



**LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

(Reference: [Inquiry into Auditor-General's Performance Audit Reports  
July-December 2023](#))

**Members:**

**MR E COCKS(Chair)  
MR M PETERSSON (Deputy Chair)  
MR A BRADDOCK**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**THURSDAY, 30 MAY 2024**

**Secretary to the committee:  
Ms S Milne (Ph: 6205 0435)**

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

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

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## **Privilege statement**

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

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

*Amended 20 May 2013*

**The committee met at 9.30 am.**

**STEEL, MR CHRIS**, Minister for Planning, Minister for Skills and Training, Minister for Transport and Special Minister of State

**HOCKING, MR STUART PSM**, Under Treasurer, Treasury, Chief Minister, Treasury and Economic Development Directorate

**MIRZABEGIAN, MS SANAZ**, Executive Group Manager, Procurement ACT, Treasury, Chief Minister, Treasury and Economic Development Directorate

**GARDNER, MS JOANNE**, Executive Branch Manager, Procurement Policy and Capability, Treasury, Chief Minister, Treasury and Economic Development Directorate

**THE CHAIR:** Good morning and welcome to this public hearing of the Public Accounts Committee for its inquiry into the Auditor-General's audit performance reports published from July to December 2023. The committee will today examine the Special Minister of State.

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

The proceedings today are being recorded and transcribed by Hansard and will be published. The proceedings are also being broadcast and web-streamed live. When taking a question on notice, it would be useful if witnesses used these words: "I will take that question on notice." This will help the committee and witnesses to confirm questions taken on notice from the transcript.

We welcome Mr Chris Steel MLA, Special Minister of State, and officials. I remind witnesses that they must tell the truth. Giving false or misleading evidence will be treated as a serious matter and may be considered contempt of the Assembly. Could officials please confirm that they understand the privilege statement.

**Mr Hocking:** I have read and understand the privilege statement.

**Ms Mirzabegian:** I have read and understand the privilege statement.

**THE CHAIR:** Minister, would you like to make an opening statement?

**Mr Steel:** I would be happy to. The ACT government welcomes the Auditor-General's *Report No 5* into the Government Procurement Board and has provided an update to the committee about the progress in implementing the recommendations. A significant step was made earlier this year with the passage of the Government Procurement Amendment Act on 7 February which delivers important reform of the act as part of the broader procurement reform program that is underway at the moment, but it also addresses many of the recommendations that were provided by the Auditor-General in relation to the functions of the Government Procurement Board.

The act gives effect to the government's adoption of the recommendations. In particular, the pursuit of value for money remains enshrined in the legislative

framework. The amendment act strengthens the concept by ensuring that value for money is the best outcome that maximises overall benefit to the territory. The new amendment act will formally commence from 1 July 2024. A comprehensive package of training guidance material is being developed at the moment and that will be delivered ahead of commencement to support procurement professionals across the ACT public service to embed the new requirements into their procurements.

The amendment act prescribes the introduction of government procurement rules. Those rules will be delivered as a disallowable instrument and will support the operation and intent of the amendment act through the delivery of best practice rules to ensure the efficient and effective delivery of all phases of the procurement lifecycle.

The rules will also provide guidance on the strategic elements, such as identifying and applying the right insurance levels for procurements, the establishment and management of ACT government procurement panels, getting cybersecurity in procurement, and ensuring consistent and effective management of our contracts.

The amendment act also establishes the enhanced function and operation of the Government Procurement Board, as supported by the board's new terms of reference. The terms of reference will also be delivered as a disallowable instrument. They are in the final stages of being made and will outline the elements required to support the board's operation and set the board's strategic direction going forward.

The annual setting of the strategic direction will also allow the government to determine areas of focus for the board. The government procurement rules and the board's terms of reference will be finalised soon and presented to the Legislative Assembly in the coming months. I am happy to take any questions.

**THE CHAIR:** Thank you, Minister. We might kick off by going to Mr Braddock. Do you want to kick off?

**MR BRADDOCK:** Sure. I am trying to get some clarity on the recommendations and actions still outstanding following passage of that act.

**Mr Steel:** Many of the recommendations were agreed to and dealt with through the passage of the amendment act. There are some things that were not in the primary legislation—in particular, the disallowable instruments which are being finalised at the moment. We have outlined some of those in the government's response to the committee. I will hand over to Ms Mirzabegian to provide some more information about where each of those is up to.

**Ms Mirzabegian:** As Minister Steel mentioned, the board's terms of reference is one of the legislative instruments through which further articulation will be given to the board's strategic function and purpose, as articulated in the act. The board's strategic direction is another legislative instrument, as the minister noted. The strategic direction is intended to be renewed annually and would set the board's focus for the coming financial year. I should note that the strategic direction on its own is an enhancement on one of the recommendations of the Auditor-General's report, noting that a number of the Auditor-General's recommendations were in relation to considerations of various factors.

**MR BRADDOCK:** Just those two items remain outstanding from the recommendations?

**Ms Mirzabegian:** They are outstanding. Correct.

**MR BRADDOCK:** Thank you.

**Mr Steel:** The other item which I would probably class as outstanding is the appointment of a non-government chair for the Procurement Board, and that is in the process at the moment. I cannot announce who that person is at the moment, because it is going through the cabinet process and, following that, it will go through the Legislative Assembly committee consultation process. But that person will be in place by 1 July. In the interim, the board has been managing the number of government and non-government members who are attending the meetings to ensure that the government does not have the majority while they are considering matters until July, when we will have those new appointments in place.

**Ms Mirzabegian:** To elaborate, the composition of the board is something that has always been enshrined in legislation. The new legislation that commences on 1 July will change the composition of the board such that there are more non-public employees than public employees. To give effect to that, there needs to be a recruitment process for the board's chair, which is what the minister is referring to.

**MR BRADDOCK:** Thank you.

**THE CHAIR:** You mentioned that you are looking at the strategic direction and the procurement rules. I am really keen to understand how the Procurement Board fits with the rest of the procurement landscape for the ACT government, because one of the key things I saw was a lack of clarity and what seemed to be some overlapping roles. Can you help me understand where exactly the Procurement Board is going to fit under the new direction? How are we going to make it really clear and, at the same time, make sure there are no gaps between entities?

**Mr Steel:** One of the core recommendations from the Auditor-General was that the government should consider whether the Procurement Board should focus on high-risk, high-value procurements. They were previously seeing large numbers of procurements. That was partially because the procumbent thresholds, particularly in terms of monetary value, were quite low and had not changed in a significant period of time. We accepted the recommendation that there should be a greater focus on higher value and higher risk procurements, so that is the focus of the Procurement Board, as well as providing strategic advice to the ACT government, recommendations about procurement—procurement rules in particular—and how we can strengthen procurement across the ACT public service. That is what we have put into the act.

