

TREASURER'S PORTFOLIO
2016-17 Annual Report Hearings

Monday, 6 November 2017 and Friday, 10 November 2017

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TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ACT CONCESSIONS PROGRAM

Talking Points

- The ACT Government offers concessions to around 30,000 households for products and services including utilities, general rates, motor vehicle fees and licenses, public transport, taxis, spectacles and funerals.
- From 1 July 2017, the energy and utility concession and the water and sewerage rebate were combined into a single Utilities Concession at a maximum rebate of \$604.00 per household. This provides additional support to eligible households which are renting, but by combining the concession, this will make the program simpler to administer and ensure all eligible households will now receive the same level of concession regardless of whether they rent or own a home.
- The Utilities Concession covers electricity, natural gas, water and sewerage and is calculated on a daily basis, with rates depending on the season. The concession is available on the principal place of residence only and the account must be in the cardholder's name. Only one Utilities Concession per eligible household can be claimed.
- The annual rebate amount in **2017-18** is \$604.00. The current daily summer rate for the Utilities Concession is approximately 76.925 cents per day and the winter rate is approximately 288.183 cents per day from 1 June to 31 October. The Utilities Concession will be applied to the applicant's electricity account.
- An extension of the current utilities concession program will provide long-term residents of ACT caravan parks and retirement villages with embedded electricity networks with a direct payment of the Utilities Concession from 1 January 2018.
- Under the current concession scheme only residents of the retirement villages with individual electricity meters for separate properties are eligible to receive the concession directly from electricity retailers.
- The reform will bring the Territory into line with other jurisdictions. It will guarantee the benefit from the provision of concessions ultimately flow through to the concession card holder and allow caravan park and retirement villages can competitively tender for their electricity contacts without impacting residents accessing concessions.

Key Points and Statistics

2015-16 Actuals versus 2016-17 Actuals

ACT Concessions Program Expenditure Time Series				
\$'000	Actual	Actual	Change	Note
Payment of Expenses on Behalf of the Territory	2015-2016	2016-17		
General Rates	\$10,138	\$10,825	6.78%	1
Motor Vehicle Registration and Licences	\$5,300	\$5,098	-3.81%	2
Public Transport	\$8,407	\$8,372	-0.42%	3
Spectacles and Senior Spectacles Schemes	\$1,803	\$2,082	15.47%	4
Electricity and Gas	\$14,177	\$14,595	2.95%	5
Water and Sewerage	\$11,157	\$11,458	-2.70%	6
Taxi Subsidy Scheme	\$1,851	\$1,604	-13.34%	7
Funeral Assistance Program	\$248	\$253	2.02%	8
Total	\$53,081	\$54,287	2.27%	

Note 1 - General Rates

The increase of 6.78 per cent in 2016-17 was due to an increase in both the fixed charge and the marginal rates across both residential and commercial land. There was also an increase in the amount of rebates provided.

Note 2 - Motor Vehicle Registration and Licences

Expenditure on motor vehicle registrations and licence applications and renewals, decreased by 3.81 per cent in 2016-17. This was the result of a lower number of concessions being provided in 2016-17 than the prior year.

Note 3 – Public Transport

The -0.42 per cent increase in expenditure in 2016-17 was largely in line from the previous year.

Note 4 – Spectacles and Seniors' Spectacles Subsidy Schemes

The expenditure in the 2016-17 financial year increased by 15.47% mostly due to increased awareness of the subsidy scheme.

Note 5 – Electricity and Gas Concessions

The higher expenditure in 2016-17 was due to an increase in the number of people accessing the energy concessions. This was across both concession card holders and those persons on life support.

Note 6 – Water and Sewerage Concessions

The 2.70 per cent increase in expenditure on water and sewerage was due to the number of people accessing the concession. This category includes concession card holders, persons on life support, as well as numerous entities such as schools, churches, hospitals, and benevolent and charitable institutions which receive a rebate.

Note 7 – ACT Taxi Subsidy Scheme

The -13.37 per cent difference in expenditure for the ACT Taxi Subsidy Scheme was due to additional invoices being paid in the previous financial year.

Note 8 – ACT Funeral Assistance Program

The 2.02 per cent increase was due to the number of funerals increasing from 51 in 2016-16 to 56 in 2016-17.

2016-17 Actuals Versus 2016-17 Budget

The table below provides a comparison of the actual figures for the 2016-17 financial year and the budgeted figures for the 2016-17 financial year.

Please note the breakdown between concession lines has not been published.

ACT Concessions Program Expenditure Time Series			
\$'000	Actual	Budget	Change
Payment of Expenses on Behalf of the Territory	2016-17	2016-17	
General Rates	\$10,825	\$10,324	4.85%
Motor Vehicle Registration and Licences	\$5,098	\$4,769	-6.90%
Pensioner Transport	\$8,372	\$8,222	1.82%
Spectacles and Senior Spectacles Schemes	\$2,082	\$1,878	10.86%
Electricity and Gas	\$14,595	\$13,889	5.08%
Water and Sewerage	\$11,458	\$11,444	0.12%
Taxi Subsidy Scheme	\$1,604	\$1,766	-9.17%
Funeral Assistance Program	\$253	\$263	-3.80%
Total	\$54,287	\$52,525	3.30%

Background Information

- Nil



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ISSUE: COMMUNITY ENGAGEMENT

Talking Points

- The Revenue Transformation program is seeking to improve the customer experience for a range of programs and taxes administered by the ACT Revenue Office. As part of this Program, the ACTRO has engaged with users and stakeholders in order to provide better information, streamlined processes and reduce red tape.
- While this is a 'work in progress' being implemented with a major IT upgrade in the Revenue Office, highlights to date include:
 - Implementation of Barrier Free conveyancing on 18 September 2017. This initiative, co-designed with the ACT Law Society and legal practitioners removes the need to submit legal documents to government on multiple occasions, removes stamping and the need to make payment before a transaction is settled. This is a significant red tape reduction initiative and will reduce the time and cost of conveyancing transactions for all parties.
 - Launch of a new ACT Revenue Office website on 6 July 2017 that provides easy navigation and the presentation of information in a simple and easy to understand format.
 - Current build of a self-service portal for businesses to improve the payroll tax lodgement process. The portal will be tested with a number of businesses to gain their feedback before the build is finalised and the portal is rolled out.
 - Development of a self-service portal for Rental Bond lodgement and refund. Members of the Real Estate Institute have been engaged to assist in prototyping the solution and will be further engaged to test the build before it is rolled out.
- In order to gauge customer satisfaction and identify improvements, the ACT Revenue Office conducts a customer survey each year. The 2017 survey will be conducted shortly and should provide feedback on how the Barrier Free model is being administered and customer satisfaction with the new website. Past surveys have been important in highlighting the need for the Revenue Office to update its systems and processes and improve its customer focus.

Key Points and Statistics

- A summary of past surveys is provided below

Year	Customer service Satisfaction	Website Satisfaction
2015	Between 40% to 66%	Between 28% to 74%
2014	Between 69% to 80%	Between 69% to 88%
2013	Between 69% to 84%	Between 74% to 93%
2012	Between 36% to 48%	Between 56% to 80%
2011	Between 63% to 90%	Between 78% to 91%
2010	Between 65% to 93%	Between 79% to 100%
2009	Between 56% to 81%	Between 81% to 100%

* Note: There was change of measurement of satisfaction percentage in 2012.

- The declining result in 2015 largely reflects the closure of the ACTRO front counter and associated disruption to service.
- ACTRO is currently reviewing the results of the 2016 survey to inform the content of the 2017 survey.

Background Information

- There is a commitment (via the Business Practices Committee) by all state Revenue Offices to undertake annual client surveys. The questions used in the annual survey are relatively consistent across jurisdictions, based on common questions recommended by the Business Practices Committee.
- The ACT Revenue Office is committed to maintaining and improving customer service.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: COMPLIANCE ACTIVITY

Talking Points

- In the 2016-17 Budget the Government announced a commitment of more than \$5.7m over four years to hire specialist investigators to crack down on tax evasion.
- The ACT Revenue Office has recruited data specialists, intelligence analysts and additional compliance officers with a range of programming, mathematical and statistical skills to detect undeclared taxation across all tax lines and formulate new strategies in relation to the recovery of outstanding revenue.
- Compliance activity during 2016-17 detected \$13.3m in ACT Revenue Office's undeclared revenue from 667 assessments issued. This covered a number of different revenue types, such as payroll tax, land tax, various duty lines as well as concessions and grants.

Key Points and Statistics

The table below details revenue detected under each revenue line.

Revenue Line	2015-16 Assessments issued	2015-16 Compliance Revenue	2016-17 Compliance Target	2016-17 Assessments issued	2016-17 Compliance Revenue
Payroll Tax	67	\$8,980,136	\$5,000,000	112	\$7,513,738
Land Tax	1,016	\$8,426,635	\$4,700,000	547	\$5,655,690
FHOG	23	\$299,294	\$210,000	2	\$29,182
Home Buyer Concession	17	\$261,736	\$210,000	3	\$58,146
Conveyance duty	1	\$17,900	\$50,000	-	-
Other duties	-	-	\$50,000	1	\$89,792
Motor Vehicles	4	\$25,893	\$30,000	2	\$2,062
Total	1,128	\$18,011,594	\$8,200,000	667	\$13,348,610

Background Information

- The ACT Revenue Office's ongoing working relationship with the ATO, other Government agencies and State and Territory Revenue Offices, continues to support targeting non-compliance.
- Compliance's data matching capability is being significantly enhanced following the engagement of the Business Intelligence and Analytics team members (BIA) and the development of the Compliance Data Warehouse (CDW) during 2016-17.
- The Compliance team increased its payroll tax cases and exceeded the target set by implementing new processes into projects and expediting the lodgement of returns.

- The Compliance team completed fewer land tax cases than the previous year, yet exceeded the target set due to conducting pilot projects aimed at more significant non-compliance following the development of bulk data matching capability.
- The Compliance team undertook targeted investigations into other duties and grants that produced good results.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: DEFERRED DUTY

Talking Points

- The Deferred Duty scheme is designed to assist eligible persons purchasing residential land or a home, by providing an option to defer the payment of duty on the transfer of property for up to five years.

Key Points and Statistics

- As of 30 June 2017, 3,251 transactions had been approved for deferral of duty since the commencement of the scheme. The total amount of duty deferred was \$40.62 million of which \$26.29 million remains outstanding.
- To be eligible for the Deferred Duty scheme:
 - all applicants named in the grant, transfer or agreement for transfer of the subject property and, in some cases, their non applicant domestic partner, must satisfy all the eligibility criteria for either the relevant Home Buyer Concession Scheme or the First Home Owner Grant; and
 - the property (including vacant land) purchased must be at or below the upper property threshold for the Home Buyer Concession Scheme;
 - the duty deferred must be \$1,000 or greater; and
 - the purchased property must be new or substantially renovated, or vacant land.
- If purchasing an established property, an applicant may still be eligible for the deferral of duty if they would have been eligible for the First Home Owners Grant (FHOG) under the *First Home Owner Grant Act 2000* (the Act) except for the requirement under section 12B of the Act that the property be new or substantially renovated.
- Approved applicants for deferred duty must satisfy the residency requirements imposed under the Home Buyer Concession Scheme or the (FHOG) Scheme. Applicants must reside in the property for a continuous period of 12 months, commencing within a year of settlement.

Background Information

- The Deferred Duty scheme commenced in October 2007 as part of the Affordable Housing Action Plan and is administered by the ACT Revenue Office.
- Simple interest at market rate as of 1 July each year is charged on deferred duty (2017 - 1.73 per cent)

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: FIRST HOME OWNER GRANT (FHOG)

Talking Points

- There has been a decrease in FHOG payments from \$15.2 million in 2015-16 to \$12.2 million in 2016-17. This reflects both the level of activity of first home buyers in the residential market and the reduction in FHOG entitlements from \$10,000 to \$7,000 from 1 January 2017.
- To be eligible for the FHOG, an applicant:
 - must lodge an application within one year after completion of the eligible transaction;
 - must comply with the previous property ownership criteria;
 - must reside in the home as their principal place of residence for a continuous period of at least 12 months with the occupation period starting within one year;
 - must be an Australian citizen or permanent resident at the time of application;
 - must be buying or building a new or substantially renovated home for which the contract was signed on or after 1 January 2017, or building a home as an owner builder where building commenced on or after 1 January 2017;
 - must be at least 18 years old; and
 - total value of the property (home plus land) must be \$750,000 or less.

Key Points and Statistics

- From 1 January 2011, the total value of the eligible property must be below the cap of \$750,000. The cap did not apply to eligible transactions that commenced before 1 January 2011.
- From 1 September 2013, the FHOG was retargeted to only apply to new and substantially renovated properties.
- At the same time the value of the grant increased from \$7,000 to \$12,500 and the residency requirement was increased from six months to 12 months.
- From 1 January 2016 the value of the First Home Owner Grant decreased from \$12,500 to \$10,000. It further reduced to \$7,000 from 1 January 2017. The reduction is to ensure the sustainability of the scheme while still providing targeted assistance to first home buyers.

Period	Number of FHOG Payments	FHOG Expense '000
2007-08	2,502	\$16,502
2008-09	2,958	\$20,497
2009-10	3,568	\$23,304
2010-11	2,816	\$17,899
2011-12	2,775	\$18,321
2012-13	3,037	\$19,601
2013-14	1,860	\$14,462
2014-15	1,706	\$17,293
2015-16	1,406	\$15,157
2016-17	1,234 ¹	\$12,225 ²

¹ Consists of 57 payments @ \$7,000, 1,267 payments @ \$12,500 and 82 payments @\$10,000.

² The FHOG expense amount includes various accounting adjustments (e.g. refunds, accruals).

Background Information

- The FHOG Scheme was introduced in 2000-01 as part of the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations (IGA) and was to offset the impact of the introduction of the Goods and Service Tax (GST) on first home buyers. The FHOG is a national scheme administered by the relevant State and Territory Revenue Offices.
- The ACT was funded for the cost of the FHOG by the Commonwealth from 2000-01 to 2003-04 by way of the Guaranteed Minimum Amount (GMA). Since 2004-05, when the ACT's GST payments exceeded the GMA, the ACT has fully funded the cost of the FHOG.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: HOME BUYER CONCESSION SCHEME

Talking Points

- Since 1 September 2012 the Home Buyer Concession scheme has only been available on the purchase of a new or substantially renovated home, or vacant land.
- An applicant must meet the following eligibility criteria:
 - has not owned property anywhere in the previous two years, except if required to relinquish it by order of a court or in certain circumstances relating to termination of relationships; and
 - meets an income test for the period one year prior to exchange of contracts (including income of a non-applicant partner). Since 5 June 2013, the income threshold has been \$160,000 gross, increasing by \$3,330 per dependent child to a maximum of \$176,650; and
 - will reside in the property for a continuous period of 12 months starting within one year of settlement or completion of construction; and
 - is at least 18 years of age (the circumstances in which a concession may be paid to applicants who are under 18 years of age are limited).

Key Points and Statistics

- In 2015-16, 1,464 applications were approved with the revenue foregone of \$11.7 million, while in 2016-17, 1,252 applications were approved with revenue foregone of \$9.7 million.
- The upper and lower value thresholds for eligible properties are adjusted every six months to reflect changes in the market.
 - As at 18 September 2017, duty payable below the lower threshold is \$0. The duty saving is up to \$11,660 on a property valued at \$470,000 or below.
 - The concession reduces on a sliding scale and at the upper threshold (\$590,000) the concession ceases and full duty is payable.
- The size of the concession on eligible vacant land is determined by upper and lower value thresholds which are adjusted every six months to reflect recent sales prices.
 - A full concession is available at or below the lower threshold. The lower threshold is calculated using the highest sale price in the lowest 40 per cent of all sale prices for the last two full quarters.
 - As at 18 September 2017, duty payable below the lower threshold is \$0. The duty saving is up to \$4,748 for vacant land valued at \$281,200 or below.
 - The concession reduces on a sliding scale and at the upper threshold (\$329,500) the concession ceases and full duty is payable.

- The upper and lower thresholds for both house and land purchases since 1 January 2014 are located in the table below.

Six Month Period	House		Land Only	
	Lower Threshold	Upper Threshold	Lower Threshold	Upper Threshold
1 January 2014 to 30 June 2014	\$435,000	\$535,000	\$260,000	\$290,000
1 July 2014 to 31 December 2014	\$447,300	\$540,000	\$267,400	\$292,800
1 January 2015 to 2 June 2015	\$446,000	\$550,000	\$266,700	\$298,300
3 June 2015 to 31 December 2015	\$442,500	\$560,000	\$264,700	\$303,800
1 January 2016 to 7 June 2016	\$442,500	\$562,000	\$264,700	\$304,900
8 June 2016 to 31 December 2016	\$455,000	\$585,000	\$272,200	\$317,600
1 January 2017 to 6 June 2017	\$468,000	\$590,000	\$280,000	\$323,000
7 June 2017 to current	\$470,000	\$607,000	\$281,200	\$329,500

Background Information

- The Home Buyer Concession Scheme is an ACT Government initiative, administered by the ACT Revenue Office, to assist eligible persons in purchasing residential land or a home, by charging duty at a concessional rate.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: LEGISLATION AMENDMENTS FOR 2016-17

Talking Points

Rates (Pensioner Rebate) Amendment Bill 2016

- This Bill amended the *Rates Act 2004* to implement the ACT Government's 2016-17 Budget initiatives of freezing the uncapped rates rebates and the Fire and Emergency Services Levy (FESL) rebate.
- The uncapped rebate was available to pensioners who have been continuously eligible for a rebate since 30 June 1997. The amendment froze the rebate amount for pensioners in this scheme at the 2015-16 level where it exceeded \$700.
- An amendment also provided that the FESL rebate amount would be determined by disallowable instrument in the future, rather than an automatic rebate of 50 per cent.

Revenue Legislation Amendment Bill 2016

- This Bill amended the *Duties Act 1999* to remove obsolete references.
- The *Rates Act 2004* was amended to reduce ambiguity in the unimproved value determination process, by fixing the base date for redeterminations at 1 January each year.
- The *Rates Act 2004* was amended to remove references to an owner's intention under division 5.2, which grants a concession to owners developing land for mixed residential and commercial purposes.
- The *Taxation Administration Act 1999* was amended to grant valuers a dedicated power of entry to premises for valuation purposes; and to modernise other language.

Revenue Legislation Amendment Bill 2016 (No 2)

- This Bill made extensive amendments to taxation legislation, primarily the *Duties Act 1999* and *Land Titles Act 1925*, to adopt a 'Barrier Free' model for the collection of conveyance duty.
- The Barrier Free model moves the trigger date for payment from the date of exchange of contracts to the point that a buyer acquires the registered title to the property, which occurs after settlement.
- The *Duties Act 1999* was amended to move the date for payment of conveyance duty; to abolish \$20 and \$200 nominal duty; to consolidate several exemptions into general provisions; to abolish stamping; and to expand the electronic lodgement provisions.



- The *Land Titles Act 1925* was amended to require the lodgement of instruments for registration where they effect a dutiable transaction; and to authorise the Registrar-General's collection of information on behalf of the Commissioner for ACT Revenue.
- The *Taxation Administration Act 1999* was amended to extend the sale of land provisions to cover unpaid duty.
- The *Taxation Administration Act 1999* and *Payroll Tax Act 2011* were amended to prevent the accrual of small debts under \$20.

