



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2009-2010

(Reference: Appropriation Bill 2009-2010)

Members:

MR Z SESELJA (The Chair)
MS C LE COUTEUR (The Deputy Chair)
MS A BRESNAN
MR B SMYTH
MS J BURCH

TRANSCRIPT OF EVIDENCE

CANBERRA

WEDNESDAY, 27 MAY 2009

Secretary to the committee:
Ms G Concannon (Ph: 6205 0129)

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Committee Office of the Legislative Assembly (Ph: 6205 0127).

APPEARANCES

Building and Construction Industry Training Fund Authority	1130
Canberra Institute of Technology	1130
Department of Education and Training	1130
Department of Territory and Municipal Services	1063, 1130

Privilege statement

The committee has authorised the recording, broadcasting and rebroadcasting of these proceedings.

All witnesses making submissions or giving evidence to an Assembly committee are protected by parliamentary privilege.

“Parliamentary privilege” means the special rights and immunities which belong to the Assembly, its committees and its members. These rights and immunities enable committees to operate effectively, and enable those involved in committee processes to do so without obstruction, or fear of prosecution. Witnesses must tell the truth, and giving false or misleading evidence will be treated as a serious matter.

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

Amended 21 January 2009

The committee met at 9 am.

Appearances:

Stanhope, Mr Jon, Chief Minister, Minister for Transport, Minister for Territory and Municipal Services, Minister for Business and Economic Development, Minister for Indigenous Affairs and Minister for the Arts and Heritage

Department of Territory and Municipal Services

Elliott, Mr Tom, Executive Director, Enterprise Services

Ryan, Mr Steve, Executive Director, Community and Infrastructure Services

Vanderheide, Mr Michael, Head of Shared Services, Shared Services

Kalogeropoulos, Mr Nick, Director, Strategic Finance, Office of the Chief Executive

Swift, Mr Tim, General Manager ACTION, Enterprise Services

Hardy, Ms Robyn, Executive Director, Procurement Solutions, Shared Services

Chisnall, Mr Michael, General Manager, InTACT, Shared Services

Bissell, Mr John, Acting Director, ACT Property Group, Community and Infrastructure Services

Dever, Mrs Sue, General Manager, Capital Linen Service, Enterprise Services

Gill, Mr Tony, Director, Roads ACT, Community and Infrastructure Services

THE CHAIR: Welcome back, Chief Minister and officials, to the Select Committee on Estimates. This morning the committee is meeting with the Minister for Territory and Municipal Services and departmental officials from the Department of Territory and Municipal Services, including the Shared Services Centre, ACTION buses and the ACT Public Cemeteries Authority.

Minister, would you like to make an opening statement?

Mr Stanhope: Thank you, Mr Chair. I thank the committee for inviting the department to attend today to assist the committee. There is one thing I would like to say. I note with some regret an attack, published in the *Canberra Times* today, by a member of the committee on Ms Vanessa Little, the head of ACT Library and Information Services, in relation to the evidence that she gave yesterday. Mr Coe described Ms Little's evidence as a witness yesterday as laughable.

Public officials attend these hearings to assist the committee. They give answers to questions to the best of their ability, reflecting their professional judgement. They answer the questions honestly and with integrity. It is a matter of some concern to me that I see reported in today's *Canberra Times* an attack by a member of this committee, namely, Mr Coe, on a senior professional officer of the ACT public service, the head of the ACT Library and Information Services, to the effect that her evidence as a witness before the committee was laughable. I ask members of the committee to respect officials as they carry out their duties as professional public servants and that they not be derided and criticised in that way by members of the

committee.

THE CHAIR: Thank you, minister. Ms Le Couteur?

MS LE COUTEUR: Thank you. This is a question regarding the ACT Property Group and community group buildings, which you have responsibility for. What energy efficiency auditing have you done of those?

Mr Stanhope: I am sorry, Ms Le Couteur. Could you just repeat the question?

MS LE COUTEUR: I am sorry. I will try and speak up and not look so much at my pieces of paper. ACT Property Group, I understand, runs a number of buildings for community groups. What energy efficiency auditing have you done of those buildings?

Mr Ryan: Perhaps I could ask John Bissell, who is the Acting Director of ACT Property Group, to join me. In terms of energy efficiency, with the older buildings, actually most of our buildings, up to now we have relied on condition audits to identify the situation of buildings because we know that most of the buildings we have got that we are using for community purposes were surplus properties that are many years old. So, essentially, we have been trying to bring them up to speed, but we are in the process now of working through a program of energy audits.

Mr Bissell: Yes. As Steve said, there is a rolling program of condition audits through all our owned assets. The results of those audits then get put into our forward program and, depending on the scope of work, we then implement rectification measures. There is also an amount of housekeeping that we can manage through our cleaning contracts as well and liaising with the tenants, recycling our waste paper et cetera.

MS LE COUTEUR: How much work have you undertaken as a result of the audits?

Mr Bissell: I cannot give you the exact details. I am happy to take that on notice.

MS LE COUTEUR: That would be great.

Mr Bissell: Would you like the amount of work that actually has been completed and the estimated savings on energy?

MS LE COUTEUR: That would be brilliant, yes.

Mr Bissell: Yes. One example would be the Woden library. We have recently upgraded all the air conditioning and we anticipate savings in energy of about 75 per cent.

MS LE COUTEUR: Great.

Mr Bissell: In some of these owned buildings there are real savings to be made.

MS LE COUTEUR: I would love a list of the things you have done along those lines,

yes. You should be promoting all of that to your fellows in the government. I understand there was a \$1 million fund for building energy efficiency for community groups. Do you look after that? Is that TAMS or is that DHCS?

Mr Ryan: No. There is a \$1 million fund that DECCEW runs which is available to all agencies for energy efficiency projects. Agencies themselves would apply for a loan against that fund. So you would need to talk to DECCEW about it. To date, Property Group has not borrowed. Property Group is a fee-for-service entity; it is not GPO funded. It relies on rents that it takes in. If an energy saving is generated in a building, it actually reduces the cost to the tenant, not to ACT Property Group. We have been working with DECCEW and trying to come up with a scheme whereby we can work with agencies to encourage them to benefit from the loans.

THE CHAIR: In terms of the energy use of government buildings, we heard yesterday that we are up to 30 per cent roughly from green energies purchased by the government, with a target of 100 per cent. I asked this question of Minister Corbell yesterday and he did not have the answer. Do we have a costing—what it would cost us to go from 30 per cent to 100 per cent in terms of green energy?

Mr Ryan: We can give you an answer on it. We have just renegotiated the contract with Actew to take it from the previous 23 per cent to 30 per cent, and we have got estimates, but I do not have the figures here. We can certainly provide that.

MS BRESNAN: I have a further question or slightly different question on the community group building policies. I am just wondering if there is now a consistent and equitable delivery of government policies on community group hire space. If there is one level of rent, how is that worked out?

Mr Ryan: In terms of community facilities, currently it is still an agency-by-agency approach, although the government last year, when considering the future uses of the former schools, decided to introduce a rule that if we are doing a long-term tenancy it will be a consistent approach to the rent. We have a community rental which is currently running at about \$120 a square metre, and that would apply for all community groups that get a long-term sublease or licence. When it comes to hiring rates, so that if you are hiring, say, Corroboree Park Hall up at Ainslie, that is an individual decision of the agency still.

MS BRESNAN: Okay, so the \$120 per square metre, that applies across community groups who are using the space for their activities?

Mr Ryan: At the moment there are really only two areas across government that are renting out spaces long term to community groups: ACT Property Group and Department of Disability, Housing and Community Services.

MS BRESNAN: Basically it is an agency-by-agency decision, is it? There is no consistent policy?

Mr Ryan: For hire rates as opposed to rent.

MS BRESNAN: For rent. Okay.

Mr Ryan: Of course, there will be tenants that have been put into arrangements that were put in place a year ago, two years ago, five years ago that will be on rent that are different. One of the things that Property Group has been doing over the last six years is, as subleases or licences expire and we are into renewal, we are bringing the rent up to the common rental base.

MS LE COUTEUR: Do you think that \$120 is the market rent or is it—

Mr Ryan: No. It is way below market rent. It is our rent that is designed to recover costs. In other words, you want to be able to maintain the facility that the tenant is in so that it is available to them this year, next year and the year after. It is not only the outgoings—

Mr Bissell: Yes, landlord outgoings, for planned maintenance, reactive maintenance, the energy component of keeping the building hot and cold et cetera.

MS BRESNAN: So when you said when you renegotiate with organisations, is that to renegotiate to that \$120 level or is to go—

Mr Ryan: If they are on a rental that was lower.

MS BRESNAN: They are on lower?

Mr Ryan: There are organisations out there that were given deals in the sixties, seventies and eighties, some of which were really long term. So you could have tenants that are on \$25 a square metre or \$50 or \$100. We try and bring it up. We do have an ability to work with organisations that have trouble with immediately moving to that level where we can actually ratchet it up over the five years of the next tenancy arrangement. Given the circumstances, we look at the financial capacity and if an organisation can demonstrate—we have, now, a policy document that applies to ACT Property Group alone, but we are working with other agencies to see if we can actually drive that across the ACT.

MS BRESNAN: That was going to be my next question. Has there been lots of progress towards doing that—having a consistent approach across all agencies?

Mr Ryan: I will pass this to the minister, but I think the work that was done last year with the closed schools has certainly helped us. This is post how you use them, not the question mark about the schools. I think that has helped in terms of the property management side in terms of—

MS BRESNAN: So there is progress being made?

Mr Ryan: Yes.

MS BRESNAN: Yes.

Mr Ryan: We have a whole-of-government property forum. It meets quarterly, it involves senior executives from across all departments and it has a series of working

groups. At our meeting on Thursday last week we worked on reconstituting the terms of reference of a community tenancies working group. The aim of that working group is to bring together the various agency reps who are involved with community tenancies. That will be basically DHCS, artsACT, ACT Property Group and a few agencies like Health and Justice which have small community tenancies that are specifically related to their activities. The idea is to work, over time, towards a common policy.

MS BRESNAN: Is there any sort of time frame in which you would like to have that operating?

Mr Ryan: If I had a personal wish it would be tomorrow.

MS BRESNAN: But it is happening?

Mr Ryan: It is one of a number of projects that we are working on. We see progress and we certainly see it from the perspective of wanting to be able to offer consistency to community groups so that they know what they are dealing with when they come to the territory.

MS BRESNAN: Yes, absolutely; it helps. Thank you.

MS BURCH: Just on that, you made mention of a whole-of-government forum. Is there a whole-of-government accommodation strategy?

Mr Ryan: I will pass that to John.

Mr Bissell: Yes, there is for the office portfolio.

MS BURCH: Okay. And what is that strategy? How is it progressing and what are the savings or benefits from it?

Mr Bissell: It has progressed through the 2006-07 budget where government made certain directions about creation of space for the Shared Services Centre and the Office of Regulatory Services. Our government was also concerned at the utilisation rate, which is the net lettable area of the office portfolio divided by the number of staff. It had crept up to just over 20 square metres. There was a direction made that we should move towards an ultimate target of 15 square metres per person, but working towards that over the years. The ACT Property Group developed a whole-of-government accommodation strategy. It was approved by cabinet. Basically, over the last two years we have reduced the portfolio by close to 12,000 square metres with annual savings of about \$4½ million in rent.

THE CHAIR: So what does that mean—I am sorry?

Mr Bissell: We brought the utilisation rate down to currently about 17.3. So that is a significant drop.

MS BURCH: So that saving is just on office space?

Mr Bissell: Just office space and rent. Obviously, that flows through—cleaning savings, energy savings: all your tenant outgoing savings.

MS BURCH: So that was a saving of \$4.5 million across government?

Mr Bissell: Million per annum in rent, mainly directed at the leased portfolio. We took advantage of a very low vacancy rate in Tuggeranong at the time and we were able to lease two major buildings to the commonwealth. So that helped.

MS BURCH: And you are still working towards a lower target of 15?

Mr Bissell: Yes, very much so. The next chance to make real savings across the portfolio would be the possibility of a whole-of-government office block, which the government is considering.

THE CHAIR: Which are those two buildings that you leased to the commonwealth?

Mr Bissell: Manning Clark and Homeworld. Manning Clark was the former home of the department of education, which we moved into Mac House, and Homeworld was part of Education and some Health-type facilities as well.

THE CHAIR: But they are ACT government owned and they are leased?

Mr Bissell: No, they are leased buildings. The leases are due to expire this year. The technical term is we actually underlet them to the commonwealth.

THE CHAIR: You sublet them?

Mr Bissell: We have passed on our rental to a commonwealth agency. About five leases have expired that we did not renew and we squeezed people up out of the existing portfolio.

THE CHAIR: What is the square meterage on those that you have leased to the commonwealth? You can take that on notice if you like.

Mr Bissell: Manning Clark, I think, was about seven and Homeworld was 36—thousand square metres.

MS LE COUTEUR: You touched on the one office building for the ACT government project. Have you looked at the environmental impact of that, comparing the impact of constructing a new building, be it an energy efficient new building, versus upgrading your existing buildings?

Mr Ryan: The whole-of-government office project is being managed by the Chief Minister's Department. So while we are feeding in like everyone else is, it is actually a Chief Minister's Department project.

Ms Stanhope: I might just say in relation to that, Ms Le Couteur—and I would need the benefit of officials to provide some of the detail—that the issues in relation to the government office project have not yet been finalised. The proposals have not yet

been submitted to cabinet, but that is something that I expect to happen in the very near future. Issues around climate change and energy rating and the energy implications of the proposal are very much at the heart of some of the detailed consideration that has gone into the planning of the project or the potential. I would be happy in due course, Ms Le Couteur, to provide full detail. I do not have it here with me and I am not equipped to respond to the question you ask, but I will be more than happy to provide that information to you and to members.

MS LE COUTEUR: Thank you.

THE CHAIR: Thank you. Mr Smyth.

MR SMYTH: Chief Minister, on page 51 of budget paper 5 there is an allocation of \$8 million over two years for the shopping centre upgrade program for Red Hill and Lyons. Could the committee please be told what the split of funding for both centres is and the timetable for delivery?

Mr Stanhope: That project is managed by PCL, who appeared before the committee yesterday, but I can provide some expansion.

MR SMYTH: Who is PCL?

Mr Stanhope: That is land and parks. The shopping centre upgrade is the responsibility of Mr Watkinson and his area. We were not expecting questions on that part of the portfolio today. I might just say, by way of explanation, that the \$8 million is not just for those two shopping centres. Those two shopping centres have been identified as perhaps the next cabs off the rank. We work on the basis of a rough ballpark figure of somewhere in the order of \$1 million per shopping centre, depending on size—a little bit higher, depending on the site—and I would imagine Red Hill would be a bit above \$1 million. It is quite likely that Lyons will be a bit below \$1 million. The \$1 million figure is probably in the mid-range of the expense.

The designs have not yet been formalised and consultation with those communities I do not think has yet concluded. I think it is well advanced but not concluded. I am not aware that designs have yet been finalised following the community consultation for either Lyons or Red Hill. That is work in hand, and then costings will of course be done on the basis of designs. The \$8 million is for the program over the four years. For instance, there are other shopping centres currently in the consultation and design phase—for instance, in Scullin and, I believe, in Farrer and Tuggeranong. I think there are five sets of consultation currently underway and they will all be funded out of those moneys.

MR SMYTH: But potentially that will cover up to eight suburban shopping centres?

Mr Stanhope: It would, potentially. It is perhaps safer to say seven. I would think seven, Mr Smyth, but that is an estimate.

MR SMYTH: Can I suggest then that the heading, “Shopping centre upgrade program—Red Hill and Lyons” is perhaps a bit deceptive?

Mr Stanhope: Yes, it is misleading. I accept that it is misleading, Mr Smyth.

MR SMYTH: So it is expected that you will do seven or eight, approximately, by 2012-13?

Mr Stanhope: I am estimating here, Mr Smyth, but I think that is a reasonable assumption. I would probably need to take some advice from the department.

MR SMYTH: Is the department liaising with Housing in regard to Red Hill? The constant complaint from some of the Red Hill proprietors, and indeed the neighbourhood, rightly or wrongly, is about the large concentration of public housing that abuts the Red Hill shops. Is it at the same time feasible for something to be done about the amenity of the public housing at Red Hill?

Mr Stanhope: I would be happy to take that on notice, Mr Smyth. I think that is a reasonable proposition that you put. I think there are similar issues with Scullin. I would be happy to take that suggestion on board.

MR SMYTH: All right. Could you find out what liaison has happened with Housing?

Mr Stanhope: Certainly. I would be happy to take the question on notice, Mr Smyth.

MR SMYTH: Does that mean the Canberra CBD, the \$12 million for their upgrade program, is also with Mr Watkinson?

Mr Stanhope: Yes.

MR SMYTH: Is there anybody who can give us more detail on what will actually happen?

Mr Stanhope: At this stage, Mr Smyth, the situation is very simple. In relation to the \$12 million, at this stage the government has identified and announced that the initial projects from that funding will be upgrades of West Row and East Row. But there is a bit of a chicken and an egg here. We have committed \$12 million over the four years. The initial upgrades will be to West Row and East Row. They have not been designed and formally costed. On the basis of our experience—for instance, we have committed, I think, \$3.9 million to Bunda Street and \$3.9 million will not actually provide for a full upgrade of Bunda Street from Northbourne Avenue; it is a very expensive business—I notionally expect that somewhere in the order of \$2 million will be required for each of West Row and East Row.

As I say, these are just estimates, but it could be anticipated that an upgrade of East Row and West Row, just public realm pavement and street furniture and a lighting upgrade—and I am guessing here; I am just going from experience in relation to the cost of Bunda Street—would probably cost \$5 million or thereabouts, give or take half a million or a million perhaps. That is the order of cost involved in an upgrade of the quality which we are now pursuing. No decisions have been made in relation to the remainder of those funds. I will take advice from the department on that.

Having said that, that advice will be determined to some extent by a city or CBD

master plan. You would have noticed in the budget funding, I think, \$200,000 for the Chief Minister's Department to oversight an interdepartmental working group on the development of a master plan for the city. I think we have committed \$6 million to Childers Street and \$4 million to Bunda Street. This \$12 million, concentrating on East Row and West Row initially, really does beg the need for an overarching master plan. Decisions post the commencement of work on East Row and West Row will be determined by a master plan.

MR SMYTH: Would it not have been more reasonable to do the master plan first?

Mr Stanhope: In an ideal world, yes.

MR SMYTH: Is \$12 million the end of the project?

Mr Stanhope: No.

MR SMYTH: Inevitably these things have blown out because, as you say, the work has not been done. The budget has got a number in it. Isn't it poor process in regard to actually working out what we can achieve instead of saying, "Well, the string stops here"?

Mr Stanhope: No. We have taken no decision at this stage in relation to funds available and other priorities. We have to date committed over \$10 million to upgrades. We have committed already \$10 million. We are now committing an additional \$12 million. That is a total of \$22 million. It is probably fair to suggest that, at \$22 million, the job will only be half done.

It is the same with shopping centre upgrades. The shopping centre upgrade program will not end in four years time with a sum cost of an additional \$8 million. It will go on, perhaps forever. I would imagine that, post this budget cycle or perhaps even during this budget cycle, depending on the pick-up in growth and the speed at which the recession dissipates, we will probably need to double it. That \$12 million will touch the edges; we will need another \$20 million or \$30 million, I would imagine, in order to complete the upgrade of the CBD to the extent.

At this stage, we have identified \$12 million. In an ideal world, it might have been \$30 million or \$40 million, but that is work that we will push into another budget cycle—which, subject to changes in circumstances over this cycle, we will add to. That is the nature of all projects.

MR SMYTH: If you had built the GDE on time and on budget and saved that extra \$20 million, you could have done all of Civic in one hit.

Mr Stanhope: Actually—

MR SMYTH: But it is good to see you picking up another Liberal policy of a master plan for Civic at last.

Mr Stanhope: Just to respond to that observation, the fact remains, of course, that, if we had committed that additional \$85 million to the GDE five years ago, the

\$10 million would not have been committed. You know, this—

THE CHAIR: It would not have been an extra \$85 million, would it, Chief Minister? That is what Mr Gill said.

Mr Stanhope: It would have been. I think Mr Gill made it quite—

THE CHAIR: He said you would save 10 per cent.

Mr Stanhope: Mr Gill made—could I just please answer the question without this sort of tawdry, childish nonsense that you are going on with?

MR COE: You are above that.

Mr Stanhope: Yes.

MR SMYTH: You just get cranky and put ads in the *Canberra Times*. Yes, you are above it; that is right!

Mr Stanhope: Could you let me know, Mr Chair, when it is reasonable for me to begin a response to those discussions?

THE CHAIR: I think you have got the floor, Mr Stanhope. If you want to answer the question, you can, and we can move on to other questions.

Mr Stanhope: I am happy to, if you will just control your committee, Mr Chair.

Mr Chair, as Mr Gill said yesterday, at \$120 million for the first stage of the GDE we committed three years of roads funding in a single year to the GDE. If we had committed the \$200 million—which, I have to tell you, when our standard or standing capital budget is somewhere in the order of \$50 million, is four years of ACT government capital funding in a standard or average year. It is just simple. It sounds awful to have to say it, but we at no stage in those early years of contemplation of an upgraded GDE had \$200 million, and we chose not to borrow at that stage. We simply did not have \$200 million to apply to a single project.

That is just a fact or a reality of ACT budgeting. To put that in some perspective, if you go back to the Liberals' years in government, the largest single capital budget pursued by the Liberal government prior to this government was somewhere in the order of \$60 million or \$70 million. That was the all capital budget the year we came to government. That is what it was.

MR SMYTH: And the budget has now presumably doubled?

Mr Stanhope: For us then to come in in our first year in government, pick up the GDE project and say that, following five years of Liberal budgets of between \$50 million and \$70 million or \$80 million, my government would find \$200 million in its first year for a single project—

MR SMYTH: I did not say that.

Mr Stanhope: means that every other—

MR COE: Wasn't that a three or four-year project, though?

Mr Stanhope: capital project that has been pursued—

MR COE: A three or four-year project.

Mr Stanhope: since then could not have been contemplated.

MR COE: You could have split it over four years.

Mr Stanhope: And it is fair to say that, if we had committed \$200 million in one go to GDE, we would not have spent—on the subject currently under discussion, we would under no circumstances have committed that \$10 million to Childers Street or Bunda Street; it would simply not have got the guernsey that it did. These are just facts of life. You do not spend money that you have not got.

MR SMYTH: No; the fact is that it was not on time and it was not on budget. It is now going to be a \$200 million 12-year project. They are the facts.

THE CHAIR: All right. Mr Coe.

MR COE: Going back to property services and the Kingston library, firstly can you please explain what the role of the Property Group is with regard to the Kingston library, the new library?

Mr Ryan: I will pass that to John.

Mr Bissell: We act as the territory's commercial real estate agent, so we did the market testing for new premises. There is a procurement process that we follow in consultation with the tenant. We look at all the factors—the spatial needs, the location, the costs. There are also issues around the suitability of the building and its outgoings—its energy rating et cetera. We develop a proposal and make recommendations.

MR COE: And you undertake the lease negotiations and sign the lease?

Mr Bissell: Yes; we do the lease negotiations on behalf of the territory and execute the sublease in consultation with the Government Solicitor's office.

MR COE: Have you signed the lease yet?

Mr Bissell: No.

MR COE: So that is in negotiation at the moment?

Mr Bissell: Yes.

MR COE: Have you got some broad agreement with the owner?

Mr Bissell: Yes. There has been an exchange of correspondence and there will be an agreement to lease prepared in the next few days.

MR COE: And the length of that lease?

Mr Bissell: Eight years.

THE CHAIR: What other locations were considered as part of this process?

Mr Bissell: In that general precinct, in that Manuka, Kingston and south Canberra area.

THE CHAIR: So you looked at Manuka shops?

Mr Bissell: Yes.

THE CHAIR: What else?

Mr Bissell: That Kingston shop area as well.

THE CHAIR: So just those two locations?

Mr Bissell: In that retail precinct, yes.

THE CHAIR: Okay.

MR COE: Did the ACT library service give you a list of specs for what they wanted?

Mr Bissell: Yes. There is a preparation or a form of requirements. There was the spatial area. We look at a range of square metres in that range. If they say it is 200, you might not necessarily find exactly 200; it might be 220, 230 or whatever. There are accessibility, closeness to transport hubs and the general issues that you would look at when you are actually purchasing a new property or leasing a property.

MR COE: When did the library approach you and say, "We would like something like a shopfront in Kingston"?

Mr Bissell: We started doing some investigations approximately two months ago, I think.

MR COE: I just said in the premise of my question that they came to you and said Kingston. Did they actually say Kingston or did they say in the inner south?

Mr Bissell: Inner south.

MR COE: Were there similar spaces available in different shopping centres?

Mr Bissell: There were some other smaller, different-sized locations, and there were

in Manuka as well. Manuka was seen to be not quite as accessible as Kingston.

MR COE: Okay.

Mr Bissell: And there is a cost issue in all this as well.

MR COE: Right. What were the other shopping centres?

Mr Bissell: Just Manuka and Kingston were the main ones that we looked at, yes. The others were really quite small neighbourhoods, which would not have the transport accessibilities.

MR COE: Have you undertaken a transport parking study?

Mr Bissell: No.

MR COE: Are you confident that parking is appropriate at the library, given the specs that you have seen?

Mr Bissell: Yes. There is ample parking in Kingston shopping centre.

MR COE: Has the government ever conducted a parking study in Kingston for other purposes?

Mr Bissell: Certainly not Property Group. You might have to—

MR COE: Yes.

Mr Bissell: It would be a transport issue.

MR SMYTH: Chief Minister, has TAMS ever conducted a parking study at Kingston?

Mr Stanhope: I do not know. I am happy to take the question on notice, Mr Chair.

MR SMYTH: If such a study was done and there is a report, is it available to the committee?

Mr Stanhope: I will take the question on notice.

MR COE: Does the Property Group coordinate the fit-outs of the new space?

Mr Bissell: Not normally, no. We normally give the tenants some advice; normally the fit-out is undertaken by ACT Procurement Solutions.

MR COE: In terms of the length of the contract, eight years, I think that yesterday we heard a different time period.

Mr Bissell: Actually eight years is the initial term and then there is a further four-year option.

MR COE: So eight plus four?

Mr Bissell: Yes.

MR COE: Okay.

Mr Bissell: Which is really just an option that you may or may not take up.

Mr Ryan: I think I said yesterday that I thought it was three years but I would have to come back tomorrow and confirm.

MR COE: Yes; sure.

THE CHAIR: That is okay. It has now been confirmed. So it is eight plus four.

MR COE: Did the library service give you specs for the time period that they would like?

Mr Bissell: Yes.

MR COE: And what was that?

Mr Bissell: Within that time frame. The longer the term of the lease—often the reduced scope in the rental lease, so a short-term lease plus you have got your depreciation of your fit-out to consider as well. Normally it is a far better deal to have a longer term than a shorter term.

MR COE: Right.

Mr Bissell: In rental terms and with fit-out and the depreciation component.

MR COE: So in effect did the library service say, “We would like as long a lease as possible”?

Mr Bissell: Yes.

MR COE: Okay.

THE CHAIR: Ms Burch.

MS BURCH: I want to go to BP4, page 68, under output class 2.1, Capital Linen Service. There is an indicator here around retaining what is really accreditation. It is a measure that started this year, but the word “retaining” indicates that you have had it for longer than this year?

Mr Elliott: I will ask Ms Sue Dever, who runs the Capital Linen Service, to answer your question.

MS BURCH: Indicator d for Capital Linen Service refers to accreditation, and it

seems to come in this year, but maybe it is just a newly worded standard. Is your service accredited, and has it been for some time?

Ms Dever: Yes, we are. We actually had our quality management recertification audit yesterday. Sorry, what—

MS BURCH: It seems to come in a new indicator, but the word “retained” made me think you have held this process for some time.

Ms Dever: Yes, we have.

MS BURCH: You had an audit yesterday, you were saying?

Ms Dever: We had a recertification audit, so one of the measures that we have is that we actually retain the quality management system that we have within our business.

MS BURCH: How often are you audited?

Ms Dever: Recertification audits are every three years, but we actually have an audit every six months. So you have an external audit—they come in every six months and do a one-day audit on specific parts of the quality management system—but you have a recertification audit every three years.

MS BURCH: How long have you held that?

Ms Dever: We have held that since the Totalcare days when it was Totalcare linen.

THE CHAIR: Mr Smyth.

MR SMYTH: Chief Minister, earlier this year you talked about having point-to-point speed cameras in the ACT. Is that an idea that you were floating or is that something that the department is actually investigating?

Mr Stanhope: Thank you, Mr Smyth. I have asked the department to investigate the potential installation and application of point-to-point cameras. That is something I am very interested in in terms of continuing to pursue road safety and making the roads safer. Yes, we are investigating installation of point-to-point cameras.

MR SMYTH: Is there any evidence that they actually lead to a reduction in road tolls?

Mr Stanhope: The officers—

MR SMYTH: Sorry, the Chief Minister is down as Minister for Transport this morning on the schedule. Are you saying officers are not here to answer the questions?

Mr Stanhope: Our understanding was that today we have got Enterprise Services, Shared Services, ACTION, and the ACT Public Cemeteries. All our transport officers were here yesterday and are not here today.

THE CHAIR: Given the short time frame that we have had in the two days, my understanding was that it was going to be a broad discussion. In fact, the details we have for day 9 refer still to the entire department, and it lists pages 55 to 97 in budget paper 4 and then mentions some specific output classes.

Mr Stanhope: I have read that list, Mr Chair, but the advice provided to the department was that the department should appear today with officers from Enterprise Services, Shared Services, ACTION and ACT Public Cemeteries. That was the advice provided to the department, and the department has responded accordingly.

THE CHAIR: We have got Mr Gill here.

Mr Stanhope: Mr Gill is not responsible for road safety.

THE CHAIR: But Mr Gill is not under any of those particular output classes is he?

Mr Stanhope: We have some very dedicated public servants. Mr Gill attended today specifically to assist ACTION with discussions that may arise if members are interested in relation to the bus interchange at Belconnen.

MR SMYTH: Perhaps you can take it on notice.

Mr Stanhope: I will take it on notice.

MR SMYTH: Are you aware of any evidence that says they actually reduce the road toll?

Mr Stanhope: We are currently investigating the installation. Of course, part of the investigation will involve that sort of assessment. I am aware anecdotally in the context of discussions that I have had with officers of the department that there is strong evidence that point-to-point cameras have led to a slowing in traffic. I am prepared to accept anything that slows down traffic and enhances road safety.

THE CHAIR: On another issue, which is a broad issue, you also floated recently the idea of naming and shaming drink drivers. Would that be a TAMS responsibility if it were to be done through a website?

Mr Stanhope: Most certainly, yes. It would be the same officers that have responsibility for road safety.

THE CHAIR: Obviously we all want to see fewer people drinking and driving, but what is the specific rationale for naming and shaming drink drivers and not, say, other people who breach the road laws, whether it is people who speed or commit other serious offences?

Mr Stanhope: Those are issues that we will be considering as we now give serious consideration to how we would pursue a naming regime in relation to drink driving. To put the discussion in some context, the ACT did have a history of drink-driving offenders being named. The *Canberra Times* as a matter of course for many years

routinely named every person in the ACT charged with drink driving. It is a practice which the *Canberra Times* ceased some years ago.

The issue was raised by ACT Policing at a road safety roundtable conducted two weeks ago, which I chaired in concert with the NRMA. Each of the organisations with an interest in road safety that attended that made contributions to a broad-ranging discussion around the sorts of initiatives that might be pursued were we to adopt a vision zero or a new approach and the sorts of issues that might be considered in the context of a new five-year road safety plan for the ACT.

The contribution by ACT Policing to that conversation was twofold. One issue that is of continuing frustration to ACT Policing is the level of recidivism. Members might be aware that on the Saturday three weeks ago, through one random breath testing episode, ACT Policing detected 42 Canberra drivers driving above the prescribed limit. Of those, 16 had prior convictions for drink driving. That experience in relation to that particular Saturday certainly engendered some additional frustration. ACT Policing raised with me directly at that meeting their view that the non-publication in any medium of the names of drink-driving offenders potentially exacerbated a culture that drink driving was not such a serious offence.

The advice to me, as I said, is anecdotal. I respect enormously the head of the traffic section of ACT Policing, and he raised with me his view, which I take to be a view of ACT Policing, that the naming and shaming of drink drivers, in particular, might have a very significant effect or impact on people's attitudes to drinking and driving. I would distinguish it from speeding. There is, I believe, a particular odium attached by the broader community to drink drivers. It is an odium that I do not think attaches to speeding as such. We see that as we travel along the Tuggeranong Parkway these days: drivers routinely exceed the speed limit until they see a speed camera, then they slow down. After they pass through the speed camera there is a tendency by some to speed up. Others do not, but that is the salutary effect that speed cameras have. Responsible drivers think: "Well, actually I am doing the wrong thing. I will drive to the speed limit." Some do not, some do. To the extent that some do, I think fixed speed cameras serve their purpose. That is where point-to-point cameras, of course, present another option. You cannot get away with speeding in the middle of a point-to-point camera. If you exceed the limit, you get caught. It does not matter where you do it along the continuum of the road; you get caught and you get fined.

I think there is a difference. Each of us has a different view about the attitude that we would have as individuals. I would be devastated if I was convicted of drink driving, whereas I would rationalise, perhaps, a conviction for speeding. If we are all honest with ourselves, I think that would be the attitude of many of us; hence ACT Policing's interest in anything that can be done to stop people driving when they are above the prescribed level of alcohol.

The other issue that was raised by ACT Policing in that same discussion, which I have subsequently raised and which we are subsequently investigating within TAMS, is the ease with which special licences are available in the ACT following a disqualification resulting from drink driving. The department is looking now at amendments to the traffic regulations in relation to that. They were the two issues raised at that roundtable with ACT Policing, and I am pursuing them both.

THE CHAIR: What is the process from here in terms of pursuing that? When are we likely to see changes?

Mr Stanhope: In relation to the issue around the rules and regulations and rationale for the granting of a special licence, the department is investigating that. They will be looking at legislation and experience in other places around Australia and providing advice to me in due course on proposed amendments. Similarly, the department will be preparing a briefing for me on the implications of naming and shaming, and there are a number of implications. There are privacy implications, and there may be human rights implications. There are some issues that will need to be looked at in relation to the pros and cons of such a formal government-led proposal.

THE CHAIR: Ms Le Couteur, you had a follow-up?

MS LE COUTEUR: No, it is not a follow-up; it is a whole new line.

MR COE: May I ask a follow-up on this one?

THE CHAIR: Mr Coe.

MR COE: Thank you. In the *Canberra Times* on 21 April we read that TAMS cannot provide a camera-by-camera breakdown of the revenue seized from any particular camera. Can you explain why that is the case?

Mr Stanhope: If I had officers here today I could probably—

MR COE: That is all right. Could you take that on notice?

Mr Stanhope: Certainly.

MR COE: Thank you.

THE CHAIR: Further questions around this area, or are we moving on to another area? Mr Smyth.

MR SMYTH: On page 68, output class 2.1, Yarralumla Nursery: is the nursery responsible for Hobday's Cottage and English Gardens, or is that a different part of the department?

Mr Elliott: Mr Michael Kidd could not be here today, but, yes, they are responsible for Hobday's cottage, Mr Smyth.

MR SMYTH: On page 50 of budget paper 5, there is \$200,000 for the restoration of Hobday's Cottage and English Gardens.

Mr Elliott: They are going to be doing some renovation of the actual building, which is fairly old. If you have had coffee out there, you will understand. They are doing some renovations to the kitchen to upgrade that particular area for the lessor who runs the gallery and brasserie there. They are also doing some restoration works on fencing

and securing the area a little bit better and putting some effort into the restoration of the English gardens. The \$200,000 is spread across a series of maintenance programs and also into the vicinity of the actual cottage itself.

MR SMYTH: The lease on Hobday's cottage, does the revenue from that go to the Property Group or is that considered part of the nursery business?

Mr Elliott: Property Group is actually facilitating the renewal of the lease at the moment, and a series of contracts has been developed with Property Group as part of that and also with the Government Solicitor's office. Draft contracts have been sent to the existing lessor, and there is an intention to undertake a renewal of that licence. As part of that renewal, the lessor is intending to do some expansion of that particular facility and upgrade it. There is input from the department to assist with the redevelopment of the heritage components and also to make it a more usable facility for people in Weston Park. There is also a commitment from the current lessor, if he undertakes the lease and signs the contract at the end of the day.

MR SMYTH: You said he will extend the facility. He will extend Hobday's cottage?

