



**LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: [Inquiry into ACT Budget 2021-22](#))

Members:

**MRS E KIKKERT (Chair)
MR M PETERSSON (Deputy Chair)
MR A BRADDOCK**

PROOF TRANSCRIPT OF EVIDENCE

CANBERRA

TUESDAY, 26 OCTOBER 2021

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**Secretary to the committee:
Mr S Thompson (Ph: 620 50435)**

By authority of the Legislative Assembly for the Australian Capital Territory

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

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Amended 20 May 2013

The committee met at 10.30 am.

Appearances:

ACT Audit Office

Harris, Mr Michael, Auditor-General

Smith, Ms Caroline, Chief Operating Officer, Professional Services

THE CHAIR: Good morning. Welcome to the public hearings of the Standing Committee on Public Accounts for the inquiry into the ACT budget 2021-22. The proceedings today will examine the expenditure proposals and revenue estimates for the ACT Auditor-General, the Office of the Legislative Assembly, the ACT Ombudsman and the Budget Outlook paper.

Before we begin, on behalf of the committee I would like to acknowledge that we meet today on the land of the Ngunnawal people. We respect their continuing culture and the contribution they make to the life of this city and this region.

There are a few housekeeping matters that I wish to draw to your attention. Please be aware that the proceedings are being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and webstreamed live. When taking a question on notice it would be useful if witnesses used these words: "I will take that as a question taken on notice." This will help the committee and witnesses to confirm questions taken on notice from the transcript.

In this first session of the day we will hear from the ACT Audit Office. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Could you confirm for the record that you understand the privilege implications of the statement?

Mr Harris: I have read the privilege statement and I understand it.

Ms Smith: I have read the statement and I understand it also.

THE CHAIR: As we are not inviting opening statements we will now proceed to questions. Mr Harris, in your annual report on page 9, I note you had to push three audits from last year into this financial year. What are the reasons for this?

Mr Harris: Essentially the reasons were largely COVID-19 related, but not entirely. We were pursuing an audit in the Indigenous community area which involved significant direct consultation with the community. That was not possible, obviously, during COVID; so we put that on hold. COVID also led to some difficulty in some cases in accessing information in a digital form, as opposed to direct personal contact with auditees, which simply slowed things down a little.

Another area of concern was where we were doing audits in any health-related area. The health officials quite rightly were more focused on pandemic-related matters and we needed to give them space to be able to do that without interfering with their important day-to-day activities.

All things being equal, we took a back seat rather than pushing an agenda for those reasons. They were largely the reasons.

THE CHAIR: How does that affect your planned program for this financial year?

Mr Harris: We will catch up, partly. We also had a good, hard look at the way we structure the program. We were in a circumstance where we had a very fixed annual target; so after discussion with the Speaker and with the public accounts committee we put a proposition forward that we would do a three-year rolling program—that, rather than try and stick to a rigid nine per year, we would attempt to perform a rolling average of 27 over a three-year period. That allows us to mix and match larger audits with smaller audits to try and better reflect the range of activities that are going on across government and to give us a bit of flexibility in the way we manage our performance audit teams.

The performance audits range from about four months to about 10 months, sometimes 12 months, sometimes more, depending on the complexity and the scope of the audit. It is good for the team members to be able to allow them to move between the bigger, complex audits and the smaller, shorter, sharper ones. So it gives us more flexibility, and we will be able to deliver a better, more balanced, better structured program.

THE CHAIR: How many of your staff are required to do a typical audit? I understand that different audits are required from staff depending on the length of the audit, but on average how many staff would be required to work on one audit?

Mr Harris: Typically we would have two, perhaps three. Normally you will have an engagement leader who is the person directly responsible for the audit. That engagement leader will be the person who has primary contact with the auditees. They will usually have a senior director that helps them from time to time with quality control and evidence examination, the flow of the writing, the way the story is told and those sorts of things. They will frequently also have another team member, often a more junior team member, helping them with the legwork with the audit.

The Assistant Auditor-General would get involved at the very front end when we are doing scoping and criteria determinations, and at the very back end and through the process at key points. I get involved at the very early stages, when we are agreeing on the scope of the audit, and then at key points along the way to check progress—and, obviously, when sign-off comes at the final report.

In a day-to-day detailed sense we are averaging about two. On the more complex ones you would have three on the team. If we have complex areas that need external support, we will frequently have a subject-matter expert on contract as well.

MR PETTERSSON: I was wondering what work is underway in the Audit Office to further increase engagement with the community and potentially find new areas for the office to undertake audits in.

Mr Harris: Good question; thank you. By coincidence we are—I think it is through change in the design of the program more than by coincidence, but we have a significant list of community groups that we engage with when we are putting the forward program

together. There are about 35 or 40 groups on that list, I think. And we are constantly trying to widen the spread, the reach and the coverage of those community groups.

In recent times, we have had more individuals and community groups writing to us, because we have been actively going out looking for people to talk to, to inform our forward programs. Only yesterday I had a letter from a community group making comment on one of our most recent audits, and we have now invited them to join the list as well. We do face-to-face meetings from time to time with the major interest groups. ACTCOSS, for example, is one that we talk to on a regular basis; and there are Indigenous communities and others.

We have an active program of trying to monitor news outlets around the territory, for example. We will monitor what is going on in the community newspapers, for example, to get a feel for what is happening through the community and areas of concern, and we try and build those into our forward programs.

MR BRADDOCK: I noticed the increase in appropriation in this budget, which is something you alluded to in the last hearing we had discussing the financial stability of the Audit Office. Is this new appropriation sufficient? Is the Audit Office now on a stable financial footing going forward?

Mr Harris: Yes, we are in a stable financial position going forward. Is the appropriation sufficient? I do not think any auditor-general would ever say he has got sufficient appropriation. If you want to give me some more, I am happy to take it. It is certainly in line with our requests.

As the committee would know, we had a budget issue, for a couple of reasons. One was a decision to restructure administrative parts in the office, which is a decision that I took, and the other part was a miscalculation of the actual overhead costs for performing a performance audit. We had some external work done by a financial consultant to give us an idea of what the office actually costs to run, bearing in mind that I have a statutory obligation to recover as much of that cost as I can.

The upshot of all of that work was a request for additional appropriation to allow us to better perform our performance audit operations in particular, and we have had a three-pronged strategy which is based on an additional appropriation cost absorption by the office itself and fee increases in line with our external consultant's report.

We have put all three of those into place, and I am very pleased that the government saw fit to increase our appropriation. That now puts us on a very stable financial basis and I do not have any concern that we will be able to deliver the program that we have said we will deliver.

MR CAIN: Regarding audit procedures, if potential fraud or anomalies are detected, if such a thing as a potential fraud or anomaly comes to light during an audit, particularly in financial audits, what procedures do you have in place to escalate those?

Mr Harris: If we had serious concerns and evidence to support those concerns, we would elevate immediately to the appropriate authority, be that a policing authority or the Integrity Commission, with whom we work very closely.

MR CAIN: When you say policing authority, do you mean a reference to the DPP?

Mr Harris: I would not refer to the DPP. I would probably refer to the police in the first place. It would depend on the nature of what we discovered. It is a bit difficult to give a definitive answer in that sense. For example, we dealt recently—and there is a report coming shortly—with a procurement activity where there were some concerns. In that case, the matter went to the Integrity Commission. If it were fraud of a financial nature, for example coming out of a financial audit, as was the case at Calvary hospital some years ago, we would probably go down the AFP route.

MR CAIN: Have any such referrals over the last few financial years actually resulted in a substantive finding?

Mr Harris: I am not aware since I have been here, and that is just under three years. There have not been any referrals that I am aware of, and I certainly have not made any, in relation to financial audit. The one that I referred to in relation to performance audit and procurement was eventually, after some discussion between the individuals concerned and me, referred to the Integrity Commission—actually by the individuals themselves, notwithstanding that I undertook a performance audit of the same area.

MR CAIN: Are there any other current referrals you are waiting for an outcome on?

Mr Harris: No, not that I am working on.

THE CHAIR: Mr Harris, can you please talk us through your audit selection process? You mentioned before the ways of your getting input for a possible potential audit from the community as well as from MLAs. Could you please run through how you prioritise all of those suggestions or requests?

Mr Harris: So this is performance audit that you are talking about?

THE CHAIR: Yes.

Mr Harris: I have a legislative obligation to publish a forward program by June of each financial year. We actually publish a three-year forward program of audits and we maintain within the office a rolling list of potential subjects for performance audit. We collect topics or potential topics through a range of processes.

We formally write to community groups, as I mentioned earlier. We formally write to all MLAs. I have personal discussions with as many people as I can: community and MLAs, Chief Minister, leaders of opposition, Speakers, the public accounts committee—those sorts of things.

As I said before, we scan as many community publications as we can to find out what is going on around the place. We take representations and we take public interest disclosures, and all of those areas of information we take as inputs into topics that might be part of the forward program.

I have a team of three people in the performance audit team who collect all that

information. They scan it into various criteria. If you have a look at the document that is published on the website for our forward program, you will see the range of materials that we look at. We then put an overlay filter on top of that to categorise all of that information down into deeper or directorate areas of responsibility so that we know who it is that we might be auditing if we do that.

We try and not over-audit particular departments. For example, we could spend all of our time in Health and in Education; I could do performance audits in both of those areas with teams constantly. There are many areas of interest that the community in particular raise. But we need to be conscious of not overlaying those directorates with too much audit activity. They have real jobs to do, which is delivering services to people, and dealing with performance audit can be time consuming.

We try and keep a balance of auditees across directorates. We try and keep a balance of subject matter so that we are covering a range of community areas and not just constantly focusing on one particular area. We try and keep a balance between the more complex, longer, more costly performance audits in specific detailed areas like detainee health, for example, as opposed to short, sharp audits in relation to subjects like the Court Transport Unit, for example. We try and follow themes.

At the moment there are a number of audits in the procurement space. Sometimes you see a trend developing; so you might do a range of audits that follow that same trend, in this case the procurement trend. We have three or four in that area.

We get feedback from Assembly committees. I quite often have committees write to me about things that have come to their attention through hearings such as this, and we will factor that into our programs as well.

There is quite a lot behind the scenes that goes into trying to get a balance in the program that covers community expectations, Legislative Assembly expectations and scale and complexity.

THE CHAIR: Certainly there is a lot of brainstorming happening there.

Mr Harris: There is.

THE CHAIR: I really appreciate your hard work.

MR BRADDOCK: At the last hearing, you mentioned that you were not receiving the level of feedback from MLAs that you might like. Is that still the case or have MLAs improved, got better, in the time period?

Mr Harris: No. I am pleased to say it has improved. I get much more direct feedback now, which is good.

MR BRADDOCK: My short experience on this committee has been that the outcomes of performance audits seem to indicate that the ACT government has the procurement policies and procedures on its books, so to say, but these have not necessarily been implemented in practice. I do not expect you as the Auditor-General to own the entire problem, but how are you going to be helping the ACT government implement a culture

of compliance with those policies? That is probably the way to express that.

Mr Harris: I think the best way I can help is by shining a light on areas where I think improvement can be made. In the procurement space, my observation would be that the policies and procedures that the Procurement Board and ACT Procurement have in place are fit for purpose but there appears to be a lack of understanding and education and training across the broader public sector about how to implement those procedures and when to implement them.

I think part of that issue is that, when you put major projects aside and you put the bigger departments and bigger directorates aside, more complex and larger pieces of procurement do not come along all that often; so people do not have regular experience with it and therefore are not practised in the process of procurement.

I think the best thing we can do is shine a light on that education and training aspect of it. I certainly have not found any deficiencies in the procedures, processes, principles and policy guidance that is out there.

THE CHAIR: Mr Harris, have you heard anything about the procurement process for the bail house management?

Mr Harris: Sorry, for the what?

THE CHAIR: For the bail house management?

Mr Harris: No, I am not aware of that.

MR CAIN: Auditor-General, I am just wondering about interjurisdictional liaison with auditor-generals, state, territory and commonwealth. Could you explain how that occurs and how formalised that process is?

Mr Harris: There is a formal process and structure for liaison. We have a thing called the Australian Council of Auditors-General, which is all of the state and territory A-Gs, the Commonwealth Auditor-General, and the auditor-generals of New Zealand, Fiji and Papua New Guinea. We meet twice a year. In fact, there is an executive group of ACAG, which is three auditors-general, which I currently chair, which looks after the day-to-day liaison. That is at a formal level.

We share information, we share experience, we collaborate to the extent that we can on submissions to the commonwealth and other parliamentary inquiries, to the Auditing Standards Council and to the Accounting Standards Councils—those sorts of things—and we also have linkages through ACAG to international auditors-general organisations.

There are subgroups that operate under ACAG with particular focus on financial audit and on performance audit. There is also one on corporate services. They share, at a much more detailed level, experiences between the officers in their particular areas of expertise. And then there is a lot of informal contact as well.

MR CAIN: Have you observed practices and procedures in other jurisdictions that you

think would be worth the ACT adopting?

Mr Harris: Our practices and procedures across jurisdictions are remarkably similar. On the financial audit side, that is not a surprise because we all operate under the Accounting Standards and the Auditing Standards and we audit against those standards. If you like, we are all travelling the same road in that regard. Performance audit is a bit different. We all do performance audit in a slightly different way.

One thing that I would observe some audit offices are doing, which we have only done to a very limited extent at the moment—and it is resource constraint that causes that—is the use of digital analysis techniques. With the Victorian audit office in particular, if you have a look at their website you will see their digital dashboards, which are interactive. The New South Wales Audit Office also has interactive maps and techniques on some of their audits.

The digital analysis and data analysis techniques are quite resource intensive. They also require a skillset which is in high demand. They are not cheap people to recruit. Having said that, we do trade off each other's data analytics capabilities to the extent that we possibly can. That is only really—

MR CAIN: Do you have an approach to government at the moment for adoption of these digital analysis strategies?

Mr Harris: We are still exploring within the ACAG framework what the sort of data analytics capacity might be and where it might take us. We are taking a watch-and-look approach at the moment, if you like, rather than trying to be at the cutting edge. We could spend a lot of money at the cutting edge and not necessarily get the right result. I am happy to let my colleagues at the Victorian audit office, who have more money in this area, do the experimenting; then we will trade off the product once we know what it looks like.

MR BRADDOCK: At page 23 of the annual report you compare the costs of performance audits across jurisdictions. The average across Australian jurisdictions was about \$365,000, whereas you are saying that for the ACT Audit Office it was about \$266,000. My question is: why is it so much cheaper here in the ACT than it is in other jurisdictions?

Mr Harris: There are two parts to the answer. One reason is that that figure is not actually quite correct, because we miscalculated the overhead costs. That is why I asked for more appropriation, because we discovered that our audits actually cost more than that.

The other part to the answer is about performance audits across jurisdictions. We all do them differently and we all have different complexities. It is an accurate comparison in the sense of the dollars but it does not do justice to the types of audits that we actually do. I will give you an example. In Western Australia, for example, because of the size of the state, by definition it costs them more to do a performance audit that involves a remote location than it does us. A remote location for us is Tuggeranong. A remote location for them is the Kimberley. The Kimberley is 4,000 kilometres from Perth. It takes you a day to get there. Tuggeranong is not quite that far away. While the dollars

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give you a comparison, I do not think they do justice to the real differences between us.

THE CHAIR: We might have to conclude there. On behalf of the committee, I thank the Auditor-General and Ms Smith for your attendance today. If witnesses have taken any questions on notice, could they please provide answers to the committee secretary within five working days. We will return to hear from the Office of the Legislative Assembly.

Short suspension.

Appearances:

Burch, Ms Joy, Speaker, Legislative Assembly for the ACT

Office of the Legislative Assembly

Duncan, Mr Tom, Clerk

Agostino, Ms Julia, Deputy Clerk

Skinner, Mr David, Senior Director

Turner, Ms Rachel, Executive Manager, Business Support

Prentice, Mr Malcolm, Chief Finance Officer

THE CHAIR: Welcome, everybody. In this session we will hear from the Office of the Legislative Assembly. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Could you confirm for the record that you understand the privilege implications of the statement?

Ms Burch: Yes.

Mr Duncan: I do.

Mr Skinner: Yes.

THE CHAIR: As we are not inviting opening statements we will now proceed to questions. I will kick off with questions and then we will go around the committee members.

We were recently informed that two ministerial office suites were being upgraded. What is the cost of this, and what work was done?

Ms Turner: That process is being managed by the executive, so that question would be for CMTEDD.

THE CHAIR: Do you know how much it would have cost?

Ms Turner: I do not, sorry. I can take that question on notice.

THE CHAIR: And also, what work was done? Do you know how much OLA has spent on ministerial office upgrades since 2001 or is that still a question taken on notice?

Ms Burch: I think the executive expenditure really is a matter for the executive.

