THE JOINT STANDING COMMITTEE OF PUBLIC ACCOUNTS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON FRIDAY 9 AUGUST 2024

FOLLOW-UP OF AUDITOR-GENERAL REPORTS - NO. 2 OF 2015-16 - CAPITAL WORKS PROGRAMMING AND MANAGEMENT

The Committee resumed at 10:10 am.

CHAIR - Thank you Minister for coming back to the Public Accounts Committee. One of the functions of the Public Accounts Committee is to follow up some Auditor-General reports and we work with the [Tasmanian] Audit Office to determine which ones we'll follow up and which one the Audit Office might follow up and with the purpose of ensuring that recommendations made by the Audit Office are considered, responded to and, in large part, adopted. If they're not adopted, what reasons there may be for not adopting them either in part or in full. So, that's the purpose of this inquiry and we choose ones that we think require some level of follow up to ensure that Departments are not just sitting the report on the shelf effectively. As you'll be aware, some time ago prior to prorogation we sent a questionnaire to you asking you to provide some responses to your response to the recommendations made by the Audit Office with regard to capital works planning, noting this is a report from 2015-16. So, it is an old report in that regard, but it's important to follow that up with the Auditor-General's recommendations.

Thanks for your written response. From my perspective and the Committee broadly, it's good to not only see what you've written about what you've done, but also to have evidence to support those Statements. In the past we've had claims made that a recommendation, not by you or your office, but claims made that recommendations have been followed, but there's no evidence to support that. So, we may be requiring further information to be provided depending on how we go across the table.

Minister, do you want to make any opening statement on this matter? You're quite welcome to.

Mr FERGUSON - No. If I did, I would perhaps only be reiterating the material which I provided to your Committee in February [2024]. I think I just got it in to you in time before it was prorogued, so hopefully that's still considered live and acceptable.

CHAIR - It is.

Mr FERGUSON - I think we'd go to your questions and if I can invite the Secretary and his support to think about any evidence that we can come forward with, we'd be happy to do that as well. Certainly, in terms of the information on the updated procedures that Treasury has been sharing with other agencies might be an example of something that we can provide to you, but why don't we take the questions?

CHAIR - We'll start with Recommendation 5 of the Auditor-General's report, because it's not just Treasury and Finance, it was other Departments as well as this relates specifically to Treasury. Recommendation 5 noted that Treasury modified the SIIRP[1] process to maximise

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[1] Structured Infrastructure Investment Review Process

its application to potential projects, including packaging and proposals and a timelier processing of individual stages.

In your response, you say that these improvements include restructuring of the SIIRP to reduce administrative burden. Maybe I'll go keep going. You've also talked about improving the timing and flexibility, changing agency information requirements and to improve the project development and assessment links to Government policy priorities. Can you provide more thorough explanation of what changes you've made, how you've done that and what sort of information has been provided to the agencies?

Mr SWAIN - Okay, I'll answer that as best I can. Perhaps I'll just start with the process. The process had been an annual process which has moved to a continuous process that can happen at any time. It didn't explicitly cover maintenance programs - that was included. It was also changed to move from a six-step process to a four-step process, which I can come back to, and probably the bit that's now live is we're also continuing on to do some further work with Infrastructure Tas to make sure that the process gels optimally with Infrastructure assurance process and also having regard to changes to Infrastructure Australia's process. We're trying to make sure that this complements other capital-related projects - or processes - in Government.

So, the SIIRP process used to have six steps. It now has the four, which are project initiation and investment concept, option analysis, business case and investment readiness. It is used to support business case development at the early phases of projects and I think it's particularly in the space where you've got a bespoke project, not a repeat business kind of project. Roads, for example, sit outside of the SIIRP because they're subject to other processes with the Commonwealth Government that review how they work.

Going to your question, I'll just try and pick the eyes out of a document that I have.

CHAIR - Maybe it would help if you provide that schematic that you have.

Mr SWAIN - Yes, if I could.

Mr FERGUSON - You speak to yours and I will hand mine over.

Mr SWAIN - The SIIRP process is really geared at primarily developing business cases that then help inform the budget process to make decisions on capital allocation. The insurance process is more about once you have made a decision, how you make sure the project stays on track. There is some overlap at the moment between the two. The ITAS Assurance Project has a project registration justification process which overlaps with the initiation and option analysis. I think where that is going to head towards is the SIIRP process looking at whether this capital project needs to occur in relation to the agency's strategic asset management plan and their service delivery priorities that is more in what is the nature of the solution? Is it a capital solution or is it some other solution?

Once you are into the ITAS framework, you have generally made the decision and you are probably talking about this kind of hospital development or another kind of hospital development. You are sort of within a class of solution as opposed to working out what the overall arching solution is. The information that was required to be adopted in relation to the recommendations has been reflected in guideline updates and is something we could provide if you needed that.

CHAIR - Yes, it would be good to copy the guidelines.

Mr FERGUSON - That was pretty soon after the report was-

CHAIR - They have not been updated since then?

Mr SWAIN - No, they have, they were updated back in 2015. The chronology basically was really in parallel with the original audit report, there was work done in relation to the SIIRP process and that reflected that it was a four to five-year-old process at the time, which is probably why the Auditor looked at it at the point.

There were then decisions by the Treasurer of the day that led to update to guidelines and other documentation, that was communicated to agencies by letter. Then the next bits I have been talking about have come post-2022 because it was at that point that Infrastructure Tasmania did a review of best of assurance around Australia and picked, essentially, the New South Wales model. They refined that back so it was the maximum benefit for the minimum resource input and now we are going through an alignment process which, we are hoping, will result in another refinement to the guidelines by the end of this calendar year.

Before that can happen, there is a bit of work that ITAS needs to do on their arrangements so we can make sure the two processes dovetail and do not duplicate.

CHAIR - Okay, so the guidelines themselves have not actually been updated since 2015?

Mr SWAIN - They were updated after the audit report.

CHAIR - Yes.

Mr SWAIN - They were updated to address the issues in the audit report, specifically recommendations 5 and 6, but what I am saying is the world has moved on since then with the assurance framework coming into play and there have also been updates to the Infrastructure Australia processes. So, now we are really going through a collaborative process with ITAS to make sure we do not have duplication across these processes.

CHAIR - There will be a single set of guidelines developed. Is that what you are saying?

Mr SWAIN - No, I am just saying they will be complementary. The SIIRP guideline is more aimed at or the initial phases of SIIRP, are really aimed at, should this capital project be supported through the budget process, it was meant to support budget decisions. The assurance framework is more on, once you have made that decision, are you managing the project well? It is intended to provide periodic checkpoints that alert the project director and the governance that sits above the project director, steering committee or whatever you happen to have alerts that if there is anything not being managed as well as it could, you can take corrective action before there is a problem and then head that off.

They have complementary but different purposes. We want to make sure it is as streamlined as it can be and we are not asking agencies to do the same work under a SIIRP process they will then have to do under an ITAS process and making sure those two things work together.

CHAIR - To be clear, then, if I can, Treasurer, the guidelines will guide the process for the SIIRPs, not for ITAS' work?

Mr SWAIN - It will. Yes, but they will have their own guideline and we will make sure the two talk to each other.

CHAIR - In terms of the changes that have been made, acknowledging that there is still work going on in that area, and the world has moved on, things have changed, but what have been the outcomes of the change process to date? I assume you streamlined the process down a few years ago, but that is not very recent.

Mr SWAIN - I think what it means is that the information requirements are probably less demanding than they used to be in terms of the level of detail that you have to provide, but they still - the reason I am hesitating is because at the front end of any project, you always have limited information. I think what the SIIRP process is trying to establish is the base case for the project, but you are still going to have refinement through the assurance process.

CHAIR - Just bringing it back, I am talking about the outcomes we have seen. It is all about outcomes. When you take it back to the recommendation, it talks about the application of the SIIRP process to potential projects, including packaging proposals and a timely processing. Have there been changes in that space? This is what the intention of the recommendation was, to enable that.

Mr SWAIN - Because I have not lived through that process over the last five years it's hard for me to comment specifically on that.

Mr FERGUSON - Take it on notice, I think, right back to the Committee. So would that be of service? If we would take the question on notice in the context of - and you also in an earlier question you know suggested providing some evidence. I think we would like to take that on notice, provide some written feedback to the Committee after Secretaries had a chance to speak with his team, provide you with some clarity about that particular evidence of improvement and collaboration with the other agencies.

CHAIR - Yes, I think you can say that you have done this and this, but if there has been no positive outcome, then maybe there is more work that needs to be done. Did anyone else want to ask on that particular matter?

Mr WILLIE - No, I think further information is good. It will help us with our findings.

CHAIR - Can I just clarify then whether Infrastructure Tasmania or IT Tasmania has any role within the SIIRP or are they two separate processes?

Mr SWAIN - Two separate processes.

CHAIR - Yes, I was a little bit confused with what you have written here, the involvement of Infrastructure Tasmania with the SIIRP, in your response you have written that.

Mr SWAIN - Well, involvement in terms of making sure the two processes are complementary and they are not being conceived or enhanced in isolation of each other.

CHAIR - And they do not lead to duplication from assessment?

Mr SWAIN - No, that is what we are working through for the balance of this year to making sure that we don't have that duplication.

CHAIR - So we expect the guidelines to be released some time later this year?

Mr SWAIN - Towards the end of the calendar year is the aim.

CHAIR - Okay, and would they be published on the Treasury website or where will they be?