Mr Elliott: He is intending to replace the temporary facility, which is the outdoor area, the marquee, and make it a more permanent and usable facility. In terms of extension, he is actually making a temporary facility semi-permanent. That is his intent, anyway.

MR SMYTH: You did not actually answer the question I asked, which was: is revenue that comes from the lease on Hobday's cottage considered part of the Yarralumla Nursery business, or does it go straight to Property Group?

Mr Elliott: I believe it goes to Yarralumla Nursery.

MR SMYTH: It goes to Yarralumla Nursery?

Mr Elliott: Yes.

MR SMYTH: How is the nursery going with tough times in the nursery industry in the ACT?

Mr Elliott: It has been hard for all nurseries right across Australia, I think. If it is not very, very dry, it is very, very wet. It has been a tough industry to be a part of for the last three or four years, actually. I think the nursery is going quite well. They have tried to adapt what their business is about to suit the conditions. It is getting increasingly dry, so they are doing a lot of work around different sorts of plant types. They are also having a look at how they run their business and their business model. They have been putting a fair bit of effort into their cost reduction side of things in order to keep their head above water. We are projecting a very marginal profit this year.

MR SMYTH: Some of the departments, for instance, JACS, have separate operating statements for things like emergency services and corrections. I notice the Chief Minister just breaks it down to municipal services and enterprise services. Is it possible that in the future it could be broken down further so we can get an

understanding of the business arms—for instance, ACTION and the nursery?

Mr Elliott: To separate the various business units so you can get a better—

MR SMYTH: How do we know what state the linen service is running at, what state the Property Group is running at, how well the nursery is functioning and how well ACTION is doing?

Mr Elliott: That is a question for the department and the chief finance officer about how it is recorded in the budget papers.

Mr Kalogeropoulos: Currently, the arrangement that we have got with the output classes—we have got two and that is the basis of the appropriations to the department. If we were to separate the businesses in the budget papers we would need to actually change the appropriation bill or put forward a proposition to change the appropriations to divvy up the outputs; rather than having two output classes, we would need a number of output classes. But we have not had those discussions with Treasury as yet, and that would be something we would need to do.

MR SMYTH: JACS breaks it down to justice services, corrections services, courts and tribunals and emergency services, but I am not aware that it is appropriated line by line for JACS.

Mr Kalogeropoulos: It may well be. The appropriations are done at the output class level. This department only has two output classes—municipal services and enterprise services.

MS BURCH: In your annual reports do you break it down and report separately?

Mr Kalogeropoulos: No. In the annual report, the report is part of the consolidated report. The only parts of the Territory and Municipal Services portfolio to get reported separately are ACTION, who also have a separate chapter in the budget papers, and Cemeteries who are, themselves, a separate authority.

MR SMYTH: Chief Minister, is it possible to get a breakdown of the operating statements for the nursery, the linen service, enterprise services and ACTION buses?

Mr Stanhope: If they are available, Mr Smyth, I am more than happy for them to be made available. But I must say, in a technical sense, I defer to the officers.

Mr Kalogeropoulos: Yes. Obviously, for this current year it would only be a part-year result because we have not finished the financial year.

MR SMYTH: Sure.

Mr Kalogeropoulos: Unless you wanted the 2007-08 performance? We could provide you with that as well.

MR SMYTH: We could have both. That would be kind.

THE CHAIR: Ms Le Couteur?

MS LE COUTEUR: My questions are about InTACT. I have got a number of questions. One of the procurement guidelines is a commitment to open-source software. What efforts do we make to fulfil that requirement? I am thinking here particularly of a piece of software that does not even cost money, Firefox, which InTACT, I am told, refuses to let us have on our computers.

Mr Vanderheide: I might ask Mr Chisnall to take that question.

Mr Chisnall: Good morning. Would it be possible to repeat the question, if you do not mind?

MS LE COUTEUR: It certainly would be. There are two parts to it. Under procurement guidelines the ACT government has a commitment to open source.

Mr Chisnall: Yes.

MS LE COUTEUR: So, generally, what are you doing to fulfil that commitment? Specifically, we are told here in the Assembly that the reason we cannot have Firefox on our computers is that InTACT will not allow it. It is a nice piece of open-source software which I use at home, and Mr Coe has informed me he does also. We would like to be able to use it. Why can't we?

Mr Chisnall: We certainly follow that awareness and commitment to looking at open-source software. We have today, and we use in various areas within InTACT, open-source capability. Firstly, if there is an open-source product available, it is always on the agenda to consider. Secondly, we find in the general procurement process, when we go out to industry and ask for solutions, more and more we are getting tendered responses that incorporate open-source products. That goes to the third point about the cost of open source. The reality is that within any software or any business system the total cost of ownership position of a system is more than the licence fees or their proprietary—

MS LE COUTEUR: Absolutely.

Mr Chisnall: As one knows, often people do not understand that. So, as I am wont to say to my colleagues back at InTACT, there is no such thing as free software. When we look at those positions, we always try and take in a total cost of ownership model. Indeed, the advice from places like Gartner and so on is that in some cases the open-source total cost of ownership is on par with the proprietary product if you take into account the total lifetime cost.

As to your particular question—InTACT said that you could not use Firefox—I am not sure of the details of that particular transaction. I would say that, in general, in order to reduce the total cost of ownership and the total cost to the territory to support products, we are not in a position to support every possible product out there and every possible product that people may want to use. Therefore, we have to make choices, albeit choices based on business discussions with end users about products that we can support and products that we cannot.

I am not sure of the discussion or thinking in relation to Firefox, but that is a general principle—we cannot support everything. I am very happy to take that particular problem that you have flagged here on notice and look into it further.

MS LE COUTEUR: Thank you. I do appreciate that support can be a major cost component, but where you are thinking about things like Firefox, which are end-user tools, would it be possible to have a situation where they were allowed to be installed, but just not supported? So if I have a problem with Firefox, you are not going to help me.

Mr Chisnall: Yes. I understand what you are saying. The situation comes up often in this boundary of support and non-support. We find, for example, in schools, that there are some areas within schools that we have to make sure are bulletproof, that are supported. There are other areas, which happen with computers in schools, where we have to have flexibility, where we are not trying to support things but we do not want to kill creative initiatives with students and so on. Our level of support in relation to those activities is obviously different from a government-sponsored and supported area. I refer to this as the sandpit proposition. Certainly, I am happy to take that suggestion and give it some more thought and respond.

MS LE COUTEUR: Okay. In your previous answer you said that there were occasions where the open-source solution would cost as much as the proprietary. I am sure that is true in many cases when you take the whole, total costs. In that case, given the procurement guidelines, would you be buying the open source, given that it does not cost more and the procurement guidelines have a commitment to open source?

Mr Chisnall: Yes. The overriding procurement guideline is a value-for-money exercise, and that is one we always exercise. If the value for money equation comes out in favour of the open-source product, that is certainly what we will do. Open-source is not so much new now, but it is a developing and maturing arena around the world. I take part in the cross-jurisdictional CIO committee on behalf of the ACT government, and I am very aware of discussions about open source and sharing of information about open source between government jurisdictions within that community. There is a lot of work going on in South Australia in particular in relation to that, and we will benefit from that going forward.

So we are very conscious of open source. We certainly take it into consideration. We make our decisions on a value-for-money exercise. We do not lull ourselves with the idea that, because it is open source, it is free.

MS LE COUTEUR: I am well aware of that. Would you be able to give the committee a list of open-source software? You said you have purchased a fair degree of this. Would you be able to give the committee a list of that?

Mr Chisnall: We can take a list of—

MS LE COUTEUR: On notice, obviously.

Mr Chisnall: Yes, sure.

MR COE: On the software issue, I imagine the biggest contract you manage with regard to software would be the Microsoft licensing fee. How is that negotiated, and what are the current arrangements? Have we got a long-term contract with them or is it on an operating system by operating system basis?

Mr Chisnall: We have what is known as an enterprise agreement with Microsoft, which is an agreement that goes over a number of years. If we need to go into more detail, I may need to bring someone else in, but I can answer the question in general. We have an enterprise agreement relationship with Microsoft. This Microsoft licensing, as is all of this licensing with Oracle and Cisco and other majors, is a terribly complex business and one on which we spend an awful lot of time and an awful amount of effort trying to get the best possible result for the ACT.

But we have an enterprise agreement relationship with Microsoft; I think it finishes later this year. I think it might be September. I will be corrected if that is wrong. So we are in that process at the moment of negotiating the way forward and getting the best deal. Obviously, we are not the only people or the only government in Australia that are using Microsoft product, so we are very aware of negotiations, certainly at the commonwealth level. The enterprise agreement is a three-year deal arrangement. The current one ends in May-June. We are right in the middle of that process at the moment.

MR COE: Okay. So no funds that you are aware of have been allocated for Microsoft products beyond June this year?

Mr Chisnall: No. We incorporate the cost of the ongoing relationship with Microsoft in what we call our DES charge. Remember that InTACT is a cost-recovery organisation. Something in excess of 95 or 97 per cent of our costs are from cost recovery. Within the ongoing charge that we make as part of that cost recovery at a per desktop level we charge an ongoing rate, which enables us to have an ongoing use of the Microsoft licences, amongst other things.

MR COE: And how long is that agreement?

Mr Chisnall: I beg your pardon?

MR COE: And how long is that agreement, that DES charge?

Mr Chisnall: You mean the agreement with the agencies?

MR COE: The question was—

Mr Chisnall: I may have misunderstood what you said, sorry.

MR COE: has the ACT government committed to Microsoft beyond June 2009 when the enterprise agreement comes up? So beyond that, is the government committed to Microsoft products?

Mr Chisnall: In principle. If we did not wish to continue that negotiation and, as of

the end of June, no longer had the rights to use Microsoft products, I guess that is it. But the impact on us in terms of doing that would be pretty profound, I hasten to add.

MR COE: Yes. So this must be a very expensive contract that has got to be negotiated pretty quickly, like, in five weeks.

Mr Chisnall: Well, we are in the process. It is an ongoing discussion.

MR COE: Yes. So in the next five weeks there will be a significant contract agreed to for the next enterprise agreement with Microsoft?

Mr Chisnall: Yes.

THE CHAIR: What was the cost of the three-year agreement that is just about to conclude?

MS LE COUTEUR: Are you aware that the New Zealand government has apparently just decided that they cannot do an enterprise agreement and that every agency is going to have to do it by themselves?

THE CHAIR: I will get Mr Chisnall to answer this one first and then I will move on to the next question.

Mr Chisnall: The amount for the ACT is approximately \$3 million per annum, but we have perpetual licences. As I say, this is a complex business. We have perpetual licences in Microsoft products but we, through the enterprise agreement, can get things like software assurance, which enables us to have support and upgrades and so on. I am not sure that I answered your question, and I have forgotten yours, so could we please—

THE CHAIR: It is \$3 million a year for the enterprise agreement?

Mr Chisnall: Yes.

THE CHAIR: What are the other costs associated with the relationship with Microsoft, the perpetual licences, for instance?

MR COE: To set up the perpetual licence, perhaps.

Mr Chisnall: To set up the perpetual licence? The perpetual licences are set up. We have internal costs—obviously the cost of my colleagues having those negotiations with Microsoft. Essentially, we have payments that we make on an annual basis, once that enterprise agreement is made, running at approximately \$3 million per annum. The New Zealand government—

THE CHAIR: Just to finish on that before we move on to the New Zealand government question, there is a \$3 million enterprise agreement, but you talked about perpetual licences. They were obviously purchased at some point. What has that cost InTACT?

Mr Chisnall: I am sorry. I would have to take that one on notice, I am afraid.

THE CHAIR: And any additional costs associated with the relationship with Microsoft directly would be good.

Mr Chisnall: Sure. I am happy to do that.

THE CHAIR: Ms Le Couteur, you might repeat your question.

MS LE COUTEUR: I just wondered, in this context, if you are aware that the New Zealand government announced last night that they had given up on the concept of an enterprise agreement with Microsoft—that it was all too hard and agencies were going to be left to their own devices?

Mr Chisnall: I was not aware of that announcement made last night. I am aware of the difficulties and complexities in these negotiations between jurisdictions. In fact, New Zealand is part of that cross-jurisdictional CIO involvement. I am not familiar with particular details and complexities of the New Zealand arrangement.

I am aware, for example, that the commonwealth government concluded, about two months ago, a relationship for a whole-of-government arrangement with Microsoft, which is part of their Gershon reforms. They have managed to reduce some costs associated with licensing by volume sourcing across government rather than having the multiple departments in the commonwealth have separate relationships with Microsoft, as was happening similarly. In a way, we are a microcosm of that, and have been for some time. We do not have separate departments negotiating with Microsoft; we have a single volume source agreement and look continuously for benefits from other jurisdictions.

In the case of the commonwealth, we were rather hoping that the commonwealth volume sourcing could be extended to the ACT and other state and territory jurisdictions. Unfortunately, that was not to be the case at the end of the day. Microsoft managed to limit the relationship to the commonwealth. However, there were a number of things that are of benefit that came out of that, one being that the type of agreements and the type of clauses within the agreements that Microsoft had in relation to the commonwealth can be used by the states. They have committed to that. There is also a secondary arrangement—what we call large account reseller, LAR, agreements whereby we can benefit from the large account resale agreement that the commonwealth has arranged with Microsoft.

The ACT government already has a centralised agreement. Because we are centralised, my colleague is making the point that the enterprise agreement is a good model for us. The commonwealth has not been centralised, so the enterprise agreement has been a hassle for them. New Zealand might also not be centralised; I am not sure. I would be surprised if they were not, to be frank. I will look into what New Zealand has done. We continually monitor, insofar as we can, the relationship in other jurisdictions of Microsoft to ensure that we are getting the best possible result for the territory.

THE CHAIR: Thank you. Ms Burch and then Mr Smyth.

MS BURCH: There was a supp on InTACT and then I want to go to another point if I can. I want to go to BP4, page 15, under “Note”. There is a comment there. The independent benchmarking of InTACT services is undertaken annually?

Mr Chisnall: It is, yes.

MS BURCH: Can you tell us about that process?

Mr Chisnall: The independent benchmarker is a company called IDC, which is very well known in the industry. Prior to IDC, we had, for quite a number of years, a benchmarking relationship with Gartner corporation; it is again well known in the industry. Unfortunately, a number of years ago, Gartner decided to get out of that business. We had a year when it was difficult to get the year-on-year benchmarking because of their withdrawal from the business, but now we are very much in stream with IDC on an annual basis.

We are benchmarked against a selection of both government and private corporations, which is interesting in itself. The selection point for those organisations is those organisations that have some sort of similar model to the shared model that the ACT has in relation to its ICT shared services. You will find jurisdictions that organise themselves where you have one department looking after the ICT needs of another department or series of departments. But you also get the same sort of models happening in industry. It is the selection of both private industry and other jurisdictions that IDC selects from in order to benchmark.

We go through a period with IDC of about a couple of months when their representatives will come and look at our figures, look at our models and ensure that they are comparing apples with apples—comparisons against their database. After that period of time, we will release an analysis of how we are doing in regard to the various areas of the business, whether it be the desktop support services or the hosting services, application services and so on.

That is the process that has been going on and that will continue to go on for a number of years. It is the basis of one of the performance indicators that we report to the Assembly.

MS BURCH: You will use IDC ongoingly for the—

Mr Chisnall: Our current contract with them is for three years. After three years, we will be, obviously, testing the market. But, as you can see, in this sort of area continuity is very important.

MR SMYTH: Do IDC evaluate cost effectiveness?

Mr Chisnall: I am not sure per se whether they do.

MR SMYTH: The whole point of Shared Services was to seek greater cost efficiencies. Indeed, in your objectives it says that these lead to “economies of scale, standardised and streamlined processes and an overall reduction in costs”. Perhaps that is a question for the Chief Minister. Have we reduced costs since the Shared

Services model came into being?

Mr Vanderheide: I would be happy to take that one. The savings that were delivered by Shared Services were removed from the budget when Shared Services was set up—not the Shared Services budget but the agency’s budget. From a cost-effective perspective, what we need to do is meet our budget goals, which we do. If we meet budget then we have delivered the savings that the government has already harvested basically from the money that was available.

The IDC benchmarking is a tool that we use to compare ourselves to other organisations to give some assurance to our customers that what we are delivering is either at or less than what they would be getting if they were purchasing their services from someplace else. We also use it as a tool to identify areas within our own organisation where we may be under-investing or where our costs may be higher than the norm. And it gives us an opportunity to take a look to see whether there is something that we need to be doing differently.

MR SMYTH: Maybe it is a split question. Maybe Michael 1 can answer part 1 and Michael 2 can answer part 2. Part of your objective is overall reduction in costs. Are we reducing costs through the Shared Services model? And then, to M2: is InTACT cost effective against other providers and other agencies and, therefore, are the people of the ACT getting the best value for money by purchasing these services off InTACT?

Mr Chisnall: I will take two first. We benchmark ourselves above the best comparable in terms of our costs. Really, that measure is a mixture of satisfaction on the one hand and cost on the other. If you look at it from the point of view of cost, we are certainly below, within the tolerance of, the best or the averages of those particular benchmark arrangements. So from a cost point of view, it is good.

As Michael says, it is not just cost reduction being good; we also measure about areas where we may be expending too little. We have a look and say: “Well, that is an area where we seem to be significantly below these others. Are we doing something wrong in terms of should we invest more? Should we look at the service component? Are we driving our people too hard? Are we expecting too much of those people?” We use that. We do that analysis.

On the other side, in terms of whether we are being effective as an organisation, that is one of really surveying. It is really customer surveying, project surveying and so on. We have an annual survey in terms of our desktop services where we get feedback from all of our users. It is an opt-in feedback; the number of people that respond to it is statistically significant. We do very well, and have done very well, in terms of above-average, towards excellent, performance on that. We measure that. We do that every year; we measure the variations of that. So from the point of view of whether we are effective in what we are doing, from a customer survey point of view the indication is that we are doing okay.

From a project point of view, we do monitor the success of projects and we do ask the question of whether our customers are getting value for money and so on. It is something that we continue and we value in terms of our business model going

forward. That surveying and that process of continual surveying are an important of it, and we will be doing more going forward.

To answer the question of whether I think that we are getting value for money, yes, I do, certainly on the cost side and the performance side.

Mr Vanderheide: I will answer the more general question, which I think is: is Shared Services delivering savings?

MR SMYTH: Yes.

Mr Vanderheide: Yes, it is, and it has every year since it was set up.

MR SMYTH: Can you justify that through some sort of financial reconciliation?

Mr Vanderheide: I will just take you through how the organisation was set up. The costs associated with the services that Shared Services deliver used to sit within agencies. Those costs were assessed by Treasury; agencies provided information to say: “It used to cost us. We had this many people doing this much work in finance, this much work in payroll and so on.” Treasury said: “Good. That is how much it costs you now. We are going to take between 10 and 15 per cent”—which is about their percentage—“out of your budget agency and we are going to use that for other things that the government wants to spend money on.” They said to me, “You establish an organisation with the people who are doing that work, based on the reduced budget that you have now got available.”

What I needed to do in setting up Shared Services was establish an organisation that would operate to a level of reduced cost from what it previously was. That money had been taken out of agency budgets; I could not charge them for it. I set my charges at a rate that was equal to what they had left, basically. As long as I meet my budget in Shared Services, noting that that money has already gone from the agencies, it is not so much delivering savings—the savings were taken—but delivering a service at less cost and therefore the savings are achieved.

MR SMYTH: Can you provide a financial reconciliation of that over the last three years?

Mr Vanderheide: It is here; it is in the annual reports. If I meet my budget, I have not spent more than what the agencies used to spend.

MR SMYTH: But your budget grows every year.

Mr Vanderheide: It grows every year on the basis—

MR SMYTH: Your ordinary expenses are outweighing your revenue every year, so how are you delivering savings if—

Mr Vanderheide: Like every other agency, the budget grows every year on the basis of CPI increases and wage increases and on the basis of initiatives that we put to government as part of the budget process. We say, “We’d like to do something more,”

and they weigh that up against the priorities from other agencies.

MR SMYTH: So does that not erode the savings?

Mr Vanderheide: I do not think—

Mr Stanhope: The savings are embedded though, as Mr Vanderheide has just said.

MR SMYTH: If the savings are embedded, can you provide a financial reconciliation to prove it?

Mr Stanhope: We can provide an explanation as to Shared Services. I am aware, Mr Smyth, that the shared services model is a model which the Liberal Party opposed from its inception and continues to oppose. But the ACT shared services arrangement is a shining beacon of success and a sign to all other Australian jurisdictions that it is.

MR SMYTH: So then it will be very easy and very clear to provide a financial reconciliation?

Mr Stanhope: It will.

MR SMYTH: I look forward to seeing it.

Mr Stanhope: Mr Smyth, we can go back and look at the record and actually acknowledge—and you remind us here by your comments today of your trenchant opposition to the creation of Shared Services—the success of the shared services model in the ACT, the resounding success that Mr Vanderheide and his officers have had in the establishment of Shared Services. It is now a model that other jurisdictions from around Australia seek—

MR SMYTH: Well, if it is a resounding success then surely the resounding document that you will table will outline that.

Mr Stanhope: Could I just finish? Could I just finish please, Mr Chair?

THE CHAIR: Sure. You are baiting though, but go on.

Mr Stanhope: I am responding to comments and questions, I presume through invitation—

THE CHAIR: I think the question was fairly straightforward in terms of reconciling the savings.

Mr Stanhope: Yes, and I am answering it, but I am answering it in the face of constant interjections and interruption. You need to look at some of the historical context here. In the context of the suggestions being made, I am simply responding that Shared Services in the ACT is a national success. It is a model, an experience, that is now being studied quite closely by other jurisdictions, other governments, around Australia. We know from some of the earlier debate in relation to the decision to establish Shared Services in the territory and to centralise the functions in Shared

Services that there was, quite appropriately, some very close assessment and some significant opposition, most particularly from the Liberal Party.

But it is successful. The savings have been achieved. The savings are embedded. Shared Services meets its budget every year. In the context of a justification for the claim that it is efficient, that it has produced the savings that the government expected of it, then, yes, those savings are embedded in the budget every year. Since the 2006 budget in excess of \$100 million of savings have been achieved. Shared Services is a significant part of that. It is a very good model. If members are interested, I am sure Mr Vanderheide would be available to give detailed briefings on how the organisation operates—

THE CHAIR: I think we have—

Mr Stanhope: and its success and, indeed, the relationships that he has with other governments around Australia in relation to the lessons that they can learn from the success that Mr Vanderheide and his staff have had in the creation of shared service arrangements in the ACT. We will take the request for a detailed explanation of the savings on notice and provide that to the committee.

THE CHAIR: Thank you. Ms Burch.

MS BURCH: I have a question on Shared Services and some functions within Shared Services—in particular, the finance service area that you have. Given our interest in efficiency, can you tell me how that is helping to provide more efficient services?

Mr Vanderheide: Yes, I can. Finance services is probably one of the quieter bits of Shared Services. It is the area that basically does bill payment on behalf of ACT government agencies. It does FBT returns and prepares the financial statements for each of the departments that we serve. It is probably true to say that chief executives on the governing committee or the steering committee at the time Shared Services was set up were a bit nervous about the prospect of losing responsibility for doing their own financial statements and having that responsibility shift outside of the organisations into Shared Services, but it has been quite a success.

Finance services has been able to deliver model financial statements for the first time to each department prior to the end of the financial year for them to review for accuracy. It has everything in it except for the numbers, basically, which speeds the process up and allows us to achieve the relatively tight time frames that we do in terms of getting the statements completed. The statements are consistent. We have had feedback from many committee chairs and chief executives that they have seen a significant improvement in the quality of the statements over the last couple of years. It is not just Shared Services; Treasury plays a significant role in that as well. But it has been a good thing.

One of the other things Shared Services has achieved over the last couple of years is getting the government's FBT returns in on time for each department, which was not always the case in the past. It is not usually a big deal. The ATO is generally very flexible in terms of setting extensions for FBT returns, but it is an indication of the kind of thing that can be achieved when you bring the right people together. A

significant element of that is also the provision of information with the salary packaging team in the HR services group, which works in close integration with finance services. So those returns are now delivered on time.

We also have had an environment over the last 12 months where we have moved from nine separate instances of Oracle financials into a single instance of Oracle financials. We have, I think, a better control environment than we had in place in the past. In fact, we have just had an internal audit completed which looked at the controls in place with the new system. We came out of that with big ticks, pretty much. It has been a good process for us and it is a good service.

MS BURCH: I was just going to ask how long it took to get the single Oracle system together.

Mr Vanderheide: The project itself ran for about eight months. There was a lot of planning that went in place before that.

MS BRESNAN: Will Shared Services have any role in ensuring agencies have to meet next year's efficiency dividends?

Mr Vanderheide: Yes, we will. Interestingly, I guess, is the way we are funded. We are a cost recovery organisation so we get very little GPO. We do not get funded directly by government. The agencies get funded and we bill them for the services. The way the efficiency dividend has been applied is to GPO funding. I think our share of that is about \$30,000, which is not much in a \$150 million budget. What we will be doing is looking at ways of reducing our charges to agencies by at least one per cent next financial year to assist them in meeting their efficiency dividend.

MS BRESNAN: Will you have a role in assisting other agencies to—

Mr Vanderheide: Only by reducing our charges.

MS BRESNAN: By reducing charges?

Mr Vanderheide: Yes. They have savings or reductions to make in their spend. We will reduce our charges to them to assist them in making those reductions.

MS BRESNAN: So that is the main thought regarding how agencies can reduce it—that is, by reducing your charges?

Mr Vanderheide: Yes.

MS BRESNAN: Has there been any thought to other savings? I guess I am looking at energy efficiency and those sorts of issues, rather than having just to reduce wages.

Mr Vanderheide: It is not so much reducing wages; it is reducing charges to agencies.

MS BRESNAN: Reducing charges. So that is the only area you have really looked at?

Mr Vanderheide: Yes. I guess, like the rest of the public service, we are always

looking for ways to do things more efficiently than we have done in the past. That is just an ongoing part of our business. We have the added need to do that over the next couple of financial years as agencies are looking for one per cent and above that and we will be doing our bit to help them.

THE CHAIR: We will take a break.

Meeting adjourned from 10.29 to 10.52 am.

THE CHAIR: Welcome back. We will recommence. I understand there are some further questions on Shared Services and InTACT. We will deal with those and then we will move on to some ACTION questions. Mr Smyth.

MR SMYTH: I just want some clarification around how a department gets a new computer, what the charges structure is, how long we keep computers for and when we return them what the process is. Are there other charges for returning them?

Mr Vanderheide: I will ask Mick to provide the information.

Mr Chisnall: The model of service delivery that InTACT has is a distributive model. We have analysed all of the functions of an ICT services organisation as to where they are best done. Are they best done closest to the agency as part of the agency, are they mobile functions or are they functions that are best done centrally? There is a whole process of analysis that we have been through to do that.

The reason I mention that is that you asked how does one acquire a computer. The process of acquiring a computer is typically something that at one level is a central function because one orders a computer centrally from our assets team. It is procured, delivered and so on. But the other aspect of it is a much more personalised function, because we have such an incredibly wide range of work types in the ACT government that it is certainly not one size can fit all.

The role of the ICT manager, what we call the embedded ICT manager, who is an InTACT employee but who is actually physically embedded in the agency, is to be concerned with the particular profile and particular computing needs of a particular new employee. So there is a process whereby we capture those needs at the local level, at the agency level. Those needs are then put through the central ordering processes, the PC arrives and it goes to the desktop in that way. So that is the broad explanation of how you get a computer.

MR SMYTH: How many computers does InTACT provide to the ACT government?

Mr Chisnall: There really are three components to this: there is what we call the ACTGov network attached computers, there is the department of education and there is the CIT network. So within ACTGov—that is within all external departmental agencies—I think the number is about 9,000. Someone will correct me if that is not right. When you talk about computers, there are monitors, individual assets and so on. But it is something in that order.

If you start adding in all of the CIT numbers and then the education department

numbers, we are getting on to 30,000 desktops, which makes us a fairly large shop by national standards in terms of the number of desktops we support.

MR SMYTH: How long would we keep a standard computer?

Mr Chisnall: We will keep a desktop for four years. We used to keep it for three years. One of the savings measures, both as a financial saving and also as an environmental saving, that we have introduced within the last couple of years was to extend the desktop to that fourth year.

MR SMYTH: I have other questions and I will put them on notice. But at the end of the process when the department returns a computer or InTACT takes it back, is the department charged a fee for that?

Mr Chisnall: For the removal of the PC?

MR SMYTH: Yes.

Mr Chisnall: No, it is not, That charge is in what I described earlier as the desktop support charge. In a cost recovery setting for what we do across government, we have to try and simplify things and make things as easy as possible. What we have is a desktop support charge. For any public servant attached to the network, there is a standard charge which we benchmark and so forth. But that standard charge would cover all of the things associated with it. It is one charge, one bill, and it would include removal of that PC.

MR SMYTH: So when the PC goes there is no residual charge to the department?

Mr Chisnall: To my knowledge, no. I do not believe so, no.

MS LE COUTEUR: How do you dispose of that PC, particularly given the recent initiatives that COAG talked about relating to e-waste?

Mr Chisnall: Two years ago we moved away from having a leasing arrangement on PCs to purchasing PCs. From the point where we have PCs coming back to us that are end of life, we are now owning that PC and therefore responsible for its disposal.

The disposal is done against environmental standards. I think it is ISO 1400, which is a very high standard in terms of disposal of used equipment. What we attempt to do in the first instance is to re-use. Rather than disposal, getting rid of it, dismantling the box, we would try and get someone through an agency or whatever to re-use that computer so it has an external life beyond that life which it had in the ACT government. But where there is actual disposal then we conform to standards, appropriate environmental standards, as part of our policy.

Within the recent round of procurement of major systems, which has happened after a five-year period, we have built into our procurement requirements a requirement to be very considerate of how things are disposed of and the environmental impact of the equipment that we are buying. There is much more awareness nowadays, as evidenced in the way we have put these issues into our procurement RFTs and so on.

MR SMYTH: All right, I will put the rest on notice. Thank you.

THE CHAIR: Ms Burch on Shared Services.

MS BURCH: Yes. My question relates to procurement. I understand that over the most recent years, a number of whole-of-government contracts have been put in place. Can you tell me how this was achieved, and what are the ongoing benefits?

Mr Vanderheide: Again, one of the benefits of having a Shared Services type approach to procurement is the ability to look across government to identify opportunities as was the case, or it seems to be the failed case, in New Zealand in terms of their approach to Microsoft—looking to see what common things all agencies are needing to purchase. It is far more efficient for us to do it once on behalf of all agencies, notwithstanding the economic benefit of going to the market with a larger wallet open. It provides opportunities to do things once rather than doing them many times. We set ourselves a target a couple of years ago of increasing the number of whole-of-government contracts in place by 25 per cent a year. We have well and truly surpassed that this year, I think. The kind of contracts I am talking about are for things like stationery, travel, internal audit, employee assistance programs. The kinds of things that agencies in the past have sometimes gone out on their own and done, we are now doing in a central way.

MS BURCH: You are saying that was a 25 per cent per annum increase?

Mr Vanderheide: That was our target, I think. Robyn probably has the detail.

Ms Hardy: Yes, in the first instance there were a few whole-of-government contracts when procurement was first centralised. We set a fairly large target to increase the numbers of whole-of-government contracts. Of course, there is a limit to that and we will not be able to keep increasing them at that kind of rate. We have managed to put in a fair number since we have been centralised. Things like short-term car hire, internal audit, procurement training, customised training, employee assistance, graduate recruitment, occupational rehabilitation, removalists—those kinds of things. The majority of them are being managed centrally by us, but not all of them. It is on an appropriateness basis. For instance, you would have, in a sense, a whole-of-government IT contract but it is not managed by us. It is managed in InTACT. I think as Steve Ryan mentioned earlier today that the whole-of-government electricity contract is not managed by Procurement Solutions. It is managed by the TAMS area.

MS BURCH: The areas where you do have whole-of-government contracts, is that initiated by you? You can see these common contracts coming across agencies?

Ms Hardy: That is correct. We do what we call, I think, an opportunity analysis. We analyse common spends in agencies. They are fairly obvious across all government, the kinds of things that each agency spends similarly on—training, travel, car hire, those kinds of things. Then we go through a consultation process with each government agency about their requirements. Because they are not always standard, that does take some time because in a whole-of-government contract, of course, what

you are doing is standardising, and you need to find out each agency's requirements and try to meet that need. That takes a fair number of months. We have done that across a quite wide area.

We believe that we could still put some more in place in the next couple of years but, as I said, we will come to a grinding halt when we have got to the end of where we think we can put whole-of-government contracts in. But in general we have been very successful.

THE CHAIR: Ms Bresnan and then Mr Smyth.

MS BRESNAN: Has there been any consideration or thought given to adopting a social tendering approach to the way contracts are procured?

Ms Hardy: I suppose I will answer this by explaining Procurement Solutions' role. Procurement Solutions' role is to provide procurement and tendering services for agencies. Agencies come to us with a brief or with a statement of requirements to actually undertake a procurement. If government policy says that agencies should undertake some sort of social policy proposal within policy then that would be determined by the agency in their brief to us, if you see what I am saying.

MS BRESNAN: I understand that. I guess what I am thinking about is the Brisbane City Council. It is a good example of where they have adopted a social enterprise hub-type approach. This is a direction which is given to different departments within the council. A certain percentage of the products or the services they procure have to come from, I guess, or be based on a social approach—whether that is employing a company that employs people with a disability or whatever it might be. They apply that to their contracts.

Ms Hardy: Yes, I understand what you are saying. But as I said to you, the policy is actually determined sort of government-wide in a sense. That would be the kind of policy that would be possibly developed by Chief Minister's Department or, if it was a social or gender issue, say, Disability, Housing and Community Services. It could come through Procurement as a proposal.

MS BRESNAN: With the Brisbane City Council, that is where it comes through. It comes through their procurement processes.

Ms Hardy: But as I said to you, in each agency the chief executive of the agency, such as Hamish at the moment, acting as the Chief Executive of TAMS, is responsible for the spend in his agency. He does that within the policy of the government of the day. Procurement Solutions is basically directed by each agency to go away on this brief and on the government policy to acquire the thing. For us to implement a principle of social purchasing, that would come from an overall government policy.

Mr Stanhope: I think, Ms Bresnan, to add to that the government would be more than happy to continue to advance and enhance its capacity to support the community in those ways. I will take some advice on measures that the company has in place and perhaps have a look at exactly what it is that the Brisbane City Council is doing. I would be more than happy to take the issue on notice and leave the—

MS BRESNAN: So it is not something that is happening at the moment?

Mr Stanhope: I would need to take advice on the extent to which we do through our purchasing or other policies actually achieve those social outcomes and the extent to which we achieve them in other ways, other than through procurement. But it may be that going through procurement might be a way in which to achieve a more centralised approach. We do a myriad of things and have a myriad of programs that provide support to the community and enhance social capital. You are suggesting that it might be better coordinated through Procurement.

MS BRESNAN: I am not, but it is a different way of looking at how you provide services.

Mr Stanhope: Yes, I guess that is what I am acknowledging.

MS BRESNAN: So it is actually not about—it is separate from a program policy, I guess.

Mr Stanhope: I understand what you are saying and I would want advice on whether or not that particular method or approach would enhance approaches that we already pursue in projects, programs and partnerships that we already have in place, which are very significant.

MS BRESNAN: It is an approach that is used overseas and in other parts of Australia as well.

Mr Stanhope: Yes. I would be more than happy to take advice on comparisons. We provide enormous support to this community in a whole range of ways—

MS BRESNAN: I know that. I am talking about a different approach.

Mr Stanhope: but it may be that the suggestion that you make based on other experience is something we could benefit from. I am more than happy to look at it.

MS BRESNAN: Would it be possible to get some information back to the committee about what is happening currently—whether there is any sort of policy or anything like that applying?

Mr Stanhope: Yes.

THE CHAIR: Mr Smyth.

MR SMYTH: Ms Hardy, yesterday, when we were discussing waste and waste going to the landfill, Mr McNulty said that he thought there was a requirement for everyone to have a waste management plan, but there might be certain thresholds. Can you inform the committee of how that system works?

Ms Hardy: Yes. Within the standard construction contracts that we put in place—and that is the AS2124 and the PM contracts; there is a section in there and generally it is

part 5, environmental management systems—there is a requirement for contractors. I can read it for you:

For works that are subject to the development application and a building application, the contractor must comply with the development control code for the best practice waste management in the ACT. A waste management plan, part 3, is included in this current form of the contract. Before the contractor commences work, the contractor must lodge with the superintendent a completed WMP, waste management plan.

