



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: [Annual and financial reports 2009-2010](#))

Members:

MS C LE COUTEUR (The Chair)
MR B SMYTH (The Deputy Chair)
MR J HARGREAVES

TRANSCRIPT OF EVIDENCE

CANBERRA

TUESDAY, 30 NOVEMBER 2010

Secretary to the committee:
Ms A Cullen (Ph: 6205 0142)

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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Amended 21 January 2009

The committee met at 1.29 pm.

Appearances:

ACT Auditor-General's Office

Pham, Ms Tu, ACT Auditor-General

Sheville, Mr Bernie, Director, Financial Audits

Nicholas, Mr Rod, Director, Performance Audits and Corporate Services

Prentice, Mr Malcolm, Senior Manager, Financial Audits

THE CHAIR: Good afternoon everybody, and welcome. I now formally declare this public hearing of the Standing Committee on Public Accounts inquiry into the 2009-10 annual reports open. On behalf of the committee, I would like to thank the Auditor-General and relevant audit officials for appearing here today. At this hearing the committee is examining the 2009-10 annual report of the ACT Auditor-General's Office. I remind witnesses of the protections and obligations afforded by the yellow parliamentary privilege card and draw your attention to it on the table. Could you confirm for the record that you understand the privilege implications of the statement?

Ms Pham: We do.

THE CHAIR: Before we proceed to questions, Auditor-General, would you like to make an opening statement?

Ms Pham: Thank you very much, Madam Chair, but I do not have an opening statement. We are happy to take questions.

THE CHAIR: Thank you very much. One of the issues which always interest me is the relationship between what you are doing and the other oversight agencies. I refer in particular to the commissioner for the environment, who does some—I do not think she would use the word “auditing” but some investigations which are in some way similar to your performance audits. The audit office is being funded, as I understand it, to audit agency ESD data. ESD data, of course, is the sort of thing that the commissioner for the environment is interested in. Do you talk to the commissioner for the environment about how your offices work together and have you any comments to make on how this could best happen?

MR HARGREAVES: We know where you are going here, Madam Chair, just to let you know. We are watching you like a hawk.

THE CHAIR: It is good that you know, because I do not.

MR HARGREAVES: Let the record state that the chair does not know where she is going. But I am sure Mr Smyth will give her directions fairly shortly.

Ms Pham: We do have regular contact with various offices within the ACT government, including the office of the commissioner for the environment, the office of the human rights commissioner and a number of statutory commissioners in the office. We talk to them during the planning stage of our performance audit program. Usually, we will send them a list of our proposed audit topics and also ask for their

input about the current activities that they are undertaking, if there is any topic that they would like us to undertake and if there is anything that we can work together on in terms of providing an audit which delivers the outcome for both the audit office and the environment office. We go through that process every year. That is how we take into account their input. If a particular audit requires further consultation, we definitely will do that.

Mr Nicholas: Yes, we engage with these other bodies both in our strategic planning phase and in the course of individual audits as they might arise. Ms Pham is correct: we provided a number of those bodies with a copy of what we were considering in terms of our proposed program. We invited their comments and input. We did make a couple of adjustments to the priority of some of the jobs in accordance with the responses that we got. We have certainly also had discussions with those bodies in the course of individual audits. I reflect back on the audit that we did on the water demand management. We consulted early there. There was a recent audit in terms of our respite care, and on mental health we consulted with the human rights commissioner over that. Also, in terms of the audit we did on transport, on the buses, we talked with the human rights commissioner about that. So it is at various levels.

We are somewhat limited in terms of the direct relationship. We have not yet found a way in which we can be collaborative in terms of a particular audit. We do seek to complement each other, but we have not yet had an opportunity to work closely together so that we are both delivering various components of the same job. That has proved to be a little bit beyond us just at the moment.

Ms Pham: One example is that we have in our audit program a potential topic on tree protection.

THE CHAIR: Yes, I was actually thinking of tree protection.

Ms Pham: After discussion with the commissioner for the environment, we understood that the commissioner was conducting some work on that particular issue. So we took it off our program.