Revenue Legislation Amendment Bill 2017

- This Bill amended the *Duties Act 1999* to repeal the ACT's insurance duty provisions, completing the abolition of insurance duty under taxation reform.
- The *Rates Act 2004* was amended to make a technical change to the rebate on rates for pensioners affected by the Rates (Pensioner Rebate) Amendment Bill 2016.
- The *Rates Act 2004* and *Land Tax Act 2004* were amended to introduce a new method for rates and land tax calculations in relation to residential units.
- The new methodology applies the total average unimproved value (AUV) of a parcel of land as the basis for rates and land tax calculation, instead of the AUV as it relates to the individual unit entitlement.

Safer Families Levy Bill 2016

- This Bill amended the *Rates Act 2004* to introduce a Safer Families Levy on residential and rural properties.
- The Levy assists a range of family violence prevention measures announced in the 2016-17 Budget.

Key Points and Statistics

- Not relevant

Background Information

- Included above.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: LOOSE FILL ASBESTOS INSULATION ERADICATION SCHEME – STAMP DUTY CONCESSION

Talking Points

- One of the elements of the Loose Fill Asbestos Insulation Eradication Scheme announced on 28 October 2014 is a stamp duty waiver.
- Eligible homeowners who surrender an affected block under the buyback program are entitled to a concession on stamp duty on a purchase of a residential dwelling in the Territory.

Key Points and Statistics

- Between the time the scheme was announced and 31 October 2017, a total of 655 stamp duty concessions have been granted to affected homeowners for the purchase of a new property in the Territory.
- The total value of all concessions granted to affected homeowners is \$16 million.
- Where affected homeowners have purchased a property that is more valuable than the property surrendered, they are required to pay duty on the additional value. This has resulted in revenue of \$2.8 million.

Background Information

- On 28 October 2014, the ACT Government announced the Loose-fill Asbestos Insulation Eradication Scheme under which it offered to buy all homes in the ACT affected by loose-fill asbestos (Mr Fluffy) insulation.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: NUMBER OF TAXPAYERS BY REVENUE TYPE

Talking Points

- Figures provided below.

Key Points and Statistics

- The table below identifies the number of registered taxpayers by revenue type in 2016-17.

Tax	Taxpayers	Notes
Payroll Tax	3,487	Registration Report as at 30/06/2017.
Network Facilities Tax	10	Registration Report as at 30/06/2017.
Income Tax Equivalent	2	Registration Report as at 30/06/2017.
Energy Industry Levy	18	Registration Report as at 30/06/2017.
Ambulance Levy	35	Registration Report as at 30/06/2017.
City Centre Marketing and Improvements Levy	602	Statistics report from RA
Rates and FESL	164,449	
Residential	157,999	Annual Assessment statistics for each sector, run dates 02/07/16, 06/08/16 & 03/09/16
Rural	173	Annual Assessment statistics for each sector, run dates 02/07/16, 06/08/16 & 03/09/16
Commercial	6,277	Annual Assessment statistics for each sector, run dates 02/07/16, 06/08/16 & 03/09/16
Land Tax	53,177	
Residential	53,177	Quarter 3 Land Tax Assessment for each Sector. Run dates 09/01/2017, 08/02/2017 & 08/03/2017
Commercial	0	Commercial land Tax abolished in 2012-13

- The table below identifies the number of pensioners and properties owned by pensioners as at 30 June 2017.

General Rates			
Number of Pensioners			From 2016-17 data prepared in Oct 2017 as at 30/06/2017.
Centrelink	15,382		
Veterans' Affairs	1,955		
Total	17,337		
Properties Owned By Pensioners			From 2016-17 data prepared in Oct 2017 as at 30/06/2017.
Private Residential	12,161		
Residential Unit	2,647		
Patio Housing	71		
Agriculture & Grazing	3		
Total	14,882		



- The table below identifies the number of conveyance transactions and concessions/grants during 2016-17.

Revenue Line	Transactions
Conveyance duty	14,668
Residential (new home) ¹	4,435
Residential (existing home) ²	9,672
Commercial	561
Home Buyer Concession	1,252
Over 60s Home Bonus Scheme	137
Pensioner Duty Concession Scheme	143
Disability Duty Concession Scheme	4
First Home Owner Grant (FHOG)	1,234
FHOG \$7,000	49
FHOG \$12,500	629
FHOG \$10,000	556

¹ New home: residential land only (RLA), residential crown lease (RCL), residential off the plan (ROP), affordable house & land package (AHL) and land rent (LRE) transactions.

² Existing home: residential land and improvement (RLI) and land rent transfer (LRT) transactions.

- The table below identifies the number of applications under the ACT Mortgage Relief Fund (MRF) from the commencement date (9 October 2009) to 30 June 2017.

MRF	
Total applications received	16
Number of applications approved	5
Number of paid out (on Sep 12 & Apr 14)	5

- The table below identifies the number of applications under the Deferred Duty Scheme (DDS) from the commencement date (26 October 2007) to 30 June 2017.

DDS	
Total applications approved	3,186
Total duty deferred	\$38.3m
Total outstanding deferred	\$27.3m

- The table below identifies the number of households paying rent under the Land Rent Scheme (LRS) as at 30 June 2017.

LRS	
Total households paying rent under LRS	1,197
No. households paying at 2% rate	853
No. households payment at 4% rate	344
No. of land rent blocks purchased in 2016-17	120

Background Information

- Not relevant

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: OBJECTIONS AND LITIGATION STATISTICS

Talking Points

- A taxpayer has the right to object to an assessment or certain decisions within 60 days of service of the assessment or decision on the taxpayer.
- After an objection is received, an independent officer reviews the information provided by the taxpayer along with the information relied upon by the original decision maker.
- A delegate of the Commissioner will disallow, partly allow or fully allow the objection and provide a written notice of the objection decision.
- If the taxpayer is dissatisfied with the objection decision, they can apply for a review of the objection by the ACT Civil and Administrative Tribunal (ACAT).
- Once the ACAT has issued its decision, the taxpayer has further rights of appeal to the ACAT Appeals Division and the Supreme Court.

Key Points and Statistics

- Table 1 shows the number of objections received by tax type: UV (unimproved land value) and Other (payroll tax, land tax, duty, FHOG, HBC and miscellaneous other tax assessments or decisions)

Table 1: Objections Received

	2014-15	2015-16	2016-17
UV	76	61	77
Other	205	252	194
Total	281	313	271

- In 2016-17 there was a 26 per cent increase in UV objections from the previous year and this was close to the level received in 2014-15.
- The decrease in 'other' for 2016-17 was shared across other categories with the major contributors being land tax objections, which decreased by 22 per cent (from 162 to 127) and duty objections, which decreased by 67 per cent (from 21 to 7).

- Table 2 shows the number of objections decided by ACTRO, by decision type. Disallowed/Part-allowed objections contain the category of decisions that could be appealed in the ACAT. Objections that are allowed or withdrawn would not go to the ACAT.

Table 2: Objections Completed

	Allowed	Disallowed*	Withdrawn	Total
2014-15	14	258	11	283
2015-16	31	297	5	333
2016-17	24	236	15	275

*This includes disallowed and part allowed.

- Table 3 shows the number and type of completed appeals and the number of appeals lodged in the ACAT or courts, most of which were by a taxpayer. Only occasionally does ACTRO appeal an ACAT decision, where the cost/benefit is positive, and in line with the Model Litigant Guidelines.

Table 3: Appeals Completed

	Allowed or part allowed*	Settled*	Dismissed or withdrawn*	Total Appeals Lodged
2014-15	5	33	23	59 (0 by ACTRO)
2015-16	6	9	20	25 (3 by ACTRO)
2016-17	4	6	14	20 (0 by ACTRO)

*This includes appeals which commenced in previous years.

Background Information

- If a taxpayer is not satisfied with an assessment or a decision an objection can be lodged with the Commissioner.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: PENSIONER DUTY CONCESSION AND OVER 60 HOME BONUS SCHEME

Talking Points

- The Pensioner Duty Concession Scheme assists eligible pensioners to move to accommodation more suited to their needs, including a new or established home or vacant residential land, by charging duty at a concessional rate. An eligible pensioner is a person in receipt of:
 - an Australian age pension (Centrelink or Department of Veterans' Affairs equivalent) and who holds a pensioner concession card; or
 - a disability support pension and is 50 years of age or more and who holds a pensioner concession card; or
 - a Department of Veterans' Affairs Gold Card for one year prior to the transaction.
- The Over 60 Home Bonus Scheme was initially to run for two years (2014-15 and 2015-16). As part of the 2016-17 Budget, the scheme was extended for six months and ceased on 31 December 2016. Its aim was to assist eligible non-pensioners, who found the duty involved in a move to be a significant impediment to a move to accommodation more suited to their needs (e.g. from a house to a townhouse).

Key Points and Statistics

Pensioner Duty Concession Scheme	2013-14	2014-15	2015-16	2016-17
Pensioner Duty Concession Scheme (\$m)	\$1.613m	\$1.855m	\$1.677m	\$1.748m
Pensioner Duty Concession Scheme (count)	125	142	133	143

- The purchased property must be below the upper thresholds, which are revised every six months to reflect changes in the market.
 - A full concession is available at or below the lower threshold. As at 18 September 2017, the lower threshold was calculated using the 75th percentile of all sales prices for the last two full quarters.
 - Duty payable below the lower threshold was \$20 until the Barrier Free model was introduced on 18 September 2017. From 18 January 2017, \$20 minimum

duty has been abolished. From 18 September 2017, the duty saving was up to \$21,428 on properties valued at \$680,500 or below.

- The concession reduces on a sliding scale. At the upper threshold (\$895,000) the concession ceases and full duty is payable.
- A vacant block purchased must be below an upper value threshold, which is adjusted every six months to ensure it reflects recent sales prices.
- A full concession is available at or below the lower threshold.
 - Duty payable below the lower threshold was \$20 until the Barrier Free model was introduced on 18 September 2017. From 18 January 2017, \$20 minimum duty has been abolished. From 18 September 2017, the duty saving was up to \$7,545 on vacant blocks valued at \$361,700 or below.
 - The concession reduces on a sliding scale. At the upper threshold (\$434,500) the concession ceases and full duty is payable.
- The upper and lower thresholds for both house and land purchases for the current period and last 11 six month periods are provided in the table below.

Six Month Period	House		Land	
	Lower Threshold	Upper Threshold	Lower Threshold	Upper threshold
1 January 2013 to 30 June 2013	\$560,000	\$705,000	\$290,000	\$345,000
1 July 2013 to 31 December 2013	\$580,000	\$733,000	\$302,000	\$349,700
1 January 2014 to 3 June 2014	\$580,900	\$742,000	\$308,600	\$360,000
4 June 2014 to 31 December 2014	\$595,000	\$765,000	\$316,100	\$371,200
1 January 2015 to 2 June 2015	\$610,000	\$780,000	\$324,100	\$378,500

- The Home Bonus Scheme was available where at least one owner of the existing property being sold is aged 60 and over.
- From 1 July 2016 to 30 June 2017, there were 137 approvals for the Over 60 Home Bonus Scheme, with a total concession of \$1.770m.
- The property thresholds are the same as the Pensioner Duty Concession Scheme.

Background Information

- The Pensioner Duty Concession Scheme commenced on 1 July 2008 as part of the Affordable Housing Action Plan, and has been extended to 30 June 2018.
- The Pensioner Duty Concession Scheme assists eligible pensioners to move to accommodation more suited to their needs, including a new or established home or vacant residential land, by charging duty at a concessional rate. An eligible pensioner is a person in receipt of:
 - an Australian age pension (Centrelink or Department of Veterans' Affairs equivalent) and who holds a pensioner concession card; or
 - a disability support pension and is 50 years of age or more and who holds a pensioner concession card; or
 - a Department of Veterans' Affairs Gold Card for one year prior to the transaction.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: REVENUE COLLECTION TRANSFORMATION PROGRAM

Talking Points

- The Revenue Collection Transformation Program (RCTP) is progressing and Release 1 went live on 18 September 2017 in conjunction with the introduction of the Barrier Free conveyancing model.
- In addition to the replacement of the IT system, the RCTP has transformed business processes to enable the ACT Revenue Office to deliver better, faster and smarter digital services to make transactions easier and more efficient for ACT Revenue Office customers and staff.
- Other highlights of the RCTP include:
 - Launch of a new ACT Revenue Office website that provides easy navigation and the presentation of information in a simple and easy to understand format.
 - Development of a self-service portal for businesses to improve the payroll tax lodgement process.
 - Development of a self-service portal for Rental Bond lodgement and refund.

Key Points and Statistics

- Consultation with key stakeholders on detailed implementation of Barrier Free conveyancing was conducted prior to the go live date.
- Under the Barrier Free model, property buyers will no longer pay their conveyance duty before the settlement of a property.
- The new model will allow property buyers and solicitors to pay the duty after settlement when registering the title with Access Canberra.

Benefits of the Barrier Free model?

- The Barrier Free model cuts significant red tape for property buyers, sellers and legal practitioners.
- This will make purchasing property quicker and easier with faster turnaround for buyers.
- It creates a single point of contact at Access Canberra and takes the ACT Revenue Office out of the 'middle' of the transaction.

Access Canberra?

- At Access Canberra, the purchaser (or their agent) will be responsible for registering the transfer of a property as usual.



- Access Canberra will automatically forward this information to the ACT Revenue Office upon title registration and a Notice of Assessment will be issued. Payment will be required within 14 days.

Background Information

- The Revenue Collection Transformation Program (RCTP) has replaced the former Territory Revenue System. A budget of \$30 million over three years was approved by Cabinet commencing in 2014-15.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: OBJECTIONS TIMELINE

Talking Points

- From 1 July 2015 the Revenue Office amended its objection timeframes.
- The completion rate of objections is now a performance target for the Revenue Office, documented in the CMTEDD Annual Report:
 - 85 per cent of all objections to be completed within 6 months of lodgement; and
 - 100 per cent of all objections to be completed within 12 months of lodgement.

Key Points and Statistics

- An objection will be deemed completed when a written decision to the objection has been provided.
- The performance indicators include 'stop clock' features when the time calculated for completion of an objection is suspended:
 - the time that the objector, or another person having information relevant to the objection, takes to respond to a request for additional information; or
 - with the objector's permission, time pending the outcome of legal proceedings relating to a tax liability of the same kind as the tax liability the subject of the objection; or
 - at the objector's request, or with the objector's permission, the time is suspended for any other specified reason.
- For 2016-17 the following results were achieved:
 - 100 per cent of all objections were completed within 6 months of lodgement; and
 - 100 per cent of objections were completed within 12 months of lodgement.
- It should be noted that objections fees were removed from 1 July 2015 and this resulted in a small increase (11 per cent) in the number of objections lodged in 2015-16. However, objections lodged in 2016-17 dropped back to close to the level received in 2014-15.

Background Information

- Nil

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: SALE OF LAND PROGRAM TO 30 JUNE 2017

Talking Points

- The Sale of Land debt recovery program commenced in 2014.
- The sale of a property may be necessary for taxpayers to meet their obligations; however, it is seen as the last resort.
- In cases of financial difficulty or hardship, the ACTRO works with taxpayers to develop repayment plans.

Key Points and Statistics

- The scheme has targeted 329 properties to date, a relatively small number compared to the 165,000 rateable properties in the ACT.
- Debt payments of \$3.769 million have been made to 30 June 2017 from this program.
- This comprises \$3.19 million relating to debt outstanding by more than 12 months, plus a further \$1.60 million of other outstanding debt associated with these properties.
- No properties have been sold to date.
- Current legislative requirements allow court action to commence 90 days after the Notifiable Instrument and Public Notice is published identifying those properties subject to sale of land provisions.

Background Information

- The statutory sale of land provisions can be applied to any property with arrears greater than 12 months.
- The sale of land provisions are only invoked against residential properties used for investment, and commercial investment properties owned by individuals, where other statutory debt recovery provisions have been unsuccessful. Sale of land action is not currently invoked against principal places of residence.
- The ACTRO uses a series of escalating actions to alert taxpayers about their obligations through assessment notices, instalment reminders, arrears notices, demand letters and garnishee notices.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: TAXATION DEBT LEVEL

Talking Points

- The performance of ACT Revenue Office's taxation debt recovery function is measured and reported as the average level of collectable debt for the year against original budgeted taxation revenue.
- The average level of collectable taxation debt for 2016-17 was 3.16 per cent against a debt target ratio of 2.5 per cent.

Key Points and Statistics

- During 2016-17 the Debt Management team collected **\$24.164 million** in outstanding debts.
- Rates and FESL have increased \$2.602 million.
- Payroll tax debt has increased \$4.559 million (largely due to two large Compliance assessments totalling \$5.531 million, currently in dispute).
- Land tax debt has decreased \$1.441 million.
- Land rent debt has decreased \$0.655 million.

Revenue line debt level \$million	30 June 2016	30 June 2017	Movement	Average collectable debt as % of 2015-16 budget	Average collectable debt as % of 2016-17 budget
Payroll Tax	7.9	12.4	+4.5	0.7	1.0
Rates and FESL	36.5	39.1	+2.6	5.1	5.2
Land Tax	9.4	8.0	-1.4	8.4	6.6
Duty	4.2	3.5	-0.7	1.4	1.8
Land Rent	4.8	4.2	-0.6	33.1	47.4
Other (includes FHOG)	0.3	0.3	0.0	9.9	6.2
Total Arrears	63.1	67.5	+4.4		
Total Revenue Budget	1,435.7	1,622.6	+186.9		
Uncollectable Debt	12.2	20.9	+8.7		
Collectable Debt	50.9	46.6	-4.3		

Background Information

- Uncollectable debt is made up of matters in dispute and debts owed by companies in liquidation.
- Rates has always been a tax line with a relative large debt to revenue ratio.
- The change in the tax mix, with a greater reliance on rates, has driven up the overall debt to revenue ratio over the last few years.
- Rates debt is secured by property so there is little prospect of non-collection. It also attracts a penalty interest rate.

- ACT rates debt remains consistent with the benchmark of 5 percent used by many NSW councils.
- Nevertheless, the ACTRO is implementing a number of programs to reduce rates arrears including better use of taxpayer information to inform repayment plans and the use of debt collection agents as appropriate.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: UNIMPROVED VALUE OF LAND

Talking Points

- The unimproved value of land is determined in accordance with the Rates Act 2004.
- The Act requires the revaluation of every rateable property as at the relevant date being 1 January every year.

Key Points and Statistics

- The methodology to determine the unimproved values on improved sites is as follows:
 - a benchmark property is selected from a group of properties that are similar in location, type and use.
 - the market value of that property is determined based on a consideration of comparable sales that location.
 - the value of the home and other improvements is deducted from the sale price, which gives a deduced unimproved value of the land.
 - there are generally agreed metrics which assist in determining the deduction from market value to result in the unimproved values.
 - a percentage change in value over the previous unimproved value is calculated and applies across the group of properties in that locality resulting in new rating assessments.