Mr SWAIN - They will be both - the SIIRP guidelines would be on the Treasury website: the ITAS guidelines will be on their website.

CHAIR - I assume all Departments will be provided with a copy of those guidelines once available.

Mr SWAIN - Yeah, if there are any changes to them, we would, as a matter of course, write to agencies to advise them.

CHAIR - Sure. Okay, we move to Recommendation 6. Recommendation 6 is:

> Treasury provide documentation of its analysis. We further recommend that SIIRP requirements explicitly include an explanation of why the service should be continued, a detailed explanation of the need for the proposed infrastructure, an outline of the impact of not doing the project, information to show that the proposal is sufficient but not excessive to meet the need. In the case of a package capital requirement, that documentation might take the form of evidence that the submitting agency has evaluated and prioritise the project based on similar projects.

And you have touched on this a little in your previous answer, in your response you talk about the existing agency SIIRP business case guidelines and templates were amended. Can you indicate how they were changed to give effect to this recommendation?

Mr SWAIN - It may be best if we highlight that in the provision of the guideline as well because I must admit that I am operating largely on the assurances of the team who operate this because I didn't live through that period.

CHAIR - Maybe if you could provide a copy of the template and maybe the previous guidelines, business case guidelines and the ones after, after the Auditor-General's report was tabled; the new guidelines might help to be able to see what changes have been made.

Mr SWAIN - Certainly the material I have got in front of me details the assertions but, as you say, don't provide evidence of the changes, so I think it's probably best through that provision.

CHAIR - Sure. In fairness to all Departments, the PAC hasn't been undertaking this more rigorous process until the last two or three years. I hope that in future times, when you're called back, what the Committee is seeking is evidence to show that this has actually been adopted and the outcomes or the impact that's made. I understand that the Auditor-General's recommendations usually lead to improvement of processes.

Mr SWAIN - I'm not aware that we've done a post-change review of those outcomes, but that would possibly be something that we look at in the future anyway, because we've come through quite a strange period in terms of capital delivery where a lot of stuff through COVID, there was a lot of accelerated capital delivery at State and Federal levels, and some of that did not eventuate through this process. It came through other processes. I suspect that in another year or two from where we end up at the end of this year, with the alignment with ITAS, might be a sensible time to have a further look at how the process is running.

CHAIR - There is an expectation, now that the immediacy of the challenges that COVID presented have passed, that the SIIRP process would be one that's the default position for these sorts of projects.

Mr SWAIN - Strategic asset management plans, which the projects that come to SIIRP should relate to, are in various stages of maturity, but generally have been upgraded across agencies off the back of that unusual period. You know, we're getting those back. I think the only thing - I totally agree with the premise. I think projects coming through the SIIRP, particularly when they're not repeat business - when they are bespoke or new, is very desirable. The only word of caution I have is there have been examples at the national level with Infrastructure Australia where, really, decisions have been made and then the process is a kind of validation or, you know, retrofitting. I would suggest that if you're in that situation, and the decision has really been made, it would be better to assess those projects through the assurance process, which then picks up: are you really clear on what you're building and why you're building it and what the service outcome is?

CHAIR - Treasurer, is your preferred process to have the upfront SIIRP process, particularly for new projects or would you be happy for ITAS to be undertaking the assurance process?

Mr FERGUSON - The model we're moving to, because we've been progressively increasing the capability of ITAS in my other portfolio, to have a greater ability to provide a service to their sibling Departments to be able to deliver capital projects where they might not have that in-house capability. So, we're trying to build that central resource that agencies - Education, Health, Justice, Police - could reach in and utilise that capability.

CHAIR - So, go through an assurance process rather than the SIIRP process?

Mr FERGUSON - No, in a complementary fashion, not to replace one or the other. But we have been moving to a greater resource of ITAS. When we formed ITAS - what was that? 10 years ago, nearly, it was a pretty small agency of Government, tiny, three people. But over the passage of time, it's increasingly been looked to as a central enabler for capital delivery. Over time, I hope that it can, in actuality, in part, replace the role of external consultants, develop more of that capability in-house, more or less as a service to other Government agencies to help with the risk mitigation, to help with those gateway reviews, which we now really encourage more and more, so that agencies with the best intentions in the world in the

past haven't always had that. Well, frankly they haven't had it. And now that they can get that more or less independent for them, that uncomfortable process of receiving honest feedback from the gateway reviewers that has been provisioned through ITAS to hear the good, the bad and the ugly about their project. In many cases, it's all green, keep going. But sometimes it is: you need to pause, you need to fix this before we are prepared to support you going further. I say uncomfortable because everybody is enthusiastic about getting their project moving. But sometimes it is the truth you need to hear is that you are actually not quite ready; we need you to resolve these matters, otherwise, you are going to have escalations that you cannot afford.

Mr SWAIN - If I could add to that, Treasurer? There is an important point in there that if ITAS is doing bespoke delivery and the assurance framework, then I think it would not be able to run the SIIRP process, which is why I believe the SIIRP process needs to sit separately in Treasury, because you could argue that ITAS would be conflicted if it had that role. It is really a Treasury role anyway because it is to support the budget. That is why you need to keep both processes, but we need to make sure that they sit in the right place to manage any potential conflicts.

CHAIR - That has been the body of work that has been going on?

Mr SWAIN - That is happening now.

CHAIR - Yes. When you refer to the 2021, I think, release of the project assurance framework -

Mr SWAIN - 2022, I think, but it might be -

CHAIR - It does say 2021 here, so you might need to just check that date.

Mr SWAIN - Okay, yes.

CHAIR - You might just like to confirm when that was actually released and provide a copy of the framework to the Committee.

Mr SWAIN - We can, but it is not our framework. It is ITAS's framework, really, but we can.

CHAIR - All right, if it is not a problem.

Mr FERGUSON - We will take it on notice.

CHAIR - Yes, sure.

Mr FERGUSON - I will take that on notice, but that our information that we provided to you through this portfolio says 2021.

Mr SWAIN - I am sure that's correct.

Mr FERGUSON - Oh, okay, because Gary has come from the other Department as well. We will double-check that as well, but we believe it is 2021 and happy to take that on notice.

CHAIR - In this response, and this was provided some time ago, I accept that you did note that new guidelines and templates were expected to be made available to agencies in 2024. They are the matters you are talking about that will be toward the end of this year, and that is still on track?

Mr SWAIN - Yes.

CHAIR - Okay. Is there anything else you wanted to add for clarity around ITas's role here? I think we have covered it fairly well?

Mr SWAIN - No, I don't think so.

CHAIR - Okay. We would appreciate the additional information that you have committed to providing. We will write to you seeking that. We appreciate your appearance today and working through this process. It is an important process, acknowledging the time between the audit and now, and many people were not here at all, or not in the current roles they are in now.

Mr WILLIE - You were the only one on the Committee that was - or maybe - ...

Mr SWAIN - Chair, one other thing, if I could add that might just be useful to you generally. There is also the digital transformation funding provision, which could be a point of confusion. That is really for the delivery of IT projects. The SIIRP is broad enough to consider ICT, so the business case front-end development of an IT project could be through the SIIRP but then rolls into funding under the digital transformation - just in case that is something that you were wondering about how those things dovetail.

Mr FERGUSON - They are both in FG but they have those delineations.

CHAIR - All right. Thanks for your appearance today and we will write to you to get that further information.

Mr FERGUSON - You are welcome.

The witnesses withdrew.

The Committee suspended at 10:39 am.

The Committee resumed at 11:10 am.

CHAIR - Welcome, Minister and your team to the Public Accounts Committee inquiry looking at the follow-up audit of one of the Auditor-General's reports - which is quite dated being 2015-16 related to capital works.

The process that we undertake in this part of the Public Accounts Committee's work, is to follow up Auditor-General's reports in collaboration with the Audit Office to see which ones we should follow up as a Committee, or that his office may follow up, mainly to ensure that recommendations are not being put on the shelf somewhere and they are actually being adopted. If they are not, why not, and whatever is there, that they have been adopted, acknowledging this report was done some time ago.

So, that is the process and we appreciate that we wrote to the former Minister for Education, Children and Youth back in February [2024]. We got a response and then Parliament was prorogued so we couldn't actually proceed at that point. What we would like to do is further pursue the responses and try to get a little bit more clarity and detail around those and hopefully that is a clear process and why we are doing the work we do.

I remind the Members at the table, most of them would know, that this Committee is covered by parliamentary privilege. The hearings here, what you say, is covered, but what you say outside may not be. It is being recorded and broadcast and it will be transcribed and form part of the Committee's report. Do you have any questions, any of you, before we start?

WITNESSES - No.

CHAIR - I invite the members at the table, other than you, Minister, to take the statutory declaration. Maybe you would like to introduce them first and then they can take the statutory declaration.

Ms PALMER - Thank you very much, Chair. Immediately to my left we have Tim Bullard, who is our Secretary, then I have Todd Williams, who is the Director of Facility Services, and, also joining us, Kane Salter, our Deputy Secretary for business operations and support services.

Mr TIM BULLARD, SECRETARY, **MR KANE SALTER**, DEPUTY SECRETARY, **MR TODD WILLIAMS**, DIRECTOR FACILITY SERVICES, DEPARTMENT OF EDUCATION, CHILDREN AND YOUNG PEOPLE, WERE CALLED, MADE THE STATUTORY DECLARATION, AND WERE EXAMINED.

CHAIR - Minister, I invite you to make an opening Statement, if you wish, and then we will go to questions.