MR PETTERSSON: I was hoping someone could explain to me how the Office of the Legislative Assembly implements the ACT government's policy of union encouragement.

Mr Duncan: I can answer that question. That union encouragement policy is a government policy. The ACT Legislative Assembly is not subject to direction of the executive. It is actually contained in section 8 of the Legislative Assembly (Office of the Legislative Assembly) Act. We are not part of the public service but instead we are

public sector members. These arrangements have been developed to recognise and support the legislative branch of government: the office must not be influenced, or to be seen to be influenced, by considerations, including those emanating from the executive government, other than those that accord with the impartial exercise of the advisory and support functions of the Assembly.

We do abide by, of course, the enterprise agreement that we sign each time that enterprise agreement is updated. Those do contain a lot of provisions to ensure that unions can operate within the office. We have a union delegate. Obviously, he is a staff member. I think there are two union delegates and there may be more. We certainly abide by the enterprise agreement.

MR PETTERSSON: Could you potentially expand for me so that I could understand the different whole-of-government policies you follow? For example, you said that the union encouragement policy does not apply, but do government procurement policies apply?

Mr Duncan: Yes, they do. I am just looking at whether David Skinner might—

Mr Skinner: I can answer a general question in terms of, say, a procurement policy under the procurement act. Anything that is within the procurement act obviously applies to the office, but that is a statutory provision. And then, of course, there is the regulation that sits off to the side of the procurement act which we also abide by. Where we do not abide by things is, for instance, where a minister makes a direction under the procurement act or the procurement regulation. The office is explicitly not required to abide by those directions.

MR PETTERSSON: Something like the ACT climate change strategy does not apply to the OLA?

Mr Duncan: I think I would have to take that on notice.

Mr Skinner: I can answer the question to the extent that, if the policy is again just something that is an edict written by or promulgated by executive government, by a minister, and does not have the force of law—if it is simply a minister saying this is the policy across government—the office is not bound by government policy; it is bound by laws. It is not bound by government policies.

There is a long history as to why that is an important distinction. You do not have parliamentary support agencies being subject to whatever the government of the day happens to regard as being an important set of priorities. The office is a distinct and separate entity from the government, and I am sure members on the crossbench and the opposition are happy that that is the case.

MR PETTERSSON: Following from that logic, the government cannot make these directions and give them to the Assembly; it then becomes a decision of the Clerk which policies would be implemented within the Assembly?

Mr Duncan: I will start, and others might chime in. I think we would look at a whole range of policies. We recently put out a document which I am happy to provide to the

committee which looks at all the policies across the range of governance policies across the public sector, I guess, to see which ones do apply and which ones do not apply.

It does not just apply to us: it applies to your previous witness, the Auditor-General; it applies to the Electoral Commissioner; it applies to the Integrity Commissioner. We are not isolated in this application of the policies. Yes, as David explained, just because a government minister makes an edict it does not necessarily mean that we are caught by that government minister's edict or policy or direction.

Mr Skinner: And just to expand on that, there really is a fundamental separation of powers issue at the heart of these discussions. I am not sure if you are advancing the view that the office should be subject to government policies.

MR PETTERSSON: I am more just trying to understand which government policies are being implemented and which ones are not. I see around the Assembly lots of really great initiatives that would align with government policy. I know that in procurement we have had a lot of very important reforms in that space. We have also had a bunch of improvements around the building when it comes to climate sustainability. I am seeing these government strategies being implemented in some areas of the Assembly and I am just curious as to how to determine which ones, seemingly, are getting actioned and which ones are not, especially because the government cannot direct, as you say.

Mr Skinner: The independence that the office has is a statutory protection. It is really around not being subject to the direction of the executive or the government of the day. I think everyone would appreciate that an important principle in the separation of powers is that the parliamentary support arm is not coming in and out with the tides of executive government. It is there to support the parliament; it is there to support all members, from all parties and in all capacities. It is not there to support any particular flavour of executive government policy.

But having said that, there are a range of public sector management policies which the office may regard as being quite helpful and fruitful for the administration of a parliament. They are agnostic to those separation of powers issues. The Clerk, the Speaker and the Standing Committee on Administration and Procedure will, on occasion, consider those and what implications they might have. But if there is a suggestion that every policy that a minister in the government of the day issues ought to apply to the office, I think that is probably a contentious proposition.

MR PETTERSSON: I am not making that proposition. My real point of interest is where the decision-making point is for implementing whatever policies are being implemented around this building and the potential differences between what is occurring in the Office of the Legislative Assembly and the ACT government more broadly. I think I have got the answer from—

Mr Skinner: You started your questioning with a union encouragement policy. Could you understand why there may be some trepidation on the part of the office to implementing that policy in a way that might cause concern for other parts of the parliament?

MR PETTERSSON: No. Can you explain it for me?

Mr Skinner: I am just asking if you can see any.

MR PETERSSON: No, I cannot.

Mr Skinner: If you cannot, that is fine.

MR BRADDOCK: In budget statement A, table 10 on page 40 sets out an increase of three FTE for OLA in the budget. Can you please explain in further detail what positions have been filled, utilising that FTE, or what the intent is with those positions?

Mr Prentice: We put forward a budget bid for a position titled the assistant technical officer, largely because we saw a business continuity risk by only having one technical officer. As we have moved into the digital age, whilst the picture and sound might be far better than under the old system, it is a little more unreliable. Two people are now needed to run the broadcasting system. We needed that second position as a backup. Unfortunately, our budget bid for that position was not successful. However, because we see it as such a risk, the organisation has funded that position itself out of its accumulated resources.

We have had some other projects running in the digital area, one of them being the archive project. We have moved across some of our attendant staff to help out with that project. As a result we have needed to backfill those. We also have some other projects running in the digital space where we have people on short-term contracts.

In total, it came to three FTEs that we have decided that we need to get this work done, so we are funding them ourselves rather than out of the budget process. We do intend to re-prosecute the budget case for the assistant technical officer, probably in the next budget round.

MR BRADDOCK: Has any consideration been given to increasing the level of staffing allocation to the committee support function, particularly in light of the Laing review?

Mr Duncan: Members will be aware that there was a review undertaken of the committee support function by Dr Rosemary Laing, a former Clerk of the Senate. That review found that we did have a shortfall in terms of our committee support. We are working our way through that very good report to see what scope there is to implement most of the suggestions made in that report. We will be working our way through them. We have engaged a consultant for that purpose, to help to look at job design and to undertake some consultation with both staff and the unions. We hope to be in a position at the next budget round to put forward a budget submission that would give effect to some increased resources to the committee office, along the lines identified in that report.

MR CAIN: Regarding the extra resources for the digital strategy projects, does this include the digital questions database, which I think has been on the agenda since 2018? What is the status of that digital questions database?

Ms Turner: We have implemented the committees module, and the questions module is currently in testing. We anticipate that that will go live in January.

MR BRADDOCK: I note that, at the last hearing, the promise was made to have that database up and running by June this year. What is the reason for the delay?

Ms Turner: Mr Braddock, I was not here back then but I guess they focused on getting the committees module completed, and up and running live. We have had some delays due to COVID, with DDTS focusing on some other issues, which has slowed things down. Also, as you note, the committee support staff are very busy at the moment, so they have had some challenges in terms of testing both systems at the same time. Certainly, questions are a focus. We are committed to it, and I do not anticipate answering this question when we meet again in the new year.

MR CAIN: My question is to do with the external review of the committee support system. I note that several recommendations have been made which are being considered. Could we have an update on how that consideration is going and what time frame we are looking at for delivery of the outcomes?

Mr Duncan: Thank you, Mr Cain, for that question. You might recall that Madam Speaker made a statement to the Assembly, a 246A statement, indicating that the Clerk had very much welcomed the review and was in accord in terms of implementing the majority of those suggestions. They actually were not recommendations; they were suggestions. We have been liaising with and keeping the administration and procedure committee informed. I expect that, at the next meeting, we will be giving a fuller report. We are not due to meet until Monday week.

In terms of the time frame, there were four strands to the report. There was the review of the structure, there was improving policy guidance and documentation, there was improving performance management and professional development, and there was accommodation. They were the four main issues that the report canvassed.

In terms of time frames and the structure, we are starting work from October; we have already started work on the structure. We are at a stage now where we are consulting with the staff and trying to consult with the CPSU.

In terms of providing policy guidance, we have started working on some style manuals; they are being drafted. The style guide standardising basic written usage is being done. There is a committee manual that committee secretaries can use. Dr Laing also identified some statements as to what members can expect from committee staff and what services they could do. We are working on those documents as well. They are probably a little bit further down the track. We want to get the structure and some of those core documents finished first.

It is intended to make sure that those documents are developed in consultation with members as well. Members should be able to know what sort of things they can expect from committees and committee secretaries. I hope that addresses the issue.

Ms Burch: Julia, do you have anything to add or are you comfortable with that?

Ms Agostino: I am comfortable with that; thank you.

THE CHAIR: Mr Duncan, you spoke briefly about the CPSU. Could you elaborate a little more on your consultation with them in regard to implementing some of the suggestions from the report?

Mr Duncan: Yes. We have written to the CPSU, to start the ball rolling with the CPSU, to start consulting with them.

THE CHAIR: Did they respond to your letter?

Mr Duncan: They have responded, and we are about to go back to them. They have raised some issues and we will certainly be going back to them to address those issues; we think they can all be addressed. We will continue with that consultation program.

THE CHAIR: Are there valid reasons to be addressed or is it a matter of having more consultation with them? Will you have face-to-face consultation with them, Mr Duncan, or will this just be via a letter?

Mr Duncan: No, we are committed to some face to face as well as some written consultation. Yes, that is understood.

Ms Burch: The review was quite useful not only from a committee office point of view but also from an MLA point of view. With respect to the point that Tom was making around statements of expectation about what to expect from committee secretaries, in my time here I have experienced myself, and have heard from many committee members and committee chairs, that different committees had different ways of operating. It is unusual in parliamentary practice. We are trying to have some stock-standard approaches.

Those who were in the last Assembly and attended meetings of committee chairs will know that chairs were getting only electronic, only paper, a mix of both, some shared with staff, and some not shared with staff. It is really important to have some standard acceptable practices and for those to be documented. Mr Braddock is a new member of the Assembly; I am sure it would have been useful for him to come to a committee meeting and have that little toolkit, to know what to expect and how committees function. It is a very useful report and I look forward to how we progress it over the coming months.

MR PETTERSSON: I have no doubt that all members present are aware that a UK MP was stabbed and killed recently. Is the Office of the Legislative Assembly considering any further security measures for members of the Legislative Assembly?

Mr Duncan: Mr Pettersson, I was actually going to have a conversation with Madam Speaker to put it on the agenda for the next meeting of the administration and procedure committee. I know that in the past we have looked at security of members from time to time. But in light of that development in the UK—that very troubling development, I might add—it is something that we will revisit.

Certainly, our focus is on providing a secure work environment within this building. Members have a secure car park, although the thoroughfare between the car park and the building is not ideal, from our perspective. In terms of members' electorate offices,

that is something that we have not addressed in the past to any substantive degree. As you know, members move from place to place and different locations. It may be that we need to get some further advice from the relevant security agencies to see whether we can assist members in being a bit more proactive in maturing their security in those mobile offices, for want of a better term.

I was certainly going to suggest to Madam Speaker that we raise it in the admin and procedure committee, just to see what members' views were. I am glad you have raised it today, because if it is of concern to members then we will probably need to go out and seek advice from the relevant security agencies to see whether there are steps that we can offer to members when they are out in their mobile offices, which I know is what they frequently do.

MR BRADDOCK: I am interested in what OLA is doing for the leadership development of its current and emerging leaders. Do you have systems, processes and a framework in place to help to develop leaders' skills regarding how to manage staff?

Mr Duncan: Mr Braddock, are you talking about within the OLA staff?

MR BRADDOCK: Yes.

Mr Duncan: We do have a certain amount in the budget within OLA for training both members' staff and OLA staff. We have a lot of professional development opportunities. There are a range of networks across the Australian parliaments. There is an organisation called the Australian and New Zealand Association of Clerks-at-the-Table. That comprises all of the offices across the nine Australian parliaments that do chamber work. They run a whole range of seminars. There is one coming up in Canberra in January next year.

There is also a university course run out of the University of Tasmania, and that is available to staff. We sent one of our committee secretaries to that course in July last year, and we sent another committee secretary last year. We usually send a secretary or a staff member from OLA to that training course. There is the Australasian Study of Parliament Group. They are the parliamentary-type conferences.

There is a range of other conferences. I do not know whether Rachel has a list of training courses. In our annual report, you will see that we list the types of courses that we do. A few years ago, we did an executive management training course. We got the executive team together to try and assist in how we run as an executive. The Clerk, the Deputy Clerk, the Executive Manager, the Director of the Office of the Clerk and the CFO got together to get some training. I think it was a two-day workshop. They are the sorts of things that we do from time to time.

Mr Prentice: We also have a learning and development program for the organisation, which covers a range of different skill sets and training activities. Each staff member has a performance and development plan. Within that plan, we will identify any strengths and weaknesses, and training needs to come out of it. That is all built into the L&D program as well.

MR CAIN: I have a question regarding petitions. What process does the Office of the

Legislative Assembly follow to ensure that petitions are compliant with the standing orders? For example, is each signatory to paper and e-petitions checked? Is the signatory an ACT citizen? Do signatures appear only once? There is a range of compliance issues involved with a petition.

Mr Duncan: Mr Cain, I might start off answering that question; Julia, feel free to come in. A member gives us a petition and, at the top of that petition, they indicate how many residents have signed that petition. There is a count done, and they sign it. After the petition has been presented to the Assembly, there is no check, as far as I am aware. Bear in mind that some petitions have only 20 signatures, but, as you know, a lot of petitions have more than 500, and they are subsequently referred to the relevant committee.

There is no mechanism that we undertake to check the bona fides of each of those signatories, from the office's perspective. In fact, I am not aware of any other parliament—Julia, you might correct me if I am wrong—that has some system in place where they check a signatory to see whether they are a resident or not.

MR CAIN: Related to that, what if something false or misleading has been provided—for example, a signature has been signed twice or the person is not even a citizen or resident? Have any instances of non-compliance been perhaps accidentally identified?

Mr Duncan: I have never been informed, Mr Cain, by anyone that there is a false signature or a non-resident. From time to time there are petitions that have the signatures of New South Wales or Queensland residents. That is usually picked up by the member themselves and, when they count the number of ACT residents, they will identify the number of ACT residents that have signed the petition. The member, as I said, does an initial check and writes the number of ACT residents on the front cover of the petition when they lodge it. Presumably, some checks are being done in members' offices as to which ones are ACT residents and which ones are interstate.

Ms Burch: I have presented, and I think most members have sponsored, petitions—electronic or paper copies. I am not quite sure of the mechanism, but someone has to declare whether they are an ACT resident for them to be able to progress.

On the paper signatures, I know that, in conversations with Janice, I see it as my responsibility, even if there are 500-plus names, to put a line through the non-ACT residents and, as much as I can, make sure that Tommy Smith is not signing multiple times. That is what I have done. With every petition, I have actually excluded names, because you always capture someone from Jerrabomberra or Queanbeyan in those local petitions.

MR CAIN: What about compliance checking of e-petitions?

Mr Duncan: I might hand over to Julia for this question.

Ms Agostino: Our electronic petition system, I believe, only allows for ACT residents. I think that is how the field works. If we can go back a step, I have nothing to add to what the Clerk said about the other checks that we do, other than to say that we do a general check. One area in which we do get a lot of questions—and they come to our

papers officer, generally—is around the wording of a petition, to make sure it complies with the standing orders. We do provide a fair bit of assistance in that regard.

We do periodically remind staffers that it is best to ask us before someone has got 300 signatures, for example, because it is harder to go back after that and change the wording to ensure compliance. We do a bit of work around that first, and we generally find that is the best help that we can offer. We get petitions that comply in that way. But there is really no way for us to check the bona fides of people being ACT residents.

Ms Burch: Often someone is also tabling an out-of-order petition; that is attached to a lodged petition. Can you explain that?

Ms Agostino: Certainly. Out-of-order petitions can be tabled. Obviously, they are out of order, and they could be out of order for a range of reasons. Sometimes it is because a petitioner might ask for something from an individual minister rather than seeking to do something that the Assembly can do. They have to comply. There are a number of standing orders, and they need to comply with those. If they have not complied with those, it is out of order. But a member might still choose to table it.

MR PETTERSSON: I will confess something here. It has been a couple of years since I last consulted the Assembly library, and I have a suspicion that I might not be alone in that. Is there any measure of the use of the Assembly library by members?

Ms Agostino: The library will be delighted by this question, I am sure. Yes, they do keep numbers. If you are interested, I can certainly provide some numbers to you on notice. They keep track of the numbers of references that they get, and the materials that they provide.