I appreciate there are different views about that. I know your party did not support that element and did not support the Auditor General's recommendation in that regard, but we certainly acknowledge that they should be focusing on those high-risk, high-value procurements, and that is what they will be doing going forward. The direction may provide them with greater focus in particular areas that are emerging. They will also

provide advice to government on particular issues that they see as the procurements come through the board. I will hand over to Ms Mirzabegian to provide some more information.

**Ms Mirzabegian:** Thank you. I might provide broader context in relation to how the board fits into the various roles and responsibilities. As the minister indicated, the functions of the board are in relation to providing strategic direction to the territory and identification of issues that affect territory entities across the ACT public service—that whole-of-territory view. Supporting that, of course, are bodies such as Procurement ACT which centrally provide policy capability and advice in relation to goods and services.

The accreditation program that we are implementing under the procurement reform program, as well as the tiered service delivery framework—which has different tiers of services based on the value as well as the scale, scope and risk of a particular procurement—will be the other supporting pieces in ensuring that no procurements are left behind. In supporting that, the capability arm of Procurement ACT is delivering a range of material. The minister referred to the procurement rules, which are, of course, a legislative instrument that give greater guidance and granularity to how you do procurement in the territory, supported by fact sheets, guidance material, better practice guides and e-learning modules, as well as face-to-face training, as requested. Through all of that, it is hoped that public servants would be equipped to undertake their procurement activities effectively and efficiently.

**THE CHAIR:** The procurements that previously would have been reviewed by the board will now not be automatically reviewed. What happens with those? Are there any extra protections or have you made any changes in that space?

**Ms Mirzabegian:** I might explain the tiered service delivery and accreditation program further. That might assist. The accreditation program is a program by which the Government Procurement Board assesses the capability and capacity of each territory entity in relation to undertaking a particular dollar value and risk of a procurement. There are four different accreditation levels, ranging from “developing” to “lead buyer”. The “lead buyer” status regards an entity that has very in-depth knowledge as an informed purchaser of a particular good or service.

It depends on the level of accreditation. If somebody has a very low level of accreditation, the service that Procurement ACT provides for goods and services goes up, so we come in with supports at various levels. At the highest level of our support, you will see a managed service offering which looks after the procurement—the chair of the evaluation committee—to make sure that the procurement is facilitated appropriately through its life cycle. It is a balanced approach. If you have higher accreditation and you have demonstrated the capacity and capability to do your own procurement, our service will go down.

The service that remains throughout, regardless of your accreditation level, is our enabling service. That comprises access to all of our better practice templates, guidance material, ad hoc advisory, oral—that is, on the phone—as well as written advisory services, a probity service that is provided free of charge for territory entities, and access to a lawyer seconded from the ACT Government Solicitor’s office. The training and so

forth is also there, should it be needed.

**Mr Steel:** In answering the question, it is probably also important to mention that, within the Government Procurement Act, are new criteria around the risk based approach of the procurements that come before the board.

**Ms Mirzabegian:** Indeed—in augmenting that, if, in spite of all of these measures, there are still concerns in relation to procurement. The matters that are referred to the board are no longer just based on the dollar value of the procurement. That has been raised, as the minister noted. However, there are risk based avenues to refer a matter to the board, including where a probity advisor considers that there are probity issues in relation to the procurement, and referrals by Major Projects Canberra and Procurement ACT, as the two bodies that support procurement referrals by a territory entity itself—for example, where a territory entity considers that it could have the benefit of advice from the board or referral by a minister where there are other issues. So a range of legislative avenues are built into our framework that would allow referral to the board. That is for the creation of transparency and accountability in undertaking procurements.

**THE CHAIR:** Mr Braddock, did you want to—

**MR BRADDOCK:** Yes. I am still searching through the legislation. When is the next statutory review of the act scheduled for? Are there any other plans to evaluate the amendments and the changes that have been made recently, and when will they become available to the Assembly?

**Mr Steel:** Is the review built in to the act or not? Do you have any—

**Ms Mirzabegian:** There is no review built into the act.

**MR BRADDOCK:** That is why I could not find it.

**Ms Mirzabegian:** However, as part of the policy function that Procurement ACT has and as part of the feedback that we would receive when we are providing advice on the implementation of the act, we would collect that and advise our minister on what may need to be improved in the future. Right now, of course, the act has not commenced, so we do not have any real ability to understand its implementation.

**Mr Steel:** The new mechanisms that have been built into the act, in terms of annual reports and the interface with the minister and the Government Procurement Board, will trigger better dialogue with the board on what needs to be addressed and any improvements to either the primary legislation or the further directions that they may need to focus on—changes to procurement rules or whatever it may be. I am confident that will improve the process of looking at updating things that come up from time to time through the procurements that the Procurement Board is seeing on a regular basis.

**MR BRADDOCK:** Will those annual reports be made available to the Assembly?

**Ms Mirzabegian:** Yes. They are a part of the annual reports that are published by each agency.



**MR BRADDOCK:** Thank you.

**THE CHAIR:** I will jump back to the discussion we were just having. You mentioned a number of problems. One that has come up in a number of procurement related audits is risk. From my observation, it also tends to be one of the most difficult to define as a universally comparable standard. Quite often in public services around the world, you see it shuffled and treated as a bit of a tick-and-flick exercise. How are you going to make sure the new process is adequately and consistently treating risk and identifying risky projects at the outset and throughout the process?

**Mr Steel:** I do not have the provision in front of me, but the act is actually quite specific about what that risk is. If someone could bring up that section, that might help to clarify. It includes specific reference to goods and services procurements, where there has been the renewal of a longstanding contract, for example. There are specific references, not just a general and broad definition of risk. There is quite specific mention about what those risky procurements might be that need to come to the board, so we expect them all to come to the board.

**Ms Mirzabegian:** As the minister has correctly referenced, the act itself provides some guidance to the public servant as to circumstances where risk might arise. I mentioned some of those, such as in probity, but the others include variations to a contract which had not been envisaged previously, increases in price in the contract, and so forth. Those are the risks that the legislation has provided for.

In addition to that, as part of our support to territory entities, we are developing templates for risk assessments. Those templates would have some standing items that the officer would need to turn their mind to. Public officials would see, for example, whether it is meant to be sensitive, whether it is the first time they are procuring an item, whether it is something that is novel or outside of the box, and so forth. Those are the risks that an experienced procurement practitioner would know they would have to turn their mind to.