Mr Nicholas: We have deferred it at this stage. We will look at the outcome of the commissioner's work and see whether there are still aspects of the administration of that legislation that we could or should pursue. It is a little bit dependent, but certainly we had regard for the commissioner's work while we were formalising our program.

THE CHAIR: Do you have any comments about the ESD stuff? I believe you are auditing the ESD information that each department does. Are there any discussions with the commissioner for the environment about where that best sits?

Mr Sheville: At this stage we do not have a mandate to audit the ESD information that may be included in annual reports.

THE CHAIR: You do not?

Mr Sheville: No, we do not look at that at this part.

THE CHAIR: Does that mean these figures are unaudited? There is no-one else who would audit them? This is any of them; everyone has ESD figures.

Ms Pham: There are two types of audits. In the financial audits, we did not look at the annual reports except to ensure that the financial statements are correct when they are included in the annual reports. Recently, we did an audit on performance reporting. Part of that audit looked at the way government departments reported on their achievements in ESD.

Mr Nicholas: Correct; that was our report No 1 of 2010.

Ms Pham: So we do look at it as part of the performance audit and we make a number of recommendations on those matters. But it is not part of the financial audits.

THE CHAIR: So with these figures, the agency gets them together and does whatever quality control they may do internally?

Mr Sheville: The only two parts that the financial auditors would look at each year would be the financial statements and the statements of performance that agencies and departments do. Other than that, there is no coverage on the rest of the annual report.

Mr Nicholas: I think at this stage we would be saying that the findings of that particular report that we did on performance reporting were indicating there were still some problematic issues associated with reporting against the ESD obligations. We made recommendations to the Chief Minister's Department, which is generally responsible for putting together the annual report directions regarding that. With respect to the annual reports themselves, we understand the Chief Minister's Department has a review process.

THE CHAIR: Yes.

Mr Nicholas: But other than that, unless it is subject to a particular performance audit, we are not really going to get too involved in it at this stage.

THE CHAIR: Is it the sort of area that you think would be useful to be involved in?

Mr Nicholas: There is a whole range of matters that we could be involved in. Yes. Part of this report, the performance reporting report, was about satisfying ourselves that generally the information that was contained in annual reports was reasonably fair, appropriate and complete—those sorts of things. In the main, we were able to provide that assurance.

There are other avenues for reviewing some of the data that comes through annual reports. Maybe the ESD is a particularly intriguing area. It has been a bit problematic for government as a whole to get together a good selection of measures and reporting comments on it. We looked at ESD reporting three or four years ago. We found problems with it. That is part of why we focused again on it in this more recent performance audit. The problems essentially still remain. So we have passed it back now to government to suggest that they might have another look.

Mr Sheville: On the question of whether there would be a benefit in having financial auditors coming in and auditing and reviewing the accuracy of the information that is included in the reports, certainly from our experience from when we first began auditing performance indicators, in the early days it proved to be a very useful exercise because the systems were often a little rough and they did not always have the necessary assurance that the numbers and figures that were being reported were okay. But over time, as the systems became more established and mature, the numbers became more reliable. So in the early days there can be a benefit in looking at having this information subject to some form of review.

Ms Pham: One point about ESD reporting is the lack of targets. Basically, there are a number of indicators to report, but there are no targets to be able to assess whether or not we are doing the right things in terms of energy consumption or recycled material or papers. Because there is no target given, it is very difficult to assess whether or not agencies perform well and achieve that for all government agencies.

THE CHAIR: Thank you. I hope I went in the right direction, Mr Hargreaves.

MR HARGREAVES: No.

THE CHAIR: Mr Smyth?

MR SMYTH: Thank you, Madam Chair. Auditor-General, on page 2 of your report, the third-last paragraph opens with these two sentences:

My term as Auditor-General ends in March 2011. As this is my last annual report ...

So welcome to your last annual report hearing. Some of us may have to suffer through them a little bit longer. Could I commend you for your time as the Auditor-General and in particular the way you have enhanced and guaranteed the independence of the role. I would like to congratulate you on your last seven years.