MR PETTERSSON: I would be very curious to see those numbers; thank you.

Ms Burch: What stops you using the library and what would prompt you to use the library?

MR PETTERSSON: How the tables have turned.

Ms Burch: With indulgence, Chair.

MR PETTERSSON: A lot of the information that I need to fulfil my duties is readily available directly on the internet. I do not think that a lot of that information is directly contained within the Assembly library. There is a range of stuff in the Assembly library that I know only the Assembly library has—specific press clippings from beyond a year. If I needed them, that would be where I would go, but I do not really need them. I really do not know. I do not know what a modern library looks like, in terms of providing those services that members need. Maybe we just do not know that we need them yet. I am sorry to not answer your question. I am a politician.

Ms Burch: You did very well, Mr Petterson.

MR BRADDOCK: As a regular user of the library, and as someone who is appreciative of the services it provides, particularly for a new member, I can vouch heartily for what

it does.

Mr Pettersson asked a question earlier in terms of whether OLA abides by the government policy of engagement with the unions, and the discussion about that, which I do not want to get drawn into. How does OLA ensure that it has a positive relationship with its employees and their union representatives?

Mr Duncan: Like every other agency, we have a joint union management consultative committee. That is with employer and union representatives. When it comes to enterprise agreements, we negotiate with the unions. We recently engaged with the unions about the last enterprise agreement. Like every other agency, we do that. As I said in answer to Mrs Kikkert's question, we like to think that we have a productive relationship. That is not to say we do not have issues from time to time; we will respectfully prosecute our side of the story, and we will respectfully listen to what they have to say. And we do not always agree. By and large, we are no different from any other ACT government agency in having a relationship with the CPSU and other unions, if necessary.

I must confess that, in the last 12 months, we have had much more engagement with the CPSU than I have ever had in my time here as Clerk. I am sure we can work our way through those matters. As I said, the committee office review gives us a really good opportunity to reset the committee office; a lot of the discussion with the unions has been around that. I think we have a really positive way forward and we will end up with a really good workforce that can more than adequately support the important work that committees do.

Ms Burch: In the building, between the executive and the non-executive, we have a significant number of staff. They are involved, through representatives, in an EBA negotiation process on LAMS conditions and payments. In my time here, I have not been aware of MLAs coming together, with respect to being employers. I know that I am an employer of three staff. You would be an employer of a number of staff; you, too, would have responsibilities. Are your staff offered information on unions? Are they in a safe workplace? What are your obligations as employers? It may be a matter for admin and procedure to consider how we inform or support employers—MLAs as employers—on some of these matters. That is a thought bubble.

THE CHAIR: Mr Duncan, you said you have confidence that you have a positive way, moving forward, with regard to the report. Is that a positive way forward for OLA or for the committee secretaries?

Mr Duncan: I think it is for everyone—for the office, for committee secretaries and, more particularly, for members. In reality, we are here to provide services for members. That is the stated aim of the Office of the Legislative Assembly. I am confident on all three, Madam Chair.

THE CHAIR: You are confident and you can guarantee that the positive way forward is also for committee secretaries?

Mr Duncan: I will certainly be advocating a structure that will be, as I said, in line with the recommendations of the report. Some staff will like that structure; some staff will

not like that structure. I am certainly committed to making sure that we can negotiate a good structure that will benefit, as I said, the committees and ensure a workable arrangement for all staff to contribute to the effective work of committees.

Ms Burch: The committee office supports the functions of the parliament through supporting the MLAs. Yes, it is important to have regard for and hear from the OLA staff. One of the significant things that I pulled out of the Laing review was the interest by MLAs in improving coordination, support and benchmarks about activity coming out of the committee office, in order to support us in our work through the committee office on behalf of the parliament. That is what I think Tom is getting to, in that there are three threads here—the committees themselves, the broader parliament and MLAs, and the committee support office.

Mr Duncan: There will be some changes, Madam Chair, that have been identified. The way that the committee office will operate will be different from the way it has operated. The report that Dr Laing provided highlighted a number of issues where things could be improved. That will need to be taken on board by the committee secretaries and other staff. So there will be some changes to the way that the committee office operates. But I think they are all positive changes. As I said, I think we will end up with a really good support structure for Assembly committees once we get to the end of this process.

THE CHAIR: Let us certainly hope so. Thank you, Mr Duncan.

MR CAIN: I have a question about the enterprise agreement negotiations with respect to non-executive members. What is the expected timetable and stages involved in that?

Ms Turner: The timetable is the same for both OLA staff and the LAMS agreement. The consideration period is expected to be Monday, 8 November to Tuesday, 16 November, with a ballot to occur between Wednesday the 7th and Wednesday the 24th.

MR CAIN: As a result of the ballot, what is the intended commencement date?

Ms Turner: I know that the intended commencement date for the pay increase will be 9 December. I am not certain about the effective date of the enterprise agreement; that will be subject to Fair Work approval.

MR PETTERSSON: In June this year, the United Workers Union called on the Assembly to insource its cleaners. Could the committee get an update on how the OLA has responded to that call?

Ms Turner: We recently engaged a consultant to undertake a review on behalf of the Assembly of how that might work and whether, practically, it might work. We received that report from the consultant last week. The OLA executive will consider it later this month, and consider how to move forward.

MR PETTERSSON: Why is a consultant needed to be engaged to consider that matter?

Mr Duncan: We wanted to get some sense of how the arrangement worked in the department of education. As far as we are aware, that is the only ACT government

agency that has insourced cleaning services in the territory. We are part of an existing contract that involves cleaners for both this building and the building next door. They are the same cleaners.

We wanted someone to negotiate with the relevant union and the relevant stakeholders, to talk to the department of education, and to assist us in analysing the possible costs. Eventually, we can go one of two ways. We can decide to continue the existing arrangement—that is, to have an outsourced company come in and do it—or we could go to treasury and say, “We want to engage cleaners as staff of OLA.” We anticipate that it will cost more, but we do not know, and that is why we have an expert consultant to give us a cost-benefit analysis of what the costs would be. As Rachel said, I have not seen the report yet, but we will look at that and have a discussion about what is the best way forward for the office.

Ms Burch: Because we are connected with the building next door, that could offer a pathway forward. With Education and the numbers, if someone calls in sick at 4 o’clock in the morning, it is fairly easy to deploy and move around. But if you have a small team that is here, if someone calls in sick at 4 o’clock in the morning, it is not so easy to do. The other thing is that it is government policy, yet there are clearly barriers to government doing it, because we are not the only ones that are looking at how to go about doing it.

MR PETTERSSON: Madam Speaker, I did not think government policies applied.

Ms Burch: They do not, but we were asked by the union to have a look at it and, in good faith, we said we would.

MR PETTERSSON: When did you say that report would be considered by the OLA executive?

Mr Duncan: We have an executive management meeting on Friday week, so we will look at that. If there is a decision made to take them in-house and there are increased costs, ultimately, I will need to take a budget proposal to the administration and procedure committee, because that committee advises the Speaker on whether budget proposals should be made. The admin and procedure committee members may have a view on that. Ultimately, the Speaker will decide whether a budget proposal will be made. It will then be up to treasury as to whether they fund that budget proposal. We are stepping ahead of ourselves a bit, because a decision has not yet been made.

MR PETTERSSON: Fair enough. I will keep my eyes and ears open.

MR BRADDOCK: With respect to bicycle parking out the front of the Assembly, let us say that it is an exercise in hoping that your bike will not get stolen. What is OLA doing to encourage bike riding amongst executive and non-executive staff by providing secure bike parking?

Ms Burch: We have bike parking in the building, Mr Braddock.

MR BRADDOCK: Is it sufficient to allow all staff to bring in their bikes?

Ms Burch: Rachel, we did some checking on capacity and spare capacity with that.

Ms Turner: Yes. We currently have 10 bicycle parks, five in each of the building stairwells. They have been under-utilised every time we have checked them. It would be interesting to understand if there is some barrier to staff using them and choosing to park outside. Certainly, there is bicycle parking available within the Assembly building.

MR BRADDOCK: Thank you; I will pass that message on.

Ms Burch: Is there a reason, Mr Braddock, why they do not use spots inside the building and persist in putting them outside? I know that there was some damage or loss outside. But if there is capacity inside, which is very secure, can you—

MR BRADDOCK: I would have to check with—

Ms Burch: I seem to be asking questions myself, Chair; I apologise.

THE CHAIR: No, that is all right.

MR BRADDOCK: I will check with the staff members and understand if there are any barriers to doing that, and get back to you, Madam Speaker.

Ms Burch: Thank you.

THE CHAIR: Ms Turner, are those 10 bicycle parks the ones just underneath the stairwell outside the reception room?

Ms Turner: That is correct.

THE CHAIR: Ten bicycles can fit there?

Ms Turner: There are two lots of five, in each of the stairwells.

THE CHAIR: For the majority of the time, I just see two or three there. I suspected that was all that could fit; obviously, it can fit more.

Mr Duncan: There is another stairwell near the Prince Edward Island room, on the other side of the building, and that has five spots as well. There are five spots in two locations across the Assembly building.

THE CHAIR: Thank you.

MR CAIN: I know there is a timetable for the gradual reopening to the community of the Legislative Assembly. When do you expect it to be fully open to the community, under normal operating procedures?

Mr Duncan: Mr Cain, thank you for the question. We originally set a date of 1 November. I think Madam Speaker put out a note recently to indicate that we are still a little bit concerned that there is the possibility of high transmission in the community, and that leads us to believe that we need to be a little more cautious in our opening. I

think that the revised date is 14 November.

We are taking a wait-and-see approach, to see what the levels of transmission are. I know that, in our office, we have adopted a policy of having two types of teams. We are slightly concerned that if one of the office staff contracts COVID, it will wipe out the whole of the chamber support staff. The Assembly could not sit, effectively, because there would be no-one there to support the operations of the Assembly. We are being very cautious, but I think rightfully so, because while there are fewer restrictions and possibly high levels of community transmission, we want to minimise the risk of COVID within the building for members, members' staff and OLA staff.

For those reasons—David might want to elaborate on this—we have set a date of 14 November, and we will revisit that closer to the date. As you would be aware, Mr Cain, the level of community transmission is quite low at the moment. But we do not know whether that will go up significantly. If it does go up, that may influence our decision about when to reopen the building. We know that this is an issue across all Australian parliaments now.

MR CAIN: If the ACT community is fully opened, would the Assembly, similarly, be fully opened?

Ms Burch: Mr Cain, in principle, yes. I notice that Access Canberra points are opening, but they are still directing people that can do an activity online to do so. We have put some changes in place on our education program. I do not see that readily going back to what it was pre COVID-19, where we had multiple schools in for the entire day, mixing and matching throughout the day. Now we have limited schools coming in for a morning session or an afternoon session. I think that would be maintained, even if the building was open, and when we start education programs again.

We have not really narrowed down what our capacity will be. The four square metres by two square metres will impact on the number of activities and the number of people in your office, for example. The notice that I put out to MLAs and their staff yesterday was to say that you can still function as an MLA. You can bring people into your office. But there are conditions and obligations regarding how that will be undertaken.

Mr Skinner: Thank you, Mr Cain, for the question. We do have a COVID-safe plan which is directed at two main objectives. One is a work health and safety objective and the other one is a business continuity objective. They can work at odds, sometimes. The safer you are, the less continuity you might have, and vice versa.

In that plan, which is something that was taken to the Standing Committee on Administration and Procedure towards the end of last year, there is a basic traffic light system, with red, orange and green activity levels that would be resumed at certain points throughout the pandemic. Levels of community transmission were one of the key determinants by which you would move between stages.

The Speaker and the office—I know that the Speaker has discussed this with the Standing Committee on Administration and Procedure—have been trying to balance that reopening and that continuity with ensuring that the risk to health and safety in the precincts is minimised, while also recognising that if you have large groups of people

in, for instance, for external events and so on, one person present in the precincts with a case of COVID will necessitate a quite dramatic reduction in the ability of the Assembly to sit, committees to sit, and so on.

My understanding is that staff are being encouraged from 1 November to start making a return to the workplace, although flexible working arrangements still remain in place—home-based work, if that is something that people wish to do. The position is that we would be reconsidering the resumption of some of those other things around public galleries and external room hire for the exhibition and reception rooms about two weeks after that period. That would be based on what the health advice is and what the situation with community transmission might be at that time.

MR PETTERSSON: Following on from that topic, I have more of a question to you, Madam Speaker: do we know what the seating layout of the chamber will look like, moving forward?

Ms Burch: In the short to medium term it will stay where we are. We made those changes following the last lockdown, where we installed the seats where you and Mr Braddock sit. We envision that that will stay for some time.

THE CHAIR: We might have to end it there. Mr Pettersson, if you have a supplementary question, you can put it on notice. On behalf of the committee, I thank Madam Speaker, the Clerk and staff for their attendance today. If witnesses have taken any questions on notice, could they please provide answers to the committee secretary within five working days.

Short suspension.

Appearances:

Office of the Commonwealth Ombudsman

McKay, Ms Penny, Acting Ombudsman

Macleod, Ms Louise, Acting Deputy Ombudsman

Andersen, Ms Symone, Acting Senior Assistant Ombudsman, Program Delivery

THE CHAIR: Welcome everyone. In this session we will hear from the ACT Ombudsman. Can I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Could you confirm, for the record, that you understand the privilege implications of the statement?

Ms McKay: I understand the statement.

THE CHAIR: As we are not inviting opening statements we will now proceed to questions. I note in your latest report on the operation of the FOI Act you state there has been a marked increase in decisions made to not publish open access information. You also observe that there has been a decrease in full access releases and entries, with an increase in refusals in 2020-21 compared to the previous year. That is found on page 8. Are you concerned about this decline in transparency in open and efficient government?

Ms McKay: Thank you for the question. I am sorry but you broke up a little in the middle of that but I understand that you are interested in the decisions not to release information under the open access scheme. I understand that there has been a marked increase in the decisions not to release information or not to publish information.

Actually from our point of view, we see that as a marked increase in the interaction with the scheme. People and agencies are actively considering the information that they have at their disposal and actively considering whether it should be released or not. I think that the increase that you are seeing in those figures shows that there is that marked increase and interaction with the act, which we welcome, because we want people to look at information, we want them to consider it, to put it out in the public or not, and to use the scheme actively in that way. We see it as a positive actually.

MR CAIN: Thank you for the answer. I draw your attention to a statement in the explanatory statement to the 2016 bill:

The bill is designed to make information held by the government more accessible to the community than it has ever been before.

I must admit I am not finding your comments comforting, given that was the intention of the new act.

Ms McKay: I understand the question. One of the intentions of the act was that agencies actively consider the information at their disposal. Whilst agencies are making decisions not to release certain information, they are also making decisions to release certain information and they are actively considering that and doing it.

Obviously, as the Ombudsman, we would like much more information released and to

have that open access information released on a regular basis, but we are also heartened that agencies are actively considering those decisions and engaging with the information at their disposal. Ms Macleod might have something to add, as the Acting Deputy Ombudsman.

Ms Macleod: I have read the statement and I understand it. We also require agencies and directorates under the scheme to basically prepare their own open access strategy and in that provide information about what information they create and hold that is relevant to their operations as well as to actively look at putting that information out to be available for the community. It is one of the areas we keep a close eye on. We will continue to monitor, under our open access strategy, how agencies and directorates are responding to that.

MR CAIN: It should not be too novel that agencies are actively engaging with the information they hold. That should not be a new occurrence. But it does seem, unfortunately, as the question stated, that there is apparently less information being available to the community despite the clear policy objective of the bill and of this act. I make that as a comment. Perhaps we will follow this up further with a recommendation or some scrutiny of the government agencies' administration of this act.

I have a question on own-motion investigations and public reports. Is the ACT government obligated to respond to own-motion public reports you produce?

Ms McKay: With every own-motion investigation that we undertake, whether it is in our ACT jurisdiction or our commonwealth jurisdiction, we supply a draft version of the relevant recommendation to the relevant agency for their response and we ask them to address each of the recommendations, if we are making recommendations, to give us an idea, firstly, if they agree to the recommendation, note it, or disagree to the recommendation and what their plans are to implement that recommendation should they be agreeing to it.

MR CAIN: What is the follow-up process to see whether your recommendations are implemented by agencies and directorates and what do you do if recommendations are rejected?

Ms McKay: To the first part of the question, we actually have implemented a biannual recommendation implementation report that we undertake every two years to follow up on our own-motion investigation reports and the recommendations made in those reports to see if agencies are actually doing what they said they would do. And that was actually the title of our first report that we put out. I think it was last year. It was called *Did They Do What They Said They Would?* We followed up on all of the recommendations made in the reports for the preceding two years, I think, and reported on that.

Ms Macleod: Yes.

