



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2010-2011

(Reference: [Appropriation Bill 2010-2011](#))

Members:

MS M HUNTER (The Chair)
MR Z SESELJA (The Deputy Chair)
MR J HARGREAVES
MS A BRESNAN
MR B SMYTH

TRANSCRIPT OF EVIDENCE

CANBERRA

FRIDAY, 21 MAY 2010

Secretary to the committee:
Dr S Lilburn (Ph: 6205 0199)

By authority of the Legislative Assembly for the Australian Capital Territory

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

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Privilege statement

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Amended 21 January 2009

The committee met at 9.35 am.

Appearances:

Corbell, Mr Simon, Attorney-General, Minister for the Environment, Climate Change and Water, Minister for Energy and Minister for Police and Emergency Services

Department of the Environment, Climate Change, Energy and Water

Papps, Mr David, Chief Executive

Butt, Mr David, Director, Water, Energy and Waste

Hargreaves, Ms Anita, Chief Finance Officer, Strategic Finance

Neil, Mr Robert, Director, Environment Protection and Water Regulation

Traves, Mr Alan, Senior Manager, Energy and Water Projects

THE CHAIR: Welcome to this public hearing of the Select Committee on Estimates. The Legislative Assembly has referred to the committee for examination the expenditure proposals in the 2010-11 appropriation bill and the revenue estimates in the 2010-11 budget.

The committee is due to report to the Assembly on 22 June 2010 and has fixed a time frame of five working days for the return of answers to questions taken on notice. The proceedings today will commence with an examination of the Department of the Environment, Climate Change, Energy and Water output class 1.1, environment protection and water; 1.2 water, energy and waste; and 1.3, climate change and natural environment.

I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the yellow-coloured privilege statement before you on the table. Could you confirm for the record that you understand the privilege implications of the statement.

Mr Corbell: Yes, thank you, Madam Chair.

THE CHAIR: I also remind witnesses to keep their responses to questions concise and directly relevant to the subject matter of the question. We have a great deal of ground to cover during the hearing and I would like to maximise the opportunity for members in attendance to put their questions directly today rather than on notice.

Before we proceed to questions from the committee, minister, would you like to make a short opening statement of no longer than five minutes?

Mr Corbell: Thank you for the opportunity to appear before this select committee. I do not propose to make an opening statement this morning. I and my officers will be happy to try to answer your questions.

THE CHAIR: Thank you. I wanted to start with budget paper 4, at page 289, strategic indicator 2, about promoting a sustainable, secure and equitable energy supply. Minister, when are we expecting to see the final energy policy from the government?

Mr Corbell: The government has completed the public consultation round of the draft sustainable energy policy. Our assessments of those responses are now being collated. I expect to receive advice from my department on the outcomes of the public consultation process in the coming month or so. I would anticipate being in a position to take a final policy to cabinet and to subsequently announce that policy some time towards the middle of this year.

THE CHAIR: What were the key issues that emerged in the consultation on the energy policy, and how many submissions were received?

Mr Corbell: Thirty-five written submissions were received. We also had a very positive response to the public consultation sessions that were held—which were held in conjunction also with the public consultation on the possible expansion of the feed-in tariff scheme. The issues that have been raised include commentary on issues such as improving building energy efficiency standards, options to pursue ACT government carbon neutrality, support for low income households, options around waste to energy, smart meter rollout and a range of other issues.

THE CHAIR: Strategic indicator 2 also mentions that the department will support the update of green power and solar hot water in our community. Will there be any new initiatives to do this on top of what already exists?

Mr Corbell: The government is continuing with its own increase in the purchase of green power. That is being done through the contractual arrangements the department of land and property have with our electricity providers that purchase energy for the ACT government across government. We have provided funding in the most recent budget to increase our purchase of green power further.

I would say that from an ACT government perspective we are the leading jurisdiction in the country in the purchase of green power. Over 30 per cent of our total power needs for ACT government operations is sourced from green power. We also know that the ACT as a whole is the highest consumer of green power on a per capita basis. In 2009 the number of green power customers in the ACT increased by 24 per cent to 15,788, and in 2009 the amount of green power purchased in the ACT increased by 33 per cent, to 118,987 megawatt hours.

So the territory as an entity—that is, the ACT government—is the leader in the purchase of green power of any state or territory government, or indeed the federal government. The community as a whole is a leader in the purchase of green power. To answer your question, we are going to continue to undertake the promotion that we have previously funded, and that is ongoing, but there are no additional initiatives in this budget in that regard.

THE CHAIR: Just on the solar hot-water rebates, I notice that in the sustainable territory section of budget paper 3 there is a statement on page 268 that says that the government will be encouraging renewable energy use by offering eligible purchasers of land in Bonner a rebate for solar or heat pump hot-water systems. I was wondering if you could tell me who will be eligible for that rebate and why that rebate is being offered only to residents of Bonner.

Mr Papps: That initiative, as I understand it, is being led by ACTPLA, the ACT Planning and Land Authority. They would be in a better position to provide you with the detail.

THE CHAIR: Mr Seselja.

MR SESELJA: Thank you, chair. Minister, I asked you some questions on notice on 18 March, question no 694. I wanted some additional information, if I could. I asked about some in-house training programs undertaken by the department. You were not able to give us details on some. There was a total cost of \$58,000, but there were some in house that were provided and there were three listed. I wonder if you could give me some information on what was provided for each of those items. There were three. One was information technology, at \$1,990. What was that program?

Mr Corbell: I would have to take that question on notice, Mr Seselja.

MR SESELJA: Okay.

THE CHAIR: I just note for the *Hansard* that the question is taken on notice.

MR SESELJA: Then we had time management, \$8,023. What was the purpose of \$8,023 on time management?

Mr Corbell: Again, I would have to take that question on notice.

MR SESELJA: And finally, in your answer, minister, there is \$800 training for the bicycle fleet. What did that entail?

Mr Corbell: I think Mr Papps is able to answer that question.

Mr Papps: Just in generic terms, as you would be aware, the department has purchased bikes to encourage its staff, wherever possible and safe, to ride pushbikes to meetings rather than take a car. As part of that program, we have offered training to our staff who want to use those bikes—safety training, a bit of a refresher course on bike riding generally. That is part of that program.

MR SESELJA: So it is training on how to ride a bike. Who provided the training?

Mr Papps: And safety—a very important issue about bike safety.

MR SESELJA: Sure. Who provided the bike safety training?

Mr Papps: I do not know that; I would have to take that on notice. It was a professional supplier.

MR SESELJA: Okay. In terms of using the bicycle fleet, what is the process for a staff member getting access to one of those bikes?

Mr Papps: In essence, before a staff member can book a bike to use, they have to have been through a course so that we are confident that their skills are up to date and

that their understanding of road safety rules is up to date.

MR SESELJA: There are some forms to fill out, are there?

Mr Papps: Yes. As I understand it, there are forms to fill out. We provide safety helmets and other relevant safety gear.

MR SESELJA: I have been told that the form is relatively cumbersome for booking a bike. Is it possible to table that form for us?

Mr Papps: I do not have any problem with that.

Mr Corbell: We would have to take it on notice, but we are happy to provide that.

THE CHAIR: Take it on notice. Mr Smyth.

MR SMYTH: Minister, page 288 of budget paper 4 lists the staffing outcomes for the department. Could you explain what the four additional FTEs this year will achieve?

Mr Corbell: Again, I will ask Mr Papps to answer that question for you.

Mr Papps: Of the four new FTEs in the 2010-11 budget, three have been funded through our climate change energy item, the further development of our climate change program, and one has been employed as a water resources regulatory officer. I start at the back. The water resources regulatory officer is an additional position required to process new licensing and associated material arising from the fact that the commonwealth will transfer some of its responsibilities for water management in the ACT to the ACT government. That involves more work; we therefore need a new officer.

The other three positions are part of the successful budget bid that the minister sought around progressing our actions on climate change. Climate change is a fundamental issue for this government and the department. We are employing three people. In summary, one will be coordinating the implementation of the ACT government's carbon neutrality framework which will emerge out of action plan 2 and our move to carbon neutrality by 2060. One will be assisting in the implementation of the national energy customer framework and the national strategy for energy efficiency, two major national programs that all jurisdictions have signed up to as part of the COAG process. And one will be administering and reporting on ACT-specific energy projects. That is the four positions.

MR SMYTH: Minister, if I recall rightly from last year's estimates or annual reports, there was not to be dramatic growth in the department. The numbers seem to be ramping up. Given the staff freeze that is on, is this good value for the money that will be spent on these projects?

Mr Corbell: I would not characterise an increase of four positions a dramatic increase.

MR SMYTH: It has gone from 91 to 109.

Mr Corbell: I still would not characterise that as a dramatic increase. The department is subject to an efficiency dividend in the same way all other departments are. Whilst there has been additional funding provided by the government to focus on these very important areas of policy development, equally, there will be disciplines placed on DECCEW, in the same way that disciplines are being placed on all other departments, to find savings to meet efficiency dividends moving forward.

MR SMYTH: It is a 19 per cent increase on the 2008-09 outcome.

Mr Corbell: I am sure that you will abuse that statistic at your pleasure.

MR SMYTH: It is a reasonable question. There is no point in getting catty, minister.

MR SESELJA: How is it being abused exactly, minister?

MRS DUNNE: By asking the question?

Mr Corbell: Because—if I can answer the question—we are dealing with relatively small numbers. Even small shifts in small numbers can lead to large percentage increases.

MR RATTENBURY: A supplementary on that, if I might, Madam Chair.

THE CHAIR: Yes.

MR SESELJA: It is an interesting statistical analysis.

THE CHAIR: Mr Rattenbury.

MR RATTENBURY: I notice that in the budget papers on page 293, last year the department actually did not meet 50 per cent of its stated objectives. Can you tell us why that was the case?

Mr Corbell: Can you indicate which particular outcomes you are referring to, Mr Rattenbury?

MR RATTENBURY: Certainly. It is on page 293, under output 1.2, items “c”, “d”, “e”, “f” and “h”. I note that some of them have been rolled through to this year’s targets. I guess my question is this: in light of what Mr Smyth was asking, does the department in fact have enough staff to meet the objectives it is being asked to deliver?

Mr Corbell: I think I would be prepared to say that the department is a very small one, even in ACT government terms, and it has a large policy agenda. I think I have made the point in previous estimates that the government is committed to an important body of work around climate change—energy in particular, but also water, nature conservation, environment protection and so on—but we will necessarily need to be doing it with a small number of people. The expectation I have of my department, which the chief executive has relayed to his staff, is that we need to be flexible, we need to be responsive and we need to work well with the resources that are available.

Would we like to have more resources? I think any government agency would say that they would like to have more resources, but I am comfortable with the level of resources we have to do the work that we have to do. I have to say that the dedication of the staff is outstanding. The staff of the department—the policy areas, the operational areas of the department—are very committed to what they do, and I am delighted with the work they have been doing to date.

MR SMYTH: Just on the staff, how many SES officers are there in the department?

Mr Papps: Seven.

MR SMYTH: Seven?

Mr Papps: That includes the Commissioner for Sustainability and the Environment.

MR SMYTH: And executive-level officers?

Mr Papps: I would have to get back to you. I do not have those figures off the top of my head.

MR SMYTH: Could we have a breakdown of that?

THE CHAIR: I note that that has been taken on notice. Ms Bresnan.

MS BRESNAN: I just wanted to clarify a couple of things that were said about the solar hot-water rebate. You said that there were not any new initiatives on top of what was already existing—

Mr Corbell: No, I was asked about—

MS BRESNAN: in terms of encouraging the uptake of solar hot water.

Mr Corbell: No, I beg your pardon, Ms Bresnan. I was asked about green energy, not about solar hot water.

MS BRESNAN: All right. Just on that, strategic indicator 2 did say it is about encouraging the uptake of solar hot water.

Mr Corbell: Yes.

MS BRESNAN: So apart from what already is existing in any programs, there is nothing new to actually encourage that uptake?

Mr Corbell: The funding that was provided in last year's budget, Ms Bresnan, was for the ACTSmart initiatives or switch your thinking, as it was described at that time. It was \$20 million over four years. It is to provide for a range of rebate programs. One of those that we are going to be rolling out will be the provision of a new rebate for solar hot water. That has been developed as part of that existing program that was funded in last year's budget, but obviously it is a four-year funding profile for that program.

MR RATTENBURY: What will be the nature of that rebate, and when will it be rolled out?

Mr Corbell: The details of that are still being finalised, but I anticipate that that will be rolled out later this calendar year.

MS BRESNAN: Ms Hunter also asked about the rebates that were being offered for Bonner. I know you said that ACTPLA were running that program, Mr Papps. I am just wondering, given that is one of your strategic indicators to encourage the uptake, whether you actually had any discussions or input with ACTPLA. Given that you have got this rebate you are talking about over four years, has there been any discussion about that?

Mr Papps: In general terms, the department has very active engagement with ACTPLA, in particular, and with other relevant government departments as well. But around the sustainability agenda, around the government's objective of carbon neutrality by 2060, we have got a very constructive and proactive relationship with ACTPLA. How we construct the new suburbs of Canberra is obviously a matter of great interest to us given residential housing as a source of greenhouse gas emissions.

MS BRESNAN: Were there any discussions with them about why Bonner has been a focus and why it has not been extended to other new areas?

Mr Papps: I have not had any of those conversations. Some of my staff may have, but I could not tell you the detail.

MS BRESNAN: Could the witness perhaps take on notice if there is any information about why Bonner was selected as the particular area.

Mr Papps: Sure, happy to do that.

MS BRESNAN: Thank you.

MR HARGREAVES: Minister, I know, because I am an acute observer of all of the wonderful utterances of the Labor government, that you have actually announced a program to assist low income householders. You can have a look at this, Vicki, in a minute.

MRS DUNNE: Yes, I was waiting. I knew this was your dixer for the day when I heard it on the news at 7 o'clock.

MR HARGREAVES: No, look, we can have a nice, warm and cuddly relationship all day—

MRS DUNNE: No, we cannot, John.

MR SMYTH: Not on the committee, you can't.

MRS DUNNE: Too much information.

MR HARGREAVES: or I can go true to form and just decimate you all day. Now, it is not my choice—

THE CHAIR: Mr Hargreaves—

MR SESELJA: He is following instructions, now.

MR HARGREAVES: No.

THE CHAIR: if we could move to your question. Mr Hargreaves, if we could move to your question.

MRS DUNNE: Bore us all day.

MR HARGREAVES: But, you know, bore us all day is your forte. It is the sort of thing that you lecture on at the CIT—boredom. Minister, could you expand a bit, please, on this program for low income householders around energy costs. I have, for the benefit of Mr Seselja, whose smirk is, in fact, lighting up the sky—

MR SESELJA: It is a smile.

MR HARGREAVES: I have an interest in this and low-cost households with my former housing minister's hat on and also an interest that I have in such things as the enviro insulator, which is a product to reduce greenhouse gases and reduce costs to householders. I am interested in any initiative that is going forward. Could I ask you to expand a bit on what we have seen so far?

MR SMYTH: Just go with the press release.

MR HARGREAVES: Here you are, have a look at that.

Mr Corbell: Thank you, Mr Hargreaves.

MRS DUNNE: Use your press release kit; now tell me about it.

MR HARGREAVES: Read it and weep, Vicki.

MRS DUNNE: No, actually, I don't need to—

THE CHAIR: A question has been asked.

Mr Corbell: Mr Hargreaves, what the government has done, with respect to some of the funding that has been made available through the ACTSmart program—\$1.3 million worth of that funding—we have decided to focus our efforts particularly on low income households. Those are households that are most vulnerable to movements in energy costs and least able to respond to those changes. Obviously, the government has announced in the budget \$1.8 million to improve the energy concession, lifting the energy concession payment on average by \$20 for all of those eligible households, and then indexing it to CPI. On top of that, this new direction

involves utilising funding already made available through the ACTSmart program and focusing the types of activities that we always envisaged that funding would be used for at low income households.

So there is \$1.3 million. It will be delivered by the Department of Disability, Housing and Community Services, because they obviously have the customer base that is most vulnerable and they can reach out to those individuals. The funding will be around \$300,000 on building shell improvements. Housing ACT have identified around 300 homes that can be improved with draft sealing, obviously around windows, doors, vents and so on.

There are also insulation improvements for a range of those homes—ceiling insulation in particular. Solar hot-water systems—around \$400,000 to be spent for around 100 homes to see their standard electric resistive hot-water systems replaced with gas boosted or electric boosted solar hot-water systems or, indeed, another form of energy-efficient hot-water system where solar is not suitable. Half a million dollars is for energy and water-efficient appliances. This is a particularly innovative program through the DHCS community development section.

What they will do is use the funding we provide to give that funding to community organisations who are providing emergency relief to low income households. This will allow those households to purchase or to receive an energy-efficient appliance. So these are people predominantly who are going to be in private rental, but who are under real energy stress. It will allow them to replace, for example, their fridge with an energy-efficient model, helping to reduce their energy costs. About a quarter of a million dollars will be expended on fridges, freezers, washing machines—items of that nature.

There will then be another quarter of a million dollars for energy-efficient appliances to community housing organisations. These will be the same types of measures, as well as water efficiency measures in those households, again, to reduce energy costs, and, indeed, water costs. Finally, around \$100,000 will provide for solar panel installation at four community facility buildings, including the Gordon childcare centre. I know you will be delighted to see that, Mr Hargreaves.

MR HARGREAVES: I am.

Mr Corbell: In fact, they are all in your electorate. I do not know how we managed that, but we did.

MR HARGREAVES: I notice that Ms Bresnan and Mr Smyth will be delighted to hear that.

Mr Corbell: The Gordon childcare centre, the Calwell neighbourhood centre, the Erindale neighbourhood centre and the Pearce community centre will all receive a photovoltaic installation. Again, that will assist them with managing their energy costs. The balance will be allocated to the installation of solar-powered public area lighting to assist with security and safety at those locations.

MR HARGREAVES: Thanks, minister. That was about, as I understand it, \$100,000

towards those particular four centres.

Mr Corbell: Yes.

MR HARGREAVES: Does the government have plans to roll that out amongst some of the other centres across town progressively over the years?

Mr Corbell: The government, in fact, has already done so earlier this year. About a month ago I announced the outcomes of our community energy grants program. We provided over \$1 million to community organisations—not-for-profit community organisations: churches, sporting groups, scout halls and so on—to improve the energy efficiency of their premises. Those grants, which I am happy to provide you with some more detail on if someone can help me with that, have allowed around 30 organisations across the city, if I recall correctly, to get—most of them have opted to go for a PV installation on their roof.

MR HARGREAVES: Yes.

Mr Corbell: For example, the new west Belconnen community hub that is being developed at the former Holt primary school, which will house about four or five community organisations, including Carers ACT and a range of other organisations, will be installing a five to 10 kilowatt PV installation at their centre as a result of that community energy grant. Indeed, there are around 30 individual community centres across the city who are receiving that.

MR HARGREAVES: I have one last question because I am thrilled to pieces to see anything happen in Tuggeranong but, more importantly, the photovoltaic cell stuff. I can recall serving on a committee with Mrs Dunne when we looked into sustainable energy use. PV was a big issue for us in those days, and I am pleased to see it rolled out.

This funding boost, this \$1.3 million you talk about, is on top of the \$1.8 million in energy concessions in this budget, according to this line. Can you just give us a little more information on what those energy concessions are? I presume you are talking about those ones for the low income, non-public housing sector. Am I right or wrong in that?

Mr Corbell: The concession regime is a community service obligation payment that the government makes to ActewAGL. It is available to quite a large number of people. There are about 20,000 individual bill holders who receive this concession. The funding will allow for a one-off increase of \$20 to bring the maximum concession to \$214.87 per year. That represents an increase of about 10 per cent in the current concession arrangement and brings the value of the concession to around 15 per cent of the average annual electricity bill.

There are about 22,000 low income households who take advantage of this. This would include households in the ACT public housing sector. It is available to holders of Centrelink pensioner concession cards, Centrelink healthcare cards and veterans' affairs pensioner concession cardholders. It is quite wide-ranging. Just to provide a comparison, the energy concession that the ACT makes available is one of the highest

in the country. We provide \$214.87 for a household as a maximum concession. In Queanbeyan, the maximum is \$130 per household—

MR HARGREAVES: Right.

Mr Corbell: or only about seven per cent of the average electricity bill. It is also important to remember that electricity bills, on average, in Queanbeyan are—what is it now?—about \$400 to \$600 more on average per annum than they are here in the ACT. So it is generous compared to what occurs across the border. For example, in Victoria, \$121.25 per household is the maximum concession available there. There are only two jurisdictions that are higher—Northern Territory and Tasmania.

MR HARGREAVES: Thank you.

THE CHAIR: Mrs Dunne, a supplementary?

MRS DUNNE: I have a couple of supplementaries. Minister, with the \$1.3 million which is money out of last year's budget, out of last year's announcements, are there criteria for getting value for money? Does the department sit down and say, "How much money can we spend to recoup the maximum amount of energy efficiency?" You have outlined a range of issues, like insulation, leak sealing, solar hot-water systems—

Mr Corbell: Yes.

MRS DUNNE: Have you actually established criteria that say, "We should do these things first, because that gives us the most bang for our buck," or do you decide that you need to spread it across a number of activities?

Mr Corbell: Yes, there are some criteria that we require. A direction I have given as minister is I want a much stronger focus on our programs assisting low income households. I think that has to be the priority for expenditure. That is why we have refocused the ACTSmart initiative, or the switch your thinking initiative, as it was known, to see much more of that funding going towards low income households.

We know what the relative benefit is in absolute terms. We know that simple energy efficiency measures in homes will significantly improve the energy performance of those homes. Have we done a case-by-case analysis? No. Do we know that improving insulation and draft sealing in low performing homes is going to improve their energy efficiency? Yes. That is why we are focusing it there.

MRS DUNNE: My question is: will this money address all the issues of under-insulation and under-performance of houses? Would it be better to spend the money on that before we moved on to solar hot-water systems? Have we still got leaky, cold houses in the government housing sector that might have solar hot-water systems on the roof?

Mr Corbell: Yes, we do. But we want to provide a range of benefits to the householders in that location. We know, for example, that your hot-water bill is one of the most significant elements of your electricity bill, along with heating, particularly

in winter.

MRS DUNNE: But my question is: why do you want to provide a range of services if—have you actually recognised that there is one course of action which is more beneficial, gives you more bang for your buck? If you have, why do you not finish that process before you go on to the other?

Mr Corbell: This initiative supplements funding already available to DHCS to upgrade the energy performance of the public housing stock. DHCS have received \$20 million over 10 years to improve energy performance of the public housing stock, and this initiative will supplement that. We are really slotting into their broader program that they are already delivering and supplementing it to get even more households improved in terms of their energy efficiency.

MRS DUNNE: Is there any evaluation of how you are going—how much progress you are making? What is the quality of the housing stock as a result of the money that is being put in? Are you scientifically and strategically putting that money in?

Mr Corbell: This initiative has only been announced today. So in relation to this expenditure, it is yet to be delivered. But there will be, of course, an assessment process as part of the broader home maintenance program that DHCS has undertaken.

THE CHAIR: Mr Rattenbury, did you have a supplementary, because I know Ms Bresnan does?

MR RATTENBURY: No, not on this.

THE CHAIR: Okay, so we will go to Ms Bresnan.

MS BRESNAN: I want to clarify something and I am sorry if it was already stated. I want to clarify something in relation to the \$1.3 million for the public housing and community sector. Was there a particular amount that was going to the ACT public housing area or was it being applied generally across the community sector?

Mr Corbell: This funding is part of the ACTSmart funding—

MS BRESNAN: Yes.

Mr Corbell: or the switch your thinking funding, as it is described in last year's budget. That was to deliver a range of programs around energy efficiency—rebates and assistance to households.

It was a broad package of funding, but there was a great degree of flexibility within that as to how it would be delivered. As we work through the detail of the delivery of that money, we have chosen that a good slice of it is going to be focused on low-income households, and we partner with DHCS to deliver that.

MS BRESNAN: Is there a particular amount that that will be?

Mr Corbell: It is the \$1.3 million I have announced today.

MS BRESNAN: That is the 1.3?

Mr Corbell: Yes.

MS BRESNAN: Okay. I just want to clarify the matter because it does say in the media release that it will be public housing and also the community services sector. So I just wanted to clarify that the 1.3—

Mr Corbell: Beg your pardon, within that 1.3?

MS BRESNAN: Yes.

Mr Corbell: Yes. There is half a million dollars for energy and water-efficient appliances, and that will be delivered in partnership with community sector organisations who work directly with low income families and households. For example, organisations like Northside Community Service, Inana, Beryl, Doris, Lowana, Bernardos, St Vincent de Paul, ECHO, Salvation Army, YWCA will be able to replace approximately 220 appliances with new energy-efficient appliances as part of that program.

MS BRESNAN: So it is \$0.5 million of the 1.3?

Mr Corbell: That is correct.

THE CHAIR: Mr Rattenbury, a new question, then Mr Seselja.

MRS DUNNE: No, sorry.

THE CHAIR: Do you still have a supplementary?

MRS DUNNE: No. I had my hand up for a new question as well after Mr Hargreaves and Mr Rattenbury.

THE CHAIR: Okay. Mrs Dunne, then Mr Rattenbury, then Mr Seselja.

MRS DUNNE: Otherwise we will get out of sync. I wish to ask about the stormwater system upgrades, Mr Corbell. There are plans afoot for Lyneham and Dickson. I was wondering whether you could update the committee on progress on those projects. Are they on time, and are they on budget, I suppose is my question?

Mr Corbell: I am delighted with these projects. The response from the community has been overwhelmingly positive. Three offline ponds or stormwater retention ponds—artificial wetland projects—were funded in the previous year's budget. One of those has already been delivered. The Banksia Street wetland is in—I always get confused—Lyneham, I think.

MRS DUNNE: It is in O'Connor.

Mr Corbell: It is in O'Connor. I beg your pardon; I always forget where the border of

O'Connor and Lyneham is. The Banksia Street wetland in O'Connor is complete. That is an offline pond adjacent, obviously, to Banksia Street. Plantings have been largely put in place now and it is establishing. It looks fantastic. As to the other two ponds at Dickson and Lyneham, Lyneham ponds are awaiting their development approval from the ACT Planning and Land Authority. As to the Dickson ponds, theirs was submitted on 4 March.

MRS DUNNE: Both of them were submitted on 4 March?

Mr Corbell: They were. Once ACTPLA determines those applications—and assuming that they are approved—we would expect to be in a position to award the contracts for those projects in July.

MRS DUNNE: What was the timetable for delivering those?

Mr Corbell: I might ask someone to give me that rather than try to read through all of that now. We do have that. I will take that on notice now and we will come back to it.

Ms Hargreaves: In the 2009-10 budget papers we had an estimated completion of September 2010. We are now expecting both ponds to be completed in February 2011.

MR SMYTH: Page 296 of budget paper 4 lists it as a rollover. There is a nice irony in rolling over the accelerating of the replacement of stormwater drains with wetlands. What is the reason for the monerney of \$2.8 million being rolled over?

Mr Corbell: There has been an extended public consultation process in relation to this. Officers in my department have worked very hard, and I think very constructively, with local residents. There have been some concerns raised about the Lyneham pond in particular that have involved some further revisions of the design prior to the development application being lodged. I would simply put it down to the need to further engage with residents to sort out these issues before we lodge a final development application.

MRS DUNNE: Could I ask you to provide, on notice, a rundown of the cost of establishing the Banksia Street pond—the projected cost for Dickson and Lyneham—and the interrelation with the Dickson, Lyneham ponds and Flemington Road ponds—so the full cost of the Dickson, Lyneham, Flemington complex? How much was spent on Flemington? What is proposed to be spent on the other two? Can you tell us whether that is on budget? Ms Hargreaves, could you tell us now whether the Banksia Street one came in on budget, because it has been completed?

Ms Hargreaves: Unfortunately, I do not have that information.

MRS DUNNE: Thanks. I would like to have that taken on notice.

THE CHAIR: I will note that has been taken on notice. Mr Rattenbury.

MR RATTENBURY: Thank you. I want to come to the strategic priorities listed on page 287 of budget paper 4, particularly the second one which talks about:

developing *Weathering the Change* Action Plan 2, which will contain the strategies and actions to transition the ACT towards the Government's policy objective of zero net emissions for the ACT by 2060.

I want to ask why the government is setting a strategic indicator for weathering the change that is based around an emissions reductions scenario that is so far into the future. Why are the current budget papers not focused, or action plan 2 not focused, on a 2020 emissions reduction target?

Mr Corbell: As I think you know, action plan 2 will be focused on interim milestones and targets, including a 2020 target. When the budget papers were produced—and as of today—the government had not finalised its position in relation to what the interim targets should be between 2013 and 2060. As I have said previously in the Assembly and publicly, the government will determine what its position is in relation to those interim targets when it puts legislation to the Assembly for a greenhouse gas target legislative framework. Obviously at that point in time the budget papers will be in some ways superseded because the government will have adopted its policy position. The government has not yet adopted its policy position in relation to those targets, so it is not feasible to put them in the budget papers at this time.

MR RATTENBURY: When do you expect the government will finalise its policy position?

Mr Corbell: I think I am already on the record as saying that I anticipate introducing legislation into the Assembly around the middle of this year in relation to greenhouse gas emission reduction targets, and that remains the case.

MR RATTENBURY: Two consultants were engaged to look at the roadmap for emission reductions and to undertake cost-benefit analyses of options to reduce emissions in the ACT. I understand one of those has completed their report. Can you tell me when the second one is due and when the government will be releasing it?

Mr Corbell: The government expects to release those reports at the same time as it announces its targets and the relevant legislation.

MR RATTENBURY: Has the government done any analysis—

Mr Corbell: I should just say that the first report by Heuris Partners is already on the DECCEW website.

MR RATTENBURY: Has the government done any analysis of the year-by-year reductions that would be required in the ACT to meet the carbon neutral by 2060 goal?

Mr Corbell: Yes.

MR RATTENBURY: Can you tell us some of the details of that analysis, where we might find it?

Mr Corbell: Those issues are still subject to cabinet consideration. I will be delighted

to provide that once the cabinet has determined its position but I am not in a position to do that at this time.

MR RATTENBURY: Thank you.

THE CHAIR: Mr Seselja.

MR SESELJA: This is perhaps a follow-on from Mr Rattenbury and then another area. I asked you questions on notice regarding greenhouse gas emissions—Nos 635 and 636. I asked you to outline what measures were being undertaken by your portfolio to reduce greenhouse gas emissions. You referred me to the annual report, saying that that would be published. Is there a reason why you are not able to tell us what the department is doing within its portfolio to reduce greenhouse gas emissions?