Ms PALMER - Thank you very much, Chair, and I thank you for the opportunity to be here with you this morning. As you mentioned, the former Minister for Education, Children, and Young People wrote to the Committee in February of this year in response to your follow-up questions on the Auditor-General's report into capital works programming and management. To be able to respond fully here today, both myself and the representatives from our Department are here to answer any further questions that you may have, or indeed to expand

on the questions that we have responded to in writing, so it is really great to have our Department team here.

I would like to broadly say that, as noted by the previous Minister, the most significant change in response to the Auditor-General's report has been the Department's implementation of its asset management system. This is a really great system and I think this is a really good step forward in how we assess capital projects.

The system actually captures asset and infrastructure condition data, together with site capacity information. The data held by the system together with weighted assessment criteria is what we are using to assess the capital submissions that we receive from schools each year, also from our child and family learning centres and our libraries, and then we apply that so that we have a Priority ranking that is based on the level of need.

This process provides an important triaging mechanism for the Government to make investment decisions each year. So, the Government and the Department have been transparent in reporting of the Priority school rankings and this is an annual process: that information is sent out to our schools.

The annual process and budget deliberations by Government has seen considerable, if not record, investment in the Education portfolio and we have doubled down on our commitment to providing the best possible facilities for our learners to thrive, which includes $188 million to deliver major upgrades for 15 schools: that is inclusive of the $25 million for the redevelopment of Dodgers Ferry Primary School, $45 million in additional funding to the North West Support School, $15 million to build or upgrade teacher housing in our rural and remote communities, $10 million for playground and sports courts upgrades in schools, $32 million to deliver four new super-sized child and family learning centres - and they will be in Huonville, Smithton, Longford and Scottsdale - pretty amazing facilities that we have seen, making such an impact where we already have them.

We also have $30 million investment for the VET Facilities Fund for new and upgraded VET facilities and industry-standard equipment at colleges, secondary schools and trade training centres. By way of an example, the 15 schools to have major upgrades, as announced in the recent election, have come directly from the Priority 1 list. That shows our Government's confidence in the work that is done and how those decisions are reached as to which schools are ranked in what order. We certainly have a lot of confidence in that. If the team is ready, in your hands for questions.

CHAIR - Minister, with the asset management system that you've referred to, it would be good have a little more detail about that and whether there's some documentation like a flowchart or anything like that about how that that works for a particular school or facility that's requesting, needing, capital works.

Ms PALMER - Yes, absolutely. I did get some little flowcharts ready and we've got a few copies there I'll just hand that over.

Mr WILLIE - Did you put Montello Primary on there?

Ms PALMER - That's a very high level. I'll make some comments and then I'll hand over for more detail to the Secretary of the Department. To the methodology around

determining the specific number of sites that DECYP is considering to be in a Priority 1 category, the Priority 1 sites are those that are identified with the highest needs based on asset condition and enrolment capacity data and the capital submissions for those sites are presented to Government for funding consideration each year. The schools put that forward and then we look at those submissions alongside the extraordinary amount of information that we gather through the audits that have been done.

Where there is no set number of sites considered Priority 1, the Department must make informed decisions in distinguishing those sites that have the greatest needs over others. The way it's been expressed to me is that the Department is aiming to find that right balance between presenting too many sites for funding consideration so that meaningful capital investments can be made in as many sites as possible within the available funding bucket. For more on that I'll turn to the secretary.

Mr BULLARD - Todd and Kane will be able to provide more detail around the system itself, but to note, every site is audited, so it's not a request from a school. The asset management system holds asset reports for all sites that then allows that data to be used. We don't wait to be asked 'could you come out and have a look at us because we don't think that we're going so well'. That's a change from the previous process. I mean, the audit was undertaken. Mr Willie's nodding because you remember it used to be principals who were very good at advocating, communities who are very good at advocating, that would be the main input and then that would then have led to a site review or a site visit to get a site situation report. So, we've shifted the dial the other way now.

Mr WILLIE - It is a fairer system now, isn't it?

Mr BULLARD - Well, it's much fairer because it's highly objective and what we saw was absolutely the schools that raised issues were issues that needed to be addressed, but we were never sure that they were the main issue that needed to be addressed because there might be principals that are just managing as best as they can or communities that are making sort of work-arounds, and so that's great.

The other thing is too, is that communities wouldn't advocate often for things like refurbishment of air conditioning units or sub-floor ventilation because they're just things that weren't seen. It was a lot around the general learning areas or new playgrounds, et cetera. Now the audit goes right to the heart of the mechanical ventilation, under floor ventilation, as well as some of the amenity of the learning areas.

CHAIR - With the process now, it's a proactive reaching-in process or every school being given the opportunity. When you get that information, what involvement, if any, does the parent body have, like the school board?

Mr BULLARD - Do you want to talk to the actual end process? So, we've gathered the data, it's in the asset management system. What happens next?

Mr SALTER - School associations are vital to be engaged through the process and in a lot of cases we know the Priority 1s, there is engagement with the school association because there's a heavy need to, to provide a solution. If I use Dodges Ferry as a current example, the school association was, I suppose, in partnership in acknowledging the issue and

acknowledging that we were working on a solution to put the submission forward. The school involvement and school association involvement is absolutely critical in that.

CHAIR - It would be fair to say, and you know what I am talking about, that some school associations are much more capable and able to put a case. They will see things that might include ventilation, whereas other school associations might be ensuring their child can get into the school, for example. Is there a weighting process here that acknowledges the capacity of some of the school associations in very small rural schools, or even our larger more disadvantaged area schools?

Mr BULLARD - I think there's been a delineation between what needs to be attended to and the how. So, we were relying on school associations to advocate for the what, and now the system brings that to our attention. So objective data informed, we know what needs to be done. That then allows the energy to go into engaging school associations on the how.

If you went back to when this audit was undertaken, that would absolutely have been driven by the capacity of the school association to be able to advocate or engage. But now we've got a team in facilities whose job it is to engage with communities, school leaders, school communities, parents, and learners around the how.

So, we know there's an issue here. We know that if there's a capacity issue or an upgrade issue, we put the energy of the Get Involved team into actually working and activating those communities to actually have a say and to guide the how we are going to remediate or fix the problem or build the new bit of kit

CHAIR - How do you actually do that? Some of these families and schools do not have a high trust in Government for a variety of reasons - often related to children. So how do you ensure that you do hear from some of those families who may feel disempowered?

Mr BULLARD - Do you want to talk about the range of mechanisms?

Mr WILLIAMS - Absolutely.

Mr BULLARD - Because it's multi-pronged. I think the days of 'We'll send you out a pamphlet and fill it in if you've got a view' are gone.

Mr WILLIAMS - No, well, absolutely, we're listening, and there are multi options to allow the contribution. There's the online Get Involved campaign that people may use. There are face-to-face forums that we do, and there is a paper-based forum option that we provide. We've recently done that with the North West Support School in Devonport to acknowledge that not everyone can put it in online. Some people prefer to do face-to-face and others prefer to write. we're absolutely mindful of ensuring the options are there to capture the voice.

I will say that my team worked closely with the schools every day and the principals, and we are out there listening. The message we send is 'We want to know, because if we don't know, we can't help'. We capture that information and we record it in the asset management system. We can't do everything at once, but we can make sure that we're listening and gathering and then prioritising and helping.

Mr SHELTON - Just one point - and Dodges as a typical one where these things don't happen overnight and decisions aren't made overnight and often the building issues, they evolve over a number of years to get to a point where it is a high Priority Number 1. I am aware of Dodges and for many years their numbers have been building, they have had temporary buildings there and you get to a point and they come through on the top.

My Statement is that the Priority - you gradually go up the Priority list as the information is collected and the knowledge is collected and that sort of thing. Dodges Ferry is a great example of that and I'm pleased to see what's going on there.

Mr WILLIAMS - Yes, absolutely and just so for awareness, if I may, we track the capacity and the occupancy level as part of our annual process and we're regularly working with the schools that are approaching or at capacity. With Dodges Ferry, we have had to put modular units on the side over the last couple of years to help manage that capacity whilst we're putting our submissions into Government to secure a permanent -

CHAIR - Same with Montello: they have got demountables there too.

Mr WILLIAMS - Correct.

Mr WILLIE - A lot of schools do.

CHAIR - A lot do, yes.

Ms THOMAS - You have talked about the asset management system and the audit and the information that is fed into that. I imagine then the condition assessment will provide a useful life of different assets, which must be a pretty complex system because schools are made up of a number of different assets and asset classes.

Is that framework based on the Institute of Public Works Engineering Australasia framework or what sort of system? Where does that come from?

Mr WILLIAMS - The system is Assetic now called Brightly System Recognised Asset Management system, used internationally. We went through an open tender process to get that. Absolutely all the key principles of asset management are embedded in the life cycle, the condition, the space use. Absolutely, that is front and centre in what we do. We have had that system independently audited to share with the Department of Treasury and Finance, the implementation of the system to have an independent view it was correctly implemented and the data analysis was appropriate also.

Absolutely. It is robust. Every room, every building condition is a part of that system.

Ms THOMAS - In terms of the data provided in there, because obviously the Chair was talking about community advocacy and different schools having different capacities, different communities advocating. Of course, everyone wants new and better assets yesterday. Does that system then have the capability for a response to communities when they are asking for renewal or new assets to be delivered? To say we have this data in the system, that asset is due for renewal in 2028. At councils, we would get requests for upgrades of roads and we would be able to say, we understand there might be some issues with your road, but it is due for renewal

in 2027. If there are any immediate repairs needed, we will do those, but you'll have to wait until then. Is that the same sort of response that can be provided?