Mr Fluffy Properties

- The methodology for calculating general rates applies to Mr Fluffy properties in the same manner as all other residential properties.
- AUV increases reflect average market movement of Unimproved Values in the whole suburb over three years. When the UVs are assessed all sales in the suburb are taken into account.
- The prices being achieved for Mr Fluffy sales generally reflect the market value of land.
- The market value of land is generally not the same as the UV as prices achieved on the basis of market value would almost always reflect a premium due to the scarcity of vacant land available for sale in the suburb.
- The UV should not reflect any scarcity associated with the paucity of vacant land sales in a suburb.

Background Information

- The simplest way to describe an unimproved property for the purposes of the Act is to imagine the site devoid of all structural improvements but with everything else around it unchanged.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: FORWARD TAXATION LEGISLATION

Talking Points

Revenue Legislation Amendment Bill (No 2) 2017

- The Bill makes further changes to support the introduction of the Barrier Free Conveyance Duty Model.
- The Bill contains a number of other minor technical amendments to ensure the continued smooth operation of the Territory's tax laws.
- This omnibus Bill amended various taxation Acts to simplify processes and reduce red tape; clarify processes and correct errors; harmonise legislation with other jurisdictions, and align taxation legislation with the original policy intent. There were no expected revenue impacts.
- The Bill is scheduled for introduction in the October 2017 sittings.

Land Tax Amendment Bill 2018

- A bill will be introduced in 2018 to implement the Government's 2017-18 Budget announcement to extend land tax to include all non-principal place of residence properties (whether rented or not).
- These changes are due to commence from 1 July 2018.

Key Points and Statistics

- Not relevant

Background Information

- Not relevant

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: UNIT METHODOLOGY CHANGE

Talking Points

- Houses typically have higher rates and land tax liabilities than units, despite similar market values. The new unit methodology rebalances the rates system between houses and units resulting in greater equity.
- To mitigate the financial impact of the rates changes on unit owners, a \$100 rebate will apply by disallowable instrument to the general rates fixed charge for units in 2017–18, which will be removed in 2018–19.
- Over 95 per cent of unit owners pay less than the average rates for houses.

Key Points and Statistics

- The new methodology does not apply to commercial properties. Commercial land tax was abolished in 2012. In relation to commercial rates, the old methodology will continue to apply.
- The new methodology for working out rates or land tax of a residential unit, taking effect on 1 July 2017, is as follows:
 - Work out the AUV as it relates to the residential component of the whole property by multiplying it by the percentage of unit entitlements that are residential. In a solely residential unit complex, 100 per cent of the AUV is used.
 - Apply the marginal rating factors (P) to the proportionate AUV to get the total valuation charge for all residential units.
 - Allocate the total valuation charge based on the share of its Unit Entitlement (UE) to the total number of residential unit entitlements.
- All units pay the fixed charge plus the share of the total valuation charge applied to that unit, on the basis of UE.

Background Information

- As part of Stage Two of taxation reform, the rates and land tax methodology for residential units will be changed over 2017–18 and 2018–19.
- The changes are contained in the *Revenue Legislation Amendment Act 2017 (No 2)*, which has been passed in the May sitting.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: DEFERRED RATES

Talking Points

- Pensioners who hold a concession card from either Centrelink or the Department of Veterans Affairs may apply to defer their rates payments.
- Deferrals may also be approved where the property owner is a Special Disability Trust or where the property owner can prove that payment of rates would cause substantial financial hardship.
- Property owners who are aged over 65 and meet certain financial criteria are also able to apply to defer their rates payments.

Key Points and Statistics

- An application may be made to defer all or part of a general rates assessment, including arrears.
- Property owners may only apply to defer rates for their principal place of residence.
- Property owners may apply to defer rates charges for a specific period or indefinitely.
- Number of deferrals:

Over 65	Hardship	Pensioners	Total
2	32	148	182

- The total value of deferred rates is \$1,414,126.12 and interest of \$289,558.40.

Background Information

- The ACT Government offers a number of concessions to ensure the most vulnerable members of the community receive the support they need.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: PRINCIPLES FOR RESPONSIBLE INVESTMENT – 2017 ASSESSMENT

Talking Points

- The Territory became a signatory to the Principles for Responsible Investment (PRI) in 2008. Our Responsible Investment Policy has been developed, to a large extent, from the PRI framework.
- The key objectives of the mandatory annual signatory survey and resultant PRI assessment report are to:
 - demonstrate progress in implementation of the principles and to provide local and global comparisons with peers;
 - highlight areas that could be considered for further improvement; and
 - facilitate dialogue on investment activities and capabilities.
- The Territory received a very strong result again for the 2017 assessment.

Key Points and Statistics

- A summary of the assessment scores are outlined below. The PRI assessment methodology incorporates standardised performance bands ranging from A+ (top band) to E (lowest band).

Module	ACT Score 2017	Median Score	ACT Score 2016
<i>Strategy and Governance</i>	A ¹	A	A
<i>Indirect - Manager Selection, Appointment & Monitoring</i>			
Listed Equity	A ²	B	A
Fixed Income	C ³	C	A
Private Equity	A ⁴	B	A
Property	A ⁵	C	A
<i>Direct & Active Ownership</i>			
Listed Equity – Active Ownership	C ⁶	B	C

¹ Strong and transparent strategy, policy, governance and implementation arrangements.

² Reflects the implementation of our custom ESG share benchmarks.

³ Score is in-line with the median peer results reflecting challenge of integrating ESG considerations in an efficient and cost effective manner for this asset class.

⁴ The score reflects an allocation in the private equity strategy to clean technology fund investments.

⁵ Managers target sustainable returns, focus on identifying and managing ESG risks and opportunities.

⁶ Comprises 'A+' for proxy voting and 'E' for direct engagement. Direct company engagement and participation in collaborative engagement practices is difficult with our body politic structure.

Background Information

- n/a

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: CSS/PSS DEFINED BENEFIT SUPERANNUATION LIABILITY VALUATION

Talking Points

- The audited superannuation liability valuation as at 30 June 2017 is \$8.574 billion (Budget estimate of \$6.248 billion and the 30 June 2016 result of \$10.718 billion).
- Accounting Standard AASB 119 Employee Benefits prescribes the accounting and disclosure requirements for employee benefits, including post-employment defined benefit superannuation benefits. The standard requires that the financial and demographic actuarial assumptions adopted for the valuation should be unbiased and mutually compatible. The assumptions:
 - are unbiased if they are neither imprudent nor excessively conservative;
 - are mutually compatible if they reflect the economic relationships between factors such as inflation, salary increases and the discount rate; and
 - must be based on market expectations at the end of the reporting period.
- For the budget, a long-term average discount rate assumption of six per cent is used to estimate the liability valuation and expense projections over the budget and forward years. CPI assumption is 2.5 per cent and salary growth 3.5 per cent.
- For the 30 June 2017 actual valuation, the required valuation discount rate was 3.51 per cent. CPI assumption is 2 per cent and salary growth 2.75 per cent.
- For previous financial years, including the 30 June 2016 year, it had been the practice to only update the discount rate at 30 June of each year for the AASB119 valuation, but not change the other financial and demographic assumptions.
 - This was on the basis that there was an expectation that Commonwealth bond interest rates would not remain at historical low levels for an extended period and would return to somewhere near historic averages.
- The SPA has received an unqualified audit opinion for the year ended 30 June 2017.

Key Points and Statistics

- Summary of financial assumptions:

	30 June 2017 actual	30 June 2017 budget	30 June 2016 actual
Discount Rate	3.51%	6.00%	2.69%
CPI	2.00%	2.50%	2.50%
Salary Growth	2.75%	3.50%	3.50%

Background Information

- n/a

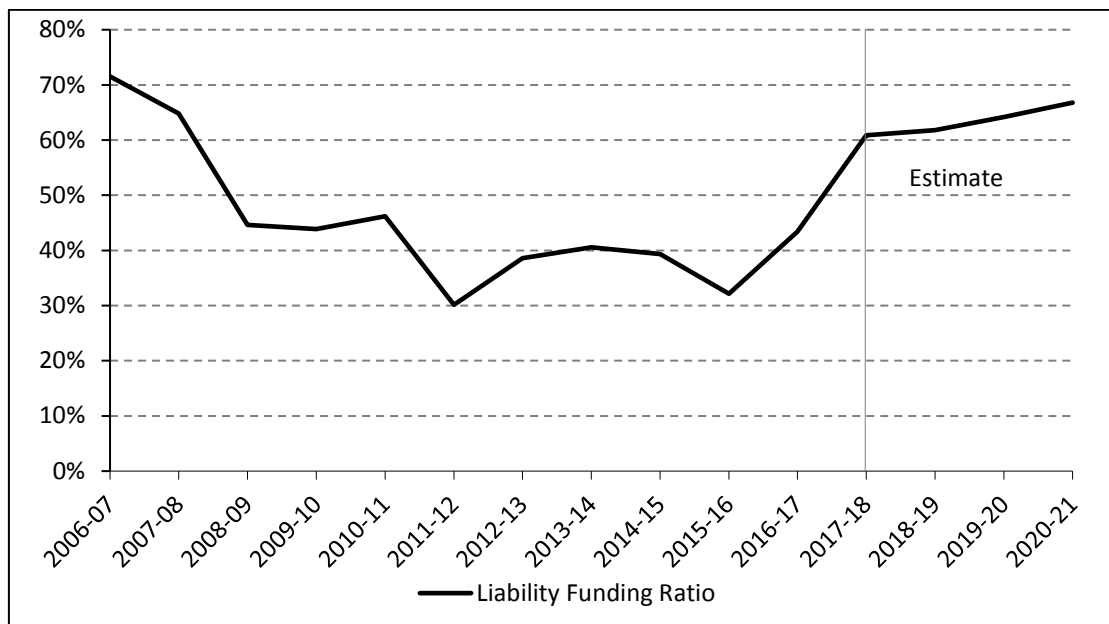
TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: SUPERANNUATION FUNDING PLAN

Talking Points

- The coverage ratio of the Territory's defined benefit superannuation liability with investment assets as at 30 June 2017 is 43 per cent using the audited liability valuation of \$8.6 billion calculated from the discount rate of 3.51 per cent, CPI 2 per cent and salary growth 2.75 per cent.
- Applying the long-term budget discount rate of 6 per cent and budget financial assumptions, the coverage ratio at 30 June 2017 would have been an estimated 61 per cent.
- The coverage ratio is estimated to increase to around 67 per cent by 30 June 2021, assuming a long-term average discount rate of six per cent and the revised target investment return of CPI plus 4.75 per cent per annum from 1 July 2017.
- Fully funding the superannuation liability by 30 June 2030 remains on target based on the current assumptions.

Key Points and Statistics



Background Information

- n/a

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: SPA INVESTMENT PORTFOLIO RETURN AND OUTLOOK

Talking Points

- For 2016-17, the SPA investment portfolio achieved a net of fees return of 10.22 per cent compared with the performance benchmark return of 9.90 per cent.
 - The key drivers of the return were Australian equities (12.49 per cent), International Equities (19.69 per cent) and Australian Property (10.72 per cent).
- The SPA asset allocation was around 65 per growth and 35 per cent defensive assets over the year.
 - The median return of 'balanced funds' (funds growth allocation of 60-76 per cent) was 9.74 per cent for the year (source: Superratings.com.au).
- Over the last 21 years to 30 June 2017, the SPA investment portfolio has achieved an annualised investment return of CPI plus 5.15 per cent per annum (the nominal return being 7.75 per cent), which is in line with the long-term target investment return objective.
- The Australian and global economic environments continue to experience low inflation, low cash and bond interest rates, low wages growth and low GDP growth.
- There is a body of advice supporting expectations for lower interest rates and investment returns going forward and the outlook for investment returns over the next ten years remains challenging with a general view for returns to be lower and more volatile.
- The SPA investment portfolio currently has a high cash exposure of around 20 per cent recognising the prevailing market volatility and associated risks.

Key Points and Statistics

- n/a

Background Information

- n/a

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: STATUS OF IMPLEMENTATION OF RESPONSIBLE INVESTMENT POLICY

Talking Points

- The Government's Responsible Investment Policy has undergone a significant transformation in recent years and by comparison to peers, we consider it to be a class leading policy that is supported by measurable implementation actions.
- The Government's policy not only seeks to reduce share portfolio exposures to fossil fuel reserves, carbon emissions and carbon intensity, but it also integrates an environmental, social and governance and international norms-based risk assessment, business activity investment screens, active ownership and share voting, and reporting and disclosure.
- Under the current framework we consider we have adequately addressed the risk of stranded assets and have significantly reduced our investment exposures to companies with fossil fuel reserve ownership, especially thermal coal reserve ownership. The framework is also limiting our exposures to high carbon emitting companies and sectors.

Key Points and Statistics

- At 30 June 2017, the carbon footprint for the Australian shares portfolio is 163.7 tonnes of CO₂/US\$m invested compared with 183.5 for the general market index and 159.2 for the MSCI ESG index.
 - Fossil fuel reserves exposure is 51 per cent lower than the market index with only 3.5 per cent of portfolio value being exposed to thermal coal reserves, a 71 per cent reduction in exposure compared to the market index.
- At 30 June 2017, the carbon footprint for the international shares portfolio is 66.7 tonnes of CO₂/US\$m invested compared with 128.3 for the general market index and 68.0 for the MSCI low carbon leaders index.
 - Fossil fuel reserves exposure is 71 per cent lower than the market index with no exposure to thermal coal reserves.
- Actual share holdings at 30 June 2017 compared with Parent indexes.

	Aust. Shares	Int. Shares
MSCI 'Parent' index	278	1,586
MSCI 'Custom ESG' index	273	1,456
Number of Excluded Stocks	5	130

Background Information

- Nil

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: TERRITORY BANKING ACCOUNT INVESTMENT PORTFOLIO RETURN

Talking Points

- To facilitate an efficient cash and investment management structure, a centralised investment platform facility is provided through the Territory Banking Account, which makes available a range of single and multi-asset class funds for directorates and Territory Authorities to meet their specific investment objectives.

Key Points and Statistics

- The active investment funds through 2016-17 and their respective net of fees returns comprised:
 - Cash Enhanced Fund (\$1,144 million): 3.18 per cent;
 - Domestic Fixed Interest Fund (\$240 million): 0.26 per cent
 - Conservative Index Fund (\$20 million): 2.66 per cent (12/9/16 to 30/6/17)
 - Balanced Index Fund (\$7 million): -0.51 per cent (17/5/17 to 30/6/17)
- The total aggregate investment portfolio investment return for the 2016-17 financial year was 2.67 per cent compared with the benchmark return of 1.55 per cent.

Background Information

- n/a

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: TERRITORY BORROWINGS

Talking Points

- No new general government borrowings were required in 2016-17 as reflected in the 2017-18 Budget.
- PTE borrowings for Icon Water increased by \$50 million compared with the 2015-16 actual outcome. This was around \$60 million lower than the original 2016-17 budget estimate.

Key Points and Statistics

- A summary of the net change in outstanding borrowings from 30 June 2016 to 30 June 2017 follows:

	2015-16 Actual	2016-17 Budget	2016-17 Actual	Change Actual to Actual	Change Budget to Actual
	\$m	\$m	\$m	\$m	\$m
General Government Sector					
Market Borrowings	1,941.1	1,946.4	1,941.8	0.7	-4.6
Historic Commonwealth Loans (self-government)	75.7	71.8	71.8	-3.9	0
Commonwealth Loan – Asbestos Eradication Scheme	1,000.0	1,000.0	1,000.0	0	0
Finance Leases	3.0	3.3	0.3	-2.7	-3.0
Sub-Total	3,019.8	3,021.5	3,013.9	-5.9	-7.6
Public Trading Enterprise Sector					
Market Borrowings	1,535.0	1,646.4	1,586.0	51.0	-60.4
Historic Commonwealth Loans (self-government)	67.5	62.8	62.8	-4.7	0
Sub-Total	1,602.5	1,709.2	1,648.8	46.3	-60.4
Total	4,622.3	4,730.7	4,662.6	40.3	-68.0

Background Information

- n/a

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ACT INSURANCE AUTHORITY OPERATING RESULT 2016-17

- The Authority's actual operating result for 2016-17 is a surplus of \$25.9 million, being \$25 million higher than the budgeted surplus of \$0.9 million; and
- The Authority's balance sheet resulted in an equity position of \$95.5 million as at 30 June 2017, this was higher than the budgeted position of \$61.8 million.

Key Points

- The surplus on the operating statement and the increase in the equity position is the result of lower than expected claims expenses due to changes in actuarial assumptions. The changes in actuarial assumptions are mainly due to actual claim payments being made earlier than expected.
- The Authority's equity position of \$95.5 million represents a funding ratio of 138%, this is above the targeted ratio range of 100% to 110% outlined in the Authority's Capital Management Plan. The Authority will continue to monitor its funding ratio and consider any action as part of the 2018-19 budget.

Background Information

- The Authority operates as the captive insurer for the ACT Government and provides a range of insurance, claims and risk management services to ACT Government Directorates and Statutory Authorities.
- The Authority operates on a cost recovery basis by collecting premiums from Directorates and Statutory Authorities to meet the cost of insurable claims and losses. The Authority's operating costs are largely driven by provisioning for future claims and current claims expense.
- The Authority works to protect the assets and services of the Territory by providing a range of insurance services and risk management support to a large and diverse client base.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ICON WATER – 2016-17 ANNUAL REPORT HIGHLIGHTS

Talking Points

- Icon Water reported a strong financial result for 2016-17 with a profit after tax of \$96.9 million and income tax equivalent payments to the ACT Government of \$43.4 million (compared with \$122.3 million of profit after tax and \$50.6 million in 2015-16).
- The reduced profit from the previous year was mainly due to lower volumes and margins in water and gas and lower receipts from gifted assets.
- The 50 per cent ownership of the ActewAGL Joint Venture continued to be a strong commercial investment with Icon Water receiving \$87.9 million in its share of net profits. This was \$12.2 million lower than in 2015-16 mainly attributable to lower gas margins.

Key Points and Statistics

- 16 out of 20 key service delivery outcomes were within target range. Overall customer satisfaction was 89 per cent. Water quality continues to be high and sewage treatment meets environmental requirements (Annual Report pages 39-47).
- Inflows continued into the four reservoirs which are presently at 82 per cent capacity (as at 14 September 2017). Cotter 100 per cent, Googong 98 per cent, Bendora 93 per cent and Corin 60 per cent.
- New water and sewerage pricing was introduced following regulatory determinations in July 2016 (annual water/sewerage bill rose by around 1%) (Annual Report page 46).
- At 30 June 2017 Icon Water had 172,000 water and 171,500 sewerage customers (169,000 and 168,000 in 2015-16) (Annual Report page 10).
- Staff in 2016-17 were around the same level as the previous year with 385 FTE (Annual Report pages 25 - 27).
- Business transformation activity continues with a focus on people and processes (Annual Report page 45).
- Capital works and major infrastructure works are summarised on pages 43-44 of the Annual Report. Significant work continued to be done on the Lower Molonglo water quality control centre and the replacement sewer mains program continued across Canberra.
- Evaluation of the future management and operations of the Murrumbidgee to Googong Pipeline continued with the outcome being to provide a long-term management plan for the pipeline (Annual Report page 43).