Mr Corbell: I think I just indicated in my answer that that would be information that would normally be disclosed during the annual reporting period. You asked a whole range of questions, including that one, which involved information that would normally be collated and reported to the Assembly as part of the end of the financial year and the reporting period. My answer simply indicated that that would be the way we would collate and provide that information to you.

MR SESELJA: But that is not an answer. Is this information something that was not available to you when you were asked the question? Do you know what is being done? Did you know what had been done—in March when it was asked—to reduce greenhouse gas emissions in your department?

Mr Corbell: As you are probably aware, the government has limited resources around at what point does it dredge up all the information that members are seeking. Obviously we want to be accountable for our activities and our programs but we also would ask the Assembly as a whole to reflect on when they should expect a particular piece of information, knowing that it is going to be reported in the annual report framework. That is simply what my answer is trying to indicate to you.

MR SESELJA: Is this information regularly reviewed?

Mr Corbell: What information?

MR SESELJA: The information about greenhouse gas emission reductions?

Mr Corbell: Yes, it is reported annually in the annual report.

MR SESELJA: No, what I mean is: is this information that is available to you at any given time? Is this constantly updated and reviewed?

Mr Corbell: Not to me, no.

MR SESELJA: So where is it kept? You would not know during the year what has been done on it until the annual report is prepared?

Mr Corbell: The chief executive has obligations, as do all chief executives, in

relation to the sustainability performance of their departments. The government expects its departments to deliver those programs and to report on their performance at the end of the financial year.

MR SESELJA: You indicated to the environment committee during annual reports, when asked about wastepaper recycling, that the department is currently working on the development of a resource management plan. How is this plan progressing?

Mr Corbell: I will ask Mr Papps to try to answer that question for you.

Mr Papps: Along with other government agencies, there is an expectation that each agency will develop a resource management plan. DECCEW has developed a resource management plan, which I have adopted, covering the period 2009-11. In essence, it is quite a simple document. It focuses on three major elements. The first is getting accurate data on our use of energy, water and waste. You cannot manage what you cannot measure, which is a very obvious axiom.

The second element that we are focusing on is working with a building owner, ACT Property Group, for base building efficiencies. We simply have to acknowledge that we are a tenant in a building managed by the ACT Property Group; so we have got to engage with them around issues such as energy efficiency and water efficiency and a range of other issues that are effectively managed through the way the building is managed rather than just our component of it.

The third, of course, is improving our performance as tenants. We have a range of activities identified in that resource management plan where we can influence our own emissions. They range from some of the things I have already mentioned to you—for example, using push bikes to go to meetings, to reduce our emission footprint, improving the sustainability ratings of all the products that we use and distribute, including the paper that we use. So everywhere that we can exercise some control over procurement or leasing of vehicles we seek to maximise the sustainability outcomes.

Mr Corbell: There are a range of measures that the department has adopted to date. The department has made sure it is accredited as part of the office smart initiative to improve its management of waste. We are an accredited partner in that program. We have installed smart meters on levels 1, 2 and 3 of the south wing of Macarthur House—to reiterate Mr Papps's point that we need to be able to measure how we are performing to improve our performance.

We have increased the purchase of recycled content paper and earth saver products. There has been the purchase of green power for DECCEW-sponsored events, including Tropfest and activities at the Canberra Show. Promotional material is, where possible, sought to be produced from recycled products and content and sustainability training has been incorporated into staff induction processes within the department.

MR SESELJA: Madam Chair, I have a couple of questions around this. The resource management plan—is that published anywhere? Is that something we can have access to?

Mr Corbell: It is an internal document, but we will take that on notice.

MR SESELJA: Okay.

THE CHAIR: I note that has been taken on notice.

MR SESELJA: Thanks. Minister, you also indicated, I think at the annual reports, that the figures on waste paper recycling which were reported in your annual report were correct and that an audit would be taking place on the entire waste stream of the department. How is this audit progressing and what has it found?

Mr Corbell: Mr Papps can answer that for you.

Mr Papps: Indeed, we are undertaking our own in-house waste audit. We are going to take a sample period of three months to give us a broader snapshot of our waste production. Then we will base what flows from that based on that audit. In other words, the audit will drive what actions we undertake to reduce our waste.

It is one of those issues I referred to earlier where there are some difficulties because we are a tenant in Macarthur House. There is a common cleaning contract, a common waste to landfill contract and common bulk cardboard disposal. There are also no weighing bins within the facility. For example, we cannot take direct weighings of waste produced and plot that over time. We have got to have a de facto measure of something like the number of bins filled. But we are doing what we can to monitor that and we will base our management action on the results.

MR SESELJA: When will that process be completed?

Mr Papps: It is still underway. It will not be complete for a little while yet.

MR SESELJA: Is it fair to say that at the moment we do not know how much paper is being recycled by the department?

Mr Papps: It is fair to say that we do not have a completely accurate idea of how much we are recycling or how much waste we are producing.

MR SESELJA: What targets will you put in place for 2010-11 in terms of waste recycling?

Mr Papps: We will not formulate targets until we have got a better idea of what we are producing and what capacity we have got as a tenant in a building to influence that.

MR SESELJA: Would we expect that the targets will be somewhere closer to the overall target for the ACT? I think the ones that were reported were very low—something like 33 per cent.

Mr Papps: We would seek to optimise those targets because we want, to the extent that we are able, to provide leadership in this space for other government agencies.

MRS DUNNE: How is your tenancy in any building going to affect your capacity to recycle? It might affect your capacity to measure the extent to which you recycle, but how is it going to affect your capacity to recycle?

Mr Papps: The point I was trying to make is that as a tenant we, for example, do not choose the cleaning contractor, the waste to landfill contractor and so on. We share those services with the other tenants in the building. To that extent, we are not completely in charge of those services upon which we rely for waste management. That is the impact that has.

Mr Corbell: Nevertheless, the involvement in office smart means that recycling facilities are rolled out across the department at individual workstations to encourage staff to recycle. Training is provided as part of that program to staff about how to separate waste at the point of use. The key issue I think Mr Papps is referring to is around measuring how much of that waste is going to be recycled, how much is going to landfill. Because of the common collection and removal of that waste, those respective waste streams, it is difficult to measure what is coming out of DECCEW as compared to what is coming out of the rest of Macarthur House. In terms of what is occurring within the department, there is recycling happening within the department at the workstation level because of accreditation through office smart.

THE CHAIR: There is a strategic indicator at the bottom of page 287 about the review of think water, act water. Can you give some indication of the stages that would be undertaken for the review of the think water, act water strategy and when we are expecting to see something come out of this?

Mr Corbell: The review of think water, act water commenced late last year. It is anticipated it will continue for the duration of this year, with a final revised strategy to be released in the first stages of 2011.

THE CHAIR: Are you able to give any more detail about how it is going at the moment?

Mr Corbell: I am not able to. I do not know whether officers of the department are able to do that. I will ask Mr Butt to come to the table.

Mr Butt: As the minister said, the review started last year. One of the first things we did was have a focus group process the start, to give us some direction as to where the future of think water, act water goes. We have also commissioned work to review how the program has gone to date. The program was started in 2004 and had a five-year commitment for review. Progress in the original strategy will very much indicate where the future strategy directions need to go. The process itself is going to involve quite extensive consultation and coordination across all areas of government and we have got commitment from agencies for the necessary devotion of resources from them to assist with the work.

MRS DUNNE: Could I ask a supplementary question, Madam Chair?

THE CHAIR: Yes, Mrs Dunne.

MRS DUNNE: Thank you. What are the terms of reference for the review?

Mr Butt: It is a commitment to review the whole program. The program, as I said, was started in 2004 in an environment where the ACT was at the beginning of a quite significant drought and had realised that some of the constraints on our water supply system exacerbated by the 2003 fires were starting to really have an effect. So the program was very much for its first stage directed at ensuring potable water supply for the community.

MRS DUNNE: But there are no written terms of reference for the review?

Mr Corbell: It is a whole-scale review of policy, so it is an analysis of how we have performed and what steps we need to take to meet the targets that we have put in place.

MRS DUNNE: But are there written terms of reference?

Mr Corbell: There are plenty of written documents that outline the review process.

MR SMYTH: It is very simple: are there terms of reference?

Mr Corbell: Have I issued formal terms of reference? No, I have not because I do not see the need for that.

MRS DUNNE: Have the reviewers set themselves a set of terms of reference?

Mr Corbell: It is a review of the overall operation of the program. As part of that, the government has engaged Hunter Water Australia to assess independently our capacity to meet our targets and the efficacy of the demand management program established under think water, act water. That will report this year and that will give us an assessment of how we are going in terms of our ability or otherwise to meet our targets.

MRS DUNNE: Is that the commissioned work that you spoke about before, Mr Butt?

Mr Butt: Yes.

MRS DUNNE: Okay, thank you. So who is actually doing the review?

Mr Corbell: My department.

MRS DUNNE: But who is actually responsible for the review? Who is actually doing the work?

Mr Corbell: Mr Butt's section is responsible for that review.

Mr Butt: I am responsible. My water policy advisers are carrying out work. We have one officer dedicated to the project.

MRS DUNNE: One officer. The work done by Hunter Water: how did you light upon Hunter Water to do that work?

Mr Butt: We identified Hunter Water because Hunter Water are familiar with the ACT water policy. They had done some work earlier. We approached Hunter Water because of their knowledge of our water policy situation.

MRS DUNNE: So it was a single-select tender essentially?

Mr Butt: It was a single-select and it was a single-select on the basis of it being the most efficient and effective way of getting the work done.

MRS DUNNE: Mr Butt, you talked about consultation and coordination across government. What involvement will the public have in the review of think water, act water?

Mr Butt: The public will have quite a significant involvement. Once we get the review done and we start to prepare the draft of directions forward and the minister considers that, that will go through a quite intense public consultation process to inform the final document that the government considers.

MRS DUNNE: Could you provide for the committee, possibly on notice, a flow chart of what you think the review process will look like and what the milestones might be? Also, could you tell us now, or provide on notice, what the budget for the review is?

Mr Corbell: Yes, we can take that on notice.

MRS DUNNE: Wonderful, thank you.

THE CHAIR: I note that they have been taken on notice. Mr Rattenbury, a supplementary?

MR RATTENBURY: I think this is the right place to ask this. In terms of undertaking the review of think water, act water, is that the place where the government will set its water security standard?

Mr Corbell: The government has already set its water security standard.

MR RATTENBURY: When did the government set its water security standard?

Mr Corbell: Last year.

MRS DUNNE: And what was the process—how did you come about the water security standard?

Mr Corbell: My department prepared a submission for me to put to cabinet, making a recommendation as to the water security standard.

MR RATTENBURY: Is there any community discussion around what that water security standard should be?

Mr Corbell: Yes, there was, indirectly, through the work that was undertaken,

particularly by Actew, in the development of the range of options for water security. A series of assumptions and scenarios were publicly consulted on as part of that and the government drew on that for the development of the water security standard, which was the same standard that Actew had applied in its modelling.

MR RATTENBURY: Minister, you would be aware of the ICRC's recent report on the enlarged Cotter Dam water security project?

Mr Corbell: Yes.

MR RATTENBURY: The ICRC had quite some discussion about the seeming lack of clarity of water security standards, particularly the fact that Actew did the planning for decisions around what infrastructure to invest in in the absence of a government directive on what the water security standard should be. Would you like to comment on that?

Mr Corbell: I think the commissioner was right to highlight that the government did not formally determine a water security standard until I became minister—I think in the first six months of last year. Nevertheless, I think it is quite clear also that the government and Actew worked closely in the process of determining what the parameters should be for assessing the appropriateness or otherwise of water security projects and I think in many respects the decision which the government took last year was simply a formalisation of what was already understood between the government and Actew in relation to water security thresholds.

MR RATTENBURY: In the conclusions of the ICRC report the commissioner draws the following comment:

The Commission notes that the water security program which is built around the ECD will, on the basis of ACTEW's own analysis, result in the ACT facing water restrictions 1 year in every 40 years ...

He goes on to observe:

This is twice the water security objective subsequently set by the ACT Government of 1 year in every 20 in temporary restrictions.

Would you like to comment on that? It is on page 73, if that assists, of the report.

Mr Corbell: I would have to look at exactly the context in which the commissioner is making that comment. I do not have that in front of me, so I reserve my comment until I have looked at that.

MR RATTENBURY: In taking that question on notice you might give the committee your views on the fact that that is standard and it seems to be suggesting that Actew, in terms of the project it is investing in, is actually going well beyond the standard that you require.

Mr Corbell: I do not think that is the conclusion the ICRC came to, but I do not have that document in front of me. What I will say is that that has certainly not been drawn to my attention in my meetings with the ICRC commissioner. The ICRC

commissioner has not said to me that the project is in excess of the water security standard that the government has established.

THE CHAIR: Could I clarify that a question has been taken on notice.

Mr Corbell: Yes.

MR SMYTH: Minister, on page 87 of budget paper 3 are the four initiatives that the department has for this year. In the year 2010-11 they total \$1.35 million. If we look at page 291 of budget paper 4, for the whole of output class 1 of the department for this year the total cost is \$24,923,000. If you remove the initiatives of \$1.35 million, the base, as it were, for the department for the year is \$23,573,000. That is a \$2.4 million difference from the estimated outcome for 2009-10 of \$25,975,000. What are the ins and outs on the \$2.4 million?

Mr Corbell: I will ask Ms Hargreaves to answer your question.

Ms Hargreaves: The variance of two-point-odd million dollars is due to a combination of factors. If you would just bear with me, I can go through those in detail. Are we looking at the cost or GPO?

MR SMYTH: No, the cost. The GPO dips slightly, but the costs dip by \$2.4 million.

Ms Hargreaves: They do, and there are a number of reasons for that. You will find that we have had cessation of rollovers. We had a number of rollovers from 2008-09 into 2009-10, so they stop. Then you also have section 16B rollovers, which are not part of the budget process.

MR SMYTH: Sure.

Ms Hargreaves: They happen after year end.

MR SMYTH: Sorry, the cessation of rollovers: how much was that worth?

Ms Hargreaves: About \$1.3 million.

MR SMYTH: Are they the projects that are listed as rollovers in last year's budget paper but do not appear in this one?

Ms Hargreaves: Correct.

MR SMYTH: Okay. So we might go to that in a minute. And what is the other \$1.1 million?

Ms Hargreaves: You also then have moneys that we have received from the commonwealth, so we would be spending that money as expenditure for the commonwealth's salt reduction project, and that is about \$325,000.

MR SMYTH: Okay.

Ms Hargreaves: There are some transfers that happened in 2009-10 where we got money from CMD for the solar facility, so we have to take that out of the budget as well, so that reduces it. So you can see that there are quite a number of ons and offs. I would be happy to provide you with a table articulating each transaction, if you like.

MR SMYTH: Minister, the—

THE CHAIR: Mr Smyth, did you want that table?

MR SMYTH: Yes, I would love that table, thank you very much.

THE CHAIR: Okay. I will note that that has been taken on notice.

MR SMYTH: All right. The reconciliation would be good. Minister, why has the government made the decision to reduce the budget for your department by almost 10 per cent?

Mr Corbell: I think Ms Hargreaves has just answered the question.

MR SMYTH: No. She has explained what they were. The question for you is: why have you reduced funding for the Department of the Environment, Climate Change, Energy and Water in real terms by \$2.4 million?

Mr Corbell: As Ms Hargreaves indicated, we have not. What we have done is—

MR SMYTH: Rollovers have been taken away.

Mr Corbell:—complete a range of projects that were rolled over from a previous year. There has not been any reduction; there has been a completion of programs that were funded.

MR SMYTH: But in real terms the department is now less \$2.4 million.

Mr Corbell: In accounting terms, that is correct, but in terms of a reduction to funding there has been no reduction of funding of the order that you outline. There is an efficiency dividend for my department; that is the only substantive reduction.

MR SMYTH: All right. Can you explain the total costs that have gone from the outcome for the current year of \$25.975 million to the estimate for next year of \$24.923 million, or a drop of \$1,052,000?

Mr Corbell: Which chart are you referring to?

Ms Hargreaves: The output class.

MR SMYTH: At the top of page 291.

Ms Hargreaves: When we are looking at the movements in the total expenses, again there are a combination of factors that have arisen from the estimated outcome through to the budget and, as I mentioned before, this is coming from the estimated

outcome now to the budget. So we have got increases in the commonwealth salt reduction project, which I have mentioned before. We have also had increases in commonwealth grants funding, and that has been put in caring for the country. We have had an increase in the Bureau of Meteorology funding as well. These are the increases I am talking about now. We also have increases due to the incremental increases from when we were created and we got funding. We received funding from TAMS. So that also increases.

The decreases would relate to grants and purchased services. You will actually see that it has dropped \$1.5 million and that drop relates predominantly to the community energy grants, which we rolled over last year into 2009-10. So you can actually substantiate the full variance.

MR SMYTH: We will get the reconciliation. That is fine. At the bottom of page 87 of budget paper 3, in the Water Resources Regulatory Office, there is revenue of \$518,000 in the first year but then it is a flat \$152,000 in the outyears. Where does that revenue go? Does that go to Treasury or is it used by the department? What is it, who is paying it, and why is it—

Mr Corbell: Those are fees associated with the issuing of new regulatory approvals as part of the transfer of the regulatory regime from the commonwealth to the ACT for water resources. Previously a range of leaseholders and government agencies were paying the commonwealth for the extraction of water. Those payments are now effectively transferred to the territory once the commonwealth approves the transfer of the regulatory responsibility. And so there is a one-off increase associated with new issuing of licences, as I understand it, but then that declines in the outyears to a more regular level of activity.

MRS DUNNE: Does that mean that when the ACT takes over responsibility everyone will have to apply and pay for a new licence?

Mr Corbell: I might ask Mr Neil to come and explain the ins and outs of that.

Mr Neil: Minister, you are correct. The initial cost is to purchase the water; so it is a water access entitlement. Currently they take water, effectively without a licence, from the lake. The outyears are based on paying for the consumptive use; so it is the water access charge rather than the entitlement.

MRS DUNNE: So what you are saying is that at the moment the NCA does not charge people to extract water from the lake?

Mr Neil: That is my understanding.

MRS DUNNE: When it comes to the territory, we will be charging people to extract water from the lake and we will be licensing them? They do not currently have licences to do that, under the NCA?

Mr Neil: They have licences with the NCA. We are unsure of whether they are metered or not metered and in fact the conditions of the licence. The NCA have been pretty quiet on that front, other than to work with us in transferring the management

of the water resources of the territory into one place, which is the ACT government.

MRS DUNNE: I do not understand how you can predict that you are going to take \$518,000 in revenue this year when you do not know the nature of the licences that you are taking over.

Mr Neil: We have got a pretty good idea that they abstract about 600 megalitres annually around the lake.

MRS DUNNE: But why does it fall off? If they are abstracting 600 megalitres annually, they are going to pay a licence fee for that this year, next year et cetera?

Mr Neil: No, sorry. They pay for the water access entitlement. I do not have the paper but I will find out. It is around \$500 a megalitre. That is a one-off charge. You buy the right to use the water and then every year after that you pay for the water you use, which is 25c a kilolitre.

MRS DUNNE: So what you are saying is—I am not quite sure what you are saying.

THE CHAIR: So there is an upfront cost for a licence and then you—

MRS DUNNE: Why is there an upfront cost, seeing that these people are already licensed?

Mr Corbell: That is the same regulatory regime as applies to every other water user in the territory. And what the commonwealth, if I can, has said is that it has acknowledged that it is not compliant with its own principles for the payment, for the extraction and for the consumption of water that it expects of every state and territory, particularly all of those entities under the Murray-Darling Basin arrangements.

So what it has said is, “We will make ourselves compliant with that regime. Our regulatory regime is compliant with intergovernmental agreements but for the payment for the extraction and the use of water,” and what they have said is, “We will ensure that our own entities and our own commonwealth-controlled water will be compliant, and the way we will do that is that we will transfer regulatory responsibility to the territory.”

MRS DUNNE: And in doing so, the users will then have to pay the water rights fee, essentially, and then an ongoing licence?

Mr Corbell: That is correct, yes.

MRS DUNNE: Which they have not hitherto?

Mr Corbell: That is correct.

MRS DUNNE: That would be the Botanic Gardens when they come on line? They are not on line yet. Who else will be licensees?

Mr Neil: We would expect that all the water users in the parliamentary triangle—

possibly Canberra airport, potentially Canberra golf club, and any other users, mainly the NCA.

MRS DUNNE: You do not know who the users are at the moment?

Mr Neil: No, but the NCA will give us that information. What we do understand is that there are about 600 megalitres a year from their licensed users but they have not given us the detail of the actual licensees.

Mr Corbell: The legislation is yet to pass the commonwealth parliament and the commonwealth is still trying to license its own processors.

THE CHAIR: Is this why the NCA seem to be so coy about giving information about what they have done to this point in their process and who is involved?

Mr Corbell: The NCA is just coy about giving information generally.

MR SMYTH: They are probably gun shy after their treatment from Senator Lundy, but that is the case. I have a last question on finances, about the top initiative on page 87, progressing action on climate change. I notice that there is \$1,041,000 this year; then it drops off to 646, 445 and 452. What is so special about the first year? What extra are we getting out of the first year's benefit, and then why does it drop off? Are we going to fix climate change between now and 2014?

Mr Papps: No, not at all. It is clearly a work in progress. Ms Hargreaves can give you the detail, but in essence the reduction over time is a reduction in staffing costs, and there are some one-off costs involved in the first year that are not replicated in subsequent years.

MRS DUNNE: Is this new money?

Mr Papps: Yes.

Ms Hargreaves: It is new money, and if I could just—

Mr Papps: Do you want to add more detail?

Ms Hargreaves: Yes, please. In the first year, out of the 1,041, we are receiving \$407,000 to undertake emissions audits of each ACT government agency and business addressing information gaps and \$305,000 for accessing technical advice, including through the ICRC. Then we have funding allocated for staffing, three staff, which is \$329,000. In the following year, that funding will drop, because we will not be having the funding of the 407 for the emissions audits, and the funding for technical advice will actually increase just slightly, 305 to 313. And then the staffing increases by indexation. And in the following year it reduces again, because the technical advice has reduced; we will not need as much technical advice. Is there anything else you would like?

THE CHAIR: I want to move to budget paper 4, page 290. Strategic indicator 3 talks about securing sustainable water resources. It says that the department will work with

industry and the community to identify and implement water-sensitive urban design. Can I have some explanation about how that engagement will occur and what has already occurred?

Mr Corbell: The most obvious of those is the issue we discussed earlier, the wetlands programs. Those programs involve a high level of community engagement, both in terms of the design and also in terms of what is trying to be achieved through them. A lot of effort has been put in by officers of my department to explain to the community and give the community information about how these wetland projects are not just an aesthetic program, and indeed not just a program that will improve water quality, although they achieve both of those things very well, but are also driven by an underlying policy requirement, and a commitment the government has made with the commonwealth, that we will reduce our reliance on potable water by two gigalitres as a minimum through the supplementation of non-potable supply options.

These wetland projects provide us with the ability, and the intention is, to achieve a two-gigalitre reduction in potable water demand by replacing potable supply with non-potable supply for the irrigation of sportsgrounds, ovals, playing fields and so on. The Sullivans Creek project is the first element of that. The Dickson, Lyneham and O'Connor ponds, along with the Flemington Road ponds, are giving us that capacity for the irrigation of areas such as Southwell park and other playing fields and ovals in the inner north, such as the Dickson playing fields and so on.

But we are also going to be expanding that. One of those projects is funded in this budget—the construction of the ponds in Molonglo in the new suburbs of Coombs and Wright and those other new development areas. There was funding provided by this government for the piping of that water and the infrastructure needed to send that water to playing fields in Weston Creek to provide for non-potable irrigation of district playing fields, for example at Waramanga and other small locations around Weston Creek. Equally, the funding in this budget for the ponds projects in Gungahlin will allow for the non-potable supply to venues such as the enclosed oval in Gungahlin, the playing fields associated with the new Gungahlin college and so on to also be met.

That is the primary focus for this work—the wetlands projects, the urban stormwater projects, that replace potable supply with non-potable supply.

THE CHAIR: And as part of all of this are you anticipating undertaking any cost-benefit analysis for the use of non-potable water?

Mr Corbell: Yes. Cost-benefit analysis is essential to the viability of the urban stormwater projects in particular. Detailed cost-benefit analysis is done on each of those projects.

THE CHAIR: Are they available?

Mr Corbell: I am happy to make those available.

THE CHAIR: Thank you. Can you take that on notice.

MRS DUNNE: Can I follow up on that particular issue, about the ponds in Gungahlin, Molonglo and north Weston.

THE CHAIR: Yes, Mrs Dunne.

MRS DUNNE: Minister, your answer there seems to indicate that this is extra piping that takes the water away from either existing ponds in Gungahlin or the ones being built as part of the suburb development in Wright or Coombs. Is that correct?

Mr Corbell: Sorry; could you ask that again, Mrs Dunne? I do not quite follow you.

MRS DUNNE: The money in the budget in the capital works in your department is not for the actual construction of the pond at Wright or Coombs or any ponds in Gungahlin—is that correct?

Mr Corbell: That is correct. The reason for that is that construction of those ponds is also required for general stormwater management as part of the new urban development. It is being delivered as part of that by another part of government. Nevertheless, there is the opportunity—the ponds will effectively be developed in the same way that the other ponds are being developed, and they will perform the same purpose; it is just that they are being developed in that way because of the development sequence.

MRS DUNNE: In the case of Wright and Coombs, it will be developed at the time the suburb is being developed?

Mr Corbell: As part of the subdivision works at that site.

MRS DUNNE: Are you proposing to pipe that water to other places in Weston Creek? Is that correct?

Mr Corbell: That is correct. That harvesting scheme will be located in the new development at Molonglo and north Weston. It will provide non-potable stormwater to irrigate a range of sportsgrounds and ovals in Weston Creek. It will go to the Waramanga playing fields, which are on Badimara Street in the Waramanga-Fisher area. It will also go, if I recall correctly, to the playing fields in Stirling, adjacent to Canberra college, the old Stirling college as I know it, and a range of smaller sites.

MRS DUNNE: Have there been costings done? Presumably, that means you have got to dig and lay pipe to all of those areas. What are the breakdowns of the cost to deliver that?

Mr Corbell: I do not have that available, but I am happy to make that available.

MRS DUNNE: That would be good.

THE CHAIR: I note that has been taken on notice. Ms Bresnan, a supplementary; then we will break for morning tea.

MR SESELJA: I have been waiting a fair while for a question, chair.

THE CHAIR: Ms Bresnan, a supplementary; then Mr Seselja. Then we will break for morning tea.

MS BRESNAN: I have a supplementary on the grey water. There have been some concerns raised by industry about the regulatory frameworks for managing grey water. Has the government given any thought to this particular issue or to reviewing the need for a regulatory framework?

Mr Corbell: I am giving some consideration to that at the moment. I have had representations also from some industry representatives about how we regulate grey water at the moment. This would need to be a combined effort involving ACT Health and the Planning and Land Authority, because of the building regulations and the health issues that arise.

At the moment, we have a pretty good regime—in fact, one of the best in the country in terms of making provision for the use of grey water. Our requirements are that plumbing in all new buildings has to provide that third pipe within the building for the reticulation of grey water or rainwater, plumbed to toilets and for other non-potable uses. I think industry's concern is about whether we regulate particular products, particular grey water systems. Some local governments do that, but it is unclear to me whether that is done consistently or whether there are any national standards that are applied there. I am seeking some more advice on that matter.

THE CHAIR: Mr Seselja.

MR SESELJA: Minister, I have received an email from a constituent who was kept awake last night till well after 1 pm by roadworks on Northbourne Avenue. He lives two blocks away from Northbourne Avenue, in Ijong Street. He said that he was out there at 12.30 am and the noise was still deafening and the ground was vibrating from the heavy machinery. Are you able to tell us whether that would comply with the relevant noise standards?

Mr Corbell: I will ask Mr Neil to come and talk to you about that, but while he is on his way let me say that obviously the government particularly regrets any interruption to residents as a result of construction activity like that that is undertaken on behalf of the government. Obviously, Northbourne Avenue works do need to occur out of hours because of the primacy of that road in terms of commuter traffic during the day. There is obviously a need to schedule works outside peak times to minimise disruption to commuters. Nevertheless, any disruption to residents is deeply regretted. Mr Neil can tell you more about the regulatory arrangement.

Mr Neil: The way we manage noise from roadworks is actually to classify the road. If it is a major arterial road, you can conduct roadworks 24 hours a day. If it is outside a suburban house on a quiet street, then the rules apply from seven in the morning till six at night.

MR SESELJA: This gentleman lives two blocks from Northbourne Avenue, in Ijong Street, and he is coping noise till after 1 am. I imagine he is not alone. What will be done from a regulatory point of view to try and ensure that people in those areas can

have a reasonable night's sleep?

Mr Neil: The only thing we would do would be to approach the contractors themselves, or Roads ACT, and ask them what they could do to mitigate the noise. We certainly would not attempt to stop them. Reversing beepers are quite often a source of complaint. If you stop the reversing beeper, there is a significant safety issue on the site. It is a balanced approach. As far as a regulatory response is concerned, we would not, because we cannot do anything other than approach them.

Mr Corbell: Again, I just reiterate that obviously any disturbance is deeply regretted. I understand why individuals would find that upsetting and difficult. The government would ask residents to recognise that this disruption is for a limited period of time. It is necessary that it occur during this time, because to do otherwise would cause significant other problems in terms of traffic movement around the city. Whilst it is deeply regretted, it is for a limited period of time. Roads ACT are obviously working to ensure that any disruption is limited to only the time absolutely necessary to complete the work.

MR SESELJA: Minister, will you undertake to approach them today and try and ensure that some mitigation is put in place so that people like this constituent can enjoy a reasonable night's sleep?

Mr Corbell: I am happy to ask my department to discuss the matter with Roads ACT, who are supervising the contract, and identify if there are any further options that can be identified to reduce noise, but recognising the practical limits to that for what is a limited period of time.

Mr Neil: That was Ijong Street that was affected, was it, Mr Seselja?

MR SESELJA: It is. Ijong Street, two blocks from Northbourne.

Mr Neil: I am aware of where it is.

THE CHAIR: We will now take a break for morning tea.

Meeting adjourned from 11.07 to 11.26 am.