Risk assessment is an expressed service offering under our enabled services. Officers can call Procurement ACT, describe the procurement process and we will assist them with developing the risk management plan. As you have correctly identified, the risk throughout the procurement's life cycles changes, so there are risks in planning a procurement, risks in approaching the market and risks in managing the contract. Generally speaking, better practice dictates that your risk document is a live document and that you assess and introduce new risks or take risks off as you go along. We are providing sufficient data to those officials to enable them to take that through the life cycle of the procurement. And we provide them with free advice—to come to us and ask if their risks need adjustment or whether there are particular treatments.

There are also escalation requirements within the legislation where a risk has been considered to have not been properly addressed, including through the Government Procurement Board's advisory. Where the board considers that a risk has not been properly addressed, they may escalate that. That is embedded in the legislation. We are very conscious that procurement risk is not just about the value of a procurement; there may be other factors that introduce risk into procurement.

**Mr Steel:** Ms Gardner has the provision.

**Ms Gardner:** I do. I have read and understand the witness statement. In relation to the minister referring to the risk base referrals in the new legislation, division 5.1 of the regulation and the amendments that have been made also outline a number of categories that can include referrals to the board, notwithstanding the provision of the monetary threshold, where there are, as Sanaz mentioned, significant concerns around probity. Certainly where a procurement relates to information and communications technology that includes an element of system development or redesign, it must be referred to the board. Where a new standing offer arrangement is being created—that is, a new panel arrangement is being created—that must be referred to the board for review. Certainly, as mentioned, where a procurement proposes to substantially change the scope or nature of an existing procurement contract, that also must be referred. In those circumstances, it could be that there is a change in the volume of the goods or services that are being provided, changes in the total consideration of the existing procurement contract that were not considered previously or changes to the existing date of the contract that were not already considered or built into the contract when the contract was executed.

As mentioned earlier as well, there is lots of opportunity built into the legislation for territory entities themselves to refer, as well as the minister responsible for that procurement. Areas like Procurement ACT and Major Projects Canberra or an appropriate advisor, or any advisor that has been engaged to support the procurement, can also refer procurements to the board where an element of risk has been identified.

I should also mention that, as part of the accreditation program, the Government Procurement Board is providing the governance and is the governing body. Risk is a key element that is assessed. A territory entity's ability to identify and mitigate risk in procurement is one of the key focus areas of the assessment program.

As part of the tiered service delivery model, we have also built a risk based tool that identifies, at the commencement of a procurement process and very much into the planning phase, what the identified level of risk is. It asks questions that Sanaz identified, such as about probity risks, whether it is a new procurement or whether it is an existing arrangement. That can then determine what the level of risk at that stage looks like, which then of course determines the level of service provided, based on the scale, scope and risk of the procurement. So there are a lot of layers embedded both within the legislation and within our key reform elements, like the accreditation program, that identify and wrap around those risk concerns.

**THE CHAIR:** Thank you. Going to the general risk consideration—because that is what my question was about—rather than specific triggers in the legislation, one of the temptations, having sat in a bureaucratic chair for a long time, can be to engineer a subjective risk analysis to find an easier path with less work and fewer hoops to jump through for those in the bureaucracy. What protections are there to make sure that does not happen—to make sure the subjective assessment is landing in the right place?

**Ms Gardner:** There are a couple of elements. The ACTIA risk assessment tool is what really underpins some of the identification and mitigation of risk. That tool itself is extensive in terms of the guidance material that wraps around it. In addition to that, with the accreditation program and the tiered service delivery framework, the

identification of higher risk results in more support provided to the procurement. So, in a lot of ways, from a public servant perspective, there is an opportunity to really look at those risks and then get the support from other officers that you might need. In some ways, the identification of risk is almost a good thing because the procurement will have more support, there will be more ability to call on more specialist officers, and it usually yields a better outcome.

With some of the layers that we have put in and by really assessing the capability and capacity of a territory entity holistically, we are looking at teaching the officer better risk identification—through those processes and through the capability uplift—but, where there is concern around that, there are also provisions for more support.

**Ms Mirzabegian:** The identification of risk is not a disincentive to the officer. At the moment you identify the risk, you get more support.

**THE CHAIR:** Mr Braddock.

**MR BRADDOCK:** I have no further substantives on this topic.

**THE CHAIR:** Minister, you talked about the procurement rules being a disallowable instrument. I am curious as to why something is not already in place.

**Mr Steel:** There has been; that is the answer; but they have not been formalised under legislation. We have had a range of difference guidance material that has been prepared by Procurement ACT in the past—for example, the Probity in Procurement Guide. What we are doing now, under the new legislation, is formalising those to give them higher stature and to bring together all of the guidance material into one document. That is being compiled at the moment. It will provide, hopefully, the whole, comprehensive guide for procurement officers to use when they are looking at the whole procurement life cycle, and to be able to apply the rules effectively, rather than having multiple different guides in various different places. I will hand over to Ms Mirzabegian to talk a bit about that.

**Ms Mirzabegian:** The government procurement rules, as the minister correctly identified, bring together a range of better practice guides and fact sheets that Procurement ACT has published over the course of the years, mainly, I think, in the last four years or so. They are based on areas where Procurement ACT was receiving queries from our clients, the various territory entities, as well as areas where we thought there would be benefit in setting better practices or guidance on better practice. It is about what better practice looks like in a procurement in relation to those matters. For example, early engagement with the market is one of those things that we know worries a lot of clients. It is about how we do that with probity and so forth. Contract management, as we have talked about, is another one. How do you access risk in a procurement? How do you ensure that there is value for money?

This is all guidance that is out there. With the introduction of the new legislation, we thought it would be very useful for us to bring all of that together in one place and for our minister to issue that as a direction to the various territory entities that undertake procurement. It is elevating the status, in that sense. Those are still there. People can avail themselves of those documents right now, but we are enhancing those and making

them more relevant to our new legislation.

**Mr Steel:** The Government Procurement Board may play a role in the future in terms of providing advice on the rules as well.

**Ms Mirzabegian:** Correct.

**THE CHAIR:** The other disallowable instrument that you mentioned is the strategic direction for the board?

**Ms Mirzabegian:** And the terms of reference.

**THE CHAIR:** And the terms of reference. That brings me to another matter that I am particularly interested in. It goes to this issue of course-correcting and risks that emerge throughout the life cycle of a procurement and a contract. Will the board have a role in ensuring that that course-correcting happens, or will its role be limited to providing advice and the strategic direction? Will it actually get involved in making sure that all of the correction happens when necessary?

**Mr Steel:** Are you talking about beyond procurement and the contract management?

**THE CHAIR:** I can imagine there will be scenarios where contracts increase in value. It looks like we have had a series of procurements where it is not just initial advice around procurement that might be necessary, but some advice around the risks beginning to emerge. Is there any role for the board beyond that initial stage?

