barr: One in four Canberrans have indicated a desire to receive the printed form as their preference.

MR COE: One in four households, you mean?

Mr Barr: Yes, indeed. I would imagine continuation of a printed form for the foreseeable future.

MR COE: Using, I am guessing, the Australia Post unaddressed mail service, you cannot actually say, "Do not deliver to that household, do deliver to that one, do not do that one." They are not addressed. Therefore, anybody who does sign up digitally is not actually avoiding getting one in their mailbox.

Mr Barr: But the digital updates are more frequent, I understand?

Ms Perkins: No, at the moment they are a monthly edition but we have the ability to do more frequent mail-outs.

Mr Barr: To do more frequent with the online.

THE CHAIR: Referring to the August 2016 edition, there is a bit here talking about waiting times improving for emergency department treatment. Given that we now know that that information in part was wrong and—

Mr Barr: I am not sure that we do know that, do we?

THE CHAIR: I think we do.

Mr Barr: I do not know that we do.

THE CHAIR: A number of the press releases put out by Mr Corbell as health minister and also, remember, there was a review done by the Auditor-General that there were some incorrect stats. Has someone looked into that to make sure that the community has not been misled in that August—

Mr Barr: The independent campaign reviewer assesses the content of the material.

THE CHAIR: But, now that it has come to light that there are problems with our emergency department data, has someone gone back to make sure that that is going to be corrected?

Mr Barr: The processes that the minister has outlined in relation to that issue will be followed. Should there be a need following that work to make any—

THE CHAIR: So there will be nothing in the glossy brochure talking about the fact that our ED data is no longer being published because of its unreliability and the problems with it? There will be nothing put out about that? That would be useful information for the public, I would have thought.

Mr Barr: I am not sure that the public are as fixated on that as you are. Nevertheless, you have the opportunity—

THE CHAIR: You are talking about the emergency department results.

Mr Barr: You have the opportunity through various avenues to make your political commentary on those matters and the—.

THE CHAIR: So you accept it is political commentary? You think it is political commentary?

Mr Barr: No, you are making political commentary. We are providing information.

THE CHAIR: No, you said that I have got my ways; you have got your ways. So you accept that this is political commentary.

Mr Barr: No, I am not suggesting that at all. I am saying that you are able to make your political commentary on the matter however you see fit. You are using this avenue today. You issue press releases. You undertake various forms of communication. You are paid an allowance to do that, I understand. You can pursue that as you see fit. The government will put all content of our monthly newsletter through the independent campaign reviewer and it will be assessed in accordance with those legislative guidelines.

MR PETTERSSON: I have a very quick question. I was of the belief that we had

implemented all legislation required to update the taxi industry and regulate ride sharing. I am looking at “future directions 2016-17”. It says that we need to finalise the implementation. What needs to be done?

Mr Barr: Yes, there is a review being undertaken. I believe it was 12 months after the implementation of those changes. This sits now in the regulatory services area. Minister Ramsay has policy responsibility there. Yes, there was an undertaking at that time to review. He would be best placed with his officials in the fullness of time to give some more information on the outcomes of that review.

MR PARTON: In relation to the operation of the memorandum of understanding with Unions ACT, how does it affect the process surrounding government procurement? In particular, are there delays in finalising procurement because of the requirement to seek clearance from Unions ACT?

Mr Barr: The premise of the question is wrong in terms of there being a need to seek clearance, as you described, but—

MR PARTON: But that is what the MOU says, though, isn't it?

Mr Barr: No, that is not that case. That said, this issue relates to procurement. We are dealing with that after lunch; so we will perhaps continue the conversation then when the relevant officials from that area can talk you through how the law applies in relation to this area.

MR PARTON: Probably my next question relates to that area too.

Mr Barr: We will discuss it after lunch.

THE CHAIR: I think that might be tomorrow morning, actually, Chief Minister.

Mr Barr: Whenever we are next here with the procurement officials, yes.