THE CHAIR: This public hearing of the Select Committee on Estimates has resumed. Mr Smyth.

Mr Corbell: Madam Chair, with your indulgence, could I respond to a matter that I was asked about before the break, a matter that Mr Rattenbury raised in relation to the extended Cotter Dam? Mr Rattenbury asked me whether it was the case that the ICRC had determined or had concluded, in its draft report on the ECD project, that the ECD project amounted to a piece of infrastructure that would result in the ACT facing water restrictions one year in every 40, as opposed to the government standard of one year in every 20.

I think this may be down to the way Mr Rattenbury phrased his question but I can clarify this by stating that the relevant paragraph Mr Rattenbury is referring to

actually notes that the full suite of the water security program, including the ECD, in the commission's view, could result in a one in 40-year standard being in place. So that includes Murrumbidgee to Googong, Tantangara transfer and the ECD.

MR RATTENBURY: That was my understanding. I am sorry if that was not clear.

Mr Corbell: Not the ECD alone. In relation to that, it depends very much on the scenario that you adopt in terms of climate change and the impact of climate change, in particular the reliability of the water purchase from Tantangara. And in a scenario of extreme rainfall deprivation because of an extreme climate change scenario, obviously the availability of water transfer from Tantangara is more in question than it would be under other scenarios. So I think the comments have to be viewed in that context.

MR RATTENBURY: If I might just—

THE CHAIR: Mr Rattenbury.

MR RATTENBURY: Thanks for the clarification, minister, if I was unclear. My understanding was that it was the full suite of projects.

Mr Corbell: Yes.

MR RATTENBURY: I guess my question then is that, given Actew are undertaking that full suite of projects, they will deliver a water security standard that the commissioner seems to suggest is approximately double what the government has asked for. That is what I am trying to get to the bottom of. Perhaps implicit there is: do we then need all of those projects? And on what basis has the government approved all of those projects if that is the worst security standard that they will deliver?

Mr Corbell: I think the answer to that is that the scenarios are difficult to predict and, whilst on the face of it you may be able to draw that conclusion, there are significant variabilities, particularly around the Tantangara transfer itself and the availability even of high-security water licences in an extreme climate change scenario; so it has to be viewed in that context.

THE CHAIR: Mr Smyth.

MR SMYTH: Minister, on pages 98 and 99 of budget paper 3 there are the savings measures and the efficiency dividend. Can you outline for the committee what efficiencies have been offered up in the coming year's budget and explain how the department will cope with the \$200,000, \$300,000 and \$400,000 reductions in the outyears?

Mr Corbell: I will ask Mr Papps to answer that.

Mr Papps: Thanks very much, minister, and again I may defer in a minute to Ms Hargreaves to provide more detail. Of course, DECCEW, like every government agency, has been asked to meet some efficiency dividends. We have been given

targets through 2010-11 to 2013-14.

One of the things I did want to say right at the beginning is that, in meeting the efficiency dividend, the department has adopted a number of principles. In other words, to try to guide the decisions we make about identifying efficiency savings, we have used a number of principles, including trying to achieve green savings, with the aim of improving DECCEW's sustainability.

We want to avoid the loss of permanent staff. We want to have no negative impact on the staff safety and wellbeing. We want to have no negative impact on the government's agreed priority projects, no negative impact on legislative requirements and no negative impact on quality of community consultation. In arriving at those things that we are going to offer up to deliver the efficiency dividend, we have attempted to abide by those principles.

In so doing, we have identified a range of rationalisations around non-essential travel, consultancies, sponsorships and stationery. Based on our analysis, we will be able to meet those efficiency dividends at no significant compromise to our operations. Ms Hargreaves, did you want to add to that?

Ms Hargreaves: The only thing that I would like to add is that, when we were looking at the 2010-11 efficiency dividend, the majority of that savings will come from consultancies because the majority of the consultancies have been undertaken in 2009-10.

MR SMYTH: What is the value of the saving on consultancies?

Ms Hargreaves: I do not have that figure in front of me. I can get back to you on that.

MR SMYTH: All right, if you could.

THE CHAIR: I will note that has been taken on notice.

MR SMYTH: And the saving in travel?

Ms Hargreaves: I can come back with that too.

MR SMYTH: Which sponsorships are not going ahead?

Mr Corbell: The government receives requests for sponsorship for a range of activities. That can be conferences or events involving business groups interested in sustainability, environment groups that are running conferences or other promotions, and they ask to get a sponsor. They tend to come in over the year on an ad hoc basis. Previously the department has made provision for supporting a range of those. Effectively the department will no longer be providing sponsorship for activities outside of its core functions for the coming financial year.

MR SMYTH: In 2009-10, how much did the department spend on sponsorships?

Mr Corbell: We can take that on notice and provide it to you.

MR SMYTH: Can we have a list of who was sponsored?

Mr Corbell: Yes.

THE CHAIR: I note that has been taken on notice. Ms Bresnan.

MR SMYTH: Sorry, is the entire sponsorship budget going?

Mr Papps: The short answer is no. As the minister has indicated, we will contemplate sponsorships that are directly and closely related to our core business, where we believe that there will be some benefit either to the department or to the objectives that the department is attempting to pursue.

MRS DUNNE: Previously you gave sponsorship, and that is not the case now?

Mr Corbell: I think it would be fair to say we were more liberal in that.

MR SMYTH: I am very pleased that you are more liberal.

Mr Corbell: Only in the small “I” term of the word.

MR SMYTH: I am happy with a small “I”; that is lovely; it is a nice place to be.

Mr Corbell: I do not think you can be characterised as that. But, Mrs Dunne, to answer your question: a good example was that there was a conference here about river health which brought school kids from across the Murray-Darling Basin to Canberra to talk about river health in the Murray-Darling Basin. Previously the government has provided sponsorship for that, even though it is not something which directly relates to a specific activity that my department is undertaking. That would be the sort of event that may not receive sponsorship in future years because, whilst it is beneficial and it relates to the environment, perhaps it is not closely aligned with specific initiatives the government is pursuing at the time.

MR SMYTH: And the last area you mentioned, was it stationery?

Mr Corbell: Yes.

Mr Papps: Yes.

MR SMYTH: What is the intention there?

Mr Papps: To use less stationery.

MR SMYTH: Purchase less? And we are going to break down all those numbers? Thank you.

THE CHAIR: Ms Bresnan.

MS BRESNAN: Thank you, chair. My question is in relation to budget paper 3, page

87, again under the new initiatives, the wood heater initiative. It says that there will be a targeted survey and a targeted awareness campaign. I am wondering whether we can get some more details about—obviously, we know Tuggeranong is one of the key areas—whether or not the survey is going to particularly target that area or other particular areas and whether the awareness campaign is going to build on existing campaigns or anything new.

Mr Corbell: The details of that survey are yet to be finalised. But the intention of the survey is to get some more up-to-date information on consumers' knowledge of the problems associated with wood smoke from inappropriately operated wood fires and what measures could induce them, if they have an old wood heater, to consider upgrading it or replacing it with a cleaner appliance. That will be one of the purposes of the study.

MS BRESNAN: I know you said the detail is not available yet but will it be Canberra wide? Has that been—

Mr Corbell: We will not be surveying every house in Canberra, no. What we will be doing is undertaking some consultation with industry and community organisations on possible future regulatory and incentive programs to manage wood heater emissions. The first of those meetings actually was conducted this week, involving representatives of the Tuggeranong Community Council, ACT Health, my department. I think the Australian Heating Association was also involved in that. Industry, community, health and regulatory agencies are involved in looking at the development of this initiative and how it should be rolled out.

We want to get a better understanding of why people continue to use solid fuel heaters, a better understanding of the number of solid fuel heaters remaining in service, a better understanding of the incentives people need to move away from that source of heating and we want to look at how we can see an increase in correct wood heater operation for those that remain. Those are the types of issues we are looking at. The survey will assist us with that.

Following my meetings with the Australian Heating Association, I have also asked my department to take them up on their offer of a combined educative approach, through wood heater retailers and associated businesses in other places. The Australian Heating Association, which is the industry body that represents people that sell and manufacture wood heaters, have made the offer of providing an education campaign in conjunction with the government. I am delighted that they have done that and I have said to my department that I want to take them up on that.

This is all part of a concerted effort to push down further those emissions from particulates in key locations like the Tuggeranong Valley. My view is that we should not exceed that level. We should not exceed the national standards in any part of the city. Obviously we have seen significant improvements in the number of times where we do exceed the standard but I think, as a city, we should set ourselves a goal of not exceeding that standard, except in exceptional circumstances. Clearly, this is something that I am very keen to see my department pursue, and that is why the government has provided the funding.

MS BRESNAN: The details are still being worked out on the campaign with the heating association? I have met with them and I think one of the suggestions was to put something through existing government shopfronts. They also talked about using forums like home shows and things like that as well where people will go to look at this sort of thing.

Mr Corbell: I cannot really give you more detail at this stage. The initiative has just been funded. It has just started its work. But I have outlined to you what the objectives are and I am happy to provide you with further information as work progresses.

MS BRESNAN: Thank you.

THE CHAIR: Minister, the Commissioner for Sustainability and the Environment appeared before the committee last Friday. She mentioned that she had submitted a report to you in September last year in regard to the potential expansion of the role of the office.

Mr Corbell: Yes.

THE CHAIR: Where is that report up to and when will the government respond?

Mr Corbell: The government is currently giving consideration to that report. I do not have a time frame yet on when the government will respond. My department is preparing policy options for me in relation to those matters.

THE CHAIR: So there is no deadline at all that has been put on it by you?

Mr Corbell: No, there is no time frame at this stage. I have simply asked my department for more detail as to the issues and more advice on the issues that the commissioner has raised.

THE CHAIR: Mrs Dunne.

MRS DUNNE: Minister, on page 287 of budget paper 4, your ninth dot point says that the priorities for 2011 include overseeing the progression of major water security projects. What interaction does the department have with Actew Corporation on the progress of the major water security projects and how frequently do you meet? Or do those interactions take place?

Mr Corbell: Those interactions occur frequently, both through formal discussions and through more informal communications, because it is important for my department to be aware of the progress of these projects, particularly in the context of development of future policy options for the government around maintaining water security for the territory.

MRS DUNNE: What is the nature of those formal and informal—especially the formal—interactions? What is the subject matter?

Mr Corbell: My officials will meet with officials from Actew on an as-needs basis to

discuss issues around policy development, implementation of policy and technical issues associated with water policy.

MRS DUNNE: Is there a regular schedule of meetings? If you have an overseeing role in the progression of the major water security projects, are there regular meetings about progress on the major water security projects or is it all ad hoc?

Mr Corbell: The key forum for coordinating the government's oversight of water policy generally and management of water in the territory is through the Chief Executives Water Group. This was established in 2002. It meets on a needs basis to address both critical issues and long-term planning of water policy. It is chaired by the chief executive of CMD and has all other chief executives, including the Managing Director of Actew and the Chief Executive Officer of ActewAGL, as necessary, at those meetings. Its job is to achieve the resolution of interagency issues and the coordination of advice to ministers on water security matters. That is the key forum that coordinates the government's interaction with agencies such as Actew.

MRS DUNNE: Have you, minister, or you, Mr Papps, or through the chief executives water committee—it has changed its name a couple of times—ever had the need to bring any matters of concern to the attention of Actew Corporation about water security projects and meeting the government's policy objectives?

Mr Corbell: I am not sure what you mean by that question, Mrs Dunne.

MRS DUNNE: Are there concerns within government about the capacity of the ACT to meet our water security objectives and have those been brought to the attention of Actew?

Mr Corbell: Are we concerned that we are not going to meet our water security objectives?

MRS DUNNE: Have you ever been?

Mr Corbell: Have I ever been?

MRS DUNNE: And have those matters been brought to the attention of Actew through any of those agencies—the department, you or the chief executives water task force?

Mr Corbell: In relation to me, since I have been the minister responsible for this portfolio I have not raised concerns with Actew about our ability to achieve our water security standard, no.

MRS DUNNE: Has anyone else? Are there any other matters of concern—costs, issues about timeliness? Have matters like that ever been raised with Actew?

Mr Corbell: There have certainly been discussions about progress of projects and issues arising from the implementation of those projects. It is normal for me and my officials to ask questions about how Actew is going with the implementation of projects. Certainly, those questions are asked from time to time and issues are raised

in that context from time to time.

MRS DUNNE: What role have you or your department had in the assessment of the environmental impact studies undertaken by Actew and the Bulk Water Alliance for the major water security projects?

Mr Corbell: The assessment of environmental impact is coordinated by the ACT Planning and Land Authority—

MRS DUNNE: Yes, I know that.

Mr Corbell: under the provisions of the relevant legislation. There are referrals to relevant agencies and relevant parts of my department would have made comment in relation to those referrals as appropriate.

MRS DUNNE: In making comment, have you or your department—presumably the department—made adverse comments or raised matters of concern in relation to the environmental approvals?

Mr Corbell: I am not privy to those. These are not matters that are routinely referred to me or raised with me. I would need to make inquiries as to what advice relevant parts of my department have provided as part of those processes.

MRS DUNNE: Mr Papps, would you be privy to that?

Mr Papps: I have only been privy to that material since the time I have occupied this position and I cannot recall any such concerns being raised.

THE CHAIR: Mr Rattenbury.

MR RATTENBURY: Thank you. I want to ask about the new initiative on biodiversity from budget paper 3, the offsets policy for land release. \$100,000 has been set aside for one year to develop a biodiversity conservation model. What are the pressures that have led to the requirement for the ACT to develop this offsets policy?

Mr Corbell: There are a couple of key drivers, Mr Rattenbury. The first is the requirements of the commonwealth's EPBC legislation. Obviously, a range of development proposals in the territory that are put forward by the territory or, indeed, by the private sector trigger assessment under the EPBC. The commonwealth expects that there should be available in its own approval processes and in any processes put in place by the ACT government the ability to offset any adverse impacts as a result of development, and there needs to be a formal mechanism for doing that. Currently, our legislation does not provide for that. This funding will give us the ability to develop an offsetting tool and agreed prescriptions for developments that impact on significant species or vegetation. So that is the key driver.

Obviously, the other driver is a related one in that we are seeing development in a range of locations around the territory where impacts on communities and vegetation and species are raised and need to be addressed, and need to be addressed in an effective and comprehensive way rather than piecemeal quarantining of parts of land

within development, preservation of particular trees or whatever it may be, which, in the long term, perhaps does not achieve as good an outcome as you could achieve through a more comprehensive offset in another location.

It is not a simple either/or proposition. I am not suggesting that it is. But it does need to be a mechanism that provides for a more comprehensive long-term solution to the impact of development through offsets in other locations, which is something the commissioner for the environment and sustainability has raised as well, and that is what this funding will allow us to do—to develop that tool to address it.

MRS DUNNE: How will that \$100,000 be spent?

Mr Corbell: It is a policy officer to do that work.

MR RATTENBURY: What limitations do you see to this offsetting approach in the ACT?

Mr Corbell: The most obvious limitation is just the geographic size of the territory and the availability of offset sites. One of the issues that we will need to have regard to—and I am sure that we can, just in the discussion—would be whether or not offsets can occur outside the territory, in the surrounding region, for example, and whether credit can be given for those offsets even if they do not occur within the territory. So that is one issue that I think is particularly relevant to us.

MR RATTENBURY: It strikes me that the danger is that we essentially create almost a biodiversity pardon mechanism that enables us to develop land as we please in the ACT and try and find somewhere else and make it somebody else's problem.

Mr Corbell: No. Those are not the principles upon which we can operate. The commonwealth will not accept an offsetting policy in that regard in any event, under the EPBC, and the tools are much more sophisticated than that in other jurisdictions already. So we are coming from behind in this regard. Other jurisdictions do have better developed frameworks for offsetting, particularly places like Victoria. We need to learn from those other jurisdictions and put in place our own tool. But it is not a get-out-of-jail-free card by any means for development in the territory and it cannot be viewed in that context.

MRS DUNNE: You have funding there for a policy officer. Is this person going to be left to their own resources or are there other resources for research and the like to go with this?

Mr Papps: No, the person would fit into an existing structure where we have already got some policy officers and some expertise working in this area, in the natural environment section within our policy development area. That is where the preliminary work is being done. The focus of this will be around some further development of the offsetting tool and agreed prescriptions. So they will slot into an existing working group, an existing work program, and of course they will be supported by expertise outside the department where necessary.

MRS DUNNE: Could I just clarify that? When we talked about it before, when

Mr Smyth asked about the four new officers earlier, before morning tea, I thought that we talked about three officers for progressing action on climate change and one water resources regulatory officer. Did you mention this officer?

Mr Papps: No, and that is simply because this is a temporary appointment of a consultant to act as a policy officer for a year. So it is not a full-time permanent position. It is simply to spend the time to establish the tool which is then subsequently used through the offsetting process. So it does not qualify—

MRS DUNNE: But it will affect your FTE for the financial year we are inquiring into?

Mr Papps: No.

MRS DUNNE: So he is not a full-time equivalent officer?

Mr Papps: No, we are actually employing a consultant and it will require specialist skills.

MR RATTENBURY: I will come back to the principles of the offsetting program. If we take something like native lowland grasslands, which we all know a great deal about, clearly, the figures show a massively diminished amount of that habitat left in Australia, and much of it sits in the ACT. Surely, there is a limit to our capacity to keep offsetting if we keep developing in those areas?

Mr Corbell: Yes, there is, but perhaps I can illustrate how an offsetting tool could be used in a constructive way, as an example. The commissioner for environment and sustainability, in her report on the health of lowland grassland ecosystems, highlighted that there are a number of remnant grassland sites that are extremely small in the territory and they are fundamentally compromised by the fact that they are surrounded by intensive urban development.

For example, there is a site adjacent to Anzac Parade. It is very small. It has not been developed because it is a remnant grassland site. But the commissioner herself said that, in these circumstances where you have such a small site, and given the other objectives that the city wants to achieve in terms of a sustainable footprint and consolidation of development in the city centre, it might make sense in those locations to say: “The site is so small, it is under enormous pressure, anyway, because it is a remnant site in the middle of an urban area. Its long-term viability cannot be really guaranteed simply by keeping it in reserve. And in these circumstances perhaps it would be appropriate to offset development on that site by allowing development on that site and offsetting it at another location.”

Those are the sorts of circumstances that we are dealing with. There are, of course, no-go areas where values are so high that you just cannot offset them and the offset policy cannot apply. So it is not a simplistic either/or, it is not a green card to developers, it is not a get-out-of-jail-free card for development. But it does recognise, and the commissioner for environment and sustainability herself has recognised, there may be circumstances where offsetting is a much more logical approach that achieves an overall better environmental outcome for the territory than simply maintaining

what could be very small remnant pockets that are increasingly unsustainable in any event because they are just so heavily compromised by previous decisions.

MR RATTENBURY: I think that is an interesting concept, the remnant pockets, because we are about to come up to a situation in the new development at Molonglo where we have a 30-hectare area of—

Mr Corbell: That is a different circumstance.

MR RATTENBURY: box gum woodlands. That is proposed to be offset as well. That could be protected within the Molonglo River corridor and yet it is being set up as an offset project.

Mr Corbell: These are decisions that are yet to be taken. This is why we need to develop an offsetting policy and have a clear set of guidelines and a clear tool to make the assessment. That is what this work does. It gives us the tools to make the assessment properly about where offsetting should and should not occur and, if it should occur, where it should occur and how it should occur. So that is what this work does.

I do not really want to get into issues of specific sites in any real detail because this work is about developing the tool—and offsetting is a legitimate tool to manage the impacts of development and to manage the impacts of development in a way that actually enhances the quality of those sites that remain protected from development and the health and the sustainability of those ecosystems moving forward. So it is a legitimate tool, but it has to be applied with discretion and carefully, and that is what this funding will give us the money to do—to work out how to do that. We do not have a framework for that at the moment.

MR RATTENBURY: I guess my misgivings lie in the net result of loss of habitat.

Mr Corbell: Indeed, but those are judgements—I do not think you can simply dismiss the need for this tool. I think it would be better to have an offsetting policy than not have an offsetting policy, because the alternative then is development or no development, which I think actually puts even greater pressure on those sites that we want to protect and retain.

MR RATTENBURY: I am sure we will continue to discuss this one. On page 288 you note continuing support for our community partners, including the environment centre, the Conservation Council and SEE-Change ACT. Can you give us some indication of what level of funding those organisations will receive this year and how that compares to last year's budget?

Mr Corbell: It is the same level of funding, if I recall correctly. The government provided a new round of funding last year for these organisations and that funding was for a four-year period, so that is ongoing.

MR RATTENBURY: Yesterday we had—

MRS DUNNE: Sorry, could I just jump in there? In addition to funding, do you

provide any in-kind support to the community partners?

Mr Corbell: I am not sure. We may very well. I would have to take that on notice.

MRS DUNNE: Thank you.

THE CHAIR: I note that that has been taken on notice. Mr Rattenbury?

MR RATTENBURY: Yesterday, we had TAMS in here and we were discussing land management with them and we talked about a number of their indicators, which are contained on page 73 of budget paper No 4. All of the indicators regarding nature reserves and national park management are essentially framed around customer satisfaction and Mr Watkinson indicated there are no environmental indicators that TAMS measure for the parks and our nature reserves. Is this something that your department has discussed with TAMS?

Mr Papps: Just as a general response, this is an area, because we have got some policy responsibilities here as a department, as DECCEW, and because the conservator now sits within DECCEW, where we clearly have an interest in these outcomes and indeed in terms of long-term land management for, amongst other things, biodiversity conversation. We are about to embark on an exercise around the Nature Conservation Act review. We are also involved in discussions with our colleagues around the nature conservation strategy, and during the course of that engagement and of those discussions we will come to those issues that you have identified in the indicators.

MR RATTENBURY: Do you think it is appropriate that there are no environmental or ecological indicators in the TAMS program?

Mr Papps: It is not a matter that I could comment on. I am happy to indicate that we will be involved in discussions with TAMS around that matter over the next 12 months.

MR RATTENBURY: Who in government is responsible for ensuring the environmental measures of our nature reserves and national parks then? Is it TAMS or is it DECCEW?

Mr Papps: Principal accountability would rest with TAMS through Parks, Conservation and Lands.

MR RATTENBURY: Thank you. Just one last one quickly on the indicators: on page 294 of budget paper 4, in notes 2 and 3 under output 1.3, you have got two discontinued indicators, one for the think water, act water program and the other for the climate change action plan, weathering the change. I am interested that you have discontinued both of those indicators. I am aware that both of those are under review but I am interested that you have discontinued indicators in the absence of having a new strategy. Why are we not continuing to monitor the implementation of the existing strategies?

Mr Corbell: I took the decision that we were not getting very valuable information as

a result of the accountability measures that we were reporting against. They were very general and frequently they did not provide any useful indication as to progress or impact of measures. So I told my department I did not want to continue with that form of reporting because it simply was not helpful; it was not adding anything in terms of development of new policy. I indicated to my department they should focus their efforts on the development of new action plans with meaningful performance measures that we can actually rely on for guidance about performance and future improvement.

THE CHAIR: Mr Seselja?

MR SESELJA: Minister, I have a couple of questions around the solar panels on Canberra Stadium. The Chief Minister previously announced that, as part of the weathering the change program, there would be 200 photovoltaic panels and that we would see the generating capacity of up to 220,000 hours of electricity. I note that in your media release of Thursday, 3 December last year that was significantly downgraded. Can you tell us why that was downgraded and by how much?

Mr Corbell: I do not have the details, but the assumptions that were initially used in relation to that original announcement expected that the panels could be deployed on the roof of one of the stands at Canberra Stadium. Further detailed technical assessment identified that that was not practical, that the roofs were not capable of holding that weight, and therefore alternative solutions had to be identified. That is why the scope of the project was revised.

MR SESELJA: So the announcement from the Chief Minister was simply incorrect?

Mr Corbell: I am very confident the Chief Minister was making an announcement based on the advice available to him at the time. Obviously, a further assessment meant that advice to government changed.

MR SESELJA: Would you say that the original scoping of the project was poorly conceived?

Mr Corbell: I was not involved in the project at that time and indeed my department, as it is currently established, did not exist at that time, so I am really not in a position to comment except to say that it perhaps would have been wise to undertake some further investigations before advising the government of definitive outcomes.

MR SESELJA: Okay, because the project manager for Canberra Stadium said in correspondence that it had been agreed previously, presumably with the government, that the original scope for the works at Canberra Stadium had been poorly conceived and that we should re-evaluate the process and return to concept development. Is that the view of the government?

Mr Corbell: Yes.

MR SESELJA: It is. So it was poorly—

Mr Corbell: No, the advice given to government was poorly conceived.

MR SESELJA: Well, the decision taken by government—

Mr Corbell: No. The government took a decision based on advice. The advice the government was given was not properly scoped or assessed and subsequently had to be addressed. But that is not a reflection on the decision of the government; it is a reflection on the advice given to the government.

MR SESELJA: Okay, so it is a reflection on the public servants. Who gave the poorly conceived advice?

Mr Corbell: I do not know.

MR SESELJA: Okay. Could you find out for us?

MR HARGREAVES: I do not think that is appropriate, Madam Chair.

MR SESELJA: It is appropriate. He is blaming the public servants.

Mr Corbell: So are you, Mr Seselja.

MR HARGREAVES: Madam Chair, this minister is not responsible for that particular portfolio. The chair could direct this question to the relevant minister and then—

MR SESELJA: You are not the chair. This is not your role. Could you shut him down, please. I am asking questions.

MR HARGREAVES: Mr Seselja, I am just trying to take a point of order here.

Mr Corbell: Mr Seselja, to answer your question, I am not going to point the finger at individual public servants. I am happy to advise which relevant agency of the government provided advice to the Chief Minister at that time.

THE CHAIR: You will take that on notice?

Mr Corbell: Yes.

THE CHAIR: I will note that.

MR SESELJA: So, moving to 3 December, when you announced “Canberra Stadium flicks the switch on solar energy”, were the solar panels ready to go? Had all the necessary approvals been granted?

Mr Corbell: They were operating, Mr Seselja.

MR SESELJA: Okay, because we have got correspondence a week after this was launched and it says, “For your information, the solar system at Canberra Stadium is currently turned off as our electrical contractor has failed to obtain necessary clearances to commission the system, despite previous assurances from him that this

was being done.”

Mr Corbell: That is not something that I was aware of. When I unveiled the installation, I was explicitly shown the meter which was running and indicating the generating capacity of the plant, so whether it was switched off subsequently I would have to take on notice.

MR SESELJA: When were you advised that the contractor had failed to obtain necessary clearances to commission the system?

Mr Corbell: I do not recall being advised but I will take the question on notice.

MR SESELJA: So was this another—

THE CHAIR: I note that those questions have been taken on notice.

MR SESELJA: Sure. Is this another false opening?

THE CHAIR: Is that a question, Mr Seselja?

MR SESELJA: Yes. Was this another false opening?

Mr Corbell: I do not know whether you were there, Mr Seselja, but it was not like the thing did not exist. The structure was physically in place, the panels were there, the meter was operating. I do not know how you can portray it in that manner.

MR SESELJA: It had not obtained the necessary clearances. Why wouldn't that be done?

Mr Corbell: I do not know whether it had or had not—

MR SESELJA: That is what it says in your correspondence.

Mr Corbell: but I have taken that question on notice, Mr Seselja, and I am happy to provide you with further detail on it.

THE CHAIR: I note that that question has been taken on notice.

MRS DUNNE: Could you clarify, minister, that, if the clearances had not been obtained—the meter that you saw was running, was the meter switched on legally? Was it legally able to be switched on? Can you get back to the committee on that?

Mr Corbell: I have taken those questions on notice.

MR SESELJA: On the total cost, the 314,000 was announced. It is unclear from the documents we have whether that has gone up or down, because a lot of the reconciliations go to the installation of solar panels at Canberra Stadium and the Tidbinbilla nature reserve. Could you talk us through what has been the final budget for the solar panels at Canberra Stadium and Tidbinbilla nature reserve? One of the figures I have says \$756,000 for the combined; an earlier figure said \$680,000-odd.

Could you clarify which of those is right for the combined and give a breakdown of those?

Mr Corbell: I will have to take that on notice, Mr Seselja. I do not have that information available.

THE CHAIR: I note that has been taken on notice.

MRS DUNNE: Have you finished, Mr Seselja?

MR SESELJA: Yes.

MRS DUNNE: I will go back to a hardy perennial; I do not know how many times I have asked this question over the past four years. Where are we with the review of the Nature Conservation Act?

Mr Corbell: The review of the Nature Conservation Act is ongoing. A discussion paper in relation to options for the restructure of the Nature Conservation Act will be released shortly.

MRS DUNNE: When did the review start, minister, and when was it scheduled to be completed?

Mr Corbell: I will have to take that question on notice.

THE CHAIR: I note that question has been taken on notice.

MRS DUNNE: Thank you. Who is undertaking and managing the review?

Mr Corbell: The relevant policy area of my department.

MRS DUNNE: Which is?

Mr Papps: It is the natural environment section within my policy group.

MRS DUNNE: Mr Papps, your department took this over from TAMS when the department was created. As part of that question on notice, could somebody provide a time line of when this project started and where the responsibility has been for the review at various times and in various departments?

Mr Papps: Yes, we can provide that for you.

THE CHAIR: I note that has been taken on notice.

MRS DUNNE: How much has the review cost so far?

Mr Corbell: Again, we would have to take that on notice.

MRS DUNNE: You did mention that there was a discussion paper that is about to go out for public consultation. Is that the first phase of consultation?

Mr Corbell: It is the first formal public consultation.

MRS DUNNE: Has there been informal public consultation?

Mr Corbell: Yes. My officers, and officers of TAMS before them, have been involved in discussions with a range of stakeholders about the issues that a formal consultation document should address.

MRS DUNNE: When is it planned that amendments, or a new Nature Conservation Act, will appear before the Assembly?

Mr Corbell: I cannot give a definitive time frame, but I would expect some time next year.

MRS DUNNE: When you are answering the question, could you also tell us when it was originally planned that they should come before the Assembly?

Mr Corbell: I would have to see what previous ministers have said, but I do not think I have indicated a previous time frame.

MRS DUNNE: There was money in the budget for this current financial year we are in for a review of the Nature Conservation Act, and it was supposed to be completed this financial year. My recollection is that we have seen this under successive governments and successive Assemblies. This has been dragging out for an unconscionably long time. I would like some indication of when the community could expect to see a conclusion to a review of a 30-year-old act which has hardly been reviewed in that time.

Mr Corbell: I have just given you that indication.

MRS DUNNE: Which is that you do not know when?