**Ms Mirzabegian:** As Ms Gardner noted, there are a number of circumstances where a matter may be referred to the board, and one of those clearly called out in the legislation is, for example, where, during the life of a contract, there are changes to the contract that were not envisaged by the initial procurement. Where that occurs, it triggers an event to go to the board, regardless of whether somebody feels like it or not, to put it very bluntly. The matter is referred to the board. The board provides its advice, and the territory entity needs to show that any risks that have been identified through that process are addressed. If the board has concerns with whether the territory entity has acquitted itself in relation to addressing those risks, the matter may get escalated.

**THE CHAIR:** So the matter will come back to the board, and the board can be assured that its advice has been acted on?

**Ms Mirzabegian:** Maybe I could make it clearer. Whether or not it initially went to the board, whenever a contract is at a stage where there is contemplation of extending it beyond what was initially procured, that in itself triggers the event, regardless of whether it was of a nature that would have gone to the board initially.

**THE CHAIR:** I think you said that the board will then provide advice to the entity?

**Ms Mirzabegian:** Correct.

**THE CHAIR:** Will the entity's actions in response to that advice be reported back to the board?

**Ms Mirzabegian:** To the board, and if the board is not satisfied that the territory entity has appropriately and adequately addressed it, the board may refer the matter and escalation procedures are—

**THE CHAIR:** Where does that escalate to?

**Ms Mirzabegian:** Initially, the board will go back to the relevant delegate for that procurement and have it explained. The delegate has a right of response, and has the opportunity to fix the situation and report back to the board. If the board is still not satisfied, it goes to the head of that agency. If the board is still not satisfied, it goes to the relevant minister for that portfolio. We are hoping that it will not get to that point, but it is there if it needs to be used.

**Mr Steel:** The way in which the procuring entity has addressed the risk has to be documented as well.

**THE CHAIR:** One of the big concerns that I am hearing from the business sector at the moment around government procurement is the time frames that some things are taking. The concern is that some of the response may result in those time frames becoming longer, more bureaucratic and with more paperwork, or being held up in some way. Do you have anything in place to make sure those concerns are heard and that the procurement processes are still moving swiftly and getting those contracts out within a reasonable time frame?

**Mr Steel:** The work that has been done through the Government Procurement Amendment Act was not just responding to the Auditor General's report; it was part of the broader Procurement Reform Program. That also included action in relation to the recommendations of the Better Regulation Task Force, which is focused on streamlining government regulation to support business to engage with the government.

One of the things that we have heard is that some of the thresholds for quotations in particular needed to be addressed because they were, in some cases, far too low. We have updated that through the process. We think that has addressed part of the issue that you are talking about in terms of those smaller procurements where a local business may be involved. I will hand over to Procurement ACT to talk about that.

**Ms Mirzabegian:** In addition to that, we have increased our thresholds so that smaller businesses may be engaged more easily through the quotation system rather than an open tender process. We understand that an open tender process does have cost implications for businesses that are participating.

With the other provisions that you would see in the legislation, in the amendment act, specific exemptions are provided to engage Aboriginal and Torres Strait Islander businesses, businesses that are in the Canberra region, or small and medium enterprises. Public servants would be able to utilise those and approach those businesses. We think that would assist.

We are also undertaking a template streamlining project at the moment. It is near finalisation. That is intended, among other things, to make the procurement documentation more easily understood, in plain English, and reduce the number of

variations of different templates that have developed over the years. Hopefully, small businesses will be able to more easily engage with us.

Feedback that we heard was that they did not really want to engage a lawyer to read our procurement documentation for them. We are hoping that the way we have set it out, as well as the language that we are using, will make it easy for someone with no legal background to be able to understand and apply it.

**Mr Steel:** You can imagine my surprise, Chair, that this legislation that we brought forward, which was supporting small business and local businesses, was not supported by the Canberra Liberals, given that it was coming from a Better Regulation Task Force recommendation.

**THE CHAIR:** Minister, I appreciate your endeavour to engage in the politics around it. At the moment I am trying to understand where the government is going and how you are addressing businesses' very legitimate concerns. That said, I thank you for the response. Do you have anything else, Mr Braddock?

**MR BRADDOCK:** No, thank you.

**THE CHAIR:** We will suspend for five minutes, before hearing from the next witnesses.

**Short suspension.**

**STEEL, MR CHRIS**, Minister for Planning, Minister for Skills and Training, Minister for Transport and Special Minister of State

**LEIGH, MS KATHY**, Head of Service and Director-General, Chief Minister, Treasury and Economic Development Directorate

**CARMODY, MS LISA**, Deputy Director-General, Office of Industrial Relations and Workforce Strategy, Chief Minister, Treasury and Economic Development Directorate

**DUTTA, MR RISHI**, Executive Group Manager, Customer Data and Technology, Chief Minister, Treasury and Economic Development Directorate

**WHYBROW, MR MARK**, Executive Group Manager, Finance Procurement and Contracts, Chief Minister, Treasury and Economic Development Directorate

**THE CHAIR:** We will now move on to *Report No 10 of 2023—Human Resources Information Management System (HRIMS) Program*. Ms Leigh, can you acknowledge that you have read the privilege statement?

**Ms Leigh:** I acknowledge the privilege statement.

**THE CHAIR:** We will go to Mr Braddock to kick things off.

**MR BRADDOCK:** The government response stated that the Leeper report established that issues of governance, rather than the failure of any individual, were key to this issue. My question is: who is responsible for the state of governance in the ACTPS?

**Mr Steel:** The government is responsible for the governance. In relation to this matter, the governance is around project management. The specific issues which have been identified in this program related to governance at all levels through the project management, from the very earliest stages of the project, in terms of design of the program and business case development, right through to roles, responsibilities and issues with decision-making by agencies that were involved in the program across government during COVID-19, on the range of HR matters and business processes that needed to be determined.

That led to issues with the program which have now been identified through several reviews. The Auditor-General's review is the latest review into the program, but there were several reviews undertaken by the ACT government which acknowledged these governance issues as being the core focus, although they are only one part of some of the learnings from the program.

Certainly, we have been taking responsibility to address those, now that they have been identified, in future ICT project management, as well as specifically in relation to the new payroll capability program which will upgrade the existing CHRIS21 and HR21 systems, the time and attendance systems. I will hand over to Ms Leigh to talk a little bit about those governance matters and how we are addressing them.

**Ms Leigh:** The key issue in relation to governance is the issue that was identified in the Leeper report. That goes to how ICT projects are conceived. When this project was established, it followed the approach that was common with ICT projects—indeed it often still is—where the owner of the relevant ICT system identified issues with that system and the need to upgrade or replace the system. They were the ones who then

took forward all of the interrogation of what those needs were, presentations of proposals and options, business cases et cetera. That is the normal case with ICT projects. It certainly was then.