Ms Pham: Thank you.

MR SMYTH: As an outcome of your last seven years, though, on page 142, I notice we have the explanations accompanying the statement of performance. If my memory serves me right, for the first time I think since self-government all the agencies have received unqualified reports. Is that so?

Mr Sheville: That is correct.

MR SMYTH: I think it is a great achievement. Well done for herding the various departments and agencies to this unqualified status. Also, particularly well done to the CFOs and the departmental heads for taking on board your suggestions and applying them wisely. So well done on actually having achieved a set of reports that are unqualified.

Ms Pham: Thank you. I think it is a reflection of the work behind the scenes of the whole financial audit team. There are a number of issues raised during the financial

audit process and we work with agencies to make sure that they correct these deficiencies to get their financial statements to the stage where an unqualified audit opinion can be given. But agencies are also very good at taking on board a lot of our recommendations. As we have reported, we make some 500 recommendations throughout the financial audit process and 92 or 93 per cent are accepted. So that is a reflection of the hard work behind the scenes to get to the stage where every single agency gets an unqualified audit opinion.

MR SMYTH: Well done to you and to all the agencies.

Mr Sheville: Even last year, I think there was only one qualified audit opinion and that was in relation to one quite specific issue which was addressed in the current year. So it has probably been trending that way a little bit for some time. We have never had a year when there have been many, many qualified audit opinions. It has been a good outcome.

MR SMYTH: A clean slate is a clean slate, though. I notice on page 1 in the second-last paragraph on that page you say:

... we have put substantial effort into improving communications with agencies on our audit approach ...

What feedback have you had from agencies on this increased involvement and is there anything further that the office will be doing to ensure that it remains this way?

Ms Pham: The feedback from agencies is very positive because it gives us the opportunity to work with them throughout the year on various issues, rather than just going in and auditing them in what are sometimes quite difficult situations which lead to the decision to conduct a performance audit. The ongoing relationship with the agency makes a big difference to whether the audit actually can be conducted smoothly, with a better outcome for both our office and the agency.

The information seminars that we provide to agencies are very well received. This year, more than 100 staff from agencies were represented. Chief financial officers, the chairs of audit committees, members of the audit committees and members of boards went to our information seminars so that they understood all the requirements and their obligations, and to ensure that the audit was conducted smoothly. I think that has been one of our achievements, in the sense that we work with them rather than work against the agencies.

MR SMYTH: Well done. On page 41, table 7.4, which is staff movements, you have had quite a remarkable turnaround, with a 36 per cent separation for the previous financial year, and this financial year you have got it down to 13½ per cent. So well done on that. What is it that has seen such a dramatic turnaround?

Mr Nicholas: Chained them to the desks! There has been quite a stable team in the financial audit area, which has been really quite beneficial. The performance audit team is still experiencing a bit of movement. That continues to cause us a few problems here and there. But, overall, we have now got a relatively new group there and they are proving to be quite stable.

Ms Pham: I think it is the first time in many years that we have had no departures in the financial audit team. Every one of them has been very productive and quite experienced in the group, and that makes a big difference for our staff movement, our turnover rate. We still have some challenges in the performance audit team. We have done everything we can to retain staff in the performance audit team, but the skill sets of some of our performance auditors mean that some are in high demand. It is very difficult to keep them for a long time.

THE CHAIR: Is the salary level one of the issues for you with that?

Ms Pham: Not necessarily the salary level, but the opportunity to advance to the next level. Senior performance managers are close to the SES level, and in a bigger department they have more opportunity to move to the SES level. In a small office, once they get to that top level of senior manager, the next level is SES, and we do not have positions for them.

Mr Nicholas: Similarly with the audit ranks, the auditors and the senior auditors, we do not want to have an organisation that has PA teams and is basically nothing but managers. We need to have some people who are supporting that management role.