Mr Corbell: No, that is not what I said. You asked me when I expected the legislative proposals to come before the Assembly. I said some time next year.

THE CHAIR: Ms Bresnan, and then Mr Smyth.

MS BRESNAN: When we spoke to TAMS, we asked a number of waste questions of them. We asked about the Wright review, which was conducted in 2008—about those recommendations. It was mentioned that DECCEW has essentially taken over the responsibility of developing a waste strategy. I am wondering if we can get some details about that—how it is progressing, when we can expect to see some results and how the Wright recommendations will be taken into account in that review.

Mr Corbell: The Wright recommendations will be had regard to in the development of a future waste policy. The government provided funding in last year's budget for the development of a new waste policy for the territory. That was a two-year project, funded over two years. We are just under halfway through that project. Staff from my department have been working very diligently on the development of the framework

for a new waste policy for public consultation, having regard to the intersections with other policies that exist, particularly energy policy and greenhouse gas reduction strategies. There is intersection between those three policy issues. My department is close to finalising for me a draft waste policy which, subject to consideration at a whole-of-government level, will be released for public comment.

MS BRESNAN: Do you have a tentative date as to when that would be?

Mr Corbell: Later this year.

MS BRESNAN: So it is later this year?

Mr Corbell: Yes.

MS BRESNAN: One of the things the Wright report noted, in relation to targets for materials that are going to landfill, was that the ACT—given what processes are already in place, we were at a level where we may not be able to deal with just reducing it but we need to deal with the increase as well. So reducing it was becoming almost secondary to coping with the rate of waste that was being experienced.

Mr Corbell: Waste generation, you mean?

MS BRESNAN: Yes, that is right. Is that something which has been looked at in the strategy as well, particularly those concerns that were expressed in the Wright report?

Mr Corbell: About the level of the waste generation?

MS BRESNAN: Yes. When we asked about the targets that TAMS had, there was not a clear view about how that target was going to increase over the years. They did mention again that DECCEW were doing the reports and that they had to wait for that process to finish before looking at targets.

Mr Corbell: What sort of target are you referring to?

MS BRESNAN: In terms of reducing the waste that is going to landfill.

THE CHAIR: It is a longer term target. It is set out in the budget.

MS BRESNAN: I think they had a target of 80—

Mr Corbell: I am a bit confused about what you are referring to. Are you referring to waste to landfill or are you referring to the waste generation source?

MS BRESNAN: The two go hand in hand.

Mr Corbell: Not necessarily. You can generate more waste but also recycle more.

MS BRESNAN: TAMS is saying that we were not able to increase our targets because we are generating more, so basically we are staying at one level because we cannot actually deal with the increase.

Mr Corbell: That is the case at the moment. At the moment, whilst our recycling rate remains the highest in the country of any state or territory for household waste, and whilst waste to landfill is one of the lowest in the country, we have seen a plateauing, and that has been driven primarily by an increased generation of waste. That is primarily driven by consumer behaviour and the relative affluence of our community versus other communities. The generally accepted axiom is that more affluent communities generate more waste. The government will have regard to waste generation rates as part of its overall strategy and will seek to achieve greater levels of re-use and recycling across both the household sector and, more importantly, the commercial and industrial sectors, to reduce waste going to landfill.

MS BRESNAN: Do you think that the current practice in terms of commercial waste—have they been applied effectively, given that we have seen an increase?

Mr Corbell: I am on record, as is the Chief Minister, as saying that the area where we need to focus our efforts is outside the household sector and in the commercial waste sector. That is where the government is focusing its efforts currently. The office smart program and the business smart program are designed very much to improve recycling rates in businesses, shopping centres and commercial office buildings. We have had a very good sign-up rate with those programs in the 12 months or so that they have been formally operating. But there is still more work to be done, and the future waste strategy will identify the strategies for that.

THE CHAIR: Could I just check on something. You mentioned a good sign-up rate. I think we did ask some questions around how many had signed up, during the annual report hearings.

Mr Corbell: Yes.

THE CHAIR: What number are we up to now? At that time a lot of the people or organisations that had signed up were government departments. Are we really making inroads into the private sector?

Mr Corbell: Absolutely. I do not have details in front of me on absolute numbers, but I can give you some examples. We have Westfield signed up as a partner for business smart; that means that they have agreed to roll out our recycling structure in their two major shopping centres here in the ACT, at Belconnen and Woden. That is involving every trader in those premises, so you are talking about 500 to 600 outlets—individual sites and the food halls at those centres. That is a very positive advance. Equally, the most recent advice I have is that, because Westfield had signed up, the Canberra Centre had said, “We had better sign up too.” They have expressed an interest in doing so. So we are getting good feedback from commercial shopping centres in particular. As to other private businesses, the National Convention Centre was one of the early adopters—and the associated hotel; I forget its name.

MRS DUNNE: Crowne Plaza.

Mr Corbell: The Crowne Plaza—thank you, Mrs Dunne—has also signed up. There are a range of quite large private business operations that have signed up, as well as

government departments.

THE CHAIR: Are we able to have a list of who has signed up to the program at this point?

Mr Corbell: Yes, you can.

THE CHAIR: I note that has been taken on notice. Along the way, is there some sort of measurement or way in which you get an idea of how much waste is being diverted from landfill through these programs?

Mr Corbell: We can give you an indication of that. It would be collected on a site-by-site basis. We would be relying on the operators of those sites to give us that information, but we can give you some indication of that. In terms of the numbers, ACT smart office—94 individual sites now, and ACT smart business—50 individual sites.

THE CHAIR: And we will get a breakdown of that?

Mr Corbell: I will provide you with a breakdown of this.

THE CHAIR: Thank you. Mr Smyth?

MR SMYTH: Thank you, Madam Chair. Minister, on page 287 of budget paper 4 on the priorities for the coming year, there is a dot point that says “finalising the review of the expansion of the feed-in tariff system”. Where is that at?

Mr Corbell: Public consultation on options to expand the feed-in tariff scheme closed about a month or so ago. We have had a very positive response. We had a large number of submissions on the options paper, the consultation paper. My department is preparing a report for me on that consultation. I expect to make an announcement about the government’s policy around the middle of this year. I cannot give you a precise date, but it is around the middle of this year.

MR SMYTH: What is the policy objective of the feed-in tariff?

Mr Corbell: The policy objective is outlined in the objects of the act.

MR SMYTH: And they are?

Mr Corbell: They are to increase the uptake of renewable energy generation in the city and to reduce greenhouse gas emissions. There are a couple of others that I cannot recall, but they are outlined in the objects of the act.

MR SMYTH: Has any analysis been undertaken of the economics of having a large number of small suppliers as opposed to a small number of large suppliers of renewable energy?

Mr Corbell: Yes.

MR SMYTH: And the outcome of that?

Mr Corbell: I think it is well accepted that smaller scale generation is less cost effective than larger scale generation. That is why the government is considering options for the expansion of the scheme—to provide greater opportunities for more cost-effective large-scale generation to be deployed here in the city.

MR SMYTH: The document that was put out in December 2009, *National capital to solar capital*, lists interesting benefits in a couple of the tables—table 3 on page 13 and some of the tables on pages 14 and 16. One of the quotes is:

Over the longer period, the impact of higher electricity prices would adversely impact upon the economy leading to a net loss of 62 jobs by 2029.

Has that been taken into account in your consideration of the scheme and its expansion?

Mr Corbell: That is exactly why we commissioned the modelling—to understand in detail the economics of the scheme. It is important to note that the strict application of that economic modelling does result in those outcomes that you mention. What is also important to comment on is that the discussion paper also looks at the issues around the ability to lock in a long-term economic benefit through encouraging a diversification of industry and the development of clean economy objectives.

The feed-in tariff gives you the opportunity to step into that space—because there is a very significant increase in jobs and economic activity in the short to medium term, as technology is deployed—and then to lock in those benefits in other market interventions, to solidify that increase in economic activity. Without that, you get the outcomes that you mention, but with that you can lock in that growth for the long term. Those are the issues which will lock in that new economic activity for the long term. That is a key consideration for the government as it moves forward with developing its policy.

MR SMYTH: So what are the other market interventions that you would have to put in place to lock that in?

Mr Corbell: Other jurisdictions have a feed-in tariff but they also have other incentives that encourage the deployment of long-term research and development activity in manufacturing and installation—businesses that actually become long-term economic contributors to the community. They do that through things such as incentives to encourage the location of research and development, manufacturing or installation businesses long term in a particular jurisdiction. They do it through the normal range of market interventions. These can be rebates on various taxes and charges, grants of land or grants in other forms. These are all things that we are all familiar with and which the government will have regard to as it develops its long-term policy on the FIT.

MR SMYTH: You say that one of the market interventions is to lock in things like manufacturing. What have you done to ensure that the firm Spark Solar remains in the ACT and establishes its manufacturing plant here?

Mr Corbell: The government has had discussions with Spark Solar. It has given an indication on what support it is prepared to provide to Spark Solar.

MR SMYTH: And what is that?

Mr Corbell: I am not directly responsible for that. That is a business development matter for Chief Minister's Department. The details of that I do not have available. You would have to ask the business development area of Chief Minister's Department.

MR SMYTH: But, as the minister for the environment, are you keen to see Spark Solar here?

Mr Corbell: I am keen to see—

MR SMYTH: To get that market intervention that you speak of.

Mr Corbell: I am keen to see clean industry businesses here in Canberra. My focus is on making sure we align our policy objectives. I want a feed-in tariff that drives investment in renewable energy generation in our city. There is every reason to believe that Canberra will be the solar capital with the right policy settings on a feed-in tariff. Equally, I am keen to see that we have complementary policies around business development that galvanise and take full advantage of the opportunity that an expanded feed-in tariff will give us.

That is the work that my department is doing, but it involves a whole-of-government effort. My department is engaging with the other parts of the government as we move forward with this. This is not an easy piece of work. There are quite a complex range of settings that have to be put in place. I am confident that this is one of the best understandings we have had, I think since the FIT was first mooted, about what we need to do to create these long-term economic benefits for our city. I think this is why the feed-in tariff is so important.

Yes, it delivers us renewable energy, and that is a very good thing. Yes, it reduces greenhouse gas emissions, and that is a good thing too. But what is most significant about the FIT is that it gives us the potential to achieve long-term economic benefit for our city and position our city as an early adopter of new clean technologies. That is what I am really focused on.

THE CHAIR: So that would be about diversifying the economy?

Mr Corbell: Yes, absolutely. I know Mr Smyth is always keen on diversifying the economy.

MR SMYTH: Has the business minister sought your advice or input on what assistance we should be providing to Spark Solar?

Mr Corbell: I have previously had discussions with the minister and with his department in relation to that matter.

MR SMYTH: And what advice did you give him?

Mr Corbell: I am not going to disclose the nature of my conversations with those individuals.

THE CHAIR: Could I move to another one, which is the solar—

MRS DUNNE: I just wanted to follow up on the feed-in tariff. I have just a quick question.

THE CHAIR: Yes, but could I just ask about the solar farm project that went out for expressions of interest? I believe there was some sort of short listing. When will we see an announcement, whether it be a shorter short list or whether it be the announcement? Have you got a time line, minister?

Mr Corbell: Yes, I do. The government has short-listed a range of entities for the next stage of that process. The feedback we received in the first round from almost all the proponents was that one of the key factors they wanted to see the government address that would affect the future viability of their project was whether or not a feed-in tariff for larger scale generation was available.

What I have said to proponents—and I advised proponents who were short-listed of this earlier this year—is that the government is committed to the development of this project, that we need to align our assessment of their proposals with a decision on the possible expansion of the feed-in tariff to larger scale generation and that the government will make announcements about the future progress of the solar power facility and the feed-in tariff concurrently because they are directly linked.

THE CHAIR: Any idea of time?

Mr Corbell: I think I have indicated—again, with the feed-in tariff—that it is around the middle of this year.

THE CHAIR: So soon.

Mr Corbell: Soon.

MRS DUNNE: But with the solar farm, minister, you put forward a shortened list in December last year—something like that.

Mr Corbell: That is right.

MRS DUNNE: There is another process to make that list shorter and then there is going to be an expression of interest process; is that right?

Mr Corbell: That is what the government announced. There may be some revision to that process dependent on the outcome of the feed-in tariff decision.

MRS DUNNE: Did you get feedback from people who had put forward expressions in the first round about the slowness of the process?

Mr Corbell: No. My department has kept in close contact with all of the short-listed parties since we made the announcement. The short-listed parties are comfortable with the approach we have adopted. I have not been made aware of any complaints in relation to time frames. One of the reasons for that is that a large number of our short-listed proponents have also been waiting on the commonwealth to make some decisions around who will be eligible for further support under the solar flagships program.

Effectively, the proponents understand that there are three things, almost, that have to come together at a particular point in time—solar flagships, our process with the solar farm and our process with the feed-in tariff. We need to make sure that all of those things align in a particular time frame. That is what my department is very focused on achieving. To date, the feedback I have had is that the proponents are comfortable with that process.

MRS DUNNE: In December last year—

THE CHAIR: I was approached by a proponent just in the last couple of weeks who was concerned they had not heard anything and were feeling that there had been a bit of a vacuum—just to give you that feedback.

Mr Corbell: I wrote to proponents in April this year advising them of the process.

MRS DUNNE: What did you advise them in April this year?

Mr Corbell: I advised them in general terms that the government remained committed to the process and needed to align its policy settings in relation to future decisions about the solar farm with the development of the feed-in tariff.

MRS DUNNE: The timetable you outlined in December was to shorten the list to about three some time in May-June; is that right? Just refresh my memory.

Mr Corbell: I would have to check the record. I do not recall.

MRS DUNNE: And those three would then be asked to put in expressions of interest?

Mr Corbell: No. What I announced at the time was that we would ask all the short-listed proponents to put together detailed business cases for their proposals.

MRS DUNNE: So the eight or so—

Mr Corbell: Yes, the longer number that I outlined in December. They would put together detailed proposals and the government would then assess those and then potentially enter into negotiations with a smaller number, following assessment of that.

MRS DUNNE: That was not what was originally proposed. So some of these companies have put in—

Mr Corbell: No, that is—

MRS DUNNE: several lots of documentation—

Mr Corbell: I beg your pardon; that is not correct. Your claim is not correct.

MRS DUNNE: The first thing that went out was for expressions of interest—

Mr Corbell: The government made clear how the process was being conducted when I announced the short list of proponents back in December.

MRS DUNNE: But, before that, the original proposal was to come up with a short list in December for expressions of interest so that you could come to a preferred contractor, preferred tenderer, some time about now. It has been put further out.

Mr Corbell: That is what I announced in December.

MRS DUNNE: No.

Mr Corbell: I am not sure what we are arguing about.

MR SMYTH: With the \$30 million that was to assist with the construction of the power station, how will that be delivered?

Mr Corbell: The government has previously said that could be delivered through a range of mechanisms. It could be cash; it could be in kind, such as through land; it could be through a power-purchase arrangement; it could be through a range of mechanisms equivalent to that value.

MR SMYTH: When will that decision be taken?

Mr Corbell: Again, I expect the government to take a decision on that around the middle of this year.

THE CHAIR: Mr Seselja.

MR SESELJA: Minister, on the feed-in tariff, what is the up-to-date subsidy that has been paid out until now?

Mr Corbell: I know you love this question.

MR SESELJA: I do. I knew you would be ready.

Mr Corbell: We always have this for you.

MR RATTENBURY: Perhaps the question is: what is the amount of money that has been paid to those people who have generated clean waste?

Mr Corbell: We can give you that one too—

MR RATTENBURY: I think it is the same question Mr Seselja is asking.

Mr Corbell: if you give me a moment. Why don't I wrap these altogether and I can give you—

MR SMYTH: Apparently they are different.

Mr Corbell: There are now just over 1,848 installations in the territory. That is a growth rate of 255 per cent since 1 March this year. This is a really successful and popular program. The AER, as members would be aware, have accepted ActewAGL's distribution claim for an amount of nearly \$50 million over five years as the maximum amount they are entitled to recover for the cost of making payments under the scheme.

The ICRC has determined the average impact on the typical household to be \$27.85 per annum over the first five years. That is at the end of that five-year period, if I recall correctly; so \$27.85 per household per annum at the end of the five-year period. It is not now but when the full \$50 million is recovered at the end of the period, because what you have to appreciate is that the recovery occurs over time as the number of installations grows. Currently—let me see—the cost to the average ACT household to date has been less than \$4 per annum.

MR SESELJA: The total subsidy?

Mr Corbell: The total amount of payments to date—I might ask Mr Traves. He has probably got this information in his head. Mr Traves might be able to assist you with this. The figures I have show that, in the period 1 March 2009 to 31 March 2010, renewable energy generators installed under the FIT generated 2,034,303 kilowatt hours of electricity and \$1,030,295 in payments have been made in the same period.

MR SESELJA: Thank you. On another issue, minister, you mentioned earlier sustainable industries and how you want to promote them. What has been the impact on local insulation installers of the federal government's botched insulation scheme?

Mr Corbell: Sorry, could you repeat the question?

MR SESELJA: I do not need to go over it all but what has been the impact on local insulation companies of the botched commonwealth insulation scheme?

Mr Corbell: This is not a matter that my department monitors in any real regard. I can only go on commentary I have heard in the media, which I think other people have heard as well, which is that for some long-term operators there has been a detrimental impact.

MR SMYTH: Who does monitor that on behalf of the ACT government?

Mr Corbell: We do not run insulation businesses. We do not, as a matter of course, monitor insulation businesses, in the same way as we do not monitor plumbing businesses.

MR SESELJA: But you are interested in sustainable industries; so you would

obviously have a concern if some of these sustainable industries are under pressure as a result of government policy—

Mr Corbell: Of course, but it is not like we have got some sort of monitoring regime in place to monitor the industry.

MR SESELJA: Have you had feedback from any of the operators in terms of their businesses?

Mr Corbell: I have not, personally, no.

MR SESELJA: The department?

Mr Papps: I am not aware of any.

THE CHAIR: Mr Rattenbury.

MR RATTENBURY: Thank you. It was disappointing, minister, to see in this year's budget that the government has lagged behind the target for the purchase of renewable energy for government operations. It strikes me that the best way to offset the costs that are involved in that is to see improved energy efficiency in government operations. Given that the department has been tasked with undertaking audits of all government agencies this year, is it expected that all agencies will have efficiency targets set this year that they will have to meet and that the targets for the purchase of greener energy will be made up next year?

Mr Corbell: The first thing I would say is that the ACT is the largest purchaser of green power of any state or territory in the country. We are already the leader when it comes to the purchase of green power for government operations. So I think we cannot be criticised for tardiness or for lagging behind other governments when it comes to the purchase of green power.

That said, the initiative that is funded in this year's budget is directly designed to give us the knowledge base that we need to put in place what would effectively be a carbon budget for ACT government agencies that will become part of the normal accounting and accountability process for government agencies. And then that will allow us to put an onus on chief executives to operate their portfolios consistent with an overall budget when it comes to greenhouse gas emissions and put in place a mechanism for them to drive down their emissions which could be achieved through a range of factors, including the purchase of green power.

MR RATTENBURY: Arising out of that observation you just made, will the government set energy offsets for departments, as they are clearly the most cost-effective way to reduce their emissions, as well as provide the opportunity to purchase more green power?

Mr Corbell: At this time, what I expect to do is have a carbon budget for each government agency which will effectively be how much carbon they can emit. You would expect that that would be below what they currently emit. So they will then need to put in place measures to address the difference on a year-by-year basis. That

will obviously be through a range of mechanisms—energy efficiency, purchase of green power and, depending on the portfolio, a range of other activities. So energy efficiency will have to be part of the mix, yes.

MR RATTENBURY: Do you have any sense of how aggressive those carbon budgets will be in terms of annual reduction rates?

Mr Corbell: Not at this time, and that is why we have provided this money for this work. The money—I think it is about \$1.8 million—the \$1.8 million action on climate change initiative gives us the resource to do the modelling and the assessment so that we can have a strong base of knowledge and accounting of greenhouse gas emissions across government, to move towards our objective of carbon neutrality for government operations.

MR RATTENBURY: Does the government ever consider energy efficiency as part of the directives on the Treasurer's efficiency dividend?

Mr Corbell: Energy efficiency?

MR RATTENBURY: Yes.

Mr Corbell: It is not appropriate for me to disclose what is discussed in budget cabinet.

MR RATTENBURY: Does the government have a policy, in order to achieve efficiency dividends, of asking departments to reduce their energy use?

Mr Corbell: Sorry, can you repeat the question?

MR RATTENBURY: Does the government have a policy that, in order for departments to meet their efficiency dividend, part of that should be to reduce their energy usage?

Mr Corbell: The government expects agencies to look at all options to meet their efficiency dividend, including energy efficiency.

MR SESELJA: Minister, you said that you do not discuss what goes on in cabinet. But your colleague Andrew Barr this week said that he took something to cabinet and got rolled. Did you take such a measure to cabinet?

Mr Corbell: I am not going to disclose what recommendations I put to cabinet.

MR SESELJA: Why is it reasonable for Andrew to tell us when he gets rolled in cabinet and not you?

Mr Corbell: You would have to ask Mr Barr.

MR SESELJA: We will.

THE CHAIR: Ms Bresnan.

MS BRESNAN: Thank you, chair. I have had some anecdotal concerns brought to me regarding the feed-in tariff that Centrelink may, in some instances, be including payments people have received as income. I think it was particularly for people on pensions. Has that concern been brought to you at all?

Mr Corbell: No, not in that aspect. The taxation treatment of payments received under the FIT has been raised with me. That is something which there is some general guidance on. In relation to how Centrelink views those payments, no, I am sorry, that issue has not been brought to my attention.

MS BRESNAN: I am just wondering whether it is something that the department can look into. The concern was raised with me. Someone said that they were aware of it happening in one case. In terms of people on lower incomes wanting to be part of the feed-in tariff, that may actually impact on people doing that, particularly Centrelink staff applying it in that manner.

Mr Corbell: Yes, generally speaking what the government has done is to advise consumers that they should seek their own advice about the possible implications of receiving those payments for them. That has predominantly been around the taxation treatment of those payments. So we are certainly happy to remind consumers that there may be implications if they are in receipt of welfare payments from the commonwealth that they should check whether or not there will be issues.

MS BRESNAN: Yes, it is not only about the tax arrangements and there have been some issues around that as well. I would have thought that it would not have actually impacted on Centrelink payments under the tax arrangements.

Mr Corbell: I am sorry. I am just not in a position to comment.

MS BRESNAN: Sure, yes.

Mr Corbell: I do not know what criteria Centrelink apply, except, perhaps just as a general rule, I would expect that Centrelink would look at any money you get from any source in deciding what payments they make.

MS BRESNAN: I just thought it might be something worth looking at.

Mr Corbell: We are happy to draw consumers' attention to the fact that they should make their own inquiries. In the general information that we make available about the FIT, we are happy to include in that just a little reminder that people should make their own inquiries as to what receipt of those payments may mean for welfare payment purposes.

MS BRESNAN: Would it be something you would raise with Centrelink, just in terms of whether or not that is actually occurring?

Mr Corbell: If it is brought to our attention, yes. We would be happy to make an inquiry. If you want to provide some further details, we are happy to follow it up.

MS BRESNAN: I have been trying to get further details. Unfortunately, I have not been able to.

MR SESELJA: On the feed-in tariff, I understand that some concerns have been raised in the community about delays with getting the meters hooked up by ActewAGL. What is the current sort of average wait time? If a consumer signs up to the scheme prior to 1 July but is not officially installed until after 1 July, which rate will they get?

Mr Corbell: Yes, this issue has been raised. Mr Traves might be in the best position to answer this.

Mr Traves: Could you repeat the series of questions?

MR SESELJA: Yes. There have been concerns about being hooked up to the grid and having the meter hooked up in relation to the feed-in tariff scheme for the solar panels. There are two things: firstly, have we had feedback about what is the average wait in getting installed? Secondly, if someone signs up for the scheme but it is not officially installed by ActewAGL until after 1 July, which rate are they eligible for?

Mr Traves: We will look at the process first for people being connected to the grid and having inspections done. You are aware that there are two tiers of inspection: one through ACTPLA in terms of electrical safety, and the other through ActewAGL to connect to the grid.

The standard industry practice is that when they book in the person's installation, they also make bookings in advance for inspection dates. ActewAGL has ramped up the capacity in this regard. They have capacity now to do up to 200 inspections a month. The record for inspections was in the month of April where they did 180, and they did that comfortably. So I have no concerns that they would not be able to meet their agreed dates with the suppliers. Anecdotally, I am aware of some people who have expressed some concern about being signed up on time. That largely relates to the supply of inverters within the industry rather than the inspection processes themselves.

The legislation provides that a contract is valid once the ACT electricity connection is made. So if that occurs after 30 June, the strict interpretation of the legislation would be that they would get the new rate of 45.7c. Now that would be negotiable with their electricity retailer. The contract is between the householder and the electricity retailer. If they are prepared to accept the 30 June date as valid through negotiations between themselves then they are perfectly able to do that under contract law. But as the ACT government is not a party to those contracts we cannot force them to do that.

MR SESELJA: So it will effectively be up to the goodwill of ActewAGL or the energy retailer.

Mr Traves: Or whoever else is involved. In any kind of contractual arrangement, the same thing would apply.

MR SMYTH: Just a final one: have you had any safety concerns raised with you about the ability to isolate these arrays in the event of a house fire, for instance, by the

Fire Brigade?

Mr Corbell: No, I have not had concerns raised with me by the Fire Brigade about electrical safety. The inspection regime is a strict one. As Mr Traves has indicated, there is a double inspection both by the ActewAGL inspector in relation to the connection to the grid and by ACTPLA in relation to electrical safety in the premises themselves. No other jurisdiction does that in terms of a mandatory double inspection for all installations—

MR SMYTH: So in the event of a house fire they are isolated through the same switch boxes—the same fuse boxes as all the other—

Mr Traves: There are actually three isolation switches installed in the ACT PV installations. There is one adjacent to the panels themselves for anyone who happens to be working on the roof. There is one on the inverter, which may be located adjacent to the panels or somewhere else on the premises, and there is one in the fuse box itself.

I do not know whether you have panels yourself, but if you open them there is a safety instruction that has been put inside there as part of the inspection process which tells the electricians or emergency services exactly where the isolation switches are and how to operate them.

The whole purpose of having the ACTPLA inspection is to do those very things. JACS, through the Emergency Services Bureau, had input into those inspection processes. We have had no indications of any difficulties whatsoever in Canberra.

THE CHAIR: I want to check on the new initiative, progressing actions on climate change. We had a discussion before, minister, where you spoke about \$1.8 million, I think was the figure, used for conducting emissions audits of ACT government departments. It is \$2.6 million over four years.

It appears that the money is going to be spread reasonably thinly, because apart from conducting the emissions audits, there are also things around improving institutionalised arrangements for long-term recording and measurement of emissions and so forth. Can you give us a bit of a run-down on the amounts and how this money will be spent and maybe provide a line-by-line allocation for the programs?

Mr Corbell: Yes, I can provide you with more details. The allocation of just over \$1 million in 2010-11 is proposed to be spent in this way: just over \$400,000 will be spent to address information gaps and disaggregate data to inform cost-effective ways of reducing greenhouse gas emissions of government operations. This will be achieved through energy audits, smart meters, improved application of the greenhouse gas monitoring tools such as OSCAR and the identification of priority buildings for measures in conjunction with the Department of Land and Property Services.

An amount of \$305,000 will be available for accessing technical advice through the ICRC to report on the amount of greenhouse gas emissions in the ACT for each financial year, to analyse progress in meeting reduction targets and to assess the effectiveness of government policies and programs.

There is also \$329,000 for three staff and associated on-costs within the department. Those are three full-time equivalent positions. One is for coordinating implementation of an ACT government carbon neutrality framework, one is for the implementation of a national energy customer framework, and the national strategy for energy efficiency—that is, the policy work we have to do as a result of COAG agreements in those spaces—and one is for a full-time equivalent for administration and reporting on ACT-specific energy efficiency projects.

THE CHAIR: Is it possible to have that tabled?

Mr Corbell: I can give you a summary of that. I will take that on notice and I will come back to you.

THE CHAIR: Thank you. I just note that that is taken on notice. Mr Seselja.

MR SESELJA: Minister, the monergy advertising campaign, how much does that cost to date, and will that be an ongoing program?

Mr Corbell: A total of \$150,000 has been allocated in 2009-10, covering both message development and media placement.

MR SESELJA: What is the breakdown of those two?

Mr Corbell: I do not have a breakdown. I would have to take that on notice.

THE CHAIR: I just note that is taken on notice.

Mr Corbell: What was the other part of your question?

MR SESELJA: Year to date, \$150,000 has been allocated. How much has been spent of that this year to date?

Mr Corbell: Again, I have to take that on notice.

MR SESELJA: Okay. Will this be an ongoing program?

Mr Corbell: Promotion of the suite of programs under the title ACTSmart will be ongoing. That is part of the budget for the four-year period of the ACTSmart initiative. How long monergy goes as part of that is yet to be determined. It is an ongoing program. It is really the introductory program to get people thinking about accessing ACT government rebates and programs. It may change as we continue to roll out the program and expand it in different ways.

MR SESELJA: So in total—advertising and marketing this year?

Mr Corbell: The total allocation is \$150,000.

MR SESELJA: That is for monergy, but is that the total for the department?

Mr Corbell: That is the total for the promotion of the ACTSmart initiatives.

MR SESELJA: Yes. So what is the total for advertising and marketing for the department?

Mr Corbell: \$269,565.

MR SESELJA: Okay, and could we on notice get a breakdown of those costs as well?

Mr Corbell: All right, yes. I can give you that now, if you like?

MR SESELJA: Yes.

Mr Corbell: Okay. \$150,000 for monergy, as I have previously outlined.

MR SESELJA: So there is no breakdown on that sheet on monergy of the production versus replacement?

Mr Corbell: No, Mr Seselja, there is not. The noise awareness campaign, \$50,000. ToiletSmart campaign—I will just give you the dollar figures I have here.

MR SESELJA: Yes.

Mr Corbell: Campaign, printing and pamphlet distribution, \$224,414; ACT government community noticeboard, \$16,800; public notices, mostly in relation to statutory notices issued by the EPA in a daily newspaper, \$22,563; recruitment, \$3,639. There are just a couple of other ones that I do not have figures on, which is the ToiletSmart campaign. We will provide that to you.

MR SESELJA: You talked about ongoing expenditure for ACTSmart. What is the budgeted amount for 2010-11?