The Leeper report identified that the system owner is not necessarily the area responsible for the business outcome that the system is intended to achieve. It was the lack of inclusion of the business outcome owner in that governance that I think is the most important lesson that we have learnt and have now applied. I think you will find that there are still new ICT projects happening in other places where that is not front and centre of the thinking on the project, and I think it is a really important learning.

We have now ensured that the business outcome owner is a key part of the governance structure. This ensures that, right from the beginning, when the options are being scoped, and therefore costed, the actual reality of what can be delivered is properly understood.

**MR BRADDOCK:** My concern is that the culture of governance in the ACTPS, in terms of very senior public servants who are part of the governance arrangements for the HRIMS, was identified during the audit report as being of concern, with respect to the governance arrangements. Were those concerns that were raised addressed? Was there a culture where people could be forthcoming about those concerns regarding the governance?

**Mr Steel:** There were changes made during the course of the program, when issues were raised in relation to governance. There were improvements made throughout the program. Ultimately, the decision has been made since then to close the program and start a new one. The new program offers the opportunity for us to ensure that we have better governance arrangements in place from the get-go, including making sure that the outcome owner is clearly identified within the governance structure, that the roles and responsibilities of all other parties are clearly identified, and that there are better decision-making processes with other agencies, so that we can get clear decisions in relation to business process issues, which were a problem during the original program.

It might be worth bringing Lisa Carmody to the table to talk a little bit about that role of the business outcome owner and their relationship with the rest of the governance structure.

**Ms Carmody:** I acknowledge the privilege statement. In my role, I have recently joined the ACT public service; this is my fifth week. I am the business outcome owner for PCHRM, which is the new version of this piece of work. It has been quite clear to me, since I arrived, that, as the business outcome owner, I have some big responsibilities. I am closely connected to the work of the program board, chaired by the Under Treasurer. I chair the working committee, which has representation across all of the directorates. That is an opportunity for everyone to share and probably have some contestable discussions about what will work and what will not work. I can then feed that in to the program board. I have the payroll area within my responsibilities, so I also have some real subject matter expertise and lived experience in terms of what we think will work and what will not work, in order to do our best to ensure that the business outcomes intended are ultimately delivered.



**MR BRADDOCK:** Thank you, Ms Carmody. I will just try one more time to prosecute this line of questioning. Concerns were raised by senior officials about the state of governance. Corrections were made. They were ineffectual; hence the program had to be closed down. Who was responsible for the fact that the governance was not able to be fit for purpose, even after corrections were made?

**Mr Steel:** There were governance issues at a range of different levels with the project, and that was identified by the reviews, including by the Auditor-General. The Auditor-General clearly said that no one particular person is responsible. There were a range of issues from the very beginning that contributed to that problem. I think it was the Deloitte review in particular that picked up some of those governance issues.

Changes were made to the governance arrangements; but, ultimately, there were a range of issues which meant that the government had to make the decision not to continue with the program. We did look at whether we could reset the program; but, ultimately, we had to make the decision that it was in the best interests of the territory to pursue an option which had become available, which was to explore and pursue the development of an upgrade to the existing HR systems and payroll systems that we have, which had progressed in terms of the technology available, which was discounted earlier in the life of the HRIMS program as a viable solution, and which has since become a solution available to government that we think will be a better outcome.

In future projects, we have learnt the lessons from HRIMS in terms of those governance matters. They are clearly outlined in the government's response to the Auditor-General's report and the other reviews. There are multiple different governance issues that have to be addressed, whether it is roles and responsibilities, the role of the business outcome owner, the role of the board, or the role of the project team, which is now being supported through Digital, Data and Technology Solutions within CMTEDD.

There is also the work that we are doing overall to make sure that we have better investment decisions and assessment of ICT projects across government. That is particularly a role that has been pursued through the budget assessment group, the BASG group, which Ms Leigh may want to refer to as well. This is a new element.

**Ms Leigh:** In relation to that, I think one of the other significant innovations that was taken after this project had commenced and that will place us in a far better stead for the future was the level of ICT advice available to the government and the public service in carrying projects forward. We were, I believe, the first jurisdiction in Australia to establish the position of Chief Digital Officer. We established that position early in the life of this project, when it was still being developed as a business case. But, at that stage, the government did not have near the level of expert advice available to it on ICT matters that it now has as a consequence of both the establishment of that role and then the change of structures within the public service to ensure that our ICT experts sit underneath the professional lead of the Chief Digital Officer.

As we have strengthened the ICT advice available to government, that has then been reflected in some of the changes you mentioned to the governance of this project. But it simply was not available when very initial work was being done on this project. As I say, we were actually the first in Australia, to the best of my knowledge, to have a Chief Digital Officer. I think the commonwealth came in shortly after we did. So I feel proud

that we have done that and that it does place us in a much stronger position in relation to all of our ICT work and in ensuring good outcomes from our ICT projects.

**THE CHAIR:** Hopefully I can jump in quickly with a quick reframing of where I think this question is trying to. When everyone is responsible for trying to achieve an outcome, it can be the case that, in effect, no-one is accountable. The question, I think, here is: where does the buck stop? Who is it?

**Mr Steel:** Through the work that has been done in applying the lessons learnt and developing a new terms of reference for the new PCHRIM program, it is very clear in the terms of reference where the accountabilities lay. The role of the business outcome owner has been very clearly outlined, which sits with the Office for Industrial Relations and Workplace Safety. That is clearly identified. The role and accountabilities of the project board and every single person that is on it are outlined, including the Chief Digital Officer, and then we have the role of Digital Data Technology Solutions in terms of the actual project management of the ICT solution. We think that, through that process, we have clarified those roles and managed those governance matters that have come out of the HRIMS program so that those accountabilities are very clear.

**THE CHAIR:** We are 15 minutes into this, and I do not feel like we are actually getting the answer that we are trying to get to. It is disappointing that it has taken that long talking in circles. But I will hand over to Mr Cain.

**MR CAIN:** Minister, was anyone subject to disciplinary action as a consequence of this egregious mismanagement and waste?

**Mr Steel:** My understanding is no. I think it was mentioned previously that the Leeper report highlighted that the failure of the HRIMS program was essentially about governance, not about an individual.

**MR CAIN:** But individuals were responsible for key parts of this program. So no-one was disciplined?

**Ms Leigh:** Mr Cain, I believe the Auditor-General made the case clear. I not quoting; I need to check the words. But I understand from what the Auditor-General said, including the Acting Auditor-General before this current committee, was that they did not find maladministration. There was a question of skills, there was a question of governance, but I believe that they said they did not identify maladministration.