Mr BULLARD - The mechanics of how it works in Government is an annual cycle of putting forward. The Department could never commit to say we will get to you in 2028. What we do say to communities is yes, we understand you are a Priority one and we will be putting forward submissions on behalf of those communities to be considered in a Budget process. But, also managing the expectations of schools and communities on a Budget process for capital. That, we are in a pool that is also wanting to build hospitals and roads and other facilities. Some of it is expectation management, but it is also an acknowledgement where that is warranted of the position of the school.

We know schools get very passionate about their infrastructure. Todd's team aren't shy about going on site and meeting with parent groups. Sometimes it comes from students who want to see changes at their school. Of course, we are open to all of those discussions, but framed within the reality of being in a Budget process.

Ms THOMAS - Yes. Is there a condition, like a rating? You have talked about priorities. You understand the condition of all of the Education Department assets. Is there a condition level that is considered acceptable and not acceptable in terms of reaching those priorities? Is there some sort of graphic or representation that shows the percentage of assets that meet an acceptable condition level?

Mr WILLIAMS - Yes, there is. That data is available and we use that internally as well. A quick statistic, 38 per cent of our assets are over 70 years old. The life cycle system is suggesting renewal is coming and we are very pleased to be able to renew the top 15 of our list.

Mr SHELTON - Yes. It is very interesting when you walk into a school and whether it be Campbelltown, Cressy or Saint Mary's, when they are built in the same era. They have the same style of windows, same style of vinyl on the floor and that sort of thing,

CHAIR - All of the same problems.

Mr SHELTON - They all need maintenance at the same time. Which, isn't possible, of course, through a Budget cycle to do it all at once.

Mr WILLIE - Election cycle.

CHAIR - Yes.

Mr EDMUNDS - Secretary, you touched on expectation management. How do you then manage that in terms of when, as the Minister talked about election commitments. We have 15 schools which now have all effectively been told they're Priority 1. How do you, through a Budget process - and obviously, we're waiting to see the Budget to see what's going to happen - but how will the expectations of those schools at the top of the list who've explicitly been told had a bipartisan commitment about the upgrades? How are they communicated and engaged with about whether their school's not in this Budget, despite being an election commitment and being told their Priority 1?

Mr BULLARD - That's a question for you, Minister, on election commitments.

Ms PALMER - Yeah, it is.

Mr EDMUNDS - I'm interested in - in all honesty though - I'm interested in the way you're talking about the engagement, but maybe it's one, then two.

Ms PALMER - When we look at what's come out through the election process, is that the Government has absolutely backed in the system that we have now. The audit of schools and the extent that Todd and his team go to in the discussions that we've had. Todd's used language like I know every classroom, every school, every ground, every amenity'. It's really thorough, so we've backed in that system. Through our election commitment, we know the information, the data, the work that's gone into that Priority 1 list and we back in that process. We know that this election commitment, those funds are going where they need to go. Is that answering your question or are you wanting another level?

Mr EDMUNDS - It certainly does from that part and that's fine, I agree with it. But it's the, as you say, expectation management now of schools that they will have upgrades and the communication, maybe.

Mr WILLIAMS - When the commitments were made, the schools of course reached out to want to know when work was going to start. So, I reached out to those schools and let them know it was great news and now we are working with Government and waiting for the Budget to come out. When the Budget comes out, I will reach out to them again and we'll know more information to be able to work with them on the timing of that work. If there's an expectation of a community and that's not funded - that happens from Budget to Budget - because I'm going to see myself as being top priority, but there might be other priorities in a particular year. We work closely with the school principal and it's not always a dead no either. The fact that you didn't get your five new classrooms doesn't mean that facilities won't be out and saying, well, how can we attend to some of the pressures that you have on your site in other ways. That might be moving the use of spaces around, it might be taking up non-learning spaces back to learning spaces conversion. Sometimes, we have to go to the terrapins (?). But it doesn't mean you're just left out there to fend for yourself.

Mr EDMUNDS - And maybe just one more if I could, regarding that information that you gather. I agree with what the Minister said about preparing the evidence and making it as a commitment based off of the evidence, which I think is really good and should be commended. Do you think there could be a better way for that information to be communicated across the Parliament outside of Government? Because often you might have, and we've got a number of different parties in the State now who want to look for priorities in different portfolio areas, but in many ways, I know - certainly coming from Opposition - sometimes you are punching in the dark, and the school associations are great too, potentially, as your electorate engagement. In terms of making informed policy decisions, could that be done - I don't know if there's been any consideration as to how that could be done in a transparent way for the entire Parliament?

Mr BULLARD - I think at the most macro level, Ministers have had a practise of tabling the Priority list during estimates. We sent it to schools anyway, so I get the public domain.

CHAIR - Can you provide the most recent one to the Committee? Unless you've got it with you?

Ms PALMER - I have.

CHAIR - If you can table it, that would be great.

Ms PALMER - I've written on it.

CHAIR - If you can't find a clean copy-

Ms PALMER - I've got a clean copy here.

CHAIR - Thanks, Minister.

Mr EDMUNDS - Thanks very much,

Ms PALMER - 2024.

CHAIR - Yeah, thanks very much. Sorry.

Ms PALMER - 2024?

CHAIR - Yes. Thanks very much. Sorry to interrupt you.

Ms PALMER - Do I need to write anything on that to table that or does that just go straight through?

CHAIR - No, it's fine.

Ms PALMER - Sorry, I forgot I scribbled on them.

Mr WILLIE - A question for the Minister. Obviously, there is confidence in this system. I will put my hat on as a former shadow Minister. We absolutely back this system in as well. Isn't there an opportunity for you, as Minister, to take this stuff out of the election cycle? I mean, these schools that sit on the Priority 1 list, it is very well for the Departmental employees to talk about Budget processes. They do not get funded in the Budget process outside of election years. So, there is no political advantage if the opposition, the alternative Government, has confidence in the system too and is making exactly the same commitments. Isn't there an opportunity for you, as Minister, to show some leadership and take it out of that cycle and actually fund schools on a needs basis across Budgets?

Ms PALMER - I am not going to come in on how you want to run your election campaigns in any capacity -

Mr WILLIE - It's a fact.

CHAIR - Let the Minister -

Ms PALMER - No, just give me a moment to answer the question, Mr Willie, I think that I will draw you back to my previous statement, which is we have such confidence in how this is done, in this process, in the work that is gone into it, that this, you know, is very

reasonable to come out in an election with this process and say: here are our Priority 1 schools, backed up by the data, backed up by the work of this team, and to put that into the process.

Mr WILLIE - But why make them wait a parliamentary term before they get some sort of commitment? You could do it through the budget process during the parliamentary term on a needs basis.

Ms PALMER - We already do it through the Budget process as well.

Mr WILLIE - Not major commitments. Your Government has a history of waiting until elections until they make commitments about major refurbishments and redevelopments.

Ms PALMER - I am very comfortable with us putting this forward through an election process. There is also a process each year annually where the Department will come to us and say, you know, through that Budget process, can you consider this, this and this? And then that becomes part of the Budget process, and that happens every year. That is my understanding. I have not been through that process personally, as Minister, but my understanding is that that will come through to me through the budget process. So, I am very comfortable with this.

Mr WILLIE - Could I encourage you to talk to school staff, principals and teachers who have no end of frustration around how this stuff unfolds and, maybe, get in tune with how they feel about how things are funded?

Ms PALMER - Mr Willie, I do not think I've spent a day between the time that I became the Education Minister and now where I am not speaking to teachers, groundsmen, principals across every school in our State and we raise a number of things. And I must admit this has never been raised, but I am more than happy to include that in my vast array of questions that I put to teachers and principals on a regular basis.

Mr WILLIE - Ask them about capital projects and election cycles and I am sure you'll get some handy information.

Ms PALMER - Thanks for the tip. Appreciate it.

CHAIR - Just on that, because I have not been on a Committee that has scrutinised Education for some time, but how much detail of this work is included in your annual report?

Mr BULLARD - Can I just ask for clarity? So, how much of the Priority list?

CHAIR - The Priority list and the work that sits behind it.

Mr BULLARD - The workings, the funded line items are described, aren't they?

Mr WILLIAMS - There's a statement around the asset management process that we go through, and the current and completed projects, capital projects, are reported annually.

CHAIR - So, the current and completed, but not the ones that you - it is an annual thing now, is it? So, you annually make an assessment? That is what you said first up?

Ms PALMER - Are you talking about the audit process? Sorry, just clarification on what question.

CHAIR - From what you said earlier, maybe I misunderstood. There is an annual process for audit, but there must be an annual assessment undertaken as well.

Mr SALTER - There is that annual process. We just don't put the Priority list in the annual report. We provide that to schools around March, April, at the beginning of each year. We just don't go to that level in the annual report.

CHAIR - So, you don't provide the supporting information that gives rise to the Priority list either?

Mr SALTER - In the annual report? No. There is a high-level description in the annual report of the asset management system and, the high-level description, yes.