Ms McKay: We are doing the same in relation to the relevant reports that have been issued last year, three reports from the ACT jurisdiction. One is about the valuation of commercial land, one is about administration and parole, and the third is about the

administrative framework for engaging with the Aboriginal and Torres Strait Islander community in the ACT by ACT Policing.

At the moment, we are undertaking a process where we are going out to the agencies to get their feedback on what they have done in relation to those recommendations and we will be reporting on that in due course.

Ms Macleod: Just in response to the second part of your question about whether or not agencies agree, when we conduct our own-motion investigations we take an iterative approach to the way we conduct the investigation. In reviewing the material and talking with the agency in relation to the particular issue that is under investigation, where we find that there may need to be a recommendation around improvements to processes or administration for example, we will engage with the agency through the course of the investigation to highlight our findings and have a conversation with them about those findings.

We always try to ensure that the recommendations we make are practical and able to be implemented by the agency and we also talk with them about what they need to do in order to do that implementation. We actually have an internal, I suppose, process, and we have also got a fact sheet on our website that explains how we go about making recommendations so that, when it comes to getting the agreement of the agency, in most cases we are always going to get agreement from the agency to recommendations we make.

MR CAIN: If there is a stern rejection of one of your recommendations, whether it is own-motion or other reports—

Ms McKay: It does not always work. On occasions we will have agencies that do not agree with our recommendations. Unfortunately, the Ombudsman's Office does not have any powers to make binding directions to agencies; so it is just noted in a public report that they did not agree to that recommendation.

MR BRADDOCK: Firstly, my apologies; I had forgotten there was an additional session. Definitely do not let that cast any aspersions on what I think about the Ombudsman. I am very grateful to hear about the reports *Did They Do What They Said They Would* and what the government has done. I would love to see the results of that.

I just have a question in terms of that investigation into parole that you did do. Have you seen from the complaints coming into the Ombudsman that there is a decrease in complaints about those issues or is it the same or is it still too early to tell?

Ms McKay: I think from what I recall that the complaints from the Alexander Maconochie Centre have remained relatively steady. But in terms of the actual complaint in relation to the parole system, I am not sure we have that detail to hand. Do we, Ms Macleod?

Ms Macleod: No, we do not. We do tend to get complaints across the board from detainees within the centre. But generally we have not seen the same volume of complaints about parole that we have seen in the past.

PROOF

That said, as we noted in our own-motion report, one of the drivers for doing the own-motion was the fact that we do know anecdotally from detainees that they were not necessarily willing to make complaints about their parole because they perceived it might have an adverse impact on the outcome of that process.

But we do work in conjunction with the other oversight bodies and we are not hearing concerns about parole processes to the same extent, anecdotally, that we have heard before. But when we do go in and do this review of the implementation of the recommendations from that own-motion report, we are going to be keenly interested in what we see through the implementation that is addressing the issues.

MR BRADDOCK: I would be interested, as part of that report, if you can include some form of analysis in terms of the complaints being received by the Ombudsman. If there has been a marked drop-off, that may be an indicator that the recommendations have worked.

Ms Andersen: I understand the obligations. Just to provide a little more around the types of complaints that we are seeing from AMC, you are correct our complaints have stayed very consistent with the previous financial year. There has only been one fewer than last year.

The most common complaints that we are getting are issues related to medical treatment, quality of food, access to visitors and segregation and management. There have still been a few parole process complaints, but yes, I can confirm they are definitely reducing.

THE CHAIR: It is my understanding that your funding is provided by the ACT government to the Commonwealth Ombudsman through a service agreement. Is that correct and how often is the agreement updated?

Ms Macleod: The current service agreement that we have in place is from 2020 to 2025—it is a five-year agreement—and I expect it will be updated, should we still be performing the services of the ACT Ombudsman in 2025 going forward.

THE CHAIR: Is the amount of funding in 2021-2022 enough to enable you to fully undertake your statutory requirements?

Ms Macleod: Thank you for the question. Our funding for 2021-2022 has reduced from the previous year and the year before that by about \$198,000. We did make a budget bid this year for about \$3.6 million and we were not successful in that budget bid this year.

Within the \$2.8 million that we did receive for the 2021-22 year we are currently going through a process of how we will implement that across the ACT functions and what effect it will have.

THE CHAIR: What do you predict that you will be unable to deliver due to the budget constraints?

Ms McKay: We are still going through the process to really nut that out. What we can say is that we expect that it will not be necessarily straight across the board. We perform

a number of functions in the ACT. It might be that, say, for example, on the FOI scheme we did spend a fair bit of time in the setup of that scheme, putting out a lot of guiding principles and policies to help people guide that scheme, that work has now finished, and we are implementing the review mechanism that we perform as the ACT Ombudsman, so we expect there might be fewer resources required for that function. But we will be going through each function that we perform for the ACT Ombudsman and working out how to best allocate the funding.

Ms Macleod: If I could add, obviously we are very conscious of our statutory obligations under each of the functions that we have. So that assessment that the Ombudsman is referring to will be looking at what our statutory obligations are and also what obligations we have committed to under the service agreement and, from that, ascertaining where it is within the funding envelope that we are best able to point the resources that we have, noting the reduction.

MR CAIN: Have you had any, I guess, complaints or requests to investigate any agency's management of the COVID health orders or any other restrictions related to the lockdown?

Ms McKay: I think I can safely say that we have not have any requests to investigate any aspect of COVID restrictions or implementation of COVID measures across the ACT.

MR CAIN: Related to that and supplementary to it, although notably broad, how do you engage with agencies to ensure that they are, I guess, future proofed against legitimate complaints being able to be lodged? Do you have an improvement and training activity involved?

Ms McKay: I will hand to Ms Macleod for this one.

Ms Macleod: We conduct a complaint-handling program across both our Commonwealth Ombudsman responsibilities and also our ACT Ombudsman responsibilities. That complaint-handling program is an education program and we run that and enable staff from the directorates and from agencies to participate in the program. Pre-COVID, we were running that in person but now in, I suppose, the new environment we are moving to providing that offering online.

In relation to, I suppose, the individual functions—freedom of information, reportable conduct, for example—we also have regular engagement with the staff and practitioners within those agencies and directorates to educate them in respect of their responsibilities under those schemes.

We do quarterly newsletters as well with practitioners and staff to make sure that they are aware of their obligations and we also ensure that staff know who we are so that, if they require any advice and assistance about what they need to do under those respective schemes, they can contact our office and we can assist them.

Ms McKay: And if I can just add to that as well, the ACT Ombudsman actually opened a webinar recently, in September, about effective complaint-handling during COVID-19. It was really well received and attended by representatives from both

commonwealth and ACT government agencies.

MR BRADDOCK: You mentioned that a common complaint is medical treatment in the AMC. Are you able to give me some more information in terms of the number of complaints, the nature of those and what the outcomes of those complaints were?

Ms McKay: I will let Symone answer in a moment, but one of the things to be aware of is complaints about access to medical treatment and about medical treatment while in AMC are actually not within our jurisdiction. This is where we work in concert with the other oversight bodies such as the Human Rights Commission and the health commissioner there, Karen Toohey, and also the Inspector of Corrections, Neil McAllister and his team. Where we receive a complaint about medical treatment, or access to treatment, we would generally refer that to the Human Rights Commission because they have jurisdiction over health complaints.

MR BRADDOCK: Can someone explain to me why that is the case? I thought the Ombudsman was the point source for these types of complaints. Obviously I need to be corrected in my understanding.

Ms McKay: There are carve-outs in our legislation—and Symone, correct me if I am wrong—but I think it is section 5 of our legislation that covers the carve-outs. So anything health related, disability related, goes to the Human Rights Commission. Anything children and young people also goes to the Human Rights Commission. But that said, our reportable conduct scheme does interact there in terms of children and young people. Under the reportable conduct scheme we can also receive complaints that concern ACT Health for example.

Yes, the carve out, I think, is enshrined in section 5. Is that right, Symone?

Ms Andersen: Yes, I believe it is, but I can confirm that. We can investigate the administration of health medical treatment. However, medical review is ACT HR, yes.

MR BRADDOCK: Would accessing health fall under yourselves or the Human Rights Commission, not in terms of the actual diagnosis or medical issues but just purely whether they can access an appointment or not?

Ms McKay: Yes. We might look at that but we would probably defer to the Human Rights Commission because they engage with Justice Health and they are probably able to better deal with that type of complaint than we are.

MR BRADDOCK: Thank you for educating this MLA.

Ms Andersen: And just confirming, it is section 5.

THE CHAIR: Just a follow-up question there, could you please take on notice how many of those complaints about access to medical treatment you referred on to the ACT Human Rights Commissioner and also how many complaints you received about the segregation issues and also food quality? Ms Andersen, you also mentioned a fourth one, I did not quite pick it up before, about the complaints you listed.

Ms Andersen: This is from our annual report. The most common complaint issues were related to medical treatment, quality of food, access to visitors and segregation and management, and then parole processes.

THE CHAIR: Access to visits, if you could take that on question on notice, how many of those complaints?

Ms McKay: Yes, we will provide a breakdown. We are happy to take that on notice and provide a breakdown of the numbers of complaints for each of those categories. No problem.

Ms Andersen: Sure.

THE CHAIR: That would be great, thank you.

Ms Macleod: And also, the referral, yes.

MR CAIN: Forgive me if I have misunderstood this but I think you made reference to *Did They Do What They Said They Would* and said they would and provide an overview.

Ms Macleod: Yes.

MR CAIN: Is there a version of that that pertains to the ACT government?

Ms Macleod: No, we have one report that covers both commonwealth and ACT own-motion investigations that we have conducted over the period of time.

MR CAIN: Because it seems to be a federal government equivalent to that type of assessment, whatever it is called.

Ms Macleod: We conduct own-motion investigations across the commonwealth agencies but also across ACT agencies and then we do one biannual report that covers both the ACT reports and the commonwealth reports and looks at the implementation of the recommendations across the board.

THE CHAIR: On behalf of the committee, I thank the Acting ACT Ombudsman and her staff for their attendance today. If witnesses have taken any questions on notice could you please provide answers to the committee secretary within five working days.

The committee will suspend.

Hearing suspended from 12.28 to 2.02 pm.

Appearances:

Barr, Mr Andrew, Chief Minister, Treasurer, Minister for Climate Action, Minister for Economic Development and Minister for Tourism

Chief Minister, Treasury and Economic Development

Asteraki, Mr David, Executive Branch Manager, Infrastructure, Finance and Reform Division, Economic, Budget, Revenue Group

THE CHAIR: Welcome. In this session we will hear from the Treasurer and officials in infrastructure finance. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Could you confirm for the record that you understand the privilege implications of the statement?

Mr Barr: Yes.

Mr Asteraki: Yes.

THE CHAIR: As we are not inviting opening statements, we will now proceed to questions.

Chief Minister, can you please detail the forecast total cost and forecast economic benefits of the redeveloped Canberra theatre precinct?

Mr Barr: That is not in this output class.

THE CHAIR: Output class 7.1?

Mr Barr: That is Major Projects Canberra. That is later today.

THE CHAIR: We will put that question on notice then.

Mr Barr: We will come back to it. We will have the right officials in the room when Major Projects Canberra appear.

THE CHAIR: Chief Minister, in last week's estimates hearing in public accounts, you responded to a question about whether the ACT government had been involved in any discussions about potentially signing up to the Chinese government's belt and road initiative to fund and deliver the ACT infrastructure program by saying, "Not that I am aware of." Can you categorically rule out that no ACT government minister or employee has been approached and/or undertaken discussions with the Chinese government in relation to infrastructure finance?

Mr Barr: I cannot rule out whether anyone has been approached, but it has never come to cabinet, it has never been an issue that has been on the ACT government's agenda, and I can categorically rule out that we would ever consider it.

MS LEE: Chief Minister, has the ACT government, or you, or any minister or staff, ever been approached by, or undertaken discussions with, any other foreign government

in relation to infrastructure projects?

Mr Barr: In relation to infrastructure projects or financing?

MS LEE: Let us go financing and then projects.

Mr Barr: No, not with financing. In relation to projects, there has been some diplomatic engagement in relation to, for example, the first stage of light rail. The then Japanese ambassador was interested in the project, given the Japanese involvement in the light rail consortium. Beyond that, no, not really. It is not a major feature or part of our program in any way. We do not engage with foreign governments on infrastructure projects, generally speaking.

MS LEE: Yesterday, you and the Commissioner for International Engagement were talking about some of the obvious international engagement work that is currently happening. That is not part of those discussions in terms of the relationships?

Mr Barr: Not in the context of financing projects. The only context around intergovernmental engagement—be that with other Australian governments, foreign governments or city governments overseas—would be in relation to similar infrastructure projects in similar cities.

Another example would be that the city of Wellington have been interested in the Canberra light rail project. When their officials have visited here, they have been interested in talking to our officials about light rail things. But not in the context that we are shopping around ACT government projects for foreign governments to invest in.

This line of questions sounds a bit wacko conspiracy theory. The belt and road stuff sounds really weird. I do not know where you are getting that from, but I can categorically rule it out and I am just not responding to that sort of rubbish.

MS LEE: I think there are some people interested, so thank you for categorically ruling that out.

Mr Barr: Let me be absolutely clear on that. I am quite shocked and surprised that this has been raised again. I am not sure what is behind it; it is quite odd.

MR PETTERSSON: Chief Minister, is the ACT government considering any further public-private partnerships?

Mr Barr: Not at this time.

MR PETTERSSON: What are the conditions or environment that would cause the ACT to consider entering a PPP in the future?

Mr Barr: A project of sufficient size and complexity where a risk transfer to the private sector under a PPP model would be appropriate. I do not see anything immediately on the horizon in that regard.

MR BRADDOCK: The CIE report said that over the forward estimates, \$1.5 billion has been set aside for significant capital works projects for which the budgets, or other details, are yet to be settled or which are commercially sensitive. That is quite a significant part of the capital spend. Is it normally that much of the capital spend or is there something unusual going on at the moment?

Mr Barr: No. Across a five-year forward estimates and infrastructure program, that would not be unusual. That largely accords with provisions for particular larger infrastructure projects that are yet to be procured. We do not signal exactly how much we are prepared to pay for a particular project, but when we put it to market, we do want some competitive attention in the tendering process.

This is a practice that all Australian governments follow, particularly in relation to a larger procurement. The commonwealth are even more cryptic in the way they do it; they either just do not publish DDP in their budget papers or they hide it in the category of decisions taken but not yet announced, which is often billions of dollars within the commonwealth budget.

MS LEE: Chief Minister, can I take you back to PPPs, page 57 of budget statements B. One of the indicators says, “Life of Project PPP transactions successfully executed”. Can you confirm, in terms of that output, how many PPP projects we have delivered on time?

Mr Barr: Two. Oh, actually one. And one was delayed; the courts project was delayed. But there are only two PPPs: light rail stage 1 and the courts precinct. And the courts one was delayed.

MS LEE: How long was that delayed by?

Mr Barr: Months. Mr Asteraki might be in a position to elaborate on that. We will take on notice the exact number of months

Mr Asteraki: I think I can answer that question—not to the precise number of days but in terms of months. I confirm that I have read and understood the privilege statement.

Stage 1 of the court project was due to complete in November 2017, but it was 11 months late, so it was completed in October 2018. Stage 2 was due to complete in August 2018 but did not complete until 31 January 2020.

MS LEE: Thank you.

Mr Asteraki: That is the transaction. I think your reference was to life of project transactions, which are subsequent transactions to the original transaction that have an implication for the project over its life.

MS LEE: I was about to go on to that as the next question. On page 57, in the comments to that output class indicator, it says:

‘Successfully executed’ means that the Territory has responded to a request from the Project Company within the timescale specified in the PPP Contract; and has

PROOF

not been unreasonable should it withhold its consent.

Can you explain, in layman's terms, what that means and what is actually measured?

Mr Asteraki: Yes. There are a variety of different transactions that have an impact on the project over its lifetime post the signature of the project agreement. The two particularly that that commentary referred to were refinancing of both the law courts and the light rail stage 1 projects.

In those particular instances, both project companies had a particular timetable for completing their refinancing. Both refinancings required the territory's consent under the project agreement. That meant that we had to undertake our due diligence for investigations into the terms of the refinancing to ensure that they did not result in any adverse impact on the territory without the project company having provided adequate compensation—which we were duly able to do. We were able to provide the territory's consent within the timetables that the two project companies had set.

That was particularly challenging for the light rail project as we did not get the final, formal details of the refinancing until quite late, which left us significantly less time than the project agreement allowed for. But we had done a lot of preparatory work, which meant that we were able to respond within the requested time frame, even though it was, as I said, shorter than that provided for in the project agreement.

MS LEE: Aside from this forum, is there anywhere in the budget where the public is able to find out when projects have completed on time? Is there an indicator or an output class that can be referred to?

Mr Barr: For public-private partnerships?

MS LEE: Sure.