**Mr Steel:** Our inclination at all stages has been to build capability within the ACT public service, particularly when it comes to managing complex ICT projects, not to take a sort of slash-and-burn approach or to go after individuals. That would undermine the capacity of the public service. We know that we need to build capability in this area. Whether it is through the establishment of the Chief Digital Officer or whether it is through the role that has been established through digital, data and technology solutions to build the capability to manage these types of projects, our approach has always been to build capability. I appreciate that you might be after a head, Mr Cain, and that might feel good for you to have a sort of Dutton-Lee slash-and-burn approach to the public service, but our approach has always to be about capability building in the ACT public service.

**MR CAIN:** That is an inappropriate response to my question. From what you concluded, Minister, or Ms Leigh, were any of those findings forwarded through to the Integrity Commissioner?

**Ms Leigh:** Mr Cain, I do not think it is possible to comment on what one has provided to the Integrity Commissioner. But I would repeat what I said before: that my understanding is that this was not a question of maladministration and certainly not of corruption.

**MR CAIN:** Without perhaps saying the detail of any referral, was anything referred by the minister or yourself to the Integrity Commissioner?

**Ms Leigh:** Mr Cain, I do not believe I am allowed to answer that question.

**MR CAIN:** Can you take that on notice to confirm that that is the case?

**Ms Leigh:** Sure.

**MR CAIN:** Minister, how frequently were you briefed on the progress of HRIMS?

**Mr Steel:** I was briefed periodically—

**MR CAIN:** What period?

**Mr Steel:** Obviously I was not minister during the first period of the program. But certainly on becoming minister I was briefed on the program shortly after it became clear that the program was not going to meet its first deliverables. That then resulted in a series of reviews and a pause to the program, looking to reset before we—

**MR CAIN:** Minister, how frequently were you briefed? We know you would have been briefed. You have said that. How frequently were those briefings?

**Mr Steel:** I do not have the exact dates on me—but it was periodically on the project.

**MR CAIN:** Will you take on notice to provide how frequently you were briefed and when that occurred during progress?

**Mr Steel:** I can take that on notice, Mr Cain.

**MR CAIN:** Thank you. Minister, what issues were reported with Frontier's CHRIS21 system that instigated the HRIMS project?

**Mr Steel:** I think this goes back beyond my term as minister. There may be officials here that can provide some background to it. I will invite Rishi to the table. It is a system that had been in place for some time in the ACT public service, but the technology obviously had changed since the instigation of the HRIMS program.

**Mr Dutta:** I acknowledge the privilege statement. The HRIMS project was conceived after a series of reviews that were conducted leading up to it. The last review was in

2016 and was performed by the Hackett Group, which is captured in the Auditor-General's report. That review recommended multiple options to upgrade the existing HR capability, because it was deemed at the time that the existing HR capability was not meeting the requirements of the ACTPS. There were four options presented as part of that review. One of those that was being considered was upgrading or making changes to the existing systems that we had in place, which was CHRIS21 and HR21. However, that option was discounted at the time.

At the time, the ACTPS was seeking a transformative change to the way HR capability is delivered across the ACTPS, taking into account the 18 enterprise agreements we had, the 5,000 payroll calculations and the 11,000 leave types, to be able to deliver centrally across whole of government. In doing so, the complexity involved with upgrading the system was underestimated. However, an option to consider and go through the SAP program was recommended as part of the business case.

**MR CAIN:** Does CHRIS21 have a processing limit for its payroll system, and what is that number?

**Mr Dutta:** Sorry, can you repeat the question?

**MR CAIN:** Does it have a processing limit for its payroll system?

**Mr Dutta:** I will have to take that on notice.

**MR CAIN:** Is it possible that that is \$99,999,999?

**Mr Dutta:** I will have to take that on notice, Mr Cain.

**MR CAIN:** And can you take on notice whether CMTEDD exceeded this limit—whatever the limit is—in 2023? How much did CMTEDD exceed such a limit over that period? If that was the case, how was additional money appropriated, given that the DTTS's recruitment was frozen to ensure the payroll expenses could be met?

**THE CHAIR:** I understand you are taking all of that on notice?

**Mr Steel:** Yes.

**THE CHAIR:** Thank you.

**MR CAIN:** How does the government ensure value for money on CHRIS21, which was previously discounted for being at end of life? Who was the minister to discount CHRIS21 at the end of its life and to receive cabinet approval for that discontinuance?

**Mr Steel:** The technology has changed in between the original decision-making process that led to the development of the HRIMS program.

**MR CAIN:** Could you get to the part of my question, please?

**Mr Steel:** I am addressing your question and then I will come to the specifics. But I will just hand over to Mr Dutta to explain what has actually changed with the

technology with CHRIS21, which is quite substantial and was not necessarily fully known or understood at the time that the HRIMS program started. We are talking about quite a substantial period of time now when HRIMS was first developed.

**Mr Dutta:** Originally when the idea to put forward a transformative change and go to a SAP whole-of-government solution was being considered, HRIMS did not have the capability to be able to cater for the transformative change that was needed and what we were seeking at the time. As a result, we went through the path of SAP. CHRIS21 and HR21 at the time were supported by a whole heap of manual processes that sit around it to be able to supplement and enable operations of the HR capability within the ACTPS. Since then, the native product itself has matured to the extent where it has opened up additional capability which can be used to reduce the reliance on these manual add-ons that were set up at the time, delivering some capability which can now be provided within CHRIS21 itself.

**MR CAIN:** Okay. As I said, who was the minister to discount CHRIS21 as at its end of life, and did this receive cabinet approval, Minister?

**Mr Steel:** I will take that on notice. Obviously, I was not the minister at the time.

**THE CHAIR:** Minister, I want to go to the issue of the cost escalation in this program. It seems astounding to me that we had a budget amount of \$15 million and then within two years that seems to have roughly quadrupled. Putting aside what has happened within the public service analysis, surely in that two years later that budget increase was considered by cabinet. How is that a quadrupling of funding for an IT project would not have raised significant red flags?

**Mr Steel:** The scale of the change was underestimated by the public service, and the level of work that was required to look at initially resetting the program required additional funding based on advice that we had got. Ultimately, it is one of the reasons that we then made the decision not to progress with the program—because it would have cost even more to reset and continue to deliver the HRIMS program. The estimate is that we would have had to spend another \$140 million to deliver the full scope of the HRIMS program.

We made the decision not to throw good money after bad, to close the program down and to pursue a lower-cost solution. That was to upgrade the CHRIS21 system, which we had been advised was an option that had matured. It is one which we are familiar with across the ACT public service and one which will deliver some of the capabilities that are required. But we also still need to go out to build a time and attendance system as well. Further investment will be required to deliver the PCHRIM program, but it will not be anywhere near what was originally costed to continue with HRIMS.