Ms THOMAS - This somewhat follows on from that question. I googled the Brightly system that you mentioned and Department of Education asset management data to see if there was some sort of snapshot and I found a Brightly success story. Brightly promotes their project as a success story and it does have a snapshot, just an image snapshot of the Department of Education Tasmania life cycle modelling outcomes. It can be broken down by electorate and local Government area, and then the snapshot in front of me in the success story has the number of buildings, the number of records modelled, the cost of the initial backlog, the percentage of the service potential, the overall condition rating and the asset value, which is really helpful information.

I wonder, as a new person to the Committees, Chair, if it appropriate to ask for that level of information to be provided to the Committee?

CHAIR - Yes.

Ms THOMAS - Is that something that could be provided to the Committee? It does not appear to be publicly available. I think it's the sort of information you're asking about as the background information that informs the annual Priority listing. You can take it on notice.

Ms PALMER - Yes, we'd take that on notice and see what can be provided.

Ms THOMAS - Thank you.

CHAIR - I want to clarify one point and go to one of the other recommendations of the Auditor-General. In recommendation 2 it talks about the use of the asset register to flag assets approaching the end of their … useful life for assessment of condition and possible capital expenditure. This is where condition assessments indicate that assets are likely to exceed their … useful life, the asset register reflect the revised useful life, which makes sense. I did note that in your responses you said that asset condition data is updated in the system when a change has occurred and, for instance, redevelopment works and predictive models are adjusted accordingly. We've also heard that you do this process on annual basis, is that correct?

Mr WILLIAMS - The updating of data or the annual process?

CHAIR - The updating of the asset condition data.

Mr WILLIAMS - That happens as it occurs. When a project is completed, we receive the completed drawings of that project. We update our floor plan data and we also update and renew our condition data at the same time. So that's happening throughout the year.

CHAIR - Okay. So, if a school property or asset was damaged, that would be updated after the repairs were done? Is that right?

Mr WILLIAMS - Yes, the damage data comes through the system through reporting from schools and that triggers a response from us. It's whether that is a renewal or a repair. The renewal is the complete upgrade back to the start of the useful life. A repair is not necessarily a renewal. It's a fix on file in our language. So, yes, both elements are captured. The renewal, the upgrade triggers the triggering of useful life and condition renewal. The repair is simply just a repair that's been done, so the condition has not necessarily changed, unless through that repair, as an example, we put a whole new roof on.

CHAIR - Or, for example, the Burnie High School fire. That would have triggered a renewal, not of the whole school, just the bit that burnt down.

Mr WILLIAMS - Correct.

CHAIR - But it went a bit further than just replacing what was burnt down, which is a really good thing.

Mr WILLIAMS - Absolutely.

CHAIR - Can I go to Recommendation 3: that the DOE[2] explicitly uses its criteria for evaluation and prioritisation of potential capital projects and documents, both individual and comparative ratings. This is obviously part of that assessment process. I note in your response the weighting process here. It says improving building condition, assessing significant occupational health and safety issues, disability access and infrastructure issues, and incorporating environmental sustainability has a rating of 30 per cent. There are other ones about strategic priorities and initiatives - 30 per cent. I'm interested on how those percentages are reached because I would have thought health and safety were pretty important. I'm not suggesting you're not saying that. I'm just interested in how you assess the percentage there.

Mr WILLIAMS - There is a large amount of elements in that particular criteria in waiting. I suppose the important part there is that's generally about all of the building condition data that we pull in. The criteria are obviously designed to get the right balance of the four criteria we have with learning focus, building condition focus and the other criteria. There is a lot of data to consider with that and that's where the assessment come through on the building rating and help provide an outcome that we pull together to get a holistic view.

CHAIR - So, I go to the next area then, another 30 per cent is addressing strategic priorities and initiatives consistent with the school strategic plan - fine - and in line with Government direction and policies. This is where politics can come into it. That is also 30 per cent, which seems an odd weighting when you look at the occupational health and

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[2] Department of Education

safety, disability access, sustainability. Then when you go down to the next one, which rates a 10 per cent weighting, demonstrating community benefits and extending use of school facilities. I assume that's focused on other uses besides the learning of children at the time, young people, but I'm just interested in why addressing in line with Government direction and policies would have a 30 per cent weighting. Hence the risk of politics coming into play.

Mr BULLARD - Really, what that's attending to is where we need to do something with our physical infrastructure to implement a Government initiative. If we took some examples around - I think a few years ago there was an announcement about upgrading kindergarten infrastructure to be compliant with the expectations. Obviously safeguarding is very live, where we're looking at the deployment of facilities to achieve safeguarding outcomes.

To the Department that means those type of policy directions. It doesn't mean 'Let's give lots more money to, you know, the North East'. It's attending to where do we need to change our kit to ensure that we can deliver the kindergarten announcement or the preschool for three-year-olds announcement or the safeguarding announcement? The underlying.

CHAIR - It's not really clear in - well, I know it's only limited information that's been provided. Are you able to provide a fuller breakdown of those percentages so we can actually see what is assessed under each one? It was not certainly not clear from your response here that that that's the sort of areas that that 30 per cent weighting is to consider.

Ms PALMER - Chair, if you would be happy for us to take that on notice so that we can go away and have a look at that.

CHAIR - Yeah, I'm not asking for it on notice.

Ms PALMER - I think that would be difficult to provide at the table.

CHAIR - Yeah. Do you have another question? I'll just make a note of that so I don't forget myself.

Ms PALMER - Chair, can I just ask, sorry, my first time with PAC, will you get back -

CHAIR - We will write to you.

Ms PALMER - Great, thanks. Just wanting to check that process, thanks.

CHAIR - And this may follow on, maybe this is something that you can add if you can't respond now, but another dot point in that response in relation to this matter is that the total asset result, assessment result against all criteria shown as a percentage in the Department waiting column on the submission determines initial ranking of submissions. On that response you'll have to provide an example of how that's applied to a particular project. It might help to show how it actually applies in actual application?

Mr SALTER - Yes, we can do that as part of the response.

CHAIR - Not asking for it now, it's part of the - yeah.

Mr BULLARD - I will just say, in relation to those criteria that you are referring to under Question 3. That is actually what we are asking learning services. That is what we are asking the operational layer of the agency to provide some commentary and feedback on. What we are trying to do is get their on-ground intel. We have the asset management system: we have what we know strategically as an agency. This is, you are there every day in learning service operations and we are looking for some commentary to assist us also. That is where we get those ground-up things we might not know or see from the system.

Mr WILLIAMS - Yes, absolutely. That is a vital part of what we do, having learning services involved. You are going to have all the building data you know is very useful, of course, but it also needs to match up with the learning needs.

CHAIR - And the outcomes for the students.

Mr WILLIAMS - Absolutely, yes. That is where through that assessment and the application of the criteria, learning services are front and centre.

CHAIR - What the Committee is seeking here is some evidence of improved outcomes. Not just having a nice new shiny building, but the opportunities for student learning. I know from the Burnie High school situation with a park on top, which is just outside my electorate. The capital upgrades in those schools made a huge difference to the student engagement. That is why Montello Primary is so important. I could not help but say that.

Mr EDMUNDS - The Priority rankings on the document you have tabled, do they have definitions? The 1, 2, 3, 4?

Unknown - The categorisation.

Ms THOMAS - Category 1, like lowest condition.

Mr WILLIAMS - The rankings are simply in numerical order, 1 being the highest priority, 5 being the lowest of the priority.

Mr EDMUNDS - It doesn't have a criteria that -

Mr BULLARD - The question is how would you describe a Priority 1 school? It has these attributes.

Mr WILLIAMS - Within the 1s there is an attribute that triggers them being a 1. Capacity, building condition, amenity, safety. Yes, within those 1s -

Mr EDMUNDS - There is criteria within the Department that assesses whether something is a 1, 2, 3, 4 or 5?

Mr WILLIAMS - That is part of the evaluation and the criteria process we work through to determine that, yes.

Mr EDMUNDS - Yes, cool.

Ms THOMAS - That would be a part of the asset management system, right? The data goes into the Brightly system, then that would come out with a condition assessment rating?

Mr WILLIAMS - Yes, it is part of the asset data.

Mr WILLIE - You can see that on some of it where they have changed.

Mr WILLIAMS - Yes and as Tim said, it is also making sure the learning involvement is. Absolutely, the asset management system drives and spits out an outcome of priority order that goes through the assessment process, through the evaluation with learning services to make sure learning is involved in that.

There is an assessment in the Department to determine what's a Priority 1 and Priority 2. Again, as the Minister mentioned in her opening statement, there is a judgment call, where, you can't have everyone in Priority 1. There is that judgment call to find that right fit of the highest need in Priority 1.

Mr SHELTON - I take it that the Priority 1s are various values of the upgrades. They are not all in Priority 1 because it is a significant upgrade. It is because it is an essential upgrade and it might just be a safety issue, a one-classroom issue or a one-building issue, but they are there and so with various costs.

CHAIR - Not necessarily a complete rebuild, is that what you are saying?

Mr SHELTON - Yes, where they are not complete rebuilds or major rebuilds. Not all of them - they might be - but a one-room upgrade for a school can be a Class 1 because it is a very high Priority. For whatever reason, safety of the children or Occupational Health and Safety reasons or whatever, it could be a class of high priority, a Priority 1. Which does tend in my experience in Local Government - it is a great thing to have this assessment management and the class - but it does create an issue from year to year, I would imagine. In the sense we are a Priority 1 we didn't get it done, so you expect it for next year. However, that is not necessarily always the case because something else can come up through the year that then puts some others into Priority 1. The expectation of the previous year of one school that they might get it in the next year may not happen. I see the priority system is a really good system, but it can cause issues as you move from one year to the next.