We have a structure now in which we have three basic teams in our performance audit area, each one led by a senior manager. Two of those are relatively new to our organisation. I do not foresee that they are going to be moving on in the immediate future so we are looking towards stability there. That means that there are fewer opportunities for our senior auditors to move up into those ranks.

We are trying to provide and indeed are providing some acting opportunities for a number of those people, as best we can. That is helping us to retain some of the staff. I think it will always be a challenge for an organisation which has only got, in a sense, 10 positions in the performance audit team, and 35 or so positions in the audit office in totality. Maintaining that, of course, is quite important for us but it remains a challenge.

Mr Sheville: The staff surveys are showing that, while we get a very high rating and staff are satisfied with their job, we still have a significant minority, around 24 per cent, who often think about leaving their job. When we look at other parts of our staff survey, we find that the most common reason is for better career opportunities. It is often the small size of the office that creates pressures, particularly for high-performing staff. Keeping them satisfied would help us.

THE CHAIR: Sometimes more career opportunities could be code for more money as you go up the ladder. You might be paid more—

MR HARGREAVES: Do not put words in their mouth, Madam Chair. Let them answer the question.

THE CHAIR: Mr Hargreaves?

MR HARGREAVES: Thank you very much, Madam Chair. I appreciate the

opportunity to have a chat. I echo Mr Smyth's congratulations to you, Tu Pham, for your service over many years, which has been very much appreciated, and for the quality of the service your office has offered to the ACT government and its people.

I refer you to page 34 of your annual report, the trends in expenditure. I notice the graph shows a decrease in expenditure of some size from 2008-09 to 2009-10. You have indicated in the explanation that the principal reason is the reduction in the use of external contractors, which is fine. But I do notice that in the 2010-11 budget—just being picky for a second; it is not really 2012, it is actually 2010. If it was someone else doing it, audit would pick it up instantly, I am sure.

Having had a bit of a giggle about that, I notice that the increase in expenditure appears to be about the 45 or 46 per cent mark of your budget for 2010-11 over the expenditure for 2009-10. That is quite an incredible increase, actually, that I notice there. There is an increase in trend up to the 2013-14 budget. I would be interested to know what the big leap is from 2009-10 to 2010-11. I imagine the increases after that are predicted cost increases. You do not have to worry about those bits but what is the big jump of 45 or 46 per cent?

Mr Sheville: The major increase in terms of the jump from 2009-10 to 2010-11 is that the budget is prepared on the basis that you have a full contingent of staff and that you will use all your money, pretty much. That is why we are showing small deficits and balanced results going forward. The 2009-10 result was probably a little bit of an aberration, in the sense that we did not have a full staffing contingent for most of that year. On the assumption that in 2010-11 we will have a full contingent of staff at the levels that we plan to have, we will spend that money in 2010-11.

MR HARGREAVES: The way I read it, it would be more appropriate to compare 2010-11 with 2008-09, for the purposes of staff movement and that sort of thing?

Mr Sheville: Yes.

MR HARGREAVES: In which case, you have got only about a 35 per cent increase which, in itself, is still pretty significant. I note, as you have said elsewhere in your annual report, your departures were nil, which is fantastic, I have to tell you. There has to be a turnover. There always is. People drop off their perch and all that sort of stuff. There must be an activity jump of some type to do that.

Ms Pham: I do not believe there is a 30 per cent increase. I think we need to do the calculation. Our calculation for the future years is about three to four per cent yearly, from 2009-10.

MR HARGREAVES: The graph on page 35, taking 2008-09 as a more reasonable figure, sits at about \$4.5 million. In 2010-11 it looks like \$5.73, somewhere around that. That is a fairly significant jump even over two years. In terms of staffing, there has got to be an activity jump as well, surely, to go up by almost half a million dollars, maybe more. Do you want to take that on notice and get back to us?

Ms Pham: Yes.

MR HARGREAVES: I am happy for that. I do not want to put you on the spot.

Mr Sheville: I can take that one on notice but, even in 2008-09, it is unlikely that we had a full staff contingent in that year. I suspect that that is a primary driver.