Mr Barr: There are only two of them; they have been reported and they are both physically complete.

MS LEE: I understand that. I am just asking whether, in terms of the budget and the way it is set out, there is any way to do that, aside from this forum, the hearing that we are doing?

Mr Barr: Past budget papers.

MS LEE: But it is not actually an accountability measure? Is that right?

Mr Barr: The individual project completions over the years that the physical construction was completed would have been reported in that year's budget papers.

MS LEE: In terms of other infrastructure projects, aside from the PPP ones, do you have numbers for how many were completed on time?

Mr Barr: Across the entire ACT government capital works? Major Projects' projects? By directorate? Sorry.

MS LEE: Major Projects.

Mr Barr: We can deal with that when Major Projects present in about an hour.

MS LEE: Across the entire ACT government?

Mr Barr: Again, that is not this area's responsibility. That is reported each year in both annual reports and budget papers by directorates. You would need to go by directorate, but it is consolidated in the budget papers each year. Then there are six-monthly capital works reports that are tabled in the Assembly.

MS LEE: Is that the same answer for your directorate?

Mr Barr: Yes; it is for every directorate. There are consolidated reports presented by me, as Treasurer, twice yearly to the Assembly; there is reporting in the budget papers; and then there is reporting in annual reports.

MS LEE: So you do not have those figures now?

Mr Barr: There are literally hundreds of projects, Ms Lee. Do you want me to read out each one?

MS LEE: As you said, let us discuss this further with Major Projects. If I raise it again, will I get the same answer or will you have some figures? I do not want to waste your time.

Mr Barr: Major Projects will be able to talk about the projects that they have responsibility for, which is a small number of large-scale projects.

MS LEE: Thank you.

MR PETTERSSON: I am not 100 per cent sure I am in the right time slot for this, but could I get an update on the procurement time lines for light rail and the expected contract on—

Mr Barr: No, that is not this area.

MR PETTERSSON: All right.

Mr Barr: What is very strange is that we are having another hour on this output class.

MR BRADDOCK: Going to unsolicited proposals, how many did we receive over the last financial year, and why was the accountability indicator not achieved for that year as well?

Mr Barr: This question was asked in the hearing last week on this output class.

MR BRADDOCK: Fair enough; I apologise.

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MS LEE: From all the questions other members have asked, there seem to be question marks about what is in this output class. Chief Minister, are you able to answer, in terms of the infrastructure budget generally, why, compared to February's budget, the total infrastructure capital investment expenditure is down by \$153 million for 2021-22?

Mr Barr: That is not in this output class.

MS LEE: Nothing seems to be in this output class.

Mr Barr: We spent half an hour at least on this last week discussing what could be the only possible issues to raise here. Then somehow we have a whole other hour scheduled for questions that have now already been repeated or are not in this output class.

MS LEE: I think everyone is confused and in the same boat as you.

THE CHAIR: I suppose we just wanted to see you again, Chief Minister!

Mr Barr: I know what has gone on, but this is very odd.

MS LEE: Chief Minister, the question I asked then—which area should I be asking that in, or was that from last week that you are referring to?

Mr Barr: Yes, that was last week, when I had all the Treasury officials here. I will take that one on notice for you as a late question from last Wednesday's hearings.

MS LEE: Thank you; that would be great. I appreciate that.

THE CHAIR: Thank you, Chief Minister and Mr Asteraki for your attendance today. If witnesses have taken any questions on notice, could you please provide answers to the committee secretary within five working days.

Hearing suspended from 2.19 to 3 pm.

Appearances:

Barr, Mr Andrew, Chief Minister, Treasurer, Minister for Climate Action, Minister for Economic Development and Minister for Tourism

Icon Water Ltd

Hezkial, Mr Ray, Managing Director

Yau, Ms Joy, Chief Financial Officer

Pratt, Ms Alison, General Counsel

THE CHAIR: Welcome, everyone. In this session we will hear from the Treasurer and officials of Icon Water Ltd. Can I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement? Could you confirm for the record that you understand the privilege implications of the statement?

Mr Barr: Yes.

THE CHAIR: Thank you. As we are not inviting opening statements, we will now proceed to questions. I will lead off the questioning. On pages 286 and 287 of the budget outlook, a number of key highlights are detailed for Icon Water's capital works. Of the \$484 million allocated for Icon Water's infrastructure program over five years, what percentage of that spend do these highlights constitute?

Mr Hezkial: I do not seem to have that page in front of me.

Mr Barr: It is in the budget papers.

Mr Hezkial: Budget statements B?

Mr Barr: No, the budget papers themselves.

THE CHAIR: It is the budget outlook.

Mr Barr: The actual budget outlook.

Mr Hezkial: Unfortunately, I cannot answer that question without having that information in front of me. If there is something specific around the capital program, I am happy to answer that.

THE CHAIR: I want to know what percentage the highlights constitute; obviously, you cannot answer that.

Mr Hezkial: Apologies for that.

THE CHAIR: That is okay. What percentage of the infrastructure is funded by borrowings?

Ms Yau: You are asking about the capex and the funding of it?

THE CHAIR: Yes. What percentage of the infrastructure is funded by borrowings?

Ms Yau: Thank you for the question. If I may speak to that point more broadly, all of Icon Water is funded by our borrowings. We borrow 100 per cent from ACT government. Those borrowings fund our capital works, our operating works, as well as our share of the ActewAGL investment. All of our business is funded by borrowings.

THE CHAIR: What additional borrowings does Icon Water have planned for the next five years?

Ms Yau: Pretty much on an average basis, we borrow \$40 million every year. We aim to keep our bank balances at around the \$40 million to \$60 million mark. We borrow on quite a regular basis going forward. Anticipated soon, in the upcoming few months, also is our \$40 million.

MR PETTERSSON: I was hoping someone could talk the committee through the purpose of the “free the poo” campaign.

Mr Hezkial: Thank you for that question. The “free the poo” campaign is a light-hearted approach to a serious operational problem for us. We are finding an increasing prevalence of people flushing things down the sewer drains that lead to blockages in our system and, in fact, complications at our sewage treatment plants as well.

We have taken the opportunity to take a light-hearted approach to what you might call an education campaign aimed at encouraging consumers and customers to flush the right things down the toilet. We saw a considerable spike during COVID, particularly with the toilet paper shortages, and people reverting to other types of materials. Even though some of these wipes in particular are denoted as flushable, they do not break down enough in the system. When you combine the fact that we have these non-flushable materials that do not degrade getting caught up in either tree root intrusions or within the pipe system, they do cause quite a large operational impact and come at a cost to the community. We took the opportunity to try and engage in a light-hearted way and in a way that would garner some interest from the community.

MR PETTERSSON: Are there parts of the city that experience more blockages than others?

Mr Hezkial: Yes; that is probably the short answer. What we see is based on condition of the infrastructure, the age of the infrastructure, and the topography associated with the system. That can be an indicator of spots that might require more maintenance typically than other areas.

Our asset management team have started moving into the more predictive space around sewer blockages. Typically, we use historical information to try and forecast where those hotspots might be. We undertake quite an extensive program with them—proactive pipe replacement, sewer mains cleaning or relining in certain circumstances. We try and stay ahead of it, but our teams are moving more into the predictive and analytical space to try and prevent it.

MR PETTERSSON: You dodged my question. Where are the hotspots in the city?

Mr Hezkial: I do not have that information at hand. Typically, it is in the older suburbs. I can certainly take that question on notice. A lot of our sewerage infrastructure was built in the 1960s and 1970s. As a grab bag, I can give you that explanation. I can certainly come back with some of those areas.

MR PETTERSSON: That would be wonderful. How much are you spending on the campaign?

Mr Hezkial: I do not have that information at hand. The entire campaign, with the exception of a little bit of assistance from external parties, was pretty much developed in-house. All of the graphics that you see and a lot of the material that we have used have come from our really talented comms team. They are not a large team but they do amazing things. We are quite proud of the work that the team have done in making sure that we get a big bang for not much expense.

MR PETTERSSON: Could you take on notice how much you are spending on that campaign, and if there is any media buy involved in it?

Mr Hezkial: Certainly.

MR PETTERSSON: Who decided on the name of the campaign?

Mr Hezkial: There was a bit of focus group testing. The whole purpose of the campaign was to grab attention, so it is a little bit irreverent. It is irreverent on purpose, to try and get attention. Most of the community probably are not all that interested in engaging on topics around sewage, so making it fun, having a bit of a laugh, while also having that serious message that follows, was the feedback we got; so we went with that.

MR PETTERSSON: Well, it got my attention; that is for sure.

THE CHAIR: You mentioned that it is quite costly to the community. How much has it cost to free up the poo in our sewerage?

Mr Hezkial: I can certainly come back to you with what our reactive maintenance program entails for the year. I do not have that information. But it is a fair proportion of our operating costs. You have hit the nail on the head in terms of the intention of the program. If we get the right behaviours going and we do flush the right things down the toilet, hopefully, that will keep a lid on those operating costs.

The other angle to it is continuity of service and reliability of service for our customers. We want to make sure that those disruptions are kept to a minimum. We can certainly come back with that information.

THE CHAIR: With the infrastructure that you mentioned that is quite old, from the 1960s and 1970s, is there a rotation template for when they will be upgraded?

Mr Hezkial: Yes, it is a good question. Typically, we work on a couple of parameters in terms of identifying candidate sewer mains. Those are usually age based, but we also

seek to confirm the condition of those sewer mains, because we do not want to make generalisations around the condition of a pipe purely on its age. We also send things like robotic cameras down sewer pipelines. We take condition assessments, we formally rate them, and they typically make their way onto a candidate program based on their severity and a number of parameters. Our engineers are looking at that data, but there is also that other aspect that I mentioned earlier around the predictive analytics and using historical blockage rates and performance of the system that predict where the next hotspot is that needs to be focused on next.

MR BRADDOCK: As part of your infrastructure planning work, how do you factor climate change and zero emissions targets into that?

Mr Hezkial: In terms of our asset management planning, there are a number of key parameters that we account for—climate change, definitely; population growth is another key driver; also any shifts in consumer usage patterns; and any changes in development patterns across the city.

In terms of climate change, going more specifically to your question, we have recently updated our water resource models to account for the latest climate change projections. When we forecast what we think demand will be and what supply we require, those resource models are a key tool for us. They were only recently updated to account for the NARClM set of climate change parameters, which we know the ACT government use. They are also probably the best indicator we can get of local conditions.

We have also been doing some quite heavy work around upgrading our long-term water system strategies and our drought management planning. A key foundation of that planning relates to changing our approach to asset management. In the past we would typically say, “In year 20, we know this particular asset or piece of infrastructure is due for renewal; here’s the solution.” Obviously, in recognition of the climate being more volatile and not being able to predict as well as we could have in the past, we are taking an adaptive approach.

Typically, that means we are working on a scenario-based planning approach to things. We have multiple pathways and we are now working off triggers that say to us, “If this set of circumstances converge, we will move to this solution; if it shifts, we will move to another solution.” We are trying to be as agile as we can. Basically, the intent is to keep all options on the table for as long as possible.

MR BRADDOCK: Are you also getting off the use of gas in your treatment plants?

Mr Hezkial: In terms of emissions?

MR BRADDOCK: Yes.

Mr Hezkial: Yes. As far as emissions go, Icon Water’s operations account for approximately one per cent of total ACT emissions. Going to your point, yes, the bulk of that one per cent is as a consequence of nitrous oxide, which is emitted, typically, from our sewage treatment plants. That issue of nitrous oxide emission really is an industry-wide puzzle that it is currently trying to solve. Icon Water’s approach to that is through our association with organisations like the Water Services Association of

Australia, and conducting research with universities and other utilities to try and work on a solution to deal with that emission.

The other possible source of a larger proportion of emissions relates to any management of solid wastes at our treatment plants, and any off-gassing from those. We are definitely working on solutions to those. Some of those are industry specific, and we are joining in, to try and find a solution to those. Those will factor into our net zero pathway planning that we are currently undertaking.

MS CASTLEY: We spoke to Minister Cheyne and the EPA last week about the sewage spill on 5 September at the lower Molonglo water quality control centre. They suggested that you were probably better placed to answer questions on this one. How did that occur and how did you handle it? What steps have you taken to ensure that it does not happen again?

Mr Hezkial: By way of context, when we say “spill”, from our perspective, it really was a controlled overflow. There is a distinction in that the plant in that particular abnormal event did operate the way it was intended to, from a design perspective. I will explain how that works.

Typically, with really intense rainfall periods, we get quite an influx or volume of sewage, mixed with probably stormwater, into the treatment plant. Some of that comes through the network. When it arrives at the treatment plant, the treatment process within the plant itself does have a very high degree of redundancy, in that we can move water around to various elements and stages of a treatment plant to try and slow down the process. When the plant reaches its hydraulic capacity, and we cannot push any more water through, typically, we then push excess effluent into a dam. This is a little bit counterintuitive, but that dam is kept empty. We fill that dam, and that is only after solids have been removed. Typically, when the excess water is put into that temporary storage dam, it has already gone through a primary treatment step. What we hope to see, as the intensity of the event diminishes, is that we can recirculate back out of that dam to the head of the plant or other parts of the process, treat that and go again.

In that particular event the intensity did not let up, so we would bypass into the storage dam and, as designed, as a relief valve for the plant, there was a controlled spill from that dam into the receiving waters.

To give you a feel for proportions, with the volume of that water, it was raining and the river was raging. The proportion of that overflow was about 0.3 per cent of the flow in the Molonglo River at that point in time. Further downstream into the Murrumbidgee, it reduced to 0.1 per cent. No solids and very high degrees of dilution probably assisted in that event. With respect to how the treatment plant was meant to operate, that was pretty much as we would expect in that event.

I should also point out that we are still in discussions with the technical regulator about that particular event, to make sure we are examining the way that event was managed, with any issues or lessons that might come up.

MS CASTLEY: No, that was very helpful. So the water was partially treated?

Mr Hezkial: Yes.

MS CASTLEY: If you were swimming, you would not be too concerned? Would you be saying, “No, it’s totally fine”?

Mr Hezkial: The short answer to that is no, we would not encourage anyone to be swimming downstream of that. Of course, that is why our process requires us to provide advance notice. We provided advance notice to the EPA and to downstream users well in advance of that dam topping, and we also made a public statement. Those are some of the typical precautions and controls we take. No, I certainly would not suggest that you should swim in that.

THE CHAIR: According to the 2017-18 annual report, the Icon Water CEO’s salary was \$706,654. In the 2019-20 annual report, the CEO’s salary was \$561,510. Why has the CEO’s salary changed by over 20 per cent between the 2017-18 and the 2019-20 reports?

Mr Hezkial: Not to be too flippant—I am probably not a very good negotiator. It is important to note that the remuneration of the executive, and my remuneration, is governed by the board remuneration committee. That exercise is supported by an independent remuneration specialist. All of our roles are valued in that way. Our roles on the executive in Icon Water, including mine, are pegged to the utilities benchmark. It is fixed remuneration; there are no bonus arrangements. Typically, that is how we value our role. I cannot speak for the number, as such, but I can assure you that there is an independent process that sizes up these roles and compares them to other utilities as well.

THE CHAIR: What is the current salary for the CEO of Icon Water for the year 2021-22?

Mr Hezkial: I could not tell you off the top of my head, but it is in the annual report. It is in that order, though.

THE CHAIR: It is in the annual report, or will you take that on notice?

Mr Hezkial: I believe it is in the annual report, under “key personnel”.

MR PETTERSSON: How many complaints do Icon Water get from consumers about their water meters?

Mr Hezkial: I do not have that information at hand. As a proportion of complaints, I am pretty sure that it does not constitute the lion’s share. I can come back with that number.

MR PETTERSSON: Come back with it; that would be appreciated. You have now sparked my curiosity. What do the lion’s share of complaints relate to?

Mr Hezkial: The lion’s share of complaints come to us through our restorations. Typically, after we have done a piece of work, if the area is disturbed and we have not quite restored it to its original condition, that seems to be the main source of complaints.

PROOF

I am pleased to say, though, that as part of our strategic customer engagement program, one of our priorities has been to improve in that space. Over the course of this year, we have actually seen a 33 per cent reduction in complaints. The nature of the complaints around those restorations typically relates to timeliness—how long it takes us to come back and fix something after it has been dug up.

MR PETTERSSON: I might refine that question that you took on notice. Could the committee get a breakdown of the complaints by category that you have received over the last two years?

Mr Hezkial: Certainly.

THE CHAIR: Can I also add to that question on notice whether the majority of the complaints are from suburbs that have really old infrastructure from the 1960s and 1970s, or whether they are for new infrastructure?

Mr Hezkial: Sure.

MS CASTLEY: This is possibly something that you can take on notice—the complaints from businesses with regard to general checks and maintenance of Icon-managed assets. Could you break down those categories for us and let us know what the business complaints are?