That includes demolition of waste or construction waste. As you can imagine, there is waste that comes from the process of construction and then there is waste when you are actually in situ—the kind of waste that Steve was talking about before—paper waste, lunch waste, that kind of thing. So there are different classes of waste. I have to say that over the years I think industry's recognition of the treatment of waste has raised considerably. Certainly, the re-use of materials in construction now has increased many fold—re-use of bitumen products and re-use of concrete products and soil: those sorts of things. It is very much a part of normal construction activity nowadays to inculcate re-use and practise good waste management.

MR SMYTH: Is the same applicable to an occupational health and safety plan?

Ms Hardy: Absolutely. I do not have that in front of me, but certainly occupational health and safety is a standard requirement within all contracts and even within supply of goods and services contracts, I might add.

MR SMYTH: How are they assessed? Are they part of the assessment? What weighting are they given as you run through the determination of the contract?

Ms Hardy: Are you asking whether someone's occupational health and safety record is weighted in the assessment of a tender? Is that the kind of question you are asking?

MR SMYTH: No. Is the adequacy of their waste management plan and your occupational health and safety plan assessed in the criteria? I can give you a one-page plan; I can give you a 50-page plan, but does that affect the decisions you make?

Ms Hardy: It would be horses for courses. It is not assessed as part of a tender process because the person is already in contract. They have become a contractor and they must supply it as part of their contractual obligations. The superintendent would assess its fit-for-purpose value and whether it is appropriate to that project. I am trying to think of the difference. A major construction project would require a more complex one, depending on the amount of waste in it. Not all major projects have a lot of waste and there will be small projects which have a lot of waste. It would have to be on a case-by-case basis. It the role of the superintendent to gauge the appropriateness of the plan and then engage with the contractor to amend it and to ensure that it is suitably taken account of.

MR SMYTH: All right. What is the document you were reading from?

Ms Hardy: This is an extract from the AS2124 template contract. You would find a similar clause in our project management contracts.

MR SMYTH: I have been given a copy of what I assume is a project management delivery system contract and under “Environmental and waste management” it says, “During the tender evaluation period, the tenderer may be required to detail”. It goes on to say under CT4.3, “Occupational health and safety”, that during the tender evaluation period, the tenderer may be required to demonstrate that they have got an OH&S plan.

Ms Hardy: That is right, during the tender evaluation period. It might depend on the project at the time. We have a prequalification system. Many categories of construction contractors are covered by our prequalification system—civil contractors, commercial et cetera—and the occupational health and safety record, the environmental safety record, the industrial relations record et cetera are assessed in that annual prequalification system. It also goes to their financials et cetera.

In addition to that, even on top of that—and it would depend on the project—you might put in an extra tender evaluation criterion and say, “Over and above the fact that you have jumped through this hoop, which is the prequalification system, and you have established your record there, this particular project will have sufficient waste or is particularly sensitive and we want you to jump through a further hoop, which is to demonstrate to us on this particular project what kind of waste management you are going to do here or what kind of occupational health and safety record you are going to do here.”

We often put extra criteria into projects around schools. Often that does not go to the waste; it is often about the safety of children on occupied sites—those kinds of things. You might have some very sensitive waste—say we have found asbestos on a site or something like that—so in that particular project you would be saying: “You have to be pre-qualified in the first instance, but in this case we want you to be even better. You must demonstrate that you can deal with asbestos.” Or it might be, “We are going to ask you to police-check all of your staff because you are dealing with a school.” That is the kind of extra criteria you would put on top of it. There are various levels.

MR SMYTH: Through you, Chief Minister, I might get a briefing from Procurement, if that is okay, on how this process works. I am concerned to see the words “may be required to have waste management plan” and “may be required to have a health and safety rehab plan”.

Ms Hardy: As I said, the “may” is because it is case by case. The project officer and the agency that belongs to the project will determine whether or not in a particular case we want the higher level of accountability. But I am very happy to give you a briefing.

MR SMYTH: Thank you.

THE CHAIR: On Procurement Solutions, I have a broader question and a couple of specifics. One of the issues that has been raised with me recently—and I think other members—in relation to government operations has been procurement. Two issues that appear to concern industry at the moment include, firstly, the time it takes for things to come out of Procurement Solutions sometimes and, secondly, the lack, as

they see it, of enough certainty going forward—so a procurement plan going forward. Do you want to respond to that and whether those concerns have been heard and are being responded to?

Ms Hardy: Yes. I understand industry's need for certainty. If you are in commercial business, you want to know whether or not you have got work coming out. ACT government procurements are extremely important to local ACT and the ACT capital region. In the last 12 to 18 months we have instituted a call tender schedule for capital works. Certainly, industry has welcomed that. We provide a listing of all of the capital works projects that will come out in the next 12 to 18 months and we provide an estimated date of when we might tender and contract those. That gives industry some certainty. For instance, a civil contractor will know that they are on a job now and in six months time there is another job coming up. They know they might not win that job, but they know that if there are three or four coming up at that time they have a possibility of certainty and of keeping their staff running. By meeting regularly with industry bodies like the MBA, the Institute of Architects, the consultants et cetera, we try to have a running dialogue with them.

One of their other concerns relates to our process. Industry see government process as onerous. They do understand that because we are dealing with taxpayers' money we have processes which have a higher level of probity than you might have in commerce. If you were at Parmalat or Telstra, you might be able to just engage in a sideline agreement with someone and say, "Let's do a deal here." I think industry understand that we are held to a high account of probity and ethical behaviour so therefore to open tender. They are saying: "Yes, get out there and open tender. Give us as much notice as possible, but hurry up and do your stuff." The "hurry up and do your stuff" in the evaluation of tenders is something that is a real key objective of mine—to try and get tenders evaluated in a faster time frame. In the last few months we have undertaken to set ourselves a benchmark, to get tenders evaluated faster, particularly in the construction area.

THE CHAIR: What is the benchmark you are looking at?

Ms Hardy: It is 15 days, off the top of my head. That might sound like a long time, but it is actually quite a big call. When tenders come in, the process is that they basically log them into the tender box. There is a tender opening done on the day. The tenders are registered and there are times when we have 20 or 30 tenders being registered. The tender evaluation team—and that often consists of people from Procurement Solutions and people from the agencies—then get together and analyse the tenders and write up a report. That report then goes to the delegate and the delegate might be a delegate in an agency. It might be a delegate from Roads or TAMS, Health or various others. It then goes through their processes of approval and they agree to who that tender evaluation team recommends as the best contractor for it.

There might be problems, for instance, if the tenders have come in over budget. That becomes a real issue for the agency. They say, "We'd estimated 10 million for this, but all of the tenders have come in at 15 million." It becomes quite a problem for the agency, which says, "What do we do now?" We often have to get together and say: "We can do one of two things. We can cut things out of the scope of works or we can go out to tender and have another go." The 15-day period is quite a tight time frame.

If everything goes well and no other problems occur—if everything is within our budget and the delegates are not on holidays—we can handle it. But that is a benchmark. I am trying to do that.

THE CHAIR: The feedback I am hearing, in many cases, is that it is up to 90 days. Does that happen often?

Ms Hardy: I do not believe that that is across the board. My trouble is that at the moment I am instituting a new computer business system to help us track our procurements. I literally have to do it on the back of an envelope at the moment. I have a very archaic computer system. I hope to be able to track the time it is actually taking; it is almost like a logistic system to trace your procurement going around the traps. I do not believe it takes 90 days for all of them. In fact, some of them are turned around within five days.

THE CHAIR: Are you able to give us some stats on that? Do you keep stats on how long it takes to assess tenders?

Ms Hardy: It would be extremely onerous for us to do that. I could do it on a sampling basis only.

THE CHAIR: How about if we look at the number that are above 60 days, for instance? Would that be a relatively small number?

Ms Hardy: As I said to you, I would have to do it on a sample. I would not know they were above 60 until I went into the file and looked at the date we received it. Then, of course, there are all those mitigating things—as I said to you, if it was over budget. You can understand that that is an understandable concern.

THE CHAIR: Sure.

Ms Hardy: One of the things we are trying to do is to get information out to industry and say to them, “We’re having an issue with this tender, so therefore we’re hoping to get advice to you shortly.” The MBA have come back to me and said, “If you can’t get it done within the 15 days, let us know where you are up to.” Keeping the dialogue open is very important to them.

THE CHAIR: Okay. I know people are keen to move on so we will put some more questions on notice in relation to some of this. Just a couple of specifics: was Procurement Solutions involved with the AMC contract?

Ms Hardy: Yes. Procurement Solutions was involved. I will go back a step in history here. When the project was first mooted, Procurement Solutions was, I think, not a centralised project director—a procurement management service. At the time it was realised that there were no specific skills within Procurement Solutions or, indeed, within government at that time, on the development of the prison. Procurement Solutions had built roads, bridges, schools and that sort of thing but no-one had ever had experience in building prisons. Advice was given at the time, I think, that the services of private enterprise, a consultancy firm, ought to be sought to assist with the management of the construction of a prison. That was done. SKM were engaged to

perform the kind of role that Procurement Solutions provides, which is a project directorship, because they have experience in it.

THE CHAIR: We heard from the Government Solicitor that they were not consulted in the development of that contract. Is there a reason why the Government Solicitor would not be for such a major contract?

Ms Hardy: I am sorry; the question was that the Government Solicitor was not involved in the—

THE CHAIR: I think the answer was in preparation of the contract for the AMC. Now there are different guidelines in place, I understand, in terms of contracts above a certain amount, but my understanding is that the Government Solicitor was not involved in the development of that contract.

Ms Hardy: I think you would have to put that to Justice, but I can tell you what the process is. Basically, Procurement Solutions prepare contracts on the basis of templates developed by the Government Solicitor's office. For instance, the AS2124 which I referred to before is a template, but it is an Australian standard template. There are other templates that the Government Solicitor's office develop for services et cetera.

We have quite a close relationship with the Government Solicitor's office. Indeed, in the last 12 to 18 months, because of the amount of procurement activity that we have been undertaking, we have purchased additional staffing resources from the Government Solicitor's office and they have embedded a solicitor with us. There is a solicitor with us for four days a week to help provide advice. That is advice with negotiating contracts or the preparation of contracts—those sorts of things.

THE CHAIR: But aside from that template, the Government Solicitor's office apparently did not have a role in checking the contract, in helping in the preparation. I am just wondering why, for such a major contract, it would have happened like that.

Ms Hardy: I would have to take that on notice because I am not sure whether that is correct. It is several years ago now. That would be back in early 2000. I am not aware of the detail on that, so could I take it on notice?

Mr Stanhope: It is a very deep and complex issue with a whole range of possibilities. I think the whole issue would need to be explored and a detailed response provided.

THE CHAIR: We would appreciate that, thank you. Just before we move on to other areas, is Procurement Solutions having any role in terms of the federal government money that is coming for government schools? And what is that role?

Ms Hardy: Yes, we are. We are working very closely with the department of education and other agencies who have received money for that. I have to say it is quite challenging because of the time frames that they have put on it and also the fact that the guidelines governing the moneys that are coming from the commonwealth were unclear at the outset and are developing. We are having to respond to those ongoing challenges. We feel we are in a very good place in comparison to other

jurisdictions to meet the requirements of the commonwealth because we are a smaller jurisdiction; we are able to get around our schools more easily. We work very closely with the department of education and always have. I do not envy states like Western Australia and New South Wales, for instance, where they are attempting to upgrade schools in very remote instances and would find it hard to get contractors in the time frame.

THE CHAIR: Indeed. In terms of those involved in guidelines, I understand one of them is in relation to the watering down of OH&S, that the OH&S standards that normally apply for commonwealth contracts do not apply in this case. Is that your understanding?

Ms Hardy: I would prefer that you address that to the department of education because I am certainly not aware of that.

THE CHAIR: Okay.

Ms Hardy: I do not know the answer to that.

MR SMYTH: But you will be responsible for the contracts. Isn't this of concern to you?

Ms Hardy: What you are asking me here is something that I am not aware of. I was not aware that there was watering down of OH&S requirements. I would have to take it on notice, or if you could—

THE CHAIR: If you could check that for us, that would be good because that has been put to us. Was there anything further on this?

Mr Stanhope: There are two occupational health and safety regimes, a commonwealth accredited regime and a state and territory accredited regime. The decision has been made in order to ensure that all of those people, particularly in the development of the construction industry that would be seeking to access work under the stimulus package, would not be disadvantaged as a result of not having commonwealth accreditation. It is a decision that was taken at COAG, supported by every jurisdiction—every state and territory.

Ms Hardy may be able to give more details of the arrangement, but there are two occupational health and safety accreditation standards that apply to people, particularly in the construction industry. A decision has been made that, as a rule, anybody wishing to construct a commonwealth facility has to achieve commonwealth occupational health and safety accreditation. It is a different standard than applies to the states and territories.

The majority, for instance, of local builders, particularly smaller builders in the ACT, would not have commonwealth accreditation because they never anticipate that they are going to build ASIO buildings or High Courts. They build houses and they build, perhaps, schools and they are all accredited to the ACT standard, because it is all they have ever needed.

Initially, the commonwealth proposed that anybody that wished to build a house under the social housing initiative or anybody that wished to put a \$100,000 extension or upgrade in an ACT school would need commonwealth accreditation. It was decided by all jurisdictions that that was not reasonable. I think that is the issue.

Ms Hardy: Yes. Is that what you meant, the building and safety—

THE CHAIR: Yes, that issue.

Ms Hardy: I am sorry.

THE CHAIR: Yes. Were you aware of that, Ms Hardy, or—

Ms Hardy: I am sorry. I have been on leave for the last six weeks and I have just returned. While I was away I knew there was an issue that the building and safety commissioner—generally, when the commonwealth provides funding, they demand that contractors meet that level of the building and safety commissioner. This decision has obviously been undertaken while I was away, and it was quite an issue for all states.

Mr Stanhope: It was taken at the last COAG meeting.

Ms Hardy: Yes, and it was an issue for all states and territories because of the numbers of contractors that were available. As I understand it, the objective of the commonwealth moneys was an increase in employment. Had these companies that were not accredited with the building and safety commissioner not been able to tender for these kinds of works, it would have cut out a lot of medium and small companies—

Mr Stanhope: It would have cut out every small company.

Ms Hardy: Yes.

Mr Stanhope: I understand, although I would need to confirm this, that there are only 140 companies in the whole of Australia with commonwealth accreditation. It would have meant that 90 per cent of the builders in the ACT would have been excluded from accessing the \$300 million.

THE CHAIR: Okay. Thank you for that, Ms Hardy. I think we will move now to questions around ACTION. You are in the queue, Ms Burch, so do not worry. Mr Coe and Ms Bresnan are keen to ask some questions in relation to ACTION.

MR COE: Thank you. I have got a couple of questions about general efficiency and the bus fares. Firstly, we have seen an increase in the bus fares of roughly 11 per cent and we are seeing targets for on-time performance fall from 99 per cent down to 83 per cent. Is that reasonable, and how can you justify increasing bus fares when the target is estimating that one in five buses is going to be late?

Mr Elliott: Mr Coe, I would be happy to answer that question. I have to say it is a reasonably complex answer, so it will take a bit of time, but I am happy to explore it

as thoroughly as you would prefer.

On the matter of fare increases first, on average, the fares have been agreed to be increased by 11 per cent across the board. Essentially, that was really addressing the fact that we have not applied what was the previous three per cent, or CPI, increase to fares, as was previously the case for the last three years. In effect, we are playing catch-up on fares in order to stabilise revenue. If I could refer you to page 102 of budget paper No 4, you will see the effect of that, which is an increase in the percentage of fare box recovery as a percentage of total cost—21 per cent next year. So, in essence, what we are trying to do is offset the cost of running the service with a reasonable set of fares.

I will speak to some of those impacts on people, on passengers, in two ways. One is to give you a couple of examples. When 11.1 per cent is applied across the board—that is not to say that 11.1 per cent is applied equally on every single fare type that we have because we will end up with very small denominations of fare types, so we have tried to normalise. We have also tried to give people some encouragement to prepay because we are trying to improve the efficiency and timeliness of the service.

One of the biggest impediments to us running on time all the time is people paying on board with cash. It just slows it down. We are not really in a position to monitor and control that to the level that we prefer at the moment, but certainly it means that if we timetable a particular service at a particular time and, for whatever other reason, on a particular service 50 per cent of the passengers decide to pay in cash, that slows down the timeliness of the service. It is one of those indeterminates, if you like.

I will finish on the fares part and then I will come to the other part of the question. Just to give you an example of how 11.1 per cent might be applied, an adult cash fare, for example, will move from \$3 to \$3.80. A Faresaver 10, which is a very popular ticket—a lot of commuters use this—will move from \$22 to \$24.50. In those two examples, the Faresaver 10 has an 11.4 per cent increase applied to it, whereas the cash fare has a 26.7 per cent increase applied to it. As I have just pointed out, the reason for that is to try and discourage people from paying on board with cash and to prepay for a ticket to ensure that we try to run on time. So there is actually a relationship between the fares and the establishment of the fares and how they are applied to particular fare types.

Because we have a lot of concessions and concession holders in the territory, it is worth while giving you, I guess, an example of what those impacts are on concession holders. On the cash side, a single adult cash ticket is \$1.50 to \$1.90, so it is a 40c increase. That is a 26 per cent or 26.7 per cent increase. A Faresaver 10 concession moves from \$11 to \$12.25, so it is a \$1.25 increase for 10 rides for a concession holder. If they were concessional and commuting, that would be 10 rides or a full weekly ticket, pretty much, if that is how they use their ticket. So that is to give you a bit of a sense about ACTION fares and how we are applying the fares and what the effects are.

The other part of your question was about timeliness, and I guess you are referring specifically to page 102 of budget paper No 4, the timeliness of ACTION services moving from 99.8 per cent to 83 per cent. The reason that those figures appear as they

are was because the Auditor-General undertook to review our accountability measures, as they are allowed to do and are obliged to do on various occasions. Last year they determined that the manner in which we were measuring the timeliness of ACTION services was inappropriate and they asked us to change our process.

I am happy to go into some more detail on the new process, if you wish, but, broadly speaking, the new process is about surveys, and because it is a subjective approach we cannot guarantee anything other than an 83 per cent figure. But that does not mean that we are running any less on time than we were this year or the year before or the year before that. It means that—

MR COE: So it is a guarantee, not a target?

Mr Elliott: It means the target has been shifted because of the way that we are undertaking the measure. It does not mean that we are necessarily running any less on time than we were before. It is simply about how the measure is calculated.

THE CHAIR: So how is that calculated?

Mr Elliott: How is it going to be calculated? It is essentially going to be done by surveys. Now, with that in mind—

THE CHAIR: What kind of surveys, though? What exactly are you surveying?

Mr Elliott: Well, if you were to do a survey accurately to get an absolute, accurate measure, you would have to put someone else on a bus for every service, every time of day, measuring every single stop as we went down the timetable. The cost of that would be astronomical and ridiculous. So we are not intending to do that. We will be sampling, and because you are sampling and because you are using a people-based process, you cannot guarantee a figure anything other than 83 per cent. In fact, this is an Auditor-General's figure, not ours. This is what they think the timeliness measure should be.

But I hasten to add, just because the measure is different does not mean that ACTION buses are going to be any more on time or not, and I am happy to talk about the real timeliness of ACTION buses because I understand that is the point. But I am just making a lot of reference to the fact that this is a measure and, in fact, if we had a better way of measuring the timeliness of buses—and I can talk to that and I will—then you would be able to get an accurate measure. Now, the best way—

THE CHAIR: Before you go on to that, though, what exactly does the 83 per cent represent? It is a sampling survey which samples how many services come within a certain time frame? What is the—

MR COE: That is to the interchange, is it?

MS LE COUTEUR: And you said it was people-based. Can you just explain what you meant by that because it sounds like—

Mr Elliott: Well, it would mean that we will have officers standing on buses checking

the timeliness of services from point to point.

MS LE COUTEUR: So someone will stop—

Mr Elliott: They will not just do it at interchanges. They will do it at every point. So what—

THE CHAIR: And this 83 per cent will be there on time, within a couple of minutes, within five minutes of their—

Mr Elliott: What they will be measuring is: did we meet our 83 per cent target or did we do better or worse when they did the samples on the routes that we actually check? So that is what they are saying. But because this is a sample, you are never going to be able to do a sample that is going to give you 100 per cent and so the advice is that this is a more realistic target for us this year.

MS BURCH: Based on the methodology—

Mr Elliott: Based on the methodology that we are—

MS BURCH: provided by the Auditor-General.

Mr Elliott: Correct.

MR SMYTH: How was it calculated previously—

Mr Elliott: Before?

MR SMYTH: and what was the criticism of that calculation? It might give us a basis for the report.

Mr Elliott: Sure. Timeliness was measured on whether a bus left the depot on time, not whether it met every stop on the timetable on time. To get 100 per cent accuracy, you schedule a service, you have a timetable and the bus passes those timetabled points every stop, right on the minute or the second at which they are supposed to pass. That is 100 per cent. No bus service does that. In fact, no transport service does that. Actually, Japanese trains do that pretty well.

MR SMYTH: Japanese, yes, and a few train systems in Europe.

Mr Elliott: But not too many bus services. Bus services generally do not, simply because there are a lot of other factors that come into play—people paying by cash, for example, or congestion or traffic or whatever. Reasonable measures need to be applied. I think the measure before was 99.8 per cent, which would have been a fairly high target to meet anyway, but it was measured by: as a bus left the depot, did it leave the depot on time, not whether it passed—

MR SMYTH: Depot meaning the interchange?

Mr Elliott: No, depot meaning the bus depot, where the buses start from.

MR SMYTH: So it did not even relate to whether or not the bus left the interchange on time?

Mr Elliott: Correct. The Auditor-General felt that that was an inappropriate measure—which was basically saying, “Well, does the bus arrive at stops on time?” We did not argue or debate it, as we would not. We would not ever debate anything the Auditor-General told us we ought to reconsider. We take it on notice and we go and do it. In this case, they were right on. We said: “Okay; we will adjust. What do you think should be an accurate or a reasonable measure if we are going to sample this year?” This was the figure arrived at. Again, I just make the point that this does not mean that buses will run any less on time or better than they have, although our objective would be to always meet those timetabled stops on time if we could.

The best way of measuring this to get accuracy in it is when you measure it with technology; you take the people aspect out of it, just to refer back to Ms Le Couteur’s comment. A different way you could do this would be to get a bus driver to do it—to keep a bus driver with some sort of sheet, saying, “Did I meet the bus timetable on time?” Unfortunately, a bus driver needs to drive the bus and he has got passengers to look after. He cannot do two jobs.

MR SMYTH: You have RFID; you could put the sensors on each stop so that as the bus drives past—

Mr Elliott: You could.

MR SMYTH: Then you would get a 100 per cent reading all the time.

Mr Elliott: Exactly right, Mr Smyth. And in fact what we are intending to do, and where the technology lies for this, is to do it within our ticketing system. Within the ticketing system you will be able to accurately measure with the GPS technology whether a bus is meeting its timetable on time or not. You will be able to give very accurate reports about how that bus went against its timetable and then you will be able to say what is a reasonable measure or not.

THE CHAIR: Will you just clarify something for us about the 83 per cent. I understand it is sampling; I understand how it is done. But does it represent, in the sample that is tested, 83 per cent of stops the bus makes on time? Is that roughly what this 83 per cent is telling us?

Mr Elliott: The 83 per cent will basically be a target that will be attempted to be met. We may come up better or not, because it is the first time we have done it this way. We may exceed 83 per cent. If we sampled 100 routes and checked 100 individual stops along the way 100 times, and if the buses passed those stops 83 per cent of the time, we would meet our estimated outcome according to the budget papers. If we do better than that then it will be better.

MR COE: Based on that, the estimated outcome for 2008-09 is 83 per cent, so what indicator is the estimated outcome for 2008-09 going off? Is it going off the proposed one or the current one?

Mr Elliott: I would have to say that I am not sure. Because we did not measure it the way we normally do, I do not know.

MR COE: Are you not bound, though, given—

MR SMYTH: Could you take that on notice?

Mr Elliott: We could.

MR COE: No, before that—

Mr Elliott: I am happy to do that, and we should because—

MR COE: Last year's budget had a target in there of 99.8 per cent based on a set methodology from last year.

Mr Elliott: Yes.

MR COE: Are you saying that for this year, which is what it was referring to—

Mr Elliott: We are only going to meet 83 per cent.

MR COE: you have not used that methodology or you have not actually, that you cannot—

Mr Elliott: I will have to take it on notice unless Mr Swift can help me. I am not sure how the measure has been applied for this financial year. We would not have finished it yet anyway, but I am not sure, honestly. But if we had applied the previous methodology then you would be—

MS BURCH: Which was leaving the depot?

Mr Elliott: Yes, which is leaving the depot.

MR COE: Do you admit that it is a concern if only 83 per cent are leaving the depot on time?

Mr Elliott: Absolutely.

MS BURCH: But he is not using that now.

MR COE: That is in the picture.

THE CHAIR: We are not sure about that. Perhaps Mr Swift can clarify what has happened in this 2008-09 year.

Mr Elliott: I suppose my expectation would be that in fact—the answer is that the new methodology has been applied to the estimated outcome, not the way we do it. That is why it is reported in the budget papers in this way.

MR COE: But are you not bound to perform according to the methodology against which the target was set?

Mr Elliott: I might ask the chief finance officer to come up and answer that question.

Mr Kalogeropoulos: The budget that was identified in the 2008-09 budget was developed as part of the 2008-09 budget development which occurred in May last year as a result of the audit of the financial statements for 2007-08 which occurred in July or August last year. It was advised at the time it was measured that the methodology was not appropriate to be reported; hence it was agreed with the Auditor-General's office that we would not be using the old methodology that was used to calculate the 2008-09 budget, but that we would be using the new methodology for the 2008-09 estimated outcome. So the three figures that are reported on that page as being referred to previously—the 2008-09 budget was based on the old methodology, which was from departures from the depots, which in effect you could probably call more of a reliability measure rather than a timeliness measure; the 2008-09 estimated outcome and the 2009-10 budget are based on the new methodology.

MR COE: If you are changing the way that you are measuring after the budget is in effect, are you not bound to at least publish (a) that you are not going to be reporting to that standard and (b) what the new standard is?

Mr Kalogeropoulos: What we will be doing in the 2008-09 annual report is reporting against the new methodology. But there will be a note to the measure in the annual report that we will prepare in the next few months once the financial year is completed, to report under the old measure as well.

THE CHAIR: Why is there no note here? It makes these figures meaningless. Do we know whether the 99.8 per cent as measured previously was met?

MR COE: Yes.

THE CHAIR: In terms of leaving the depot? Do we know what the number is on that?

Mr Kalogeropoulos: For the 2008-09 budget, which is the original budget, the year has not completed. What I am saying is that once the 2008-09 financial year report is finished we will be reporting against the new methodology; however, it will include a note to that measure in the annual report to provide a result against the old methodology so that there is transparency against both methodologies.

THE CHAIR: But there does not appear—

Mr Elliott: We would be happy to supply the measure against the old measure or the result against the old measure to ensure that there is transparency as we have changed. I understand that that is the point.

THE CHAIR: There does not appear to be transparency here. The point I would

make is that the estimated outcome should relate to the target, and if you are going to change midstream it would be useful if there was a note to actually indicate that.

MR COE: But on that note issue, look at output 1.1(a), timeliness of ACTION services. The note there is:

This is a measure of the percentage of scheduled services that operate on time.

Why is that note even required, first? It says:

Timeliness of ACTION services ...

This is a measure of the percentage of scheduled services that operate on time.

That is just a description. That could be applied to every single one of these output classes. What that note has to be is: "This measure is void." I would like to know why that note does not state, and does not justify, why that target is in effect void and has been scrapped.

Mr Kalogeropoulos: In the 2007-08 audited set of accounts—based on that advice, we have changed the methodology.

MR COE: I understand that.

Mr Stanhope: It will be reported in the annual report. We have—

MS BRESNAN: Perhaps it should have been included in the target.

MR COE: No, but why isn't it in here? Why is the estimated outcome different from the target? It is apples and oranges.

Mr Stanhope: We acknowledge your opinion. It will be reported in the annual report.

MR COE: I would like to know why it is not included in the annual report—

Mr Stanhope: It will be included in the annual report.

MR COE: Sorry, why it is not included in the budget. And what other questions can we ask about the TAMS budget and how many other targets are perhaps measured differently from the estimations?

Mr Kalogeropoulos: The Auditor-General releases a report based on the 2007-08 audit that she conducts on all agencies. As I understand, that report is tabled in the Assembly. Those issues have been identified in that report, in particular the one that relates to the timeliness of ACTION services.

THE CHAIR: That does not answer that question. This is about whether these budget papers, as presented, are useful, informative and open—

MR COE: And are a true record, sure, yes.

Mr Kalogeropoulos: Based on the advice that the Auditor-General provided and tabled in the Assembly, we have presented the budget papers accordingly. I do take your point that a note—

MR COE: As per the Auditor-General's comments.

Mr Kalogeropoulos: We would probably have been better served to include that there was a change of methodology.

MR COE: That should be an "NA" there and a whole new output should be in there.

THE CHAIR: We have probably dealt with this issue now. Just to clarify, what has been taken on notice is the actual outcome based on the previous measure.

Mr Elliott: It is a measurement against that, yes.

THE CHAIR: That would be very useful. I think there were some others which I have forgotten, but I am sure they will be in the *Hansard*. I will go to Ms Bresnan for some more questions on ACTION.

MS BRESNAN: It relates to what we have just been talking about, the new ticketing system. I am just wondering when the new ticketing system will be up and running.

Mr Elliott: The target date for implementation—I am not sure if it will be fully implemented; it is really a matter of how we decide to engage the community on the implementation—is June 2010. The contracts are being exchanged with the preferred tenderer and—

MS BRESNAN: They have been exchanged or they are being?

Mr Elliott: They are being exchanged. They have not been signed off but they are there. The Government Solicitor's office has gone over this one with a fine-tooth comb a few times. I think we are at the point of some really minor matters. I would expect that a contract signature date is imminent. Then we can get on.

There has been a lot of work done, of course, while all of the mechanics of that have been sorted out. There has been a lot of work done around branding, for example, and around thinking about how we might engage other agencies, including the university and the department of education, on joining up school identification and student cards with our transport card. There has been a lot of work done around the business rules and the fare policies that need to apply to the ticketing system. Essentially we would expect to see at least the first tranche of the implementation in June 2010.

MS BRESNAN: When you say "the first tranche", what part would that be of the ticketing system?

Mr Elliott: We are still debating that. To some degree, it is—for example, a scenario might emerge where we are able to undertake a joint-use card with the department of education and also with the two major universities in town and perhaps CIT as well,

where their student identification card—the card they use for library, ID, photocopying and what have you—also becomes their transport card. If we are able to achieve that, probably students will be the first part of the market that we would try and tackle. We would also try and look at our concession holders—for example, some of our older people who have pension cards and what have you—and see if we can join forces with them, basically so that they do not have too many cards in their wallets. That buys a whole stack of the community into utilisation of the new transit card.

MS BRESNAN: Is that like a smart card type system?

Mr Elliott: Yes, it is smart card technology, the same as you see in Perth. In fact, it is the Perth system that we are purchasing. Some of the componentry is from a company in the UK that also sells into the Hong Kong market, so most of the octopus card stuff is the sort of technology we are buying.

MS BRESNAN: Will you be working across other bus systems, for example, Deane's? Are they going to be incorporated?

Mr Elliott: We have had some discussions with Deane's about the benefits of doing that. Certainly, in terms of articulation across the territory's boundaries, which are not too far away, there is some sense in that. They have got their own business development path around ticketing, and they are a little bit ahead of us at the moment, in fact. I have not spoken to them in the last three or four months, but certainly they were quite warm to the idea that we might be able to join up and utilise the same technology platform at some point in time. That would certainly help us move people in and out of the territory, particularly on the Queanbeyan side of the business. Deane's have also taken over a lot of the Yass-based services, so they pretty much have the ACT surrounded in terms of other bus services. They are the primary provider for rural services at the moment around the territory.

MS BRESNAN: So those discussions are happening. Are there any ideas around when that could happen?

Mr Elliott: We have had them, but Deane's are a private sector bus operator of some size and they would have to see the benefits of joining forces on this. It would have to be good business. They are a private sector bus operator and are there to make money and—

MS BRESNAN: Yes, but when you are talking about frequency and all those sorts of issues, they are the sorts of things which make services go quicker when people are changing buses.

Mr Elliott: This is more about whether you can use the same ticket to come out of Queanbeyan and come in to the territory or elsewhere where you might catch a Deane's bus.

MS BRESNAN: But that helps in the collecting—

Mr Elliott: If you can use the same technology, that is certainly helpful to passengers

as it means they can transfer in the territory. But there is a lot of sophistication around the rules that need to be applied for that.

MS BRESNAN: I understand that.

Mr Elliott: Of course, New South Wales government regulations apply to Deane's when they are over on that side of the border and there are different rules here potentially. Getting that articulation is not as easy as it sounds, but there are certainly customer benefits if we can achieve it.

MS BRESNAN: In terms of the smart card system as an example, is it going to allow for some cashless systems?

Mr Elliott: I do not think you could operate a full-blown transport system anywhere in the world unless you have some mechanisms for cash, but certainly we are aware that one of the primary reasons for us getting into strife with our timeliness is about the number of people who might on any given occasion decide to pay with cash on a bus. We are trying to get people into pre-paying and using the smart cards, and we are doing it through the fares pricing model that we are applying and through incentives. The best way for people to use the smart card and upload value in the future will be over the internet, if they can do it. That will be the easiest way.

MS BRESNAN: I am guessing with the ticketing system, particularly in the event that there is going to be a smart card type technology, that that will start delivering better data, because that is the sort of thing you need to do.

Mr Elliott: Absolutely, yes. So it will be a tag-on, tag-off system, which means we will know exactly how many people got on at what stop and how many people got off where. So we will be able to map and manage the data about passenger movements to a level that we just simply cannot do now. Where we have some routes that look like they are full all the time because a whole bunch of people got on at Tuggeranong and we think they are all travelling to the city, we will be able to know that they, in fact, all got off at Erindale and the rest of the service was empty. We get anecdotes around that and we monitor it in a subjective way and we try and amend our routes and our frequencies to deal with it, but the real data is not there.

We expect to get a high degree of optimisation of our route network out of our ticketing system at the end of the day. It will take a while to get all that data in, because it will take a while for everyone to adopt a smart card. I think it will be a case of starting to use the system when you can; we will not be pushing it down people's throats. There will be a transition period, but when we get everyone using the same technology and the same card, we will be able to map that data with a high degree of accuracy.

MS BRESNAN: How long do you think it would be before we start getting that data?

Mr Elliott: If we are able to get, say, 50 per cent of the Canberra market in the first three months, so by September, which is not too much of a leap of faith, and if we can get 70 per cent by December in 2010, we will be starting to say that we have got some data that we can actually make some judgements on. It would certainly help the

transport planning people to know where people are moving to and from, which is what transport planning is all about.

THE CHAIR: Ms Burch and then Mr Smyth.

MS BURCH: My questions are on the new Belconnen interchange.

Mr Elliott: Yes.

MS BURCH: This is quite a different concept to the interchanges as we know them. How is that being greeted by the community? Given that it has just recently changed, how are bus users welcoming, or not, that change?

Mr Elliott: I think it has gone particularly well given the extent of the change. I know we have a few people complaining about exposure and a few people complaining about a bit of confusion about where to go. But generally speaking, for the amount of passenger movements we have through that facility, it has gone particularly well. It is a really different concept; it is not something that is common. A lot of bus users in Canberra are habitual; they have been catching buses for years, and it is a very different thing to consider that, instead of going to one place and then walking to wherever you go, you have got an option of three or four different stops.

Generally speaking it has been taken well by the community, simply because they have got better access to their bus stop than they had before. It is going to take a little time for them to get used to it, though. I have been out on the platform a couple of times in the last few days and a few people have come up and said, "Where do I go?" The question is, "Where have you come from and where are you going to?" A few people are trying to use a bus stop when they should use another one; they should be over in Lathlain Street instead of being at Cameron Avenue because of what they are trying to do. It is just that familiarity. Mr Gill has come here for this particular issue, and most of it is his infrastructure. He might like to join us, if he wants to.

Mr Stanhope: There's a hospital pass, Mr Gill.