MR HARGREAVES: Okay. In that case, let us assume then that the 2008-09 and the 2009-10 years, being actuals, were dependent on a certain staffing level because of the marketplace that you were working in. Is the budget for 2010-11 a bit optimistic, given the staffing environment in which you are working?

Mr Sheville: When you budget going forward, the only sensible way for you to budget in terms of managing the office, when we are looking to appropriate for the office, is to budget on the basis that you will have the money to pay for all the staff that you plan to have. If you did not go with that in your budget and you suddenly found yourself with a full staffing contingent for the full year financial audit, you would not have the money to pay for the staff. When we budget, we do have to make an allowance.

MR HARGREAVES: I understand that. I understand the picture you are describing for the purposes of the exercise. The budget that you put forward for 2008-09 and 2009-10 will show that the budget approach was: "If we deliver everything, this will be the amount of money we need. We are going to go hell for leather and deliver that." For one reason or another, it did not happen. You did not get the staffing levels. You have managed to produce the performance audits and the financial audits anyway, which is great. Clearly, you have come under budget quite significantly in both those years, if what I hear is the story.

Ms Pham: I would like to make a comment. Firstly, we did not really come under budget significantly. We had an operating surplus of \$183,000. That reflected one-off revenue from an audit of a new department and catch-up audits of a joint venturer. If we do not take into account one-off revenue then our surplus is around \$87,000.

MR HARGREAVES: If I read that correctly, in 2008-09 and 2009-10, it is pretty much break even?

Ms Pham: Break even, yes.

MR HARGREAVES: In that case, by that standard, the 2010-11 budget will be significantly increased.

Ms Pham: I think the graph shows a significant increase but I do not think there is any change in activity or anticipated change in employee numbers at all. Can we come back to you on that?

MR HARGREAVES: Yes. But can you see what I am getting at. There is a 30-something per cent increase. Let us have a look at that.

Mr Sheville: I have had a look at the activities in 2008-09. There has been some movement in the number of audits we do.

MR HARGREAVES: That is fantastic. We just need to know that.

MR SMYTH: If I may help, the vertical scale starts at \$5 million. If you are comparing 2009-10 with 2010-11 it is not double the size; it is about 3½ thousand.

MR HARGREAVES: No. I am taking the differences between the lines. You will notice that there is an approximately \$200,000 difference between the lines.

Mr Nicholas: Yes but we are still only going from about \$5.4 million to \$5.7 million.

MR HARGREAVES: Yes.

Mr Nicholas: So it's not a ginormous jump. We will come to it.

MR SMYTH: It's about a 5½ per cent increase.

MR HARGREAVES: No. If you look at the figure for 2009-10, it sits at about \$5.35 million, give or take a bit. In 2010-11, it sits up at about \$5.75 million, which is a \$400,000 increase. We are talking about a significant increase.

By anybody's measure, looking at this graph, there are significant extra funds going into the program—quite reasonably, in my view.

MR SMYTH: It is 5½ per cent.

MR HARGREAVES: Yes? I'm not so sure about that.

MR SMYTH: Trust me.

MR HARGREAVES: All right, put it in my Johnno language then: you have gone shitloads up from 2009-10 into 2010-11, a significant increase over 2008-09 anyway—anyway. I want to know what the activity difference is, because it cannot just be salaries. That is a huge jump. The jumps from the following years going forward are what I would have expected to have seen between, say, 2008-09 and 2010-11. I would have expected to see a gentle slope going forward. Okay?

THE CHAIR: I might talk about a totally different subject, although I will just make one comment—

MR HARGREAVES: What, sport?

THE CHAIR: No! You know my interest in sport. Possibly starting with the graph at zero would make it easier to see the relativities. I wanted to talk about agency acceptance of your recommendations. On page 12 you say that the actual acceptance rate is about 72 per cent, but your target is 95 per cent. Can you give us a bit more information about the sorts of recommendations that people do not like? Why do you aim at such a high acceptance rate? Maybe there are more issues. I suppose, speaking as a politician, you never expect to get 95 per cent acceptance. Is it unrealistic to aim for an acceptance rate like that?