- Community engagement was a high priority and the Icon Water Community Consultative Forum was established and was continuously active (Annual Report page 31/32). Community Engagement, major events and sponsorship spend \$453k in 2016-17, \$493k in previous year (Annual Report pages 35 – 36).
- Board/Senior Executive Remuneration. Pages 23 - 24 of the Report and pages 60 – 63 of the Financial Statements (Nil redundancies).
- Dr Michael Easson and Dr Allan Hawke left the Board and Wendy Caird was appointed the new Board Chair and two new Directors were appointed - Abigail Goldberg and Brett Tucker (Annual Report page 6).
- The boards of the two subsidiary companies were increased from 4 to 8 directors and now include all Icon Water Board Directors to enhance oversight of the energy investment in ActewAGL.

Background Information

- Nil

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ICON WATER - SUMMARY OF FINANCIAL RESULTS 2016-17

Talking Points

- Icon Water reported a strong financial result for 2016-17 with a profit after tax of \$96.9 million and payments of \$43.4 million in income tax equivalents (compared with \$122.3 million of profit after tax and \$50.6 million of income tax equivalents in 2015-16).
- The reduced profit of \$25.5 million and \$7.2 million less in income tax equivalents from the previous year was mainly due to lower volumes and margins in water and gas and lower receipts from gifted assets.
- The 50 per cent ownership of the ActewAGL Joint Venture continued to be a strong commercial investment with Icon Water receiving \$87.9 million in its share of net profits. This was \$12.2 million lower than in 2015-16 due mainly to lower gas margins.

Key Points and Statistics

- Summary of Net Profit after Tax (NPAT) and payments to the ACT Government

Item (Financial Statements Page No)	2015-16 Actual \$'000	2016-17 Budget \$'000	2016-17 Estimated Outcome \$'000	2016-17 Actual \$'000
Net Profit Before Tax(p8)	172,953	116,665	120,475	140,269
Less Income Tax Equivalent (p8)	50,619	34,999	37,336	43,385
Net Profit After Tax (p8)	122,334	81,666	83,139	96,884
Less Dividend Relief/ Gifted Assets (p24/25)	17,044 25,251	9,890	9,431	18,796
Net Dividend payable(p19)	80,039	71,776	73,708	78,088
Share JV Net Profit Included above (pre tax)(p15)	100,167	73,163	82,155	87,927

Note: does not show payments to ACT Government for Water Abstraction Charge and Utilities tax (approx \$35 million)



- Gearing Levels

2015-16 - Actual	54.6%
2016-17 - Budget	55.2%
2016-17 - Actual	54.9%

Note: The industry norm for a water utility is around 60 per cent

Background Information

- N/a

Executive Responsible: Nicole Masters, A/g Executive Director
Economic and Financial Group

Ext: x52895
October 2017

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ICON WATER – SHAREHOLDER APPROVAL RESPONSIBILITIES

Talking Points

- A territory-owned corporation (TOC) is a fundamentally different entity to a Government agency. The norms applying to public sector managers concerning their terms of employment and operational requirements have no necessary relevance to those of a TOC.
- Being formed under the Corporations Act the directors and management owe defined duties to the corporation itself as distinct from its Shareholders. They are bound to perform their functions in what they consider to be the best interests of the corporation rather than any other entity.
- A breach of the duties and obligations established by the Corporations Act can lead to major pecuniary or criminal penalties.
- In contrast, public employees primarily owe their duties to the Government of the day and are bound to comply with Public Service Standards, guidelines and policies.
- The Voting Shareholders who must be Ministers do not generally become involved in the internal affairs of the company unless required to do so in keeping with the TOC Act.
- The obligations of the Voting Shareholders under the TOC Act are generally confined to approving director appointments and their remuneration, changes to the constitution, and the acquisition or disposal of main undertakings. Otherwise, unless the Shareholders intervene to the contrary, it is the Board and their management team who must take the eventual decisions in relation to the day to day operations of the company.

Key Points and Statistics

- Icon Water is registered as a company under the *Corporations Act 2001* (Cwth) and is also subject to the *Territory-owned Corporations Act 1990* (TOC Act).
- Icon operates as an independent corporation, under the direction of a Board of Directors and is managed by an executive management team.
- A TOC is required to have two voting shareholders who must be ministers and who do not generally become involved in the internal affairs of the company unless required under the TOC Act.

Background Information

- The Shareholder responsibilities are separate from those of the Chief Minister, the Portfolio Minister and the Treasurer as shown in the following table:

Title	Responsibilities in relation to Icon Water under the <i>Territory-owned Corporations Act 1990 (TOC Act)</i>
Chief Minister	Responsible for appointing the Voting Shareholders
Portfolio Minister	Designated Minister responsible under the Administrative Arrangements for the <i>Territory-owned Corporations Act 1990</i> particularly for notifying the assembly of certain matters such as the establishment of a new TOC, changes to the constitution, tabling the Statement of Corporate Intent and the Annual Report.
Treasurer	Responsible for lending money to or approving the borrowings of a TOC
Voting Shareholders	Must be a Minister, ensure the company constitution complies with the TOC Act, appoints the company directors, issue directions to the company, approve new company acquisitions or disposals of main undertakings, comment on and give consent to the company Annual Statement of Corporate Intent, attend the Annual General meetings and receive the Annual Report and Financial statements, agree the dividend to be paid annually.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ICON WATER - DIVIDEND POLICY AND DEBT STRATEGY

Talking Points

- The Voting Shareholders decide on an appropriate dividend and debt strategy in consultation with the Board having regard to overall profitability, the gearing level and future capital expenditure.
- The long standing dividend policy has been set at 100 per cent Net Profit After Tax (NPAT) although the Voting Shareholders did agree to a one-off lower dividend payout ratio of 65 per cent NPAT in 2015-16 at Icon's request.
- The Shareholders have a preference for Icon to maintain an appropriate and sustainable gearing level during various phases of the capital investment cycle. This is in keeping with applying the intergenerational principle to long life assets which will continue to deliver services to future customers as part of their long term investment horizon.
- Icon's gearing ratio in 2016-17 was 54.9 per cent compared to a general industry benchmark of around 60 per cent infrastructure companies.

Key Points and Statistics

- N/A

Background Information

- ActewAGL has not undertaken any borrowings since it was established in 2000. This is primarily because of the joint and several liability of partnership debt. This means a claimant can choose to sue all partners together or individually unless there is a valid agreement to the contrary.
- Icon is looking to establish a debt facility to be shared equally with its joint venture partners, Jemena and AGL.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: TERRITORY-OWNED CORPORATIONS ACT 1990 - SIGNIFICANT EVENTS

Talking Points

- Section 16A of the Territory-owned Corporations Act 1990 (TOC Act) requires Icon Water to keep the Shareholders informed of matters of significance. This is not a prescribed notifiable process and does not involve maintaining a register.
- This provision places a general obligation on the directors to keep the Shareholders informed about key matters and is not directed at any specific events.
- Icon routinely advises the Shareholders of significant events in writing or through discussions.
- The TOC Act provides examples of significant events including new ventures, significant changes to existing activities, or activities involving significant risks or likely to attract adverse publicity.

Key Points and Statistics

- N/a

Background Information

- As part of a recent Question on Notice (QON 639) Mr Coe asked for a consolidated list of all significant events notified by Icon to the Shareholders for 2011-12, 2016-17 and 2017-18 to date.

Treasurer's Portfolio

10 November 2017

Public Accounts Committee: 2.30pm – 3.15pm

Output Class 7.1

	Output Title and No.	Brief Title
1.	Shared Services Output 7.1 (refer p57,58 V1)	Automation of Long Service Leave calculations with enhanced functionality for ACT Government Employees
2.	Shared Services Output 7.1 (refer p57,58 V1)	Human Resource Information Management System
3.	Shared Services Output 7.1 (refer p57,58 V1)	Implementation of an Accounts Payable Invoice Automation Solution
4.	Shared Services Output 7.1 (refer p180, V1)	Staffing/Contractor Numbers
5.	Financial Statements Output 7.1 (refer p88, V2.1)	Shared Services Operating result (2016-17 Actual v2016-17 Budget)
6.	Financial Statements Output 7.1 (refer p238,239,240 V2.1)	Shared Services Accountability Indicators (2016-17 results)
7.	Financial Statements Output 7.1 (refer p88, V2.1)	Shared Services 2016-17 Controlled Recurrent Payments
8.	Shared Services Output 7.1	ActewAGL/Icon Water Service Agreement

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: AUTOMATION OF LONG SERVICE LEAVE CALCULATIONS WITH ENHANCED FUNCTIONALITY FOR ACT GOVERNMENT EMPLOYEES

Talking Points

- As announced in the 2016-17 ACT Government Budget, the Government provided \$1.883m in capital expenditure to automate the process of calculating the Long Service Leave (LSL) entitlements.
- Automated LSL functionality was not included when Chris21 was implemented as it did not meet the Territory's requirements at that time.
- Due to the need to perform a software upgrade to Chris21 and the complexity ensuring data accuracy and migration, the Government is aiming to go live in the first half of 2018.

Key Points and Statistics

- Currently, the process of calculating LSL is performed manually and there is no employee self-service functionality for staff to view their LSL balances, nor an on-line application process to access their leave entitlement.

Background Information

- LSL entitlements for employees of the ACT Government are calculated manually by Shared Services consolidating data from a number of separate sources.
- The benefits expected to be achieved from the LSL project include lower Shared Services costs due to a reduction in manual processes, improved consistency of the calculation of long service leave entitlements, enhanced processes and increased employee satisfaction.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: HUMAN RESOURCE INFORMATION MANAGEMENT SYSTEM

Talking Points

- In March 2016, the Treasurer approved the finalisation of the HRIMS Upgrades (Ratons Decommission Project) and commissioned a Human Resource Information Management System (HRIMS) Feasibility Study in 2016-17.
- The Feasibility Study identified Whole-of-Government (WhoG) needs and requirements in respect of both Payroll and Human Capital Management (HCM), and clearly articulates options for a HRIMS future road map and strategy for ACT Government. The next stage in the process commenced in February 2017, being Stage I (preparation and Government readiness stage) followed by Stage II (review of alternate solutions within the market).
- In the 2017-18 ACT Government Budget \$11.0m in capital funding was approved for the implementation of a new HRIMS.
- The HRIMS Request for Expression of Interest (REOI) was released to the market and closed on 12 September 2017. The subsequent Request for Proposal is to be released in late October to selected tenderers following final preparation of the Statement of Requirements.
- High level Governance board chaired by the Director-General of Health, will oversight the program.

Key Points and Statistics

- The current HRIMS is not fit for purpose as it does not meet the Directorates needs for better payment, reporting and salary management capabilities. As a result the feasibility study was commissioned under a whole of government initiative to review the ACT's HRIMS requirements and outline a strategic direction for providing HR and Payroll Services into the future.

Background Information

- In 2011 a body of work (Noetics report) was commissioned to review the current HRIMS environment to seek improvements. At the time, the report concluded that whilst the current HRIMS was not optimal, the estimated cost of \$30m to replace the system was cost prohibitive.
- In 2014-15, the ACT Government provided \$3.6m to fix deficiencies in the existing HRIMS. Following evaluation and stabilisation to the existing system, the HRIMS project committee assessed the major system risks had been mitigated and further works would not have a material impact in reducing any residual risk further, as such the surplus funds were returned to the Budget.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: IMPLEMENTATION OF AN ACCOUNTS PAYABLE INVOICE AUTOMATION SOLUTION

Talking Points

- The Government provided \$2.09 million to the Accounts Payable Invoice Automation Solution (APIAS) project in the 2014-15 budget. The endorsed Business Case proposed that the project was planned to be delivered by December 2015.
- There was a delay to the original scheduled go-live date due mainly to a protracted procurement process and the identification of several deficiencies in the solution.
- A staged go-live release commenced in late July 2017 with a release to all Directorates completed during September 2017. Suppliers have been advised in writing of the project and 'town hall' sessions were held during September 2017.
- The project will result in cost and time efficiencies, with improved timeliness of payments to suppliers.

Key Points and Statistics

- A number of ACT Government projects are potentially duplicating system functionality, diminishing the benefits of the APIAS. The project teams are working in collaboration to minimise the potential duplication risks of multiple solutions.
- There are significant change management aspects to this project, with estimates of over 3,000 users across ACT Government and over 12,000 suppliers.

Background Information

- The strategic objective of improved efficiency and effectiveness in key cross directorate functions is being pursued with a significant opportunity in the invoice payment process across ACT Government by delivering the following key benefits:
 - Resource optimisation
 - Transparency and visibility
 - Strengthened controls
 - Improved supplier relationships
- In April 2016 a contract was signed with Converga for a cloud based software as a service solution.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: STAFFING/CONTRACTOR NUMBERS

Talking Points

- Shared Services relies on contractors where it is difficult to attract or retain specialists in direct employment roles.

Key Points and Statistics

- As at 6 October 2017 Shared Services had approximately 822 employees and 111 contractors for a total head count of 933.
- The average daily rate contractors are paid is \$729.49.
- There are 10 contractors currently paid \$1,000 per day or more, which equates to approximately 9% of contractors.

Background Information

- Currently, there is a high demand for ICT roles such as Cloud Security Specialists, Identify Access Management Specialists and Java Analysts and Programmers, testers, developers and project management.
- Shared Services was part of the Smart Modern Strategic (SMS) Procurement Reform Program that has seen us move to the new ACT Contractor Central labour hire business solution in April 2017.
- This solution was proposed to assist Shared Services to improve the selection of the contractor with the right skills at the best rate.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: SHARED SERVICES OPERATING RESULT (2016-17 ACTUAL v 2016-17 BUDGET)

Talking Points

- Shared Services continues to meet its annual budget and as a result has delivered over \$360 million in savings to the ACT Government since its inception in 2007.

Key Points and Statistics

- Shared Services has met its budget every year since its inception in 2007.
- Shared Services Operating Result for the year ended 30 June 2017 was \$11.806 million better than budget due mainly to:
 - higher Other Gains (\$1.039 million) due to the transfer of the Kronos asset from Community Services Directorate to Shared Services during 2016-17;
 - lower Superannuation expenses (\$1.762 million) due mainly to lower than budgeted staffing levels and a technical budget adjustment; and
 - lower Depreciation and Amortisation expenditure (\$6.847 million) due mainly to assets including the Private Data Network and Allara, Eclipse and Callam office fitout being fully depreciated during 2016-17.

Background Information

- Shared Services is a cost recovery agency and only receives a small percentage of appropriation with the majority of costs recovered through User Charges to ACT Government Directorates and agencies.

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: SHARED SERVICES ACCOUNTABILITY INDICATORS (2016-17 RESULTS)

Talking Points

- For the year ended 30 June 2017 Shared Services met 12 of its 13 performance accountability indicators with a 5 per cent or less variance from the original target.
- The only accountability indicator that underperformed its performance target by greater than five per cent from the original target was the 'average time taken for telephone ICT service request to be answered by Service Desk Officer' (Outcome: 33 seconds, Target 20 seconds). This was due to significant increase in call volumes in early 2017 as a result of accommodation moves in Health and a greater focus on first time resolution. Changes have been made to the management of HR Service Desk resourcing to ensure significant improvements to call waiting times.

Key Points and Statistics

- Nil

Background Information

	Original Target 2016-17	Actual Result 2016-17	% Variance from Original Target
Shared Services 2016-17 Accountability Indicators			
a. Email availability across government during core business hours	100%	100%	0%
b. ICT service requests made via the Service Desk are resolved within Service Level Agreements' timeframes	90%	92%	2%
c. Average time taken for telephone ICT service requests to be answered by a Service Desk Officer	20 seconds	33 seconds	(65%)
d. Number of successful attacks on internally hosted ACT Government websites	0	0	0%
e. Human resources service requests made via the Service Desk are resolved within Service Standard timeframes	90%	93%	3%
f. Data for Annual Reports and the Workforce Profile are provided within the agreed timeframe	100%	100%	0%
g. Performance standards in Recruitment Services for permanent and temporary vacancies services specifications achieved	95%	97%	2%
h. Business Activity Statements completed in accordance with the ATO deadline	100%	100%	0%
i. Fringe Benefits Tax Return submitted to the ATO in accordance with the ATO deadline	100%	100%	0%
j. Monthly financial information available for use by agencies by 6th working day of the month	100%	100%	0%
k. Annual financial statements completed and provided to agencies by 10th working day of July	100%	100%	0%
l. Average time (working days) taken to enter accounts payable invoices into Oracle following receipt at Shared Services Finance from directorates	2	2	0%
m. Finance service requests made via the Service Desk are resolved within Service Standards timeframes	90%	94%	4%

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: SHARED SERVICES 2016-17 CONTROLLED RECURRENT PAYMENTS (CRP)

Talking Points

- Shared Services only receives a small portion of appropriation which is mainly for Government funded initiatives.

Key Points and Statistics

- The actual Controlled Recurrent Payments (previously known as GPO) drawn in 2016-17 of \$13.516 million was \$7.006 million or 34 per cent lower than budget.
- The variance is mainly due to \$3.249 million for the Macarthur House Decommissioning program rolled over to 2017-18 and \$1.815 million Whole of Government Software Upgrade rolled over to 2017-18 due to delays with these programs.

Background Information

Shared Services Controlled Recurrent Payments	2016-17 Budget \$'000
Addressing the ICT Skills Shortage (Trainees)	970
Data Storage Infrastructure	2,609
Application Security and Web Inspection System	20
ICT Sustainability	95
Enhancing Security for Email and Internet Usage	96
Hybrid Cloud	600
Whole of Government Software Upgrade	4,449
Data Centre programme	3,249
Remaining GPO after AAO Transfers	249
Records Management Services	919
HRIMS Upgrade	859
Publishing Services	617
Administration of Territory Taxation Management	9
Invoice Automation	50
Oracle EBS Asset	190
CMTED Overhead Allocation	5,541
Total Controlled Recurrent Payments	20,522

TREASURER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ACTEWAGL/ICON WATER SERVICE AGREEMENT

Talking Points

- The mandate and governance structures of Shared Services are focused on delivering agreed corporate services to ACT Government Directorates and Agencies.
- The range and type of services provided to Icon Water under their Services Agreements are significantly different to those provided by Shared Services.
- In particular the Icon contract includes direct customer services to the ACT Community including meter reading, household billing and first response contact centre calls. None of which are in scope within the range of services offered by Shared Services.
- Shared Services does not have the systems, controls nor expertise in areas like pricing, contract management and tendering to provide services to organisations external to the core ACT public sector agencies.

Key Points and Statistics

- Shared Services is not in a position to offer services to Icon Water for services covered in Icon Water Services Agreements.

Background Information

- The Government has previously been questioned as to why Shared Services was not considered an option for the delivery of corporate services to Icon Water.