Mr Corbell: Again, I have to take that on notice.

MR SESELJA: Okay, and also if you could take on notice the total amount of budget for advertising and marketing for 2010-11 as well—

Mr Corbell: Yes, we could take that on notice.

MR SESELJA: and also if we could get a breakdown of those figures, please.

THE CHAIR: I note that those questions around marketing and advertising have been taken on notice.

As mentioned at the commencement of the hearing today, there is a time frame of five working days for return of answers to questions taken on notice at this hearing. In relation to questions given on notice, these will be accepted for three working days following today's public hearing for the Department of Environment, Climate Change, Energy and Water.

Members, please provide any questions on notice pertaining to the Department of Environment, Climate Change, Energy and Water output classes 1.1—environment protection and water, 1.2—water energy and waste, 1.3—climate change and natural environment by close of business on Wednesday, 26 May 2010.

On behalf of the committee, I would like to thank the minister and officials for attending today and, in advance, for responding promptly to questions taken on notice and given on notice. This public hearing is now adjourned.

Meeting adjourned from 1.01 to 2.03 pm.

Appearances:

Barr, Mr Andrew, Minister for Education and Training, Minister for Planning, Minister for Tourism, Sport and Recreation and Minister for Gaming and Racing

Department of Education and Training

Cover, Ms Leanne, Executive Director, Tertiary and International Education

Stewart, Ms Tracy, Director, Measurement, Monitoring and Reporting

Whybrow, Mr Mark, Director, Finance and Corporate Support

Blom, Ms Kaaren, Acting Director, Training and Tertiary Education

McNevin, Mr Tim, Manager, Transitions, Careers and Vocational Learning

Canberra Institute of Technology

Kowald, Mr Peter, Deputy Chief Executive, Operations

O'Hara, Ms Kaye, Deputy Chief Executive, Academic

Kay, Mr Shane, Acting Executive Director, Corporate Governance and Organisational Capability

ACT Building and Construction Industry Training Fund Authority

Service, Mr James, Chairman

Guy, Mr Gary, Chief Executive Officer

THE CHAIR: Welcome to this public hearing of the Select Committee on Estimates. The Legislative Assembly has referred to the committee for examination the expenditure proposals in the 2010-2011 appropriation bill and the revenue estimates for the 2010-2011 budget. The committee is due to report to the Assembly on 22 June 2010 and has fixed a time frame of five working days for the return of answers to questions taken on notice.

The proceedings today will commence with an examination of the Department of Education and Training output class 3, vocational education and training, then move on to the Canberra Institute of Technology, including CIT Solutions, and conclude with the ACT Building and Construction Industry Training Fund Authority.

Can I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the yellow-coloured privilege statement before you on the table. Could you confirm for the record that you understand the privilege implications of the statement?

Mr Barr: Yes, Madam Chair.

THE CHAIR: Can I also remind witnesses to keep their responses to questions concise and directly relevant to the subject matter in question. We have a great deal of ground to cover during the hearing and I would like to maximise the opportunity for members in attendance to put their questions directly today rather than on notice. Before we proceed to questions from the committee, minister, would you like to make a brief opening statement?

Mr Barr: No, thank you, Madam Chair. I am happy to proceed to questions.

THE CHAIR: I want to move to page 89 of budget paper 3, the productivity places program. And in relation to the productivity places program, which aims to reduce skill shortages and increase productivity, what types of skills will be targeted in the ACT?

Mr Barr: Thank you, Madam Chair. There is a range of areas that will be targeted, based on a national priority occupations list and the annual ACT VET priorities that are determined and developed through consultation with local industries. So on an annual basis, those priorities are tabled and a report is made available.

I can provide that report to the committee. I do not have it in front of me right now but I can make it available. We do? There you go. For 2010, probably we can make a copy of that. It is on the department's website. We can make that available to the committee.

THE CHAIR: Minister, are you able to go through some of those aims?

Mr Barr: I could not. Kaaren could read them out to you if you want, or I could just give you the document.

THE CHAIR: I want to ask a few more questions about that.

Ms Blom: Would the chair like me to read out what the priorities were for the current year?

THE CHAIR: Yes, just to get a general idea about what sorts of priorities and what are the ACT priorities specifically. Obviously they have been identified nationally but I am really more interested in what local businesses and industry are identifying as their aims in the ACT.

Ms Blom: The five industry priorities that were identified last year for the year that we are presently in were the government services industry, construction and property services industry, community services and health, innovation and business skills, and the services industry. And those priorities are determined through a process of industry consultation and consultation with training providers as well as obviously looking at the commonwealth's list of skills and, under the productivity places program, that meshing. A match with what is on the commonwealth-identified list, as well as our own, is quite important because of the extent of commonwealth government funding of that program.

THE CHAIR: Which organisations in the ACT were consulted to put together the ACT priority list?

Ms Blom: In the last 12 months, we went to industry peak bodies, industry advisory bodies, bodies like the construction industry training council. Bodies like that are obviously quite important. The ACT, as you know, is composed largely of small businesses; so often industry consultation entails quite a lot of one-on-one or quite small contact with small employers. Sometimes it is through facilitating events that bring groups of employers together.

We are working with our largest training provider, CIT, because of the mechanisms they have for industry advice and their information centres. That is quite important. The chamber of commerce and the Canberra Business Council are both really important partners with us in all of that work.

THE CHAIR: How many of these organised consultations, meetings or whatever were held in order to identify those priorities? Were there formal, informal mechanisms, and how much each—

Ms Blom: I can tell you how many are being conducted this year. It is 53, because we are actually coming nearly to the end of this year.

THE CHAIR: One of the priority areas you mentioned was innovations. What comes in under innovation?

Ms Blom: We have got scope in our own funding and through the priority support program, which gives us a bit more flexibility than what you can sometimes do with traditional apprenticeship and traineeship funding, to fund programs, particularly where training organisations come to us and say that they might have had demand from an industry to run some training in areas like sustainability, for example, which are still relatively innovative, in the sense that a lot of that training is still non-accredited, not necessarily formally embedded in training packages yet. There is scope for those sorts of things.

Sometimes industries will come to us and what is innovative for them is perhaps an add-on to traditional-type qualifications, to add business skills. So it is not necessarily an innovation in itself but, the combination of that with other training for their workers, we might have capacity for that there.

THE CHAIR: How exactly does this program work? I am just trying to get a sense of the money, where that is allocated and—

Mr Barr: Sure. It is 50 per cent commonwealth funded, 40 per cent territory government funded and 10 per cent from employers. That is how the various levels of government and industry contribute to the funding of the program. It is anticipated too that there are about 10,000 additional training places over the next four years, although I do note for the committee's attention that it was identified by their shadow finance spokesperson that it would be cut under an Abbott Liberal government.

THE CHAIR: Thank you, minister. Getting back to the program, there will be 10,000 additional training places. Where will that training occur? Ms Blom has just said that sometimes it is providers coming along. Are we talking about a range from CIT through to private planning providers and so forth? And do we have a breakdown of how many in each, if you know what I mean?

Ms Cover: The PPP is broken into two target group areas. The first is job seekers and then existing workers. And we have targets against each of those areas. So it is nearly 6,200 in the existing worker category and just over 3,000 in the job seekers category.

THE CHAIR: Have we got a breakdown as to where the training is provided? Who are the training providers? I want to get some sense of what percentage of this program is run by, say, the CIT and what percentage is run by the private providers.

Ms Blom: We would have to take that on notice. We have certainly got that data but the training providers are eared for these funds on a quarterly basis. And so every quarter there is a new allocation. The most recent round has just occurred in the last week or so. Certainly we would be able to provide information on how that breakdown has occurred over the life of the program to date.

THE CHAIR: I note that is being taken on notice. As you said, there has been a significant boost to training places and apprenticeships under the federal budget and that is the case. Have you had discussions with your federal counterparts about how this will be rolled out and how it will fit into the ACT budget, how it is working together? Once this is signed up, are there still some rules around how you can do this or what sort of flexibility—

Mr Barr: There is an implementation plan for productivity places for that program. But if you are referring to initiatives in the federal budget that are on top of the productivity places program, yes—

THE CHAIR: I believe \$20 million has been announced across the country. How much will we get in the ACT?

Ms Cover: The commonwealth have advised us that they do need to negotiate new arrangements with us. So we will have to work out a business case with them. They have advised us to do so pretty quickly. We will follow up with that invitation to do that and then we will be in a position to write that advice.

THE CHAIR: Has the commonwealth suggested any amount of money or percentage of those funds?

Ms Cover: No, not yet.

THE CHAIR: What is the timing on that?

Ms Cover: We expect to meet them in the next month, I would say, to start those negotiations. I do not know what the time frame for the business case will be but I suspect it will be pretty quick.

THE CHAIR: In the next couple of months?

Ms Cover: Yes.

THE CHAIR: That will be covered in our annual report hearings?

Mr Barr: On that particular program, yes.

THE CHAIR: Mr Seselja.

MR SESELJA: Thank you, chair. What policy work has been done by the department on looking at the Tasmanian-style polytechnic academic split? I understand that the minister was musing on or considering some of the merits of such a proposal. What work has been done within the department to examine such options?

Mr Barr: We released a discussion paper called creating a connected tertiary education environment. I would refer you to that document.

MR SESELJA: What is the government's formal position now on this polytechnic idea?

Mr Barr: We are happy to explore it in the context of these discussions over the course of, really, until about the final quarter of this year.

MR SESELJA: So this is something you are still considering. What conversations have you had with your Tasmanian counterparts to look at their experience of trying to implement such a scheme?

Mr Barr: I visited a number of the polytechnic campuses in Tasmania when I was there last year. I have spoken with the Premier. I have obviously read some of the media reports in relation to some elements of their implementation that has succeeded and some elements that clearly have not. And I understand that some of those issues are being resolved now as part of the new government in Tasmania. There is of course a new education and skills minister in that state.

MR SESELJA: Is this something you have taken to cabinet?

Mr Barr: To cabinet, no. There has been no formal cabinet submission on this. No, we are still exploring a range of ideas in relation to that, and those were outlined in the paper I released earlier in the week.

MR SESELJA: When did you say that a decision is likely to be taken on whether or not to take that kind of approach?

Mr Barr: We will conduct the consultation around this discussion paper. It is much broader than just the issue that you refer to. There will be a report and recommendations back to government in the final quarter of this year. We will then consider which ones we take forward in a cabinet submission, presumably, some time early next year.

MR SESELJA: We expect that if you take it to cabinet and get rolled you will tell us about it?

Mr Barr: That is very funny.

MR DOSZPOT: Just a supplementary on that—

THE CHAIR: Mr Doszpot.

MR DOSZPOT: Minister, you came out with some fairly strong statements in October about the direction you wanted to take with this, but you are talking about having consultation after the fact. Would you not normally have the consultation before you release your opinion as to where you want to go? Would you not do that prior to releasing that information?

Mr Barr: No. I think I am entitled to have an opinion and to put forward ideas for discussion, Mr Doszpot. That is what we have done. I indicated at the time that I wanted 2010 to be that year of conversation. It is certainly occurring. We have got a discussion paper out there. We have had stakeholders meet and discuss and put forward a range of ideas already, which is very encouraging, and we will consider those in due course.

MR DOSZPOT: I have no total issue with having directions, but I would think that before I would give directions I would rather have consultation that is a little bit more in depth than you have given to this topic. You generated a lot of angst in the education community when you made that initial announcement back in October. Just about everyone in education condemned the direction you were looking at taking at that point.

THE CHAIR: Mr Doszpot, do you have a question?

Mr Barr: Is that a question, Madam Chair?

MR DOSZPOT: Why did the minister not consult before going out—

Mr Barr: Mr Doszpot, I am entitled to put forward an opinion and a range of ideas that I would like discussed, and I will continue to do so.

MR DOSZPOT: Thank you.

MS BRESNAN: I would appreciate it if you could give us some of the initial feedback that you have received on the discussion paper from particular stakeholders.

Mr Barr: Dr Watterston chaired a forum on Wednesday morning so—

Dr Watterston: I am happy to give you some feedback. We had a range of stakeholders. Around 25 people were there from across industry, other education sectors and the community. In terms of an overall response to the discussion paper in the sense of the three questions that we posed within the document, there was unified agreement that this is a worthwhile pathway to pursue.

All of the people around the table were certainly in congruence in thinking that we needed to align both our educational institutions and industry to make sure that we can complement the work that has already been done and not duplicate, as some establishments currently do, some of the courses that we offer and some of the pathways, which are not explicitly clear to parents and students. Some of the feedback that we received was that there is an economic side to this and there needs to be some development in terms of student accommodation and other infrastructure needs that are going to help from an education perspective.

But we also need to make sure that the work we do is, as I said before, complementary to each other. The idea of Canberra becoming a learning city or being known as a learning city was paramount, I guess. What people are talking about going forward in the recommendations that we are looking to achieve by the last quarter of this year is around how we can promote the ACT as a learning environment that stands out within Australia and provides opportunities through pathways that people understand and are coherent. While institutions have agreements with each other and can work together, that is not always apparent to other people. Part of this work is looking at it from the student at the centre and making sure students and families know how they can get to an end point and which institutions can support that.

It is too early to talk about specific recommendations or outcomes from the consultation. I guess the main point I would want to reiterate to you is that there is universal agreement about the way forward and that there needs to be a set of recommendations around this issue. It is very promising. As the minister has already alluded to, aspects of the way we provide vocational education will be considered within that framework, along with higher education—the connections right through from high school and college through the vocation system and then into higher ed.

MS BRESNAN: I know you said the details are yet to be worked out, but was there any input as to the models that the stakeholders would like to see progressed in future?

Dr Watterston: No, we did not set on a particular model. That is the work to be done in terms of what those possibilities are. I am sure that we will come up with a range of models and give people an opportunity to talk about them. The agreement, as I have just said, was around wanting to be able to do this better and wanting to make sure that all of the people have the same outcomes in mind about trying to create economic prosperity within the ACT—and also from an individual's point of view, that personal and social benefit that we are looking for. I think everyone recognises the goodwill that exists in the ACT. The high benchmark that we have already got in terms of educational output and opportunities needs to be harmonised, in a way. It is a long answer to your question, but it is about looking to be able to do this better. I think that was the main point that came out of it.

MS BRESNAN: Who were the stakeholders at that meeting?

Dr Watterston: We have a list, which I am sure we can get for you. As I said before, each of the major educational institutions was represented.

MS BRESNAN: Were the colleges represented?

Dr Watterston: Yes, they were. We had principals there. Universities were represented and CIT. I can table the list for you, if you would like.

MS BRESNAN: That would be great, thank you.

MR DOSZPOT: I was going to ask the same question. Was the Australian Education Union represented there as well?

Dr Watterston: Yes, they were.

THE CHAIR: Mr Smyth.

MR SMYTH: Minister, on page 318 of budget paper 4, the estimated outcome for the 2009-10 year is \$31.562 million. The actual budget was \$32.839 million. Is there a reason for the underspend?

Mr Whybrow: If I refer you to page 324 of budget paper 4, primarily the difference is due to an anticipated rollover of the productivity places program at \$1.5 million. As you have already heard from Kaaren and Leanne earlier, this is a four-year program, with the 10,000 places to occur over that period.

MR SMYTH: So noting that, why the big difference from \$31 million to \$38 million this year—the extra \$6.9 million? What is involved in that?

Mr Whybrow: It is the same answer for that question as well. You will see on that same page, 324, there is an increase for the ACT contribution for the productivity places program. That is the main driver in the particular output class.

MR SMYTH: If we did not make the budget last year, why would we expect to make the budget this year and increase it by \$6.957 million?

Mr Whybrow: The first point I would probably make is that it is the start of a four-year program. I should hand over to my colleagues at the other end of the table, but I anticipate that there is a start-up associated with this.

Ms Blom: The ACT commenced delivery of the productivity places late in 2008, I think. The agreement is to achieve the additional training places over the life of the program, over the four years. Given the commitment under the national partnership agreement as to what that funding will be available for, hence there is the rollover. The additional money that is factored into the forthcoming year's budget is to fund the 40 per cent commitment that the ACT government has to make to those places over the next 12 months.

MR SMYTH: Are we in a position to use all that money now? Is the program now ramped up sufficiently that we can actually deliver?

Ms Blom: We will be expecting both to be on target in terms of achievement of places and to be expending the money. What has been flagged in the commonwealth budget is that in the 2011-12 year the productivity places commitment will be rolled into base funding and the process that Leanne Cover talked about before, the negotiations with the commonwealth about the way that money will be expended, will carry us on from there.

MR SMYTH: Can we have a reconciliation of the years and the components—who is putting in what and how it works out between now and 2011-12?

Ms Blom: We can do that, yes.

MR SMYTH: Thank you.

Mr Barr: Of course, the general principle being 50 per cent commonwealth, 40 per cent territory and 10 per cent employer contribution.

MR SMYTH: Yes. Thank you.

THE CHAIR: I wanted to go to the accountability indicators on page 322. It talks there about the total reported number of training commencements. You have got 6,800, and you are estimating that you will meet that number. Those are the commencements. What percentage of people do we keep in these programs until the end? Who actually reaches the end? What would be the percentage of those 6,800?

Ms Stewart: I have some data here broken down by the various categories of apprentices. We have commencements, recommencements and completions data. I can calculate that proportion for you. It will just take me a couple of moments to do that.

THE CHAIR: Thank you. That would be good, Ms Stewart. As to indicator “c”, Ms Bresnan, did you want to—

MS BRESNAN: You are probably asking the same question. You can go ahead.

THE CHAIR: This was around the 80 per cent satisfaction with the Australian apprenticeships program. How many people participated in the satisfaction surveys—what percentage?

Ms Stewart: That data comes from a national collection which is called the student outcomes survey. It collects a lot of information about students once they have completed their training. A component of that is their satisfaction. It is a national sample of around 3,000 students across the board. The ACT contribution to that sample is around 300 students, although I would need to confirm the number. It would vary slightly from year to year.

THE CHAIR: In the ACT, if someone goes in under this program, how do they get to give some feedback around how they felt the training was—their on-the-job training, their off-site training, mentor support and so forth? How does that happen?

Ms Blom: Obviously individual training providers conduct that sort of evaluation themselves. As Tracy has just identified, the National Centre for Vocational Education Research every year does these surveys. In fact, that is broken down to quite a level of detail about participant satisfaction with the quality of their training, how well they felt it equipped them for future work—all of those sorts of things. That is all available on the NCVET website. We can go into the data cubes for each jurisdiction. It is very detailed data.

Ms Cover: The survey is an electronic survey for students to complete.

THE CHAIR: There has been talk nationally and commentary through the media

about some concern around particular training organisations, the quality of training they are providing and a number of issues around that. What is happening here in the ACT? Do we audit the training providers? Do we make sure we are doing the right thing by the students? And how do we do that?

Ms Blom: Under the legislation, the Training and Tertiary Education Act, the Accreditation and Registration Council is established and authorised to perform those functions through a relationship with the department. The department supplies the staff to that council. So there is an independent council. All of the secretariat and all of the work that is done through that council is departmental staff.

They have a program of audits of registered training organisations that are done following the standards that are established nationally by the AQTF, the Australian quality training framework. What our auditors would be doing would be consistent with what is happening in other jurisdictions. They are following the same sort of standards and they take a risk-managed approach—so according to the size of RTOs, the quantum of work that they do, the level of their activity and all of those sorts of things. That is happening every year.

At the moment, we are looking to the future, to the establishment of a national regulator, so there will be a national regulator for all VET providers. There will also be the same sort of thing for higher education providers too. So in the VET and higher ed sectors we are moving towards both of those. The difference we feel that will make to us—we were keen to indicate our support for national regulation: while we feel we do a good job in regulating the quality of our own providers here in the ACT, national regulation will give us the assurance that any providers who are registered elsewhere are also high quality before they come and work in our territory. We are confident that that will give us better outcomes.

THE CHAIR: When is it expected that that will be established and performing those duties or those functions?

Ms Blom: As soon as the commonwealth can enact legislation.

THE CHAIR: Do you have any idea of the timing of that?

Mr Barr: That is obviously dependent a little bit on the Senate as well, and legislative backlogs there. As I understand it, there are two states that are not going to refer their powers to the commonwealth: Victoria and WA. They are looking to enact their own legislative framework that is consistent with the national model. That was an interesting discussion at the ministerial council on tertiary education and training. We were not able to get all jurisdictions on board with this, but everyone but Victoria and WA have signed up. It is clearly a priority for the commonwealth, but there is a second issue with the Senate: there is a massive legislative backlog in the Senate and there is obviously a federal election looming. So I could not give you a definitive answer on when the commonwealth will get that legislation through.

THE CHAIR: What were the particular reasons given by those states as to why they did not feel it was of benefit to them to join up to this national framework?

Mr Barr: I think they had a particular desire to maintain local regulation. I think also they have ministers who are specifically in that portfolio, and without regulation in that area there would not be a particular need for the minister.

THE CHAIR: At the moment that role is before the ACT, and obviously there will be an ongoing role there. Have there been concerns in the last financial year, this year that we are in, around providers? First of all, how many providers who deliver this program are connected to any of the funding or programs that the Department of Education and Training hand out? And what percentage have there been concerns around? I do not want the names of particular providers; I want more to get an idea about whether you have picked up through your audits that there are concerns and what the numbers are.

Ms Cover: We have a very good quality auditing unit, so we are able to work with the providers. If there is an issue, then, as in any audit, we give them some period to amend the issues, and then check on those and follow up. But in the ACT we have not identified any systemic issues with particular providers in the recent financial year.

THE CHAIR: Thank you. Mr Smyth?

MR SMYTH: I want to go back to the additional funding, the additional \$6.9 million. What do we get for that across the entire outlook class?

Mr Barr: Across the entire outlook class—there are additional training places, as Mr Whybrow indicated.

MR SMYTH: So we get additional places?

Mr Barr: Yes.

MR SMYTH: How many additional places do we get?

Ms Cover: Referring to the PPP places?

MR SMYTH: Not specifically, but if you have that number—in the entire class of the list, the money has gone from 31 million to 38 million. What do we purchase for that extra \$7 million?

Ms Cover: The PPP funding is over a four-year period. I mentioned earlier that it is about 10,000 places for training places.

MR SMYTH: So that is 10,000 additional?

Ms Cover: Yes. Sorry; I am just being advised here that for job seekers for 2010 the target is 862 and for existing workers for 2010 it is 1,778 places.

MR SMYTH: How does that relate to the number of starts and the number of hours delivered in the program?

Ms Cover: The figure is based on hours. It is very difficult to match it comparative to

dollars, because particular qualifications have the same hours, perhaps, but attract different funding rates for particular qualifications. For instance, a certificate III in hairdressing may attract a different funding rate compared to a certificate III in electro-tech management.

MR SMYTH: Okay. So how many additional hours are we getting?

Ms Cover: You are talking specifically about the hours for PPPs?

MR SMYTH: Not specifically

Mr Barr: Total number of extra hours of training—

MR SMYTH: Across the board in voc ed and training.

Ms Cover: That is the 1.8 million hours that are on page 322.

MR SMYTH: The target for 2009-10 was 1.8 million hours.

Ms Cover: Yes.

MR SMYTH: The funding is going up \$7 million, and the total for 2011-12 is still 1.8 million hours. Why are we spending more and just getting the same?

Ms Cover: The additional money purchases places which are not included in the 1.8 million hours. Part of the agreement with the commonwealth to fund productivity places is that they would be additional to what the ACT government itself funded under user choice and the priority support program, which are covered by the 1.8 million hours. Productivity places are not broken down into hours; they are just places which essentially equate to about a semester's worth of training for each place.

MR SMYTH: So what is the accountability? Paragraph "a" says "Total number of hours under programs available for competitive purchase". How do we know what has been delivered in that extra money?

Ms Cover: Because those hours are tallied when training providers deliver the training they are delivering. They have to report to us exactly what that quantum of delivery is in order that we pay them for that delivery. So those hours are tallied.

MR SMYTH: Sure, but do we not have an idea of what that will amount to for the extra \$7 million?

Ms Cover: How many hours?

MR SMYTH: Yes.

Ms Blom: It will depend on what qualifications are actually purchased through that competitive process.

Mr Barr: It is demand driven.

MR SMYTH: I appreciate that, but where is the accountability in this? The budget for the area has gone up \$7 million but there is no indicator there—

Mr Barr: You would like a new indicator indicating accountability against the productivity places?

MR SMYTH: There is no indicator there that we can measure against.

Mr Barr: We have to report back to the commonwealth, so that certainly is publicly available. But you would like to see it in our budget papers? Is that it? If the committee wants to make that recommendation, that is a sensible recommendation to make.

MR SMYTH: That might be a nice place to look for it, but there is no accountability for that money if we did not ask the question as to what that extra \$7 million was and what it would buy.

Mr Barr: It is not as though there is no accountability, but it is not—

MR SMYTH: There is nothing—

Mr Barr: It is not represented in this budget paper, sure.

MR SMYTH: Yes, in the budget, in the document.

Mr Barr: That I acknowledge, and we can redress that in future budget papers. But certainly there will be accountability against this program.

MR SMYTH: Under PPP then, what was delivered in the current year? Do we have a total yet?

Ms Cover: Yes. To date in the job seekers we are at 110, and in the existing workers we are at 312. That was as of last week. The next round of productivity places only closed last week; we have had a very high number of applications, but we are yet to process those applications and allocate those funds.

MR SMYTH: Would we know the hours against those placements? You pay the providers on an hourly basis?

Ms Blom: No, they are not paid on an hourly basis; they are paid for the qualification.

MR SMYTH: So they are paid for successful outcomes?

Ms Blom: The completion of the program, yes. They are.

MR SMYTH: Thank you.

THE CHAIR: Ms Bresnan.

MS BRESNAN: In relation to the additional places—I apologise if this has already been answered—are there particular areas that are going to be targeted for those places? Are there particular skills with particular qualifications that you are looking at targeting? That may have come out of the earlier question that Ms Hunter asked.

Mr Barr: It was, yes.

Ms Blom: Again, in line with the priorities.

MS BRESNAN: So it is similar.

Ms Blom: The same set of priorities that we use for other funding programs. What happens with productivity places, because of their being allocated—we are having a funding round every quarter—is that we are also in a position to sort of shift some of those. If a huge number of plasterers were trained—well, it would not be plasterers, because they would be doing apprenticeships—

MS BRESNAN: I understand.

Ms Blom: But under productivity places, it needs to be something they cannot be doing under user choice. That was not a good example.

MS BRESNAN: No, I know what you mean.

Ms Blom: They have done some qualification. If a lot of them had been qualified under one round then we would be looking at other industry areas having a chance in later rounds. So we have independent panels that make those assessments using our guidelines. It is certainly with a view to sort of sharing that across RTOs and also across the industry areas across the year.

THE CHAIR: One of the announcements in the budget—I am afraid I do not have exact—

MR SMYTH: Sorry, before we get off this, one last question?

THE CHAIR: Yes.

MR SMYTH: Are there any other programs like the PPP that are not measured against this accountability indicator “a” on page 322? If so, what are they and how many places and how many hours are delivered under them?

Ms Blom: The only other program—so under “a”, we have got user choice, which is the Australian apprenticeships and traineeships and the priority support program. Then we have the productivity places, which we have talked about as being additional to that. The other funded program is adult and community education, which is a grants program. It has completely different sorts of targets with adult and community education. There is a fairly small grant, \$250,000, that is allocated every year.

MR SMYTH: \$250,000 in total?

Ms Blom: Yes.

MR SMYTH: What is the measure there—how many places, how many hours?

Ms Blom: Adult and community education this year, 20 programs have been funded to run. We do not tally hours on adult and community education, the sorts of programs that community education providers offer. It is really about the social engagement and sometimes some pre-vocational sort of outcomes that we look for rather than tallying hours. Those providers are not required to deliver nationally recognised training. So it does not have to be accredited training. We have funded over the years everyone from the Vietnam veterans with their men's sheds to the Tuggeranong community choir to all sorts—

MR HARGREAVES: More about Tuggeranong, please.

Mr Barr: Is there a veterans' shed in Tuggeranong? If not, why not?

MS BRESNAN: There is a men's shed there.

MR SMYTH: Could we have a list of the programs, please?

Ms Blom: They are on our website, but we will provide that, yes.

MR SMYTH: So is user choice covered in the 1.8 million hours?

Ms Blom: No.

MR SMYTH: It is PPP or it is adult and community education, and that is the sum of the programs?

Ms Blom: Yes, that is correct.

MR SMYTH: Okay, thank you.

THE CHAIR: Going back to the link, you said that you have your document around national priorities, ACT priorities. We went through some of them—construction, innovation and so forth. How is this linked to the Chief Minister's Department initiative around augmenting the government's skills response? Is there some connection with what you do and it connects to what is happening over in CMD, and how does that work?

Ms Cover: There is, and we work very closely with our colleagues there. What we are looking to do with this coming financial year is to really align the consultation process that we are using, because we are aware that they are also looking for the same sort of demands with the immigration visa work that they do.

We are also aligning our work with the CIT, because they, too, are looking for that same information. So we have a strategy in place to work very closely with the Chief Minister's Department, making sure that we are really quite effective in collecting that

information and not asking people from industry, who are often in small businesses, to come out multiple times to different activities to provide us with that advice. We are going to align that more this year.

THE CHAIR: Has there been a bit of tripping over each other?

Ms Cover: Not really, because we are after slightly different—there is some cross-over but it is not exactly the same information that we are after. We do share that information as well. No, I would not say it is tripping over. It is really just making sure that when we do engage with the community and industry we get maximum participation from those groups.

THE CHAIR: Another announcement in the budget was the ACT film investment fund. That was looking at getting that industry going in the ACT. Is that an area that you are going to be putting a little bit of focus on with some of these funds?

Ms Cover: Creative industries, that would fall under—creative industries is not listed in the top priorities for the current year. I am not sure yet whether it will emerge as a priority area for next year, because we are still in that process of collecting that information.

THE CHAIR: This announcement has been made over here. You would think there would be some sort of strategy around ensuring that people are being trained up and are going to be able to be the future employees in that industry. We already have, I believe, quite an excellent reputation around some of the multimedia that is already done in the city.

Ms Cover: There is high activity, I know, at the Canberra Institute of Technology in this creative industries area. I believe the University of Canberra also complements that work in terms of those skill sets.

THE CHAIR: And there is a private provider as well.

Mr Barr: The Academy of Interactive Entertainment, yes.

THE CHAIR: Mr Hargreaves.

MR HARGREAVES: Merci beaucoup, Madame la Chaise.