Mr Hezkial: Just to clarify, is it in terms of how many complaints from the business sector?

MS CASTLEY: Yes, thank you.

Mr Hezkial: Okay.

MR BRADDOCK: The parliamentary and governing agreement includes a line item requiring employee and consumer representation on the board of major ACT-owned corporations or government businesses. Can you please give me an update on how that is going for Icon Water?

Mr Hezkial: Sure. I will hand over to Alison on that one.

Ms Pratt: We are aware, obviously, of that item in the parliamentary agreement. We have been in discussion with Treasury officials in relation to understanding better what the intention is and how that will be implemented for Icon Water. We are in active discussions on it at the moment.

MR BRADDOCK: Do you have a likely time frame as to when action might be taken on that?

Ms Pratt: The next step is that we are pulling together information for cabinet consideration in relation to understanding how that would operate in the context of Icon Water, being a territory-owned corporation. I am not aware of the cabinet time line, but we were aiming for, as I understand it, either later this year or early next year.

THE CHAIR: There is an upgrade of sewerage in Flynn and part of Charnwood. When will that be completed and how much will it cost?

Mr Hezkial: I think you are referring to the Belconnen trunk sewer project.

THE CHAIR: Yes, in the Flynn-Charnwood area; is that the one? Belconnen is a big area.

Mr Hezkial: Yes, I believe so. I think it is the Belconnen trunk sewer, which is quite a large project.

THE CHAIR: It is.

Mr Hezkial: The proposed completion date is May 2022. We are finding there are some delays to that project arising from impacts around COVID and being able to have specialist contractors on the ground. That completion date is probably under review.

The project itself is about 2.4 kilometres of trunk sewer, and there are a number of what we call odour control units along that pipeline. There was quite extensive community consultation on the development application as well as the environmental impact statement. It is quite a large project and it has garnered a lot of community engagement through community group sessions, walks along the proposed pipeline route, newsletters and social media channels. We have been engaging pretty heavily on that.

The pipeline itself is a function of the growth that we are seeing in the northern parts of the ACT. We need that augmented infrastructure to account for that growth. The pipeline itself was constructed in the 1960s. That capacity needs to be increased to account for those new suburbs.

The odour control units are, of course, around making sure that we protect the infrastructure itself. Hydrogen sulphide can actually degrade the condition of the pipeline, so we need to treat those gases in some way. The odour control units do that in such a way that the amenity around those units, and the neighbours of that infrastructure, are not adversely impacted. That explains the scope of the project. It is likely to be slightly delayed because of some of the COVID—

THE CHAIR: Yes, that is understandable. How much will the project cost?

Mr Hezkial: Our estimate is a total sum of around \$27 million. For the 2020-21 year, expenditure was in the order of \$5.2 million.

THE CHAIR: A lot of trees were cut down for this project. Will there be a restoration of the trees along the street in Flynn?

Mr Hezkial: Yes. I will be very careful about which specific trees you are referring to. Many of the trees in that area will be replaced. In fact, a lot of the ecological value of the area may even be improved, with some of the restoration works. That was a key feature of the community engagement and consultation on that project. In some ways it will be improved. We are very conscious of making sure that we reinstate the natural environment. I do not want to give you any false impression of a specific tree without

having the detail in front of me. I do know for sure that the team have incorporated that in their environmental impact statement.

THE CHAIR: That is great; thank you, Mr Hezkial.

MR PETTERSSON: In the capital program, I noted a plan to replace several reservoir roofs and other significant structural elements. Which reservoirs are we talking about, and is there an end of useful life consideration for these reservoirs?

Mr Hezkial: The two key ones that come to mind are the Mugga reservoir, and a couple of others. The O'Connor reservoir is another. I am missing a few. The completion on that is 2023.

There is definitely a service life on structural elements of those reservoirs. Typically, the concrete structure or the steel components might need replacing or repairing. Based on a condition assessment of those reservoirs, we are going through a cycle of renewal for those reservoirs, to make sure that they remain not only serviceable but safe for our operating staff.

MR PETTERSSON: There are no plans to close any of them down?

Mr Hezkial: No, none at all; hence the reason for the investment.

THE CHAIR: We will conclude this part of the hearing. On behalf of the committee, I thank the Treasurer and officials for their attendance today. If witnesses have taken any questions on notice, could you please provide answers to the committee secretary within five working days.

Short suspension.

Appearances:

Barr, Mr Andrew, Chief Minister, Treasurer, Minister for Climate Action, Minister for Economic Development and Minister for Tourism

Major Projects Canberra

Edghill, Mr Duncan, Chief Projects Officer

Piani, Mr Adrian, Chief Engineer and Executive Group Manager, Infrastructure Delivery Partners

Hall, Mr Damon, Executive Group Manager, Project Development and Support

THE CHAIR: Welcome everyone. In this session we will hear from the Treasurer and officials regarding Major Projects Canberra. I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement. Could you confirm for the record that you understand the privilege implications of the statement?

Mr Barr: Yes, thank you, Madam Chair.

THE CHAIR: As we are not inviting opening statements, we will proceed to questions.

Chief Minister, does Major Projects Canberra have any internal time-based targets for assessing responses to tenders and expressions of interest?

Mr Barr: Yes. Mr Edghill will assist with that.

Mr Edghill: I have read and acknowledge the privilege statement.

The short answer is yes. We have two different types of projects that we manage within Major Projects Canberra. There are the larger and more complex projects, which are the major projects where we have direct ministerial accountability and direct budget responsibility. Then there are other infrastructure projects, where we assist other directorates.

In terms of the major projects, for light rail, the hospital expansion project and CIT Woden, we have a government structure that, amongst other things, involves a monthly board meeting. At each monthly board meeting we report on programs and progress against programs for each of those major projects.

In relation to the other projects, when it comes to procurement, we have a process internally whereby, once a tender has been received, the expectation I have of my team is that we turn the tender evaluation around within a three-week period. There will be occasions when that is not always possible or appropriate, but we have a mechanism where I have asked to be personally informed of projects that have seen the tender evaluation process go beyond three weeks.

So we have different mechanisms, depending upon the projects that we are talking about, but we do monitor the progress of procurement of our projects.

THE CHAIR: Do Major Projects Canberra feel that they have sufficient resourcing

and sufficiently qualified staff to deliver their projects on time?

Mr Edghill: I have a great deal of confidence in my team. We have a fantastic team of professionals and a fantastic team of not only project managers but all the other people who support that. I have confidence that our team does our best.

Of course, on occasion, you get things like COVID-19 and other risks that arise in specific projects, which mean that the actual circumstances and the time frames for delivery for those projects are nothing to do with the quality or amount of resourcing we have but are more to do with risks more generally associated with the project.

But in general terms, yes, I think we are making good progress with the team that we have, and I have a lot of faith and confidence in my team.

THE CHAIR: As detailed in the budget, what percentage of projects does Major Projects Canberra believe will be delivered on time?

Mr Edghill: Major Projects Canberra has direct accountability for four projects: the hospital expansion; light rail; the theatre, which is a very young project at the beginning of its journey; and the CIT Woden project. My expectation is that each of those major projects will adhere to the program.

MS LEE: Do Major Projects Canberra senior employees have KPIs in terms of meeting deadlines for projects?

Mr Edghill: Again, the answer is yes. To illustrate that, in the budget papers, we have accountability indicators that relate to the projects for which we have direct accountability. They have been updated this year to reflect the projects that we have accountability for and where those projects are up to.

They are very deliberately set out in a way where the accountability indicators that appear in the budget papers, and other internal accountability measures, flow through directly into the performance development plans of each of my individual reports. My expectation is that those accountability indicators then flow down to members of their team.

What we have done is tie public accountability indicators with accountability indicators that people personally have within our team for the projects that we are delivering.

MS LEE: Thank you. Can you outline if the number of FTEs within the team this year has grown in comparison to last year? If so, by how much?

Mr Edghill: Yes, certainly. Our expectation this year is that FTE will grow by 17. That is really a reflection of our nature as an agency, and I would expect that that number will ebb and flow over the years.

It is really driven by two things. The first one is that when we get new projects to deliver and we have accountability for those projects, to deliver them, there is resourcing associated with that. So the first driver is just the number of projects that we have.

The second driver is where those projects are up to in their life cycle and where we are up to within Major Projects Canberra—particularly with those three projects of CIT, Woden, light rail, and the hospital expansion. They each have moved, or are moving into, their construction phase. Typically, once the project moves out of early planning into design, there is a greater resourcing requirement. Then, as we move into construction, there is greater construction management that is required, again.

So the fact that we have grown by 17 FTE, or we are expected to grow by 17 this year, is a function of the projects that we have been given to deliver but also the fact that we are moving into physical works and getting our hands dirty, doing those works on the ground. That is what is driving the FTE numbers. Once we get to the end of those projects and they have been delivered, then, depending upon what our program looks like at that point in time, our numbers will adjust accordingly.

MS LEE: In your answer to the chair's question, you talked about the four projects that Major Projects Canberra is responsible for and about delays. Do you believe that the impact of COVID and lockdowns is not a contributing factor—has not impacted delivery of those projects?

Mr Edghill: There will be delays and reshuffling of programs within individual projects, but in terms of the ultimate delivery date for the project, at this point in time, the answer is no.

It is probably worth unpacking that one by one. With the hospital expansion project, construction is anticipated to be complete by the middle of 2024, with operational commissioning thereafter. With the shutdown across all our projects, there was the lockdown delay and there are ongoing risks associated with the program arising from COVID-19. With the hospital project, we are, at this stage, forecasting that the two-week lockdown can be absorbed within program floats. So the ultimate end date has not moved on that.

With the light rail project, we are in early physical works at the moment, but we are in the procurement process for the first major civil works component, which is the raising of London Circuit. Because that is in procurement rather than construction, the lockdown has not affected us; we are able to get on with procurement, design and so on for that project.

With CIT Woden, there are four packages of works. There are two early packages of works associated with the layovers and roadworks, and the layover itself. With the main package of works for the new facility itself, the RFT process for that one just closed. Again, while we are in the lockdown, it is a bit different from normal. We had to do stuff as videoconference rather than sitting around a table with each other. It was a bit more cumbersome, but we were able to keep to time and to progress that procurement process as we originally anticipated. We are not expecting the lockdown we just went through to affect that component of the CIT project.

Overall, we are forecasting across those major projects that, notwithstanding the risks associated with COVID-19, and notwithstanding that there may be reshuffling of the program or we may reassess the float that we need to hold, the end date for each of those three projects is forecast to hold at present.

MS LEE: Finally, the hospital expansion was not exempt from the construction lockdown? Is that right? They halted for two weeks?

Mr Edghill: That is correct.

MR PETTERSSON: I have been led to believe that Major Projects is responsible for the construction of the Gungahlin community centre. Is that correct?

Mr Edghill: It is a project where we do not have direct ministerial accountability or hold the budget. Through what we call our infrastructure delivery partners branch, we work with our partner directorate in terms of procurement and contract management. We do not have that direct ministerial accountability or reporting line, but we work very closely with our colleagues elsewhere in government to deliver that project.

MR PETTERSSON: Who does have the ministerial responsibility?

Mr Barr: At this point in the project, it is sitting with me, but it will transfer once we get into the next phase of it.

MR PETTERSSON: Can you take some very basic early questions, at this point?

Mr Barr: I can endeavour to, yes.

MR PETTERSSON: Can the committee get an update on Gungahlin community centre and its construction?

Mr Barr: It is not ready for construction. It is going through its early feasibility and early design phases at this point. The more important point to distinguish here is the role that Major Projects plays in terms of being an advisory agency and providing support for other areas of government that do not regularly undertake public works projects.

Major Projects Canberra has a multifaceted range of responsibilities. There are some directorates for whom infrastructure is not their core business and who do not retain in-house project managers and infrastructure delivery capability. So that sits with Major Projects Canberra. Other directorates that routinely have large infrastructure programs do maintain in-house capability. Major Projects' role with them is much more limited. We have a Chief Engineer and a range of whole-of-government responsibilities that are overarching through MPC.

In relation to the community centre, it is too early in the project's development to give any detail today.

THE CHAIR: Can I ask for a clarification there, Chief Minister? At the moment, is the community centre being designed by a contractor or are you in the process of finding a tender to design the community centre?

Mr Barr: The project is at very early stages around feasibility and engagement with the community on designs, space requirements and the sorts of features that the facility

should have.

THE CHAIR: So you are basically in a very early consultation process at the moment?

Mr Barr: That is correct, yes; it is a community engagement process at this point.

MR BRADDOCK: When you look through the accountability indicators for output 1, you see that a lot of the milestones are only set as a figure of one—whether it has been achieved in a financial year or not. Is there any possibility of getting some insight as to the milestones in terms of the actual dates, or the months, when you hope to achieve those milestones?

Mr Barr: That sort of detail tends to be in annual reports rather than in budget papers that operate on fiscal year cycles.

MR BRADDOCK: Fair enough. So where it says that the milestones have been met from a budget perspective, that is just about whether it was achieved in a financial year without concern as to whether it was—

Mr Barr: Yes, that is right. You get more detail in an annual report on specific projects than this breakdown within a fiscal year. There are only so many pages that we can have in the budget, and it has to be at a reasonably high level.

MR BRADDOCK: Thank you.

MS LEE: A contract was executed in June 2021 with PwC to provide “commercial adviser services, light rail city to Woden”. Was a role played by former transport minister and minister in your government, Meegan Fitzharris, and if so, what?

Mr Barr: No. I do not believe she works there now.

MS LEE: She is not there anymore?

Mr Barr: I do not believe so. No.

MS LEE: No worries. Was any conflict declared on any other basis? If so, what process was undertaken?

Mr Barr: She had absolutely no role at all. I think it is a very large firm, and I am not sure that she has been employed there for some time. That is really not a matter of concern for me and it has no role whatsoever in this procurement.

MS LEE: The question I just asked, though, was about any other conflict. Do you know if any other conflicts were raised?

Mr Barr: With PwC?

MS LEE: On that specific contract, yes.

Mr Barr: We will take that on notice. I do not believe so, no.

MS LEE: Thank you.

THE CHAIR: Given that it is now approximately \$190 million per annum, what will the annual community service obligation rise to once stage 2 of the light rail is complete?

Mr Barr: Community service obligations for public transport are concession fares. That is where we provide a discount on boarding of public transport for students, pensioners and the like. Presumably it would increase, but it is based on patronage, not an extension of the project. The community service obligation is there, and it is principally driven by the number of boardings at a subsidised rate.

MS LEE: Do you have projected figures for those?

Mr Barr: That is a transport matter, principally. It is not a Major Projects Canberra matter.

MS LEE: Thank you.

MR PETTERSSON: Is this output responsible for the ACT cladding rectification program or was that with Minister Vassarotti the other day?

Mr Barr: It is with Minister Vassarotti.

MS LEE: Can I just ask a clarifying question. I understand that it is the responsibility of Minister Vassarotti. Does MPC have any role in relation to that project itself?

Mr Barr: Yes, it does, but it is with Minister Vassarotti. You need to ask the questions of her in her estimates appearance.

MS LEE: We already have. I just wanted to know what the role of MPC was. Can you explain the role of MPC?

Mr Edghill: I am happy to do so. Major Projects Canberra reports directly to Minister Vassarotti on both aspects of the scheme—both the government buildings and the non-government buildings. The reason it made sense for Major Projects with the government buildings, as a starting point, as has previously been discussed, is that there were the 23 government buildings which were identified as requiring cladding rectification and those buildings occur across lots of different directorates. It would be inefficient for each individual directorate to run 23 different procurement processes for what is essentially the same sort of work or similar sort of work on different buildings. So we very happily were given the task of coordinating that.

The way that we have progressed that process is that rather than running 23 different procurement processes, we have run a much smaller number and been able to look at similar sorts of buildings, even though they may sit within different directorates, and package them up in a sensible way to get the greatest efficiencies that we can for the ACT government, to get some economies of scale in what we are doing.

Then, given that we have responsibility for the ACT government program, there is a lot that we have been learning through that program around the physical aspects of actually undertaking the works. Given that we were developing that repository of practical knowledge within Major Projects Canberra on the government buildings, it then made sense for us to maintain those similar sorts of industry and other relationships with the private scheme.

With the private scheme, we also have responsibility for that. We report to Minister Vassarotti, but we work very closely with our colleagues in Treasury when it comes to the establishment of the financial aspects of that scheme. That is the potted history as to why we have it and how we report to Minister Vassarotti.

THE CHAIR: I will ask a question about the Canberra Theatre. Can you please detail the forecast total cost and forecast economic benefits of the redeveloped Canberra Theatre precinct?

Mr Barr: The project is at too early a stage to forecast costs. Are you interested just in the theatre component or in the broader cultural precinct?

THE CHAIR: The broader, yes.