2016-17 CMTEDD Portfolio - Chief Minister
Annual Report Hearing Brief Index
Day Five – Friday 10 November 2017, 2:30-3:15pm

Output Class 1.2: Public Sector Management

TAB 1

Brief Number	Brief Title	Volume	Page No.
1.	Enterprise Agreement progress	N/A	N/A
2.	An agile, responsive and innovative public service workforce of the future (Output 1.2 Strategic Objective 3)	1	33-34
3.	ACTPS Leadership and Development Framework (Output 1.2 Accountability Indicator D)	1	33-34
4.	Public Sector Standards Commissioner	1	33, 34
5.	Professional Standards Unit	1	33, 34
6.	ACT Remuneration Tribunal - Major Review: Act Public Service Executive Remuneration, Allowances And Other Entitlements	1	33, 34
7.	ACTPS Graduate Program	1	33, 34
8.	Employment of Aboriginal and Torres Strait Islander Peoples in the ACTPS	1	25, 26, 33, 175
9.	Employment of People with Disability in the ACTPS	1	33, 34, 175
10.	Diversity Targets	N/A	N/A
11.	LGBTIQ inclusion in the ACTPS	1	176
12.	Family and Domestic Violence Awareness And Leave Provisions	1	33, 34
13.	ACTPS Recruitment Guidelines	N/A	N/A
14.	Amendments to the <i>Public Sector Management Act 1994</i> and Public Sector Management Standards 2016.	1	33, 34
15.	Activity Based Work and the Government Office Blocks	1	33, 34
16.	Conclusion of misconduct investigations against former ACTPS employees	1	33, 34
17.	Healthy Weight Initiative – transition to Preventative Health	1	33, 34
18.	Employee Support	1	33, 34

TAB 2**Head of Service – State of Service Reporting**

Brief Number	Brief Title	Volume	Page No.
1.	2016-17 State of the Service Report	N/A	-
2.	Bullying Incidents in ACT Government	N/A	53-54
3.	Diversity Targets	N/A	N/A
4.	Employment Growth in the ACTPS	N/A	49-52
5.	Public Interest Disclosures (PIDs)	N/A	18
6.	Pay gap between men and women	N/A	43-45
7.	Corrigenda for last year's State of the Service Report	N/A	N/A
8.	Attraction and Retention	N/A	N/A

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ENTERPRISE AGREEMENT PROGRESS

Talking points

- The Government remains committed to maintaining the size of the ACT Public Service, a pay outcome which maintains real wages and to a consultative and inclusive approach to industrial relations.
- The rostering changes sought are to enable services to be delivered at times that meet the expectations and service needs of the community.
- Roster changes will be only be implemented after a consultative process which includes working with individuals on their specific needs and with sufficient notice to make changes to their personal circumstances.
- Consultation on change is important and will remain so. The proposed changes allow for meaningful pre-decision consultation on matters that count.
- Superannuation is an important part of the employment package. The Government already pays well above the legal minimum to support employees in their retirement.
- The Government remains committed to continuing the negotiations to ensure the agreements are finalised as soon as possible.

Key points and statistics

- The Government's pay offer will ensure workers' wages keep pace with inflation over the life of the agreement. Currently the CPI is 2.1% (June Quarter 2017) – still more than the pay offer in the Commonwealth.
- Negotiations with unions and bargaining agents are continuing.
- We are not seeking an unfettered right to move any employee on to a roster. We want to have a genuine conversation with unions about what safeguards are necessary to get the balance right.
- We are seeking terms in the Agreements that recognise that disputes can only be about workplace matters, not any matter regardless of whether it forms part of the employment relationship. Access to the Fair Work Commission for disputes continues.

Background information

- The Government's claims were presented to the unions on 3 May 2017. To date the Government has received 13 union and seven non-union bargaining representative logs of claims.

- The Government's representatives meet with the unions and bargaining agents on a regular schedule.
- The Government's pay offer reflects the election commitment to maintain real wages at a rate equivalent to CPI – currently assessed for the year ending June 2017 to be 2.1% pa.
- The Government log identifies the four operational areas where significant reform will be sought i.e. ACTION Buses, Nursing and Midwifery, Medical Practitioners and Fire and Rescue. In addition, the Canberra Institute of Technology will opt for a shorter term agreement in anticipation of significant reform to be sought in 2018/9.
- The union claims vary, however, are consistent in seeking annual pay increases of at least 3%; and an increase of paid parental and maternity leave entitlements to 26 weeks.

Backdating:

- The last pay rise under the current agreements was in April 2017 and the Government is offering backdating to 1 October 2017.

Rostering:

- Currently, the introduction of a new roster requires the agreement of a majority of affected staff, measured through a staff ballot. This may be in an area where no rosters exist already, or where a roster already is in place but significant changes are proposed (which have the effect of making it a new roster).
- This is a major productivity blocker when staff agreement cannot be reached.
- The *Fair Work Act 2009* does not require a staff ballot.

Consultation:

- We are not seeking to reduce consultation to the Fair Work Act minimum.
- We remain committed to pre-decision consultation and to consulting on more than just 'major' change.
- We want to discuss with the unions where the middle ground is between consulting on everything and only consulting on matters of major significance.

Dispute Resolution:

- Our proposal does not seek to restrict access to the Fair Work Commission (FWC). The FWC Commission can only hear and determine matters that relate to the agreement.

Superannuation:

- The Government has during the term of the current agreements paid over the legal minimum requirement for superannuation.
- Historically the Government has resisted the inclusion of superannuation in enterprise agreements as it is provided for elsewhere and any small increase in superannuation contributions has a large cost. In addition, this allows for flexibility to bring in temporary agreements (such as the Superannuation Guarantee MOU in the last round).
- The Government has rejected the union claim to increase Superannuation to 15.4%. This would have a high cost - ~\$60M per year.

Redundancy:

- The strong commitment to redeployment remains as does the commitment to maintaining the size of the public service. We are seeking changes that make redeployment a real option and to sensitively and responsibly manage situations where an individual cannot be redeployed as they do not have transferable skills, even with retraining.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: AN AGILE, RESPONSIVE AND INNOVATIVE PUBLIC SERVICE WORKFORCE OF THE FUTURE

Talking points

The ACTPS workforce is being shaped and supported through whole of government workforce strategies to drive a more agile, responsive, and innovative Service into the future.

ACTPS Shared Capability Framework

- The ACTPS Shared Capability Framework (Capability Framework) was recently refreshed, streamlined and incorporated into employee and executive performance and development discussion templates.
- Work will continue to embed the Shared Capability Framework at each stage in the employee life cycle including with the planned implementation of a whole of Government Human Resources Information Management System (HRIMS).

ADAPT Strategic Workforce Planning Framework

- A whole of government Strategic Workforce Planning Toolkit (ADAPT: align, design, analyse, program, transform) was developed, piloted (in Community Services and Environment, Planning and Sustainable Development Directorates) and launched in 2016-17 to support workforce planning activities across the ACTPS.
- This resource includes guidance and tools designed to step users through each stage of the workforce planning process. Smart-form technology assists users to build evidence and ensure that workforce planning is tied to their strategic context and desired future states.
- Work will continue in 2017-18 on whole-of-government succession and talent strategies to create the systematic attraction, identification, development and retention of high-performing individuals.

Executive Learning and Development

- The pilot 'Leaders Leading Learning' executive development program (launched in September 2016 for Band 2 Executives) is now being delivered to a cohort of Band 1 Executives.
- The program consisted of three half day workshops, delivered by subject matter experts with a focus on leading innovation, engaging with risk and leading transformational change.
- Three Executive forums with key note speakers including the Chief Minister were delivered in 2016-17. Topics included digital leadership, change management and collaboration. More are planned for this financial year.



ACTPS Learning Strategy and Core Learning Policy

- Recent development of a whole of government ACTPS Learning Strategy and Core Learning Policy provide a coherent direction for employee development by aligning employee learning and skills development with the Government's priorities.
- The Learning Strategy targets and describes learning and development at three levels: Core, Highly Recommended and Leadership and contains learning evaluation metrics in the form of a program logic model and a maturity model.
- The core learning topics have been drawn from legislative and policy requirements together with the fundamentals of working in the ACTPS. The topics are applicable to all employees regardless of the directorate they work in or the position they hold. Completion of the core learning topics will provide a consistency of core skills development across the ACTPS. The core training modules are: ACTPS Induction Program, Workplace Health & Safety, Workplace Health & Safety for Managers/Supervisors, Family Violence, Respect Equity and Diversity, Performance and Development, Performance for Managers/Supervisors and Governance.
- To compliment core learning topics and add a dimension of flexibility for employees, highly recommended training has also been developed. Highly recommended training is directly linked to the Capability Framework and is determined from an analysis of an individual employee's capability, skill set and job role requirements.

ACTPS Performance Framework

- Work has been undertaken to align the ACTPS Performance Framework with the Capability Framework. This included redesigning the templates as 'a plan on a page' to increase usability and incorporate a 'shared capability' discussion and refreshing the Directors-General templates to clarify performance indicators. A new platform has been created on the ACTPS Employment Portal to present employee resource documents that accompany both frameworks.

Workforce Transformation and Employee Engagement

- Work on the strategies design and implementation of workforce transformation continues. This work will assist the transition of the ACTPS workforce to new ways of working and maximise the potential of Activity Base Work environments.
- Employee engagement is a current focus for whole of government workforce strategy. Engaged employees create workplaces which are high performing, more innovative and achieve successful, continuous adaptation to the challenges they face. Contemporary 'people management' theory focuses on techniques which encourage intrinsic engagement through employees' fostering a connection to meaningful work and more autonomous working practices.
- In 2017-18, a working group consisting of HR practitioners from across the Service began to implement these contemporary people management principles by designing and delivering a program of: employee engagement diagnostics; policy reform; training; development; and communication tools and resources for ACTPS workplaces.

ACTPS Employment Portal

- In 2016 a new online resource and website - the ACTPS Employment Portal (the portal) was launched. The portal is a centralised resource that houses all of the whole of



Government employment conditions, rights and obligations you need to know as an ACT Public Servant. It also provides cohesive workforce planning, performance and capability frameworks.

- In preparation of the launch a number of documents have been reviewed and restructured including the ACTPS Induction Manual. As part of the launch a gateway for executives was developed that contains information for executives including a self-select induction program, information on employment conditions and development opportunities.

Key points and statistics

- Information on learning and development activities can be found in directorate annual reports.

Background information

- The Capability Framework was released in late 2015 and describes the key behaviours, skills and knowledge which can be universally expected at every organisational level in ACTPS workplaces. With five capability domains; (Service Delivery, Teamwork, Achieves Results with Integrity, Thinking & Innovating and Leadership) the Capability Framework provides the basis for targeted recruitment, learning and development, and succession and talent strategies.
- The ACTPS Performance Framework was implemented service-wide in 2013. The ACTPS Performance Framework is a mechanism for the creation of a high performing workforce through engaging and developing employees and setting clear expectations of work performance

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ACTPS LEADERSHIP AND DEVELOPMENT FRAMEWORK

Talking points

ACTPS Shared Capability Framework

- The ACTPS Shared Capability Framework (Capability Framework) was recently refreshed, streamlined and incorporated into employee and executive performance and development discussion templates. Work will continue to embed the Shared Capability Framework at each stage in the employee life cycle including with planned implementation of a whole of Government Human Resources Information Management System (HRIMS).

Executive Learning and Development

- The pilot 'Leaders Leading Learning' executive development program (launched in September 2016 for Band 2 Executives) is now being delivered to a cohort of Band 1 Executives.
- The program consisted of three half day workshops, delivered by subject matter experts with a focus on leading innovation, engaging with risk and leading transformational change.
- Smaller peer group sessions are scheduled between each workshop to provide participants with the opportunity to debrief and brainstorm ways to implement strategies back in their workplaces.
- The future direction of the program will be determined later this year following feedback from the current cohort.
- Three Executive forums with key note speakers including the Chief Minister were delivered in 2016-17. Topics included digital leadership, change management and collaboration. More are planned for this financial year.

Inclusion Employment Traineeship

- The pilot Inclusion Traineeship (specifically for people who identify as having a Disability) was advertised in September 2016. There was a high level of interest in the program and over 200 applications were received. Ten trainees have commenced in the ACTPS since February 2017.
- The traineeship runs for 12 months and the trainees are required to complete a formal learning and development program which takes into account the capacity of the individual and the needs of the work area. Following successful completion of the traineeship, trainees are permanently appointed to the ACTPS at the Administrative Service Officer Class 2 or equivalent, depending on the directorate in which they are placed.



- All trainees and placement areas are provided with pastoral care, guidance and support from the Inclusion Team (located in the Workforce Capability and Governance Division) as part of the Traineeship Program.

Indigenous Traineeship

- In September 2016, 11 trainees successfully completed the 2015-2016 Indigenous Traineeship Program. The 2017 Indigenous Traineeship Program commenced in February 2017 with eight participants placed across the ACTPS. One participant left in August due to personal reasons, however is continuing study with CIT.
- As part of the traineeships, trainees are required to complete a formal learning and development program equivalent to a minimum Certificate III or similar.
- Following successful completion of the traineeship, trainees are permanently appointed to the ACT Public Service at the Administrative Service Officer Level 2 or equivalent depending on the Directorate in which they are placed.
- All trainees and placement areas are provided with pastoral care, guidance and support from the Inclusion Team (located in the Workforce Capability and Governance Division) as part of the Traineeship Program.
- The 2018 Indigenous Traineeship will be advertised in October 2017.

Australian School Based Apprenticeships (ASBAs)

- There are currently 15 ASBAs in place in the ACTPS in the Education Directorate (5 Aboriginal and Torres Strait Islanders and 10 people with disability).
- The Whole of Government Inclusion Team is currently working with directorates to arrange further placements for students. At this stage nine placements have been identified (2 in CMTEDD, 2 in CSD, 1 in Education, 1 in Shared Services and 3 in TCCS).
- This program is for Year 11 and 12 students who work with the ACTPS one day a week and stay at school for the other four with the option of working more during the school holidays. The apprentice is paid a small salary (between \$5 000 and \$9 000) and contributes to the workplace along with studying an appropriate certificate such as a Certificate II in business or administration.

Key points and statistics

- Information on diversity targets are included in a separate brief.

Background information

- The Capability Framework was released in late 2015 and describes the key behaviours, skills and knowledge which can be universally expected at every organisational level in ACTPS workplaces. With five capability domains; (Service Delivery, Teamwork, Achieves Results with Integrity, Thinking & Innovating and Leadership) the Capability Framework provides the basis for targeted recruitment, learning and development, and succession and talent strategies.
- The ACT Public Service (ACTPS) is committed to growing its workforce and it being reflective of the diverse community we serve.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: PUBLIC SECTOR STANDARDS COMMISSIONER

Talking points

The roles and responsibilities of the Commissioner are to:

- Conduct investigations (generally via delegation to the Professional Standards Unit) about misconduct allegations against an officer, employee or statutory office holder;
- Provide advice to the Chief Minister on issues arising from any investigations undertaken;
- Promote, uphold and provide advice on public sector values, public sector principles and conduct arising from any investigations undertaken;
- Undertake internal review of a staffing decision made by the Head of Service;
- Establish and maintain the Administrative Review and Investigations Panel; and
- Provide oversight of all public interest disclosure matters and an avenue of recourse where agencies are not dealing with disclosures properly (Public Interest Disclosure Act 2012).

Key points and statistics

Role of Commissioner for Public Administration and Functions Transferred to the Head of Service

Former Commissioner for Public Administration (CPA) functions retained by PSSC	Head of Service functions acquired from CPA
Conduct investigations about the management of an employee	Develop, oversee implementation and co-ordinate strategies to ensure the Territory is an equitable employer
Provide advice to the Chief Minister on issues arising from any investigations undertaken	Chair Joint Council (this could be delegated to the Deputy Director-General, Workforce Capability and Governance Division)
Promote, uphold and provide advice on public sector values, public sector principles conduct arising from any investigations undertaken	Issue salary sacrifice guidelines
Internal review of a staffing decision made by the head of service	Declare additional public service holidays

Establish and maintain the Administrative Review and Investigations Panel	Allow the re-engagement of retrenched officers within two years
Oversight of all public interest disclosure matters and an avenue of recourse where agencies are not dealing with disclosures properly (<i>Public Interest Disclosure Act 2012</i>)	Approve relevant bodies for the purposes of campaign leave provisions
Provide information to the Head of Service in relation to all misconduct and PID investigations for inclusion in the State of the Service Report	Prepare the State of the Service Report (<i>Annual Reports Act 2004</i>)
	Notify other publications that can be deemed as the 'gazette' (<i>Legislation Act 2001</i>)

Background information

- The role of the Public Sector Standards Commissioner (PSSC) was established through amendments to the Public Sector Management Act 1994, which commenced on 1 September 2016.
- The role of PSSC replaces the role of Commissioner for Public Administration (CPA).
- The occupant of the CPA role as at 31 August 2016, is currently performing the role of the PSSC as she is deemed to be appointed to the role until such time as an independent appointment is made, and continues to exercise the functions as described.
- While the role is described in the Act as being independent of the public service, transitional provisions allow the former CPA to exercise the functions of the PSSC while still being a public servant. She leaves the service on 1 December 2017.
- A recruitment process has been undertaken and the proposed appointments have been considered by Cabinet.
- Mr Laurie Glanfield will be appointed from 2 December 2017 to 28 January 2018 and Mr Ian McPhee will be appointed from 29 January 2018 to 28 January 2023.
- The role will initially be filled on a part time basis, 1 day per fortnight.
- Remuneration for the role has been set by the ACT Remuneration Tribunal at \$65,000 per annum.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: PROFESSIONAL STANDARDS UNIT

Talking points

- The Public Sector Standards Commissioner (the Commissioner) oversees the work of the Professional Standards Unit (PSU), which conducts all misconduct investigations across the ACT Public Service (ACTPS), unless extenuating circumstances apply. Where matters are referred outside the ACTPS, the PSU maintains an oversight role to ensure consistency of process.
- During the 2016-17 period, the PSU has improved the consistency and quality of investigative processes across the service, with an emphasis on the importance of independence and transparency.
- The PSU is staffed with two Senior Managers, 14 Investigators and one Analyst.
- The PSU's analytical team provides the Commissioner with comprehensive data regarding workplace misconduct across the ACTPS, including types of behaviours, specific work areas affected, staff levels, investigative outcomes and sanctions imposed. This data can be used to identify trends and patterns, which will influence strategic initiatives to proactively improve workplace behaviour and culture.
- The PSU completed 80 misconduct investigations during the 2016-17 period. This was an increase from the 42 investigations completed in the 2015-16 period.
- It should be noted that the 2015-16 investigation figures do not include matters dealt with by Directorates, either internally or through the use of an external provider. Following the establishment of the PSU in December 2015, it is now mandatory for ACTPS misconduct investigations to be referred to the PSU. This has resulted in a misleading increase in statistics relating to investigative processes.
- 68 of these investigations resulted in misconduct being found to have occurred.
- The sanctions imposed included 34 written warnings and admonishments; 19 termination of employment; seven financial penalties; six reduction in incremental point; five transfers to a lower classification (either temporarily or permanently); and two transfers at level (either temporarily or permanently). It is important to note that more than one sanction can be issued as a result of a misconduct investigation.
- Fifteen employees subject to misconduct investigation resigned prior to a sanction being imposed.
- The type of behaviours most commonly investigated during 2016-17 were:
 - Inappropriate behaviour or lack of courtesy and respect - 46
 - Lack of integrity, probity, lying or making false statements - 17
 - Failure to follow direction or workplace rules, policies or procedures - 15



Assault, physical altercation, inappropriate or excess use of force - 13

It is important to note that one investigative process may examine allegations relating to multiple types of behaviours.