THE CHAIR: Do remember Hansard may not be able to—

MR HARGREAVES: Okay, I said, for the purposes of Hansard, “Thank you very much, Madam Chair.” Minister, I do not know if you are able to answer this, but you know my abiding and continuing interest in things Corrective Services. I am aware that there are runs being smacked over the fence all over the place in the AMC, particularly with regard to giving people vocational skills and qualifications as they exit the programs. In particular, I am aware of the programs for women with regard to hairdressing and barista training, and they are in receipt of certificates I, II, III and IV, depending on what issue we are at.

I know that there is also some involvement with the male prisoners and remandees out there. What I would be interested in exploring for the purposes of the record is what partnerships exist between DET and Corrective Services with respect to vocational education. Am I correct in assuming that DET is the accrediting agency for the certificates that these people receive? What do you see for a future relationship with that particular institution?

Mr Barr: I am being advised, Mr Hargreaves, that in terms of corrective facilities in fact, these relationships are at Bimberi. They are not at Alexander Maconochie.

Ms Blom: There is an RTO that is working with the Alexander Maconochie Centre. I cannot recall which one it is. I know, for example, it is not CIT. Someone else won the contract to do that. But it is a competitive market for training. Like any other employer, the centre is able to choose who it partners with and then the training of people within the Alexander Maconochie Centre would proceed the same way it would for any other group that would be eligible for funding.

MR HARGREAVES: My misunderstanding; thank you very much for that. The picture is becoming clearer. The AMC, in fact, is engaging accredited RTOs to deliver the programs that they determine are necessary?

Mr Barr: That is correct.

MR HARGREAVES: And I presume that DET are the people who accredit the RTOs going forward?

Mr Barr: That is correct.

Ms Cover: So that question is a little difficult for us to answer, because it is up to the actual provider to choose—

MR HARGREAVES: I will give you an even more difficult one to answer in a tick. Just hold your horses. Let us go back to the beginning. We have got people in the AMC who we need as a community to rescue from their particular lifestyle. That is what it is all about. What involvement, if any, does DET have with Corrective Services in the determination of what they want to deliver as a process of adult education for these people? Is there a formal relationship? If not, should there be?

Ms Cover: We assist in brokering some of those relationships, but it is up to the RTO and the actual organisation to establish those relationships. But we do get involved and provide advice where we are asked to do that and take an interest in assisting.

MR HARGREAVES: Okay. So the RTO is the person to determine what is going to happen, blah-blah-blah; we know that. Thank you very much for the clarification on that, because I was not aware of that. But who says what the RTO is going to do? Presumably Corrective Services say, “This is what you need to do to restore this human being back into our community.” Do they talk to you guys about it when they determine what they want the RTO to deliver?

Ms Cover: Sometimes and sometimes not. Each of the RTOs is obviously registered

on the national register to deliver particular courses. Any organisation can search to select their skill sets that they need for a particular time period.

MR HARGREAVES: Yes, I understand that. That is the RTO's relationship with DET. What I am interested in is whether or not Corrective Services are talking to the people in the Department of Education and Training, because you guys are the experts in adult education. You are the experts in delivering skills for people to have advanced life skills and all the rest. What I would like to know is this: is there an arrangement or should there be an arrangement which you would like to pursue later, perhaps, where you get in at the contemplative stage, before the RTOs get involved, so that you are setting, if you like, the criteria for the restoration of these people that the RTOs are going to deliver? Does that make sense? If I do not make sense, I can always ask Mr Doszpot to translate for you. He is multilingual.

MR DOSZPOT: Can I just add a supplementary to that question, which may help—

MR SMYTH: He has never made sense before. Why start now?

MR DOSZPOT: Yes. I guess what Mr Hargreaves is trying to say is—

MR SMYTH: That is not your job, buddy; he is Andrew's responsibility.

THE CHAIR: We wish you all the best, Mr Doszpot.

MR HARGREAVES: Mate, I started in French; you can finish in Hungarian.

MR DOSZPOT: I am just wondering whether there is any logic in having a set curriculum that needs to be applying for the people that are in the centre and whether the qualifications and the courses that they are undertaking will actually be recognised in the commercial sector.

MR HARGREAVES: It is the contemplative stage that I am interested in.

Ms Cover: We are definitely involved. The department is definitely involved in those sorts of discussions at the youth detention centre, for instance, yes.

MR HARGREAVES: What about the adults? The kids are one thing—I must admit that I am interested in what happens to the kids, and everybody else is too—but very few people are interested in the adults, because they are a bunch of recalcitrant, bloodthirsty mongrels that kill people—

THE CHAIR: Okay; thank you, Mr Hargreaves.

Ms Blom: DET was certainly involved in the planning of the prison. In fact, we had a representative on the team that was referred to as the prison project. Going back to things like the design of training rooms and facilities and so on, we definitely were involved at that stage. Our advice at that point was also that the Alexander Maconochie Centre did not have to necessarily deal with any particular training provider. So our advice was also about the way to engage with the national training system, with the encouragement to use training packages so that, upon exiting the

Alexander Maconochie Centre, anyone who has undertaken nationally recognised training there can take a portable qualification back into the community.

MR HARGREAVES: I congratulate the department on doing that; I think it is great. My concern—which still has not been addressed, and it is something the minister may like to cogitate on later—is whether or not the skills and expertise of the department are engaged with Corrective Services at the contemplative stage when the development of restorative justice packages are developed per prisoner in the adult scheme. I hope I am a bit clearer. I do not think we have an answer, but I would like to leave it with you to give some thought to.

Mr Barr: Certainly, I can give some thought to that. Obviously, though, it remains largely in the purview of Corrective Services as to who they wish to engage to provide that level of service. But at the contemplative stage, I think that is a very good recommendation.

MR HARGREAVES: Thank you very much. We might have a discussion with the Corrective Services people at a later stage in our lifetime.

MS BRESNAN: Just on that: there is a review of the AMC. Will DET be involved in that at all? It is looking at the overall operation. I am wondering if there will be some role for DET to be involved in that.

Mr Barr: I am happy to seek some input in relation to the education and training programs that are on offer.

THE CHAIR: Mr Doszpot.

MR DOSZPOT: Just for the record, I am wondering if we can get clarification from Mr Hargreaves that I did justice to his translation.

MR HARGREAVES: I was hoping for something in Hungarian; but alas, I still wait.

Mr Barr: Why am I reminded that this is something like an episode of *The Muppets*, with a couple of fellas up in the stalls.

MR HARGREAVES: Madam Chair, I think the minister needs to get a life if all his life is consumed with watching *Muppet* programs.

MR DOSZPOT: Exactly.

THE CHAIR: I have some idea about what the minister might be trying to get to.

MR HARGREAVES: Nobody can say that we are a puppet of the government; that is for sure.

THE CHAIR: Page 88 of budget paper No 3 refers to the ACT youth commitment and youth attainment and transitions national partnership, which is a very long title. How will that interact with the vocational education and training area?

Mr McNevin: The ACT youth commitment sits beneath the youth attainment and transitions national partnership. The youth attainment and transitions national partnership has some very specific targets within it in terms of young people in the ACT achieving year 12 qualifications or their equivalent. At the moment, the equivalent to a year 12 qualification is identified as a certificate II qualification. The range of activity under the national partnership will include enhancing the nature of vocational learning across the ACT. That is with regard to schools, but also working with other community agencies to identify opportunities for them to also deliver vocational qualifications and then for us all to work in harmony and in partnership to increase the number of young people who have been given that opportunity and also to address any barriers that there may be to having those young people engage in that type of learning.

THE CHAIR: Mr McNevin, in my previous life, I know that you used to come along to the Youth Coalition and be able to talk to a number of youth agencies about the sorts of programs that were being offered.

Mr McNevin: Yes.

THE CHAIR: How is that going, and are you being successful in being able to attract and retain young people who may have had disrupted schooling or not completed year 10?

MR HARGREAVES: It is the ghost of Christmas past, is it?

Mr McNevin: I think it is fair to say that we are growing in our understanding of the type of work that a lot of the other community agencies are doing; we are growing in our understanding of their issues; and we are also, I think, recognising to a greater degree the need for more communication and cooperation between agencies so that we can ensure that those young people are being assisted in a sort of synergistic way.

THE CHAIR: Yes.

Mr McNevin: Perhaps it would be fair to say—you would probably understand this from the role that you talked about in the past—that the way in which we moved young people between agencies to support them at a particular point in their life where they may have a particular set of needs, and then transitioned them to their next stage, be it engagement in learning or their next range of issues that might need to be addressed, might not have been done as efficiently and effectively as it might.

The youth commitment which we have set up, which is also referred to in this budget allocation, is specifically designed to do that: all agencies will work in harmony to move young people between agencies, and that includes schools, vocational education and training providers and community service agencies. It will do that in a way where we transfer the knowledge, the understanding and the awareness of that young person's issues with the young person. That young person will not need to retell their story; that story will be understood by the agency that they are currently with, and the agency will have some role in transferring that information to the next agency. You would understand that some young people have expressed some frustration in having to retell their story. We are hoping to reduce that and make it a seamless transition for

the young people.

THE CHAIR: Do we have any targets around trying to attract and retain that disadvantaged group of young people, that group of young people who have dropped out of their education early on or have other circumstances that make it more difficult? Is there some sort of target there? If so, what are the numbers? And are we reaching that target?

Mr McNevin: The national partnership the ACT has signed up to has some very specific targets in regard to engagement, retention and attainment for the young people in the ACT. That goes to year 10 attainment, which we have done through the legislative changes that have been introduced through the ACT Legislative Assembly, which the minister introduced and which became effective as of 1 January this year. There are also specific targets around the engagement, retention and attainment of Indigenous young people in the ACT. If you gave me a moment, I could draw those specific figures up for you from the national partnership, if you would like.

THE CHAIR: That would be great. And also some idea about whether this number has increased since the introduction of the legislation.

Mr Barr: It has only been a few months, but in terms of the targets, yes, sure.

THE CHAIR: I do understand that it is early days, but it did come in on 1 January so I suppose it was ready to kick off—

Mr Barr: Yes, sure. We will just give Tim a moment. Tracy has new data.

Ms Stewart: Yes.

Mr Barr: Yes.

Ms Stewart: It is data day.

THE CHAIR: Thank you, Ms Stewart.

MR DOSZPOT: I can add a supplementary to that, Madam Chair. Would it be possible to get an indication as to whether, in these areas, we are attracting people to Canberra to attend these courses? Are they Canberra indigenous individuals that are attending?

Mr Barr: We will come back to that.

Ms Stewart: I do not know where to start.

THE CHAIR: Start one at a time.

MR HARGREAVES: Tracy, just answer it any way you like.

Ms Stewart: I will start at the beginning. It did take me a little while to compile some data about completions as a proportion of the apprentices we have in the system,

because we need to remember that we do not measure completions as a proportion of those who commenced at the beginning of the year. What needs to happen is that we do a cohort analysis of those who stayed in for the duration of their training.

The NCVER, the National Centre for Vocational Education Research, did a research project of this type measuring students over the period 2002 to 2005. Their results were that for Australia we were getting a completion rate of about 57 per cent of students; in the ACT, 78 per cent was the equivalent proportion. That is the most recent research we have of its type. Our data suggests that our apprentices flowing through the system are about equivalent over the last few years.

THE CHAIR: So still at that 78 per cent?

Ms Stewart: I cannot say 78 per cent. I can only look at numbers of apprentices coming in and out of the system, and we are getting about the same numbers flowing through. So in that respect I would suggest that the number, the proportion, completing would be about the same. But I do not have data yet to confirm that.

THE CHAIR: You were saying that the centre did its research between 2002 and 2005 and I do recall that research; that is why I was interested. There was a concern across the country that there was not an issue around those signing up and commencing but there certainly was a very high dropout rate, and getting to the bottom of why that was and how that could be improved.

Ms Stewart: I was involved in some discussions with NCVER earlier this year about, again, it is not any different from any other field in trying to improve the quality of data around this. All the jurisdictions have agreed to try and make some improvements to their data, particularly around how students are finishing their course—whether they are completing or whether they are actually formally withdrawing. We have a lot of apprentices that just leave the system and we never know why. So we are looking at trying to make some improvements around that data.

THE CHAIR: What is the timetable around that, moving towards being put in place?

Ms Stewart: It is not a short-term goal. We would be looking at a couple of years for that to flow through the system.

Mr Barr: I know I am not supposed to ask questions in that process but I am happy to. It has led to a few questions that I will ask and I will hopefully follow up on these matters, because that data set, at five years old, is starting to get dated so it would be useful to have new information.

THE CHAIR: And I guess it is when there is considerable money coming through too that you want to make sure that people are getting the benefit of that and—

Mr Barr: Yes. I am writing that down now, Madam Chair.

THE CHAIR: Mr Seselja?

MR SESELJA: Not right now.

THE CHAIR: Mr Smyth?

Mr Barr: Always.

MR SMYTH: Not always. I will defer to Mr Doszpot.

MR DOSZPOT: Madam Chair, I would like to go back to the tertiary task force and the list of invitees that we are looking at at the moment. There do not appear to be any invitees from the non-government sector.

Dr Watterston: Can I just say, in terms of the invitees, you may also notice, if I can help you out with another question, that there are no students invited either. I think a number of stakeholders were identified at that first meeting about who needed to be consulted. So the first meeting was in fact about developing the consultation process and making sure that it is going to be open and all groups will be represented.

One of the recommendations we took from the first meeting was to expand the list of people that we were going to work with. I am not sure that non-government principals were not invited—I will need to check that—but certainly we have decided to form some subgroups that will report back to the group—so stakeholders like students. Also teachers were identified as not being represented—actual teachers from both schools and tertiary institutions.

So to go to your question—and you are right: we do need to look at those questions, and we are—we are in the process now of constructing a list of people to form subgroups that can report back to the main group. As you would appreciate, with any task group or steering group, the more it expands the less likely it is you are going to get a tangible outcome from meetings. We are already at a high number. So the way to deal with it now is to bring in other groups, as I have said before, under that subgroup process. So we have taken the point and we certainly are liaising now.

MR DOSZPOT: And you are chairing the committee?

Dr Watterston: I am, yes.

MR DOSZPOT: With all due respect regarding what has happened so far, I am concerned that we have a minister who outlines his vision and then we have a task force about which in many ways it could be said that there are individuals on there who are bound to report to the minister and, as such, would be looking at implementing the minister's directions. When the initial formation of this meeting was held, I think it was very important for all of the stakeholders who would have an input into this to have been represented.

From my point of view, I will just make that comment and request that all constituents or all people who are affected by this at whatever level should be there at the formation so that there is no misunderstanding about what this task force is looking at. It is not a blueprint. It should not be a rubber stamp for the minister.

Mr Barr: No, it is not, Mr Doszpot. I can also advise that this morning I addressed

the Australian Council of Education Leaders and this subject was part of that address and there were representatives from non-government schools there. The papers and briefing materials have been sent to the Association of Independent Schools, to their new executive officer, who I am meeting with in about eight days time.

Dr Watterston: If I could add to that—and I do not want to enter into the political process at all—I just want to clarify the actual process for this consultation period. We just need to be clear that this stakeholder group, if you like, the task force, which is really a steering group, is particularly that. So that is not the consultation process. The document that has been produced, this document, forms the basis of people being given the opportunity to actually contribute to the outcomes that will be achieved.

So in a sense what happens is that even the people that were around the table have the same opportunity as the people that get hold of this document and are involved to make a contribution. And then the task force or the steering group that we assembled on that particular day is going to make sense of the process and enable us to make sure that we are transparent in the way that we create those outcomes.

I just want to be clear that it is not that group that will make the decisions or drive it. So your point is well taken and we do need to make sure that all stakeholder groups are represented, and I accept that. We are on that path already and we will make sure that we double-check that. But I do not think it actually impacts on the capacity of any individual or stakeholder group within the ACT to make an equitable contribution to the process.

MR DOSZPOT: Dr Watterston, you were here in October. My concern is that on 23 October there was an article in the *Canberra Times* headlined, “ACT college reform plan under fire”. There was no talk at that point about consultation. It was the minister’s brave new world direction where he was taking us into this brave new 21st century. And, as it turned out, the more we dug into that it became back to the 1960s. So there were a lot of complaints from the education sector—from just about everyone—and at that point the minister did a backflip and it became, “Oh, no, we are going to have the consultation.” With that sort of record of backflips that Mr Barr has given us—

THE CHAIR: Mr Doszpot, do you have a question?

MR DOSZPOT: Yes. My question is: if we are looking at reform—and I am all for reform, Mr Barr—the reform process should start with consultation, before you announce your grand—

Mr Barr: And the question is?

MR DOSZPOT: And the question is: why didn’t you consult before you went out?

Mr Barr: Mr Doszpot, you presume that none of these issues has ever been discussed before the moment that you came into the Legislative Assembly. With the greatest respect, there was time and there was debate before you were the shadow minister for education. I indicated that the time frame of that particular *Canberra Times* article flowed from a speech I delivered to the Per Capita policy institute. They had two days

of discussion. In that speech, from which I am happy to table an extract, I indicated:

But I'm looking forward to 2010 as a year where I can begin to apply some of the approaches to post-school education and training that we've pushed in schools reform.

I said that we would be looking to have that particular discussion. I continued:

That's why we've been enthusiastic supporters of the Commonwealth's 'learn or earn' policy, and why we're also investigating 'polytechnic' models.

I've taken a key interest in Tasmania's reform experience, as well as beginning to consider other Australian and international models for dual-sector institutions.

Of course, this is an area where the Territory will work closely with the Commonwealth, and with the institutions, which rightly have a great degree of autonomy.

There's much to do here, and much at stake, so we'll take our time to get it right.

That was my speech. How the *Canberra Times* chose to report particular elements of it, and whether they want to highlight particular proposals I put forward as things to consider, is their business. But my public statements throughout this process have been that I want that debate. But it often helps, Mr Doszpot, to spark that debate by putting forward some ideas and setting out an agenda and actually standing for something. That is what I put forward. We are going through this process now and I hope that you, like every other education stakeholder in the city, will want to engage constructively with that because this is an important area of reform for the ACT.

One thing that is absolutely certain is that change is coming; it is already through the Bradley review. We know there is going to be deregulation of the higher education sector from 2012. We have this window of opportunity now to ensure that the ACT is geared up to respond to that change and we are engaging with stakeholders. I have put forward some ideas. A range of other ideas have come forward from other educational stakeholders and we welcome the debate.

THE CHAIR: Minister, when was this document released?

Mr Barr: This particular discussion paper came out this week.

THE CHAIR: Are we able to have a copy of that tabled?

Mr Barr: Certainly. If your officers are listening, it is on the department's website right now. You can download it, but we can provide a copy to the committee as well.

THE CHAIR: Thank you; that is very kind.

MR DOSZPOT: Just a couple more points on that. I notice that one of the invitees who declined was in the Chief Minister's Department. Does this mean that the Chief Minister's Department is not supporting this?

MR HARGREAVES: Quite the opposite: they are happy to leave it in the minister's hands.

Ms Cover: That list that I have provided to you, that I have tabled today, is just in response to this week's meeting. It is no indication whatsoever that people are not wanting to be involved in the ongoing meetings; it was simply for the meeting this week.

MR DOSZPOT: Thank you.

Mr Barr: And Chief Minister's Department were represented at the meeting.

THE CHAIR: Could I also ask what the time frame on this consultation is.

Mr Barr: That is outlined in the discussion paper—

THE CHAIR: What page would that be?

Mr Barr: but reporting to government in October, from memory, with some recommendations—the back page.

Dr Watterston: Consultation is scheduled to conclude on 25 June, but we would of course accept late submissions.

THE CHAIR: Thank you. As you said, there were a number—

MR DOSZPOT: Madam Chair, can I just ask one final question on it?

THE CHAIR: Yes.

MR DOSZPOT: Can I get clarification that the people who were not at this initial meeting from the non-government sector will have an opportunity to contribute in future meetings.

Dr Watterston: Absolutely, a cast-iron guarantee.

MR DOSZPOT: Thank you.

THE CHAIR: At the moment we do have vocational education and training delivered in our schools. This will be part of this discussion. I am assuming that there is consultation, but at the moment it is delivered. How are we going with SNAP, for instance? Do we still call it the school-based new apprenticeships?

Mr McNevin: Yes. Australian school-based apprenticeships are just one component of vocational learning programs that occur in our schools. They are certainly a very popular, and increasingly popular, component of our schools. In 2009 we had over 400 young people engaged in school-based apprenticeships. A strong contributor to that was the initiative that we referred to yesterday where the ACT government funded 100 places for young people in schools to take up a school-based apprenticeship. The other strength of school-based apprenticeships is the partnerships

that it establishes between the schools, the employer and the training community, which also are a necessary component of or strategy for the achievement of the targets under the youth attainment and transitions national partnership. In addition to school-based apprenticeships, we also have VET in schools programs, which are very wide—

THE CHAIR: Could I just ask something more on the first one, Mr McNevin. You were saying 400 places. Is that 2009-10 that you were talking about?

Mr McNevin: No; it is a calendar year.

THE CHAIR: Calendar year 2009?

Mr McNevin: Yes.

THE CHAIR: How are we going this year? Are we matching that number or is our target higher this year?

Mr McNevin: We have set an aspirational target of 500 school-based apprentices. That target has been in place for a number of years and we have been making positive progress towards that target. I do not have data on the number of school-based apprenticeships that have commenced this year at this point, but we could certainly provide that without too much delay.

THE CHAIR: That would be lovely if you could take that on notice. And is it possible to get some idea around the types of areas that these young people are going into and what sort of certificates they are getting? Can we get some sort of breakdown of that?

Mr McNevin: Yes.

THE CHAIR: Thank you.

Mr Barr: I think yesterday I alluded to some in sport for the first time.

THE CHAIR: Is this sports medicine?

Mr Barr: Yes—for example. We have targeted some particularly to work with sporting organisations.

THE CHAIR: Sorry, Mr McNevin; you were talking about the other type of training in schools.

Mr McNevin: Yes. Just to correct my answer on not being able to provide you with data for this current year—since January 2010, and this data is accurate to 12 April, 77 students had commenced a school-based apprenticeship. It is reasonable to expect that the number of school-based apprenticeships that are being negotiated is greater than that, but they are actual commencements.

But to go to your question, vocational learning in schools incorporates school-based

apprenticeships, work experience and VET in schools programs, which I spoke about before, which lead to nationally recognised qualifications. It also includes enterprise education, career education and practice firms. All of those programs come together at various stages of a young person's schooling to help him or her develop an understanding of who they are and where they are going for the future, and also to help them positively transition out of school into further education and training or employment.

THE CHAIR: Do we have any data that lets us know how many might have gone down that path and then transitioned out of the school environment into further vocational education and training?

Ms Stewart: We run what we call a year 12 destination survey. We collect some information from year 12 students after they have left school. At the moment, that is a sample survey. We do not ask all year 12 leavers about their destinations, just a sample of them. As part of that collection, we collect data about whether they were undertaking training while they were at school and then whether they have gone into further training after school, including breaking that down by apprenticeships and traineeships. We have some information in our survey around that. It is probably not all the information that you are after, but it does give us a feel for some of the questions that you have been asking.

THE CHAIR: It would be great if we could have that information. That will be taken on notice.

MR DOSZPOT: I have a supplementary on that. Minister, yesterday we were talking about the post-school options for children with special needs. More and more emphasis is placed on the fact that there needs to be something done in the education sector to give these children opportunities beyond normal schooling. Can you tell us about any plans that have been discussed for this to happen?

Mr Barr: DET is on a working party with Disability ACT specifically in relation to the Black Mountain cohort, so we did discuss that yesterday. Does anyone else want to say anything? There is that specific working party in relation to Black Mountain.

MR DOSZPOT: Specific to Black Mountain?

Mr Barr: Well, post-school options, but that is the point where those students are coming through.

Ms Blom: Certainly beyond school. Once we are talking about, for example, people with a disability accessing support through training it is certainly funded through the priority support program that we talked about before. That program has specific scope for funding. In fact, there is additional support funding available for people with special needs to undertake training. The requirement with that training is not that those candidates necessarily undertake full qualifications; they can do skill sets and they can participate in training. It is not necessary, for example, like an apprenticeship or a traineeship.

MR DOSZPOT: So this is underway at the moment?

Mr Barr: Yes.

Ms Blom: That has been ongoing for many years.

MR DOSZPOT: Can you tell us the number of positions that have been taken up?

Ms Blom: I would have to take that on notice to give you the number of people with a disability who have participated in PSP.

MR DOSZPOT: I would appreciate that.

Ms Stewart: But we would be able to do that.

THE CHAIR: I note that that has been taken on notice.

MR DOSZPOT: Are there different categories within that?

Ms Stewart: No.

MR DOSZPOT: We would appreciate some information on that. Thank you.

MS BRESNAN: Dr Watterston, you appeared before the education committee when we were talking about disability education. One of the things that Professor Shaddock mentioned was the vocational education sector taking on a greater role and taking a bit more responsibility for what happens to children with a disability when they come out of the school system and providing some further options around that.

We asked whether there had been any formal discussions and I think you said that at that stage there had not been any formal discussions around that. I know you said you have got those positions there, but I was wondering whether any thought has been given to having a more, I guess, formalised relationship between Education and Disability around having some more options for children with a disability.

Dr Watterston: I am not in a position to comment specifically but, as Dr Collis said yesterday when we were talking about the phasing out of year 14 at Black Mountain school, one of the reasons that is occurring is that we work closely in years 11 and 12 with students with disabilities and DHCS and other non-government agencies to create a transition program. Part of those transitions, in very many cases, is about making sure that training options that are available through our current system are made available.

I guess my answer is holistic in that there is a lot of work that goes into it. Students with disabilities just do not exit school and find their way. I think one of the great strengths of our system, through Mr Collis's team, is the way in which we liaise with all the people involved and create those transition plans, which have a long pathway, well before year 12—if that is the stage when the exit is going to occur.

The work that already happens through our team and the positions that are made available through training places are just one aspect. They are just one possibility and

one stage to the pathway. There are a number of RTOs that specialise in students with disabilities—

MS BRESNAN: Yes, I am aware of that.

Dr Watterston: and do that work. It is quite an integrated system already. Professor Shaddock was right, but that is not to assume that nothing is happening in that space already.

MS BRESNAN: No.

Ms Blom: I should not have suggested when talking about the priority support program that definitely does fund training for people with a disability that they do not also participate in apprenticeships and traineeships—they do. Where they do, there is additional support funding for them to participate in those as well.

MS BRESNAN: Do you have any particular targets around the level of people with disability in those training programs, the percentage you want to target to see go into and complete those sorts of programs?

Ms Blom: We do not set particular targets in percentage terms. In our priorities that we set every year we indicate that there are equity groups, target groups, such as Indigenous Australians, people with a disability and mature age workers. There are several categories which, in determining the funding that is allocated to any particular program, attract extra dollars for each participant. That is the way we factor that into what is available with training.

MR DOSZPOT: Just a clarification: when I said “what categories”, that is exactly what I was trying to get at.

Ms Blom: I beg your pardon.

MR DOSZPOT: There are certain people with disability who cannot progress automatically into CIT-type further education. Another question is: did the Shaddock review also consult with the CIT and external education—

Dr Watterston: We would have to take that question on notice. They did consult widely. I would be surprised if they did not.

MR DOSZPOT: Yes; I would just like to get clarification.

Dr Watterston: We will take that on notice.

MR SMYTH: If a student wanted to get a certificate in the responsible service of alcohol, is it funded through this program?

Ms Cover: Through the PSP program?

MR SMYTH: Through any of the programs in voc ed and training.

Ms Cover: Tim, do you want to talk about that?

Mr McNevin: Your question relates to a young person at school?

MR SMYTH: Yes.

Mr McNevin: No. Those programs are delivered by external training providers to the schools. Our schools are not scoped to deliver the RSA certificate. The majority of our students undertake their responsible service of alcohol training as part of a certificate program in hospitality or a related industry. However, you can do that training through a stand-alone program. There are a number of training providers who are offering that opportunity at varying costs to the young person.

MR SMYTH: There are a number of organisations around the country that are ensuring that every year 12 student or graduating student gets an RSA. Has that ever been considered by the government? For instance, in part of the alcohol reduction program in Goondiwindi, the school, the police, the high school and the local community came to the conclusion—

Mr Barr: So every student has a responsible service of alcohol certificate, even if they have no intention of ever working in that—

MR SMYTH: One, it is an understanding of what alcohol does to the human body.

Mr Barr: Okay.

MR SMYTH: Two, it gives them a qualification that they are able to take and instantly get a job with when they are of age. Has the government ever considered that, given some of the problems that we have in Civic on a Friday and Saturday night?

Mr Barr: That is the first time it has ever been raised with me. I do not know whether anyone else has heard that before. No; we are getting shaking of heads. I know Minister Corbell has a particular proposal in relation to his liquor reform legislation.

MR SMYTH: It was so successful in the district around Goondiwindi in Queensland that I believe it was their intention to do it across the entire year 12 population.

MR HARGREAVES: Get the Broncos to do it!

Mr Barr: That was a gratuitous Queensland joke that was just made, was it? Okay.

MR SMYTH: It is not under consideration?

Mr Barr: Not at the moment. I will certainly raise it and we can look at it in the context of Mr Corbell's reforms and our responsibilities under the national tourism long-term development strategy.

MR SMYTH: All right. If somebody could take it on notice, is it possible to find out what such a certificate costs?

Mr Barr: Sure.

MR SMYTH: Thank you.

Meeting adjourned from to 3.30 to 3.53 pm.

THE CHAIR: We will recommence the public hearing of the Select Committee on Estimates. We are now moving on to the Canberra Institute of Technology. Welcome. I want to start with budget paper 4, pages 450 to 457.

Mr Barr: Madam Chair, sorry, but they need to read the card.

THE CHAIR: Certainly. Thank you.

Mr Barr: Sorry to be a pedant.

MR SMYTH: We had not noticed that you were, in fact, a pedant; so we appreciate the confession.

THE CHAIR: Can I remind witnesses of the protection and obligations supported by parliamentary privilege and draw your attention to the yellow-coloured privilege statement before you on the table. Could you confirm for the record that you understand the privilege implications of the statement?

Mr Kowald: Yes, I do.

THE CHAIR: Thank you.

Mr Kowald: Could I start by apologising on behalf of our new chief executive, Adrian Marron, who unfortunately could not be here today due to a prior interstate commitment.

THE CHAIR: Thank you.

Mr Kowald: So we are filling that gap.