Ms Pham: The outcome of any audit depends on the final implementation of the recommendations. Unless the agency implements the recommendation, we may not see much change or improvement in the issue identified during the audit. It is our aim to ensure that the recommendation we make is practical and implementable so that agencies actually improve their services. Having said that, there are situations where there is a difference in views between an agency and the Audit Office. We will put forward certain recommendations, even if the agency does not agree that that is the best way forward or agree with our findings.

The current rate of acceptance of recommendations from other audit offices ranges from 65 per cent to 75 per cent. So our rate of 72 per cent is at the high side, compared to other audit offices. I think the 65 per cent was fair, but we did not really need to change our approach in any way to get to 72 per cent. We do what we believe is right and hope that our recommendations are formally accepted.

Mr Nicholas: I guess there are nuances associated with recommendations. Tu is right: our goal is to provide a report to agencies and recommendations that can be implemented to address deficiencies. A high rate of recommendation acceptance indicates that, from our perspective, agencies are in general agreement with the audit, with the audit findings and with the direction that we have come to in terms of redressing any deficiencies. To a degree we work with agencies to try and get them to understand the perspective that we have for recommendations and the direction that we want to take or we think is the most appropriate to take to get over the problems. That often leads us to a situation where agencies are able to accept the recommendations.

In the number that we made over the last 12 months, there was only one, out of all of the recommendations, that was not agreed, and that was only not agreed by one of two parties to the recommendation. What we do not have is rejection of the recommendations. The difference between a high level of acceptance and the rate that we are quoting here at 72, which is still quite a good result, is that there have been a number of recommendations that agencies have accepted in part. Perhaps there is a bit of a lesson in there for us in how we phrase our recommendations and how we put those together. But, essentially, agencies are agreeing with the broad direction that we are taking.

I am not overly offended if agencies find that there is a different way to implement and address a problem. What we come up with in our recommendations is our view as an external party, and it does not necessarily reflect the depth of understanding that they have on their own operations. If they see a better way to address the problem, that is fine, as long as there is some action. That is where we are aiming—action.

The 72 per cent is, in our view, a pretty good outcome. If we looked at and counted all of those recommendations that were agreed, agreed in part and agreed in principle, we would actually have a number that is very close to 95 per cent, or 98 per cent, really. As I said, only one part of one recommendation was rejected by one party. The outcome is not a bad one, from our point of view.

Ms Pham: The reason we also are quite specific in the way we calculate the rate of acceptance is to make sure that we send a strong message to the agency that we want a

clear response for action following our recommendation. If it is partly agreed, often it does not give us a good idea what part of the recommendation they like and what part they do not like. “Noted” or “agreed in principle” does not say much about the commitment of an agency to fix the problem. We are quite clear about encouraging the agency to think about the recommendation and not provide “agreed in principle”, “agreed in part” or “noted”. We like “agreed fully” so that we can come back later on and check whether or not the agency has implemented the recommendation. We want them to be more accountable in implementing the recommendation to address the problem that we identify during a performance audit.

Mr Nicholas: We are quite encouraged by a number of developments. Many of the agencies are now preparing implementation plans that address the recommendations we have made. Recommendations are consistently and commonly referred to the audit committee and included on the follow-up register, the register of recommendations that the audit committees will follow through.

We have also seen on a number of occasions now agencies that are not particularly party to a particular audit are seeking advice or guidance or briefings from my team in relation to audits so that they can implement recommendations within their own organisations, notwithstanding that they were not actually part of the original audit.

The feedback and complaints audit that we have delivered recently is one of those. We have got three briefings coming up on agencies that were not party to those audits. That will help the audit committees and the agencies to move forward in making sure that they are actually taking advantage of the work that is being done in other parts of ACT government. We actually think we are hitting the mark in most cases and are quite encouraged by the responses that we are getting. I would personally like to see a few more “fully agreed” but, as it is at the moment, I am generally quite happy with the outcome.