- Generally, misconduct investigations and complaints relate to poor decision-making often due to staff capability issues, errors in judgment or poor administrative practices. This lessens the integrity and confidence in the ACTPS.
- Despite an increase in workload, timeframes to complete investigations reduced from 101 business days in the 2015-16 period to 96 business days.
- With a focus on continuous improvement, in 2017-18 the PSU will deliver training packages to senior executives responsible for determining misconduct matters. This will ensure the ACTPS has a core group of suitably qualified decision-makers who are able to apply appropriate, robust and confident decision making to the process.
- Training will also be developed for managers/supervisors in relation to strategies for assessing and managing workplace behaviours, including alternative dispute resolution options.

Key points and statistics

- 80 misconduct investigations were conducted during 2016-17.
- 68 investigations resulted in misconduct being found to have occurred.
- 19 terminations of employment as a result of misconduct being proven.
- 34 written warnings and admonishments issued, which was the most common sanction imposed.
- 15 employees resigned prior to a sanction being imposed.
- 46 allegations of inappropriate behaviour or lack of courtesy and respect were investigated, which was the most common type of behaviour.
- Average of 96 business days to complete investigations.

Background information

- The PSU was established in December 2015 following a whole of government review of misconduct investigations. Under this model, it is mandatory for all misconduct investigations to be managed centrally by the PSU except in extenuating circumstances. This allows for streamlined investigation practices and ensures consistency, independence and transparency in the investigative process across the ACTPS. This approach has also improved the quality and timeliness of investigations.
- The majority of investigations the PSU oversees are misconduct or HR investigations associated with inappropriate behaviour involving respondents holding positions below the senior officer grade level (e.g. non-managerial staff). If there is evidence to suggest corrupt activity or a possible criminal offence, the matter is referred to ACT Policing, or the Director of Public Prosecutions where a crime has been committed. In these circumstances, a parallel process is still undertaken by PSU.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ACT REMUNERATION TRIBUNAL - MAJOR REVIEW: ACT PUBLIC SERVICE EXECUTIVE REMUNERATION, ALLOWANCES AND OTHER ENTITLEMENTS

Talking points

- The ACT Remuneration Tribunal is undertaking a major review into the remuneration, allowances and other entitlements for executives across the ACT Public Service.
- The Tribunal has advised that they are interested in determining whether the current remuneration arrangements achieve the flexibility and transparency to attract and retain highly qualified, skilled and experienced people to the ACTPS.
- The Tribunal has indicated that they are cognisant of the economic outlook for the ACT and Australia more generally.
- The review was released on 22 September 2017, with submissions from the community and interested stakeholders closing on Friday 10 November 2017.
- The Tribunal will produce a final report on the review which is expected to be released prior to its Autumn review in March/April 2018 with an effect date of 1 July 2018.

Key points and statistics

- This is the first major review of the remuneration, allowances and other entitlements of ACTPS executives since self-government in 1989 and executive contract introduction in the late 1990s.
- The Tribunal have advised that they will consider and assess any submissions or feedback received from the consultation process to make a determination.
- At 30 June 2017, there were 235 executives in the ACTPS which accounts for roughly 1% of the total ACTPS workforce.
- In their discussion paper, the Tribunal has indicated that they do not envisage that the remuneration and entitlements for ACTPS executives will change significantly as a result of this review.

Background information

- The ACT Remuneration Tribunal is an independent Tribunal.
- The Tribunal must inquire into and determine the remuneration, allowances and other entitlements to be granted to particular offices every year. These include (but not limited to), the Speaker, Chief Minister, Ministers and other Members of the Legislative Assembly; the Chief Justice, Associate Judge and Acting Judges of the ACT Supreme Court; Part-time



Public Office Holders and the Chief Magistrate, Magistrates and Special Magistrates of the ACT Magistrate Court.

- The Executive total remuneration package is based on a cash component and additional employer provided benefits of a fringe benefit tax allowance, vehicle allowance, parking allowance and an employer superannuation contribution.
- Relocation allowance is also provided where applicable.
- According to the discussion paper, some of the matters that the Tribunal is interested in hearing about include (but is not limited to):
 - whether the details of long term SES members should be tabled in the Legislative Assembly, or should they receive an incentive to compensate for this requirement? (p.16);
 - is the lack of tenure within the SES considered a barrier to attracting and retaining quality staff? (p.18);
 - should there be consistency in executive position titles across directorates? (p.20);
 - is the existing 3 band structure flexible enough to attract and retain good quality SES officers? (p.26);
 - are the superannuation arrangements for executives suitable and assist as an attraction and retention incentive? (p.28);
 - should the provision of an executive vehicle still be an entitlement for executives? (p.35);
 - would it be more efficient to provide a vehicle allowance to executives, similar to MLAs instead of allowing provision of an executive vehicle? (p.36)
 - are the salary packaging arrangements considered reasonable and appropriate? (p.43);
 - is the amount of relocation allowance considered reasonable and are the arrangements appropriate? (p.45);
 - should executives be required to pay back a pro-rata amount of the relocation allowance if they cease employment within a certain period of time, similar to the arrangements that apply to other ACTPS staff? (p.45)
 - should the Tribunal continue to allow the payment of stamp duty and legal and professional fees associated with buying and selling a residence at the former location and the ACT? (p.47);
 - should there be flexibility for additional leave entitlements to be negotiated for individual SES members in certain circumstances to attract and retain quality professionals to the ACTPS? (p.47);
 - should ACTPS SES remuneration be more aligned to the APS as its main competitor in the employment market for highly skilled public servants? (p.54);
 - should bonuses or performance based remuneration be considered? (p.54);
 - should the Tribunal specify a minimum number of hours per annum or provide a set allowance to ensure appropriate professional development of SES members for attraction and retention purposes? (p.58).
- Separate to the Remuneration Tribunal's review of SES remuneration, allowances and other entitlements, the Chief Minister, Treasury and Economic Development Directorate is undertaking a review of the executive classification structure with assistance from executive workforce consultants. Any changes to the executive classification structure will be reflected within the *Public Sector Management Standards*.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ACTPS GRADUATE PROGRAM

Talking points

- The ACTPS runs a Graduate Program each calendar year aimed at recruiting degree qualified applicants.
- During the 10 month Program graduates complete three work rotations across the ACTPS and participate in a learning and development (L&D) program.
- In 2017 the Learning and Development Program was changed from a Post Graduate Diploma at University of Canberra to a more soft skills, job focussed training. Feedback will be sought from the graduate cohort on the effectiveness of the program and work will be undertaken to evaluate the benefit of the different approach.
- All graduates who successfully complete the Program are appointed permanently to the ACTPS at the ASO 5 level.
- In recent years, the ACTPS has renewed its focus on employment of People with Disability and Aboriginal and Torres Strait Islander staff. Directorates have increased the number of designated positions available in their directorate for Inclusion Graduates and selection panels receive inclusion training prior to assessing candidates. The Whole of Government Inclusion Team provides individual support to all Inclusion Graduates throughout the program.

2016 Graduate Program

- 43 graduates successfully completed the Program in 2016, including eight graduates with a Disability and two Aboriginal and Torres Strait Islander graduates.

2017 Graduate Program

- 38 graduates are participating in the 2017 Program from February – December, including five graduates with a Disability and one Aboriginal and Torres Strait Islander graduate. The graduates are employed across six streams:
 1. Infrastructure;
 2. Information Technology;
 3. Commerce/Business;
 4. Public Administration/Policy;
 5. Law; and
 6. Health Professionals.

2018 Graduate Program

- Over 1200 applications were received for the 2018 ACTPS Graduate Program. 160 candidates attended Assessment Centres in September 2017. 56 positions are available in the 2018 program and offers are expected to be made in October 2017.

Key points and statistics

	2015	2016	2017	2018
Grad Target	42	46	51	56
Graduate Program Total				
Grads Commenced	42	46	38	
Grads Completed	42	43		
Graduate Inclusion breakdown		11	5	
Indigenous		2	1	
Disability		9	4	

Background information

- The ACTPS runs a Graduate Program each calendar year aimed at recruiting degree qualified applicants.
- Graduates must complete satisfactory attendance, performance and training program to be eligible for appointment and promotion to the ASO5. The Directorate Delegates sign off for Promotion effective after 1 December 2017.
- The completion rate for 2017 Graduates will be known on 1 December for reporting.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: EMPLOYMENT OF ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLES IN THE ACTPS

Talking points

Aboriginal and Torres Strait Islander Employment Framework

- As part of the review of the ACTPS Respect, Equity and Diversity Framework (RED Framework) in late 2014, it was recommended that the 2011-2015 Employment Strategy for Aboriginal and Torres Strait Islander Peoples be developed as a stand-alone strategy. The Aboriginal and Torres Strait Islander Employment Framework was launched via an all staff email in September 2017.

Indigenous Traineeship

- In September 2016, 11 trainees successfully completed the 2015-2016 Indigenous Traineeship Program. The 2017 Indigenous Traineeship Program commenced in February 2017 with eight participants placed across the ACTPS. One participant left in August due to personal reasons, however is continuing study with CIT.
- As part of the traineeships, trainees are required to complete a formal learning and development program equivalent to a minimum Certificate III or similar.
- Following successful completion of the traineeship, trainees are permanently appointed to the ACT Public Service at the Administrative Service Officer Level 2 or equivalent depending on the Directorate in which they are placed.
- All trainees and placement areas are provided with pastoral care, guidance and support from the Inclusion Team (located in the Workforce Capability and Governance Division) as part of the Traineeship Program.
- The 2018 Indigenous Traineeship will be advertised in October 2017.

Indigenous Career Progression and Retention Program

- Funding was allocated in the 2016-17 Budget for an Aboriginal and Torres Strait Islander Career Development and Retention Program. The focus of the program has been to support and develop lower to middle range Indigenous employees in the ACTPS.
- The program was run in May 2017 and has involved 27 Indigenous employees participating in development activities that will help them progress in their career, both at level and for future promotions.
- The program has been a mix of whole of cohort, peer support, mainstream and individual activities, based on individual development plans. Individual career and employment support, coaching, mentoring and advice has also been provided to participants.



- The Office of Aboriginal and Torres Strait Islander Affairs and the ACT Indigenous Employee Network Murranga-Murranga were involved with this program.

ACTPS Graduate Program

- For the 2016, 2017 and 2018 ACTPS Graduate Programs, focused advertising was undertaken to enhance the profile for available positions for Aboriginal and Torres Strait Islander Peoples. In 2017, one Aboriginal and Torres Strait Islander graduate was part of the 46 graduate cohort.
- Applications for the 2018 ACTPS Graduate Program closed on 1 May 2017 with 1,268 applications received. Of these applications, five candidates identified as Aboriginal and Torres Strait Islander. Three Aboriginal and Torres Strait Islander candidates attended the assessment centres in September 2017. Offers are currently being made.

Inclusion Practitioners Network

- Work in CMTEED is underway for the creation of an ACTPS Inclusion Practitioners network. This will be an avenue for all staff involved in the inclusion space to network, keep up to date with ACTPS initiatives and see what other Directorates are doing.

COAG Target of 3% Compared to the ACTPS Target of 2%

- The COAG target in relation to Indigenous employment is “halving the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade (by 2018)”.
- The National Partnership Agreement on Indigenous Economic Participation entered into in 2008 identified “A national target of at least 2.6 per cent of public sector employment for Indigenous employment across all classifications by 2015 has been set by COAG ... jurisdiction-specific targets are to be developed and agreed, recognising that the proportion of Indigenous population varies significantly across States and Territories. In light of the ACT’s circumstances, the Commonwealth and the ACT will determine bilaterally the nature of the ACT’s participation in this agreement.”
- In late 2009, the ACT and Commonwealth Governments entered into a partnership agreement with the aim of closing the gap in relation to outcomes for Aboriginal and Torres Strait Islander people (who comprise 1.6% of the ACT population). As part of the Indigenous Economic Partnership Agreement, the ACT Government committed to increase the participation of Aboriginal and Torres Strait Islander peoples in the ACTPS. The ACT Government worked closely with the ACT Aboriginal and Torres Strait Islander Elected Body to develop the Aboriginal and Torres Strait Islander Employment Strategy 2010-2015 which established the 2% target.
- The Commonwealth Aboriginal and Torres Strait Islander Employment Strategy commits the APS to a target of 3% Indigenous employment in the sector by 2018.

Key points and statistics

Information on diversity targets are included in a separate brief.

Background information

- The ACT Public Service (ACTPS) is committed to growing its workforce and it being reflective of the diverse community we serve.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: EMPLOYMENT OF PEOPLE WITH DISABILITY IN THE ACTPS

Talking points

People with Disability Employment Framework

- As part of the review of the ACTPS Respect, Equity and Diversity Framework (RED Framework) in late 2014, it was recommended that the 2011-15 Employment Strategy for People with Disability be developed as a stand-alone strategy. The People with Disability Employment Framework was launched via an all staff email in October 2017.

Inclusion ICT Traineeship

- The Inclusion ICT traineeship commenced in July 2016 with two trainees. This is a three year program specifically for individuals that identify with Autism Spectrum Disorder. One trainee left the program in January 2017 to undertake full time university studies.
- Trainees undertake a Certificate IV and Diploma in ICT, and will be offered ongoing ICT positions within the ACTPS on successful completion of the program. Work undertaken by the trainees is set in place to support the training and includes ICT testing, asset coordination and ICT support.

Inclusion Traineeship

- The pilot Inclusion Traineeship (for people with Disability) was advertised in September 2016. There was a high level of interest in the program and over 200 applications were received. Ten trainees have commenced in the ACTPS since February 2017.
- The traineeship runs for 12 months and the trainees are required to complete a formal learning and development program which takes into account the capacity of the individual and the needs of the work area. Following successful completion of the traineeship, trainees are permanently appointed to the ACTPS at the ASO2 or equivalent, depending on the directorate in which they are placed.
- All trainees and placement areas are provided with pastoral care, guidance and support from the Inclusion Team (located in the Workforce Capability and Governance Division) as part of the Traineeship Program.
- The 2018 Inclusion Traineeship will be advertised in October 2017.

Employment Provider Expo

- Following discussions with unsuccessful applicants for the Inclusion Traineeship, the Inclusion Team hosted a Disability Employment Provider Expo in August 2017. The expo was open to all members of the ACT community and provided an opportunity for people with disability to link with Disability Employment providers.
- Providers play an important role in getting applicants work ready and provide support and guidance with applications, CVs and referees and work trials or experience. Thirteen



providers and approximately 300 people attended. Given the success of the day and feedback received from attendees and providers, the expo will now be held annually.

Standing Committee on Health, Ageing and Community Services' Inquiry into the Employment of People with Disability in the ACT

- The ACT Government made a detailed submission to the Standing Committee on Health, Ageing and Community Services' Inquiry into the Employment of People with Disability in the ACT. The submission highlighted the range of work and initiatives that have been undertaken in the ACTPS in recent years.
- The Committee's report was handed down in August 2017 with a total of 32 recommendations which can be grouped under the following headings: Defining disability; Current workplace practices; and Best Practice Approaches.
- The Government's response to the report is currently being prepared.

ACTPS Graduate Program

- Focused advertising continues to be undertaken to enhance the profile for available positions for People with Disability in the ACTPS Graduate Program. In 2017, five graduates with Disability are part of the 46 graduate cohort. Over 1,268 applications were received for the 2018 ACTPS Graduate Program. Forty candidates identified as People with Disability with 23 attending assessment centres in September 2017.

Summer Internship Program

- The ACTPS is currently working with the Australian Network on Disability to identify a number of intern placements for the 2017-18 summer program.

Disability Employee Network

- Planning has commenced for the ACTPS Disability Employee Network to provide further support to employees with a disability. The focus of the Network may include:
 - consulting with members and staff to advocate their views and needs;
 - representing the ACTPS/directorates or the Network at meetings and forums;
 - facilitating learning and awareness of disability related issues across the ACTPS;
 - co-ordinating with directorate and Inclusion Team events for members and allies.
- A Working Group is being formed to start the process. The Australian Network on Disability will also be consulted.

Inclusion Practitioners Network

- Work is underway for the creation of an ACTPS Inclusion Practitioners network which will be an avenue for all staff in the inclusion space to network and keep up to date with ACTPS initiatives.

Key points and statistics

- Information on diversity targets are included in a separate brief.

Background information

- The ACTPS is committed to growing its workforce and it being reflective of the diverse community we serve.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: DIVERSITY TARGETS

Talking points

- Directorate-specific targets for the employment of Aboriginal and Torres Strait Islander peoples and people with a disability are included in Directors'-General performance agreements.
- In 2015-16 the methodology for determining directorate targets was revised to better enable the ACT Public Service (ACTPS) to reach the Aboriginal and Torres Strait Islander and People with Disability employment targets (diversity targets) by 2018-19. This new methodology primarily determines directorate targets based on the proportion of the ACTPS workforce that each directorate employs.
- Diversity targets for each financial year are set based on the remaining growth required to reach the whole of government targets by 2018-19. Directorate-specific targets are issued in July each year for that financial year only.
- The Head of Service provides quarterly reports to Directors-General to ensure ongoing accountability in meeting diversity targets. Included in these reports are updates on work completed in the previous quarter, upcoming initiatives and a quarter end headcount for each directorate for the two diversity groups.
- In the event that these targets are not met, there are a number of potential implications.
- For Directors-General engaged prior to 1 September 2016 the DG can only be reengaged if the engager is satisfied that during the SES member's current engagement, the SES member met all expectations set out in the SES member's approved performance agreement. Failure to meet agreed targets may therefore result in non-reengagement.
- For Directors-General engaged after 1 September 2016, failure to achieve agreed targets may result in a formal underperformance process or termination of engagement due to the loss of confidence of the head of service.
- Directorates who fail to meet their targets in the relevant financial year are expected to make up the difference in future years.
- To help achieve the targets, several whole of government initiatives are in place and ongoing support is provided to directorates to assist with internal recruitment practices.

Key points and statistics

Whole of Government progress towards meeting 2018-19 targets									
	Target HC June 2015	Achieved HC June 2015	Target HC June 2016	Achieved HC June 2016	Target HC June 2017	Achieved HC June 2017	Target HC June 2018	Target HC June 2019	Remaining growth to meet June 2019 target
Aboriginal and Torres Strait Islander Peoples	298	299	329	312	363	368	400	407	39
People with Disability	477	437	525	457	578	547	616	655	108

- The 'Achieved HC June 2017' numbers in the table above for both Aboriginal and Torres Strait Islander Peoples and People with Disability include CIT.
- By June 2017 the ACTPS had met the 2016-17 Aboriginal and Torres Strait Islander Peoples target. (This includes 18 Aboriginal and Torres Strait Islander staff at CIT).
- Executive Employees - From the above numbers there was 4 (1.6%) Aboriginal and Torres Strait Islander executive level Employees and 15 (6.1%) executive level employees with Disability that identified.
- Information on the whole of government initiatives that are in place to support directorates to meet these targets are included in the *Employment of People with Disability in the ACTPS* and the *Employment of Aboriginal and Torres Strait Islander Peoples in the ACTPS* briefs.