Mr Elliott: As to the public information side of it, the department has worked very hard since it picked this project up from Planning and Chief Minister's in December, around Christmas time, to make sure people were aware of the change. Our walk-through on Monday came up with a series of improvements where we thought that even at the outset we could do a bit better. I know Tony could talk about some of the additions to passenger comfort. We certainly decided that we would put some of those maps of the new system in every one of the bus stops and not just a few. It is quite a good education process for people to stand there and say: "Okay, there's actually an option I've got. I'm standing at this stop but probably it's more convenient to stand at another one." The information side of it has been quite good. The pre-consultation was pretty solid, but, as always, not everyone will pay attention and turn up on the day. Broadly speaking, I think it has gone extraordinarily well, given the size of the change. There is a bit of credit to the transport planners and the town planners who decided that this model for bus transfers and bus stops is a better model than the old one.

MS BURCH: You made a comment around there having been some issues of exposure and also information. You are addressing that by putting maps up. Do you mean they are exposed to weather?

Mr Elliott: The exposure was more about the fact that people were a bit used to getting into the old interchange, which was all undercover and all in one spot. Once you got into the interchange you were basically under cover. There is cover out on the street, but because it is a series of bus stations people are saying that it is not as dry as it was before; it is a bit more exposed. That is a bit of a trade-off. One of the big issues is about access to Westfield, and that will be an issue for people for the next while. They are going to have to walk into Westfield in an open way, at least until the new structures are in place in October 2010. But in 2010 people will be able to get off a bus and walk undercover straight into the front doors of Westfield, which will be on the Lathlain Street side. There is quite a lot of careful thought and good work that has gone into the design for the long term. We all need to acknowledge that this is a temporary arrangement. "Temporary" is 18 months, which is a long time for temporary, but it is a very big and complex construction.

MR SMYTH: Deficits are temporary for seven years, so 18 months hardly matters.

Mr Stanhope: Infrastructure is Mr Gill's responsibility. Are you knocking down the old interchange, Mr Gill? You are the wrecker?

Mr Gill: I am responsible for knocking down—

Mr Stanhope: And building Cohen Street through it.

Mr Gill: Yes.

Mr Stanhope: It really is a very complex and complicated process, hence the time. Mr Gill's role is to build a new Cohen Street, which will go straight through the middle of the existing interchange.

Mr Gill: I might just follow up on that. There are five specific infrastructure projects: there are the preparatory works which have gone in place and which have established four stations, two of which are permanent and two of which are interim. The contract has been awarded for demolition of the bus interchange. The interchange was closed off on Sunday night, 24 May. That contract will be active within the next two weeks and it will take place over 20 weeks. An important element of that contract is the provision of a new bridge to Churches Centre, because the existing Belconnen interchange land bridge has a connection to the Churches Centre. That is obviously an important consideration. Before that is demolished there has to be a new connection to the Churches Centre, which is made up of a series of smaller businesses.

There is the relocation of the red bridge. People familiar with Belconnen will understand the red bridge, which is on the Lathlain Street side and on the service trade side. Because this overall project is linked with the development at Westfield and the Westfield development takes across the area of that western car park, the red bridge needs to be relocated about 200 metres towards Benjamin Way, and people will be affected by that. It will impact, to some extent, on parking in the interim. Ultimately

there will be 350 more spaces, but in the interim there will be some issues. The most substantial piece of work is the extension of Cohen Street from where it is at the moment through Benjamin Way and through that to Emu Bank. A section from Benjamin Way to Emu Bank will actually be a bus-only facility 24 hours a day.

MR COE: Will that be a tunnel or will it be—

Mr Gill: No, it will basically be just a road upgrade, with reasonable grades.

MR COE: Yes.

Mr Gill: And reasonable engineering construction.

MR COE: Emu Bank will be very steep, I imagine, will it not?

Mr Gill: It will be cut through Emu Bank, yes. So there are some engineering challenges in terms of actually delivering it, and that will take place over 18 months. I think it is reasonable to say that it is early in the piece at the moment and probably too early to form a view that it has been an outstanding success. There will be some issues, I suspect, over the next few months while these changes are implemented.

THE CHAIR: Thank you, Mr Gill. Mr Smyth and then Ms Le Couteur.

MR SMYTH: Thank you, chair. Just back to the initial question about the fares: what analysis was put into who pays cash and who buys the prepaid ticket and what would be the impact on those groups?

Mr Elliott: In terms of the application, we did some normalisation of our customer groups and, generally speaking, tried to apply the 11.1 per cent. Then we sort of normalised that in terms of how would we incentivise people to prepay and how would we disincentivise people paying cash. So that is where we applied it and then we had a look at rounding. So, for example—

MR SMYTH: That is the application, but the justification: do concessions buy prepaid more or do concessions pay cash more?

Mr Elliott: The same per cent. Let us look at an adult cash ticket and a concession cash ticket, single fare. Adult cash ticket from \$3 to \$3.80 is the proposed price, 26.7 per cent; for a concession holder, exactly the same percentage applies.

MR SMYTH: That is okay. But of the people getting on the bus, what percentage of concession card users pay cash?

Mr Elliott: I would have to take that on notice; I would not know.

MR SMYTH: Is any analysis being done of the impact of weighting the increases to cash holders?

Mr Elliott: No.

MR SMYTH: No analysis has been done. So we do not know whether we are punishing those who can least afford to pay this increase?

Mr Elliott: We are not, because we are applying exactly the same percentage down the line. So there is no disadvantage or advantage; it is exactly the same. As I pointed out—

MR SMYTH: No, but you said earlier that the increase for adult cash is \$3 to \$3.80.

Mr Elliott: Correct.

MR SMYTH: And the percentage increase on that is?

Mr Elliott: 26.7 per cent.

MR SMYTH: And for the Faresavers?

Mr Elliott: For a Faresaver it is 11.4 per cent. And the same thing is applied to concession holders—

MR SMYTH: Yes, so one is going up 26 per cent and one is going up 11 per cent.

Mr Elliott: It is exactly the same percentage. So there is no disadvantage or advantage. It is exactly the same.

MR SMYTH: No, you are missing the point. For people with less ability to pay cash because that is their cash cycle—they cannot afford to buy a Faresaver ticket up-front—we are putting the biggest increase on to them.

Mr Elliott: Yes.

MR SMYTH: We are punishing those who are least able to pay. What you have said is that you do not know who uses what medium.

Mr Elliott: Our point is to try and improve the efficiency of the bus service by getting people not to pay with cash, so the same percentages apply—

MR SMYTH: But if I cannot afford to pay in cash—

Mr Elliott: to concessions and non-concessions.

Mr Stanhope: Then you get a concession. Then you would be a concession holder.

MR SMYTH: That is okay, but if I am a concession holder it is because I have less disposable income, or for whatever reason I have a concession card. It is still difficult for me to pay and potentially it is difficult for me to pay the up-front cost of a ticket.

Mr Elliott: Really your question is about what you said originally: what is the answer to the question about who is paying out of concession holders and non-concession holders with our percentages of cash? And the answer is that we do not know but we

will take it on notice and get back to you.

MR SMYTH: Wouldn't it be reasonable to find that out first—

Mr Elliott: Of course.

MR SMYTH: before you apportion these increases?

Mr Elliott: No, because the principles that we have applied here are equal percentage increases across the board to adults and concession holders, with incentives and disincentives applied equally on both sets of customers.

MR SMYTH: So there is no social equity in the application—

Mr Elliott: Of course there is. It is exactly the same as it has been before. Whatever principles applied before in the system are equally applied now.

MR SMYTH: But you do not know because you have not done the work?

Mr Elliott: We have done the work. I cannot answer the question you have asked in terms of the percentages of revenue that are applied to cash and whether that is used more by concession holders or more by non-concession holders. I do not know the answer to that. But in terms of the principles that have been applied—

MR SMYTH: Do you have the answer somewhere else?

Mr Elliott: We can get that answer; of course we can.

MR SMYTH: Okay, all right. So you will take that on notice?

Mr Elliott: We will.

Mr Stanhope: He has done it three times.

THE CHAIR: Thank you. Ms Le Couteur.

MS LE COUTEUR: Thank you. How consistently do you provide wheelchair-accessible buses so that wheelchair-using people can plan to use a bus?

Mr Elliott: Good question, and with difficulty is what we do here, which is why we are investing a lot, I suppose, in our accessible fleet. Where possible, we work with our Department of Disability, Housing and Community Services and people who advise us that they have a disability and need an accessible bus. To the limits of the size of the accessible fleet, we route those buses on the routes that are applicable.

Not always do people who are disabled and need an accessible bus necessarily move around the city at exactly the same times all the time, so we certainly have occurrences where we do not have an accessible bus for a person who might like to use one. Thus, I guess, the commonwealth set some targets for all jurisdictions a few years ago about setting some targets, which will move by, I think, 2022 up to a fully

accessible bus fleet.

MS LE COUTEUR: So when is the fully accessible going to be?

Mr Elliott: The target at the moment is 55 per cent accessible by 2012 and the current fleet acquisition is targeted at meeting that requirement, if not exceeding it.

MS LE COUTEUR: So at present if you are a wheelchair user it is kind of random whether or not you will get a—

Mr Elliott: If you are going to use the broad public transport system. It is one of the reasons that we submitted to the government, and government agreed, to fund community transport which gives people an on-demand system whereby they can get access to public transport if they so need it, if the broad ACTION public transport system does not suit them. That might be because they are travelling outside their norm and they know that there is probably not going to be an accessible bus.

MS LE COUTEUR: Can I ask another question, somewhat random, about the bike racks on the front of buses.

Mr Elliott: Sure.

MS LE COUTEUR: I appreciate that the concession of no fare is going away. Given that, what are you doing to ensure that there is 100 per cent reliability of bike racks being on the buses?

Mr Elliott: A 100 per cent coverage of bike racks?

MS LE COUTEUR: Yes, so that if I turn up with my bike I can expect to be able to put it on.

Mr Elliott: The intent is to put a bike rack on every bus and we have got a program of putting extra ones on every year. Because they are costly, we are not intending to cover the rest of the fleet in one year, so we are doing it gradually.

MS LE COUTEUR: So in a couple of years we should be 100 per cent; is that what you say?

Mr Elliott: I might ask Mr Swift to take that.

MS LE COUTEUR: Or put that on notice. That is fine.

Mr Swift: I think we will have to take that one on notice in regard to what we are doing in the budgets and our future forecast of how many bike racks we are going to require. We can take it on notice.

MS LE COUTEUR: Okay. The other thing, which you may need to take on notice: have you been and will you be collecting data on the number of people who take their bikes to the bus?

Mr Swift: We currently do collect that data now. Every time a person gets on with a bike, on the driver's console is a button for the driver to push, so that we do have a record of when they use that.

MS LE COUTEUR: Would you be able to provide us with that data in some sort of summary form?

Mr Swift: Yes.

MS LE COUTEUR: And then I will ask you again next year, because it will be very interesting to see what effect the change of price has.

Mr Stanhope: I might just say, Ms Le Couteur, that we are very aware of it. We would be more than happy to provide you with statistics. They are quite interesting.

Mr Swift: I can give you the on-average ones now, if you like. Is that okay?

MS LE COUTEUR: Yes, I would like to have the average ones now and next year I can ask the question again.

Mr Swift: Yes.

Mr Stanhope: Yes. We will be watching that closely, Ms Le Couteur.

MS LE COUTEUR: Good.

THE CHAIR: Okay. Ms Bresnan has her follow-up on wheelchairs.

Mr Stanhope: We might actually have the rest of the information—

Mr Swift: Currently, on average, as of this month, there were 368 per day.

THE CHAIR: Okay. Ms Bresnan has a follow-up on wheelchairs and then I will move to Mr Coe.

MS BRESNAN: It is just a quick follow-up. We have talked about obviously how you consult with Disability ACT and particular users. How do people find out now when there is going to be a—

Mr Elliott: When there is an accessible bus?

MS BRESNAN: Yes.

Mr Elliott: Not well. They consult by calling and we use our call centre predominantly.

MS BRESNAN: So is it noted on timetables and, if you like—

Mr Elliott: We are working to try and make that a little more evident on the bus timetable, to give people a bit more certainty. It is a bit difficult because the demands

on the fleet are fairly extreme at the moment. We are probably at that critical point, over the next three or four months, where the strains on the existing fleet are at their maximum—meaning we are trying to deliver a lot more service. We have put a lot more service into the current network that started three days ago and so the pressures on the fleet are quite difficult to manage—getting them out of the depot and keeping them maintained safely at the moment.

That gets alleviated to some degree come October when the first of the new fleet arrives. That is when some of the pressure starts coming off. But certainly it is very difficult for us to continually provide some reliability around an accessible bus at this point in time, and we acknowledge that.

MS BRESNAN: Have you heard any reports where people have turned up to use a bus and then they literally cannot get on the bus.

Mr Elliott: Yes, people complain about it. We have had the complaint. We go back and we try and deal with them individually and say: “What is your travel pattern? Do you do the same things every day or do you do different things? How do you move around?” We try and customise a solution for them.

MS BRESNAN: Sure.

Mr Elliott: Usually the outcome is: “This is where you can rely on having an accessible bus most of the time.” This is what we can tell them: “This is where we would not advise you to try and travel by public transport; if you have a need to move at that point in time, ring the local regional community service, which has a community bus. It is wheelchair accessible; they will be able to get you about.”

MS BRESNAN: Have you tried to better coordinate with those types of services, at least in a situation where people are stranded?

Mr Elliott: Yes. We hand off all the time and hand back all the time. It is about people’s travel movements and patterns and what they are trying to do. Often it is a very individual sort of thing. Certainly I would not come in here or anywhere else and not acknowledge that it is not as good as it could be, but that is the whole purpose of getting the accessible fleet up to speed; that is the whole purpose of the investment. It is about meeting those DDA targets and trying to improve them.

MS BRESNAN: I think we targeted for 2009-10 to be 36.

Mr Elliott: Yes.

MS BRESNAN: You said that by 2012 we will be up to 55; is that right?

Mr Elliott: That is correct.

THE CHAIR: Mr Coe. Then Mr Smyth and then Ms Burch.

MR COE: I have got some questions on the Redex service. Firstly, have you actually decided where the routes will go?

Mr Elliott: We know broadly where we would prefer them to go. We are doing the modelling now to see if we can actually take them there and what effect there will be on the standard bus service. One of the issues we face with this trial is, in a sense, it being very successful. Because it is only a pilot, if we move a whole mass of passengers off some standard routes and onto these services, the issue for us will be how to move them back again if we decide not to proceed. It is a pilot. Managing our customers through the pilot is going to be quite an art, I have to say. We are having a good, hard look at where we have got overlaps on intertown services, for example, and what we are trying to achieve out of the Redex service before we lock in. But notionally, the idea of moving people much more regularly with rapid transit around the corridors that we spoke about is very sound in principle. What we are intending to do is to augment our existings and see how we go from there.

MR COE: Route No 710 currently goes Belconnen, City, Russell, Barton. How is the Redex service from west Belconnen to Barton going to make savings in time?

Mr Elliott: How will it make savings in time?

MR COE: Yes.

Mr Elliott: It will probably run more regularly than the current one.

MR COE: But more regularly does not make it faster.

Mr Elliott: It depends on frequency.

Mr Swift: The way the Redex or rapid transit works is that you have limited stops; you do not stop at all stops. That reduces your time.

MR COE: Is it pretty much going to be going on the same roads, or very similar roads, as the existing service?

Mr Swift: As I say, we are still in the planning process. We are not sure exactly where it is going to go at the moment.

MR COE: For it to be attractive—it is going to be the same price as the other bus service, so it has got to be attractive on time.

Mr Swift: Yes.

MR COE: I am just curious as to how you are going to get the savings in time from west Belconnen to Barton that make it significantly better and—

Mr Elliott: As Tim suggests, you would probably stop less, and the issue is which roads you go on.

MR COE: That is right, yes.

Mr Elliott: If you are stopping less, you will try and avoid congestion areas. I guess

that is where you will pick up your speed.

MR COE: Will the actual buses be clearly marked as being Redex buses—other than just the number?

Mr Elliott: Probably on the display, but we probably would not brand the buses, because we would probably want to use them for different things at different times. We have talked about branding stops so that people are more aware. We picked Redex because we think that red might be a good colour. We could go down that path. We need to be very careful how we market this. We need to manage people's expectations about what it is and what it is not—test it, trial it, make sure we evaluate it well and then make some adjustments.

As I see it coming together at this point in time, I think we will be doing the majority of our design or implementation through October to Christmas, so in term 4 this calendar year. If we think we are going to be successful, and even if we want to adjust and adapt, we will be needing to go back to government in the 2010 budget and ask them for some money to continue. It is a trial for one year. We really have only that term 4 to get the service up and running, test it, evaluate it and make some decisions or recommendations to government about what they would like to do.

However, having said that, because we have got quite a considerable amount of money to do the trial, we may adapt something that we have tried in October to December and try something a little different in January 2010, say in term 1, simply because we find it does not work well or our customer feedback says, "Not useful to me; I would rather do whatever I am doing." If it does not work for people, we need to adjust and adapt.

MR COE: The \$1 million that has been allocated—have you already got a budget for how that is going to be spent?

Mr Elliott: That is what we are working to. It is an allocation and we are not to exceed it.

MR COE: Have you got a breakdown of that?

Mr Elliott: No, because it is about how frequently we run it. For example, you could look at a service from Gungahlin down through Civic and maybe out to Kingston and then down to Tuggeranong, or you could take it out to the airport or somewhere else. If you modelled that—you can model it—the cost will be in how frequently you run it. If you did it at 30 minutes all day, it will cost X; if you did it at 15 minutes all day it will be X plus Y; if you did it at 15 minutes in the peak and 30 minutes in the middle of the day it will be X plus Y minus Z. It is about modelling and then seeing what we can afford to do and what is the best value for money.

MR COE: But that \$1 million is going towards actual bus drivers and actual on-the-ground testing?

Mr Elliott: Yes, real services.

MR COE: As opposed to—

Mr Elliott: Yes, real services.

MR COE: study trips or whatever. Okay.

Mr Elliott: Yes, real services with real passengers.

MS BRESNAN: Are you confident that it will start in October?

Mr Elliott: Yes, and there is a reason for October, and for 11 October. There is a really big reason, and that is that there is a huge pressure on the fleet, as I mentioned before. We need extra buses to do this. We are not intending to change the current timetable; we are adding to it. It is what we would call in bus parlance “augments”. We are augmenting services and we do not want to mess around with the core service. The reason for October is that we need the buses and we will have 10 to use.

MR COE: How is the steer tag acquisition going?

Mr Elliott: The total fleet acquisition?

MR COE: The steer tag bus acquisition?

Mr Elliott: Interesting. We have a steer tag coming down on the 6th and 7th of next month to do a bit of testing around the streets of Canberra. We are working with our roads and transport regulation people just to make sure that it is fit for purpose and will do the job that we want. The draft contract for the MANs has been sent to them and we hope to be in production, with them coming out of, I think, the Adelaide plant of Custom Coaches, within a couple of weeks. The first tranche of buses will be standard rigid MANs. We should have 10 by the end of September; they take two weeks to commission and they will all be on the road on 11 October, we trust.

MR COE: Are Procurement Solutions managing any of that?

Mr Elliott: Procurement Solutions are handling the contracting side of it with us, yes. We have a procurement officer; that is the way we do things, yes.

MS LE COUTEUR: Can I just clarify the time line? What you are saying, I think, is that the trial will start in October. How long will it have to run before you have to be able to demonstrate to government that it is a success and you get funding for it in the next year?

Mr Elliott: We need to be realistic; a budget bid and delivery needs to really have some substance around it by the end of the calendar year in order to get into the next budget.

MS LE COUTEUR: Yes, so it is not long.

Mr Elliott: So that term 4 pilot is really important to us, to give some sense about that. But then, having got that and written a business case, if we think it is valid, based on

customer feedback and what have you—we will be working pretty hard over Christmas, I hasten to add, on this one—I guess we might adjust some things in term 4. If we can run them continually—if we have enough money to run them continually—right up to 30 June, we will do so. Then we can have some continuity. But we will not really know until we do that term 4 pilot.

MS LE COUTEUR: So it really all is going to hinge on people using it in October.

Mr Elliott: Which is why marketing is such a big thing, yes.

THE CHAIR: Mr Smyth.

MR SMYTH: I want to go back to Mr Coe's first question and the change from 99 per cent down to 83 per cent. How do other jurisdictions measure their timeliness? Is this an accepted measure of timeliness for publicly run bus systems or is this something the auditors invented?

Mr Elliott: In terms of the appropriateness of the measure, it is very appropriate to have a measure around timeliness, and it is even more appropriate to be able to measure it accurately. Accuracy to me means "Does the bus hit a particular stop at the time that it was supposed to according to the timetable?"

MR SMYTH: Yes. I do not disagree with the measure, but how do we compare our effectiveness with other jurisdictions?

Mr Elliott: We do not benchmark against timeliness with other jurisdictions. We do benchmark with other jurisdictions. In fact, we benchmark with 65 other bus operators around Australia. Timeliness is not one of the benchmarks we look at. It is more about efficiency in terms of the cost of the service versus whatever. And some of those—the types of measures that we look to drive are in budget paper 4 on page 102, around things like the total cost of vehicle et cetera.

MR SMYTH: That is fine for the company and it might be fine for the government, but as a consumer what you want is your bus on time. There is no comparison around this country on timeliness between any bus services?

Mr Elliott: Not that I am aware of, no.

MR COE: What was the name of the Auditor-General's report where she made these recommendations? Mr Kalogeropoulos mentioned that it was tabled in the Assembly. Which report was that?

Mr Elliott: I might just refer to Mr K here, just to make sure it is accurate. I could hazard a guess, but he will know.

MR COE: Yes.

Mr Kalogeropoulos: It is a report that is provided annually by the Auditor-General. I am not sure what the title is, but it is the audit report on the government's financials. The Auditor-General provides that on an annual basis following the audit.

THE CHAIR: This is 2007-08, is it?

Mr Elliott: Yes.

Mr Kalogeropoulos: This will be for 2007-08. I might add that in our 2007-08 annual report we did include a note, following advice from audit, that the measure based on the old methodology was not valid.

MS BRESNAN: How do we perform against other benchmarks or benchmark against some of those other 65 bus services?

Mr Elliott: How do we go? Not so well. It is broken down in the way the people who do it—there is a fairly big time lag here. Publicly owned and operated bus services like ACTION are very interested in how we benchmark, particularly when we are down the pecking order a fair way. The privates are not so interested in sharing their data, for different reasons. There is a lot of confidentiality around the data that is utilised.

Having said that, I guess the real bottom line is that we are probably ranking—last time, 2007-08, we were ranking fourth of the five public sector operators and about second last or third last in terms of efficiency against private sector operators. The quantum of that varies, depending. For different measures ACTION actually performs better than others and worse than some. In a general sense, we are off the mark by about \$4 million or \$5 million across the board. You would say that, if someone else came in and ran the bus service here in a different way, you might get a \$5 million or so efficiency depending on how you wanted to apply. But there are areas of ACTION that are far better than some others; we do quite well on some benchmarks and not so well on others.

I hasten to add—very quickly, because I know time is pressing—that when Indec Consulting do those benchmarks they normalise for the ACT, because of our geographic and demographic spread. They do not equate us purely to Sydney or Brisbane; they factor that in in terms of our benchmarking. But even then we do not run as well as we could or should.

MR SMYTH: Is that report available to the committee?

Mr Elliott: The Indec Consulting report? I could ask Indec Consulting whether they would be happy to provide it. There is a lot of commercial-in-confidence information in that report. Certainly, we have provided it to the government. I am happy to take that on notice and ask the question and provide it. I personally do not have any issues with it at all, but I think the rest of the bus industry might. We will ask the consultants who do the reporting and will be happy to provide it if they say it is okay.

MS BRESNAN: Okay, thanks.

THE CHAIR: We will have to leave it there. Thank you, minister; thank you officials. We will adjourn till 2.15 because we have gone a little bit over time and there is going to be a private meeting.

MS BURCH: So questions we have around ACT public cemeteries?

THE CHAIR: They will have to be put on notice.

Sitting adjourned from 12.30 to 2.14 pm.

Appearances:

Barr, Mr Andrew, Minister for Education and Training, Minister for Children and Young People, Minister for Planning and Minister for Tourism, Sport and Recreation

Department of Education and Training
Davy, Ms Janet, Chief Executive
Harris, Ms Carol, Director, Schools Southern Canberra
Vasey, Ms Jocelyn, Director, Training and Tertiary Education

Canberra Institute of Technology
Adrian, Dr Colin, Chief Executive
Kowald, Mr Peter, Deputy Chief Executive, Operations
O'Hara, Ms Kaye, Deputy Chief Executive, Academic
Cover, Ms Leanne, Executive Director, Corporate Governance and Organisational Capability

Building and Construction Industry Training Fund Authority
Guy, Mr Gary, Executive Director

Department of Territory and Municipal Services
Guthrie, Mr Neale, Group General Manager, Enterprise Services, Territory Venues and Events
Marriage, Ms Sue, Director, Sport and Recreation Services
Shepherd, Ms Simonne, General Manager, Enterprise Services, Australian Capital Tourism
Sadler, Mr Tony, General Manager, EPIC

THE CHAIR: We will commence. Welcome, minister, and officials from the Department of Education and Training as well as CIT. Could you indicate that you have read and understood the privilege statement. I see nodding, so I will accept that as yes. Minister, would you like to make an opening statement?

Mr Barr: Not in this section, but when we get to the CIT I would like to make some remarks about that.

THE CHAIR: I will throw it open to members. Ms Burch.

MS BURCH: Thank you. A week or so ago there was some talk around the learn or earn policy. Can you tell me how this budget is going to help you implement that?

Mr Barr: Sure. Obviously there are a range of measures in the budget that go to the government response around the need to engage all young people under the age of 17 in study at school, training, some other form of educational engagement or work. This budget sets in place a couple of important new initiatives towards that goal, and we talked a little bit about that last Friday, particularly in relation to the school-based apprenticeships. I consider that to be an important boost in providing further opportunities for young people and also to integrate those apprenticeships into the delivery of other programs and other government priorities.

An example of that which particularly relates to the sport and recreation field is college students working with feeder primary schools around the delivery of sport and recreation programs. That helps them towards getting their certificate II or certificate III and provides some direct hands-on assistance in primary schools around the delivery of PE and health programs. Hawker college has been doing this for a number of years and has a very good program in that area.

Obviously there are other significant investments in terms of infrastructure and facilities that come through Education and Training, through things like the trades training centre partnerships with the commonwealth, together with a range of initiatives in CIT that we will get to discuss later in the afternoon. There have been a number of measures, not just in this budget but in previous budgets, particularly responding to the work of the Skills Commission, that have been working towards this goal of engaging more young people in education and training.

We recognise that in setting this policy goal, both locally and as part of a national agreement at the COAG level, we must provide extra resources and extra opportunities. I would characterise, though, the bulk of the response as needing to be generated in the vocational education and training sector rather than in schools. We have a very high school retention rate. The sorts of students that we will be dealing with and particularly wanting to engage are those for whom mainstream school settings are probably not their best pathway or their preferred pathway. Whilst there is still a role for schools to play in engaging young people, my feeling is that, to get from where we are now of retention rate and engagement rate of around 90 per cent up to the social plan goal of 95 per cent and beyond, the bulk of that effort is going to be in alternative settings and through apprenticeships, through the CIT and through private training. I am not suggesting that schools do not have a role, but we do very well in engaging the vast majority of students in school, particularly through the success of our college system. The ones who are dropping out of college are the ones who we need to be focusing our efforts on, and that is where this range of internal pathways—

MS BURCH: And providing them with those learning opportunities.

Mr Barr: That is right.

MS BURCH: School-based apprenticeships: is that the same item on BP3, page 92? Is that that funding?

Mr Barr: That would be that initiative.

MS BURCH: Yes.

Mr Barr: That begins at \$350,000—

MS BURCH: Yes. That is the one.

Mr Barr: and is indexed into the outyears. That will provide up to 100 new ASBAs, and will certainly take us a long way towards our target of 500 placements.

MS BURCH: So what are we sitting on? What would that give us?

Mr Barr: The last data I have is that we are 340 as per commencements in 2008. We set the target of 500 in 2007, so we have been gradually working towards that. This is obviously the government taking a significant role and providing more than 20 per cent through the Department of Education and Training. I have also commissioned some work within sport and recreation services around taking up to 15 ASBAs through the sport and recreation industry, so—

MS BURCH: To what you mentioned before and them having hands-on experience through the—

Mr Barr: No, this is separate from working within schools; this is working directly with sports. It is ACT Rugby Union, Capital Football, Cricket ACT, those sorts of organisations, being supported in taking on apprentices in things like sports administration and program delivery. A lot of those sports are delivering junior programs as well, so we are looking to support our sport and recreation organisations through that initiative. Both of these were commitments that we took to the last election.

MS BURCH: You mentioned two things I would like to ask around. One was alternative settings, and I do not know whether I should have asked about that the other day, but you also mentioned the trades training centre, which I have a personal interest in.

Mr Barr: Yes. In a minute I will get Janet to outline some of the detail around where we are at with that process. We have sought to adopt a regional approach to the delivery of trades training centres in the ACT, trying to get maximum value for the ACT share of that funding and working with government and non-government schools to essentially get a quality facility in each of the educational regions around the city—Tuggeranong, Belconnen, Woden, Weston Creek, central Canberra. Rather than having 25 very small centres, we are trying to pool resources and work together to enable a higher quality facility. The commonwealth are quite amenable to that approach, and I might get Janet to outline the funding allocations and how it all works.

Ms Davy: Thank you, minister. The parameters of the trades training centre program are obviously focused on year 11 and 12 students. They are focused on traditional trades and emerging industries. The criteria around the program are such that it needs to be able to lead these year 11 and 12 students to either completing a certificate III or a pathway to a certificate III. The funding from the commonwealth is nominally an allocation of the maximum of \$1.5 million per school. It is purely for capital works, which includes major capital works as well as purchase of equipment.

As the minister said, over the last 12 months we have engaged in a lot of consultations with our schools, both government and non-government, the CIT and with industry to take a regional approach that will allow us to pool the funds that are available nominally for schools. Rather than have individual schools on a competitive basis apply for only half a million dollars or a million dollars, we will pool those funds and look at a couple of regional trades training centres.

The work that we are going to do over the next 12 months will be about looking at business cases for those, which we will then put forward to the commonwealth in the next few rounds of bids. The two areas we are looking at at the moment, significantly, are a trades training centre in Tuggeranong and a trades training centre in Gungahlin. We will have to do a lot more work with industry, but at this stage we are proposing that the Gungahlin trades training centre will look at training in the areas of hairdressing, fitness and related industries and maybe club management, and the Tuggeranong trades training centre will look at areas of automotive, metals and engineering.

A third area that we have been looking at with CIT is around whether we might be able to establish a trades training centre on the Bruce campus to look at certificate III programs in areas such as cabinet making, wood machinery and those sorts of things. We will now start the hard work of developing business cases for those, and when the commonwealth open their next round of bids in 2010, 2011 and 2012 we will put forward bids for those centres.

MS BURCH: I might get back to you another time around those alternative settings.

THE CHAIR: We had some supplementary questions from Ms Bresnan and Ms Porter on this issue.

MS BRESNAN: On the Australian school-based apprenticeships, with regard to students combining training with their schooling in year 12, when they leave school, do they need to find another workplace for their apprenticeship?

Ms Davy: It depends whether they have completed their certificates or not. I am not sure whether either Jocelyn or Carol will be able to answer whether, in the main, they do or they do not.

Ms Vasey: If they complete their certificates then, no, they do not have to find other job placements. In most cases we would suggest that it would be a good idea working through a group training organisation. A variety of placements is useful in building a range of skills.

MS BRESNAN: Sure. At the present time do we have enough places in the community for the apprentices?

Ms Davy: The 100 ASBAs funded under this budget will be based in schools and in the central office of the Department of Education and Training.

Mr Barr: We are actually the employer.

MS BRESNAN: So you are the employer?

Mr Barr: Yes. This is the government getting back into apprenticeships in a really big way. I might just make the observation that in setting the target at 500 we went out to industry broadly and they provide the bulk of the placements—

MS BRESNAN: Obviously.

Mr Barr: but I have a view that there is a strong role for government to play in this area. I think it is particularly important in terms of the future of the ACT public service as well that we have an active role with apprentices.

MS BRESNAN: You said that the number of places was now 340?

Mr Barr: That was the figure for 2008.

MS BRESNAN: That was 2008. When was the target for 500 supposed—

Mr Barr: That was 2007.

MS BRESNAN: Just one other quick one on this: what are we doing to ensure that there is an adequate supply of supervisors for apprentices in the workplace?

Ms Vasey: We have got a very strong training program in what is called training and assessment, so we are working with supervisors in workplaces. We would certainly go out and talk to supervisors who are involved in workplace placements. There is a good network of people involved in taking ASBAs.

MS BRESNAN: So the demand is being met currently?

Ms Vasey: Yes.

THE CHAIR: Ms Porter?

MS PORTER: I do have a supplementary question, but I also have a supplementary to Ms Bresnan's line of questioning. You mentioned that you have a number of disciplines. What disciplines are apprentices exposed to within the government departments?

Mr Barr: In the context of these young apprentices within Education, we are looking at sport and recreation, ICT and school administration.

MS PORTER: That may actually answer my original supplementary. The sport and recreation ones that you mentioned previously, are they funded through sport and recreation or are they funded—

Mr Barr: Yes. Up to 100 are funded through this initiative within the education department, and then I have also got up to another 15 funded within the sport and recreation services area. The total extra government supported places, either with the government through the Department of Education and Training as the employer or supported through sport and recreation but placed with a host sport, is 115.

MS PORTER: Is that the \$1.4 million, or is there more money?

Mr Barr: There is more money. There is money within the sport and recreation portfolio. We have an annual sports grants round, and there are different components

of that overall funding. We are directing a small proportion, about \$50,000 a year, out of that \$2.4 million fund into those extra ASBAs within the sport and recreation industry.

THE CHAIR: Minister, just going back, there was a question around the *Pathways to the future* report and ensuring that students or people up to 17 years of age are either in training or working. I want to get an idea of what kind of numbers we are talking about. I know that we have got high retention rates at the moment. On 359 of BP4, it has the percentages for participation in education, full-time school students in the ACT. Obviously that is a little bit skewed by the New South Wales numbers in that some of them are over 100 per cent.

Mr Barr: Yes, that is correct.

THE CHAIR: Presumably the 17-year-olds and 91.3 per cent are not quite 91.3 per cent of ACT kids. How many are we talking about who are going to be in a category of needing to move into either work or full-time training?

Mr Barr: Obviously it fluctuates from year to year, depending on the total number of students.

THE CHAIR: The cohort, yes.

Mr Barr: The cohort in that year. Roughly speaking, in this year's year 11, for example, there are 4,943 students enrolled in school.

THE CHAIR: Year 11, yes.

Mr Barr: If you then went and matched that against the ABS number of people at that age—that is where I think the ABS get their retention figure of 90 per cent. So you are talking about 400 or 500 year 11 kids and about 400 or 500 year 12s. You are talking about roughly 900 to 1,000 students in the territory who are not at school. You then look at where else they are.

THE CHAIR: Are they employed—yes.

Mr Barr: Yes. The figures I have from the CIT are that they have about 410 people under 17 in their various programs. You are then reducing your number to about 500. Then there will be other apprenticeship placements and then there will be people in work. I do not think that we are able to drill down to—

THE CHAIR: So there would be roughly a couple of hundred? Is that what we are talking about?

Mr Barr: Yes; I think we are literally at the point where we are talking about a couple of hundred. I have basically confessed to being pleasantly surprised. I did not realise that more than 400 were engaged at the CIT; I was really pleased to hear that.

THE CHAIR: So that is 400 who live in the ACT?

Mr Barr: I think that would just be 400 enrolments. We would have to delve down into the detail of where they come from. There is New South Wales overlap, but it is not a significant number; the bulk are obviously ACT residents.

THE CHAIR: So in terms of the task it is roughly 200 kids or young adults who we need to find training places or work for somewhere.

Mr Barr: Thereabouts. It will fluctuate from year to year, depending on engagement with particular programs, but that gives you the size of the challenge.

THE CHAIR: So the resource implications are not too great?

Mr Barr: No; they are nowhere near as significant in the ACT as they would be in the Northern Territory or Queensland.

THE CHAIR: Have they been estimated in terms of this policy going forward—what the resource implications are for the government?

Mr Barr: Certainly, work through the Skills Commission and work that COAG have done have given some ballpark indications. I will have to come back to you on the exact detail—I do not carry that in my head—but I know that some of that work has been done. The commonwealth have also indicated flexibility around their productivity places program, to provide more commonwealth funded training opportunities as part of the agreement with the states and territories. I can get some more detail on that for the committee if that would be helpful.