Mr Barr: The exact make-up of the cultural facilities within the precinct is still the subject of detailed internal work, including work with potential external partners, including entities that may wish to relocate into the precinct.

Speaking broadly, in terms of the Canberra Theatre itself, the existing theatre reports an economic contribution, economic activity, of around \$33 million annually. That is made up of a number of different components, including attendance at events held across the existing suite of three theatres—the Courtyard Studio, the Playhouse and the Canberra Theatre itself.

The proposal from the Cultural Facilities Corporation that forms part of this broader precinct is to add a 2,000 seat theatre in addition to the existing facilities. The expectation would be that the level of attendance and the number of events would increase based on the extra capacity. A larger theatre would mean that more and larger productions could be held. The initial works, in terms of feasibility and planning, have focused on a repurposing of the existing Canberra Theatre, which is currently a 1,260-seat tiered theatre, into a flat-floor venue that would have multipurpose, including live music, and to be able to have sit-down events and the like. That 1,260-seat capacity would be expanded, with a new theatre that would have around 2,000-seat capacity.

The expectation is that the annual economic contribution to the Canberra economy would rise above \$33 million, depending, of course, on the number of attendees. Based on previous figures and projections, around half of the economic contribution that the theatre itself generates for the territory economy is a contribution from the visitor economy. That gives a bit of an indicative sense that the theatre acts as an attractor for people from outside the ACT to come and attend cultural events at the theatre centre. That is principally a regional tourism focus. Obviously, major cities like Sydney and Melbourne have their own extensive and much greater theatre capacity, but Canberra Theatre does tend to draw regional attendance.

In terms of wages and economic contribution, in 2017, that was nearly \$5½ million paid to around 190 team members. The jobs expectation of a larger theatre complex would be that hundreds of additional staff would be employed across a larger theatre complex, therefore increasing the direct wage contribution into the economy. You can undertake various projections on that, but it will be north of \$5½ million annually.

With the theatre precinct, around 20 per cent of its economic contribution is retained within the CBD. CBD businesses would anticipate an economic uplift. It was sitting at around a \$4 million economic boost to the city back in 2017. That would have increased in 2021—COVID impacted somewhat, though—to around \$6 million. In a theatre complex that generates over \$50 million annually for the territory economy, it would inject around \$10 million into the CBD economy. They are the broad-brush figures for the theatre itself.

The other elements of the project include a potential expansion of the Canberra Museum and Gallery, and a range of other cultural, commercial, and—potentially—accommodation facilities. That is part of the forward feasibility work in terms of the appropriate mix of these ancillary but supported activities. At this stage it is a little early to put a definitive dollar figure on that. Suffice to say that the sorts of things that would be looked at would be other aligned cultural facilities and hotel accommodation.

If we look at the broader precinct, that includes, obviously, the cultural precinct and buildings that are to the south of the Legislative Assembly. The new ACT government office building, the hotel accommodation, the theatre laneway project, all of which are now built and operational, form one part of this precinct. There are a number of parcels of land that would be released to the market under the auspices of the City Renewal Authority. That includes the car parks immediately south of the Sydney building, what was the former car park for Legislative Assembly members—the temporary one that was built up at the top, behind the Playhouse theatre. That land would be part of this.

There is also another parcel of land to the south of the Canberra Theatre and to the west of the Constitution Place precinct, which was the construction compound for the ACT government office building. That would be the other parcel of land that is in this broader precinct. Details of all of that are on the City Renewal Authority website.

THE CHAIR: Thank you; I was going to ask if the details could be tabled. Forgive me if I am repeating this question. Has the government considered a PPP for the redevelopment of the precinct?

Mr Barr: The procurement methodology is part of the next phase of consideration. I suspect it would be unlikely that we would undertake a PPP. I would not rule it out, but I would not say that it would be the preferred procurement methodology for a project like this. It is not so unique as to require a PPP methodology.

THE CHAIR: Will you commit to a year in which you think the development will be completed—just the Canberra Theatre, not the entire project?

Mr Barr: In terms of the forward infrastructure plan and the provisions within the forward budget, it is looking at a mid-decade commencement, and construction will

probably be 18 to 30 months.

THE CHAIR: Do you think, Chief Minister, that a PPP would ensure that the new Canberra Theatre was delivered faster?

Mr Barr: No.

MR PETTERSSON: Is it the remit of this output to inquire into the expenditure on the north-side hospital development?

Mr Barr: No, that would be Health capital works at this point. They are just at the early stages of feasibility on that project. It is not a designated major project yet. The designated major projects are as Mr Edghill outlined.

MR PETTERSSON: It is in the Major Projects budget statement, though.

Mr Barr: Yes, but it is in the very early stages. It is a Health project in terms of defining scope. It is at feasibility stage. This team are not the team working on the feasibility of the north-side hospital; that is within Health.

MS LEE: Can I ask a clarifying question on that? Going back to what Mr Pettersson was saying about how it is in budget statements I, on page 12, it says that there is \$1.3 million for that, and \$1.6 million for the next year, before it goes to zero. What is that money for?

Mr Barr: Health are leading the project, but Major Projects Canberra are playing a supportive role. It is Health-led. They have the project officers who can answer as to the detail of the work that they are undertaking, but Mr Edghill may be able to provide some assistance. MPC is not the lead on this project.

MS LEE: Yes, I understand. I am just looking at the figures.

Mr Edghill: Yes, that is correct. We are not the lead. That is Health at the moment. We are contributing, particularly around some of the technical elements of the processes that they are going through. The funding which has been provided to us this year is to allow us to dedicate a small number of resources internally and, if we need to, support with external resources to feed into the work that Health are doing.

The north-side hospital work, at this stage, is much broader than what a building looks like. There are models of care and a whole heap of other things that sit within the health portfolio. This funding is to ensure that at an early stage in the project's development, we are able to provide our commentary on the physical aspects of the work.

MR BRADDOCK: In budget statements I, on page 11, amongst the technical adjustments, it refers to a legacy bank overdraft for \$8.9 million. Can someone please give me the history or explain why that is there?

Mr Edghill: Major Projects Canberra was established on 1 July 2019. Prior to that time, the way that the ACT government physically processed invoice payments to contractors, where the predecessor of Major Projects Canberra was assisting with other directorates,

meant that payments went out to contractors from a centralised point, and there was an internal mechanism associated with those payments. That was to ensure that payments to contractors were being met on time.

That account was used prior to the establishment of Major Projects Canberra to facilitate that. It is not an account that Major Projects Canberra has used or needed to use, other than wrapping up some legacy transactions that came across. That is because the way that we pay contractors now is different. We use what we call the PMARS system, which enables directorates to directly pay contractors on their projects. Given that we have not used the account and do not use the account, it is not needed anymore. This funding is there to extinguish the account.

MR BRADDOCK: The account was in deficit to the tune of \$8.9 million; that is why you needed these funds to extinguish it?

Mr Edghill: Yes, in short.

MS LEE: In terms of comparing the budget to February's budget, the Major Projects Canberra infrastructure spend increased by \$120 million, and the TCCS infrastructure spend fell by \$103 million. Can you give me an outline of the movement of projects? Are they related at all? Is there some kind of explanation as to that movement of money and which projects they relate to?

Mr Barr: Do you want a reconciliation of that or just an explanation? It is largely the light rail project, but—

MS LEE: I assumed so. If you could give us an explanation, then I might be able to ask a few more questions arising out of that explanation.

Mr Edghill: Yes, certainly. Unfortunately, I do not have the February budget in front of me, but there would be two things that have historically happened. Firstly, with the establishment of Major Projects Canberra, responsibility for delivering the light rail project has moved from TCCS to Major Projects Canberra. I suspect that that is a big part of it.

Looking at Major Projects by itself, and the growth in our budget, that is also driven by the fact that our projects have moved from their design phase to their construction phase, as I mentioned before. When you get into that phase, that is what the larger expenditures are associated with.

MS LEE: In terms of the actual breakdown of the figures, you do not have that in front of you. Are you able to take it on notice?

Mr Hall: I have read and acknowledge the privilege statement. Ms Lee, when we look at the February 2021 budget statement, I think you are referring to the figure of \$56 million for the 2021-22 program. The budget handed down recently has \$176 million. I think that is the \$120 million difference to which you refer.

The bulk of that is bringing online the Canberra Hospital expansion; \$77 million of that is for that project, which previously sat in a provision. It was not actually sitting in the

appropriation moneys for Major Projects Canberra. As the Chief Minister mentioned, there is \$43 million for light rail and raising London Circuit, which, similarly, had sat in a provision as well. I do not have detail at hand on the Transport Canberra change in terms of their budget papers; my apologies for that.

MS LEE: Is that something you can take on notice?

Mr Barr: Yes.

MS LEE: Thank you very much; I appreciate it.

THE CHAIR: Can I go back to the Canberra Theatre precinct? I understand that this question is probably not for this output, but would you be kind enough to answer this question, please? Chief Minister, is the Canberra Theatre allowed to go cashless or would that be illegal?

Mr Barr: That is a matter for the Cultural Facilities Corporation. I do not see a reason why they could not go cashless. Lots of trading enterprises do and have done at this point.

MR PETTERSSON: What structures has Major Projects set up to engage with community, industry and unions?

Mr Edghill: We have numerous structures relating to both individual projects and events. I might break them down one by one. In terms of community consultation, we have various community reference groups for each of our major projects, and we undertake consultation through those groups.

We also have various project-specific matters on which we consult with the public from time to time, driven by Major Projects, the directorate itself. Of course, a big part of what we do involves working through development application and NCA works approval application processes. There is also that community consultation element involved with that. Generally speaking, they are project-based community consultation mechanisms that we employ for a variety of issues.

With industry organisations, we consult very closely with them. The industry representative bodies that we most closely consult with in our business are the likes of the Master Builders Association, the Property Council of Australia, the Housing Industry Association, and Consult Australia. There are a few different mechanisms through which we consult with them.

For example, we are part of a broader government-wide group, PACICERG. I will not attempt to go through the acronym at the moment. That is a cross-government industry consultative forum. Ordinarily, that meets quarterly, but during the pandemic we were meeting three times a week. That has ramped up and down as we have needed it to.

Within Major Projects Canberra, we have quarterly roundtable meetings with the Master Builders Association. That gives us an opportunity to talk directly with contractors, the people who bid for and deliver our projects, so that we can talk about industry-wide matters.

Through the pandemic and the lockdown period, we engaged very closely with unions and industry representatives on COVID-19-related matters. Periodically, we also engage with industry representatives around things like the budget coming out. Once this budget was handed down, a week later—this was led by Adrian—we then effectively translated what was in the budget from a financial perspective into what that would look like from a procurement and timing perspective.

We maintain a public pipeline of projects on our website. We engage directly with industry in terms of giving them an update as to when those projects are likely to wash through the system and come online. That allows industry to begin preparing themselves for what projects they will bid on and to plan their own workforces.

With unions, the unions which are of most relevance to the sector that we are in are the CFMMEU, the ETU and the plumbers union. I have a monthly touch-base with them, with Adrian. The totality of all of that on the union and industry side is that it enables us to do two things. It gives us early notice of any trends or issues in the sector that we need to be wary of. That could be anything from supply chains and safety issues to what is happening in the market generally. It also provides useful avenues for us to impart what information we want to be sharing through to industry.

Again, coming out of the lockdown period, one of the messages that we were quite strong on was the need for industry participants to comply with the COVID rules and the COVID restrictions document that we worked on producing with Health. That was a very valuable mechanism for ensuring that government messaging was flowing practically into the sector.

Given the nature of what we do, we try to maintain a close relationship with industry and unions. We are also very conscious of our responsibilities when it comes to wider community engagement.

I should have noted that that is the local picture. Major Projects Canberra also plays an important role when it comes to being a liaison point for ACT government officials regarding what is happening on the national sector in the construction space. We are members of Infrastructure Partnerships Australia, for example. That is a useful source of information for us. We have played a central ACT government role in liaising with Infrastructure Australia. For example, they produced their recent market capacity report, and Major Projects Canberra was called out on page 3, at the thank-you stage. That probably gives you an indication of what we are doing there.

I, along with other representatives, play a role on a number of different national forums. I attend, on behalf of the ACT government, an I-Bodies Forum, which is a forum of officials from Infrastructure Australia, and all of the state-based and New Zealand-based infrastructure bodies, where we get a good sense of what is happening more broadly in the sector.

It gives us an opportunity to contribute to what we see as the issues that we face. Of course, what we face here in Canberra might be a bit different from what is happening in Perth or other places around Australia, so that is a valuable forum for us. Different officials within Major Projects Canberra are representatives on national and local

bodies. Adrian, as the Chief Engineer, for example, is on the Procurement Construction Council. That is another valuable forum so that we can understand what is happening in the market. Particularly with our larger major projects, we are very conscious that we are not simply operating in a Canberra market. Our projects compete for resources, time and attention with what is happening in New South Wales, Victoria and elsewhere.

As an organisation we feel that it is very important to make sure that we definitely have a Canberra and a local focus, and make sure that we are plugged in to those national conversations.

MR PETTERSSON: Following up very quickly on something you mentioned when it came to union consultation, you said that you had monthly catch-ups with the unions or touch base with the unions. Is that a formal, structured meeting or is it just a phone call?

Mr Edghill: It is over the phone but we have an agenda. Typically, we are focused, firstly, on what is coming up—giving the same sort of information in that forum as we are giving to the likes of the MBA, the HIA and the Property Council of Australia around what is in our pipeline and what is coming up. It is also a useful opportunity for us in terms of understanding whether there may be issues emerging in industry around safety.

Safety practices are probably the other big thing that we talk about. Within our organisation, safety is our number one priority. We safety share in our exec meetings; we have safety reporting that flows through to us. In our statement of values, we adopt the common ACTPS values. We have adopted two of our own, one of which is safety, and the other is to strive for excellence.

It is one of the many mechanisms that we have where it is useful for us to understand what is happening at an industry level and whether there any areas where we need to be pushing out our own messaging or paying particular attention to safety practices on our own construction sites.

MR BRADDOCK: I am trying to understand the streamlining of the funding of Major Projects Canberra line items. I can see some Better Infrastructure Fund recurrent expenditure and capital, and the capital works line items. Can you explain to me what this is? Is it all new funds? Are there any transfers? What will they be covering under this particular line item?

Mr Edghill: Those two line items simplify the way that we are funded. I will take a step back. I mentioned at the outset that there are two halves to our organisation. One half is the dedicated major projects, and we have a direct appropriation there. The other half of our directorate is the area that works with other directorates to undertake procurement and contract management activities. Historically, we have funded that component of the business via an internal arrangement where we send an invoice to each directorate and they pay us our fees.

Starting with the BIF line, the Better Infrastructure Funding, that is a lot of small projects. It is not, and has not been, particularly efficient for us to send an invoice to each separate directorate for our funding there. The BIF funding allows us to be directly

appropriated. The flip side is that we do not send invoices for those BIF works to other directorates. That is the starting point. In the year afterwards, that effectively gets applied more generally to our business, so that the funding simply comes through the budget process at the beginning of the year.

That has a twofold effect. It means that we do not have to go through the inefficiencies of billing individual directorates. It also means that the funding is certain at the outset of the year, rather than potentially being a little variable, depending upon the actual level of capital works delivery in other agencies. It enables us to plan a little better.

In short, both of those line items go to simplifying arrangements and being more efficient in what we do.

MR BRADDOCK: They are all new moneys? None of those are transfers from the other directorates?

Mr Edghill: The answer is that they are not transfers from the other directorates, but they will wash through the entirety of the capital works program.

MR BRADDOCK: I am sure those other directorates will be very pleased with that.

MS LEE: Can I get a status update on the city stadium? I know that it is not a project yet, but I note that there was a feasibility study commissioned by the government last year, and it was raised in the last estimates. I want to know whether there is any update on it. It is obviously not a priority at this stage. Could I hear the reasoning behind that?

Mr Barr: There is no update from the last estimates earlier this year.

MS LEE: Are there any time frames that you are looking at, in terms of what might be available information-wise for the public, about where this project might go?

Mr Barr: It is not in the forward estimates or in the next five years.

MR BRADDOCK: In terms of the make-up of the staff of Major Projects Canberra, what is the proportion of, for example, project managers to administrative staff, and professional qualifications in engineering, for example? Are you able to provide more information?

Mr Edghill: I am happy to kick off, but I may pass to the ACT Chief Engineer. Given the nature of our organisation, we do have a bent towards project managers and engineers. As a proportion of our staff versus other directorates within the ACT government, we would probably, hands down, easily win the project managers and engineers stake. Having said that, our corporate team supports everything that we do. Within the project management discipline, there are a number of subdisciplines beneath that. We have a team within the business that we call our project management office. The project management office is where you have people who may be focused on project document management; you will have others who are focused upon scheduling, programming and so forth. We have a finance team as well.