Background information

- In February 2015 the Head of Service set whole of government diversity targets. These targets were to meet a minimum of 407 Aboriginal and Torres Strait Islanders and 655 People with Disability by 2018-19.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: LGBTIQ Inclusion in the ACTPS

Talking points

ACT Public Service

- In 2016-17, the ACTPS continued its work towards Lesbian, Gay, Bisexual, Transgender, Intersex and Queer (LGBTIQ) Inclusion.
- The Guidelines for Gender Transition in the ACTPS were released in August 2016 to provide staff with information to assist them during their transition, including the support available to them and the role of supervisors and/or HR areas in their directorate.
- General LGBTIQ awareness sessions through Pride in Diversity were held with approximately 60 staff from across the Service attended. Additional follow up support has been given to both supervisors and individual staff since the awareness sessions.
- Additional support and training was also provided through Pride in Diversity for Transition and Ally training.
- Changes have been made to HR21 to enable people to record their gender as M, F or X. Work will be undertaken in 2017-18 with the Office of LGBTIQ Affairs on potential changes to HR21 that will provide people with additional options to update their sexuality and gender diversity.

Marriage Equality Postal Survey

- ACT Public Servants and ACT Government funds were not used to advocate for “yes” responses to the marriage equality postal survey.
- For many LGBTIQ people, their families, friends and allies the public discussion of the legitimacy of their relationships and their families triggered by the survey is distressing and hurtful.
- The ACT Government provided additional funding to ACT LGBTIQ Community Consortium to support additional counselling, education, information and peer support during the survey period. This additional support is for a six month period (\$105,000; Sep 2017-Mar 2018).
- Counselling and support services are provided in-house at the AIDS Action Council and through a range of fully qualified counsellors in community settings across Canberra.
- The Office for LGBTIQ Affairs coordinates and manages community engagement activities relating to the promotion of Canberra as LGBTIQ inclusive and diverse, including through the use of the rainbow and transgender flags with CBR branding.
- The ACT Government regularly engages the Canberra community on the issue of inclusivity and diversity. Initiatives like the National Multicultural Festival, NAIDOC



Week, ACT Inclusion Awards and Seniors Week, promote a sense of community and bring us together. They also allow Canberrans to have their contribution to the essence and vibrancy of our city recognised and celebrated.

- Promoting the contributions of LGBTIQ Canberrans during the postal survey process and the 2017 SpringOUT Pride Festival continues this conversation.
- In the lead-up to the ACT SpringOUT Pride Festival in November 2017 and during the postal survey period community engagement activities will be supported on the issue of LGBTIQ inclusion and diversity (e.g. event sponsorship, rainbow CBR branding, flags and banners) through existing funding.
- Other jurisdictions have provided additional supports to their LGBTIQ communities during the postal survey period (e.g. Victoria provided \$1 million of additional support for mental health and other services).
- As the ACTPS is a LGBTIQ inclusive employer, the Public Sector Standards Commissioner has circulated two whole of government emails (14 August and 13 September 2017) providing practical guidance to public servants for engaging with the postal survey process and their associated responsibilities under the *Public Sector Management Act 1994*. The emails also advise employees that they can wear or use rainbow banners, but they should not have a Yes or No on them.

Key points and statistics

- In 2018, the ACTPS will renew its membership with Pride in Diversity and continue to provide inclusion training across the Service.
- A number of training hours will be reserved to provide immediate support to staff transitioning their gender and/or education to their colleagues.
- The Australian Government announced on 9 August 2017 that the Australian Bureau of Statistics will conduct a voluntary postal survey seeking the electorate's views on whether or not the federal law should be changed to allow same-sex couples to marry. The process commenced on 12 September 2017 with the outcome to be announced on 15 November 2017.
- The rainbow flag is an important symbol of inclusivity that is recognised as significant to LGBTIQ Communities. It does not promote a political cause or party. Similarly the 'rainbow CBR' represents the inclusive values of our city, not a political message.

Background information

- In 2015, the ACT Government became a member of Pride in Diversity, a not-for-profit organisation providing training, advice and support to organisations regarding LGBTI diversity and inclusion.
- A number of general information sessions and targeted inclusion training took place across 2015 and 2016. Whole-of-government LGBTI educational and support resources were also released.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: FAMILY AND DOMESTIC VIOLENCE AWARENESS AND LEAVE PROVISIONS

Talking points

- All ACTPS employees have access to 20 days or shifts of dedicated paid Family and Domestic Violence leave per calendar year.
- To protect confidentiality and avoid staff from being or feeling stigmatised no data is kept on the use of this leave. This is in line with current practices of other State and Federal jurisdictions.
- The Family and Domestic Violence tool kit was launched in 2016 to promote awareness, provide support and decrease stigmatisation of the issue.
- The Toolkit provides a range of guidance material for employees, delegates and HR practitioners to help support employees who are experiencing family and domestic violence. The toolkit is underpinned by three key principles: Support, Confidentiality, and Safety.
- Regular Service wide communications are circulated by the Head of Service, Coordinator-General on Family Safety and the Public Sector Standards Commissioner to increase awareness of the existing leave provisions, to encourage employees experiencing Family and Domestic Violence to utilise leave, and to reassure employees of the level of confidentiality associated with the leave provisions.
- Individuals experiencing family and domestic violence are encouraged to utilise the flexible working arrangements policy in place within the ACTPS as required.
- The Chief Minister, Treasury and Economic Development Directorate has been working with the Co-ordinator for Family Safety in JACS to ensure a collaborative whole government approach to Family and Domestic Violence support.
- The office of the Coordinator-General for Family Safety is currently developing dedicated training for front line workers, support training for managers and general awareness training for all staff with the goal of creating long term sustainable change within the service.
- The ACTPS is in ongoing contact with other Federal, State and Territory jurisdictions to share knowledge and work together towards improving supports for all employees experiencing Family and Domestic Violence.

Key points and statistics

- Family and Domestic Violence leave provisions have been in place since 2013.



- In the 2016-17 Budget the Government committed \$770,000 over three years for frontline worker training and this will be leverage to support manager and general staff awareness training.

Background information

- 'The ACT Government response to family and domestic violence' report was published in 2016.
- The response outlined key areas of focus and program funding to address family and domestic violence across the ACT.
- The key areas of focus are: leadership and cultural change, prevention and early intervention, information sharing, collaboration and integration, and transparency and accountability.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ACTPS RECRUITMENT GUIDELINES

Talking points

- The Recruitment Guidelines provide an overview of the recruitment process and provide better practice recruitment guidance for ACTPS employees.
- Accompanying the Guidelines are supporting guidance tools. The tools are intended to provide users with further information about specific components of the recruitment and selection process in the ACTPS context. Included in the guidance tools is information on alternative vacancy filling options and tips for developing effective selection criteria, selecting an appropriate advertising strategy and for effective shortlisting.
- During 2016-17 whole of government recruitment advice was developed outlining employment pathways for the recruitment of Aboriginal and Torres Strait Islander Peoples and People with Disability. This advice supports the streamlined recruitment of Aboriginal and Torres Strait Islander Peoples and People with Disability, and provides directorates with greater understanding of the options available for recruiting individuals from these diversity groups.
- The three main employment pathways available for the recruitment of Aboriginal and Torres Strait Islander Peoples and People with Disability include:
 - making standard merit based recruitment processes more accessible;
 - nomination of a new or existing position as an 'identified position'; and
 - taking advantage of existing and upcoming whole of government programs including the Graduate Program, Indigenous Traineeships, Inclusion Traineeships and Australian School Based Apprenticeships.
- During 2016-17 significant work has been undertaken by the whole of government recruitment working group to streamline recruitment and selection documents in order to facilitate more effective and efficient recruitment processes. This work is ongoing, with revised whole of government recruitment documentation to be piloted during 2017-18.
- Work will continue in 2017-18 to modernise the Recruitment Guidelines, including exploring how the upcoming implementation of the HRIMS may assist in streamlining recruitment processes across the ACTPS.

Key points and statistics

Nil.



Background information

- In 2012 the ACT Auditor-General conducted a performance audit on the recruitment practices in three ACTPS directorates (ETD, JACSD and Health) and the Canberra Institute of Technology. The findings of the audit were provided in *Report No. 8 of 2012 – ACT Public Service Recruitment Practices* (the Report).
- A total of seven recommendations were made, of which three were focused on a whole of government level.
- The Recruitment Guidelines were reviewed and revised during 2015-16 to address the three recommendations arising from the Auditor-General's report.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: AMENDMENTS TO THE PUBLIC SECTOR MANAGEMENT ACT 1994 AND PUBLIC SECTOR MANAGEMENT STANDARDS 2016.

Talking points

- Comprehensive amendments to the Public Sector Management Act 1994 commenced on 1 September 2016.
- Three subsequent amendments were made through the Statute Law Amendment Bill 2016 to address unintended consequences.
- An amendment was made to allow public servants who were returning from periods as Legislative Assembly Members Staff, to have their public service classification reconsidered.
- An amendment was made to allow Statutory Office Holders to engage staff as public service executives.
- An amendment was made to provide Head of Service Powers to the Chief Executive Officer of Calvary Hospital in relation to the management of Calvary employees engaged under the Public Sector Management Act 1994.
- One amendment has been made to the Standards to provide a severance benefit to long term executives whose contracts are terminated early "in the interests of the service". This benefit was originally intended to be included in the Standards and its omission was an oversight.

Key points and statistics

Nil.

Background information

- Matters identified in the Public Sector Management Standards 2016 as "Industrial Matters in Transition", are continuing to be explored in conjunction with Enterprise Agreement negotiations. Further amendments will be required, particularly to the Standards, once the preferred location of relevant matters is negotiated.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ACTIVITY BASED WORK AND THE GOVERNMENT OFFICE BLOCKS

Talking points

- Activity Based Work has been rolled out across two locations, Levels 4 and 5 of the Canberra Nara Centre in the City, and at the Cosmopolitan Centre in Woden.
- Staff working in these environments have access to a range of workspaces, such as quiet spaces for focused work, spaces designed to support collaboration, and a variety of meeting rooms and breakout areas. They have also been issued mobile technologies to support remote work arrangements where appropriate.
- New ACT Government Office Blocks planned for Dickson and Civic will be designed as Activity Based Work sites.
- The Civic Office Block will be designed to accommodate 1880 workers. (1504 work points). There are 8 work points for every 10 people in an Activity Based Work (ABW) setting.
- The Dickson Office Block will be designed to accommodate 1250 workers (1000 work points).
- A Design and Workplace Transformation Working Group has been established to drive organisational and cultural change within directorates, and to ensure workforce change readiness for Activity Based Work ahead of the completion of the Dickson and Civic Office blocks in 2020.

Key points and statistics

- There are 335 staff working flexibly at the Cosmopolitan Centre and 230 at the Canberra Nara Centre.
- 69% of respondents to a recent survey of Activity Based Workers said that they prefer to work in their new Activity Based Work space than their previous office environment.
- Additionally, 70% said that they were satisfied with their new workplace, with 13% indicating dissatisfaction.
- The refurbishments of Levels 4 and 5 of the Canberra Nara Centre increased the staffing capacity of these floors from 144 to approximately 230, whilst also introducing a significant amount and variety of new amenity to the workspace.

**Background information**

- In 2015, funds from the Digital Dividend Savings Initiative were used to establish a pilot Activity Based Work site on Level 4 of the Canberra Nara Centre, which was expanded in 2016 to include Level 5.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: CONCLUSION OF MISCONDUCT INVESTIGATIONS AGAINST FORMER ACTPS EMPLOYEES

Talking points

- The ACTPS misconduct process is contained in the ACTPS Enterprise Agreements.
- The purpose of the Enterprise Agreements are to provide common terms and conditions of employment for ACTPS employees.
- The application of the terms and conditions in the Enterprise Agreements are relevant to persons engaged under the *Public Sector Management Act 1994*.
- ACTPS has no jurisdiction to continue a misconduct investigation against an employee who ceases their employment with the ACTPS prior to the completion of the misconduct process.
- An investigation is an administrative process under the Enterprise Agreement to investigate allegations of inappropriate behaviour including misconduct in the workplace. A decision to continue an investigation once their employment ceased, would need to take into account, for each individual case, whether the cost of continuing or finalising the process would be an appropriate use of resources and expenditure of public monies.
- While individuals may want to 'clear their name' there is no purpose to an investigation once an individual has left the workplace. In any case, unless an investigation is completed and finds misconduct there is no finding recorded against an individual.
- The PSU will maintain a register of suspended misconduct processes.
- The PSU will also maintain a register of employees terminated as a result of a misconduct process.

Key points and statistics

- In 2016-17, 15 employees resigned either during an investigation being conducted by the PSU or a sanction being imposed by the Directorate.

Background information

- The PSU was established in December 2015 following a whole of government review of misconduct investigations. Under this model, it is mandatory for all misconduct investigations to be managed centrally by the PSU except in extenuating circumstances. This allows for streamlined investigation practices and ensures consistency, independence and transparency in the investigative process across the ACTPS. This approach has also improved the quality and timeliness of investigations.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: HEALTHY WEIGHT INITIATIVE – TRANSITION TO PREVENTATIVE HEALTH

Talking points

- The Government is committed to supporting the ACT community to engage in healthier lifestyle behaviours.
- The 2016-17 Healthy Weight Initiative Progress Report was released in June 2016 which shows encouraging results that Canberrans are continuing to be more active and follow better eating habits.
- The results show there has been no growth in obesity and overweight in ACT kindergarten children; a continued reduction in the proportion of children regularly consuming sugary drinks; on average, children are eating enough fruit; and there has been some progress in the proportion of children walking and cycling to school. There has been a small, but not significant increase in children exceeding screen time guidelines. Neither adults nor children are eating enough vegetables.
- The Government has invested \$3.6 million over four years from 2014-15 under the Healthy Weight Initiative.
- In the 2017-18 Budget, the Government has committed another \$4 million over the next four to address the key risk factors associated with poor health outcomes and chronic disease through the development of a comprehensive Preventative Health Strategy.
- The Healthy Weight Initiative is transitioning across and will be considered in the context of the Preventative Health Strategy.

Key points and statistics

- The 2016-17 Healthy Weight Initiative Progress Report outlines that:
 - the proportion of overweight and obese adults remains steady at 63%;
 - the proportion of overweight and obese children has decreased slightly from 26% to 25%;
 - the proportion of overweight and obese children in kindergarten remains steady at 16%;
 - on average children are eating enough fruit - the average daily serves remains steady at 2 serves (the recommended intake according to the Australian Dietary Guidelines); and
 - the proportion of children walking or cycling to school has increased from 34% to 39%.

Background information

- The 2016-17 Healthy Weight Initiative Progress Report is available online at www.act.gov.au/healthyliving.
- The Preventative Health Strategy will build upon the success of the Healthy Weight Initiative, and focus on addressing the key risk factors associated with preventable chronic health conditions (i.e. smoking, harmful alcohol consumption, obesity, poor nutrition and physical inactivity).
- Under the 2016 Parliamentary Agreement, there is a commitment to expanding and refocusing the Healthy Weight Initiative, to develop a comprehensive Preventative Health Strategy and appoint a Preventative Health Co-ordinator. Work is currently underway to assess government activities in relation to the five key risk factors for chronic disease: smoking, risky alcohol consumption, physical inactivity, unhealthy eating and obesity.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: EMPLOYEE SUPPORT

Talking points

- Mental health and wellbeing are fundamental for our ability to work effectively, earn a living and enjoy life. It is important that the ACT Public Service has the arrangements in place for its employees to make sure everyone across the Service has access to the information, support and services to maintain good mental health.
- The Employee Assistance Program (EAP) offers free, professional and confidential services to support you and your immediate family members through both personal and work related issues.
- A procurement process was undertaken to identify providers who can deliver EAP services across government in a cost effective and efficient way. Following the evaluation of quotations, four providers have been selected.
- From 1 October 2017, there were changes to the providers that staff can choose to access through the EAP. These EAP providers are:
 - Assure (new provider)
 - Converge International (existing provider)
 - Davidson-Trahaire Corpsych (existing provider)
 - PeopleSense (new provider)
- These providers are qualified, experienced professionals who have extensive training in counselling and workplace consulting.
- Contracts are in place for three years until 2020 with two options to extend by one year each.
- These providers are qualified, experienced professionals who have extensive training in counselling and workplace consulting.
- All ACTPS employees (permanent and temporary) and members of their immediate family and/or members of their household can access the services of the EAP free of charge with up to six sessions per issue every financial year.
- Employees can benefit from EAP support if they are experiencing work-related or personal issues relating to:
 - workload or work pressures including career concerns;
 - emotional stress, anxiety, conflict, tension or depression;
 - personal or professional relationship programs including dealing with separation or divorce;
 - health and lifestyle issues (including addiction, alcohol and other drug issues);



- grief and loss;
- interpersonal conflict, bullying and harassment, management issues or change in the workplace;
- child and family issues;
- general health and medical issues; or
- financial and legal strain.
- Supervisors and managers may also seek the guidance of an EAP consultant to:
 - determine the appropriateness of referring employees who might be experiencing work performance issues due to personal issues;
 - locate appropriate referrals to other services for problems that are either work-related or have an apparent impact on an employee or the workplace; and
 - manage complex staff problems including: interpersonal conflict, cultural issues or concerns, team functioning, developing management skills, advice regarding human resources policy development and broader organisational issues, plus advice and guidance on ACT Public Service employee performance processes.
- The ACT Public Service also offers a range of other employee supports through enterprise agreements including additional leave for child protection workers, access to parental leave, grandparent leave, volunteer service leave, leave for Aboriginal or Torres Strait Islander staff to attend cultural ceremonies and reasonable adjustments in the workplace for staff with a disability. In addition, all ACTPS employees have access to 20 days or shifts of dedicated paid family and domestic violence leave per calendar year.

Key points and statistics

- Whole of government EAP usage data is not currently available. Individual directorate usage data is available through reports from the providers. Under the new EAP arrangements, whole of government data will be collected and analysed to identify trends and provide further support to ACTPS employees.

Background information

- The ACT Public Service places the highest priority on employee health and wellbeing and offers a choice of four organisations that can provide counselling and support services for our employees and their families.
- Over a number of years, staff across the ACT Public Service have had access to a range of providers that deliver Employee Assistance Programs including trauma and serious incident management services.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: 2016-17 STATE OF THE SERVICE REPORT

Talking points

- The annual State of the Service Report has in the past been produced by the Commissioner for Public Administration. Amendments to the *Public Sector Management Act 1994* in September 2016 resulted in a number of functions transferring from the Commissioner to the Head of Service to ensure a focus on values and behaviors is from the ACTPS itself (rather than an independent position). Consequently from 2016-17 the State of the Service report is now a report of the Head of Service.

Key points and statistics

Women in the ACTPS

- Female employees comprise 64.9 per cent of the ACTPS workforce, totaling 14,139 employees.
- The representation of women in the ACTPS is approximately 16 per cent higher than the representation of women in the ACT labour force (49.0 per cent), and approximately 18.3 per cent higher than in the Australian labour force (46.6 per cent).

Pay Gaps

- Women in the ACTPS are paid slightly less than their male counterparts with a gender pay gap of 3.1 per cent. This pay gap has reduced by 0.5 per cent from June 2016 to June 2017. The gender pay gap is attributable to the proportionally larger number of women than men choosing part time work across the ACTPS. It is important to note that in the ACTPS, women and men doing the same job receive the same remuneration. That is, women and men with the same role and responsibilities are paid the same amount.
- The ACTPS gender pay gap is significantly smaller than both the national gender pay gap (15.3 per cent at May 2017) and ACT labour force pay gap (12.5 per cent at May 2017).
- The average salary of the ACTPS was \$90,350 at June 2017. This is approximately equal to the average salary of an individual in the ACT labour force (\$90,844 at November 2016), and approximately \$10,000 higher than the average salary of an individual in the Australian labour force (\$79,737 at Nov 2016).