**THE CHAIR:** My question is: you have argued that that happened after you became the responsible minister.

**Mr Steel:** No, the decision that we made—

**THE CHAIR:** The decision to not progress and to stop throwing good money—

**Mr Steel:** That is a decision that has been made while I have been minister. When I became minister, the program was about to miss its first deliverable and, at that point, we began inquiring into the program, about what was going wrong, and undertook multiple reviews to work out what was happening with the program, initially with a view to resetting it. We had progressed and looked at options to reset it; but, in pausing the program, we undertook those reviews and, ultimately, found that the better solution, which would be cheaper and lower risk for the territory, would be to pursue the upgrade of the existing systems, in addition to developing a new time and attendance system. I am not sure whether officials want to comment on the financials of HRIMS.

**THE CHAIR:** If I can come back to the question, you said that the missed deliverable, which happened after you became minister, was the trigger for investigating and diving into the risks.

**Mr Steel:** Yes.

**THE CHAIR:** However, unless I am completely off track, there was an increase to the budget for this project. It went from \$15 million to roughly four times that amount, and which was before that missed deliverable.

**Mr Steel:** The initial view was to reset the program, not to shut it down. In undertaking those reviews, we then worked out that it would be far better to close the program. In closing the program, there have been some costs associated with that. But I believe it is the best decision for the territory to close the program, despite the cost of closing it down, in order to pursue a lower cost, lower risk solution. That was a decision that we made in the 2023-24 budget.

**THE CHAIR:** In that initial increase, was cabinet already aware of what seemed to be significant, known risks associated with the funding and the approach for this?

**Mr Steel:** I am not commenting on cabinet-in-confidence matters. Certainly, we were aware that the program was not meeting its first deliverable; therefore we undertook those reviews because we were concerned about where the program was heading. That is why we ended up looking initially to reset, but then pausing the program and examining what other options were available to government to still deliver the human resource, payroll, and time and attendance solution that is required.

We do need to invest in this. This is something that is critical to making sure that we can pay public servants, so the investment here was required. Ultimately, the decision has been made to pursue an upgrade of the existing system.

**THE CHAIR:** How is it that the budget amount on this project originally was only at \$15 million when, looking through the audit report, it seems that it was already clear that that would be insufficient to achieve what the program was setting out to do?

**Mr Steel:** One of the key findings from the program is that the size and scale of the program were underestimated; ultimately, that flowed through to costs. We have decided to end it by cutting it loose, and closing the program, so that we avoid additional expenditure potentially of up to \$140 million.

**THE CHAIR:** But that underestimation seems to have happened before that first budget amount was even put into the budget. In 2013, it says here that the estimated cost of a replacement system would be \$36 million. That was before the 2017-18 budget amount of \$15 million. It was already known that those estimates were not even in the ballpark.

**Mr Steel:** The scale and complexity of the program were underestimated. When the work was done to work out, through the reviews that had been undertaken, what was required to reset the program to get it back on track and continue to deliver all of the deliverables, it was found that extra, additional investment would be required to deliver the program.

**THE CHAIR:** This brings me back to the first question that we asked today. Who is it that is responsible for providing the government with the advice that \$15 million was a reasonable budget amount when it was already known that well over double that, at least, would be required to implement the project?

**Mr Steel:** I think this goes to making sure that we have best practice planning and design for these ICT projects, which has since been implemented. The role of Digital, Data and Technology Solutions in having the capability to provide that advice and the role of the subcommittee of the Strategic Board in providing advice through the business case process to make sure that it properly reflects the true costs of delivering a project and that the risks have been addressed early on are really important. One of the key learnings of the program is to make sure from the very beginning that that proper design and planning work has been done, and that there are those gateway reviews before it gets to the point where it is—

**THE CHAIR:** It was already known, Minister. I am not sure why you are still trying to avoid the question of who was responsible for this decision to place a small amount of money where a much larger amount of money was required. I do not get the sense that we are getting anywhere, unless you can tell me very specifically, without—

**Mr Steel:** You are referring to matters and, obviously, I was not minister at the time that that went through, when the program was first funded. There was, I think, initially funding for that early feasibility work. The governance processes have since been strengthened to make sure that greater scrutiny is given to ICT proposals, that the current state of the ICT solutions and business processes are well understood and that the future state that will be delivered by the new ICT solutions is properly understood. That is a clear learning from HRIMS.

**THE CHAIR:** That still does not go to the question that was asked.

**MR CAIN:** Minister, last week the Acting Auditor-General confirmed that the methodology used by the department to calculate internal costs for this program was inadequate. Is that a conclusion that you have also reached?

**Mr Steel:** I will have to look back at what the Acting Auditor-General said, so I will not comment specifically on that. I will ask Mr Whybrow to talk to that matter. He may be able to address the question.

**MR CAIN:** I will repeat that: the Acting Auditor-General confirmed his view last week that the methodology used to calculate the internal costs was inadequate. Minister, do you agree with that assessment?

**Mr Steel:** I am asking Mr Whybrow to provide some further information on that. I am not going to take your view that that is what the Auditor-General said; I will confirm that for myself. Mr Whybrow can refer specifically to the Auditor-General's matter.

**Mr Whybrow:** I should also say that I have read and understood the privilege statement.

**THE CHAIR:** Thank you, Mr Whybrow.

**Mr Whybrow:** I refer to his report. On page 24, section 134 states:

Actual expenditure on the HRIMS Program does not include all costs associated with the time and effort of directorates and their input into the HRIMS ... These costs are not known with any certainty, as there has been no reliable mechanism for the HRIMS Program or the directorates to account for the costs.

**MR CAIN:** That confirms what was given in oral testimony last week. Minister, has the government reviewed how it calculates internal business costs for projects like this one, and for the current project?

**Mr Steel:** Do you want to take that one, Mr Whybrow?

**Mr Whybrow:** Could I finish? The element of what this is, if I express it, is cost accounting. And I should say I am a fellow of CPA Australia, so I have some understanding and expertise in this field. That is cost attribution to projects. What they are talking about is not all about time and effort. I can give this example: the Under-Treasurer sits on the governing committee, and his time and effort has not been costed and charged to the project. What has been charged to the project are direct costs—costs that were additional to and provided through the appropriation. It has not allocated the costs of individuals in directorates who currently have day jobs and have contributed to the project. That is what this means. In my professional opinion, I do not think that is an inappropriate mechanism to allocate costs to projects.

**MR CAIN:** Given the time, could you take on notice—

**THE CHAIR:** Mr Cain, I am happy for you to put a question on notice.

**MR CAIN:** Thank you.

**THE CHAIR:** Mr Pettersson.

**MR PETTERSSON:** Thank you. I am interested in the steps the government is taking to support public servants to upskill and develop skills to support project management and planning. How is that work tracking, and what are the goals of the training?