THE CHAIR: That would be very useful. Mr Doszpot has some questions.

MR DOSZPOT: I want to refer back to a question Ms Burch asked regarding the trades training centre. I think Ms Davy touched upon the potential for Tuggeranong to host one such area. Is the site of the current Urambi primary school in Kambah being considered for that at the moment?

Mr Barr: It could be, pending the conclusion of the consultation process around the new facilities, the new Tuggeranong P-10. It has advantages in that it is zoned for educational purposes; it would have that advantage but of course it is a primary school, currently designed for much smaller students.

THE CHAIR: Got the little basins and stuff.

Mr Barr: Indeed, yes. Obviously you would need to do some retrofit. It is an option—I think there is some logic to it—but it is not the only option. There are other locations in Tuggeranong that you could—

MR DOSZPOT: I guess that is what I am asking. What are the other options?

Mr Barr: You would have to do an analysis of all of the current zoned land for educational purposes, of which there are a number of options.

THE CHAIR: There should be heaps—with all the school closures, a plethora.

Mr Barr: Very good. My preference would be to go to land that is currently zoned for that purpose, rather than seek territory plan variations, because that would probably be a 12-month process even if it went smoothly. There are a number of different options. We will need to work up the different proposals once a number of other processes are complete, recognising that the time frames for the next future rounds of commonwealth funding go out over a number of years. It is 10 years, I am told. Obviously, in building a new facility in Gungahlin, we have the opportunity to look out there, where there is much more available land.

MR DOSZPOT: That was the second part of my question. The \$1.5 million federal funding for capital works regarding this sort of project: would, say, Urambi qualify for something like that or does it have to be a totally green—

Mr Barr: No, it does not have to be totally greenfield. No, not at all. In fact, in most other jurisdictions they are simply tacking another building onto a school. The difference for us in the ACT is that, as I said, rather than doing 20 \$1 million additions—why not go for four or five \$5 million ones, so you get a higher quality facility and you then share it amongst the surrounding schools? That way you—

MS BURCH: Government and non-government?

Mr Barr: Indeed, yes; it is certainly cross-sectoral. The advantages there clearly are that, depending on the particular area of trades that you are talking about—some of it needs machinery that needs to be constantly updated to meet industry standards, and it is much easier to do that on one site. That is clearly an advantage that the CIT has in locating all of its trade skills at the Fyshwick trade skills centre. You can get the industry partnerships there. In a city of our size, I think that commonsense says, “Let’s do this on a regional basis.” That has certainly been the overwhelming view of stakeholders—that there is a lot to be gained for the territory in this. I have been pleased that the commonwealth have given us an indication that they are very flexible about how we respond.

MR DOSZPOT: Just one further supplementary on that. The proposal to utilise the federal government funds and put these trade centres in place: is that going to have an impact on CIT? Have you got the numbers in Canberra to spend this sort of money and have adequate numbers go into both?

Mr Barr: It is dealing in different levels of training, in that you would do your lower level training at these training centres. You would start there and then you would progress through to CIT. So it would not be in direct competition. That is why we have looked at the particular offerings as well—to ensure that there is a pathway, beyond school, on to further training.

THE CHAIR: Mr Smyth and then Ms Burch.

MR SMYTH: Minister, I notice on page 453 that your staff outcome for this year is 781 and the staff outcome for next year is 781.

Mr Barr: We are not onto CIT yet. I think we are still doing the output. That is my

understanding.

THE CHAIR: Yes. We have got CIT officials here. We might get through some of the more general vocational ed stuff and then we will move to CIT.

Mr Barr: We now have a question on notice.

THE CHAIR: Ms Burch.

MS BURCH: I want to go to the skill shortage. I think you made mention of that earlier as well—areas of skill shortage. In industry they recognise particular areas, but then the counterbalance is that in the different economic environment which we are in we still have areas of skill shortages. What are we doing about that? What is the government doing about that?

Mr Barr: Obviously there is a range of initiatives that are ongoing from previous budgets and relate to the response to the Skills Commission report. The investment there was about \$51 million over the four-year period. It is an interesting debate at this point. Obviously, the change in economic circumstances has led to some different outcomes, sector by sector, from where we were 12 or 18 months ago. But there is still a very strong view—I know that Chris Peters at the chamber of commerce is still adamant that there are skill shortages in certain areas. Does anyone want to add anything?

Ms Davy: I have just come from lunch with the Chief Minister and Chris Peters—a roundtable around skill shortages. The consensus seems to be that the skill shortage situation is really not a lot different from what it has been in previous times. We have still got skill shortages around the construction industry, government services, IT, community services and health. The biggest concern from industry and business seems to be in the area of IT at the moment; there seem to be some concerns around that being an area of skill shortage. But we have a number of strategies in place, as we have done in previous years, and with this current budget, to deal with that.

MS BURCH: Do you target those skill shortages in your different strategies?

Ms Davy: We do. For example, our user choice program, which is about \$12 million each year, is targeted to priority skill shortage areas. Our priority support program, which is about \$2.5 million each year, is targeted both to priority shortage areas and to equity groups such as mature age workers and workers with a disability. So we have a number of them. All of our strategies, if you like, in terms of all of our programs, are about targeting to skill shortage areas. We publish each year our VET priorities document; that pretty well tells us in 2009 what our priorities should be in terms of the allocation of resources.

MS BURCH: Does industry feed into the priorities?

Mr Barr: Very much so.

Ms Davy: Jocelyn might want to talk to you about the detailed process we went through, and we go through every year, to identify the VET priorities.

Ms Vasey: We hold annual forums, industry-specific forums, where we get feedback from industry. Also, one of the budget initiatives last year was two additional staff within our area to coordinate consultation with industry and build closer links, so members of the department are in regular contact on a number of different advisory groups—industry-specific advisory groups such as the minister’s children’s services forum. As well as all those things, we are working with Chief Minister’s Department this year, getting some research from the University of Canberra about specific skill areas. We bring together a range of quantitative and qualitative data that goes into determining those priorities; then they are validated through our Vocational Education and Training Advisory Group.

Mr Barr: It is probably worth noting that that is a marketplace here too. The VET sector is moving more towards a market-based provision; there is contestability of training funds. Janet referred earlier to user choice. That in large part is driven by the needs and interests of the students. This is not a command economy where we allocate exactly the number of places in each sector. There are market forces in play. That is as you would expect in an economy like ours and it is undeniable that that is the direction that the vocational education and training sector is heading. The work that is occurring at the commonwealth level continues, and post the Bradley review we are seeing some clear structural changes that will occur in the higher education sector that have implications for VET and will lead to some significant change in the ACT, as they will everywhere else in the country.

The one thing I cannot be actually certain of is exactly where each of our institutions will be in four or five years following these major reforms, but the one thing I can say with absolute certainty is that there will be change and it will occur reasonably rapidly. Particularly once some of the full Bradley recommendations are fully implemented, you will see significant change in higher education in Australia.

MS BRESNAN: Does existing business activity in the ACT have some impact on the process which is used to identify skill shortage areas? You have said that you consult a lot with business, but do existing business practices have any impact?

Ms Vasey: Yes, in terms of certainly the market-driven user-choice funding area. But we also work very closely with CIT. They have industry advisory councils for their centres. So we are working all the time with industry to look at what they are doing and listening to them about what sort of things they need in terms of training.

THE CHAIR: Ms Le Couteur.

MS LE COUTEUR: I understand that as a result of COAG reform there are going to be about—well probably precisely—10,000 training places over four years for existing workers and obviously with an emphasis on young people. Where are they going to be and have we got the infrastructure to cope with them?

Mr Barr: This is the productivity places program.

Ms Davy: This is under the productivity places program. The productivity places program has been going for over 18 months now. The first phase was all funded and

administered by the Australian government and was targeted at job seeker places only, and that sort of phase is over. The second phase —

MS LE COUTEUR: Did you say it was administered by the Australian government? So you were observers, not participants?

Ms Davy: Yes. But in the second phase, which was last year, we were participants. It was targeted at existing workers—a small number of existing workers—and we implemented that in the ACT with ACT Health, so we have currently got about 60 existing workers in the health industry going through that particular program. But the productivity places program that is in the budget papers is phase 3, and you are right: that is where we have been allocated up to 10,000 places. There is a mix of job seeker places and existing worker places and we have just started a process of developing an implementation plan with the Australian government about how we might do that.

We have been saying all along to the commonwealth that we may need to negotiate some of the targets in terms of the numbers around those places. We may want to change the balance in terms of the number of job seeker places and the number of existing worker places. We may want to change the nature of the qualifications that are established there and we will certainly want to negotiate in terms of the priorities between the Australian government and our own ACT priorities in terms of skills shortages. That is a piece of work that has only just started. The ACT government has only recently signed up to that productivity places program, so we are just starting the work with the commonwealth around developing the implementation plan around that.

MS LE COUTEUR: You said you are going to be negotiating about the skill areas. What areas are you wanting to support, and in particular are any of those going to be relevant to the economy or to the likely changes of a more green economy?

Ms Davy: In terms of the areas where we are going to start, it will be our priority areas for skills shortages, which will be the things that we have talked about—

MS LE COUTEUR: With what I just wrote down before.

Ms Davy: before in terms of government services, building, construction, community services, health et cetera. So we will start with that. Jocelyn, is there anything else to add to that?

Ms Vasey: No.

Mr Barr: To pick up on the heart of the question, certainly within those areas there will be a focus on sustainability. I know CIT, for example, has a very active program in that area. In the building trades, for example, there is a massive industry that is emerging that will need skilled workers. So, yes, we are very aware of that and our training organisations are responding to that agenda, without any doubt.

MS LE COUTEUR: How are you going to be targeting people at the margins of our workforce, particularly as the number of those people is going to be going up considerably? I am particularly also thinking of mature age people who will now have to work until they are 67. If you became unemployed in the last 10 years of your

working life, you would quite possibly need to reskill. How are you going to address the young people, the traditional area that these programs have been for, but they are not the only—

Ms Vasey: There are two sorts of strands to that, particularly with the young people and people who are recently retrenched or unemployed. We have been developing some close links with the job service providers to make sure that we can get to those people quickly and we can link in the training that we know is available in the ACT.

In terms of our existing workers and building new skills, we have been doing a lot of work with recognition of prior learning so that those people who already have skills can have those skills recognised and can often get a whole qualification with some additional gap training. I am sure CIT will talk about their RPL initiative. So there are those two ways that we are working to make sure that the skills that people have got are recognised and that they can build new skills.

MS LE COUTEUR: Keeping on that theme, you talked about the people who have just left the workforce, but what about those people, refugees, people from a family of disadvantage or who are disabled, the people who are not engaged now?

Mr Barr: The CIT vocational college takes a very strong lead in providing services in that area, particularly for people who have English as a second language, recently arrived migrants. There is a very strong program and I am sure when we get to CIT we can talk a little bit in detail about that. That has been, I think, one of the real success stories in recent times for the CIT and an area that received a budget boost the budget before last—no, actually it might have been the 2008-09 budget—whereby we enhanced the capacity there. There are 5,200 enrolments now in the CIT vocational college, so it is going from strength to strength in meeting the sorts of needs that have been identified.

THE CHAIR: Mr Doszpot and then Ms Burch.

MR DOSZPOT: Just taking a step slightly back to a combination of questions from Mr Seselja and Ms Le Couteur, on the pathways to the future initiative that you were referring to before, minister, 200 additional students are what you have arrived at as a figure, roughly?

Mr Barr: Yes.

MR DOSZPOT: What sort of teaching staff have we got available to accommodate 200 extra students at this level?

MR BARR: As I indicated, my feeling is that those people will not be engaged through the traditional school system; they have clearly opted out of that. So we are talking about training opportunities through the CIT or through private training providers. There is certainly capacity within our vocational education and training system to take 200 extra. CIT has 25,000 students enrolled, so another 200 are certainly not going to create issues in the context of the totality of our vocational education and training system. That said, we need to recognise that some of those students will have some particular special needs that will need to be addressed, and

that is where some extra support will need to be provided.

The vocational college is a great example of where there is that engagement. When we get to CIT we can talk a little bit more about the nature of students involved in that program. We are also aware that, in signing up to a partnership with the commonwealth, the flexibility they are going to show around the productivity places program will provide extra funding into our training system overall.

As I said earlier, the issues that we face in the ACT are considerably less than in other jurisdictions around Australia. So I am very confident and very comfortable that our vocational education and training system both is flexible enough to meet the needs of those students and has the capacity, given the size of the system and the range of training providers that we have available, in both the public and private sector.

MR DOSZPOT: Thank you. It is a combination of a couple of questions. The other question I have is: what is the curriculum that is being developed for students that are coming into this arena, where we have not had the numbers that we have had in the past and looking at the emerging industries and the standard industries that we are catering to at the moment? Overseas, the career and technical education model they follow actually uses the last three years of secondary school preparing students for their future. Are we looking at perhaps curriculum development in this sense to address this not only with those that we are managing to attract back into the system but for the existing students as well who may seek other career options? Are we looking at curriculum development, not just at retention of students?

Ms Davy: We are probably looking at not straight curriculum development. We are probably looking at a number of things. Certainly in last year's budget, with the moving forward initiative, \$17 million, what that gave us was a transitions and careers officer in every college and a lot of their work is around trying to keep students engaged in transition both in and out of college and also a quite significant amount of work in terms of quality careers advice for students within schools. We now have a requirement that any of those teachers providing careers advice in schools will get a certificate IV and we are actually doing that program through CIT.

The other element to that is that I guess our focus is about not changing the curriculum so much but including within the curriculum many more opportunities for students to do VET—certificate IIs, certificate Is—within schools. I do not know whether you, Carol, want to add to that.

Ms Harris: Part of the work of the transition officers under the moving forward initiative will be to have a look at the curriculum that is currently offered through accredited courses. We will commence that work next year and that will be aligned at looking at how those courses might more appropriately direct students into particular qualifications that will help them to move and transition into further education or the workforce.

MR DOSZPOT: If I can use an example of what I am talking about here. In the IT and ICT industry there is a great need, as Mr Peters no doubt mentioned to you today. I am talking broadly—and this is not a criticism of the education system—and looking at the way we have been providing for students. We say, “We’ll give them

computers.” But we have to challenge the students with a curriculum that will be applicable so they can use the computers but also learn the skills that they need to get into the workforce where this shortage exists. I guess that is what I am trying to get at. We need more than just facilities, equipment and teachers; we need to have the curriculum that is applicable.

Mr Barr: The renewal of the curriculum through the every chance to learn process that led to a new curriculum framework for the territory that is in all schools, government and non-government, was a collaborative exercise between the department, the Catholic Education Office and the Association of Independent Schools. One of the essential learning achievements is around ICT, so that curriculum renewal has occurred in the last 24 months. Janet was heavily involved in that.

Ms Davy: Some of our colleges are offering some fabulous programs in terms of computer assisted design programs and so on. We are certainly not just providing hardware and software into our schools. We are looking at a range of opportunities in terms of what we can provide the kids in IT.

Mr Barr: If it would be helpful, I am happy to get you a briefing on the ICT curriculum.

MR DOSZPOT: Mr Barr, as you know, I would love to visit some of these schools so I can actually see what is going on.

Mr Barr: That is fine. We will organise that.

MR DOSZPOT: Thank you.

MS BURCH: You spoke about students with particular needs in curriculum. Ms Harris touched on some of the transition work. Broadly across schools can you tell us about the work you do in the transition from school into work, the transitional pathways?

Ms Davy: Yes, I will give you a broad summary now and then I will ask Carol to go into the details. As we mentioned before, we have in our colleges a transitions teacher who has a particular role to play in supporting college students in and out of college. The ASBA program will allow us to engage more students in that area. We have a wide range of vocational learning—work experience, enterprise education and practice firms. We have a wide range of different programs which will help support students within that context. Carol might want to go into the detail of a couple of those programs.

Ms Harris: I would make a couple of comments around that. I think the transitioning out, if you want to describe it as that, actually starts quite early in students’ careers through secondary education. We have a pathways planning program that operates at the high school level that is quite structured. Students begin to understand about themselves—their strengths and potential pathways for them as they move into the college sector—with the assistance frequently of the student welfare teams within the colleges. The individualised guidance and further pathways planning assist students to make those individual steps out.

We have done a range of other things. It would be useful to draw the committee's attention to the fact that some work has been done with the building and construction industry. We have discussed the skills that are necessary for students to be able to engage in apprenticeships in that industry. We have really tried to pinpoint what they are so we can ensure that built into the curriculum at the high school level and then transitioning into the colleges those students who are moving down that pathway have the skills that they need.

There is also the work that is done through the ASBA. Not only does the ASBA require the student to be at school to be engaged in the ASBA, therefore giving an incentive to complete, it also helps to build that pathway out. We have a whole range of careers and VET teachers within our college sector who work with business and industries. Linked to each of the colleges there are work experience programs and a whole range of placements for students that allow them to connect into what is available to them out in the world of work.

THE CHAIR: Ms Porter has a follow-up.

MS PORTER: Thank you very much, Chair. There is obviously some terrific work going on. When I am out in the community people bring to me their concerns about students who are not actually in school at the moment who they believe are going to be made to go back to school. They are concerned about the current school population. I can see that this work is going on and that this is not something they should be concerned about. How do we get that message out there to the community? How do we let them know that all of this good work is going on?

Mr Barr: Undoubtedly the shorthand and easy way for the media to report is to say that you are going to lock every 17-year-old up inside a school until they are 17 years and one day. You are right; I have certainly encountered that perception. Clearly, further communication around the initiative is important. The ACT began its consultation on this in 2008. It has been through a fairly extensive process, which then led into a policy decision in the territory that was then quickly followed up, within a month—and the announcement by the Prime Minister has probably elevated this issue to one of national significance.

It is worth noting, in terms of where jurisdictions have gone on this, that the ACT and the Northern Territory are, I think, the last two to formally move in this direction. This transition has occurred in other parts of the country without major concern. In fact, I think there is pretty strong evidence in other jurisdictions that it has been an important initiative, recognising, of course, that they all start from a position well behind the ACT. It has perhaps not been at the forefront of thinking here because we have had such high school retention rates and such strong engagement in education and training that when you are talking about a cohort in year 11 and 12 combined of nearly 10,000 students, we are talking about a couple of hundred—probably 200 to 300—whom we really need to do some further work with.

That is probably one of the reasons why this has not been a front and centre issue in terms of policy debate in the territory. Obviously when you are in my position you engage in a fair amount of consultation around policy initiatives. We have undertaken

a number of consultations in the education portfolio over the time I have been minister. This one has not generated the same level of community engagement probably, until the Prime Minister made his announcement at COAG. All of a sudden—and it obviously gets the megaphone of the Prime Minister—everyone is talking to you about it. What was that Paul Keating line—the resident galah at the pet shop who sits talking about economic reform in the 1980s? There is certainly a view now that everyone is talking about education and training, and particularly this earn or learn approach nationwide.

It is welcome news that there is a spotlight on this, but I think there is a really good news story to tell in the ACT around the work that has already been done and where we can take this in the future. It is a clear strength for our economy. As I think Mr Seselja observed earlier, the number of students that we get from across the border into the territory to take advantage of our education and training systems is testimony not only to their quality but also their perceived quality from consumers outside our borders. That is a great thing for us and an area of growth for our economy into the future.

MS PORTER: Thank you.

THE CHAIR: Are there any further questions in this area, before we move on to CIT?

MR DOSZPOT: Just one more question.

THE CHAIR: Yes, Mr Doszpot.

MR DOSZPOT: On page 457 of BP4, “Changes to appropriation”, the efficiency dividend for 2010-11, for starters, has there been any work done as to where that is going to come from?

Mr Barr: I am sorry; page 457 is CIT.

MR DOSZPOT: I am sorry.

Mr Barr: So we can come to that in a moment. The answer for the Department of Education and Training is as I gave on Friday.

THE CHAIR: Are there any other questions for vocational education?

MS BURCH: I am quite happy to ask the minister out of session.

THE CHAIR: You do not want to share it with the committee?

MS BURCH: I am looking at page 359. There is one line there around the participation level. It is just statistical information. Last year we were sitting on 9.7. Is that participation at what point—about 2007?

Mr Barr: Yes. That is an annual national report. There are quarterly reports prepared by NCVER. I can give you an indication in terms of the number of apprentices and

trainees in training.

MS BURCH: The question was around growth up, steady. With these initiatives coming through increasing the ASBA line, over time you would see growth.

Mr Barr: Yes, we are seeing that. To give you an instant indicator, I am just looking here at the actual number of apprentices and trainees in training as at 30 September 2004. It was 6,310; on 30 September 2008 it was 6,649. So there has been growth in that area. It fluctuates a little. In the intervening years, it was 6,300, 6,500, 6,693. It varies, but certainly it seems to have gone up from around 6,300 to 6,600, so there are about 300 more people.

MS BURCH: And that includes those that are in the trades.

Mr Barr: That includes the different categories—managers and administrators, professionals, associate professionals, tradespersons and related workers, advanced clerical and service workers, intermediate clerical, sales and service workers, intermediate production and transport workers, elementary clerical, sales and service workers and labourers and related workers—so the different occupational categories at NCVER.

MS BURCH: And across all providers?

Mr Barr: Yes. That data, if you are interested, is available online.

MS BURCH: Through?

Mr Barr: Through NCVER. It gives you a quarterly breakdown, I think, of people in training.

THE CHAIR: Ms Le Couteur.

MS LE COUTEUR: I am not sure if it is a new question or whether I am showing my confusion. In the Treasurer's speech, she indicated ACT apprentices at risk of losing their job are being supported through a new service to help them stay in work and continue this phase.

Mr Barr: Yes, this is—

MS LE COUTEUR: Is that the 10,000 I just asked about?

Mr Barr: No, that is a different initiative.

MS LE COUTEUR: Okay. I was thinking I was confused, but I am in fact ignorant, so please tell us—

THE CHAIR: You are right on the mark, Ms Le Couteur.

Mr Barr: There are a couple of elements to this. The commonwealth announced a subsidy for employers—it was in the order of about \$4,000, from memory—that they

would directly provide. We have established an out-of-trade register and I will get Janet to talk about that.

Ms Davy: What we have established is basically an email address and a contact service, whereby our apprentices or trainees, if they feel that they are at risk of losing their job in the economic recession or they have lost their job, can make contact with us and we will do a number of things. For example, we will give them advice about other places that they can go to. We will put them on an out-of-trade register. We are working a lot with the building and construction industry, for example, whereby we will communicate with them if we get some people that are putting up their hands on this register to see what we might be able to do about placing them. We are doing a lot of work. That is the nature of the facility.

MS LE COUTEUR: Is it too early to say how successful it is?

Ms Davy: At this stage I think we have only had 20 real inquiries. It is more about the advice that we are giving at this stage. I think out of that 20, three, four or five have registered as out of work.

Ms Vasey: Three apprentices have registered as out-of-trade and we have had three employers who have registered as having positions available, but we have provided advice to a number of other people. The focus is very much on trying to keep them in training and making sure that, even if they lose their job, they can do their off-job training for as long as possible, so they can finish as much of that as possible. We have been working with CIT on ways that we can make sure they finish their apprenticeships.

Mr Barr: In this context, it is worth mentioning the commonwealth building the education revolution program and school works. One of the requirements the commonwealth has around tenderers for that works is that they have apprentices as part of that. We are taking some very practical steps, in conjunction with the commonwealth, in relation to that.

MS BRESNAN: You said earlier that you had taken up 100 places with the ASBA. Will you also feed into this process if someone who is out of work contacts you and there might be somewhere where they can be taken on, possibly in an ACT government setting? Would that work as well?

Mr Barr: I suppose that is possible. It would probably be unlikely given the sort of training that—

MS BRESNAN: Obviously it is dependent on the training.

Mr Barr: Yes.

Ms Harris: The other aspect of that is that in order to be able to complete an ASBA, you must be in school as a student.

MS BRESNAN: I guess I was just using that as a comparison.

THE CHAIR: Ms Burch has a question.

MS BURCH: On page 364, under output class 3.1, in the second paragraph it talks about adult and community education. I am not quite sure if that is in there.

Mr Barr: Yes, that is—

MS BURCH: Can you tell me what that covers and how the numbers are going in that?

Ms Vasey: In the ACT, there are a very broad range of activities. The department funds some training on a competitive basis, largely focused on equity groups. Much of the adult and community education can then lead into further education. It is often a very good doorway for people to come in, get involved again in education and then move on. There is also a very strong fee-for-service market in adult and community education in the ACT, with the evening colleges and CIT Solutions. The ACT population are very actively involved in adult and community education.

MS BURCH: Because a fee goes back to that market, if there was not a market for it it would not be on offer. So it is alive and well?

Ms Vasey: Very much so.

Mr Barr: Yes. There is an adult education week.

Ms Vasey: Adult learners week.

Mr Barr: I had great pleasure in launching that last year and am looking forward to it again. It is a good area.

MS BURCH: Thank you.

THE CHAIR: We will conclude that area. I thank the departmental officials for their time.

Mr Barr: Thank you very much.

THE CHAIR: We will move on now to the Canberra Institute of Technology. We welcome Dr Colin Adrian and officials from CIT. Minister, I understood you wanted to make an opening statement in this area?

Mr Barr: Yes, thank you, chair. I want to indicate that this budget provides a number of key investments in the CIT, the centrepiece, I think, being the relocation of the electro-technology program to the Fyshwick Trade Skills Centre. That builds on some further investment in that centre and the establishment of the student services hub to really improve the vitality and vibrancy of that CIT campus.

There are a number of industry partnerships that are associated with the training there. The CIT recently entered into a partnership with the Toyota Motor Corporation, particularly around hybrid technology for vehicles. That is another example of where

we are consolidating training resources and working in partnership with industry to ensure that students are working with the latest technologies. It is clearly the case in the automotive industry that the technology is advancing at a rapid rate. Through a number of commonwealth initiatives Toyota are taking the lead in hybrid technology, and that was a really important initiative for the territory.

We have provided some additional targeted assistance for CIT around fee relief for areas of targeted skills shortage, and also for students who come from lower socioeconomic backgrounds whereby we can assist them with their TAFE studies. That, I think, is another important issue which builds on elements of previous budgets.

I can advise the committee—and I am sure we will get to this in a moment—that last year's initiative around relocating the horticulture facility from the Weston campus to Bruce is progressing ahead of schedule. If you have been to an event at Canberra Stadium in recent times and driven past, you will see just how well advanced that work is. Again, that is another strategic investment in a key area of skills training in the territory and one that, again, has a focus on sustainability.

I think the CIT is showing leadership in many areas of skills training across the territory. I have been thrilled to observe the increase in enrolments and the innovation. The investment in student services hubs to improve the institute's interaction with students and the enhancement of student facilities on each of the campuses have been important as the institute develops. I know there has been a considerable amount of master planning work that has occurred in recent times that will lead to some bigger and longer term decisions that will need to be made in the near future around how we will take the CIT forward.

I certainly acknowledge, as I indicated earlier, that the outcomes of the Bradley review into higher education have created a range of opportunities, but also some challenges for the CIT moving forward. I am sure we can discuss those in some detail through the hearing. Thank you for the opportunity to appear, and we look forward to questions.

THE CHAIR: Thank you. I just remind officials that when you first speak, please identify yourself and the capacity in which you appear. Would you all acknowledge that you have read and understand the privilege statement? Thank you.

Minister, you mentioned fee relief. Are you able to take us through some more detail on that? Firstly, what is the broad fee structure for CIT courses? What is the range for a semester per unit, what kind of fee relief is being provided to how many students and what is the qualification to get fee relief?

Mr Barr: I will get Dr Adrian to go through the detail of that.

Dr Adrian: I have read the documentation. The fee structures within CIT are based on individual courses, and so it depends really on what the specifics are of those courses, but to give you an example, for a certificate III in aged care, the cost for a year might be around \$790. That would be the standard fee for somebody engaged in that certificate III. We have had for a while a scholarship program within CIT, plus arrangements whereby students that qualify for some form of commonwealth

allowance, for example, newstart or youth allowance, also get a concession.

I will run through an example of how it currently works and then answer the question about the additional numbers of students that might be covered. If we take that certificate III in aged care, that is \$790-odd, if the student was eligible for newstart, for example, that immediately means they are eligible for a 50 per cent concession on that course fee. So that reduces it down to \$395, something of that order of magnitude.

We then have had a scholarship program. We have had money for about 300 scholarships per year and the amount that somebody might be eligible for in that case would be around \$300. For that individual student, that could immediately reduce the cost of the course down to a nominal amount of \$90 to \$100. They would still have to pay a small student association fee and, in some cases, material fees. But it is a significant decrease from what was the original cost of the course of, say, \$790-odd.

THE CHAIR: How are the scholarships determined?

Dr Adrian: Firstly, you have to be eligible for a newstart or youth allowance, one of the commonwealth allowance programs. You then have to put in an application, and that is done by an assessment committee within our student services area. Once that money has been used up, that is the end of the scholarships for that year. There are some special cases, for example, Indigenous students. All our Indigenous students, if they request a scholarship, get a scholarship. But the initiative from the government essentially means that we will have an additional 1,000 scholarships each year on top of the current 300. So it is a substantial increase and means that—

THE CHAIR: There are another 1,000 \$300 scholarships; is that right?

Dr Adrian: That is right. So, currently, roughly 300 times \$300 scholarships, and from July on we will have 1,300.

THE CHAIR: And you talked about the certificate III in aged care being roughly \$900. What does it range up to? What is the up range?

Dr Adrian: It could be \$1,500 for certificate IV courses, diploma courses and so on.

THE CHAIR: So \$1,500 a year is about the top end?

Dr Adrian: That would be the top end. There might be some in specialist areas that are slightly higher than that, but that is the general area, keeping in mind that they are subsidised course fees, if you like, by the government in the first place.

THE CHAIR: Just a couple more things. You have answered one of them. Do you require up-front payment or do you also allow payment options where students are able to pay their course fees over a period of time?

Dr Adrian: Yes. In the main, students pay up-front, but we do have payment options available as well. We publicise those and students can approach us about some fee payment plan, and a number of students avail themselves of that. We encourage that. It is certainly advantageous, both to the students and to us, rather than students getting

themselves in financial difficulty and us running into issues of non-payment. So we actively encourage that. If students do have any issues with their fees, they can come to us. For example, if they have started a course and have not paid the course fee—you can start—and it appears as if they are going to have some difficulty in paying that fee, they can move onto a fee payment plan during the course of the year as well. So we are as flexible as possible around the fee payment arrangement.

THE CHAIR: Ms Le Couteur had a follow-up and Ms Burch as well.

MS LE COUTEUR: How do you promote the scholarships to non-students? If I was thinking of becoming a student, how would I realise that I might not have to pay the full schedule—

Dr Adrian: I think it is fair to say that we have not widely publicised—it is known. It is not something that we keep hidden away. But because the number was about 300, certainly we issued those scholarships every year. It has not been something that we have gone out and, for example, done print media or radio advertising about. We are looking at that at the moment and we propose to do certainly some advertising of that publicly, as well as through a number of the contact organisations we have in the community sector, for example, that might have connections with the types of students we would want to encourage into those scholarship programs. So we will do some marketing of it.

MS LE COUTEUR: And would that type of student include older workers and refugees et cetera? I am not thinking of the younger ones who are probably already in this mould who know about these sorts of things, but your less traditional students.

Dr Adrian: The answer is yes, but they will need to be—I have not got the list of eligible commonwealth allowances that they would be receiving. They are essentially Centrelink arrangements; we have a close association with Centrelink. If they are eligible there then they could get access to these scholarships. We do have other programs, though. We have just won a major contract for language literacy and numeracy programs, for example, and our adult migrant English program as well, where there are special arrangements for refugees or others in the groups that you are referring to where we might be able to take them as students under separate arrangements.

MS BRESNAN: Currently the main way you are identifying or getting students involved in the scholarship program is through your contact with Centrelink? Is that primarily—

Dr Adrian: No. That would be a first, and we already have that connection for the existing scholarships. Essentially, it is an extension of what we are already doing, but given the large number of scholarships we will now have available, we will market it through both Centrelink and other community organisations. But we will have public ads about it as well.

MS BRESNAN: I am just thinking about how you do it now. You are already in contact with some community organisations?

Dr Adrian: Many community organisations.

MS BRESNAN: And that is also how you are identifying?

Dr Adrian: That is partly how we identify people. It is also partly how there are referrals into CIT. There was a discussion earlier in the estimates about younger people, for example, who, for whatever reason, might have stepped out of the school system. Often they are known to various community organisations and assistance organisations. They might well refer those students to CIT. In fact, we actively encourage that and work with those organisations.

MS BRESNAN: Thank you.

THE CHAIR: Ms Burch.

MS BURCH: On page 457, on the last line, national partnership fee waivers. Are fee waivers the same as fee relief or is that different?

Dr Adrian: No, it is essentially the same thing.

MS BURCH: We hear regularly about the shortage of childcare workers. Is that targeted?

Dr Adrian: No, sorry. Childcare is a special arrangement where the commonwealth indicated that for two years, if memory serves me right, in the first instance they will pay the full fee for a diploma in children's services, and that has certainly led to an increase in numbers in that area. From second semester they will also pay the full student fee for an advanced diploma in children's services.

MS BURCH: So a diploma is 12 months? Does it take 12 months or two years?

Dr Adrian: Twelve months.

MS BURCH: So they are funding them for two years for an advanced diploma?

Dr Adrian: It does not have to be the same student. Some people might enrol. They might already have some qualification to enrol directly into the advanced diploma.

MS BURCH: So you would be promoting that through various childcare centres and that?

Mr Barr: Yes. The data I have is that on 12 May 2008 there were 130 students enrolled in that diploma course. That has increased to 269 from 13 May 2009. That is a significant increase. I know, through the National Children's Services Forum, that the childcare providers are particularly pleased with that outcome. You know, this is leading to more people with higher level qualifications, and as we progress the early childhood agenda that sort of targeted commonwealth assistance is making a difference in this area.

MS BURCH: Because that qualification would be across any workplace or childcare

centre arrangement.

Dr Adrian: Yes, exactly.

THE CHAIR: Ms Porter had a follow-up on this as well, and then I will go to Mr Doszpot.

MS PORTER: Yes. Thank you, Mr Chairman. I have a question in relation to recognition of prior learning. We were talking about that earlier in the estimates and I was just wondering whether this fee waiving or fee assistance is available to people who want to have recognition of prior learning and also what the fee structure is around that? Are the costs similar to actually undertaking a whole course or is it different? What is the demand for recognition of prior learning in the areas of skill shortages?

Dr Adrian: Okay. There are a number of questions there. Recognition of prior learning—our feeling was that that is something that we and other training providers in the territory had not given enough focus to. We certainly have had approaches from a number of individuals that had experience in the workforce but did not have a full, or it might have been an outdated qualification. So we have quite deliberately embarked on a program, and there was funding in last year's budget where we have employed two recognition officers and we will now, and have started to, market actively a recognition service.

We market it both to individuals and also to business or government agencies. An individual can come into the institute for free. We will do an assessment, an initial assessment of your background, experience and career pathways you might be looking at. If you are then interested, you can engage in a formal recognition process. Under normal circumstances—and Kaye O'Hara might help me out here—the normal fee structures apply because it actually costs the institute to put people put through formal recognition processes.

Once they have completed that, then often what you get are situations where somebody, for example, that might be a mechanic—worked as a mechanic in a backyard operation or whatever it might be—when you put them through a recognition process you might well find that they do not satisfy all the units of competency. We will then offer them the gap training between what is required to get the certificate III or the certificate IV, or whatever it might be, and again there is a cost associated with that. That is proving popular. I have got the figures there. We are well ahead of target. We have set a target of delivering around 150,000 training hours of recognition, and our estimate is that we will be at that level or exceed it this year.

MS PORTER: Do we know if that is in the area of skills shortages or it is just across the board? Also, if a person needed assistance to complete some of those units that you are talking about, would they get any fee relief?

Dr Adrian: Potentially, yes, they are eligible for fee relief, depending on what course it is. They are not necessarily in areas of skill shortage. We have indicated we will offer skills recognition services in all our course areas. So you could come in and make inquiries and outline what your experience is and we will have a look at whether

we can give you some recognition in all our courses.

We have been having quite a number of discussions with industry, particularly in the trades areas where we have had a number of inquiries over the years and where there are skills shortages and where, for a couple of reasons, you want to increase people's skills capability and recognition and their formal qualification. The reason that is important is not only for the individual; you cannot supervise apprentices unless you have formal qualifications, and that had become an issue at a number of locations where someone could not be the workplace supervisor unless they had their formal qualification. So it is a way of directly increasing the number of potential people available to provide that workplace assessment. That had become an issue in some of the trade areas during the skills shortage.