Executives

- At June 2017 there were 235 Senior Executives which made up 1.1 per cent of the ACTPS workforce (based on headcount), or 1.2 per cent based on FTE. These proportions are the same as that at June 2016.



- Women hold 44.7 per cent of senior executive positions in the ACTPS, a proportion roughly equivalent to that of four years ago (43.1 per cent at June 2013). The majority of the ACTPS Directors-General are women (five of the seven Directors-General).
- Aboriginal and Torres Strait Islander employees hold 1.6% of executive positions, with an additional 6.1% of executive positions held by people with disability.

Personal leave

- The average number of personal leave days taken during the 2016-17 reporting period was 12.5 (based on full-time equivalent work days). This number has remained fairly consistent over the past five years (13.4 in 2015-16, 12.2 in 2014-15, 12.1 in 2013-14 and 11.9 days in 2012-13 respectively).

Employment Growth

- Over the 2016-17 reporting period the ACTPS experienced employment growth of 2.5 per cent (531 employees based on headcount), with growth was seen in four of the seven directorates.
- In line with Government policy to modestly grow the public service, Health Directorate, Education Directorate and Justice and Community Safety Directorate all experienced a small increase in employment (2.9 per cent, 4.1 per cent and 5.0 per cent respectively). This employment growth was predominantly in front line service delivery areas.
- The Environment, Planning and Sustainable Development Directorate (EPSDD) experienced the largest growth in employment, with a significant increase of 81.4 per cent. This increase in employment was the result of significant Machinery of Government changes.
- Health Assistants experienced the largest growth in employment of all classification groups, with an increase of 20.6 per cent. This was followed by Legal Officers at 12.3 per cent and Ambulance Officers at 9.4 per cent.

Background information

- The State of the Service Report Report is an annual account of the management of the ACT Public Service during the reporting period. It provides a holistic overview of the ACT Public Sector and detailed analysis of ACTPS workforce data.
- Data for the annual State of the Service Report Report is largely sourced from the ACT Government Payroll System. Data has been consolidated and prepared by Shared Services Reporting and Performance.
- Information on culture and behavior is collected from directorates and public sector bodies through the annual Agency Survey.
- Commissioner complaints and Public Interest Disclosure (PID) are sourced from the whole of government PID database maintained by the Senior Manager – Strategic within the Professional Standards Unit, CMTEDD.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: BULLYING INCIDENTS IN ACT GOVERNMENT

Talking points

- The 2016-17 State of the Service Report details that in the ACTPS there were 11 reports of bullying and harassment received during 2016-17 that resulted in a misconduct process under Section H of ACTPS Enterprise Agreements.
- During 2016-17 there were a total of five bullying or harassment related misconduct processes completed where a breach of section 9 of the *Public Sector Management Act 1994* (PSM Act) was found to have occurred. Of these five processes, while five found that a breach of section 9 had occurred, only two were substantiated as bullying or harassment.
- As in previous years, there was a large difference in the total number of reported experiences of bullying and harassment compared to the total number of reports of bullying and harassment resulting in a finding of bullying or harassment through a misconduct investigation. Resources have continued to be deployed via the ACTPS Managers Toolkit to provide managers with the resources to manage unacceptable behaviour within the workplace.
- Under the terms of the Enterprise Agreements, directorates are required to conduct a preliminary assessment of a matter to determine whether an investigation is required or whether the matter can be resolved through other means.
- In 2016-17 there were 86 reports of bullying or harassment where a preliminary assessment under Section H of the Enterprise Agreements was commenced. Of these 86 reports, only 11 resulted in a formal misconduct process. This demonstrates that many bullying or harassment complaints are either resolved through a preliminary assessment, or within the workplace.
- To improve and standardise investigations in the ACTPS the Professional Standards Unit (PSU) was established in December 2015.
- All misconduct investigations in the ACTPS are conducted, or overseen (in the small amount of cases referred to an external investigator) by the PSU under the auspices of the Public Sector Standards Commissioner.
- Investigations are conducted in accordance with the provisions of the relevant ACTPS Enterprise Agreement, the PSM Act and the PSM Standards.
- 2016-17 has seen a continued focus on fostering positive workplace cultures and promoting professional standards of conduct across the ACTPS. A number of key pieces of work have continued to be refined to meet these priorities including; developing the future scope of the Respect, Equity and Diversity (RED) Framework in line with the



ACTPS Code of Conduct and ACTPS Values and Signature Behaviours and the continued development of prevention of bullying, harassment and discrimination resources.

Key points and statistics

As above.

Background information

- The annual State of the Service Report incorporates bullying and harassment data for the ACTPS.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: DIVERSITY TARGETS

Talking points

- Directorate-specific targets for the employment of Aboriginal and Torres Strait Islander peoples and people with a disability are included in Directors'-General performance agreements.
- In 2015-16 the methodology for determining directorate targets was revised to better enable the ACT Public Service (ACTPS) to reach the Aboriginal and Torres Strait Islander and People with Disability employment targets (diversity targets) by 2018-19. This new methodology primarily determines directorate targets based on the proportion of the ACTPS workforce that each directorate employs.
- Diversity targets for each financial year are set based on the remaining growth required to reach the whole of government targets by 2018-19. Directorate-specific targets are issued in July each year for that financial year only.
- The Head of Service provides quarterly reports to Directors-General to ensure ongoing accountability in meeting diversity targets. Included in these reports are updates on work completed in the previous quarter, upcoming initiatives and a quarter end headcount for each directorate for the two diversity groups.
- In the event that these targets are not met, there are a number of potential implications.
- For Directors-General engaged prior to 1 September 2016 the DG can only be reengaged if the engager is satisfied that during the SES member's current engagement, the SES member met all expectations set out in the SES member's approved performance agreement. Failure to meet agreed targets may therefore result in non-reengagement.
- For Directors-General engaged after 1 September 2016, failure to achieve agreed targets may result in a formal underperformance process or termination of engagement due to the loss of confidence of the head of service.
- Directorates who fail to meet their targets in the relevant financial year are expected to make up the difference in future years.
- To help achieve the targets, several whole of government initiatives are in place and ongoing support is provided to directorates to assist with internal recruitment practices.

Key points and statistics

Whole of Government progress towards meeting 2018-19 targets									
	Target HC June 2015	Achieved HC June 2015	Target HC June 2016	Achieved HC June 2016	Target HC June 2017	Achieved HC June 2017	Target HC June 2018	Target HC June 2019	Remaining growth to meet June 2019 target
Aboriginal and Torres Strait Islander Peoples	298	299	329	312	363	368	400	407	39
People with Disability	477	437	525	457	578	547	616	655	108

- The 'Achieved HC June 2017' numbers in the table above for both Aboriginal and Torres Strait Islander Peoples and People with Disability include CIT.
- By June 2017 the ACTPS had met the 2016-17 Aboriginal and Torres Strait Islander Peoples target. (This includes 18 Aboriginal and Torres Strait Islander staff at CIT).
- Executive Employees - From the above numbers there was 4 (1.6%) Aboriginal and Torres Strait Islander executive level Employees and 15 (6.1%) executive level employees with Disability that identified.
- Information on the whole of government initiatives that are in place to support directorates to meet these targets are included in the *Employment of People with Disability in the ACTPS* and the *Employment of Aboriginal and Torres Strait Islander Peoples in the ACTPS* briefs.

Background information

- In February 2015 the Head of Service set whole of government diversity targets. These targets were to meet a minimum of 407 Aboriginal and Torres Strait Islanders and 655 People with Disability by 2018-19.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: EMPLOYMENT GROWTH IN THE ACTPS

Talking points

- The 2016-17 State of the Service Report details a small growth in employment in the ACTPS over the 2016-17 reporting period (by 2.5 per cent, or 531 employees based on headcount).
- The employment growth of the ACTPS was slightly higher than the 2.0 per cent growth in the Australian labour force and the 0.5 per cent growth in the ACT labour force over the same period.
- Over the 2016-17 reporting period growth was seen in four of the seven directorates.
- In line with Government policy to modestly grow the public service, Health Directorate, Education Directorate and Justice and Community Safety Directorate all experienced a small increase in employment (2.9 per cent, 4.1 per cent and 5.0 per cent respectively). This employment growth was predominantly in front line service delivery areas.
- The Environment, Planning and Sustainable Development Directorate (EPSDD) experienced the largest growth in employment, with a significant increase of 81.4 per cent.
- The increase in EPSDD's employment is the result of significant Machinery of Government changes which occurred on 1 July 2016, seeing the EPSDD gain the Asbestos Response Taskforce from the CMTEDD, along with employees from the then TAMS's Parks and Conservation business units.
- The Community Services Directorate's (CSD) workforce continues to gradually decrease as a result of the continued transition to the National Disability Insurance Scheme. CSD experienced a reduction in employment of 14.7 per cent (154 headcount) during 2016-17. This reduction is due to the phased withdrawal of Therapy ACT and Disability ACT.
- Of all classification groups, Health Assistants saw the largest growth in employment with an increase of 20.6 per cent, followed by Legal Officers at 12.3 per cent and Ambulance Officers at 9.4 per cent.

Key points and statistics

As above.

Background information

- The annual State of the Service Report incorporates statistics of workforce trends for the ACTPS.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: PUBLIC INTEREST DISCLOSURES

Talking points

- Under the *Public Interest Disclosure Act 2012* (the PID Act), the Public Sector Standards Commissioner (the Commissioner) has a number of functions which include the provision of advice, monitoring public interest disclosures, reviewing investigations, ensuring appropriate outcomes and coordinating related education and training programs.
- Under the PID Act, any person suspecting disclosable conduct can make a disclosure. As such the Commissioner may receive a PID complaint from any person including ACTPS employees, contractors, other entities and members of the public.
- In the ACT, a disclosure or complaint to an official becomes a PID when it is about conduct that could amount to a criminal offence, give grounds for disciplinary action or activities that could amount to a serious malfeasance of public office or danger to public health, safety or the environment. It is colloquially known as ‘whistle blowing’.
- Disciplinary action means termination or cessation of contract meaning a PID is reserved for more serious matters.
- The legislation provides for a PID to be made about an ACT public sector entity, which is broadly defined to include anyone performing a function on behalf of the ACT Government using public funds.
- A PID can be about the actions of permanent, temporary or casual staff and employees of the ACTPS and other entities, including a member of the ACT Legislative Assembly. It can also be about the actions of contractors, sub-contractors, consultants and volunteers working on ACT Government sponsored projects or on programs funded by the ACT Government.

Key points and statistics

- In the 2016-17 reporting period, the Commissioner was notified of 17 alleged PIDs, an increase of five on the previous two years. However of those notified, eight were found not to be disclosable conduct (as defined by the PID Act) and closed, with the remainder being assessed by the entity to which the matter related. Of the 17 matters, five remain outstanding as at 4 October 2017, albeit three are in the process of being closed.
- The increase in notified PIDs also reflects an apparent misapplication of the PID Act whereby complaints of a general nature are alleged to be PIDs, with a presumption of increased importance or added credibility to supposed allegations. However, as indicated above, these escalated allegations have not met the criteria for disclosable conduct under the PID Act following assessment.



- The average time taken for completion of alleged PIDs was three months. Nothing was prescribed by regulation, as per Section 47.

Background information

- Under the auspice of the Commissioner, a whole of government PID database continues to be maintained by the Senior Manager - Strategic, Professional Standards Unit, for the purpose of centrally recording PID numbers and providing effective oversight and investigation of PIDs.
- Throughout the 2016-17 reporting period, entities continued to notify the Commissioner in line with the PID Act, with regard to receipt, referral, progress of any investigation and eventual outcome, including a decision not to investigate.
- Complaints relating to individual employment or industrial matters such as individual workplace health or safety issues, isolated allegations of bullying or harassment, personal matters, individual performance management concerns, are not considered to be disclosable conduct for the purpose of the PID Act.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: PAY GAP BETWEEN MEN AND WOMEN

Talking points

- Women in the ACTPS are paid slightly less than their male counterparts with a gender pay gap of 3.1 per cent. This pay gap has reduced by 0.5 per cent from June 2016 to June 2017.
- The gender pay gap is attributable to the proportionally larger number of women than men choosing part time work across the ACTPS. It is important to note that in the ACTPS, women and men doing the same job receive the same remuneration. That is, women and men with the same role and responsibilities are paid the same amount.
- At June 2017 the average salary of women in the ACTPS was \$89,356 and the average salary of men was \$92,170.
- In the five years to June 2017, the average female salary has increased by 14.9 per cent (up from \$77,779 at June 2013), an increase proportional to the growth in the average salary of men over the same period (14.3 per cent up from \$80,643 at June 2013).
- The ACTPS gender pay gap is significantly smaller than both the national gender pay gap (15.3 per cent at May 2017) and ACT labour force pay gap (12.5 per cent at May 2017).
- The average salary of the ACTPS was \$90,350 at June 2017. This is approximately equal to the average salary of an individual in the ACT labour force (\$90,844 at November 2016), and approximately \$10,000 higher than the average salary of an individual in the Australian labour force (\$79,737 at Nov 2016).
- In the executive cohort, the gender pay gap favours females as at 30 June 2017. The gender pay gap has narrowed in recent years with females in the executive cohort on average earning 1.6% more than male executives in 2017. For every dollar earned by a male executive, a female executives earns \$1.02.

Key points and statistics

As above.

Background information

- The State of the Service Report Report is an annual account of the management of the ACT Public Service during the reporting period. It provides a holistic overview of the ACT Public Sector and detailed analysis of ACTPS workforce data.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: CORRIGENDA FOR 2015-16 STATE OF THE SERVICE REPORT

Talking points

- There have been two corrigenda to the 2015-16 State of the Service Report (the Report).
- The first corrigenda was prepared following the Annual Report Hearings on 27 February 2017, where it was identified that there were errors in Section 1.1 'Attraction and Retention Strategies' of the Report.
- The errors related to figures reported in Table 1 'Attraction and Retention Incentives, Benefits Paid under an Australian Workplace Agreement and Special Employment Arrangements 2015-16' (p.43). These errors were caused by an inadvertent transposition of numbers. To correct these errors, a corrigendum was tabled in the Legislative Assembly sitting period of 21 – 23 March 2017.
- While preparing the 2016-17 State of the Service Report it was identified that the amount reported in the 2015-16 Report for total additional remuneration paid under AWAs, ARIns and SEAs during 2015-16 was incorrect.
- The remuneration reported for the ACT Public Service was \$5,036,275 and remuneration for ACT Public Sector Entities was \$73,236. The correct totals are \$18,764,523 and \$2,841,731 respectively.
- The errors were only identified when a comparison was made between the remuneration to be reported in the 2016-17 State of the Service Report, and that which had been reported in the previous year's report.
- The two errors occurred due to an inadvertent transposition of remuneration figures, and due to several directorates/public sector entities not reporting their total additional remuneration paid under AWAs, ARIns and SEAs (despite having ARIns during the reporting period).
- A second corrigendum was tabled in the Legislative Assembly sitting period of 19 - 21 September 2017 to correct the amounts reported for total additional remuneration paid under AWAs, ARIns and SEAs during 2015-16.
- A footnote has been included in the 2017 State of the Service Report to highlight these errors and provide clarity regarding reported remuneration.

Key points and statistics

As above.

Background information

- The 2015-16 State of the Service Report was tabled in the Legislative Assembly on Tuesday 13 December 2016.

CHIEF MINISTER ANNUAL REPORT HEARINGS 2016-17

ISSUE: ATTRACTION AND RETENTION

Talking points

- On 17 October 2017 the Canberra Times published an article 'ACT public service struggles with skill shortages and executive retention'.
- The article incorrectly states that six of the seven directorates faced skill shortages, gaps in workforce capability and difficulty in attracting Aboriginal and Torres Strait Islander Peoples, People with Disability and gender and diversity applicants.
- The 2016-17 State of the Service Report (the Report) actually reports that six of the seven directorates experienced critical skills shortages, capability gaps or difficulty recruiting to or retaining employees in certain positions during 2016-17.
- The table below shows the directorates that reported difficult attracting and/or retaining specific employees.

	People with specialist skills	Aboriginal and Torres Strait Islander Peoples	People with Disability	Gender and diversity applicants	Turnover of executives
CMTEDD		Yes	Yes		
CSD	Yes	Yes			
ED	Yes				Yes
EPSDD					
HD		Yes			
JACSD	Yes	Yes	Yes	Yes	
TCCS	Yes				

- **Turnover of executives:** Identified by ED in the schools sector, in part attributable to the age profile and retirement factor of these Executives. To address this issue ED identified the need to more effectively target succession planning and in particular, leadership capacity building. (It should be noted that school executives are not Senior Executive Service Officers).
- **People with specialist skills:** CSD, ED, JACSD and TCCS.

CSD	Difficulty attracting and retaining Health Professional Officers. Due in part to the increased demand on the services of Child and Youth Protection Services.
ED	Challenges filling vacancies within the specialisations of STEM, early childhood and special education.

JACSD	<p>Challenges recruiting specialist positions including:</p> <ul style="list-style-type: none"> • skilled Trust Tax practitioners within Public Trustee and Guardian. Limited practitioners in ACT. Vacant positions have to be advertised widely, including interstate and the private sector. • Legal officer positions. JACSD will commence workforce planning for the Legal Officer Classification group in 2017-18. • High turnover ASO2 and ASO3 legal support positions in ACT Government Solicitor. Positions are usually filled by Administrative staff on temporary short-term contracts. Temporary Work Register has been established on internet site to providing suitable candidates to assist with filling administrative positions.
TCCS	<p>Difficulty recruiting to:</p> <ul style="list-style-type: none"> • Engineering and technical roles. Due in part to changing nature of the requirements driven by technology-based transport systems and retirement of mature aged employees. • Technical and commercial specialists (all classifications) to support Light Rail design and delivery processes.

- **Aboriginal and Torres Strait Islander Peoples:** CMTEDD, CSD, JACSD and HD. Directorates utilised the following methods to increase recruitment and retention of Aboriginal and Torres Strait Islander Peoples:
 - utilising the directorate's Reconciliation Action Plan to embed reconciliation into work practices and strengthen the cultural inclusivity of the workplace;
 - participation in the Aboriginal and Torres Strait Islander Traineeship; and
 - involvement with whole of government Aboriginal and Torres Strait Islander initiatives (such as the ACTPS Aboriginal and Torres Strait Islander Career Development Program).
- **People with Disability:** CMTEDD and JACSD. Both directorates undertook significant work during 2016-17 to increase the recruitment and retention of People with Disability, including increasing Disability Awareness training and strengthening inclusive workplace cultures.
- **Gender and diversity applicants:** JACSD reported difficulty recruiting women in emergency services. The Emergency Services Agency (ESA) continues efforts under the Women in Emergency Services Strategy (WIES) to increase the representation of women with high profile advertising and recruitment campaigns to attract female applicants.

Key points and statistics

As above.

Background information



- The State of the Service Report Report is an annual account of the management of the ACT Public Service during the reporting period. It provides detail of attraction and retention strategies used by directorates during the reporting period.