Mr BULLARD - I think there are a couple of things that you raised which are really pertinent. One is, are we looking for the big projects in that Priority 1? Not necessarily. You're right, it's looking at safety, it's looking at amenity, it's looking at learning outcomes and balancing those out.

I think the other is, to be clear, this is not the only process that's running to attend to upgrades either, so if there's something that's hyper-urgent, important, pertains to the safety of learners or staff, we don't sit around and go, 'We'll wait 'til we've come up with that and we'll pop it in the Priority one list', there's an operational stream that's running as well around facilities upgrades and minor maintenance.

Mr WILLIAMS - There are things happening on school sites every day and in our recurrent budget allocations we have funding to address those around our key components of keeping schools operational.

CHAIR - Broken windows happen often enough.

Mr WILLIAMS - They do, absolutely. Yes, there is activity ongoing every day. I have a team as a 24/7 on-call officer. We have contractors on standby too, as things occur, we make the decision to act, which we have to do because the focus is schools need to be operational and every day matters.

Mr SALTER - Perhaps if I could add, Minister, the Government has also invested in programs, so contemporary school class upgrades, safer student bathrooms. Some of those elements you described might be of a smaller nature, but they're done through a program basis to still meet high needs.

Mr BEHRAKIS - Apologies if this has been touched on in a different question. This is a follow on from Mr Edmunds' question about the criteria for identifying Priority 1 and 2 and et cetera, how are they treated? What's the difference in treatment between Priority 1, 2 and 3? Is there an expectation that all the Priority 1s will get done before you touch on the Priority 2s? What's the algorithm there, so to speak?

Mr BULLARD - We've got to attend to the fact that it's year on year, constant reassessment, so they do shift. Sometimes ones will come off because they're funded. Sometimes ones may drop back because there's an interim fix or there's something else that's happened that allows us to say, 'Well, that's acquitted'. Sometimes 2s or 3s will even in rush up the list if something if there's a fatal failure. It's not like a train where things just keep moving further and further up. The annual assessment means that it's very live and that schools will change category year on year with some coming off but others coming on.

Mr BEHRAKIS - Does that mean something that's in Priority 3 or Priority 2 would have to get elevated to Priority 1 for it to then get to put in the pipeline to get done?

Mr BULLARD - They're all in the pipeline to get done. That's why we try and show them all. But are you in this budget if you're not in Priority 1? Probably not, but it's giving us that sense of 'this is what we need to attend to and it's making us really structured in how we go through those priorities'.

CHAIR -I'm conscious of the time. I know the Minister has to get away and unless there any really pressing questions, I want to put one that you can take on notice because I think it'll be more time consuming to answer.

From the improvements that have been made, what outcomes have you measured and what are the outcomes that you can demonstrate to the Committee in relation to the adoption of the recommendations of the change you've made? If you're happy to take that on notice, Minister?

Ms PALMER -Yes.

CHAIR - Thank you very much for your appearance today, we really appreciate you coming along and providing that information. It helps progress the Committee's work.

THE WITNESSES WITHDREW

The Committee suspended at 11:59 am.

The Committee resumed at 1:02 pm.

CHAIR - Welcome, Minister. We are here before the Public Accounts Committee. One of the roles of the Public Accounts Committee, in conjunction with the Audit Office, is to undertake reviews of the Auditor-General's reports. We basically assess whether the recommendation of the Auditor-General have been adopted, if not, why not, and how you can demonstrate they have been adopted if they have. That's the process.

This does relate to an older inquiry of the Auditor-General, but it's important that we do not just let these reports sit on the on the shelf and collect dust. I will invite you in a moment to introduce your members of the table. Do I need to explain parliamentary privilege to any of you people are well familiar with all of that? Okay, I won't take time up doing that.

I invite you to introduce your team and then for them to take the statutory declaration. I offer you the opportunity to make an opening statement if you wish, and then we'll go to questions.

Mr BARNETT - Thanks very much, Chair, I do appreciate it. Thank you very much for the invitation to attend the Public Accounts Committee today. On my left is the Acting Secretary, Dale Webster, and to his left, Shane Gregory, Associate Secretary, and on my right, Andrew Hargrave, Deputy Secretary.

Mr DALE WEBSTER, ACTING SECRETARY, DEPARTMENT OF HEALTH; **Mr ANDREW HARGRAVE,** DEPUTY SECRETARY, DEPARTMET OF HEALTH, INFRASTRUCTURE, AND **MR SHANE GREGORY,** ASSOCIATE SECRETARY, DEPARTMENT OF HEALTH WERE CALLED, MADE THE STATUTORY DECLARATION, AND WERE EXAMINED.

Mr BARNETT - Thank you, Chair, an opening a remark and then I'll table some relevant documents that I hope will assist the Committee.

First, I'm stating at the start our absolute commitment as a Government to build a better health system, ensuring our State has the infrastructure that Tasmania needs not just now but well into the future. Over the past 10 years, we've invested more than $1 billion in new hospitals and health infrastructure as part of our 2030 Strong Plan for Tasmania's Future. We will spend $1 billion more over the next decade to keep building a better health system for Tasmanians.

In terms of this specific report, I'd also like to acknowledge it was handed down nine years ago and there have been substantial changes in the way that the Department of Health is structured and broad improvements to its asset management practice, particularly as it relates to infrastructure. In 2019, the new secretary of the Department was appointed and the position deputy secretary of Capital Programming and Operations was also established. The aim of this was to improve how we deliver our ambitious plans and make it a whole-of-agency responsibility, replacing the previous structure that dispersed responsibility to operational health business units.

Further, I can advise that in 2020 the Department restructured its asset management services unit, with specific teams responsible for asset management, long-term strategic

infrastructure planning, including the development of master plans, and also the day-to-day management of the Department's assets.

We're delivering on multiple fronts and I do thank everyone involved in this effort as we all work to build the health infrastructure our State needs for the future while maintaining and ensuring our existing assets suit the needs of Tasmanian community. Further to this, in 2022, a strategic asset management plan, which you all have a copy with some tabling now, provides the Department with a road map to ensure our health facilities deliver the right care in the right place at the right time.

Finally, you might be aware we've developed a number of master plans to future proof our hospitals. We've already released one for the Royal Hobart Hospital and the LGH, and we'll release the north-west master plan shortly that lays out a 20-year vision for the region's two major hospitals. As we already announced during the election, we have already committed to the first stage of this with significant upgrades to the North West Regional Hospital and the Mersey Community Hospital as part of stage one.

In closing, we've made significant progress in terms of building the health system our State needs for the present and the future and this will continue into the future. I have tabled the relevant documents; I can name them -

CHAIR - If you could name them that would be great, thanks.

Mr BARNETT - Thank you. The North West Hospitals Master Plan, the draft Master Plan, draft Consultation, the next one's the Department of Health Strategic Asset Management Plan 2021 to 2023.

Mr HARGRAVE - That one is a letter from the Treasury Minister providing an extension to our strategic asset management plan and your response to the Auditor-General in relation to the audit that's under question today.

Mr BARNETT - Thank you, and the Launceston General Hospital Precinct Master Plan and the Launceston General Hospital Precinct Master Plan of October 2021. The early one was March 2022. We all have that Hospital Site Master Plan Review and Update 2020 to 2050 Clinical Planning Task Force recommendations and advice dated March 2019. The Royal Hobart Hospital Master Plan Review 2019, Volume 1, Executive Report, February 2019 and the Asset Management Maturity Audit Assessment Report and Improvement Plan, Department of Health, 22 June 2021. Thanks, Chair.

CHAIR - Thank you. I don't think I heard in your opening comments, Minister, but I just want to focus specifically on the recommendations at this stage and there were recommendations that relate specifically to the then Department of Health and Human Services' (DHHS) Recommendation Eight that relates to the DHHS use of asset registered data for both Department and client assets to flag assets approaching the end of their recorded useful lives et cetera. Your response to the Department is implementing a new asset management information system. Is that what you've provided to us? And that's the document which I can't find now. Could you just draw my attention to that document or is that still in work in progress?

Mr BARNETT - Thanks very much, Chair. I'll pass to my Associate Secretary, Shane Gregory.

Mr GREGORY - Chair, the documents we've provided are policies and strategy documents so, when we talk about information system, that's not a document, we're implementing an IT system. The recommendation was to go from just being a list of assets to including in that register dates of end-of-life renewal cycles and so on. That's best not done in a static register, but in an asset information system. The system we're using is the one that was implemented by the then Department of Education four or five years ago, we're in the process of implementing that. It is a complete register of the assets, but it also breaks them down into critical asset components. For example, at the Royal we would have critical components including HVAC,[3] medical gases, water, heat and so on and linking to all of those would be an asset condition assessment, a deterioration rate renewal cycle. Through that whole process, we can actually project out when assets or components of those assets will require renewal or replacement, we can put a value on that. We'll be able to project out a funding profile, we'll know exactly when things need to be renewed. We can monitor condition and also by doing that, understand if something's approaching the end of its life cycle. We can make sure we have closer scrutiny and more frequent inspections and maintenance regimes associated with that. That is what we are implementing at the moment.

CHAIR - So it's not complete yet?

Mr GREGORY - No. We have the system and the system is in place. The step is then to populate all of the register and, importantly, the asset condition assessments. We are rolling through a cycle of that. We have brought in all of the Primary Health buildings at this stage, then we are moving on to the major facilities. The reason that we did that, the Primary Health being much smaller facilities, is that we can get those in more quickly. Getting all the information, say, for the Royal is quite a big task to work through.