THE CHAIR: Thank you. Mr Doszpot?

MR DOSZPOT: I have a question relating to budget paper No 4, notes to budget statements on page 463. There is a statement here about increased expenses to service significantly higher numbers of international students. Can you just elaborate on that for us? Can you just give us some explanation of how increased expenses perhaps are not offset by the increased revenue from—

Dr Adrian: They are.

MR DOSZPOT: They are?

Dr Adrian: All our international students are full fee-paying students, and the international students are arranged through CIT Solutions. CIT Solutions take a certain percentage of the revenue and bears some of the costs. They do all the marketing and all the initial enrolment and engagement with students. A quantum of money then comes to the institute that provides money to the institute for the teaching resources necessary to deliver the international student services, as well as some of the pastoral care and other student service functions. So the revenue absolutely covers the costs. In fact, it is a profitable area for the institute and has been a growing area for the institute over the past few years.

MR DOSZPOT: How many international students have you got enrolled at the moment?

Dr Adrian: I will just get the figures for the moment. At April 2009 we had 1,100 international student enrolments, which is up by about 18 per cent on the same time last year, keeping in mind that we have been growing by somewhere between 18 or 20-odd per cent for each of the last three years. We would anticipate that we will go close to 2,000 international student enrolments this year. Some students come at different times during the year, but we will get a second major intake for second semester around June-July.

MR DOSZPOT: Thank you.

THE CHAIR: Thank you. Mr Smyth?

MR SMYTH: Just keep your finger in those charts. On page 453 I notice that the staff outcome for this year and the budget for next year is exactly the same—781 staff. So can you explain why, on page 459 under employee expenses, the actual expenses between the two years drops one per cent?

Dr Adrian: That is in the operating statement?

MR SMYTH: It is in the operating statement.

Dr Adrian: The reason for that—we do a conservative estimate of our budget for the upcoming year. The target of 781—if we, for example, win some new tenders or our international student numbers are stronger than we thought, then there will be a higher staff number and hence higher employer expenses than what is shown there.

MR SMYTH: So why would you start with a base that is one per cent lower than the outcome for the existing year?

Dr Adrian: Because the outcome for the existing year involved a major increase in international student numbers—a major increase in our tendering activity. That would be, for example, where we win national contracts, and we have just won one that is not included in this—the language literacy and numeracy program. There also has been one-off funding in there for the management of the Australian flexible learning framework. When we do the forward estimates, in this case the 2009-10 budget, we always do conservative figures, on the revenue side, on the expenses and on our staffing numbers. They are based on a conservative estimate of outcomes.

MR SMYTH: The CIT EBA, staff EBA, is due when?

Dr Adrian: We are currently in the midst of negotiations and hope to have negotiations concluded this financial year.

MR SMYTH: Again, that figure for employee expenses for the coming year would virtually indicate no pay increase at all?

Dr Adrian: The situation with the EBA is that we have had discussions with them about an increase in the order of two to 2½ per cent. They are seeking a three per cent increase and we are in the midst of discussions with them around some productivity measures that might enable us to deliver three per cent.

MR SMYTH: All right, but if you start with, say, two per cent, that is \$1 million, effectively.

Dr Adrian: Yes. In our base—

MR SMYTH: You have dropped your expenses for next year by half a million. You are facing probably an extra million. So there is a million and a half. Where does that come from and why is it not here in the figures?

Dr Adrian: Well, there are two components. In our base is a figure of 1.3 per cent. Elsewhere in the ACT government budget—not in our figures—is the difference

between the 1.3 and the two or the 2½ per cent. If we reached a conclusion with the union of, say, three per cent, the difference would be a productivity component, not a salary component.

MR SMYTH: And so does a productivity component mean staff cuts?

Dr Adrian: No, it does not mean staff cuts.

MR SMYTH: So there will be no staff cuts?

Dr Adrian: We are looking to grow our business and to increase our staff numbers over time.

MR SMYTH: Okay. Anybody reasonably looking at that number would find it hard to believe that you can have the same number of staff, start the year half a million dollars below where you finished and still see these as credible figures.

Dr Adrian: They are credible figures. If you have a look at our revenue on the operating statement at page 461, you will see the revenue for user charges, non-ACT government; user charges, ACT government and so on. That is our international student revenue, our tendering activity, all our activity outside our government-funded profile, which is shown in the top line, government payment for outputs. We have adopted a conservative approach to those forecasts, which is why there—

MR SMYTH: Government payments for outputs are up; user charges are down?

Dr Adrian: No. Our government payment for outputs are marginally up, but our total revenue forecast there is \$93.3 million, as opposed to \$95 million for the estimated outcome. So if you follow that down to the expenses line, that is the way we do the budget.

MR SMYTH: All right. The last line, other expenses, the outcome for this year is \$28 million and the outcome for next year is \$1.6 million. The notes talk about a decrement. Can you explain what that means and, then, the impact that has? Actually explain that first of all, and we will go over the page.

Dr Adrian: Okay. I can, but why don't I ask Mr Kowald to discuss it?

Mr Kowald: I would be delighted to answer it.

MR SMYTH: He said he knew, though.

Mr Kowald: He does. The reason for that expense in 2008-09 is the reduction in the valuation of our buildings by \$26 million, which is a one-off expense in that year. There was a valuation exercise conducted for our financial statements, which had two significant outcomes. One was the reduction in the valuation of our buildings by \$26 million and an increase in the value of our land by over \$200 million. So you will notice elsewhere in the papers that in our balance sheet the value of our assets has significantly increased.

MR SMYTH: Yes. It goes up by \$217 million.

Dr Adrian: Yes.

Mr Kowald: Yes, and that is the reason for that.

MR SMYTH: So you have lost on the property but you have gained on the land?

Mr Kowald: Yes.

MR SMYTH: Sounds like the land rent scheme: the value of buildings goes down and the property goes up. So how does that then affect your reserves? I notice on page 460, under non-current assets, you have got property, plant and equipment going up the requisite amount, but there is also an adjustment in your cash reserves, which go from \$890,000 to \$242 million.

Mr Kowald: That does not affect your cash reserves because it is not a cash item.

MR SMYTH: No. Okay, so explain why the cash reserves go from \$890,000 to \$242 million?

Mr Kowald: Can I ask my trusty finance colleague Mr Kay.

MR SMYTH: No. Give it to Dr Adrian. He knew all the answers; he said so.

Mr Kowald: I am advised it is the credit side of the land valuation adjustment.

MR SMYTH: It is the credit side of the land there?

Mr Kowald: Yes.

MR SMYTH: Okay. Why was this revaluation undertaken? When was the last time you did such a valuation?

Mr Kowald: About, I think, four or five years ago—no, eight years ago.

MR SMYTH: Okay. So it is really just the growth in the land values in the last decade.

Mr Kowald: Yes. So that would explain the significant increase.

MR SMYTH: Okay. So are you flogging any land, minister?

Mr Barr: Am I?

MR SMYTH: Yes, given the large reserve that it now represents—\$242 million.

Mr Barr: I have no desire to go into real estate at this point, Mr Smyth.

MR SMYTH: Thank you for that answer.

THE CHAIR: Before we move on to other questions, I still do not believe the committee has had an adequate answer on employee expenses. Are you able, Dr Adrian, to tell us why there is this drop when we see the same number of staff? In fact, if we look to the last budget we know that it was budgeted at 719 and the estimated outcome was 781, which will remain the case. If you look at 2008-09, that means that the staff were building up during the year, which would mean that it would have been more if you had started off with 781, yet we are going to see employee expenses going down with the staff staying the same. Where are the savings in employee expenses that allow you to give a pay rise, keep the same number of staff and save, on this reading, at least half a million dollars?

Dr Adrian: Firstly, the staff numbers are largely explained on page 453; the staffing numbers have gone up, the full-time equivalents, from 719 to 781. A significant component of that, about 42, is due to the fact that at the census date for the full-time equivalent staffing, which is the end of April, when we did that census count this year we had far more casuals on our books than we have had in the past. In fact, we have had a conscious effort over the past year to expedite the contracts with the casual teachers, so we had 42 additional full-time equivalents on our books. In addition to that, we had a number of other staff who were involved, many of whom are involved in projects associated with the growth in student numbers and the new initiatives that we took, such as the establishment of our centralised student support at the student service hub. So that explains the growth to 781.

As I have indicated, the change in employer expenses shown under the operating is essentially due to the conservative estimates that we have done of our revenue forecasts and hence our expenses. So, if you have a look at our revenue forecast under user charges non-ACT government and user charges ACT government, you will see that they are less than what the estimated outcome will be for 2008-09 and it follows that the employee expenses with those conservative figures will also be less.

THE CHAIR: But shouldn't the employee expenses in some way match up to the number of employees you have? I mean, if you are estimating 781—

Dr Adrian: It depends on the mix of employees we have. As I indicated, the additional numbers essentially are project staff that might be on for a set period of six months or they are casual staff that can be on for any length of time. If you have a look at our fluctuations in both expenses and staffing profiles, they vary significantly during both the course of the year and across years.

THE CHAIR: So could we take it from this then that, even though you are going to have the same number of staff, or you are estimated to have the same number of staff, you are likely to have fewer staff hours or more casuals or more part-timers? Is that the explanation?

Dr Adrian: It might be more casuals and/or more people involved in individual projects, which is definitely the case because of the projects we are running with the student services hub and with the new initiatives in the budget around the ICT projects, for example.

THE CHAIR: Okay. So fewer staff hours is probably the explanation for the lower estimate. Thank you.

MR DOSZPOT: I just have a couple of questions going back to the negotiation stage that you are up to at the moment. I understood you to say that you hope negotiations will be completed by the end of the month, end of June?

Dr Adrian: We are hopeful that we can—it is the objective of both parties to see if we can—reach agreement as soon as possible.

MR DOSZPOT: This was due to have been signed in March, I understand?

Dr Adrian: That is when the current agreement ended. We have been in negotiations with them just prior to that and those negotiations continue.

MR DOSZPOT: Sure.

Mr Barr: It is worth noting in that context that both the government and the union are in agreement that we would not seek to enter into a new agreement whilst Work Choices was still in place. Work Choices continues until 30 June. There was never any intention for there to be an agreement signed under Work Choices; we were always going to wait until the new industrial relations system came into place from 1 July. There is then a series of transition arrangements that occur from 1 July onwards. So there is a range of technicalities around how you go about entering into a new EBA. An area of furious agreement between the ACT government and the Australian Education Union was that we would not be entering into any further agreements under Work Choices.

MR DOSZPOT: Just one question on the specifics of the agreement. Is there a code of conduct specifically for the CIT teaching staff?

Dr Adrian: Yes, but I might get Ms Cover to provide some more details about how that works.

Ms Cover: Obviously the APS standards provide the guidelines for our staff across both teaching and general staff. We are working at the moment with the Australian Education Union on a framework for what you might call a professional code of conduct.

MR DOSZPOT: Specifically for the teaching staff as opposed to—

Ms Cover: It is for both teaching and general staff, but it will contain some specific examples of case studies that relate to teaching, where they are different—where the actions or the responses may be different, depending on if it is in a teaching setting.

MR DOSZPOT: In the general education arena, there is a professional code of conduct, I understand, which is specifically for the teaching staff. Is there any reason why it cannot be applied in the same way in the CIT?

Ms Cover: Are you talking about the code of conduct that is used by the secondary school system?

MR DOSZPOT: Yes.

Ms Cover: Our environment in the vocational education tertiary education sector is very different from what you will find in the education setting around the school setting for high schools et cetera.

MR DOSZPOT: Okay; thank you.

THE CHAIR: Ms Le Couteur and then Ms Burch.

MR SMYTH: Can we just go back to an answer from Dr Adrian? When you finished your answer to Mr Seselja, you said that there may be fewer teaching hours. According to the chart on page 456, output 1.1, the target for 2009-10 is in fact more teaching hours than were delivered in 2008-09—60,000 more hours. We are going to teach more hours, we have got the same number of staff and it is still going to be cheaper. It hardly seems logical.

Dr Adrian: Those hours relate purely to the hours delivered under the government payment for outputs. In fact, it is the profile hours.

MR SMYTH: Yes?

Dr Adrian: On top of those are the hours associated with delivering user choice, productivity places, special purpose funding programs, our commercial programs, our international students and our degree programs. They are not shown there; the only hours that are shown there are the hours that the government funds. So, as I indicated, if there was an increase in activity over and above what is shown in those forward estimates for our international students, our degree programs, user choice and so on, you would see an increased number of delivery hours and an increase in employee expenses.

MR SMYTH: If you multiply the number of hours by the average government payment per nominal hour for the 2009-10 target, it comes out at 64 million, 768—600,000, so 64,769. If you do it for the estimated outcome for this year at 17.32 multiplied by 3,709,891, it comes out at 64,255. Is that just a rounding error or is it—

Dr Adrian: I would have to look at the figures and the calculation you are doing, but the big difference is that the employee expenses relate to the full suite of delivery, not just the delivery associated with the profile training.

MR SMYTH: So there is the same staff, according to your statement of intent—exactly the same profile—

Dr Adrian: It is not the same staff. The actual profile of your training in terms of administrative staff, staff within student services hubs, staff involved in projects—for example, associated with our new capital and IT initiatives—and the casual and teaching staff changes periodically during the course of the year and across years.

Mr Barr: For example, there are obviously fewer casual teachers when the institute is not running programs. Over the summer holidays, for example, they are not employing casual teachers.

MR SMYTH: Yet in his previous answer Dr Adrian said there may be more casuals.

Dr Adrian: There can be casuals, and there can also be more permanent staff, depending on the mix of training delivery we might have over and above what is shown here. If, for example, we get additional international students, it will depend on whether—if we can add an international student to an existing class, there is not an increase of a teaching resource. If, on the other hand, the numbers in that particular area warranted an additional course, then we might need an additional teacher.

Mr Barr: It is fixed and marginal costs, obviously. I just make the observation that, as more and more VET funding becomes contestable, these sorts of issues are going to continue in terms of how the CIT can present to this committee. It is obviously funded for a range, the government profile, but the territory taxpayer pays for them. But when you look at it you are talking about a nearly \$100 million business of which \$64 million comes from the taxpayer and the rest is generated through a variety of other activities. Over time, the amount of non-government funded income is going to increase.

Dr Adrian: I will give you an example of what the minister is referring to. For 2008 our total delivery was 5,671 million nominal hours of training. Of that, 3,709,000 was funded through profile funding. The gap between the 3,700 and 5,600 is the difference that is non-profile, not government subsidised training. What you are seeing over time is that the demand for training outside the government profile training is growing. In fact, we actively go out and seek that training. We want to maximise our share of the user choice or the apprenticeship market; we want to maximise our commercial training.

I indicated the new language, literacy and numeracy program that just last week we heard that we have won. That is close to a \$1 million project that will employ a certain number of teachers and administrative staff that would have to be added to the figures that are shown in the budget. We could not show them in the budget because we did not know that we would win that contract. There will be other examples like that during the course of the year. When we get to the outcome for 2009-10, I am hopeful that it will be above the figure shown in our current forecast.

THE CHAIR: Ms Le Couteur and Ms Burch; then we will go to afternoon tea.

MS LE COUTEUR: I will start off with a supplementary on this. With the outside-funded courses—do you price those on a cost recovery basis or do you aim to make a profit?

Dr Adrian: They vary.

MS LE COUTEUR: How is it commercially done?

Dr Adrian: It does vary. It is an interesting question. User choice funding—we have to compete in the marketplace with other apprenticeship providers, so you clearly cannot mark up the costs to exorbitant profits, and you probably would not want to anyway. We have to set our prices according to both our costs and what we believe the market will bear—and what, in that case, the education and training department, in consultation with the commonwealth, will allow.

Where we bid for commonwealth tenders—the language, literacy and numeracy program is an example—we do an estimate of costs, we do an estimate of what the market might bear and we make a judgement call on what we believe we can bid for that contract. In other cases, where it is full fee paying, again we look at what the market bears on top of our costs. For our degree courses or our international students, there is a bigger margin in that area of our activity than there might be in, say, user choice or some of the other contestable areas of funding. So it varies.

MS LE COUTEUR: So you would be able to make a profit out of couple of them?

Dr Adrian: Yes. In all the contestable areas, we would be looking, at an absolute minimum, to cover costs, if not make some margin on top of it. In the case of full commercial business—for example, full fee paying students or international students—yes, we absolutely want to make a profit. That money is automatically reinvested back within the institute.

MS LE COUTEUR: That was my next question. What do you do with the money? Does that tend to become capital or does it add to your reserves?

Dr Adrian: It varies. We have taken decisions over recent years—we look at it each year, depending on what the actual outcome for a year is. We make judgements about whether to reinvest that in student-related services, whether to invest it in additional teaching—for example, professional development of our teaching staff and training—or whether to invest it in plant and equipment or, in some cases, in capital items. We continue to make progressive decisions. Assuming we do well, which we have been doing, you reinvest that money plus the profit that comes from the company CIT Solutions. During the course of the year we make conscious decisions as a board of management as to how that money should be invested.

MS LE COUTEUR: My actual question was not going to be about that at all; it was going to be about Gungahlin college, which I understand is funding and will include CIT. When is it going to start operating and what programs will it be running?

Dr Adrian: There are three mutually reinforcing entities, if you like, that are proposed. There is the Gungahlin secondary college; there is the Gungahlin library; and we will have a learning centre there as part of that conglomerate. We will operate that separately but in close collaboration with the secondary college.

If you have seen the flexible learning centre that we operate at Tuggeranong—we also have similar operations at Reid and Southside—they are essentially centres with banks of computers and training rooms where we can deliver short courses, and staff from other campuses might go there to deliver courses, or where we have staff on duty at particular times that can assist students in their courses, particularly online

courses. If you enrol in an online business course, for example, you might have some face-to-face contact when the course starts. It might be a self-paced course; you do that at home or at work on your computer. You can arrange times to go in and have some tutorial support at those centres. That is what we are proposing to offer at Gungahlin.

MS LE COUTEUR: So staff will not be based there full time?

Dr Adrian: Some staff will be based there full time. There will be some support staff and some expert staff based there full time. Other staff might deliver courses there and also deliver courses at, say, Bruce, for example. We will have to judge that; we do the same with Tuggeranong, depending on what the demand for different types of courses is. We will have some permanent staff there, but we will have staff there both day and night in particular specialist areas depending on what the demands are.

MS BRESNAN: You mentioned the flexible learning centre in Tuggeranong. How does the level of activity in Gungahlin and Tuggeranong compare in terms of the CIT activities that you run in those areas?

Dr Adrian: We are doing some—sorry, I also did not answer the question: it is 2011 when it will start.

MR SMYTH: When it will start or when it will open?

Dr Adrian: We are hoping to start courses there in 2011. With regard to—sorry, my apologies—

MS BRESNAN: No, that is all right. You mentioned the flexible learning centre in Tuggeranong. I was just wondering how the levels of activity compare?

Dr Adrian: We are currently doing some detailed demand assessment of what the demand is likely to be for different courses in Gungahlin. It depends in part, obviously, on looking at the demographics. We are going to be making some inquiries and possibly doing some survey work there and some assessments on demand. We will also base it on our experience both in Tuggeranong and in our other learning centres, as to what we initially offer, but then we will change those offerings depending on what the demands are.

We are hoping to have at least some lower level courses across all our different centres of activity. For example, you would be able to go in and enrol in a lower level business course and do part of it online and part of it face-to-face at the Gungahlin centre. If you then move to do a diploma course or a more specialist course, you might have to do that at one of the other campuses. The approach is going to be to try and offer most of our online offerings, our blended courses where there is a mix of online and face-to-face and our lower level courses—we will see that each centre could have some of its offerings out of the Gungahlin centre, depending on demand.

MS BRESNAN: Is there any thought of running some more programs in the Tuggeranong area?

Dr Adrian: Are we looking to offer more programs?

MS BRESNAN: Yes.

Dr Adrian: Yes, we are.

MS BRESNAN: Is that again based on the needs assessment?

Dr Adrian: The needs assessment I was referring to is largely focused on Gungahlin. We are looking at making more offerings available in the Tuggeranong valley. Again that depends a bit on demand and staff and resource availability. But, for example, we have started looking at the possibility of Access10 programs being offered both at Southside and in the valley. We are currently having a look at other courses where we might start offering them there as well.

MS BRESNAN: Thanks.

THE CHAIR: Ms Burch, before we break?

MS BURCH: I am quite happy to take first dibs coming back after afternoon tea.

THE CHAIR: That is fine. We will return in 15 minutes.

Meeting adjourned from 4.06 to 4.27 pm.

THE CHAIR: Ms Burch is raring to go.

MS BURCH: Absolutely.

THE CHAIR: As is Mr Smyth, who will come after.

MS BURCH: On page 453, underneath your priorities, you make mention of a few things such as the whole culture of the ICT. The second-last dot point is on expanding organisational capability. Is that above and beyond routine reconfiguration?

Dr Adrian: I think it is above and beyond the normal set of issues. I will ask Ms Leanne Cover to provide a detailed answer. I will say that we have five key priorities within the institute. One of those is developing and growing our organisational capability. We have an ageing workforce profile within the institute and, as we have been growing and as our workforce is ageing, it is absolutely imperative that we do as much work as possible to further develop our skills, to look at opportunities where staff might move from the permanent staff to casual staff or to part time, for example, in the teaching areas; so we are actually in the midst of doing a lot of work on issues of our organisational capability. But I ask Ms Cover to detail it.

Ms Cover: Thank you. We have a very comprehensive strategy on workforce development at CIT. As Dr Adrian said, we actually have a centre dedicated to organisational capability and a director in charge of that centre. The workforce capability has a planning framework which underpins our decision making in this area. It is headed up by the strategic plan, which talks about the type of staff or the

workforce that we aspire to at CIT.

The workforce development plan is part of that strategy. The workforce development plan has a capability framework and a workforce planning tool. I can talk at length about either of those two. There is a teaching and learning plan, which talks about what skills we want teachers to have. There are the CIT annual priorities for professional development, which are set on an annual basis in line with our strategic plan. Then each of the 16 centres has a business plan, and that business plan also talks about the skill capabilities for the workforce for each of those centres.

Each individual has a performance management plan, and each individual at CIT also has a professional development plan. The professional development activities are extensive. For teachers, each teacher has an annual \$750 professional development allowance that they can bank for two years. Casual teachers also have an allowance of \$350. We have individual teacher fellowships for scholarly activities, research and presenting at conferences, that type of activity.

We have strategic initiatives. Those strategic initiatives are predominantly for centres to use to develop staff in their centres for specific areas. It might be on sustainability; it might be on training package development or recognition skills that they need to gain. We have cross-centre initiatives, which was a new initiative for 2009. Those initiatives are to promote work between the centres so that it is not just centres building their workforce capability within their own areas but actually working across the institute to collaborate to develop those skills.

Other programs: we have an emerging leaders program, which is identifying emerging leaders, new talent, for management positions within the institute. We have put some 40 staff through that program and are about to commence another program for that in July, another 20 or so staff. That is for teaching and for general staff that are identified as future leaders across the institute. We have employee equity scholarships for targeted equity groups as well, and we have learning development grants for general staff so that general staff can also do targeted, specific training for professional development.

Some of the other, I guess, softer areas but really important areas on organisational capability and professional development include our networks. We have networks for various levels of staff. We have SOGC networks; we have teacher band 1 networks; we have teacher band 2 networks. We also have a program, what we call communities of practice, where our senior staff get together five times a year and do training activities. The last one we did early this year was on ethics in action, for instance.

We have a mentoring program available to all staff. Any staff can join the mentoring program, and the centre for organisational capability facilitates the mentor and mentee program. We have a centre for teacher education excellence, and they undertake training for staff that have come from industry on teacher education training programs. We have a staff wellbeing and community involvement program, and this year our initiatives in that area have included clean up Australia. We had a team at the dragon boat race, a breast cancer and prostate cancer fund-raiser.

We have a CIT online induction program, which is in line with the ACT public

service online program, contextualised to CIT, and a couple of other things. We participate in the ACT public service graduate program. We currently have a graduate working in the central organisational capability on workforce development. We have executive and future leaders participating in those government programs run by Chief Minister's as well.

MS BURCH: It is certainly comprehensive. Is the workforce a stable workforce in CIT? There is a lot of investment going into your workforce. Is it a stable workforce or is that to retain them or recruit them?

Dr Adrian: I think it is fair to say we have a reasonable level of turnover. That is partly amongst the casual teaching staff where they make choices about the quantum of teaching they want to do or lifestyle choices and so on. So our casual teaching staff fluctuates, although there would be many examples of teachers who have taught at CIT for many years and want to continue teaching at CIT.

We do get a shift—and I think it will be an increasing shift—where some of the older staff will be moving out of that permanent workforce, be they teacher or administrative, but probably particularly in the teaching staff and looking for part-time or casual arrangements. One of the beauties, I guess, of an institution like ours is that we can encourage that, if that is what people want, and look at younger people coming in and filling the permanent positions.

In general, though, there is a strong, both amongst the teaching and administrative staff—and I have been there for almost three years now—commitment to the institute. You get a strong identity with teaching or working at CIT. This month, for example, we are handing out 20-year service awards. I think I have signed off—

MS BURCH: Twenty years?

Dr Adrian: Twenty years of service in the ACT public service. Most of those at CIT would have been at CIT that whole time, and it is close to 100 that I have signed off and will be handing out at forums across the institute during June.

MS BURCH: That is pleasing. You made mention of an ageing workforce. There is not a particular cohort, is there? Is it just systemic—an ageing workforce across many professions?

Dr Adrian: It is symptomatic of the ACT workforce at large. In fact, in the context of the Skills Commission, we have been discussing that. It is particularly true in the public service. I think it is particularly true in education and training areas where they tend to have an older workforce profile than some other areas, for example.

Mr Kowald: Could I add that the average age of our teachers in the March quarter was 48.8; for general staff, 42.7. The overall average is 46.2. So this reflects the historic situation where course teachers are expected to have industrial experience before they come here to teach. They will, as a result, be older; they will be an older group than the general staff. Also, in regard to the last few years, we have seen the overall average age of our staff drop. It was as high as 48 four years ago, and there have been some retirements at the older end of our workforce.

Dr Adrian: We have teachers in their 60s, and I think—

Mr Kowald: One is 74.

Dr Adrian: Seventy-four is our oldest teacher.

MS BURCH: It is comforting to know.

Dr Adrian: And he is very good.

THE CHAIR: Mr Smyth is far younger than 74.

MR SMYTH: Indeed. Minister, I looked to the capital program and hoped to see mention of the master plan for Reid but I do not see a reference to it in the budget papers. What progress is being made on the master plan?

Dr Adrian: We received \$400,000 in last year's budget to do further work on the master plan. The first thing to say is that there have been quite extensive works happening at Reid, particularly in our student services hub area, as well as other areas. So there is investment taking place that is in keeping with the master plan but smaller amounts of investment are actually taking place at present.

With that \$400,000, we are doing two lots of work. We are looking in some detail at the feasibility of a larger building where our current vocational college building is on the corner of Constitution Avenue and Coranderrk Street; so we are still doing work around that building.

The other area we are doing work in is looking at the feasibility at the other end of the Reid campus, adjacent to the tourism and hotel management building, and the possibility of putting in student accommodation, probably on Constitution Avenue and in behind that, and looking at the possibility of car park arrangements. We are still doing that work and we would be hopeful that we would be looking to present some options to government later this year and possibly at the beginning of next year.

MR SMYTH: We are looking forward to that. Is it reasonable to assume that it will all be budget funded?

Dr Adrian: We are looking at a variety of funding options, which I think would be prudent. We could look at some ACT government funding. There are now some large commonwealth infrastructure funds available for TAFEs as well; so we will be looking at those options as well as the possibility, particularly in relation to the accommodation side, of private sector involvement, which other education institutions, including in the territory, have pursued.

MR SMYTH: As to capital, on page 457, there are some third appropriation amounts. Will they all be expended by the end of this financial year, as promised?

Dr Adrian: Yes, they will. I could go through those in detail but they will all be expended by 30 June.

MR SMYTH: I thought, minister, I was going to compliment you on being the first organisation to appear with no rollovers but then I see there are some section 16B rollovers on that same page. Is this all federal funding? So that is all federal money?

Mr Kowald: That is all DEST infrastructure funding from the commonwealth.

MR SMYTH: What is the delay there? Are we blaming the commonwealth?

Mr Kowald: There is a rollover of \$2.836 million, and all that is going to be spent in this financial year.

MR SMYTH: But what is the reason for the rollover?

Mr Kowald: There were delays in the completion of some of the projects. They were started in the previous year and they jumped over into the current financial year.

MR SMYTH: Were they all started?

Mr Kowald: A good example is the plan for the student services hubs, which were in operation from the start of this calendar year, 2009. The plan started at the beginning of 2008 and extended over the two financial years.

MR SMYTH: So that will be expended by 30 June?

Mr Kowald: That has been expended, because all the hubs are completed and are in operation.

Dr Adrian: The wireless is currently being expended. The CIT online component, most of that is spent, and this is all planned for expenditure over the next few months. The student services hub, which is the \$1.24 million, is now all complete. That is Reid, Bruce and Southside. The \$527,000 at Fyshwick is the completion of D block, which is the shift of refrigeration from Bruce to Fyshwick. That has all been completed.

The other comment to make about the DEST funding is that there was not an obligation; it was not necessarily targeted at spending in a single year. They allow you, depending on what the scale of the project is, to spend it over more than one financial year. In fact, that was the option we took with some of those very large projects.

MR SMYTH: By 30 June you will be up to date and there are no rollovers in 2009-10?

Mr Kowald: Yes.

MR SMYTH: In that case, congratulations. You are the first organisation to appear before the committee that has no rollovers.

Dr Adrian: Good.

MR SMYTH: Well done.

THE CHAIR: Very good. Before I move to Ms Porter, just a reminder that people did want to ask the Building and Construction Industry Training Fund representatives some questions. We have got 20 minutes left; so we might try to come to them by no later than 10 to Ms Porter.

MS PORTER: Thank you very much.

THE CHAIR: Then Mr Doszpot.

MR SMYTH: And I have got some more too.

MS PORTER: My question was regarding the Bruce campus. You mentioned earlier, I think in your introductory remarks, the horticultural centre, which I was very lucky to go and have a look at when it was being established. Then it was ahead of schedule. I want to know the latest on that. Also, I want to know how all those sustainability programs are going across the management of that total campus and, of course, through the courses that are being introduced. Particularly, could we learn a little bit more about the solar and water initiatives?

Mr Barr: Obviously it was a significant capital item in last year's budget. I think I started my bobcat training formally at the launch of said facility, with some recognition of prior learning going back to—

MS PORTER: You did not start it?

Mr Barr: No. It is progressing well. There are some significant advantages, obviously, in locating those facilities at Bruce that go to sustainability issues. I will get Colin to run through those.

Dr Adrian: The horticultural facility is still absolutely on track, slightly ahead of schedule, and we will have it completed at the end of this year. We will do the shift of staff and resources and students at the back part of this year for a full start for the 2010 academic year.

The other focus and part of the reason for shifting horticulture to Bruce was to further develop Bruce, the whole of the Bruce campus, as a working practice, sustainable site across the whole site. It does lend itself to that because of the natural setting that Bruce is in. We are looking this year at developing a number of courses in the environmental area, and there will be some further announcements at World Environment Day, which is being celebrated at Bruce campus on 6 June.

The new courses, though, are certificate IV in renewable energy. We have finished all the work on the training package for that. We will start that course in semester 2, probably with an intake of about 20 students. We have got a new course in renewable energy, which is a statement of attainment course. We have got 23 students enrolled in that, which was a good start with that. There are two new diplomas, a diploma of ecology and environmental management. For semester 1, we had 26 enrolments, which we were very happy with, in the ecology and environmental management one. The diploma of sustainability will start in the second part of the year.

The other area that we have been closely working with TAMS on is an area where there is going to be high demand, and that is upgrading plumbers and plumbing apprentices in the installation of solar energy technology. We will be offering a course and publicising that course from the beginning of next month to both existing plumbers as well as offering that as an option for plumbing apprentices, again starting in second semester.

So there is a lot of work happening out there, not only in relation to our own facilities but also the courses. We are looking to be quite ambitious and see whether there are options for all the courses at CIT having an environmental component in them. I might ask Kaye O'Hara to talk a little bit about the way in which we want to embed environmental best practice within all the courses across CIT.

Ms O'Hara: There are two ways. One is in curriculum development and curriculum renewal. As all new courses come up for redevelopment, it will be a requirement that they adopt theory and practice across the whole range of the courses around sustainability—whatever principles might be particularly applicable to that industry. Secondly, we are doing some professional development around what it means and how it might be taught within what we currently have without going back and starting a curriculum development process—in teaching method and questioning case studies, those sorts of things. So there are two general strategies: one in course development and one in course delivery. We are doing a lot of work and a lot of discussions around those two areas.

MS PORTER: What about water initiatives?

Mr Kowald. Could I add, on the water initiatives, that the third appropriation provided us with \$620,000 for additional water storage tanks. They will be completed in the third week of June and be operational after that. So they will be up and running shortly.

MS PORTER: How much capacity do they have?

Mr Kowald: Some 120,000 litres per tank, so 600,000 in the group of five which is on the eastern side of the site and another 240,000 over near the back of the childcare centre. That is about 840,000 litres.

MS PORTER: And they will service the whole site plus the horticultural area?

Mr Kowald: Yes, plus the Canberra Raiders oval as well.

MS PORTER: Thank you.

THE CHAIR: I was misled by the dodgy clock on the wall; it is now 4.50. I will take guidance from the committee as to whether—we really should finish this area at five; the question is whether—

MS BURCH: I am quite happy to put climate change and CIT online on notice.

THE CHAIR: We might have to leave it there for CIT questions and move to the construction industry training fund. We thank Dr Adrian and officials. We welcome Mr Gary Guy from the Building and Construction Industry Training Fund Authority. Are there questions for Mr Guy?

MS BURCH: A number of training places have been supported by the training fund. I am just curious if you can outline how this investment will support the building and construction industry, because we are heading into a very busy period, with a range of programs coming up.

Mr Guy: Over the last three years, we have been funding skill shortage funding to all group training companies and to any employer out there who trains an apprentice in a particular skill shortage area. We have continued that again this year. In addition to that, this year we will be providing group training companies with additional funding to employ more apprentices if they can, because when the building activity takes up again we want to have enough people out there who can undertake the training and provide the work that is required.

MS BURCH: So you continue training so you do not have slumps and dips in—

Mr Guy: We try to fund it so that there are no ups and downs, booms and busts. It is difficult sometimes, but we try to fund it so that the continuing flow of apprentices going through the system is exactly the same all the time.

MS BURCH: And a particular focus of training the industry has had in the last year or will have in the coming year?

Mr Guy: Carpentry and joinery trades are fine. There are a number of carpenters and joiners out there; we do not fund a lot of that. We do not fund plumbing; we do not fund electrical at this point in time. But with the smaller trades, like the plastering area, the tiling area and painting and decorating, we are funding those areas, because it is very difficult getting people into those areas. If you can fund employers to take people on in those areas, it is a lot better. We do not provide any funding to the apprentices themselves; it is always to the employer who takes the apprentice on.

MS BURCH: And then that underwrites the training through the employer?

Mr Guy: And through the user choice funding that is provided by the department of education.

THE CHAIR: Ms Bresnan.

MS BRESNAN: In your statement of intent against review of performance—sorry, the review of performance against objectives—it notes “to ensure the TFA provides on-the-job training incentives to employers of first-year apprentices in trades nominated as skills shortage trades by the TFA”.

Mr Guy: Yes.

MS BRESNAN: It indicates that you have met this performance measure. Were the

trades identified as skill shortage trades by your organisation?

Mr Guy: They were nominated by the industry itself. We go to the industry and ask the industry where the shortages are through the industry training council and through the training and tertiary education sector.

MS BRESNAN: What sort of information do you get back to note that you have met that objective and those—

Mr Guy: The number of apprentices who are not attending tech or the numbers are starting to fall off.

MS BRESNAN: Yes.

Mr Guy. And go out and interview a lot of the people in those particular areas and see whether they will take apprentices on.

MS BRESNAN: So you go out and interview the people—

Mr Guy: Yes, we interview them.

MS BRESNAN: who have essentially given you the feedback?

Mr Guy: Yes.

MS BRESNAN: Thanks.

THE CHAIR: Mr Doszpot?

MR DOSZPOT: I am not quite sure if this is under your area—it may be more CIT related—but if you can answer it, I would appreciate it. Do you have any evidence of what sort of effect the current economic climate has had on the number of apprentices that have lost work?