In each of our major projects, we also have people who may have a design focus, a

sustainability focus or some other focus that relates to a project. We also have a number of commercial people who are involved in business development or some of the analytical work that we undertake. It is a diverse organisation, but we do have a very heavy bent, given the nature of our operations, towards project managers and engineers. I will ask Adrian Piani, the ACT Chief Engineer, to comment.

Mr Piani: I have read and acknowledge the privilege statement. I do not have the exact numbers to hand, but I have in front of me our engineering workforce plan, which was released last year, in about August-September, where we had looked at the engineering cohort specifically across all of the directorates.

I would say that across the team of around 80 people that I lead, the vast majority have a technical qualification. Things like engineering and architecture are very predominant—landscape architecture, urban design—as well as construction management. They would be the more common type of skill sets or qualifications that we see. They are supported by a small amount of administrative staff. The vast majority of the staff in my area definitely have a professional qualification. Certainly, in the management and implementation of infrastructure, having the qualification and the experience that that brings is very important in terms of successful delivery of infrastructure.

Mr Edghill: Mr Hall can give some numbers.

Mr Hall: Of the 202 FTEs, as at June 2021, 94 of those employees had professional qualifications. As Mr Piani mentioned, they cover engineering, architecture and project management. Those staff fall into specialist streams that we have under our industrial relations enterprise agreement, which are the infrastructure manager specialist roles and the infrastructure officers. So 94 of the 202 are within those streams.

Your question was also around permanent and temporary. We have 158 permanent employees and 46 employees on temporary contracts. Of those 46, 17 are executive contracts.

MR BRADDOCK: The workforce plan is what interests me. How do you manage that highly skilled workforce through the boom and bust cycle that is major projects? How are you managing that risk?

Mr Hall: One of the neat things about Major Projects Canberra is that we deliver and we work with other directorates on individual projects. That means that we have a program of projects available. That greatly assists in managing the workload of staff, and it provides career pathways within the organisation.

For example, a number of staff were working previously in an area of the organisation that was supporting Health and Canberra Health Services in the delivery of some of their important, but perhaps dollar-wise at least, smaller projects at the Canberra Hospital. By putting the people working on those projects together with, for example, the Canberra Hospital expansion project under one umbrella, that has provided an opportunity for staff to move between the two. It is not just like-for-like asset classes where we have been able to do that; it has also provided opportunities for Major Projects staff to move from working on one particular asset class to something completely

different.

This is not a criticism; certainly, the creation of Major Projects Canberra has actually enabled us to manage those career paths and provide those opportunities a little more easily, because it all happens within our organisation rather than necessarily across government. It also gives our staff greater visibility around what the opportunities might be. We have, for example, a monthly staff newsletter where we talk internally about our successes and the progress on projects. It is that sort of mechanism that helps to open the eyes of our staff to other opportunities that might exist in the directorate.

THE CHAIR: I will conclude this session. On behalf of the committee, I thank the Treasurer and officials for their attendance today. If witnesses have taken any questions on notice, could you please provide answers to the committee secretary within five working days.

Short suspension.

Appearances:

Barr, Mr Andrew, Chief Minister, Treasurer. Minister for Climate Action, Minister for Economic Development and Minister for Tourism

Independent Competition and Regulatory Commission

Dimasi, Mr Joe, Senior Commissioner

Weier, Dr Annette, Chief Executive Officer

THE CHAIR: In this session we will hear from the Treasurer and officials regarding the Independent Competition and Regulatory Commission. Can I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the privilege statement? Could you confirm for the record that you understand the privilege implications of the statement?

Mr Barr: I do.

Mr Dimasi: Yes, I understand the privilege statement.

Dr Weier: Yes.

THE CHAIR: I will kick off with the first question. What is the average length of the forward contracts required to achieve and maintain 100 per cent renewables?

Mr Dimasi: That is not really a question for the ICRC. We do not administer that scheme.

THE CHAIR: Who administers the scheme?

Mr Dimasi: The scheme is administered by the network operator and we take into account those arrangements when coming up with our pricing determinations.

THE CHAIR: How much of the electricity consumed by Canberrans in 2020-21 was generated by fossil fuels versus renewables?

Mr Dimasi: We are the economic regulator, but the way that it works is that you have a national electricity market, of which all of the jurisdictions on the eastern seaboard, including the ACT, are a part. All of the energy that is generated, from whatever source, goes into the grid and is used. The ACT scheme for 100 per cent renewable is a scheme that offsets the amount of electricity that is being used within the ACT. The same amount is contracted for renewable generation to offset that generation. Whatever amount is consumed, at least that amount is contracted for by the ACT scheme to be generated by renewables. The contribution to the whole NEM is offset so that there is no net additional demand over and above that amount by the ACT consumption. Does that make sense?

THE CHAIR: Yes, thank you. Chief Minister, are you able to answer my first question?

Mr Barr: Minister Rattenbury has responsibility for this scheme under EPSDD.

MS LEE: Mr Dimasi, I know that you explained very well the national electricity grid and the way that 100 per cent renewable energy works. Can I confirm that there is no way of knowing, in terms of the electricity that Canberrans actually consume, how much of it is from fossil fuels and how much of it is renewables; is that right?

Mr Dimasi: You cannot control where that little bit of energy goes; it goes into the grid. Once it goes into the grid, we are all hooked up and we all use it. It is all mixed together. It is like a big pool of water—water is a bad analogy, but it does not matter.

MS LEE: I just wanted to confirm that there was no way of finding that out.

Mr Dimasi: You do not track every electron and determine where it goes.

MS LEE: No, I understand. Thank you for confirming that.

Mr Dimasi: I am an economist by training; that is an engineering question.

Mr Barr: We contract 841 megawatts of renewable energy supply, which is more than the city consumes annually in its electricity usage.

MS LEE: How much is our usage as a city?

Mr Barr: Less than 841. It varies, obviously, depending on climatic conditions, but it is less than 841 megawatts.

MR PETTERSSON: I note that the ICRC has new disclosure guidelines. Not being particularly across the old disclosure guidelines, what is new?

Mr Dimasi: One of the things that we have been doing is looking at the various guidelines that we have, and which have been sitting there for some time. The disclosure guidelines had not been looked at since 2005. They needed to be updated to make sure they were still relevant. We looked at where confidentiality requests are made; when we might grant confidentiality; the process for that; the sorts of issues that we take into account; and the processes we take into account. We just modernised it and brought it up to date, in order to be a modern, relevant document that suits the needs of us as a regulator and the stakeholders to which these guidelines apply. Dr Weier might have more detail on it, but that is the general intent.

Dr Weier: As Joe said, we updated the document. We have improved understandability by putting it in plainer and clearer language. The main changes are to add a bit more detail about the sorts of considerations that we would take into account when determining whether there is a net public benefit from releasing confidential information. We would weigh that up against the detriment to the person or company that provided the information. That provides a bit more clarity and certainty to our stakeholders.

The main additions, though, are on the process. In response to a request from our stakeholders in a targeted consultation, they asked us to put in more detail about the process. If we were considering disclosing certain confidential information, it is about

what would be the process—how we tell them that, what process would there be for them to respond and to challenge that decision, and the time frames around that.

MR PETTERSSON: What community consultation was undertaken in updating the guidelines?

Dr Weier: We did not do any community consultation because it was quite a legalistic issue. Also, while there is a provision in the ICRC act for us to disclose confidential information, it would be very unusual. I do not think we have ever used that. But we think it is important, as the commissioner said, to have that information out there to inform stakeholders. We did put up on our website that we were doing this work, but we did not get any contact from members of the public.

MR PETTERSSON: You got contact from stakeholders, though?

Dr Weier: Yes. We went out with targeted consultation to all of the regulated businesses. We provided it to our customer consultative committee so that they would be aware of it. We also gave it to ACAT, and we talked to the PCO about it. There may be others that I have missed. It was targeted towards the people who were most likely to have an interest, in order to understand the legal nature of this provision.

MR BRADDOCK: I am interested in community or neighbourhood-level batteries, which I believe the Minister for Climate Action would be interested in as well. I am interested in what the ICRC is doing in terms of the pricing structures or mechanisms that might be in place to ensure that those batteries are rewarded for all of the services that they can provide to a network.

Mr Dimasi: That is a good, interesting question. The feed-in scheme is the scheme that we were talking about at the beginning. We do not run that scheme. Those assets are not regulated by us—other than licensed, potentially. It is not really something that is within our scope, to determine the return that those assets achieve. Again, Dr Weier might want to add something there.

Dr Weier: No, I do not think I can add anything.

MR BRADDOCK: Even though those assets might be providing services to the monopoly grid?

Mr Dimasi: Yes, but in doing so, the business case that they will make will be the business case of operating within the grid, storing and then selling. They are conducting, if you like, an arbitrage-type activity and providing a very useful service because they will be flattening demand and providing potentially some real benefits to the community from going in there. But the business case is something that they will work on, alongside the renewable schemes and things that are in place that they might have access to.

We will not be regulating those to determine what sorts of returns they get. We regulate monopolies. Our job is predominantly to make sure that those monopolies, such as ActewAGL, do not misuse their monopoly power and do not charge too much. That is the focus of the things that we do in regulating monopolies. The scope here is a little

different.

MR BRADDOCK: My apologies for being a little slow and dense on this one.

Mr Dimasi: I am more than happy to try to answer the questions that come up.

MR BRADDOCK: In terms of those batteries, are they also providing frequency and ancillary services to the network?

Mr Dimasi: Correct.

MR BRADDOCK: Also mitigating against the costly infrastructure expansions; hence, there is this element there: what is the incentive for these batteries to exist within the Canberra context? I am trying to explore whether there is potential there for the ICRC or not.

Mr Dimasi: There is not a role for us under the arrangements, but there are certainly plenty of incentives for these batteries. That is why they are being built. As you say, you can get returns from the ancillary services, and ancillary services contracts are available in the market. By storing that power, you can store it when it is cheap—when the sun is shining, in the middle of the day, whenever the wind is blowing, or whatever it might be—and release it when it is more expensive. That is the plan, at least. Things are not always as simple and straightforward as that. So there could be some real returns. That is the business case that these batteries are currently looking at. Of course, there are government incentives, renewable contracts and the like that I am sure are benefiting them as well.

MS LEE: Can I go to retail electricity pricing? As the statement of intent notes, the current price direction for those prices covers July 2020 to June 2024 and is subject to annual adjustments.

Mr Dimasi: Yes.

MS LEE: The most recent price recalibration or adjustment in May for 2021-22 saw a bit of an increase in the average ActewAGL standing offer tariff. When I say a bit, it was quite significant—almost 12 per cent.

Mr Dimasi: Yes.

MS LEE: The driver for this increase seems to be the 13.1 per cent increase in the ACT government scheme costs, reflecting the increased difference between the fixed contract price to renewable generators and the decrease in wholesale electricity prices. What do we know about the range of likely outcomes for consumers from the large-scale feed-in tariff scheme?

Mr Dimasi: It depends on when you look at it, whether you look at it at a point in time, whether you look at it over a period of time, what has happened in the past and what might happen in the future. There is a lot there. Yes, we did see a substantial increase in the maximum average standing offer tariff. I should stress that these are standing offer tariffs. These are the regulated tariffs. There are also market-based tariffs that are

not regulated and that are available to consumers to go out and seek those.

These are for the regulated tariffs only, which apply for households and small businesses. As you say, that was driven largely by the network costs. With the component of the network costs, the large-scale FiT scheme was the main part of that component that pushed up those prices. It did so because prices decreased dramatically—wholesale prices decreased dramatically. In other words, the expansion of renewables across the NEM was pushing prices down to very low levels. If you have a FiT scheme where you have contracted for prices at a particular level, the difference is what you need to take into account for the cost of the FiT scheme. If those prices in the market had gone right down, it becomes more expensive, and that is what happened.

At that point in time, for last year, therefore we saw that difference being a component of the price—the network costs and ultimately the retail prices. That is what was reflected. We have had years in the past where it went the other way. In those days where—we are looking back a few years—we saw wholesale prices hit \$120 in the market, which provided a benefit to ACT consumers.

MS LEE: Not as significant as 12 per cent?

Mr Dimasi: No, that is right. But it can go both ways. It is a question of where prices move to. That is the nature of these schemes. If your aim is to introduce and encourage renewables, and you enter into these contracts, you have to make a move at some point. When you enter into those contracts, they are market-based contracts, as I understand it; it is not my scheme—

MS LEE: No, I understand.

Mr Dimasi: The scheme is there, but they were market-based contracts. That is what the market offered then. Now that renewables are pushing the prices down, you see your cost. Who knows what will happen in the future?

If you look at the example of Europe right now, I am not anticipating that situation in Australia and in the NEM, but prices have really rocketed in Europe. There is difficulty getting access to energy in some places. It depends on what happens. You really need to make a forecast of what might happen, to see what will happen in future years.

MS LEE: On that, have you made a forecast of what will happen in the next couple of years, to 2024? If so, what are those forecasts?

Mr Dimasi: Once we saw the increase last year, my staff started working to develop our own models and to be able to anticipate, not necessarily totally precisely but to make estimates, and to work out what we might expect. We are in the process of doing that. That work is not complete, so I cannot give you an answer just yet. In fact, we are doing some work on it at the moment, to give us a feel for the sort of things that we might expect. There is further work to be done before I am in a position to start estimating for our own purposes so that we are not caught by surprise regarding what might happen.

A bunch of other things occur within the scheme that are outside our ability to predict.

For example, the period of recovery might be for a number of years. We do not know what that period of recovery might be. There are various things in there that we will not be able to predict precisely; but if we make some assumptions and estimates, we will get a better idea for our purposes of knowing what to expect. I cannot give you that answer just yet.

MS LEE: I understand that you are doing that work now. When do you expect to complete that work, and will you make those findings public?

Mr Dimasi: It is not that kind of exercise where we will be doing something that we make public. We are really trying to, if you like, improve our tools in order to understand what to expect so that, when we are getting ready to do the price adjustment, we do not have a big gap in there. We will have some sort of estimate that we can put in, and that will be put in with an improved assessment when we get the real numbers coming through from the operators of the scheme. We would be looking to make that available when we make our determination for the adjustment for next year.

MS LEE: With the increase that we saw last year, was that within the realms of what you had considered, predicted or forecast previously?

Mr Dimasi: It is fair to say that the number was a fairly large one. It did not catch us completely by surprise because, as we were looking at those market prices, we could see that, having dropped, there was a big gap there. Clearly, that was going to have an impact. We did not know exactly what the impact would be, but we were certainly expecting a significant impact because of those very low prices that we were seeing in the spot market and the wholesale market in the NEM.

MS LEE: How does it compare to other jurisdictions? Do you take those factors into consideration?

Mr Dimasi: Other jurisdictions have different arrangements. They do not have the same sort of scheme. It is very different, and it is pretty difficult to compare. Other jurisdictions have other kinds of feed-in schemes, other subsidies and things that they give that may not be as clear.

One of the things about this scheme is that it is a large feed-in scheme with big contracts that are taken to the market and which are transparent. It is very visible in the ACT. Perhaps it is less visible in some of the other jurisdictions, having regard to the combinations of contracts and other things that are given to provide assistance to renewables.

THE CHAIR: The ACT's competitive neutrality guidelines were last reviewed in October 2010. Does the ACT government have any intention to revise these guidelines and update them?

Mr Dimasi: Are you talking about our competitive neutrality guidelines?

THE CHAIR: That is correct.

Mr Dimasi: We are going through all of our guidelines and policies and modernising

them, improving them and trying to make sure that they are up to speed. It is fair to say that we had quite a lot of work to do in this space. Subject to the other project work that we have, we would look at all of our guidelines. I might add that we have done some competitive neutrality work in a couple of areas. The crematorium is one example. We believe that that work contributed to making sure that we have competitively neutral prices.

Certainly, with all of our guidelines, we are looking to make sure that they are up for review and that they are up to speed and fit for purpose for the work that we are doing. Again, Dr Weier might want to add to that.

Dr Weier: We did review our guidelines when we were doing the competitive neutrality work. We found that they were still accurate and appropriate. They are based on the ACT government's competitive neutrality policy, which in turn is based on the competition principles agreement between the national and state and territory governments, which has not changed for quite a long time. From that perspective, our guidelines are still appropriate. However, we believe that there is probably scope to improve the language and make them easier to read, and modernise them, as we are doing with our other guidelines. It is on our list, but we wanted to look at some of the other guides that we have available to people that we thought needed updating more urgently than that one.

THE CHAIR: How many complaints about competitive neutrality have been received and/or investigated in the past year?

Dr Weier: There have not been any.

THE CHAIR: This inquiry is concluded. On behalf of the committee, I thank the Treasurer and officials for their attendance today. If witnesses have taken any questions on notice, could you please provide answers to the committee secretary within five working days.

The committee adjourned at 5 pm.