CHAIR - When did this rollout of the new information system commence?

Mr GREGORY - We have been on this [for] 18 months?

Mr HARGRAVE - Eighteen months to two years, Chair.

CHAIR - I will take you back to the fact that this is an old report, which you acknowledged yourself, Minister. It has taken a while to get to this process. Is there a reason for the delay?

Mr GREGORY - If I may, Minister, I think an important point to make to the Committee is the situation - the environment in 2015 compared to 2024 is chalk and cheese. The audit report was done at a time when the Department had a very dispersed management structure and organisational structure. What's referred to as DHHS actually had a fairly small footprint of responsibility. Most buildings were actually being managed by AT[4] or Primary Health or Oral Health.

CHAIR - We have the THS[5] as the -

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[3] Heating, ventilation and air-conditioning
[4] Ambulance Tasmania
[5] Tasmania Health Service

Mr GREGORY - It was a very different environment. Some key changes really occurred in, there were some early changes, including changes to the way the accounting was being done. But a critical change, as the Minister has mentioned, was the appointment of a new secretary in 2019 and some organisational changes within the Department to sweep together all of those dispersed management responsibilities into a central approach and take a truly whole-of-organisational view of assets.

As we kicked that off, when I joined the Department in February of 2020, we kicked off that process. We recognised, without even having to dissect the audit report, that the approach wasn't adequate. We had the independent asset management maturity assessment done. We were flagged that there were just things that didn't fit. Of course, we then ran into COVID[6], so a lot of our attention went to responding and managing infrastructure around COVID. So, we lost a couple of years and then we kicked on again.

CHAIR - Okay. You've talked here about, 'assets we managed with remaining useful life as one of the core metrics'. How do you determine what the remaining useful life, or the useful life of any asset is?

Mr GREGORY - Some are quite clearly defined. When you procure an asset, it might be an asset component like an HVAC system. It might be that this has a 20-year life cycle if it is managed effectively. Some of those are very clearly defined … structure, you would have a design life of 50 years. Very few buildings last only the 50 years, but that is your starting point. Then, you work through a cycle of a regular asset conditioning inspections. For a major building you would be looking at doing some non-destructive analysis of the beams and the floors and the columns. And it is a bit of a moving cycle. Your asset condition assessment might extend the useful life or reduce the useful life.

CHAIR - And that information is all fed into the system?

Mr GREGORY - Yes.

CHAIR - You also said that the asset useful life will be informed by regular condition assessment. You talked about the non-destructive assessment of buildings, which is a really good way to approach it, I would suggest. When you say regular condition assessment, is there a program that guides that and how often? I am sure it is different for different assets, but how is that informed?

Mr GREGORY - There are sort of fairly standard ways of looking at things. A major concrete structure you might look at every five to six years in terms of the structural components. There will be fixtures and fittings that you are assessing, effectively, every day, based on faults and defects arising. That is more a case of tracking how many times there is a defect with a particular system. You reach a threshold where it is no longer effective to maintain and you move into replacement. So, there's no single way necessarily of saying here's the cycle that you would use. When you are talking about medical equipment, it would be really structured around the equipment manufacturer's recommendations around maintenance and renewal cycles.

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[6] Coronavirus disease 2019

CHAIR - Is that all documented in the system as well - for all medical equipment and everything?

Mr GREGORY - Yes.

CHAIR - In terms of doing the non-destructive assessment, how do you do that? What are the techniques you use to facilitate that?

Mr GREGORY - Yes. There's a whole range. That can be just a visual inspection. Electricians can come in and do current testing, they can check if circuits are operating effectively. If you're talking about paint, a lot of it's a visual assessment. You can check the flow of heating, ventilation and air conditioning systems. You can do checks on the temperature actually getting out of the system compared to what it should be. If you start to talk about concrete structures, that can be a visual inspection. If you're looking at a car park and the columns in a car park. You can also do ground penetrating radar - but not into the ground - into the slabs, into the column. There's a whole range of different ways you can do that.

You need to tailor that inspection regime to the building and how it was built.

CHAIR - Are you using drones to achieve some of this?

Mr GREGORY - Not at this stage, no.

CHAIR - Is that something you'd like to save people going up?

Mr GREGORY - Drones are being used on a number of assets nationally and internationally. They're more commonly on bridge structures you can't get too easily. That's more common.

CHAIR - Some of our buildings in the health setting are quite high and to have to do a visual inspection of the outside of the building, you would have to send someone up?

Mr GREGORY - In some cases, yes, but we also have regular programs of, say, the Royal Hobart Hospital, window cleaning and the same with this building, would be regular.

CHAIR - Yes, you wouldn't get drones to clean the windows. That'd be cool.

Mr GREGORY - That's a few steps away. But through that process you also have contractors who are cleaning the windows and they'd be coming back and saying, well, there's a damaged seal on the window on level 6. You get right feedback in that arrangement.

Mr SHELTON - There would be a program of annually, six monthly or two monthly inspections where you get tradespeople in and go around the air conditioning systems and tick a box and fill in. I presume that process would take place.

Mr GREGORY - Yes. Once we've all of the assets in. What we're referring to now is a specific asset management plan. We have a strategic asset management plan that says this is how we manage the asset in totality and this is our philosophy and approach. Then with core assets, we have a specific asset management plan that says for a fire system, it needs to be

inspected on this frequency, it needs to be tested on this frequency. That lays out that regime and that will vary from asset component to asset component.

CHAIR - This is not that I don't believe you, but how do you demonstrate to the Committee that this is actually occurring? Can you provide some evidence the information system is being updated and managed?

Mr GREGORY - We'd be able to provide you with screenshots of the information that's going in. We would say upfront that at this time the asset system is not fully populated and all of those plans aren't in place, but we are in that process. We would be able to pull out screenshots and reports. We can drill down into some details so you can see what we're doing.

CHAIR - Yes, we're just trying to see evidence of the claims.

Mr WEBSTER - To explain, when we talk about primary health buildings, we aren't talking about district hospitals, multipurpose centers, the more regional assets.

CHAIR - In terms of the improved process around this matter, have you been able to measure any outcomes in terms of more timely maintenance or other things like that? This is about improving outcomes as it should be. Can you point to any improved outcomes?

Mr GREGORY - I would suggest it's a little early for that at the moment. The real test of that will be reduction in the number of reported unexpected faults. The maintenance management system is a sort of third layer. We need to populate the database, we need to get the asset condition assessments in, we need the asset management plans. Then we'll have a module that any staff member can report a defect or a fault.

What you really need is a body of those to see the numbers reducing so that you're doing less what we call break and fix or responsive maintenance. We're only going to get that over time with some data, so it is probably a little bit early yet.

CHAIR - So, that is a process that is not in place yet, like, the feeding-in by staff of problems they see or things that require urgent maintenance or something.

Mr GREGORY - We do have an old system where staff can report complaints. It pretty much stands alone: it doesn't connect to the asset modelling, whereas in the new system everything will connect together and we will be able to look at an asset and say 'well, how many faults have been reported on that asset? What's that been costing us? How many times have we called out the fire service contractor, what did they do?' The system will give us all of that. So, staff can report faults now -

CHAIR - But it is not linked.

Mr GREGORY - No, it is not linked at the moment.

CHAIR - So, do you have an expected time line for it to have full functionality?

Mr HARGRAVE - Through you, Minister, so the next 12 months will really be about putting in the critical health facilities, so the major hospitals. That is our focus over the next 12 months. It is really a 12-to-18-month process. The process that Shane's outlined in relation

to the development of the specific or the asset management plans, which is the next step down below your strategic asset management plan, is really going to drive that process of improvement, that once you implement your inspection regimes, that is fed into the system, defects are picked up as part of that process. It takes a period of time, once you have implemented the system, you are doing your routine condition assessments and, out of that, you are identifying where you are spending your maintenance money.

Over time, you should see the condition of that asset being maintained or the rate at which it is declining being reduced and the number of defects, or break-and-fixes, as Shane has described it, as reducing. So, it takes some time for that to happen. As Shane has mentioned, the asset inventory is not complete yet. That is the piece we need to do and we are continuing to do that and, as we build the inventory, we are also bringing in that condition data so that we can then start doing those, whether it is annual or two-yearly, five-yearly, it is really based on risk that the frequency of that inspection regime is based on, on managing risk. It takes some time. An exact timeline I could not actually give you, our focus is really on building the inventory and getting the condition data in the system at this stage.

CHAIR - Do you have a timeframe for when you think it might be completed or is it just a bit hard to assess?

Mr HARGRAVE It is a bit hard to assess. What I'd say is that it is never actually complete. You are always gaining new assets; you are disposing of assets, so your inventory isn't a static thing. It changes over time, but we would like to be in a position in the next couple of years where we are running a proper asset management system in terms of having, we have our critical infrastructure asset management plans; they are based on the useful life or the condition of the asset, and that informs, in the asset management plan, a long-term financial plan for the operations, maintenance, and renewal of the asset.

So, the next couple of years is a critical piece of work we need to do to consolidate the asset, build the asset management plans and implement that asset management cycle or that system of building our condition, our inventory, undertaking our condition assessments, implementing our work programs over time and then, every three to five years you review your asset management plan, you are implementing improvements that you have identified that you need to make. Effectively, what you are trying to do in all of this is have that asset continue to provide an acceptable level of service; that is effectively what they are there to do. So, a couple of years away, yes.