Mr Guy: With the construction industry training council and the training and tertiary education, we are putting together a database of apprentices in the construction industry who are out of work. The training fund at this particular point in time—we fund an industry liaison officer with the construction industry training council. One of the roles of that person is to go out to CIT and find out whether there are any apprentices out of work or any apprentices who may be out of work. His job will then be to go and speak to the employers and advise the employer what options that employer has to continue that apprenticeship. Maybe it is a part-time apprenticeship; maybe there is some federal government funding available; maybe there is some funding available through us to continue the apprenticeship.

MR DOSZPOT: Can you quote from the database at this stage as to how many are out of work?

Mr Guy: Not really, no; it is not up and running. But it has not been as bad as we first thought it would be—nowhere near where we thought it would be. And from speaking

to the group training companies—a lot of those are not having as much down time as we and they thought they would be having. So it is not that bad at this particular point in time.

MR DOSZPOT: Thank you.

THE CHAIR: Any further questions on this? Ms Porter.

MS PORTER: Just to clarify with regard to the annual training plan, you talked about consulting with industry and employers. Are there other groups that you consult with to draw up that training plan?

Mr Guy: Yes; we consult with a wide range of people. We consult with the unions, all the associations, employers, the Property Council—really anybody out there that we can get to: as wide as possible to get the information we can get. It has worked well. The training plan has been put together each year now for the last nine years; it works well in that area. They provide us with the information where we should be providing the funding; then, if we have got the funding available, we provide it in those particular areas.

MS PORTER: Thank you.

THE CHAIR: I think that is all the questions members have.

Mr Barr: We can call that an estimates speed date, can't we?

THE CHAIR: Thank you very much, Mr Guy, for your time. We will now call back Mr Hamish McNulty and representatives of the territory and municipal services department, particularly in relation to tourism, sport and recreation. We also have listed the Exhibition Park Corporation. Minister, would you like to say something at the start?

Mr Barr: I will, just very briefly. Within the Tourism, Sport and Recreation portfolio, this budget sees the delivery of a number of election commitments.

There is regional tourism—a \$5.3 million allocation over the next four years to develop a new event in autumn, to enhance Floriade NightFest and to increase the promotion of Canberra in the domestic market.

In the sport and recreation area, there are a number of capital initiatives. There is progressing work at the Lyneham precinct and a number of other areas of funding around a new basketball centre of excellence. There is an investment in Griffith oval; further investment in Gungahlin around the enclosed oval and progress on the leisure centre; funding and support of motor sport; grants to Tennis ACT; and, as I said, further development of the Lyneham precinct. Also, there are a couple of important recurrent initiatives in relation to the world mountain bike championships and the Children's Physical Activity Foundation.

THE CHAIR: Thank you, minister. Mr Smyth and then Ms Le Couteur.

MR SMYTH: In the sport and rec area, some money has been put aside for the Brumbies, which I understand is coming from the Treasurer's advance?

Mr Barr: For this financial year?

MR SMYTH: Yes.

Mr Barr: Yes.

MR SMYTH: Why have the Brumbies been given that money?

Mr Barr: The Brumbies approached the government after one of their major sponsors, their apparel sponsor, went into administration. They had a significant funding shortfall as a result of that—they and a number of other sporting organisations. They approached government seeking some one-off assistance in relation to those financial difficulties. They opened their books to Treasury in relation to their financial position. There was then a thorough analysis of the series of cutbacks they have made within their own organisational funding. It was clear that they would be in significant financial difficulty if the government did not provide some assistance. We undertook to work with them, through Treasury, to look at the range of different possibilities and, in the end, settled on a package that involved an adjustment to their performance agreement, some payroll tax concessions and a repayable loan. Ms Marriage might be in a position to provide some further detail, but I think that probably covers it.

Ms Marriage: That covers it.

Mr Barr: Yes, that pretty much covers it.

MR SMYTH: ICS is also a sponsor for groups like the Raiders and others. Will they be given similar assistance?

Mr Barr: My understanding is that the payment to the Raiders has been made but that the Raiders do not have the same issue. Are you aware of—

Ms Marriage: I am not aware of the Raiders' position.

Mr Barr: The Raiders have certainly not approached the government in relation to—

MR SMYTH: So what payment was made to the Raiders, then, that you just mentioned?

Mr Barr: By the company.

MR SMYTH: By the company.

Mr Barr: Yes, sorry, not by the government, but I understand that—

MR SMYTH: I thought you were getting very generous.

Mr Barr: We do provide the Raiders with a payment every year as part of their

performance agreement. But my understanding of the situation with the apparel company was that they owed a range of sporting organisations in Australia and elsewhere around the world money, but I am not sure that the Raiders were in that position. You would have to check with them.

MR SMYTH: So if other groups found themselves affected in the same way in which the Brumbies were affected and approached the government, would they be given similar consideration?

Mr Barr: They would be given consideration in relation to their operation, but could I guarantee funding? No, we would need to look at it on a case-by-case basis.

MR SMYTH: So the Brumbies came to you after ICS went into receivership?

Mr Barr: Yes.

MR SMYTH: It was not last year; it was after January this year?

Mr Barr: Yes, that is correct.

MR RATTENBURY: On that issue, of the original ICS sponsorship, how much of that was cash and how much of it was in-kind provision of apparel and other such matters?

Mr Barr: I do not have that detail. We would have to probably take that on notice and find out.

MR RATTENBURY: Thank you.

THE CHAIR: Ms Bresnan, you had a follow-up?

MS BRESNAN: Yes. Obviously you have talked about the process in arriving at the decision to give them the funding. I know a part of it was to fund their junior program. Is that correct? Had there been any sort of restructure in the way their funding was provided, I guess, to accommodate it and to accommodate the junior program?

Mr Barr: Certainly adjustments were made to their performance agreement, which provided the opportunity for the government to leverage some more tourism promotion, for example. People would have noticed throughout the most recent Super 14 season that the amount of visitcanberra.com.au promotion was increased around Canberra stadium. So we did look, as part of the revised performance agreement with the Brumbies, to leverage a greater return. We are probably the largest financial supporter of the Brumbies. That has always been the case through the performance agreement through Sport and Recreation but then also in relation to the stadium deal with Canberra stadium. So the government, through a range of agencies, is heavily involved in support for the Brumbies.

MS BRESNAN: But there was not any thought about restructuring their funding so that they could fund youth—

Mr Barr: They did restructure their funding considerably. They opened their books to Treasury, who went through and did a thorough analysis of the state of their finances. I think the Brumbies are better placed to explain their financial situation than I am.

MS BRESNAN: Obviously, yes.

Mr Barr: But certainly the difference for the Brumbies, as opposed to the New South Wales or Queensland rugby union, is that their short history has meant they have always operated from hand to mouth. They have never really been in a position to develop a significant set of reserves, because they have only been around for a relatively short period of time, not 100 years like the New South Wales and Queensland rugby union. They are in a different financial position from other organisations.

That said, this episode has certainly prompted a desire to work with them on their asset base. I think we have discussed previously that they recently acquired Canberra South bowling club, and we are in further discussions with them on future developments on that site that will provide them with a more stable financial base. I recognise, along with everyone in this room, that the situation that arose this year is not desirable. We do not want to see that happen on a repeated basis. They do need ongoing funding certainty and they need to be able to generate their own revenue sources. So we will work with them.

I can signal now that the planning and environment committee can expect a reference in relation to possible territory plan variations on that site and that there will be some further work progressed on that in the time ahead.

MS BRESNAN: Are they repaying a proportion of the funding?

Mr Barr: Some \$170,000 is my understanding.

MS BRESNAN: Of the \$750,000?

Mr Barr: Yes.

MR SMYTH: You said you were able to change the outcomes of the performance agreement to get some more tourism outcomes out of it. That is fantastic. I think I read somewhere that there was also greater assistance to junior rugby union and development of the code. Has the performance agreement been changed to take that into account as well?

Ms Marriage: The performance agreements have always had a junior rugby component to them or a community rugby component involved in them. It depends on the governance of the organisation. I think when we were talking about the funding arrangements of the Brumbies, as opposed to other governance of some other sports, automatically when you are putting money into the Brumbies, you are putting it into their junior rugby component as well, because it is the one organisation that has manipulated all of those areas. There are no set criteria within that performance agreement that the additional money has to go directly to junior rugby.

MR SMYTH: It goes directly to junior? How will that be accounted for?

Ms Marriage: I said there was not anything that goes directly to junior rugby.

MR SMYTH: There was not anything that goes directly?

Ms Marriage: There were not any criteria in the variation to the performance agreement that indicate it has to go to junior rugby.

MR SMYTH: Should that have been modified, minister?

Mr Barr: It is an interesting point. It would be a significant variation on how the performance agreement has operated in the past. They have undertaken that that is where they will direct it. That will be the area that would have suffered. There has been some conjecture in the media that this money related to player payments. I think they made it very clear that that is not the case and that securing Matt Giteau and Rocky Elsom, for example, for next year relates to contracts with the Australian Rugby Union, not additional money from the Brumbies in relation to this particular piece of financial assistance. So I think it is important that that distinction is drawn.

We can look at, because the performance agreement is, of course, up for negotiation again, some strengthening in that area. There are a lot of issues on the table, clearly, in relation to the performance agreements for both the Raiders and the Brumbies that are up for negotiation this year.

MS BRESNAN: It seems that is where the funding has gone; it would be good to see that it is actually delivering outcomes there.

Mr Barr: All I will say is that the Brumbies, having given that commitment, if they do not deliver in that area, then I think the government and all taxpayers would rightly feel that they had misled, and I am sure that the Brumbies organisation, an organisation that I believe operates with the highest levels of integrity, will deliver on the outcomes that they have committed to.

MR SMYTH: But how will you know? How would that be measured?

Mr Barr: We will seek that feedback from them in relation to their financial statements for the end of this financial year.

MR SMYTH: It was all cash, they were given? Were there any other debts waived?

Mr Barr: There was a payroll tax concession component, which I understand is \$250,000.

MR SMYTH: Is that on top of the \$720,000?

Mr Barr: No, that is included in that totality. For the committee's background, they have had a concession. They consistently apply this as extending the level of that concession. They and the Raiders.

THE CHAIR: Ms Le Couteur and then Mr Doszpot.

MS LE COUTEUR: Thank you. I am asking questions about the—

Mr Barr: The master plan.

MS LE COUTEUR: The additional budget—

Mr Barr: Canberra Stadium and Manuka Oval.

MR SMYTH: Fancy that being on the front page of the *Canberra Times* today.

MS LE COUTEUR: The additional budget paper—

Mr Barr: I launched it yesterday.

MR RATTENBURY: And a tourism plan today. It is a busy time for you.

Mr Barr: It is a very busy time.

MR SMYTH: Suddenly very busy in the estimates cycle.

MR RATTENBURY: What are you hiding in estimates that you do not want us to look at?

Mr Barr: You are all very cynical.

MR SMYTH: No. We know you too well.

MS LE COUTEUR: It is good to see the budget papers in colour on the front page of the *Canberra Times*.

Mr Barr: On behalf of my media adviser, I will thank you for that.

MR SMYTH: At least one of the ministers is thinking of working.

MS LE COUTEUR: Can you tell us the process and the time lines for actually making a decision about these very substantial amounts of money for development?

Mr Barr: Sure. There are a number of trigger points, obviously. We go now into a detailed round of community consultation on the different options. There are then some decisions that will need to be made in relation to Australia's bid for the football world cup in 2018 or 2022.

MS LE COUTEUR: When will that decision be made?

Mr Barr: I think the Australian bid is being launched here in Canberra in the middle of next month. The time frame on that, I think, is December 2010, when the final—

Mr Guthrie: We have to have that bid finalised by December.

Mr Barr: Yes. And then the final decision is made 12 months—

Mr Guthrie: October next year.

Mr Barr: October next year. So we will know by October next year whether Australia has been successful in relation to either 2018 or 2022. The different options obviously go to whether Canberra could be a venue for the football world cup. The Football Federation have indicated that they would like to see the national capital as part of the Australian bid. We participated in the PricewaterhouseCoopers infrastructure audit, which identified a number of areas where the ACT would have to significantly upgrade facilities. The stadium was the number one issue, in that the FIFA requirements are for a 40,000 to 43,000-seat capacity with a range of corporate options. So there is a stadium requirement that we need to meet as part of the different options that are put forward there.

We also need, I think, two more five-star hotels, and we need to improve our public transport provision to our venues. You will see in each of the options for Canberra Stadium a transport hub, and obviously work around the duplication of Gungahlin Drive extension will take into account the transport needs for Canberra Stadium.

It is worth noting in the context of a business model to take this forward that significant on-site car parking as part of that Bruce precinct could be utilised Monday to Friday as a park-and-ride facility, with express buses running from the transit point just off Gungahlin Drive extension into major employment centres, and then the counterflow for major events on weekends at the precincts would see most people arrive by public transport.

I have noted in some media commentary that there has been a degree of scepticism about whether that sort of modal shift can be achieved. The evidence comes from the architects engaged here who have been involved in other projects such as what is now known as Suncorp Stadium in Brisbane, that I would refer to as Lang Park. About 70 per cent to 80 per cent of spectators used to come to that venue in their cars. That is now down to between 10 per cent and 20 per cent. There has been a major modal shift there. So it is entirely possible to do if you invest in the transport infrastructure.

MR SMYTH: But that is because they have rail options there, though, as well.

Mr Barr: I think it is all buses, actually; it is busways.

MR SMYTH: All buses?

Mr Barr: Yes. The interesting thing, just in the context of this debate, is that one of the options, to co-locate the major rectangular stadium also with the oval facility, is really around consolidation of that transport infrastructure. There were obvious weaknesses at Manuka around access, car parking and all of the rest. It is very difficult to have lighting in that venue, given the proximity of residents. So there are considerable advantages in consolidating in one precinct.

That said, the price tag that comes with that is considerable. It would be offset in the

context of a successful Australian bid for the football world cup by commonwealth investment and by a range of commercial opportunities on that site, in that you would look to locate some of your new hotels that would meet the FIFA requirements on that site. It would also have obvious benefits for other major events in that precinct. You would then only have to develop one set of transport infrastructure.

MS LE COUTEUR: So what would the government's contribution actually cover? Will it cover the transport part?

Mr Barr: No. The ACT government would not be able to contribute \$350 million to the project. Clearly, there would need to be other funding parties. Of course, the cost would come down if there was not a requirement for a FIFA-level stadium with the 40,000 seats; you could bring the costs back in that way. There would be federal government investment; there clearly will be in support of the Australian bid if it is successful. Then there is the range of commercial opportunities that go with redeveloping the entire precinct. It would be a staged development. If we find out in 2010 that we have the 2022 world cup, we have a decade to deliver this project. You would need to complete it in stages, so obviously it would not be funded in any one budget year. There would be a series of commitments and you would look at the staged development of the infrastructure.

MS LE COUTEUR: When is the decision for this going to be announced, given that you say it is dependent on stuff which will not happen until the end of next year?

Mr Barr: Sure. There will be the community consultation phase that will run in detail over the next sort of five to six weeks. We will then analyse the feedback from that. I would anticipate a submission to cabinet, at least an initial one, by the end of this calendar year, and we will then take the decisions following that. Certainly there will be an announcement—we will know—in this parliamentary term whether we are committing to a 10-year infrastructure renewal program or something shorter. Of course there is a range of other options that are put forward that really go to perhaps more minimalist redevelopments.

The thing that is undeniable is that we will have to continue to invest, particularly in Canberra Stadium. As the Meninga Stand is 32 years old now, the roof will need replacing, at a bare minimum. Whilst you are undertaking that sort of work, you may as well invest in some increased capacity. So we will be looking at all of those issues. Clearly we are going to have to invest a minimum amount, and I think that is in the order of \$60 million to \$70 million. But, of course, that again would not be delivered in any one budget year; it would be a staged redevelopment as the different options are outlined. We did of course provide a detailed briefing to Mr Doszpot and Mr Rattenbury on this before the public release yesterday.

THE CHAIR: Thank you. Mr Doszpot and then Ms Burch, then I will move to Mr Rattenbury.

MR DOSZPOT: Minister, by your response it appears that your option or the government's preferred option would be the co-location option?

Mr Barr: In the context of a successful Australian bid for the football world cup, that

clearly would give you an amazing precinct out there and would be highly desirable. But it is, of course, contingent on the business case stacking up, there being commonwealth funding and there being enough commercial interest. I would indicate that that is feasible, but I would not want to pre-empt cabinet decision-making processes and community consultation. But, in terms of achieving your ultimate goal of having two venues that meet the needs of all of the major sports, that meet the needs of the major broadcasters and would significantly enhance spectator facilities and playing facilities, that would be your ultimate.

In commissioning this piece of work, we did ask for the full range from a minimal upgrade right through to really the best-case scenario. We will have to see. It is contingent on a range of other factors. But it would be a fantastic outcome for Canberra if we were to be able to be in a position—again, over the course of a decade—to arrive at a set of sporting infrastructure like that, together with the associated commercial activities.

The thing that we need to look at and just to change our mindset a little is around how that sort of precinct can operate all throughout the year, not just on weekends when we have a major event there. This becomes a very vibrant precinct. It generates its own revenue streams off things like park-and-ride and a range of commercial activities that could occur. It really goes to address some of our accommodation issues as well, particularly at the upper end. Clearly there are a number of major sporting precincts that have high-end hotels. You just look at Olympic Park in Sydney, where there are half a dozen hotels within close proximity. It is really the way that this sort of infrastructure is going. We need to recognise that other cities and other parts of the country are investing in this area—the new Skilled stadium on the Gold Coast, for example, and the investment that the Victorian government are putting into their precinct in Melbourne. If we do not start looking and having a vision for the future with our facilities, we will be left behind.

MR DOSZPOT: Thank you.

THE CHAIR: All right. Ms Burch.

MS BURCH: You launched that yesterday. I understand you are launching a winter campaign?

Mr Barr: We did. Everyone was “wrapt in winter” this morning.

MS BURCH: So what is the rationale, besides the fact that we are heading into winter, around having a winter campaign?

Mr Barr: I will circulate some information. The winter campaign was funded as part of the second appropriation last year. We will send around some copies.

MR SMYTH: He comes with gifts.

Mr Barr: Well, you know, Australian Capital Tourism is a very giving organisation. In a minute I will get Simonne to talk through the detail of the campaign, but the background is that it was funded as part of the second appropriation. It involves a

government contribution of about \$450,000. The industry partnerships, as you will see from the material, are about \$160,000 worth of direct contribution from industry. It kicked off in the *Weekend Australian* in relation to the Vanity Fair exhibition that opens at the National Portrait Gallery.

That really is the centrepiece of it in terms of major events for the territory in this next quarter. It further develops the industry partnership model that is a key feature of the five-year strategic plan that was also released this week. I will get Ms Shepherd to talk you through the—

Ms Shepherd: To follow on from the minister's comments, we did indeed launch the wrapt in winter campaign. I guess one of the primary roles of a state or, in our case, a territory tourism marketing organisation is to look at targeting low-season travel. This winter, in particular, we have quite a long stretch of six weeks over July where there is no parliamentary sitting. While that is not a tourism issue, certainly, from our hotels' perspective, it is an accommodation issue. We look to target areas of low-season travel, as I said, and winter is one of those times that we have accommodation capacity but I also think it is, for want of a better word, an unexploited time of year.

Destinations such as Melbourne have done very well. Ten years ago, people had a perception of Melbourne: "It is drizzly; it is dull; why would I want to go there?" They have done very well in building their winter campaign over the years to a critical mass now. I saw the same opportunity when I came to the ACT. We may have a perception of cool days but we have some fantastic, bright, sunny days, accompanied with experiences such as the Vanity Fair exhibition and Qwestacon, who are also a partner. It was a good time for us to be able to target.

It is a very tactical campaign—it really is. It is not a big-brand campaign. It really is about driving business in terms of hotel sector, visitors through attractions. We also have some private enterprise attractions or tour options, if you like, through regional partners, such as the Poachers Way, which is in the ACT region.

MS BURCH: Linking it to something like the Vanity Fair exhibition would have taken some lead time?

Mr Barr: Yes, but I think—

MS BURCH: Whilst it came from the second appropriation, there has been some longer term thinking?

Mr Barr: Yes. This will perhaps be the second where we have had a very direct retail campaign linked to a major event and exhibitions with the national attractions. The culture shock campaign over summer was related to the Degas and the Darwin exhibitions at the National Museum. The War Memorial had—

MS BURCH: It was record numbers?

Mr Barr: Yes. Certainly it was a very good way of strengthening outcomes for the industry. In theory, it is where traditionally we have had lower tourism numbers. Clearly, our peak is in spring with Floriade but, through these sorts of campaigns,

further promoting events like the fireside festival, we are seeking to make a virtue out of our colder months. Proximity to the ski fields helps, clearly.

MS BURCH: I noticed that there, yes.

Mr Barr: So we will continue to work with the national institutions. It shows a very strong level of industry partnership. I think the really pleasing thing about this campaign is the level of hotel industry buy-in through the range of different accommodation packages that are available.

If you go and check out the website wrappedinwinter.com, you will see all of the different options. It is an interactive web campaign. We have directed our biggest amount of energy into an online presence in terms of any campaign we have ever done before. So it can be viral in nature in that there will be 600,000 emails sent out.

I am certainly encouraging people to use their social networking sites like Facebook to spread the message. It is very easy to post a link to this website. I have already done it on my site. Hundreds of friends of Andrew Barr can go and spread the good word, do their bit for Canberra tourism. So we will certainly be encouraging everyone to do that. There is one little thing you can do for the industry today, and that is send an email out and spread the word about this campaign.

MS BURCH: This, then, will be on the calendar, wrapped in winter?

Mr Barr: We will have a winter campaign, yes.

THE DEPUTY CHAIR: Mr Rattenbury.

MR RATTENBURY: Thank you. If I could return to sport and then I might segue to tourism. I think there are some linkages there. In budget paper 4, page 68, output 1.6 (g) of the accountability indicators refers to the percentage of customers satisfied with the management of sportsgrounds and ovals. I see that the result for this year has come out a little lower than expected. Do you have any indication why that level of satisfaction is lower than you anticipated?

Ms Marriage: That is an annual survey that is done right across all of the TAMS activities in parks and reserves as well as the sportsgrounds. There is no identification in that survey of what the reasoning behind that lower percentage rate is. However, at that particular time when the survey was put out there, it appears that some of our grounds were at the end of a summer season that had been quite difficult, with the grass and the drought conditions. Since then we have done a lot of our drought-proofing work and have improved those grounds. So there is an anticipated return to 92 per cent in 2009-10.

MR RATTENBURY: You do a survey on satisfaction but it does not measure what people are actually unhappy about? It seems like not a very useful use of your survey.

Mr Marriage: The survey actually asks them, in particular, how regularly they use the sportsground and whether they are satisfied with all of the services of the sportsground. So it does not necessarily rely on the fact that it is the grass that they are

utilising. It could be the pavilions; it could be the seats that are on the site. As I mentioned, it is a TAMS survey; so we are restricted in the amount of questions that we can apply for sport and recreation.

MR RATTENBURY: Do you have any similar indicators for indoor facilities in the ACT?

Ms Marriage: There is the SERMS survey for the pools.

MR RATTENBURY: I will come to that in a minute.

Ms Marriage: Yes. Indoor facilities, the government itself does not actually manage any indoor facilities. Therefore, we do not do any surveys on indoor facilities.

MR RATTENBURY: I have heard reports that there are shortages of sporting facilities such that some codes are having to turn away potential participants. Minister or the department, do you have any indication that that is the case?

Mr Barr: I know there was pressure on Capital Football, on some of their juniors, particularly in Gungahlin. The Harrison district playing fields will go some way to alleviating some of that pressure. We are also looking at Ngunnawal. There is an oval attached to the school that is high on the list for, I think it is going to be, re-grassing with couch grass in this coming growing season. We do recognise there are some pressures in Gungahlin. Obviously the Gungahlin enclosed oval that is funded in this budget will provide some additional playing fields.

I do note, through the education portfolio, particularly in relation to the shared campus of Gold Creek and Holy Spirit, they recently won a commonwealth funding grant. I think they are going to have a new \$2 million or thereabouts shared sporting facility. I think that campus is in Nicholls. So that will provide some more opportunities.

Capital Football is the only sport that has approached me about the capacity issue. That was a couple of years ago. We did respond with the extra playing fields. If there are others, obviously we are interested to know and we will see what we can do. Obviously, though, there is a bit of a lead time; you cannot just make an oval appear.

MR RATTENBURY: We had evidence to this committee on 15 May that both basketball and table tennis, at least in the ACT, were actually in no growth or turning away people. It seems to speak to the fact that there is more of an issue with the indoor facilities at the moment than the outdoor facilities.

Mr Barr: Yes. Certainly basketball is experiencing significant growth at a junior level, perhaps belying the strength of the sport at a senior male level, with the NBL in some difficulty. But their junior growth is very strong. Clearly, the investment in this year's budget on the basketball centre of excellence and the increased facilities for basketball is part of that. We do recognise, though, that greater use of school facilities is important. For example, with the new Harrison high school as well as the Gungahlin college, we are now looking at opportunities for basketball to get access to gymnasiums after hours. The design of those new facilities enables that discrete access to gymnasium space. In fact, you see similar things at Kingsford Smith school

in west Belconnen.

MR RATTENBURY: In light of that, does the government have any plans to undertake an audit of sports facilities in the ACT, given there appears to be some logjams, maybe some excess in some places as demographics change?

Mr Barr: That work does occur. Ms Marriage may be able to give you some more detail on that.

Ms Marriage: A number of years ago—I would have to look back in my notes—we did an analysis of all the sports in the ACT and identified where their supply and demand were. We do rely on anecdotal evidence from the sports as well. We have an expectation that they are the ones that are assessing, in the first instance, their management levels or their membership levels.

Indoor facilities particularly, right across the country, you will find, in most local authorities are the difficult ones to fulfil, particularly because it is a case of not only identifying the suitable site, that you are not necessarily in a residential area, but you have also got to find the right management practices in those facilities in the end. For the basketballs, the table tennis, the futsal, those types of indoor facilities, it is not always easy to get the mix of groups in those and have them all able to participate. But you have also got a long lead-in time for those.

As to doing an audit, we can do another audit. The risk, of course, is, once you have done an audit, it is almost out of date the next season that you come around. Also we have had our sports federation always asking us to complete an audit, plus then identify facilities plans across the ACT. The risk in doing that kind of work is that some of the sports develop a lot quicker than others. You cannot necessarily anticipate that. We would not have looked five years ago and identified the growth in soccer at that point in time. Having a static document actually does not do anything except put a list of expectations or a wish list in place.

MR SMYTH: But you have got to have a starting point; you just cannot let facilities be there. There must be some baseline that you work off?

Ms Marriage: You certainly do. At the moment right across Australia you have standards on the per capita population and you base that on what sort of facilities you should have in an area. Because we have dynamic growth areas at the moment in the ACT, it makes it a lot easier than in some of the local authorities. For example, Gungahlin is a focus area. Twelve to 15 years ago, Tuggeranong was that focus area. Molonglo will come into play very soon.

We understand that, and what we are trying to do with the sports is, through our grants program, fund individual sports like basketball, tennis, and ask them to do a strategic plan that indicates where they expect their growth areas to be in the future and where they anticipate they need their facilities across Canberra. We are working off those individual plans.

MR RATTENBURY: One last question, Mr Chair?

THE CHAIR: Sure.

MR RATTENBURY: I am interested in—and could you tell us a little bit about—whether you are doing any work to create stronger linkages between sport and tourism. There obviously is a big crossover there. I draw the distinction between entertainment—that is, international test matches—

Mr Barr: You are talking about participatory—

MR RATTENBURY: Yes, the Kanga Cup-style events. Could you tell us about any work that you are doing there?

Mr Barr: Undoubtedly it is a very strong market for the ACT. So we have sought to support a range of sports through the events assistance program that is run out of Australian Capital Tourism—I might add that program was enhanced in last year's budget—together with the sports grants program that is available through Sport and Recreation Services. Yes, this is an area where we are working very closely with each of the sports. I have certainly had a number of meetings with individual sports on them bidding for things like junior national championships and the like.

We have a number of very successful annual events. The Kanga Cup clearly is one of the more high-profile ones in that area but there are others. They continue to receive support. It is obviously a competitive process for these grants, and they do have to demonstrate tourism returns. So bums on seats are important. The national futsal championships are held in January each year. I think the two biggest crowds that I ever talk to at opening ceremonies are Kanga Cup and futsal at the AIS arena where there are 5,000 people. They are all predominantly from interstate. So there are obvious tourism returns. Yes, it is an area we continue to support and develop, and we have recently enhanced funding in that to drive more events.

THE CHAIR: Mr Doszpot, did you have a quick supplementary on this?

MR DOSZPOT: Yes, a supplementary to the minister.

THE CHAIR: I will go to Mr Smyth but a quick supplementary from Mr Doszpot.

MR DOSZPOT: Minister, if you look at budget paper 4, page 68, carrying on from the question that Mr Rattenbury asked, I have a question about the percentage of customers satisfied with the management of pool facilities. I have received extensive and continued complaints about the satisfaction and dissatisfaction with the management of pool facilities. I have received numerous complaints from former users of Deakin pool who, since the closure of Deakin pool, have found it difficult to relocate their swim programs to other pools due to a lack of facilities on the south side. This question is in two parts. What action has been taken, first off, to address the shortage in facilities?

Mr Barr: In terms of pools overall?

MR DOSZPOT: Pools.

Mr Barr: In recent times there has been significant refurbishment work at the Lakeside Leisure Centre in Tuggeranong and currently at the Active Leisure Centre at Erindale. The Tuggeranong work is complete; the Erindale work is underway at the moment. There has also been money spent on Manuka pool in recent times. There is a \$2 million upgrade to the Civic aquatic centre, which obviously serves areas in the inner south as well. It is a year-round facility; you would have noticed the new dome that is in place there.

We have also indicated that, with the development of the Molonglo valley, a new aquatic facility will be needed in that area to service Molonglo valley and Weston Creek. The time line around that—the commencement of that work would be 2011 or 2012 in terms of the feasibility, forward design; then you would look, presumably in the next term of the Assembly, at provision of a new aquatic facility for that community by the time the combined population of the Molonglo valley and Weston Creek is of a sufficient level to support such infrastructure. In the short term, the new provision—there is \$1 million in this year's budget—is for the forward design of the Gungahlin aquatic centre.

MR DOSZPOT: The second part of the question is this. During the winter months, the population of southern Canberra is serviced by only 400 metres of lane space to be used for the full spectrum of swimming needs, from learn to swim to competitive squads and water polo. On the north side of Canberra, the combined total of lane space during the winter adds up to 1,400 metres of lane space. When the proposed 10-lane and 50-metre lane pool at Gungahlin and another eight-lane 50-metre pool at Molonglo are completed, this equation would soar to 2,300 metres on the north side, still compared to 400 on the south side.

Mr Barr: I would have thought Molonglo was south. Molonglo valley is south.

MR DOSZPOT: Well—

Mr Barr: Depending on where in the Molonglo valley. Our preferred location in terms of the planning work—this goes into another portfolio of mine and a different day of hearings—would be the edge of Molonglo near Weston Creek.

MR DOSZPOT: Very much on the edge?

Mr Barr: Yes.

MR DOSZPOT: The south side residents are very concerned. The discrepancy between the north and the south pool space available—

Mr Barr: I understand that there is a perceived issue for people who live south of the lake. To a certain extent, the location of the city pool, I believe, services some of that inner south area. You could have a bit of a pedantic argument, but there is no doubt that that pool is closer to some people in the inner south than the Woden facility.

MR DOSZPOT: There are people getting up at 4 o'clock in the morning to take their kids to swim at various centres that are nowhere near where they live—from Tuggeranong, having to travel to Canberra grammar, for instance. There are huge

issues here.

Mr Barr: Sure; undoubtedly.

MR DOSZPOT: I do not think we can minimise it. That is what I am trying to bring to your attention.

Mr Barr: That is right. You would be aware that there have been ongoing discussions in relation to enclosing Philip pool, and a draft variation to the territory plan to enable that to happen will probably end up being supported, although I note that it was opposed by the Liberal Party at the last moment. The Woden Valley Community Council has run campaigns both for and against enclosing Phillip over the course of the last few years.

As a result of the issues with the privately owned facility at Deakin, I have asked the planning authority to do some further work in relation to identifying alternative sites for a new enclosed facility for Woden. The Woden Valley Community Council has now moved to a new stance. It has identified a site that it would like us to investigate that is adjacent to Eddison Park, not far from the Canberra Hospital, that has potential for a new indoor facility in that Woden area. We will continue that work. In the short term, obviously, the planning authority is pursuing its legal action against the lessee of the Deakin facility.

MR DOSZPOT: Thank you.

THE CHAIR: Mr Smyth.

MR SMYTH: Just going to some capital works, you made the statement a few moments ago that, for instance, the Harrison district playing fields will help to alleviate some of the problem. Could you explain why Harrison has been rolled over this year—and, while we are at it, why Phillip oval has been rolled over and why Gungahlin enclosed oval has been rolled over?

Mr Barr: Sure; we will deal with all of those.

Ms Marriage: Each individually? I can do that. The Harrison district playing fields—we had the opportunity with those playing fields to work with ACT Cricket; they took some time to go through and get a grant from Cricket NSW to enhance the pavilion on site. That delayed the process with the Harrison district playing fields whilst we completed the architect's design of the modified pavilion. At the moment, it is seeking DA approval.

MR SMYTH: There is a DA in for Harrison?

Ms Marriage: There is.

Mr Barr: For the pavilion.

MR SMYTH: How long has it been in?

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

MR SMYTH: The planning minister can probably tell us tomorrow.

Mr Barr: We will find out.

MR SMYTH: All right. Phillip oval?

Ms Marriage: Phillip oval—the design work for the pavilion, obviously the first stage, has been completed. All the oval has been completed. The second phase of that is to put the pavilion on site. We did some consultation with some of the sports to make sure that the pavilion was going to be suitable. It is a 300-seat pavilion, and we wanted to get that right. So that is in exactly the same phase: we have completed the design work and it is in for development approval as well.

MR SMYTH: So the DA is in?

Ms Marriage: Yes.

MR SMYTH: When did that go in?

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

MR SMYTH: There are a lot of DAs here, minister. Rollover of the enclosed oval at Gungahlin?

Ms Marriage: The rollover was simply going through the procurement process—first off, in the consultation, getting all of the groups out at Gungahlin identified. That was the AFL, cricket and soccer on site. Then we went through the procurement process of getting the consultants on board. It is just the timing of the process and the timing of the funding. At the moment, we are going through the final consultation. All of those projects will meet their projected completion dates.

MR SMYTH: So the DA on Gungahlin has not been lodged?

Ms Marriage: No, it has not; not yet.

MR SMYTH: When is it likely to be lodged?

Ms Marriage: I could not tell you that at this particular point in time.

MR SMYTH: Take that on notice?

Ms Marriage: Certainly will.

MR SMYTH: Right. Just with the others—roll over drought proofing parks and open space. Does that include any sporting facilities?

Ms Marriage: No. Ours is actually the rollover of “where will we play” sportsgrounds—waterproofing.

MR SMYTH: Which is much larger: \$1.2 million rolled over?

Ms Marriage: That is right.

MR SMYTH: Why has that been delayed?

Ms Marriage: It has not been delayed. We were waiting for the final water management plan from Parsons Brinckerhoff.

MR SMYTH: It has been rolled over.

Ms Marriage: Delayed in that respect. You can say that it has been rolled over and it has been delayed in that respect, but the major projects that we are doing—we received another \$8 million in the 2009-10 budget. That money—the \$1.2 million plus that \$8 million there—is available now to do the pond projects. What you will find with the “where will we play” is that we have done some minor projects regarding irrigation sites and things like that. The projects that we need to do to do drought proofing are more major; they are bigger. For example, the pond projects that we are considering are \$4 million apiece.

MR SMYTH: All right.

Ms Marriage: So this money has been rolled over to be part of that.

MR SMYTH: And the big pond projects are subject to DA?

Ms Marriage: They will be, yes.

MR SMYTH: Where are they?

Ms Marriage: We have only just this afternoon received the final water management plan from Parsons Brinckerhoff, so we have to brief the minister on that.

MR SMYTH: All right. Rollover of Stromlo forest park approaches and access upgrade?

Mr Guthrie: I look after Stromlo forest Park. The operations access upgrade accumulates three projects that are all currently contracted and in construction. They will move through over the financial year. That is the portion of payments on those three projects which relate to culverting works on the criterium track, some landscaping, upgrade works in the children’s play areas around the main event pavilion and upgrades to an irrigation system around the cross-country running track.