**Mr Steel:** I will invite Mr Dutta to talk a little bit about the work that we are doing to



support capability in the public service to manage ICT projects and the role of DDTS. Obviously, the development of *Guiding best practice design and delivery* is a key element, as is the training associated with that to support the public service to, effectively, get it right from the beginning in the development of ICT projects. Mr Dutta.

**Mr Dutta:** Thank you, Minister. As per the learnings out of the Leeper report and the Auditor-General's report, and as per the response to the Auditor-General's report, we are in the process of making significant improvements to the way we manage projects. We have *Guiding best practice design and delivery*, which explains how to initiate a process. You have to design it and start thinking about initiatives and the business outcomes that you are seeking. It goes with the process of defining what the business problem is before we start thinking about the technology we need to procure and how we implement that. That is a significant change to the way that is applied to ICT projects, which often tend to gravitate towards buying a tech platform without having an appreciation of how that fits into the wider ecosystem of technology and how that works with the ecosystem of business processes that need to be executed via those technology platforms.

As part of the learnings out of the Leeper report, we better defined the roles and responsibilities for projects and for members contributing on committees. We are adopting Managing Successful Programs as a framework. It defines key roles like the business outcome owner and the senior responsible officer, which we are now looking at implementing across all critical and strategic projects that we have. We essentially further strengthened the way we review business cases, with the CDO now reviewing all technology business cases that are put forward and providing advice to government around how to best move forward with those initiatives and how they will integrate with the other initiatives.

I have spoken about the strengthened and clear terms of reference for initiatives. In terms of training and skills, we are in the process of establishing our Enterprise Portfolio Management Office. The purpose of the Enterprise Portfolio Management Office is to adopt better practices and standards. We can then use that in training provided to staff and when we get external staff from the ACTPS to deliver specific initiatives. That will allow us to have a consistent way of delivering projects and a consistent understanding of how we need to govern those projects to get better outcomes. We are at varying levels of implementing those initiatives.

**MR PETTERSSON:** I have a supplementary. Could you expand on how the Enterprise Portfolio Management Office fits into the public service? Are they going to oversee external consultants who provide guidance to public servants who are engaging with consultants?

**Mr Dutta:** The Enterprise Portfolio Management Office's role is to provide a consistent set of practices that we need to adopt for projects across the ACTPS, independent of the stakeholders that form part of that team, via a multidisciplinary team model to deliver those outcomes. The key is an acknowledgement that the ACTPS does not have all the skills that we need to deliver the varied nature of initiatives we have. We often have to engage stakeholders from the market. The EPMO will provide a consistent set of practices and frameworks for us to align with and deliver outcomes from those

projects.

**MR PETTERSSON:** Wonderful. Thank you.

**THE CHAIR:** Mr Braddock, do you have a quick question? Well, you can make an attempt!

**MR BRADDOCK:** I will make an attempt to be quick. Instead of using the word “governance”, I would say: where was leadership demonstrated during this entire project which involved people who lacked sufficient skills or the governance systems and processes to manage the project they were tasked with? Where was the leadership in all this to ensure that those employees were supported and were able to achieve the task?

**Mr Steel:** When issues were identified with the program, actions were taken to look at what was going wrong and to try to put that support in place.

**MR BRADDOCK:** Insufficient and ineffectual actions.

**Mr Steel:** During the period of COVID-19, there were significant challenges in engaging with key decision-makers across the public service who were inputting to the program, where we needed their input to make key decisions around some of the business processes that needed to be put into the new system. Ultimately, they were issues that could not be fully overcome and, despite the will to look at resetting the program, the decision was made to go in a different direction and re-establish the program in a different way—to set up the governance structure in a way that would address some of those issues. I think we are in a better place now with the payroll capability HRM program to avoid those issues. There have been changes in personnel. Some of that is just from changes in the public service. It happened over the long time that this program has been going, but I am much more confident now in the processes that have been put in place to address those matters, with the PCHRM program and all other ICT projects as well.

**MR BRADDOCK:** I will try to ask this one last time in another way. I am sure we are in a better place now due to the level of reflection work that has been done. Where was the leadership when this project was set up and people were set up to fail?

**Mr Steel:** Do you want to comment on that, Ms Leigh?

**Ms Leigh:** I would say that, as the minister has indicated, this project cannot be looked at as a static moment that determined everything. As the project evolved, so too did the governance structures. As I indicated earlier, we created the role of the Chief Digital Officer. That role was created and, as that role evolved, it had a much greater role in this project. It was not a fault that there was not such a role at the beginning—as I said, we were the first jurisdiction to have such a role—but it was certainly something that enabled us to strengthen our governance.

Similarly, in terms of structures within the public service, we had Shared Services as a joint entity. That was, again, a really successful structure. We were the only jurisdiction in Australia to achieve shared services that were maintained and continued to deliver

efficiency across the whole public service for many years. However, it reached a point where we could achieve even better efficiencies by moving parts of Shared Services to be close to the relevant policy area. As has been indicated, Shared Services' Human Resources has now been moved to the Office of Industrial Relations and Workforce Strategy, and it is now closely aligned to policy. That achieves an opportunity to better focus the deliverables required in this project. That opportunity did not exist in the same way when it was part of Shared Services, but it was part of Shared Services for very good reasons and achieved other benefits. So you cannot look at any particular aspect as though it is frozen in time. All these opportunities contribute to being able to improve the running of projects. That is what we have done. We have constantly looked at ways to improve the performance of this project but also the public service as a whole.

**Mr Steel:** The establishment of Digital, Data and Technology Solutions Group in CMTEDD, as the primary centre of expertise when it comes to information technology and delivering these types of projects, is a key change as well that occurred through the program. That has given us much greater capability to deliver these projects in the future. That was a change made to provide capability and support for agencies across government who want to deliver ICT projects. They are pretty much in everything that people want to do now. There is an ICT component attached across the ACT public service, so building that up was critical. The leadership role that we have taken is to establish these entities to provide that support and provide capability in the public service.

**THE CHAIR:** We will have to wind things up there. Minister, as we wind up, is there anything you would like to quickly add?

**Mr Steel:** No.

**THE CHAIR:** On behalf of the committee, I thank witnesses for their attendance today. If you have taken any questions on notice, and there were a couple today, please provide your answers to the committee's secretary within five business days of receiving the uncorrected proof *Hansard*. On behalf of the committee, I would like to thank witnesses who have assisted the committee through their experience and knowledge. We also thank broadcasting and Hansard staff for their support. If a member wishes to ask a question on notice, please upload them to the parliament portal as soon as practicable and no later than five business days after the hearing.

**The committee adjourned at 11.03 am.**