THE CHAIR: Thank you. We look forward to meeting him at another time. If we go to budget paper 4, page 457, it is about the 2010-11 priorities. One of the priorities is to design the upgrading of the training and administrative facilities for the Canberra Raiders at the Bruce campus. Can you explain how this design and upgrade is to be done and what are the funding arrangements around this work?

Mr Barr: Sure. The Canberra Raiders' headquarters are at the CIT Bruce campus. It is a building that the Raiders lease off the CIT. Perhaps it will not surprise you, Madam Chair, to know that, as the minister responsible for CIT and the minister for sport, I have had occasion to visit said headquarters. There are some limitations particularly in relation to the change room and gymnasium facilities at the building that the Raiders have brought to the CIT's attention as their landlord and to my attention as minister for the CIT and as minister for sport.

We undertook to have a look at the other facilities and to scope some work as to possible expansion of the building to create a little more space in the player change rooms and in the gym facilities as they are of course a fee-paying tenant of the institute. We can look upon the completion of this core design work on the possible expansion of the facility, then look at funding that upgrade.

I understand that the work, depending obviously upon the detail design, would be in the order of \$1 million worth of capital works. That would be in the ballpark of what we would be anticipating. We will of course wait for the detailed design.

THE CHAIR: At the moment, as you said, the contractual relationship is of landlord and tenant.

Mr Barr: That is correct.

THE CHAIR: So they obviously pay rent and, as the landlord, it is your responsibility to ensure that you provide value for money or—

Mr Barr: Yes. And the point, I suppose, that the Raiders have made is that those facilities are not quite up to scratch by national rugby league standards for the equivalent facilities for teams. And as they are a tenant of ours through the CIT, I did undertake to have that design work done.

THE CHAIR: Does that come out of the CIT's capital works budget? Where does that money come from?

Mr Barr: The appropriation here is through the CIT because the building is the CIT's infrastructure.

THE CHAIR: Certainly. I was not aware of that arrangement; so thank you for that explanation.

Mr Barr: The Raiders and the CIT have signed a number of partnerships, including training opportunities for the players, careers post-football. The media area does Raiders TV. There are a whole range of very innovative partnerships between the institute and the Raiders.

Mr Kowald: And the feasibility study includes a review of the watering system on the oval, which is over 26 years old and probably reflects better weather conditions of a few decades ago and has let them down in recent seasons in regard to keeping the grass up to scratch.

THE CHAIR: Where are you sourcing your water? Is that potable water or non-potable water?

Mr Kowald: It is bore water. In the last budget we were able to provide them with a tank for the storage of bore water, which they use on their site. They also use some tap water where they cannot fulfil the full requirement.

THE CHAIR: The campus at Bruce has, I guess, taken on a lot of projects and

training and so forth around that area of sustainability and the campus as a whole has a commitment to be more water efficient and energy efficient and so forth.

Mr Kowald: Yes. You will be aware that we opened the new horticulture facility in January to keep part of that whole initiative. It was a significant number of water tanks, to store in the order of 500,000-plus litres of water which comes from runoff and bore water supply. What we are trying to do is capture all of the water runoff from the site which, as you will be aware, slopes towards the direction of the horticulture facility and the Raiders area.

THE CHAIR: When I was out there, there was some talk about trying to catch that water off the car park areas as well. Has that been achieved?

Mr Kowald: That has been implemented and that is part of the total water design that we have done.

THE CHAIR: Thank you. Mr Doszpot.

MR DOSZPOT: As a supplementary on the tenancy arrangement with the Raiders, minister—and I apologise if you mentioned this; I was somewhat distracted by an agent provocateur—what is the length of the lease with the Raiders?

Mr Barr: Until 2020-21.

MR DOSZPOT: And are there any further options after that?

Mr Kowald: Yes, they have an option to have a further negotiation with us, a continuation.

MR DOSZPOT: Is there any impact of the potential new stadium that you are looking at building out there on what activities the Raiders will pursue there?

Mr Barr: Not in relation to their training at headquarters facility, no, not at this point.

MR DOSZPOT: Thanks.

THE CHAIR: Mr Smyth.

MR SMYTH: Minister, on page 459 of budget paper 4, output class 1, Canberra Institute of Technology, I noticed the growth between the estimated outcome for this year and the budget for the coming year is just under two per cent. With CPI at 2½ per cent and WPI at 3½ per cent, how will the CIT live within their budget in that regard?

Mr Barr: The CITEA is for two and 2½ per cent. So two per cent this year—

Mr Kowald: Yes, from April 2010 and April 2011; so the two components total 4.5 per cent.

MR SMYTH: That does not even cover wage increases? The growth year on year is only 1.95 per cent; the wage increase is two or 2½ per cent.

Mr Barr: CIT generates more than a third of its income from own source revenue options.

MR SMYTH: And that will cover the rest of it?

Mr Barr: Yes.

Mr Kowald: Indeed, our contestable target for 2010 is 42 per cent of our total revenue. Only 58 per cent of our total revenue for 2010 is estimated to come from the ACT government. But you will not find a total ACT government coverage of our wage costs. A good example is in regard to productivity places, which is a significant and efficient source of contestable funds. Funds that we get from that source must pay the salary costs of teachers who are doing the delivery. So I think it is important to recognise that, like all public sector TAFE providers in Australia these days, we depend upon winning tenders and we do not get guaranteed coverage from government for all our wage costs.

THE CHAIR: On the issue of contestability, it was touched on earlier that, I think, 2012, minister, was when it will be—is that right?

Mr Barr: It is more for universities. Obviously there is a similar reform process that commonwealth, states and territories are engaged in. Different jurisdictions are at different stages.

THE CHAIR: Where are we up to?

Mr Barr: We have not made a determination to go for the contestable funding, unlike, like I said, the direction some other jurisdictions are going in. That said, the differences between the ACT and those other larger jurisdictions are that some of the larger ones—Victoria, for example—have multiple public TAFE providers. We have one. So there are differences there. By and large, the direction is for more contestable funding and the ACT government will continue to engage in those discussions at a national level. But it is only going in one direction, and that is for more contestable funding.

THE CHAIR: How is CIT placed for this new era or this new environment?

Mr Barr: Based on recent evidence, CIT's capacity to win those contestable funds has been fairly strong, I think it would be fair to say. And there is every reason to believe that that will continue to be the case in the future.

Mr Kowald: I could give an example of that. Last year our target for contestable funds was 36 per cent.

THE CHAIR: And now you are up to 42?

Mr Kowald: As I mentioned before, we have increased it to 42 and we are reasonably confident of being able to get there. I think the other important feature of the whole arrangement is that we have had significant capital injection from the ACT

government for new facilities and that puts us in an excellent place to compete in the marketplace and to provide excellent services to the Canberra and region community.

Mr Barr: I think it is worth noting—and keen readers of the report on government services would note—that between 2004 and 2008 funding for VET services increased by four per cent in the ACT; that is, funding from the ACT government, compared to a 1.2 per cent fall nationally.

So the government has also been increasing its purchase of profile hours through CIT. Obviously this budget has a further expansion in Gungahlin, and previous budgets have sought to purchase more profile hours but then there have also been increases at various times in user choice in contestable funding coming from the ACT government. But I think nearly all new commonwealth money has been in the contestable area.

THE CHAIR: On the capital works that were mentioned, as you said, there was a new horticulture facility that opened earlier. And in this budget one of the priorities is the construction of the new electro-technology building at Fyshwick. What is the time line for this? What sorts of trades will it cater for?

Mr Kowald: Completion is scheduled for December this year, 2010. We closely monitor all our capital projects. Things are going very well and we will achieve that target, barring a major accident. But we are very confident that that will not happen.

Mr Barr: Touch wood that that will not happen.

THE CHAIR: So you expect it to be completed by this December and then ready for business—

Mr Kowald: Yes, and commence operations from January 2011.

THE CHAIR: Forgive me my ignorance in this area, but what sorts of trades will this cater for?

Mr Kowald: In the electro-technology area, electrical and electronic trades, for which there is a strong demand in the ACT as they are very closely connected with sustainable energy practices which we are also incorporating in this building so—

THE CHAIR: So this will be connected to things like the installation of PVs, the installation of solar hot-water systems and these sorts of things?

Mr Kowald: Yes.

THE CHAIR: I think you are already doing some training out there in Fyshwick around that, aren't you?

Mr Kowald: There will be training going on at the Bruce campus.

MR SMYTH: Just going back to my original question—

THE CHAIR: And then Ms Bresnan.

MR SMYTH: Noting your answer, if you go to the operating statement, including the own-source revenues, the CIT this year operates at a loss.

Mr Kowald: That is the norm, given that, like most other ACT government agencies, we are not funded for depreciation, which is a sizable amount, in the order of \$5 million. So in our operating statement we will always start behind the eight ball. In order to achieve a positive outcome, we have got to make up that \$4½ million, \$5 million, depreciation expense. That does not mean we have not had positive results in previous years; I think we have.

MR SMYTH: Sure. You are looking at a positive outcome this year at this stage.

Mr Kowald: But the interesting factor in 2009-10 is the other revenue line on page 462 of \$11.4 million, which is an amount of capital money for the sustainable skills building on our Bruce campus which is scheduled for opening in July. There was an accounting requirement for that amount of money to come through the operating statement rather than through the normal mechanism used for capital injections.

MR SMYTH: I guess the point I was trying to make was that, if you just added CPI or WPI to the starting point of 103 as the outcome for this year, you are going to be behind the eight ball. What are you going to have to cut to get within budget?

Mr Barr: The wages are increasing at the rate of the certified agreement, which is at two per cent and then 2½ per cent, so it is well below WPI. The budget reflects that already agreed and signed off enterprise agreement. So CIT have to find efficiencies through the efficiency dividend, as do all agencies, and we will go into detail on that now.

Mr Kowald: In regard to the efficiency dividends, the amount of the one per cent efficiency dividend that we have to meet for this year, 2010-11, we anticipated within our internal 2010 calendar year budget. As you know, in 2011-12 and the year after that we have scheduled further efficiency dividends to be met, so that over the period of these efficiency dividends starting from this current period in July we have to find efficiencies of three per cent.

How will we do that? We will conduct rigorous reviews of our support costs and our overheads. We are gaining efficiencies through those capital investments that have been made by government in regard to reduced energy costs or energy costs not being as great as they might have been, savings in water costs, of which the Bruce campus initiative to collect stormwater and retain it on site is a good example to assist substantial capacity.

So the whole exercise involves looking on the cost side to make those efficiencies and to look for increased revenue to make up for the reduction. We will not be affecting our delivery. We will ensure that our delivery contribution will not be affected and we will work strongly to make the savings in other areas.

THE CHAIR: I was out visiting Bruce campus and they had been going around looking at those sorts of energy efficiency measures—how to put in lighting that

reduces energy bills and so forth. Do you have any idea at this point—I think that was about a year ago, maybe, when we were out there—how much you are saving at this point, and are you rolling that out across the other CIT campuses?

Mr Kowald: I will answer the second part of the question first and then I will ask my colleague Mr Kay to comment on the first part. The rollout of electricity-saving lighting devices continued. Recently we completed a further 500 changes on the Bruce campus. Those rollouts have been going on for some time across all our campuses. Not talking about lighting, but just to give you a good example—and it was reported this morning at our resources board—as of today we have 98 per cent solar-boosted provision of hot water on our Reid campus, which is our major occupied campus. The only straight hot-water provision we now have is with the under-sink hot-water systems which cannot be connected to the solar booster system.

We feel that we certainly have a strong recent history but we have a long history going back to the early 90s of putting in energy efficiency measures. But, in order to address that, I will ask Mr Kay to answer.

Mr Kay: In terms of direct savings, probably over the last few months, we have changed 857 light fittings to put in new T5 fluorescent fittings across all our campuses and we have saved something like 124.4 tonnes of CO₂. We have also put in a lot of hot-water plants on the Reid campus recently which have saved another 60 tonnes of CO₂. So, in terms of the raw savings, we are making a really good contribution to environmental measures into the future and, happily, that has a very good spin-off in terms of saving us money as well. Savings that were part of the efficiency dividends that we put up are of about \$300,000 for the year, which is ongoing, obviously, and we expect to save even more in future years as more of these capital injection environmental improvements come on board.

THE CHAIR: So that will make a significant contribution to achieving that efficiency dividend.

Mr Kay: Yes, that is right.

MR SMYTH: Just to go back to the numbers, you talked about your employee expenses and the growth is two per cent this year and therefore 2½ per cent next year. Why do your employee expenses for 2011 and 2012 actually show a decrease? It drops from \$58 million down to \$57 million. I thought that if you added 2½ per cent it might go up to about \$59.9 million.

Mr Kay: The funding for the certified agreement actually runs out, so there are no further increases going up after that. It is just a base amount that is in the figures of, I think, 1.3 per cent. So in every new certified agreement that comes along there is a new injection which steps up the wage and salary bill.

MR SMYTH: So why does the 2011-12 year show a decrease? It is actually going backwards?

Mr Kay: That is when some efficiencies are coming in. The efficiency dividend is starting to come in a bit harder then, starting to bite into the figures.

MR SMYTH: So there is a staff reduction coming in 2011-12? Or are they taking a pay cut?

Mr Kay: It would be possible—some reduction in some of our support costs, as Peter mentioned already. So we will be looking at those support activities and there probably will be some staff savings coming in, given that our staffing is 65 to 70 per cent of our total costs.

MR SMYTH: So how many staff are you shedding in 2011-12, minister?

Mr Barr: That is to be determined by the CIT.

MR SMYTH: You are the minister. Haven't you had this discussion with them?

Mr Barr: No, that is to be determined by the CIT in the implementation of the efficiency dividend.

MR SMYTH: I thought no front-line staff were being affected by the cuts.

Mr Barr: That is right, but not everyone who works at the CIT is a front-line staff member.

THE CHAIR: So when you are talking about support staff you are not talking about teaching staff?

Mr Kowald: I am not talking about teaching staff; I am talking about general staff.

THE CHAIR: So who are you referring to?

Mr Kowald: Staff that are in our central support area and in our student services hubs, of which we have in total within CIT in the order of 350 to 400 general staff. As I mentioned earlier when I was addressing the issue of efficiencies, we are reviewing our support costs. A large part of our support costs, as well as the energy efficiencies, will by default be salary costs because 70 per cent of our costs are salary costs. We have to look at that area. We have not specifically identified those yet because we do have some time to do that. We have to put up an implementation plan to government about how we are going to do it. But over the next six months we will be putting together our budget for 2011 and beyond and we will be looking at those areas to see what efficiencies we can gain.

MR SMYTH: Could we have a reconciliation of that number because, if it goes up 2½ per cent, if that is the pay increase for that year, that would take it to almost \$60 million, but if you are counting on it being \$57.3 million that is a \$2½ million saving. That is a fair number of staff.

Mr Kowald: Can you just say how you arrived at the 2½? \$58.4 million to \$57.3 million is only \$1.1 million.

MR SMYTH: One would assume that the staff are getting a pay increase of at least

two per cent year on year.

Mr Barr: But that is not factored in—until there is another EBA, that growth in the outyears is in fact—

MR SMYTH: So you have made no provision for that growth?

Mr Barr: 1.3 per cent.

Mr Kowald: 1.3 per cent, but without any guarantees there will be another enterprise bargaining process that covers that year. I would expect that it will be above 1.3 per cent and, when that agreement is reached, that amount of money, following normal budgetary processes, will flow through into that number and it will be higher.

MR SMYTH: But 1.3 per cent on \$58 million this year, on the coming year, takes it up to \$59.2 million. So, if you are going down to \$57.3 million, that is a \$1.9 million cut to staffing.

Mr Kowald: But there are other efficiencies, as we mentioned.

MR HARGREAVES: I think the issue was that Mr Smyth was looking for a reconciliation.

Mr Kowald: Yes.

MR HARGREAVES: It would be a great idea to take it on notice and then bring it back.

Mr Kowald: Yes, we will take it on notice. I am happy to do that.

MR SMYTH: Another question on the financials: your cash and cash equivalents are going down as well. You start the year with \$7.9 million and it goes down to \$5.8 million, a drop of a quarter. What is the reason for that?

Mr Kay: Mr Smyth, could you tell me which number?

MR SMYTH: Sorry, on page 463, the balance sheet.

THE CHAIR: It is the top line, cash and cash equivalents, under your current assets.

Mr Kay: Yes. All of that reduction is that we were holding onto some funds from the commonwealth for the sustainable skills training hub. So the majority of the funds we were hanging onto from the commonwealth we have got to spend around the end of this financial year into early next financial year.

MR SMYTH: All right. The explanation on page 466 in your balance sheet, cash and cash equivalents, says it reflects negative cash flows.

Mr Kay: If you have a look at our cash flow statement, which is on page 464, there is the operating cash reduction there in other revenue. As Peter mentioned earlier, in our

operating statement the aberration with the \$11 million increase in other revenue, which seems a bit out of kilter with all the rest of the figures, is because of the commonwealth funding for the sustainable skills training hub going into other revenue, so it is a capital injection basically but it is covered in other revenue and the reduction in that flows through to the negative cash flow in operating terms in that year.

MR SMYTH: All right, other revenue and cash flow. What is the rest of the drop then?

Mr Kay: If you have a look at that line in the cash flow statement, other revenue drops from \$14 million to \$8 million, so there is a \$6 million reduction in that cash there, but other line items have increased to offset that. So the net result is a \$1.5 million loss in operating terms in that year in cash.

MR SMYTH: All right. I will have a look at the reconciliation when you provide it.

MR DOSZPOT: I have a supplementary on Mr Smyth's, if that is okay.

THE CHAIR: Yes, Mr Doszpot.

MR DOSZPOT: Minister, with all these financial implications we are talking about, what sort of impact does this have on the staff of CIT? Has there been a staff satisfaction survey conducted at all?

Mr Kowald: Yes, that occurred four weeks ago and it was just completed a couple of days ago and we are waiting for the results now. That was conducted by an independent firm. The response rate from staff was the highest ever, 51 per cent, which is well above the statistical target necessary in order to achieve a good, reliable outcome. I am told that the results are reasonable but we have not seen the detail yet because it is being put together.

MR DOSZPOT: When do you think you will have the results?

Mr Kowald: I would expect 2 June.

MR DOSZPOT: Are you aware of a survey that was conducted by the Australian Education Union of CIT staff?

Mr Barr: Yes.

MR DOSZPOT: Okay. According to that, 75 per cent of teaching staff at CIT have considered leaving in the 12 months prior to the survey. That is quite an interesting finding when you consider that is double the national statistic quoted of employees who are regularly seeking other work at any one time. And 93 per cent of teachers who have worked at CIT for between five and seven years have considered leaving CIT in the past 12 months. So who is right?

MR HARGREAVES: You've considered leaving the Assembly in that frequency as well.

MR DOSZPOT: This is a serious issue, Mr Hargreaves.

MR HARGREAVES: Yes, I know, but it is whether they did something about it or not.

Mr Kowald: That survey was conducted at the start of our last industrial negotiation with the Australian Education Union and we have never been able to see any of the details of that. Certainly, we have heard the same outcome that you have just outlined. We do not accept it. It is not our experience and certainly we are reasonably confident, on what little we know from the current staff survey which has been conducted independently. I would respectfully suggest to my union colleagues that a survey conducted for an industrial negotiation process might not necessarily be as unbalanced as one might expect, and it was certainly attempted to be used during the process. So we do not accept that outcome.

We look forward to 2 June where our experience is—and it is documented—an excellent 2009 outcome on all parameters; 2010 is equally great, and there are other independently conducted surveys. I refer to the learner survey which was conducted in late-2009, a survey of our students, and, even more interesting, a survey of our international students, which was nationally conducted, where the outcomes were extremely good. So I just do not accept the AEU's—

MR DOSZPOT: I guess—

THE CHAIR: Sorry, could I just go back on the current survey that has been undertaken that you will have ready by 2 June. Is it possible for the committee to have a copy of the outcome of that survey?

Mr Barr: I am sure it is.

THE CHAIR: That could be useful for the committee.

Mr Barr: Yes, absolutely. I am very happy to do that.

THE CHAIR: Thank you. Mr Doszpot.

MR DOSZPOT: With all of the financial issues that obviously are percolating around the organisation, what I am asking is: are there any plans in place—should the survey reflect the figures that we are talking about; obviously that would mean some serious implications for the CIT—to look at initiatives to retain staff? If that number want to leave, that obviously could have a fairly big impact on the CIT.

Mr Kowald: We have strong commitments to encourage our staff to be retained. We make major investments in staff development, with guaranteed provision of professional development funds to teaching staff. We do run professional development scholarships on top of that. We have a centre for organisational capability which is specifically dedicated to encouraging staff retention. As you will be aware, we operate in an area of skill shortages and we are very keen to have the maximum number of staff available in skills, available to us at CIT, and we do everything possible to ensure that we get that outcome.

THE CHAIR: Mr Kowald, do you keep the figures on your annual staff turnover?

Mr Kowald: Yes, we do.

THE CHAIR: And what are those figures?

Mr Kay: We do not have those figures just to hand, so we will take that on notice. The last time I looked at it, which was about a year ago, it was about five per cent, a bit less than five per cent.

THE CHAIR: Which is very low.

Mr Kay: Which is very low, and certainly we do not see any evidence of large amounts of staff walking out the door saying they are unhappy. We have exit surveys for all our staff and most staff complete those. It is fairly rare to see one where someone is really disgruntled on their way out the door.

THE CHAIR: Thank you. We will take that on notice. Ms Bresnan.

MS BRESNAN: The new facilities at the Gungahlin learning centre were briefly mentioned earlier. On page 96 of budget paper 3 it says that there will be some delivery of online courses plus face-to-face subjects. Can you give us a bit more information, if possible, about what sort of programs will be offered there?

Mr Kowald: Yes, I think I can. We do have some information here. I will go through it on a discipline basis, just reminding you that the facility will start from the start of 2011.

MS BRESNAN: So it is 2011.

Mr Kowald: In the building area, short and feeder courses, bridging programs, twin qualifications at cert II and IV level. In business, we already have a substantial range of online programs. Examples are some subjects of the diploma of accounting. The diploma of project management is online. The certificates I, II and II in business—I will not give you everything; I will just give you examples, just to give you a flavour.

MS BRESNAN: So they are the online courses that—

Mr Kowald: These are the online courses which will be offered from this new facility: cert III in record keeping, the statement of attainment in keyboarding skills, the certificate III in business medical administration, the certificate III in business legal administration. There are about 20 programs in the business area. Creative industries: there will be short and feeder courses in that area with some provision for access to our advanced diploma programs in creative industries online.

MS BRESNAN: They are online as well?

Mr Kowald: Parts of it, not totally. In the ICT area at diploma level, diplomas in database software development, systems analysis, websites; partial completions of

diplomas in ICT in multimedia, networking, systems administration, computer forensics; certificate IVs in programming, systems analysis and design. Again, there are about 20 programs in the ICT area, so that reflects to a large part that where CIT is at with online program delivery is mainly historically in the business and ICT area, and that is reflected in the majority of our offerings at the Tuggeranong flexible learning centre.

What we are seeking to do at this new location is to extend into as many other disciplines as we can, so we will be offering programs under the area of our CIT vocational college. We are trying at the access 10 level to assist disadvantaged learners.

MS BRESNAN: So that access 10 will be face to face?

Mr Kowald: There will be face-to-face components of some of our programs in this area.

MS BRESNAN: For access 10?

Mr Kowald: Yes, but we will have online provision as well. In the three other areas of trade skills, health and community and science and forensics, again we are going to be offering a small number of taster programs in the health area, some childcare course components, science and forensics, some bridging maths and physics skills courses, and we are looking at mechatronics for some delivery, so trying to extend our online provision past the ICT and business area for this new activity. We are also working closely with the department of education to blend our delivery efforts with what is going on in the rest of the college.

MS BRESNAN: Yes, so there will be some face-to-face elements of a number of the programs there.

Mr Kowald: Yes.

MS BRESNAN: Do you have any idea what the level of demand is in the area?

Mr Kowald: Would you like to comment on that, Kaye?

Ms O'Hara: When Gungahlin was first mooted there was research done through library services around demographic demand. It seemed similar to what the ACT—people would like to be able to access closer to home a whole range of programs. So I think now that we have the set-up funding we will do a bit more research and estimation of what people are interested in and how many—what to study at that location rather than at other locations.

MS BRESNAN: Of course, yes, and the numbers of people who access particular programs obviously—

Ms O'Hara: That is right, and—

MS BRESNAN: will give you that indication.

Ms O'Hara: some we can do where the critical mass will not matter because of the delivery method and for others we will want critical matter. But we want the whole range of services there—study support, drop-in learning support, enrolments, information—so that it really is quite a hub for accessing CIT services.

MS BRESNAN: You said that it will be operational by the beginning of 2011?

Mr Kowald: Yes.

Ms O'Hara: January.

MS BRESNAN: The start of the year. Thank you.

MR SESELJA: I have questions on a couple of areas. On page 461 of BP4, reference is made to new capital works and to \$250,000 for the new feasibility study into the CIT learning centre in Tuggeranong. Who will be conducting that study?

Mr Kowald: That will be conducted and project-managed within CIT.

MR SESELJA: So how has this \$250,000 a year been arrived at?

Mr Kowald: It will pay the costs of a project manager, some preparation of the business case and some initial—very initial—design work once we are confident about what outcome we are going to go for.

MR SESELJA: So the project is due to finish in December. How long is the project officer engaged for and how much of the \$250,000 is for that?

Mr Kay: Yes, we are looking to get a project manager started as soon as we can; so let us say for 1 July. It will be probably six to nine months because they would have to see it all the way through to the business case being submitted to the next ACT government budget. Looking at the level of the person required, we are probably looking at about \$100,000 there in staff costs. Then we are probably going to need to engage an architect to do some initial design work for us. We will have to engage with a lot of the community groups and other interested stakeholders in the Tuggeranong Valley to see what they think about where we should put it, what it should do and how we can expand our range of services. There might be some consultant costs in there as well to get some independent advice.

MR SESELJA: What is the scope of the project we are looking at—just whether or not it is feasible or are you looking at where to put it and how to do it?

Mr Kay: I think it is a bit of both. We have pretty much outgrown the facility. I know that the arts centre is pretty keen to use up the space that we are in as well. So we have outgrown it. We can see some really good synergies with things around the lake like Lake Tuggeranong college and the library. We are looking at all the different options all around Tuggeranong Valley really to satisfy our client needs.

MR SESELJA: What are some of the options in Tuggeranong that are being looked

at?

Mr Kay: Just really initial at this stage, because this is what we put in our business case—around the lake shore, around the town centre, possibly around Urambi, around the general lake area.

MR SESELJA: On another issue, minister or officials, we asked some questions around higher duties allowance of staff at CIT. The answer showed that, of 861 CIT staff, 108 approximately were on higher duties. What is the reason for so many staff being on higher duties allowance at any one time?

Mr Kowald: I will take that. I think there is nothing unusual at all about that number. I think that has historically been the case. I think partially it will be a product of the fact that we had a restructure over the last two years and a recasting of our internal arrangements. So it will reflect those new arrangements. There were new centre director positions. They took some time in some cases to fill. As a result of that, there were cascading arrangements down through the organisation—the usual reasons why HDA happens. I do not think that that number is unusual at all. We also continue our encouragement of special streamlining arrangements we have for filling positions. We have a commitment to permanent filling of positions. Over time perhaps the number might reduce, but we are certainly trying to increase the proportion of permanent positions as far as we can.

MR SESELJA: How many ordinarily of these higher duties allowance staff end up taking those positions permanently? Is it a high proportion or is it normally just a temporary thing?

Mr Kowald: I would say that a high proportion of people on HDA would get an ongoing tenure position—

MR SESELJA: Are those positions—

Mr Kowald: or a contract position, remembering that as well as permanent positions we do have contract teaching positions with a new organisation.

MR SESELJA: Are all of those positions being advertised?

Mr Kowald: Eventually, there is a commitment that they will be advertised. At any time there will be positions which have not all been advertised in the gazette—

MR SESELJA: So there will be positions that have not been?

Mr Kowald: Advertised in the gazette because that is just the nature of a very large organisation where there is turnover and changes in arrangements.

MR SESELJA: Minister, just on the other issue, we obviously would have preferred if the head of CIT was here. What is the interstate engagement that has kept him from coming to estimates?

Mr Barr: I am not aware of the exact nature of the commitment. Are you,

Mr Kowald?

Mr Kowald: No, I am not aware.

MR SESELJA: Could we get some information on that? Obviously it would want to be reasonably important to miss estimates. You said before that it was going to be up to the CIT to make decisions around staff cuts and the like, and it would be better if he was here to answer some of those questions.

Mr Barr: Certainly. In Mr Marron's defence, he has been in the job I think for three weeks.

MR SESELJA: Sure.

Mr Barr: He obviously has some issues to attend to in terms of his transition into Canberra. He did certainly apologise to me and through Mr Kowald to the committee for not being able to be here this afternoon. I am sure that there will be an opportunity for questions to be asked of him at annual report hearings later in the year.

MR SESELJA: Okay; so will you get back to us then on what that interstate engagement is?

Mr Barr: Well, I mean, to a certain extent—

MR SESELJA: Is it a business engagement or is it a personal engagement?

Mr Barr: I will endeavour to find out whether it is business or personal.

MR SESELJA: And if it is business—

Mr Barr: I do not—

MR SESELJA: obviously the nature of that business would be useful.

Mr Barr: Yes, I do not intend to go into any further detail—

MR SESELJA: I do not need to know—

Mr Barr: though if it is personal—

MR SESELJA: if it is a personal engagement; just if it is business or personal. If it is a business engagement then obviously we would want to know what that might be.

Mr Barr: Right, yes. Yes, that is fine.

MR SESELJA: Sure, thank you.

Mr Barr: I am not going to argue with you about that. It is bizarre.

THE CHAIR: I wanted to go to page 461. I think we might still be on that. It was

around the capital upgrades and the building improvements. What is involved in the building improvements that would be undertaken?

Mr Kowald: This year we have three major capital projects that are coming to completion. Horticulture finished in January, sustainable skills in July and the electro-technology building in Fyshwick in December. Underlying that is an ongoing injection of funds for what was previously known as minor new works. That is now known as capital upgrades. I would like to run through those for 2009-10. That will give you a good flavour for what we have actually done.