MR COE: With regard to the ACT executive, the annual report states that 47.7 staff are employed to support the ACT executive. What is the breadth of work covered by those 47.7 FTE?

Mr Barr: It covers everything from executive support, front of office, reception management, office management through to policy and media advisory roles, through to chiefs of staff.

MR COE: And the cabinet office?

Mr Barr: There is a director in my office of policy and cabinet, yes, that coordinates—

MR COE: But in terms of the cabinet office itself, that is separate to the—

Mr Barr: That is separate from the executive. They are not public servants employed under the—

MR COE: So are all 47.7 FTE—the full head count, whatever that is—in this building?

Mr Barr: My understanding is, yes, although some may be able to work from—

MR COE: Yes, but I mean that they are permanently located here. They are not located at Nara or somewhere else?

Mr Barr: No.

MR COE: Okay.

Mr Barr: Not that I am aware of.

MR COE: With regard to DLOs, who determines how many DLOs come across to each minister's office?

Mr Barr: That is a discussion that the minister would have with their directorates based on operational needs. Some DLOs are shared between ministerial offices if there is, I guess, either overlapping or minor portfolio responsibility. There is not a DLO for every portfolio that ministers hold, though there would be DLO service for each of those areas but they may not be physically based in a minister's office. For example, there is not, as far as I am aware, a separate DLO for Sport and Recreation separate from the broader Economic Development area. That support for the minister is provided through one DLO, across a broader group of—

THE CHAIR: We might just have to wrap it up there.

MR COE: One final question, if I may?

THE CHAIR: One follow-up.

MR COE: In terms of allocations through the parliamentary agreement, if there are any additional resources provided to a non-executive member of the Greens—in effect, Ms Le Couteur—would that come out of the executive or would that come out of another allocation?

Mr Barr: There would be base level entitlements for crossbench members, which are greater—with the exception perhaps of your allocation, which is higher than the cross-bench allocation as the leader of the opposition party. Then there is also a ministerial allocation for the Greens minister.

MR COE: That is right.

Mr Barr: The totality of the two would be less—I am pretty sure it is less than the resources available to the opposition, even though one of the Greens members holds—

MR COE: Yes, but I am just asking: are any executive allocations given to a

non-executive member?

Mr Barr: I do not believe so, no. No.

THE CHAIR: Perhaps you could just check and take that on notice, Chief Minister.

Mr Barr: I will. I need to see—given, I think, the nature of the working relationships that the Greens party have, it may be difficult to—

MR COE: It does go to which code of conduct that they report to—

Mr Barr: Indeed, sure. Yes, and so anyone who has any dealing in relation to ministerial matters must meet the ministerial staff code of conduct.

MR COE: Yes.

Mr Barr: But there is a distinction between which staff are—

MR COE: That is right, but that is why it is important for that person to be aware of what their obligations are.

Mr Barr: Indeed, yes, that is understood.

MR COE: If you can take that on notice, that would be good.

Mr Barr: I think Ms Overton-Clarke has some information in relation to the earlier question on AWAs.

Ms Overton-Clarke: Yes, Mr Coe, can I correct the record and I will tell myself to issue a corrigendum. In terms of AWAs, it is 14, not 251. That was a mistake that we made in the state of service report.

MR COE: Can you please provide also the date of those AWAs being signed and what the length of them is?

THE CHAIR: Before we adjourn, I note that members should have their supplementary questions or questions on notice to the committee office by close of business Thursday. That is three working days. Answers that are being provided should be provided five days after the proof *Hansard* is made available to the committee office. The next committee hearing is at 2.15 with the public accounts committee. This committee will recommence at 9.30 tomorrow morning. Perhaps we can maybe kick off with procurement, Mr Parton and looking at the MOU.

Mr Barr: Excellent.

THE CHAIR: The hearing for today is now adjourned.

The committee adjourned at 12.44 pm.