CHAIR - I will just go to the Recommendation 10. I was a little bit confused by the answer here. I wasn't clear on what was happening. The recommendation notes that the Audit Office recommended DHHS ensure all units create service plans and strategic asset management plans and that capital assets are aligned with service delivery needs. You talked about the Department establishing a strategic asset management plan that was approved by the Treasurer in 2021 for two years, and that you had applied for a 12-month extension of that. That has passed and that is complete?

Mr HARGRAVE So, we are in the process of revising the strategic asset management plan. We are waiting for some additional guidance from Department of Treasury and Finance. Their requirements around what they would like to see in strategic asset management plans have changed a little bit. We will have our strategic asset management plan completed before the end of the year.

CHAIR - Right. We had the Treasurer in earlier and he did mention that he's providing guidance before the end of the year.

Mr HARGRAVE - Yes, so we're working on it now. We're not waiting for that.

Mr GREGORY - It might help so there is clarity, we didn't seek an exemption of 12 months to finish the plan. We had a complete plan approved for the next iteration and we just saw the Treasurer's approval roll that over.

CHAIR - Yes, that might relate to some of the correspondence tabled, I guess.

Mr BARNETT - I think so.

CHAIR - And then you talked about each - as I understand it here that each area had to develop its own asset management plan. Does that mean - I'm just trying to understand how fine detail that goes down to.

Mr BARNETT - Fair question.

Mr WEBSTER - So, Chair, it talks about creating service plans. So, the way we've developed doing that over the last five years is that we have a series of documents called the clinical services profiles. We have them for each of the regions, but we also have them specifically for Statewide Mental Health Services, Oral Health, and we've recently done one for Ambulance Tasmania.

That actually maps what the service needs might be over the next three to five years. Then, sitting above that we have the long-term health plan which gives us the service needs out to 2040. They sit then behind the master plans that we've tabled today. The master plans are informed by the fact that we will need, for instance, these type of buildings in the north-west over the next, you know, 15 years. So, therefore, let's start planning for where they may be.

That's what that talks about. Again, because the structure of the Department has changed massively, and we've centralised a lot of this, we don't have them specifically in each service. We have documents that are created at the State level, but they are created in, you know, not as you've got there the North West Hospitals Masterplan, for instance. The Minister has launched the St. John's Park master plan discussion process. Again, another asset that we believe we should have a master plan for so that we're looking at the needs of the south outside of the Royal and what we can do to supplement that from St. John's Park. It all comes together as a series of much bigger plans if you like, rather than service by service. Clinical services profiles are available on our website. We published those alongside that the long-term health plan, and then they inform the master plans.

CHAIR - We move to Recommendation 11, where the recommendation was the DHHS business cases for capital project funding, including information to show that the proposal is sufficient and not excessive. I think you'd probably find it hard to be excessive in health. Noting that, however - and the in the response, Minister, you said that the Department has implemented a range of contemporary planning and governance activities to ensure that capital projects deliver assets that align with the service priorities, which is what Dale's been talking about. But

can you provide a bit more colour to that, and what evidence there is that this contemporary planning and governance activities support the work that you said has been done.

Mr BARNETT - I think so, Chair, maybe the Acting Secretary -

Mr WEBSTER - Chair, you're right, the clinical services profile is at the at the base of this pyramid, if you like. It actually looks at what are likely needs going to be, that we will need to have in a particular region or a particular service and then says to us, 'Okay, these are the types of assets you may need'. Then we give it to the infrastructure planning team to build that into their business case for the master plan, and then from the master plan, the individual building or individual service area that we need to build.

It's a series of building blocks. I can assure you it's what we need is what we get, rather than we're being excessive. we have through clinical services profiles on the long-term health plan, we now have a picture of what it is that we need. It is important that we update them every three to five years because there are demographic changes happening across Tasmania. There is a definite, for instance, for the North-West Coast, there is a definite shift east of the population base there. The growth of Latrobe particularly is notable over the last five years. That's informed by the Mersey master plan and the North-West master plan about where we need to actually deliver services.

CHAIR - The next boundary redistribution we will see you pick up more of Burnie as a result, moving east.

Just one other point you made down the bottom here:

The Department of Infrastructure oversight Committee -

I don't recall you mentioning that previously but you may have. I might have missed it, sorry.

provides high-level corporate governance regarding the adoption and departures from the standard, if necessary.

Can you tell me a bit about that Committee, and have there been departures from that identified?

Mr WEBSTER - The Australian Health Facilities Guidelines, or AusHFG as we generally call them, is a guideline for the sorts of size a consultation room is, the size a bedroom is in our facilities. It's been adopted here in Tasmania and also in Queensland as not just a guideline but, in fact, a standard. The Infrastructure Oversight Committee (IOC) is the Committee within the Department.

If we're building a particular building and a clinician says, 'Well, you know, I'm happy actually to have a room that's half that size of the standard', then that just isn't done. It actually is referred to the IOC as part of the sign-off of the planning to say, yes, as a Department we'll be okay with that. Equally, if we want to super-size our consultation rooms, then again it comes back through the Department's IOC Committee to say yes, in this instance that's okay.

An instance of that is, in fact the Child and Adolescent Mental Health Service consultation rooms. The AusHFG says that consultation rooms have one entry, but where we're actually having children going into rooms, we actually have multiple entries to the room so that parents can come in and out, clinicians can come in and out through different ways. That's a variation from the standard that IOC has ticked off on for our CAMHS buildings and there are other examples of that.

CHAIR - Who sits in on the IOC?

Mr WEBSTER - The Infrastructure Oversight Committee is chaired by the associate secretary and the secretary sits on that, the deputy secretary, Hospitals and Primary Care, one of our chief executives - all three of them, actually, now I think about it, obviously deputy secretary, Infrastructure, and I think that's it. Oh, chief financial officer as well.

CHAIR - If I take you back to the comment that a consultant, may say, 'Look, I'm happy to have a much smaller consulting room', but that consultant might only be there for a year. Would you actually agree to a smaller room if the next consultant may not at all be happy with that?

Mr WEBSTER - It's probably a bad example. The CAMHS one is a better one. The second one is that just recently the new consultation rooms in outpatients at the Mersey: the AusHFG goes down to deciding the size of the desk in those rooms. Now, we've signed off on all the desks being actually bigger because AusHFG hasn't caught up with the fact that most people now use two screens for their computer, not one, so the desks weren't big enough for two screens. We've just said across all of the consultant rooms we'll actually -

CHAIR - This applies not just to the room itself but all the facilities in the room?

Mr WEBSTER - Exactly.

CHAIR - Lighting? Ventilation?

Mr WEBSTER - Yes, lighting, ventilation. Negative pressure, if it's required, is specified in the guideline. All those things. It's quite a comprehensive -

CHAIR - And privacy in those rooms as well?

Mr WEBSTER - Yes, exactly. The type of privacy for Paediatrics and Women's and Children's versus General Medicine, those sort - it's a very comprehensive standard of guideline that we've adopted as a standard.

Mr GREGORY - If I might add too, it's not only about a room. If you are building a birthing unit, it will start with here's what's in a birthing unit and here's what all of the components of that birthing room look like -

CHAIR - Finding a way to hide all of that intimidating equipment in a way that's sensitive.

Mr GREGORY - The strength of the AusHFG is it defines the standard for if you want a particular type of unit, how many rooms you should have, how many consulting rooms, how

many bedrooms, how many treatment spaces. It starts there and then each of those spaces is defined and one of the things that really does - picking up on your comment before - about an individual wants something done a certain way. It may come as a surprise, it may not to the Committee that -

CHAIR - The computer says no?

Mr GREGORY - No. Health professionals all have their own preference of how they want to structure and do something and by adopting the guidelines as a standard, we take out that personal preference issue.

CHAIR - It is not like a minimum standard, is it? You do not go below the standard?

Uknown - That's right.

Mr GREGORY - We take the view this is the standard that has been developed through a national process. It is all jurisdiction's representatives get together and do regular reviews. Our position is that is the standard. If there is a departure either up or down, that has to be documented and signed off by the Committee. If it is a departure down, it has to have a very clear explanation of how do you manage the risks if you are going to have something that is a lower standard than the guidelines.

Mr WEBSTER - Probably, an example of going down is because we have a number of existing buildings, some of which are heritage listed. Occasionally, we have to compromise because otherwise we are not going to be able to use the building. A few of our Child Health and Parenting Service centres in small areas are examples of those.

Mr HARGRAVE - Perhaps, if the Committee would like, we could provide you with an example of a room layout sheet from the Australasian Health Facility Guidelines, if that is of any benefit.

CHAIR - That would be helpful to see it.

Mr HARGRAVE - It would just give you an indication of the detail that it goes into.

CHAIR - I do not have any further questions. Do any other members?

Mr EDMUNDS - We had Education in before you and they have a chart of where their priorities are on infrastructure upgrades. Is there any kind of equivalent within Health or is it something you put consideration into?

Mr BARNETT - Thanks for the question.

Mr WEBSTER - The system that we are rolling out is the one that Health has already. Our maturity -

CHAIR - Education, sorry.

Mr WEBSTER - Sorry, that Education has already. Our maturity will get to that level as we roll out.

Mr EDMUNDS - Thank you.

CHAIR - Okay. Thanks, Minister. We will do a change of the team. Mr Webster has to stay but others may be free to go. We will stop the broadcast.

The witnesses withdrew.