MR SMYTH: So that is ready to go?

Mr Guthrie: Yes, and none of them involve DAs.

MR SMYTH: It is a good time to put your head up, because the next one is about sealing Manuka oval.

Mr Guthrie: That work is contracted. We are required to bring it under the heritage requirements tree audit. We are now moving through the heritage processes. We have got some issues around trees, and we are just going through a statutory process around that, the heritage processes. That has delayed the start of that process. It is sealing works. We are moving into winter, so we now have to wait until the temperatures come back up again in September.

MR SMYTH: Is that subject to planning process or is that heritage process?

Mr Guthrie: That is heritage process.

MR SMYTH: Sports facilities upgrade program?

Ms Marriage: That rollover there is specifically just us doing capital upgrades of the various facilities. Most of those are being done in consultation with the users of those individual sites, so that is a cumulative figure, but there are various projects within that cumulative figure. They will all still need a completion date of the end of this winter.

MR SMYTH: Going over onto the top of page 77—the rollover of sports facilities capital upgrades.

Ms Marriage: That is a component that is in with the other. They are separated as to the upgrades program and the capital upgrades, but they are the same projects in talking to the sports group.

MR SMYTH: Minister, there is just one other question. The 2009 mountain bike and trials world championship—you are putting another \$800,000 into it this year. Why is it necessary for the territory to put another \$800,000 into this event?

Mr Barr: We did address this at the annual reports.

MR SMYTH: That is okay; this is a different committee.

Mr Barr: We did foreshadow that this would be coming forward. I will get Mr Guthrie to outline the details, as he is now charged with a significant role in the delivery of the event.

Mr Guthrie: Thank you, minister. Yes, the management of the world mountain bike championships has moved to my organisation, Territory Venues and Events, with the support of Canberra Off-road Cyclists.

MR SMYTH: So the CORC organising committee is totally collapsed and you are now running it entirely?

Mr Guthrie: That is correct. We are just in the process of finalising the contractual arrangements in terms of transferring legally the sanctioning agreement from the international cycling union. There are no problems with that from their perspective. They are happy with it. It is back and forth a bit on the contract side of things. We

have put in place our management team to deliver the event. We have struck a new budget and are now moving through to confirm the expense side of the budget. The \$800,000 that has been allocated in the financial year 2009-10 includes \$400,000 as a contingency fund to cover the revenue side of the event budget. The revenue side of the event budget is about \$525,000.

When we went to government with the request from CORC events, when they asked to transfer the events because they were having troubles, we made sure that we gave the full picture by saying that there was still a risk around the revenue, given that it was a minute to midnight before the event and we needed to secure under that four major revenue lines. Sponsorship is probably the hardest one. We have prepared sponsorship proposals and are about to make approaches. We are doing all the preparation work in that area. There is a significant amount against ticketing revenue. That will depend on the crowds that turn up. I certainly do not expect that we will have an issue with crowds turning up. It is a world championship. The last three have had attendances totalling 40,000, approximately.

MR SMYTH: Not much higher than the estimate we currently have.

Mr Guthrie: Yes, and that is in the estimate. The other two revenue line items are around smaller areas. One is to do with merchandise—a small area which we anticipate will sell merchandise—and the last one is trade sales to organisations that like to trade: cycling, running and health-related products. We have just started the sale process of buying those trade sites.

MR SMYTH: What funds has the government put into the event?

Mr Guthrie. Appropriated across three budget years it is \$2.986 million, which includes a \$400,000 contingency.

MR SMYTH: The \$400,000 is against the revenue?

Mr Guthrie: Yes, it is.

MR SMYTH: Minister, are you happy to be putting \$2.986 million into this event?

Mr Barr: Yes. It is a good event for Canberra. It is obviously disappointing that one of the major commercial partners went into receivership, so we have had to make adjustments to respond to those circumstances. Given the available options, one of which was to give up the event, having already invested a significant amount of money in it, I do not think that was really a viable choice. It will be a good event for Canberra. It will deliver some good returns for Stromlo forest park in particular as a major event venue. In looking to build on that facility and the opportunities in the future, it is very important that we deliver this event effectively. It is also worth noting that as part of this process we have successfully delivered a series of lead-up events. It all goes to enhance the reputation of the facility and, again, provides a range of economic returns for the territory. There will be a lot of people coming from interstate and overseas for this event. Whilst it may not have the same sort of return on investment that an event like Floriade has, it will be a good event for Canberra.

MR SMYTH: Did the government do its due diligence properly before it committed to the event initially?

Mr Barr: Yes.

MR SMYTH: You are happy with the work that was done in the lead-up?

Mr Barr: A lot of that occurred prior to my time in the Assembly. But since I became minister, some of the issues in relation to the commercial partner going into receivership were obviously not able to be anticipated. In response to those changing circumstances and working closely with a group of volunteers at CORC I think we have been able to restore confidence in the event and ensure that we deliver a good outcome not only for the city but also for Stromlo forest park.

THE CHAIR: You said that it was done properly since you became minister. What about before? Was due diligence done?

Mr Barr: I am just not in a position to comment prior—

THE CHAIR: But you must be aware of what was done.

Mr Barr: Certainly from the background papers I have read I can say, yes, I am comfortable with the cabinet decision, but I was not personally part of that cabinet that took the decision. But as to the background material that I have seen, yes, I am comfortable. Had I been sitting in the cabinet at that time, I would have supported the submission at the time.

MR DOSZPOT: Minister, were you suggesting that the revenue from this event is going to be close to the revenue you receive from Floriade? Is that what you were going to say?

Mr Barr: No, that is not what I said. I said I did not think that it would have the same economic return as Floriade.

MR DOSZPOT: How close would it be?

Mr Barr: Time will tell on that.

MR DOSZPOT: Are there projections?

Mr Barr: There are a range of projections that Mr Guthrie can go to in a moment, but we will need, obviously, to do a formal evaluation.

MR DOSZPOT: Sure.

Mr Barr: Clearly, Floriade, most particularly last year, generated \$25 million for the local economy off the back of a government investment in the order of \$2.8 million. It is a similar level of government investment, so it will be interesting to see.

MR DOSZPOT: Before you were rudely cut off by Mr Smyth, I thought you were

going to say that it was going to be similar revenue.

Mr Barr: No.

MR SMYTH: Just for the record: the government's initial commitment—

Mr Barr: The initial commitment?

Mr Guthrie: It does get a bit complicated.

MR SMYTH: Yes, it does.

Mr Guthrie: First of all, can I clarify, the \$2.986 million is for two world-level events, a round of the world cup last year, which had an estimated economic spend in the territory of just under \$900,000. It did not include the spend of competitors or volunteers that came from interstate for the event, and there were a couple of hundred overseas competitors to start with. The projections made back in 2005 were between \$3.5 million and \$4.5 million direct economic spend as a result for the world championships. We have a contract in place through Australian Capital Tourism across a number of events that will do the economic impact assessment for the world championships. That contract is in place now.

MR SMYTH: The original commitment?

Mr Guthrie: The original commitment from the 2007-08 budget was \$1.096 million, and that was for a world championships.

MR SMYTH: The best of luck with that. I hope you deliver it much better than it was going to—

Mr Guthrie: Thank you, we intend to.

MR SMYTH: It is important for the image of the city that they do work, but, clearly, there has got to be some question over the due diligence that was done. Are there documents that the government can provide to the committee on the original proposals?

Mr Barr: I think they are cabinet-in-confidence. I will check on that.

MR SMYTH: You have the right to waive cabinet-in-confidence. Given they are now out of date and clearly wrong, you do have the right to waive that cabinet-in-confidence.

Mr Barr: That may well be the case. I will not just go off on a whim, Mr Smyth, releasing cabinet documents.

MR SMYTH: It is not a whim at all.

Mr Barr: I will look at the matter, take some advice and advise the committee. They will, of course, be publicly released at the appropriate time.

MR SMYTH: Well, you will be able to sit here and quiz me about them at that time.

Mr Barr: Yes, absolutely.

MS BURCH: With that bit of joviality.

Mr Barr: That is the most unbelievable statement that has been made in estimates so far.

MS BURCH: Funds through Australian Capital Territory, and there are a number of projects—

Mr Barr: Tourism?

MS BURCH: Sorry, tourism, it is the end of a long week, supporting tourism. Does the government provide funds to support business? I cannot see anything here through the Convention Centre or avenues and venues like that.

Mr Barr: Yes, the appropriation is made to Australian Capital Tourism and then within Australian Capital Tourism's overall budget they make allocations. I suppose they act as a post box for a number of organisations. The Canberra Convention Bureau is one of those organisations. We have progressively increased the funding for the bureau. It was at \$692,000 when I became minister. It is now at \$1 million a year.

MS BURCH: How do we know what we get for our money and what goes through that?

Mr Barr: They obviously report in terms of business generated for the territory. They report quarterly. They are able to give some very clear figures on the number of conferences and business events that they win for the city. The most recent data has shown, I think, a 77 per cent increase on this time last year, and it is the best result since 2004. I think it reflects that increased operational capacity and that they have devoted more staff effectively to do the business of selling Canberra as a business events destination. They have also had an improved product in recent times with the revamp of the Convention Centre. But it is not just the Convention Centre. They work across all of our venues. There have been two new five-star hotels. For example, Hotel Realm has significant conference facilities as well. So it is not just the Convention Centre. They work across the entire industry. They have really been performing very well and have achieved and exceeded each of their targets. I have been on the public record more than once congratulating Robyn Hendry and her team on delivering very good results for Canberra.

THE CHAIR: Ms Porter.

MS PORTER: Thank you, Chair. I would like you to verify that here has not been a cut to the tourism budget as was reported in the media at the time.

Mr Barr: Yes, someone could not read their budget papers, it would seem.

MS PORTER: Thank you for that, minister. We have talked about Floriade, but we have not discussed the commitment that I heard about on the radio concerning Floriade going forward. Can you tell us what is in this budget? Obviously it was a success in 2008.

Mr Barr: Yes.

MS PORTER: What have we got now going forward?

Mr Barr: Firstly, if I can go to the budget issue. Clearly, there has been some confusion between the GPO and the total cost, the GPO being government payments for outputs. The GPO for tourism has increased. The range of initiatives that are in this year's budget increased that amount by \$1.8 million. It is, of course, worth noting that the 2008-09 figures have a couple of one-off initiatives that conclude, most particularly, the \$300,000 for the e-strategy and web development and the \$450,000 wrapt in winter campaign that were additional. But the net increase in tourism budget means it moves from a GPO in 2008-09 of \$14.673 million to a GPO in 2009-10 of \$16.354 million. So there has been an increase in the tourism budget, contrary to some budget day comments, which we will forgive, given the obvious complexity of the difference between GPO and total cost for new members in Mr Smyth's office.

MR SMYTH: Complete the picture. How much for territory venues and events and how much for corporate overhead and centralised costs?

Mr Barr: The GPO in total for all areas has increased from \$19.69 million to \$20.473 million. The TVE component is \$3.769 and there is a component for Exhibition Park of \$350,000.

MR SMYTH: So for this coming financial year, it is \$3.769 million?

Mr Barr: For TVE, yes.

MR SMYTH: What was it last year?

Mr Barr: Last year for TVE, noting a number of one-off commitments, it was \$5.017 million.

MS PORTER: Back to the Floriade question—

MR RATTENBURY: Just before we move on to that, they were very helpful figures, thank you, minister. Is there any chance we could have that in writing?

Mr Barr: Would you prefer that breakdown between TVE and tourism in future budget papers?

MR SMYTH: Well, it is asked for every year.

Mr Barr: It is not unreasonable, given that I get asked this question every year.

MR SMYTH: Yes. When we asked it last year we told you we would be asking it this

year, and here we are asking it again.

Mr Barr: I will ask my officials that in future we present this output class with the various components. In relation to Floriade, I will throw to Ms Shepherd.

Ms Shepherd: Thank you. As the minister previously said, at Floriade last year we had a record direct economic contribution to the territory of \$25 million. That included an initiative known as Floriade NightFest, which was the first of a five-night mini-festival, I guess, within the grounds of Floriade and within the time of Floriade by day, which runs over a month.

This year we are looking to enhance by Floriade by day. We have done—we do it every year—extensive consumer testing through Ernst and Young. It is done through a consistent methodology; it has been the same for a number of years. I may have to correct myself on this, but I think it has been around 10 years that we have used Ernst and Young. The methodology has been consistent over time. We test a number of things. We ask people about all aspects of the event, essentially. We test everything from entertainment programs to the floral displays to exhibitions that we may have within the grounds. Every year we seek to make improvements as a result of consumer feedback.

We have a number of initiatives happening this year for Floriade. A comment that is consistent throughout the consumer testing is about trying to get an aerial view of the park—because of the floral display, quite obviously. That is quite a difficult thing to address, and my team have been thinking rather innovatively around how to actually get that aerial view for what is a month-long event. This year we have been able to secure a Ferris wheel, a 35-metre wheel, which will enable more of an aerial view, if you like. Secondly, we have also had feedback around viewing for people who may not necessarily wish to take advantage of that wheel, and we will also be looking at putting in a viewing platform this year that will allow people to access from the ground as well for Floriade by day.

There was some feedback around additional signage and enhanced programming. People are after more hands-on experiences, so last year we trialled some things such as early morning photographic workshops. We had some photographic experts take people through and teach people how to shoot the photos et cetera. That was followed by breakfast in the garden. That went very well last year as a pilot, so we are looking at a number of those experiential programs to incorporate again this year.

MR SMYTH: NightFest ran at a loss?

Mr Barr: Last year?

MR SMYTH: Yes.

Mr Barr: Yes, it did, yes.

MR SMYTH: Will it be compensated this year by extra funding?

Mr Barr: There is some extra funding in this year's budget for that

MR SMYTH: How much?

Mr Barr: It is part of the \$1.8 million additional, a portion of that.

MR SMYTH: The same old question: can a breakdown of the \$1.8 million be provided?

Mr Barr: Yes, sure. We will do that. That is easy.

MR SMYTH: All right. If you had not had NightFest, the visitation to Floriade actually would have declined.

Ms Shepherd: Floriade is an interesting one because it is an outdoor event. Our interstate and international visitation last year for Floriade by day actually increased. We pay attention to the weather every day and we get a report every day, but last year we had, I think, nearly a total of five days of very inclement weather. One day we had to close the park at one point. That affects the local visitation component. The year prior we had no inclement weather days; we had no rain at all. The days that we see any speck of rain, effectively we see a decrease in visitation.

It is fundamentally local residents. They have the luxury of being able to say, "The weather is not good; I will go tomorrow." International and interstate visitation was actually up. I do not have the actual figures on hand, but I would be happy to provide them on notice. Yes, we were slightly down on the day, but it was really because of the five days of poor weather that we experienced last year.

MR SMYTH: Interstate and international visitors were 125,033 this year. The year before, 2007, there were 109,080.

MR DOSZPOT: Is visitation measured purely on ticket sales or do you use other means as well?

Ms Shepherd: No. Floriade by day is not a ticketed event. We actually have turnstile figures. Ernst and Young also survey as well, but effectively it is turnstile figures by day.

MR DOSZPOT: Is there a margin for error for the number of volunteers that go in and out?

Ms Shepherd: Yes. It is very well documented in the report. It is quite extensive methodology that is used. Yes, there are compensations made, for example, for staff, for contractors, for volunteers. Those adjustments are made.

Mr Barr: It is worth noting that volunteers do not have to go through the turnstiles. If you have been to the event, you will know that you can go in without going through the turnstiles.

Ms Shepherd: But we do individually account for different groups who are effectively working on site, as opposed to visitors.

MR DOSZPOT: Thank you.

THE CHAIR: All right, before I move to Ms Le Couteur, I will just remind people that we also have the EPIC board here. If people are keen to ask questions, we have got about 20 minutes. I will go to Ms Le Couteur.

MS LE COUTEUR: Minister, given your colleague's commitment to zero net emissions from the ACT, have you considered how this is going to impact these portfolios, in particular, tourism, which inherently is reliant on people who are travelling to the ACT, and most of them would probably be using fossil fuels to do so?

Mr Barr: Sure. I will have to check with Minister Corbell as to how they propose to account for inbound tourism. I am not sure that that would be included. I will need to take some advice on that. I will have to take that on notice and get back to you.

MS LE COUTEUR: Okay.

Mr Barr: Obviously it would have significant implications if you were to include air travel and car travel from inbound tourists who are not ACT residents. I will have to take some advice on that.

MS LE COUTEUR: And a more general comment about the other parts—obviously that is the most significant, but other parts of this portfolio?

Mr Barr: We have a range of sustainability initiatives in place through sport and recreation in terms of micro-activities. We have moved away from reliance on potable water, for example. That said we need to be cognisant of pumping requirements and the energy implications when it comes to reticulating non-potable water. There are swings and roundabouts in all of this. The best of intentions in terms of water-saving technologies and use of alternative water sources can come at an increased energy cost. We need to be cognisant of the big picture, I suppose, in those areas.

There have been some substantial advances in a number of the events that we run in terms of their sustainability, both through Australian Capital Tourism but also events in the tourism sector. I know we have talked in the past about the Folk Festival, for example, and the range of initiatives that they take. I know through this department, more broadly, that events and partnerships with DHCS around the Multicultural Festival and others are looking at all of those issues. Given the time, I might get back to you with some more detail in relation to other initiatives and the specific question you have asked around emissions. I think that will need a more detailed consideration.

MS LE COUTEUR: Thank you, minister.

THE CHAIR: We have got time for a couple more. Mr Rattenbury and Ms Bresnan are both keen, so Mr Rattenbury then Mr Smyth.

MR RATTENBURY: I want to come back to the tourism budget. Out of the entire tourism budget, how much of it is dedicated to tourism marketing? I think the industry

term is media buying?

Mr Barr: Sure.

MR RATTENBURY: Also, what is the geographic breakdown of that media buy?

Mr Barr: I will go to Simonne.

MR RATTENBURY: These may be questions on notice.

Mr Barr: They might need to be.

Ms Shepherd: Yes. The actual percentage breakdown by geographic, I might have to take that one on notice for you. Our marketing budget—marketing has a number of components. Obviously there is creative development as well as media buy. In total, our marketing budget is close to \$3 million but, again, in terms of creative versus media buy, I would have to take that one on notice.

MR RATTENBURY: If you could, thank you. Minister, you made reference to some increased effort at online presence.

Mr Barr: Yes, very much so.

MR RATTENBURY: Could you tell us a bit more about that? I am also interested in how you measure your online performance because I note that the performance indicators refer to the number of hits to the website.

Mr Barr: Yes.

MR RATTENBURY: I am interested as to whether they are hits or individual visitors that you are talking about, because web figures have a number of different bases of measurement. Can you tell us a bit more about the bases of measurement?

Mr Barr: For that level of detail, you will have to go to Simonne. Last year we funded the e-strategy and web development. That was one of the one-off initiatives that were included in 2008-09 budget. There is a document, a strategy that is available on the tourism website. Clearly, consumer preference is migrating to online booking of holidays. Many of the markets that we are seeking to interact with are harder to reach in mainstream media, because they are simply not watching commercial television anymore and they are consuming their media in different ways. We certainly have recognised that trend and sought to get into this space in a much more active way than we have in the past.

As an example, as part of the wrapt in winter campaign that was launched this morning, 600,000 emails will go out promoting this campaign and the web link, which you can then directly online book—it is one click away to translate interest into a direct booking for the industry. It is clearly a direction we will be heading in. It is very cost effective. The more traditional television audience is a very expensive way to get your message across. We are looking at innovation here. I imagine it was taken somewhat as a joke earlier, my comments around Facebook, but seriously, that will

hit—

MR RATTENBURY: It is all right; I am of that generation.

Mr Barr: Yes. You will get more people in that—

MR SMYTH: The young ones have moved past Facebook now, and it is ageing, dating, the minister accordingly.

Mr Barr: What an outrageous accusation! I am prepared to accept that people younger than me are into Bebo and MySpace—

MR SMYTH: There you go—an acknowledgement by the minister that I was right.

Mr Barr: and Twitter, but we are not necessarily targeting teenagers for our tourism campaigns. We are looking at people in their 20s, late 20s and 30s, Mr Smyth.

MR SMYTH: That is right. You will get used to being—

Mr Barr: That is all right. I will come to terms with it at some point. But, yes, it is an area we have invested in. We have a strategy. We will continue in this, and I think you will see over time more and more emphasis in our campaigns on that online area. That is not just broadcast emails; it is advertising on websites to target a demographic. We do all of that market research around people who are likely to be interested in what we have got to offer. Certainly at the launch this morning they went through in some detail the sorts of online areas that we were targeting.

I will now throw to Simonne to talk a little bit about that data collection, because we are going through a very detailed evaluation. The advantage of online campaigns is that you can get a greater level of data in terms of tracking visits to your website, with conversions into bookings.

Ms Shepherd: I think the question was around: is it unique visitors or is it page impressions? My understanding is—I will clarify for the committee if I am actually saying something technically incorrect—that it is around page impressions, so unique visitors collect the IP address. That is not what is reported in the budget papers. We have kept the consistency at the moment around the reporting measure for web hits, if you like. But my team is, under the strategy, looking at developing a range of KPIs, and that is anything from click-through rates—for example, when we do a direct email out, it is the number of click-through rates, opening rates, effectively. We are also looking at measures around conversion, bookings on our website. So we have a range of things that are currently being worked on by the team.

But for this budget paper we kept the consistency around page impressions because we are still seeing the growth through that area, and effectively it is indicative of the growth in the usage of the internet. It is following a global trend—it is certainly nothing unique to Australia—of not only information search on the internet but also around booking through online methodologies.

MR RATTENBURY: Will those performance indicators be reported in next year's

budget?

Ms Shepherd: Not necessarily all of them. Otherwise, we may have 10 pages of budget papers around just an online methodology.

Mr Barr: Probably an annual report would be the appropriate area for that sort of detailed reporting.

THE CHAIR: Okay. We might have one more question on this area from Mr Smyth, and then I think we have got a couple of questions for EPIC.

MR SMYTH: Can you outline what is happening with your so-called autumn event?

Mr Barr: Yes, to a certain extent. There will be a formal launch of the event down the track.

MR SMYTH: No doubt—probably well before autumn, too.

Mr Barr: Indeed, yes. It will start in 2010. It will obviously then build with particular emphasis on the centenary year in 2013. The funding in this year's budget provides for growth in the outyears. It will start with a smaller amount, and we will give you the detailed breakdown of that as part of a question that was taken on notice earlier. I can say that it will certainly involve the national institutions—and it will be fabulous, Mr Smyth. We will all love it.

MR SMYTH: All right. That is all suitably bland at this stage—not a single fact. Just throw us a fact.

MR RATTENBURY: It will be in autumn.

Mr Barr: It will be in autumn, yes. Thank you, Mr Rattenbury.

MR SMYTH: That does not count. Mr Rattenbury got to it first.

Mr Barr: I do not want to appear cagey. But there are some elements of it—

MR SMYTH: You are appearing cagey when you start saying you do not want to appear cagey.

Mr Barr: But there are some elements of it that are commercial-in-confidence, and our partners would—

MR SMYTH: Sure. Has the event been acquired? I saw one description in one of the papers where it says “drive the acquisition and development of a new event”.

Mr Barr: Yes. I think I can say—

MR SMYTH: Are you turning into the Jeff Kennett of the ACT, buying up events—

Mr Barr: No. He is president of my football club, and I am a member of that club—I

can declare I am a member of that club—but—

MR SMYTH: Hawthorn—there are connections there—far right of his party: he is actually starting to look a bit like Jeff.

THE CHAIR: We might move past that. Is there a question?

MR SMYTH: So we have acquired an event? We are acquiring an event?

Mr Barr: We will make a formal announcement in the very near future, and I am sure you will all be very impressed.

MR SMYTH: How far in the near future?

Mr Barr: That is subject to negotiation with our event partners.

MR SMYTH: You are sounding like Ted Quinlan now.

THE CHAIR: All right. Thank you.

Mr Barr: There are some aspects that are commercial-in-confidence that I cannot go into. But it is good and you will all like it.

MR SMYTH: He does look a lot like Jeff Kennett.

THE CHAIR: We will leave tourism and sport there.

Mr Barr: I do not have a Hawthorn jacket quite as attractive.

THE CHAIR: Thank you. We will move to Exhibition Park Corporation. We have just got a few minutes. I do not know how many questions there are. I know Mr Smyth has one or two, and other members may well. But I want to start. Minister, Exhibition Park Corporation is listed in the budget as a discontinued agency.

Mr Barr: Yes.

THE CHAIR: Is that a bit presumptuous? Is that taking the Assembly for granted?

Mr Barr: Certainly, in light of the decision of the Assembly that was taken on budget morning, that does mean that there are obviously changed circumstances. In preparation of the budget, we have to make certain assumptions at the time of printing. It is clear that those assumptions were wrong.

MR SMYTH: Why not do the bill earlier? This was announced after the—

Mr Barr: I tried to, and you would not allow me to debate it.

MR SMYTH: No, no, much earlier. The budget was near complete when you brought in your bill.

Mr Barr: Well, we can disagree on that. I did express at the time a desire to get an outcome one way or the other. Had that been determined then, we would have been in a different position in relation to the presentation of the budget papers. That did not happen. It obviously means that there will need to be some changes. I understand the department is taking advice from Treasury as to how we best respond to the Assembly's vote that was taken on budget day.

THE CHAIR: Minister, one of the big things you put forward—in fact, you laboured on this point, I think, in the Assembly—on the getting rid of the board was the saving of the \$50,000 in board fees.

Mr Barr: Yes.

THE CHAIR: Is that not reasonable value for money for the quality of people we have on that board?

Mr Barr: Well, we have taken the saving. The budget does not include \$50,000, so there will not be \$50,000 in directors' fees. The term for all of the board directors expires on 30 June. I will then appoint a board, and they will not be paid.

THE CHAIR: Okay. So we were not getting good value for money from the previous board—the current board?

Mr Barr: I offer no comment in relation to the performance of the previous board. I have no further comment. I indicated on the public record at the time of the debate on the legislation that they had done a good job and that the government's desire to change the administrative arrangements was not a reflection on the board. It was a desire to streamline the administration and to bring Exhibition Park into Territory Venues and Events, in the same way as the disbanding of the Manuka oval management organisation and the Canberra Stadium board was not a reflection on the operation of those boards; it was around ensuring streamlining of administration. I am obviously taking advice in relation to what the Assembly's vote means in terms of the future for the organisation, but I can advise the committee that the terms of all of the current members expire on 30 June, and there is not a budget provision to pay them into the future.

THE CHAIR: So you will have a board that is not paid?

Mr Barr: Sorry, I have just been advised that four board members retire on 30 June. There are three who continue until 2010.

THE CHAIR: Okay, so they will be paid presumably?

Mr Barr: No. The payment is not associated with the board. The appointment of the board is separate from the payment. As I understand it, there are sitting fees, and then there is a payment for the chair and the deputy. I am looking across for some—

Mr Sadler: The chairman is paid—this is determined by the Remuneration Tribunal—a certain amount. The deputy chairman is paid a lesser amount, and then the other five members of the corporation are paid a fee of about, from memory,

\$6,000 a year. That totals the \$50,000 we are talking about.

THE CHAIR: But none of that will continue past 30 June? Is that what you are saying?

Mr Barr: No. We will take the saving.

MR SMYTH: Do you have advice to say that is consistent with the act?

Mr Barr: I have that advice, yes.

THE CHAIR: So these people will still be doing the same job; they just will not be being paid?

Mr Barr: If it is the same people.

THE CHAIR: But the people who continue on into June 2010 will still be doing the same job?

Mr Barr: Possibly, yes.

THE CHAIR: But they will not be paid?

Mr Barr: No.

MR SMYTH: Is a copy of the master plan available for the committee?

Mr Sadler: Yes. I can make that available.

MR SMYTH: Minister, what is the status of the master plan?

Mr Barr: It will come to cabinet for some further consideration. At the moment, it is a document of the board and the corporation. This goes to the heart of the issue. There can be many master plans developed by the board, but they have got to get government endorsement—

MR SMYTH: When was this master plan developed, Mr Sadler?

Mr Sadler: It was completed about 18 months ago.

MR SMYTH: So it has been waiting to go to cabinet for 18 months?

Mr Sadler: Portions of it were considered last year, particularly the decision about the use of block 751 Gungahlin as an expansion for what we wanted to do. Cabinet decided that that was not to happen.

Mr Barr: At that stage.

MR SMYTH: What is your long-term view for EPIC, minister?

Mr Barr: I would have liked to have incorporated it into Territory Venues and Events, achieved some administrative streamlining and given the venue the benefit of the considerable talents of the team at TVE. We will be looking in some further detail at other elements of the master plan. You will see that in this year's budget, as in previous budgets, there has been capital funding provided to enhance various elements of the facility. I have publicly indicated that I would like to see on-site accommodation expand, particularly to look after the needs of school groups. Certainly the Assembly's decision creates a range of difficulties in terms of where I had hoped to take the organisation. Nonetheless, the Assembly has made its decision. I indicated in that debate that I would seek to revisit the matter down the track. Hopefully, an agreed conclusion can be reached at that point.

MR SMYTH: So it is your intention to run it down and make it inoperable, and bring it back to the Assembly with no option but to disband the board, remove the act and move it into TVE? Is that your intention as the minister responsible?

Mr Barr: No. I think that is your spin as the opposition spokesperson in estimates.

MR SMYTH: The master plan has been ready for 18 months and it has not gone to cabinet. If you are about to remove the payment for the people—

Mr Barr: I have had responsibility for this—

MR SMYTH: You are the minister from the government representing EPIC in this place.

Mr Barr: I have had responsibility for this area for a short period of time. The government has invested significantly in the facility over a number of years. In fact, the reserves that the organisation has have largely been from government appropriations, as I think I have indicated before. There have been some disagreements—

MR SMYTH: So we appropriated money that went to reserves rather than for the reason that it was appropriated for?

Mr Barr: It would certainly appear that not all elements of capital appropriations have been fully expended. There have been some rollovers and some of the money that sits in reserve has not necessarily been fully expended at this point. The organisation has in train the delivery of those capital works programs. There is a particular initiative in this year's budget in relation to a board of management on site that we can discuss in a moment, I am sure.

But this comes to a fundamental issue. You can have independent boards and they can produce all the master plans in the world, but if it does not accord with government priorities you have a problem. This organisation, if it is going to seek major government capital investment, will need to do that in tune with government priorities. And there are competing priorities for government funding in relation to capital infrastructure. I am pleased that we have been able to progress elements of the master plan, and there are other areas that will clearly be the subject of future decisions, but this goes to the heart of the governance of the organisation.

MR RATTENBURY: So you are saying that if it is a territory-owned corporation it does not get a guernsey, but if it is part of your department it does get a guernsey?

Mr Barr: Its capacity to have a seat at the budget table is more effective—

MR SMYTH: But you are the minister that represents it.

MR RATTENBURY: You are still the minister.

MR SMYTH: Surely you represent them all equally?

Mr Barr: Yes, you can represent them all equally.

MR RATTENBURY: But you do not?

Mr Barr: I have had one budget round as minister for this organisation, and there is a significant initiative on the table.

MR RATTENBURY: But you have just given us this sort of dissertation on the fact that when they are a territory-owned corporation they get poor service in the budget process but if they are in your department they get good service.

Mr Barr: There is clearly an issue if an independent board goes off and does a master plan—which it is perfectly entitled to do, but it does not mean that the government will agree with every element of the master plan or that the government will fund every element of the master plan.

MR RATTENBURY: Except that Neale Guthrie from TVE sits on the board, so surely—

Mr Barr: Only recently—only since it has come into my portfolio and in anticipation of a change to the administrative arrangements. But, that said, you may have highlighted a way forward for the organisation.

MR SMYTH: So you will guarantee not to deliberately run EPIC down—

Mr Barr: Of course. I am not going to deliberately run Exhibition Park down.

MR SMYTH: From the things you have said, you are going to take the funds off the board members and you will not necessarily represent it properly at the budget cabinet table—

Mr Barr: I said nothing of the sort, Mr Smyth.

MR SMYTH: The support of the master plan—I would have assumed that every organisation in the government would be charged with producing a master plan that would get some acceptance. The original master plan started five years ago. This one was completed 18 months ago and it still has not been through the cabinet process. So you undertake not to run it down so that the Assembly is not left with any opportunity

but to disband it.

Mr Barr: Of course I am not going to deliberately run the facility down. There are allocations in this year's budget to enhance the facility. There have been allocations in previous budgets to enhance the facility. But I have a view around a preferred method of administering the facility. I put that view; you did not agree with me. Fine; we will move on.

THE CHAIR: You look as though you are going to find another way to do what you could not do through legislation.

Mr Barr: I am the minister. I am the government for the purposes of this.

THE CHAIR: The Assembly has spoken on this as well.

Mr Barr: Yes, sure.

THE CHAIR: You seem to be thumbing your nose at that.

MS BRESNAN: Yes.

Mr Barr: The Assembly has put forward a particular view around the governance arrangements and the legal basis for the organisation. We will, of course, adhere to all of the requirements under the Exhibition Park act.

THE CHAIR: You will just find a non-legislative way around it? Is that essentially the position?

Mr Barr: Around what?

THE CHAIR: Around the fact that the Assembly voted against your way of fixing it.

Mr Barr: We will continue to have a board and it will not be incorporated into Territory Venues and Events. That is it.

MS BURCH: We agreed to come back to it, didn't we?

MR SMYTH: No, we did not agree to come back to it. The minister made threats about coming back to it.

Mr Barr: I said I would seek to revisit the matter after a period of time, and I intend to.

MR RATTENBURY: Can I ask why cabinet did not agree to the proposal around block 751, I think it is, which, given that you have stated—

Mr Barr: You would be asking me to reveal cabinet deliberations, which I really am not in a position to do. There were a range of issues associated with granting an extra piece of land. There are alternative uses, of course.

MR RATTENBURY: What are the alternatives?

THE CHAIR: I do not think he is actually asking you to reveal cabinet deliberations. What he is asking you for is the rationale behind the decision—the collective decision of cabinet.

Mr Barr: Yes, which was that at that time there were a range of other possible uses for that land and it would be premature to allocate it to Exhibition Park at that time.

MR RATTENBURY: What are those other possible uses?

MR SMYTH: After five years?

Mr Barr: There are a range of other options given the associated development in that area. There is going to be a new suburb going in there. I think the suburb of Kenny is adjacent to that block. There is already a tenant on that block; somebody is using it currently.

MR RATTENBURY: For agistment, I think.

Mr Barr: Indeed, yes. But we know the difficulties that we have encountered in relation to alternative uses for blocks that currently have that use.

MR RATTENBURY: How is the cabinet decision consistent with, I think, your stated view that there is a shortage of low-cost accommodation near our major venues in the ACT?

Mr Barr: Well—

THE CHAIR: He must have got rolled in cabinet.

Mr Barr: This was one of the considerations put forward in that context. There were obviously a number of possible sites for low-cost accommodation. This is one that can be considered in the future—and, I imagine, will be.

MR RATTENBURY: But you stated that it is a current problem—the shortage of low-cost accommodation.

Mr Barr: Indeed.

MR RATTENBURY: Have you approved any other sites for low-cost accommodation?

Mr Barr: Yes, we have.

MR RATTENBURY: Which ones?

Mr Barr: Stromlo forest park. Work is proceeding there. I understand the LDA also have a site ready in the Belconnen and Bruce area.

MR RATTENBURY: So there is actually a process underway to establish low-cost accommodation at Stromlo?

Mr Barr: Yes, there is.

MR RATTENBURY: When is the DA for that going in?

Mr Barr: I look to Mr Guthrie. When will you be putting in your—

MR RATTENBURY: Sorry to bring you back to the table, Mr Guthrie.

Mr Guthrie: We are currently doing the feasibility to identify the sites and the process we need to go through to present it forward. I cannot answer the question as to when we will have a DA to go forward.

MR SMYTH: You have to go through the planning process.

Mr Guthrie: We have to go through a planning process—exactly right.

MR SMYTH: Exactly.

THE CHAIR: All right. Well, we will have to—

MR SMYTH: Sorry, Mr Sadler, can you take this on notice? When did the board first ask for block 751?

Mr Sadler: I am just guessing—probably about five years ago, we started approaches.

MR SMYTH: If you could give us a firm date, that would be lovely. Thank you.

THE CHAIR: Thank you very much, Mr Sadler, minister, Mr Guthrie and members. We will adjourn until tomorrow morning. The Chief Minister has requested that we finish 15 minutes earlier; therefore, we will start 15 minutes earlier, at 9.15.

The committee adjourned at 6.35 pm.