In 2009-10 we received \$2.17 million which we have to spend by 30 June. Projects that we have provided out of that \$2.17 million include the canteen extension at Fyshwick; a refurbishment of toilets at Fyshwick; installation of solar gas boosted hot-water systems at Reid that I mentioned earlier; relocation of a transportable building on the Bruce campus that was required so that we could build the sustainable skills new building on Bruce; landscaping along Constitution Avenue currently in progress; refurbishment of toilets on the south side campus; lighting upgrades at Bruce and Reid; replacement of asbestos flooring at Bruce; replacement of fume hoods in our scientific laboratories on Bruce; and waterproofing of L block on the Reid campus, which goes back to the significant storm we had about three years ago. It damaged a number of buildings where we have had to put additional top-storey floor coverage on L block at Reid to prevent that happening again and seeping through the rest of the building.

THE CHAIR: That is a range of the works you have done. I am just wondering because the minister mentioned earlier, when I asked about the design of the Raiders training facility—I am seeing the design amount of money there sitting on page 461. Minister, you were saying that you thought the work might cost about \$1 million. I am wondering where that is reflected. Is that coming in next year's budget?

Mr Barr: Yes. The feasibility forward design would then lead to a business case for an actual capital works project.

THE CHAIR: That will be in the future.

Mr Barr: I would anticipate that coming for consideration in the next budget round.

Mr Kowald: Could I also mention the commonwealth contribution from the better TAFE facilities fund which they announced towards the end of last year? The reason I want to mention that is that it really has significantly contributed to some improved facilities within CIT—six major projects.

THE CHAIR: This is the extra \$3 million that we are seeing on page 460?

Mr Kowald: Yes, \$3.17 million. Could I just mention what we have actually done for that? There is a new building and construction training shed on the Bruce campus. We have refurbished a number of our science laboratories on the Bruce campus. We have put in a new kitchen on our Reid campus in the hospitality area. We have put in a new gas-fitting laboratory at Fyshwick and we have put in a mezzanine classroom for metal fabrication and refrigeration at Fyshwick. We have installed improved

classroom facilities on our south-side campus and, most significantly, a major improvement at our earthmoving facility at Sutton Road. We have been able to provide new training classrooms and staff facilities when they have been in old demountables since the 1980s. So as well as the ACT government money, that commonwealth money has really made a contribution.

THE CHAIR: Thank you. We might move on to CIT Solutions.

MR SMYTH: I have some capital works questions.

THE CHAIR: Yes.

MR SMYTH: Looking at your statement of intent, on page 30 of 53 it says to refer to appendix 1 for the program schedule of strategic projects for 2011-12. Appendix 1 is actually empty, which is curious. There is a whole lot of programming in appendix 2; I do not know whether that is just a typo.

Mr Barr: Yes; I think it should be appendix 2. I think that is a typo.

MR SMYTH: Good; it just seemed a bit odd to have an empty appendix. Minister, there is no money in this year's budget for the master plan for Reid campus. When will that start?

Mr Barr: There has been some discussion about a public-private partnership opportunity for the student accommodation at Reid and also for a new building on the corner of Constitution Avenue and Coranderrk Street. They are both being explored as PPPs. Mr Kowald might want to talk about that process.

Mr Kowald: In regard to the student accommodation, we have been doing a lot of work on possible designs and locations on the Reid campus and have had discussions with possible providers, of which, within tertiary education, historically there have been only two: Campus Living Villages and UniLodge. There have been discussions about a possible Reid project with them. We are now going to do a business case for approaching possible developers. We have had discussions with Treasury about possible options that we might explore for financing a student accommodation facility on the Reid campus.

In regard to a new building on the corner of Constitution and Coranderrk, we are just about to engage in a process similar to what has been done for the new ACT government office building. That is, we have prepared a proposal to test the market within Canberra for a new development which would have both educational delivery aspects and possible commercial aspects. What we want to do again is litmus test the developers for whether they are interested in such a development and what pathway they might be interested in going down in order to achieve it.

Again, historically, within the Reid master plan, we have had strong indications from day one that that particular site is a prominent one and would be ideal for both improving facilities on the Reid campus and, if it is suitably structured, providing some possible source of funds from growing development of other projects on the Reid campus. So what we are looking at is a mixture of commercial revenue options

and being able to meet our educational requirements within the same development.

THE CHAIR: I want to go back to the accommodation that you were talking about. You mentioned a couple of companies. Is the aim there to provide accommodation for international students primarily or are you looking also at local and interstate students? UniLodge obviously has a place in the accommodation market but quite often, for our interstate or even local students, it is just too expensive.

Mr Kowald: Yes. We are looking at local, regional and international. I agree with you that there is a demand for accommodation. Where is CIT coming from? At the moment, we have management of 77 accommodation places—rooms, if you like. What are our client numbers? This year alone, as at the end of April, we are achieving in the order of 1,192 clients. We feel that being able to provide student accommodation is a constraint on being able to meet the requirements in this market.

The other interesting thing that I would like to mention to you is that CIT—and I think it is reflected in the other institutions—has experienced continued growth in this market in 2010. As at the end of April, our client numbers were up 24 per cent. We do expect some moderation in the second semester, so that at the end of the year, without giving any guarantees, we think we will achieve our original target of 10 per cent growth. We are coming out of a history of strong growth that has averaged 30 per cent over each of the last three years. Again, this is a significant and vital part of our educational mission, and we feel that we have got to do something about student accommodation in order to better meet the demand, locally and internationally.

THE CHAIR: Are you able to provide us with the figures about the student profile—how many are international students and how many are regional?

Mr Kowald: I can give you some good indicators. As at the end of April, our total delivery, year to date, was 3.442 million, of which the international student cohort was 389,000.

Ms O'Hara: This is hours.

Mr Kowald: Hours, sorry. We are talking nominal hours.

THE CHAIR: I thought that growth was very impressive.

Mr Kowald: No; I am talking nominal hours.

Ms O'Hara: That is why we need more accommodation!

Mr Kowald: I earlier mentioned—

Mr Barr: Unbeknown to all of us, there at Reid it is like a TARDIS; you go in there and *Dr Who* fans know—

MR SMYTH: There is the answer to your years of deficit.

Mr Kowald: So to put that into one number—12 per cent as at the end of April.

MR SMYTH: I see on page 42 of the statement of intent that you have allocated \$50 million to the student accommodation. How many units or how many students do you expect that to accommodate?

Mr Kowald: Yes, we have a demand as part of the feasibility study work that we did for student accommodation—at an early stage, we did a financial feasibility study, which is an independent study that you have to do in order for banks to talk to you about student accommodation funding. The outcome of that was that the independent assessors felt that on the Reid campus there was enough demand for 500 units. The total project cost for that sort of facility in 2009 would be \$70 million.

MR SMYTH: That is 500 units. Is that 500 students?

Mr Kowald: It is 500 beds.

Mr Barr: It could mean more than 500 students on occasion.

MR SMYTH: I notice from page 51 that, starting in 2017-18, there are plans for similar accommodation at Bruce. Why is it so far away if student accommodation is such a pressing issue?

Mr Kowald: That is a development plan which recognises the fact that we have a solid commitment in the near term to look after Reid. If we are looking into the long future, which is what this plan is trying to do, there are no government commitments to it but it is just identifying that in 2017 there may be an option to develop student accommodation on the Bruce campus. Just going back to the numbers, on the current numbers there are 1,600 to 2,000 overseas students per year. Reid would have 77 places at the moment. The new facility on Reid at a maximum would provide 500. So another 1,400 people have to be catered for through the private or homestay market.

MR SMYTH: On page 51, the second dot point may just be a cut and paste because it says that the forecast increase in educational delivery and the future sale of the Constitution Avenue car park will see a shortfall of operational car parks. Does that affect Bruce? You have got the same line back on page 42.

Mr Kowald: That is just recognising the fact that—in regard to the Constitution Avenue car park, that is just—

Mr Barr: No, that is at Bruce.

Mr Kowald: Yes.

MR SMYTH: But if you go back to page 42, it does raise the spectre of the sale of the Constitution Avenue car park. Is that the fault of the planning minister? Is he letting you down by—

Mr Kowald: We are just recognising there that there have been discussions about the different uses of the car parks across the—

Mr Barr: I think it is technically within the parliamentary triangle, is it not?

THE CHAIR: Is it?

Mr Barr: That side of Constitution Avenue.

MR SMYTH: Yes, but I think it is our land.

Mr Barr: It is our land, yes. I understand it is, but I think it falls within the parliamentary triangle.

THE CHAIR: So it is the NCA's fault?

Mr Barr: No, no. I am talking about—

MR SMYTH: They get blamed for everything else, though.

Mr Barr: I will not join the chorus bagging the NCA this afternoon. But obviously at some point that block will be developed.

MR SMYTH: Yes. Are you aware of plans for that?

Mr Barr: I am aware of conversations. I understand that it is one of a number of sites that have been examined for development opportunities. It might even—I am talking off the top of my head now—be being considered by the Australia forum as a potential site for that.

MR SMYTH: No; it is the other side. It is on the pool site—City Hill and west basin.

Mr Barr: Yes.

MR SMYTH: If Reid was successful, would there be room to bring Bruce forward?

Mr Kowald: If we can get financing.

MR SMYTH: And is the only way this will go forward some sort of PPP?

Mr Kowald: Or a developer—

MR SMYTH: Or is the minister going to go back into cabinet and get the cash?

Mr Kowald: is prepared to propose some other development in collaboration with student accommodation.

Mr Barr: We will look at financing options, but obviously there are a range of calls on the capital budget.

MR SMYTH: Sure.

Mr Barr: But, that said, they have looked at some innovation here in terms of how government will be able to assist.

MR SMYTH: You could talk to Simon and get some monergy; that might help.

Mr Barr: Some alternative currency, you think. It is late on Friday afternoon.

THE CHAIR: Mr Doszpot.

MR DOSZPOT: If I can just take you back to a question that was asked about staff retention, I think you mentioned that you lose roughly five per cent of staff per annum?

Mr Kay: That was my memory of the last time I looked, yes.

MR DOSZPOT: When Mr Seselja asked the question about the number of staff on higher duties, that appears to be 108 of 861 staff, so we are talking about 4.5 per cent acting on higher duties.

Mr Kay: Yes.

MR DOSZPOT: Does that not suggest that there is a greater loss of staff? For higher duties to occur, you are replacing staff who have left—is that the natural assumption?

Mr Kay: Not necessarily. It could be a whole range of reasons. If new projects—as I mentioned, the implications of the restructure did have an effect on how the internal structure was recast. It could be for a whole variety of reasons.

MR DOSZPOT: To me, 4.5 per cent acting on higher duties appears a little high, but then again I am not quite sure how that would compare to, say, DET. Would you have any idea, Mr Barr?

Mr Barr: Not off the top of my head, but we could find out.

MR DOSZPOT: It would be an interesting comparison.

THE CHAIR: I note that has been taken on notice. I am aware that we need to move to the ACT Building and Construction Industry Training Fund Authority this afternoon.

Mr Barr: Yes. And you have nothing on CIT Solutions?

THE CHAIR: Are there any more questions for CIT Solutions?

MR SMYTH: There is always a question.

THE CHAIR: I know, Mr Smyth.

MR SMYTH: No; that is okay.

Mr Barr: Do you want to move to CIT Solutions then?

THE CHAIR: Do you want to ask a question?

MR SMYTH: Yes. I am happy to talk to CIT Solutions.

Mr Kowald: I am the company secretary of CIT Solutions.

MR SMYTH: The staffing in the 2009-10 budget was for 74. You ended up with 83, which I think the note makes clear is because of increased numbers. It is static next year. Are you not expecting any growth in 2010-11?

Mr Kowald: Yes, that would be the assumption, given that our revenue, on page 471, is the same and bearing in mind that this is an operation that has to win commercial contracts. In recent years there has been significant success, but there is a stable outlook.

MR SMYTH: Is there a master plan or a long-term business plan for CIT Solutions?

Mr Kowald: It has internal business plans.

MR SMYTH: And that does not see the business growing?

Mr Kowald: The business plans are focused on a two-year horizon, if I recall correctly.

MR SMYTH: If you look at the total revenues, they are fairly flat.

Mr Kay: I think it is important to add that it has come from a base of about \$9 million a couple of years ago up to \$16 million. So it has had a massive increase. In terms of turnover, I think they are planning to settle down for a little while as they start getting more and more business into CIT, rather than directly into the company. So they are actually assisting CIT in its commercial endeavours as well.

MR SMYTH: Why would they get it into CIT and not into CIT Solutions?

Mr Kay: As a general strategy or diversification of that institute. So we are growing a whole business, with the company included, and trying to get into as much commercial and contestable works as we possibly can.

MR SMYTH: Is CIT directing CIT Solutions to direct the work back into CIT? Is that what you are saying?

Mr Kay: They assist CIT in diversifying its revenue base. Yes, in some cases they help us with the commercial tendering arrangements so that we can increase the overall entity in our revenue base.

MR SMYTH: Is that work being done at the expense of growth in CIT Solutions?

Mr Kay: No, I do not think so.

MR DOSZPOT: Can I ask a question on that. Did you say that CIT was directing CIT Solutions in the end?

Mr Kay: It is our company, CIT's company.

MR DOSZPOT: CIT Solutions has a separate board of directors, does it not?

Mr Kay: And its shareholder is CIT's chief executive on behalf of CIT, yes.

MR DOSZPOT: Yes, okay.

Mr Kay: So through the board of directors, yes.

MR DOSZPOT: Thank you.

THE CHAIR: Ms Bresnan.

MS BRESNAN: On CIT Solutions, one of the 2010-11 priorities is striving to be the training provider of choice for the ACT government. I was wondering how much or what proportion of the ACT government's training program you attract.

Mr Kowald: I think I would have to take that on notice. But also bear in mind that the company is a tenderer amongst many others. So I am not quite confident that we are legitimately able to answer how much of the business we won.

MS BRESNAN: It is actually listed as one of your priorities; so it would just be—

Mr Kowald: It is a priority to be the most favoured tenderer from the ACT government, on the basis of the quality of our service provision.

MS BRESNAN: I would be interested in knowing that.

THE CHAIR: How do you measure that?

Mr Kowald: On the amount of activity that we win from the ACT government. We do have internal revenue targets within the company. We measure it up against those, whether there is repeat business, what our ACT government valuation forums say about what they thought about our service provision. So there are a whole range of factors which, as a commercial provider, through the company, we would look at.

MS BRESNAN: You are looking, I guess, at providing the sorts of courses that could attract government to want to use you as a service provider?

Mr Kowald: Yes, and we are competing with 120 other registered training organisations within the ACT.

THE CHAIR: At the moment how are you meeting your internal indicators or measurements?

Mr Kowald: As Mr Kay mentioned, the growth in the company's revenue—

THE CHAIR: From \$9 million to \$16 million.

Mr Kowald: from \$9 million to \$16 million is very significant. I would also like to mention that the company has paid in recent years a \$900,000 dividend to CIT as a contribution towards the costs of vocational education and in the last three months the company made a decision to contribute \$1.1 million to CIT towards the costs of a sustainable skills building on Bruce. There we have significant indicators of how it is directly contributing to vocational education.

We were not originally going to do this but we made a decision to seek a six-star rating for that building, and that will be the first six-star rated building in Australian TAFE. And achieving ratings at that level does cost money from Green Star Australia, I think is the organisation.

THE CHAIR: It would be good if you shared that with our developer friends across the ACT. I am sure they would like to learn from that experience.

MR SMYTH: Where does that \$1 million show up in the figures?

Mr Kay: I do not know whether it is actually in the figures because the decision was taken after the budget was finished.

Mr Barr: Yes.

MR SMYTH: You have made the decision but you have not made the payment?

Mr Kowald: The payment has not been received yet.

Mr Kay: It will be received in June.

MR SMYTH: And that will come out of cash and cash equivalents?

Mr Kay: Yes.

THE CHAIR: Any more questions for CIT Solutions?

MR DOSZPOT: Yes, just one on staffing. Are CIT Solutions staff permanent staff or contracted staff, in the main?

Mr Kowald: None of them are permanent staff in the same way as public servants are permanent staff, because they are employees of the company. And the company has a range of employment arrangements from contract to casual. There are also employee-dependent contractors. So I would not call any of them permanent. And the staffing levels will go up and down as they are successful in winning commercial business.

THE CHAIR: Does this create a bit of a barrier for those who want to move between CIT Solutions and CIT?

Mr Kowald: There is no barrier for company staff to apply for positions at CIT.

THE CHAIR: Or a disincentive? Do you think there are any disincentives?

Mr Kowald: I think the incentive is governed by what you want to do, what you want to be involved in. If you want the interest of involvement in commercial activity, the company does do separate things. Our company is the largest adult education provider in Canberra. The company has very significant foreign language contracts with the department of foreign affairs. It depends on what you want to be involved in. If you want to be involved in public and community education, CIT is the place. If you want to be involved in commercial activity, the company is the place.

MR DOSZPOT: How many CIT employees are members of the board of CIT Solutions?

Mr Kowald: Four.

MR DOSZPOT: Out of how many?

Mr Kowald: Out of eight.

MR DOSZPOT: Thank you.

THE CHAIR: Thank you for appearing this afternoon. We will now move on to the ACT Building and Construction Industry Training Fund Authority. Can I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the yellow-coloured privilege statement before you on the table. Could you confirm for the record that you understand the privilege implications of that statement?

Mr Service: Thank you, yes. I have read it previously and I do understand it.

THE CHAIR: Thank you. Mr Smyth.

MR SMYTH: Mr Service, on page 7, I note we give out 025—

Mr Barr: Mr Smyth, are you talking about the statement of intent?

MR SMYTH: Yes, the statement of intent. Is there anything else to talk about? We give out 025 to the employers of first-year apprentices. How does that work? What do they get? How does that work?

Mr Service: Mr Guy is probably better at explaining that than I am, but perhaps just to cover that, we look each year at a range of programs where we can fund employers, particularly in trades where there might be skills shortages. Most of the research and the amounts we fund are dependent on the need in the particular trades. Mr Guy can talk about the process of that, because he is really responsible in the authority for determining that and giving advice to the board.

Mr Guy: Yes, the funding there is for skills shortage funding, as Mr Service has pointed out. The trade that we have selected this year is the cabinet-making trade. We pay the employers their \$4,000 for every new first-year apprentice they take on in 2009-10.

MR SMYTH: So that will fund, what—about six?

Mr Guy: Sorry?

MR SMYTH: That will fund about six?

Mr Guy: That is just the minimum amount we will fund.

MR SMYTH: That is the minimum amount?

Mr Guy: Yes.

MR SMYTH: Okay, all right.

Mr Guy: I think there are about 18 at this particular point in time that we will be funding.

MR SMYTH: All right. You select the trade that you want people to go into and then you provide assistance to the employer to take these kids on?

Mr Guy: To take the apprentices on.

Mr Service: Correct. I think it is also worth pointing out that the selection process is very much based upon the research that we externally source. The authority does not itself generally undertake that market research. It relies on service providers such as the construction industry training council to undertake that research for us.

MR SMYTH: Right.

Mr Service: What we try to do is to set a minimum budget, but it has always been the authority's history that those amounts are generally—fortunately, they are exceeded each year.

MR SMYTH: So then you will give away four times that this year?

Mr Service: If we have to, yes.

MR SMYTH: The next line deals with ensuring funding of training positions for existing workers. How much do you provide? You provide funding for 2,500 workers. What will be provided there?

Mr Guy: On average, we would probably fund about \$280 per worker. It depends on the individual course that they undertake. Some may only do one course. They may only do the construction induction card, which is only funded for \$65. Others may do cert IV in environmental management, cert IV in OH&S, cert IV in training and

assessment, which could fund up to \$1,400 per course.

MR SMYTH: All right. This is the last question I have: the commonwealth stimulus package, has that led to an increase in the number of training positions?

Mr Guy: I could not actually tell you whether it has increased the number of training positions because it is not part of our agenda, but it certainly has increased our funding coming in, yes.

MR SMYTH: Because you have picked up extra fees?

Mr Guy: We picked up extra funding this year through the stimulus package, yes, unlike when I came to this committee last year when I think I said that I would be surprised if we in fact maintained the same level of revenue for that period. I was quite surprised about how good our revenue was. For this year to date, in fact, we are ahead of last year already. There is no doubt that quite a lot of that was from the stimulus package.

MR SMYTH: On that, you set yourself a number of ratios that you like to maintain in regard to your situation. Are you maintaining all of those?

Mr Service: Yes, we are.

MR SMYTH: Thank you.

MR SESELJA: You talk about risks on page 5. The risks you have identified for the authority may arise from any change in market conditions to the construction industry. What is your reading at the moment of the outlook for the construction industry for the next 12 months?

Mr Service: I think at the moment the construction industry in Canberra has been surprisingly resilient. I am not as confident for the following 12 months. There have been approaches on the ground and quite a lot in the approval process at the moment. There are a number of sites to be sold, and you will have seen there was one sold yesterday and there are two more the government is selling next week. They will continue—assuming they are sold, of course—to provide some level of recurrent construction projects, but I do think there is some likelihood of a weakening in the coming 12 months to two years.

MR SESELJA: Do you see that more in the commercial sector or the residential sector?

Mr Service: I think it is likely in the commercial sector. I think that the proposals by the government to release substantially greater amounts of land over the coming years are responding to continuing demand that is yet to be met. I do not expect to see a substantial, if any, real reduction in residential construction. But I think commercial will be driven not only by the current supply that is out there and movements of supply, but perhaps by an unlikely increase in the commonwealth public sector employment in the next couple of years.

THE CHAIR: So do you think that with the government's announcement about an increase in land release—I think it is 17,000 blocks over the next few years—that will balance a slight slowing in the commercial area?

Mr Service: I think it will, but probably only to some small extent. You tend to see the subcontracts trades in the commercial—they do not sort of directly go across to residential in the market. Individual workers can in electrical, carpentry and things like that. But you do not see the major airconditioning contractors and structural contractors readily adapt or readily have as much volume, because their pricing structures and their methodology are not as attuned to residential.

Because we still do not have an oversupply of trades and trade contractors, I do not think some reduction in commercial will lead to a growth in unemployment in construction, because we are not overly endowed with extra workers at the moment. We still have a number of skill shortages. Trades are still very solid. You cannot always get a tradesman to do what you want straightaway. So I think that the balance is about right at the moment.

THE CHAIR: Yes. So what is your interaction as an authority? You spoke about going to the industry—

Mr Service: The construction industry training council?

THE CHAIR: The training council, as a source of information for where you might target your work. Do you also have an ongoing relationship with, for instance—we have seen this afternoon that there is a new initiative that is funded over at Chief Minister's which is about sort of augmenting skills and so forth. There is the work that is going on in the area of education with obviously productivity places and so forth. How does this all come together? How do you fit into that broader picture?

Mr Service: We probably fit in in a slightly back seat role, if I can describe it that way. One of the things that sets the authority apart from perhaps other organisations that might have appeared before the committee is, I guess, our role. Our role is to apply the levy, to expend that levy and to provide opportunities based on a whole range of diverse groups which provide advice and background information to us.

We deal with the department of education, we deal with all the major registered training organisations, we deal with all the industry associations, but most particularly we use people like the Construction Industry Training Council as a way to bring all those groups together in a forum. We do interact at all levels of the industry, but with a reliance on third parties to actually bring that information to us. That is primarily because for us to be in an alternate position where, in fact, we are the researchers as well does not really draw as well as I think we do on the vast amount of knowledge out in the industry.

In terms of how we react to individual government programs, we really react by industry telling us what the needs are for them to be able to meet and assist the government in delivering its programs. That is what I think our skill set is and that is where our success has been.

THE CHAIR: You mentioned you are focusing on cabinet-making, which is an excellent thing, I think. Did I read in the paper the other day that one of the people who participated in that program won some award?

Mr Guy: No, it was one of the young plumbers who won an award, the gold medal at world skills, in the construction industry. We strongly support world skills.

Mr Barr: The Deputy Prime Minister met him as well the other day.

THE CHAIR: In cabinet-making, what is coming up next? Where are you seeing that you need to target this assistance?

Mr Guy: At this particular point in time, for the next couple of years we will probably look at the trades that are lacking at the moment, and they are mostly tile layers, ceramic tile layers. That is a trade that is really very hard to get numbers into. Employers are not real keen to take people on. Plastering is another trade that is lacking in getting numbers into. Maybe in the next couple of years we will look at the plastering trade and the ceramic tiling trade or the tiling trade. Plumbers, electricians, carpenters and joiners, you can get them all the time. Those are the trades that you can get the people into that we go to. Our funding has ranged from \$4,000 and in some years we have given \$6,000 to employers in certain trade areas.

THE CHAIR: Ms Bresnan.

MS BRESNAN: Thank you. On page 6 of the statement of intent, the third objective is to ensure the ongoing funding of entry level apprentices at group training organisations. Across the four years, there are 250 entry level placements and it remains at that level. Is that 250 figure based on what is assessed through your research or the import of what the need is, and is it not increasing because there is no determination that it needs to increase or because of funding that is available?

Mr Service: My own view is that it has generally been fairly static. We see fluctuations. Some years the numbers are up, and some years they are down. The problem is that, each year, those that enter into an apprenticeship do not always finish. You might start with a very happy outcome and you have got 250 places filled. They do not always finish. So the general approach we have taken is that, on past evidence, that is a minimum number we need to allow for each year. It is consistent advice we have had.

MR SESELJA: What kind of proportion, roughly, finish?

Mr Guy: Seventy per cent to 80 per cent.

MR SESELJA: Will get through a full apprenticeship?

Mr Guy: Yes.

MS BRESNAN: As you said, that 250 allows for those fluctuations?

Mr Service: It does, yes.

MS BRESNAN: And there is a change of percentage of completions?

Mr Service: Yes.

MS BRESNAN: Thank you.

THE CHAIR: Mr Doszpot.

MR DOSZPOT: Thank you, Madam Chair. On page 5 of the statement of intent, Mr Service, in program 4, research and development, you continue to support the development of new training programs. Have these changing times led to any opportunities for the development of any new training programs at all?

Mr Service: There have been some. There have probably been more extensions than new programs. We have continued to see a fairly substantial growth in occupational health and safety, height safe. We have seen some very good improvements in some of the induction card systems. So we are actually seeing some condensing and some efficiencies in that. Whereas there have been times where there have been three or four different cards, we are starting to see that actually come back to one or two cards, and that is, I think, a good thing, because it gives us more flexibility and it gives us more money.

No, most of the changes have been in technology terms. Where there is a different piece of plant and equipment that people can use or there are different technologies for construction, that is where we see the programs change. The building skill set has not broadly changed significantly in the last 10 years, but technology and computer literacy and things like bookkeeping and those things have changed. We have seen an uptake in that, an increase. Occupational health and safety has probably been the biggest growth area that we have had. And there have been a number of new training providers, too, which has been a good thing.

MR DOSZPOT: Thank you.

THE CHAIR: How many full-time equivalent staff are with the authority?

Mr Guy: Three.

Mr Service: Three.

THE CHAIR: How many on the board?

Mr Service: Six, because the chief executive is an ex officio member of the board; so six. He is a non-voting member.

THE CHAIR: Thank you. I think you just mentioned that things had not changed so much in the construction industry. Was that right? Were you talking about—

Mr Service: In response to Mr Doszpot's question, because his question was what new programs did we find to fund, it is more that the skill sets required in the trades

have changed rather than new trades. What we have seen is the curriculum change in some areas. A lot of it has been technology based. But a lot of it has been a continued and I think a very good focus on occupational health and safety, drug and alcohol issues at work. Quite a lot of training goes on in those areas as well. They have been the major changes, and an increase in funding as well.

THE CHAIR: I was thinking that because we are moving to an era where, with green star ratings on buildings and so forth, there is obviously a change to technique and technology.

Mr Service: Yes, a lot of what I call the neighbour's rating, the green star, is funded directly through the industry associations, such as the Property Council. Of course, there is now the National Green Building Council. They tend to do all that. We do not actually fund the Green Building Council, because they are not a registered RTO. We do not actually fund them; so most of those courses are paid for by the participants or by their employers.

THE CHAIR: And you are finding that the quality of the training provided by RTOs in the ACT is of a high standard?

Mr Service: I think it is a very high standard.

THE CHAIR: I notice you do audits and so forth?

Mr Service: We do do audits.

THE CHAIR: You have not found any problems?

Mr Service: We very rarely find any problems, both in the delivery and in the execution of the training. I think Canberra is quite lucky. Fifteen years ago we had a very transient construction workforce. We now have a fairly solid workforce; that is, we do not have a lot of transient workers. When you get fluctuations in the market, you do. But we also have very good quality. From my experience, both in my own business and what we do around the house, I think we maintain a good skill set. Where apprentices go out on jobs, we still have pretty good supervision. Overall, the quality of construction in Canberra is very good and not overly expensive compared to other states and jurisdictions.

THE CHAIR: Any further questions?

Mr Barr: Just before we go, Madam Chair, I have been passed some information on the number of apprentices in relation to the stimulus package. The building the education revolution component thereof is 137.

MR SMYTH: 137 apprentices in the ACT?

Mr Barr: Yes, as a consequence of the BER school projects. So that is only one element of the stimulus package but, for those projects, it is 137.

THE CHAIR: They have been taken on. Will they be able to complete their

apprenticeship right to the end?

Mr Barr: That is the data I have got. It is 137.

THE CHAIR: That is starters?

Mr Barr: For those associated with the projects, yes.

Mr Service: I might say, as a final comment, there is no doubt the majority of employers work very hard to ensure their apprentices finish, because it is not in their interests for them not to finish. They are the next generation. Lots of them, in fact, do take over those businesses. So there certainly is, as far as we see, a very strong attempt and endeavour by employers to keep apprentices through their full time.

THE CHAIR: I think sometimes their income and lack of affordable housing and so forth can be the other issues that impact on that.

Mr Service: And competition in other job sectors. We see IT and law and those sorts of things, and they see different salary packages much earlier. So a lot of the work we do in the skills program is to convince people about the long-term benefits of being in construction and the opportunity, in fact, to have your own business. We work pretty hard at those in years 11 and 12.

THE CHAIR: Thank you. As mentioned at the commencement of the hearing today, there is a time frame of five working days for the return of answers to questions taken on notice at this hearing. In relation to questions given on notice, these will be accepted for three working days following today's public hearing for the Department of Education and Training, the Canberra Institute of Technology and the Building and Construction Industry Training Fund Authority. Members, please provide any questions on notice pertaining to the Department of Education and Training, output class 1.3, vocational education and training, the Canberra Institute of Technology or CIT Solutions, and the Building and Construction Industry Training Fund Authority by close of business on Wednesday, 26 May 2010.

On behalf of the committee, I would like to thank the minister and officials for attending today and, in advance, for responding promptly to questions taken on notice and given on notice. This public hearing is now adjourned.

The committee adjourned at 5.33 pm.