MR SMYTH: Referring to pages 67 to 69, note 6 on page 69 says:

The audit fee for ACTEW Corporation Limited was reduced as ACTEW had addressed the impact of accounting for new water security projects ...

That note comes from page 67. What was the impact of accounting for new water security projects in 2008-09 and how did this lead to a reduction in fees?

Ms Pham: I am sorry, we did not hear you.

MR SMYTH: On page 69, note 6 says:

The audit fee for ACTEW Corporation Limited was reduced as ACTEW had addressed the impact of accounting for new water security projects in 2008-09.

That, of course, refers to the figures on page 67. What was the impact and how was that addressed?

Mr Sheville: Malcolm has a little bit of information on this one as well, so he can fill me in if I have not got it totally there. The accounting for the new projects involved

some technical issues around the capitalisation of the projects, how you are supposed to account for them, how you are supposed to value the assets, and also accounting for any impairment of the networks in terms of which costs are able to be recovered from pricing decisions and that sort of thing. Those issues were mostly dealt with in a previous period. As they had been dealt with in that period, they did not need to be included in the accounting costs for the current year.

Mr Prentice: In 2008-09, a lot of technical advice was provided in relation to the audit of the construction projects that are currently being undertaken by Actew. Once that accounting is set up, there is no need for that technical advice to be provided on an ongoing basis. So the fee comes back down once that advice has been provided.

MR SMYTH: And you are happy with the way Actew has addressed the issues as they were raised?

Mr Prentice: That is right, yes.

MR HARGREAVES: Page 60 of the annual report indicates that the number of vehicles leased by the audit office has decreased from two to one. I take it that that is the explanation for the reduction in CO₂ emissions. You are claiming that, because you have reduced the number of vehicles by 50 per cent, or by one, that is the reason why the reduction in CO₂ emissions is there. Am I right there?

Mr Nicholas: That is correct.

MR HARGREAVES: You have said that since 2007-08, two executives have chosen not to take government-provided vehicles as part of their remuneration package. Are they paid an allowance in lieu of getting a government vehicle?

Mr Nicholas: In accordance with the remuneration provisions, yes.

MR HARGREAVES: Okay. In fact, then, that is a transfer of responsibility for the reduction in the CO₂ reduction from the agency to the officers themselves. So isn't it a bit rich to claim responsibility for the reduction? In fact, it is not any reduction at all because we have got an allowance being paid to those executives to use their own cars. Is that a fair comment?

Mr Nicholas: It is in accordance with government policy at the moment.

MR HARGREAVES: Notwithstanding that, we might have had a qualification in there which said, "Whilst we as an agency have reduced the CO₂ emissions, it is recognised that, so long as the officers themselves take the package in accordance with the Remuneration Tribunal's determinations, we have no control over that." What we are seeing here is that if you have been really good and reduced those CO₂ emissions—

THE CHAIR: I—

MR HARGREAVES: I have not finished, Madam Chair—the credit is for those officers themselves if in fact they go to the next point, where you have said, "There

has been a shift to the use of public transport for this purpose.” What I would like to know, please, is this. You may have to take this on notice, because it is a bit of detail. What modes of public transport were used? Were they taxis? Were they buses? Were they treadlies? How much was actually paid out to those? Of course, I assume—I presume correctly—that those amounts paid out were in addition to the allowances that people are allowed to receive in accordance with the Remuneration Tribunal’s determination. This is why you might have to come back. I am assuming that officer A receives an allowance on top of their salary and also a bus ticket or a cab voucher to go to the audited agency.

Ms Pham: There are two different levels of staff in the office. The car allowance was for SES positions, Bernie and Rod. They decided not to take a government car but to make their own private arrangements. When we have the government cars—three of our cars—staff use our cars during business hours to go to agencies for auditing purposes. For example, they went to TAMS and the Public Cemeteries Authority. Because the other two cars were no longer available during the year and only my car was available, more staff needed to either take the bus or, as you just said, get a cab voucher, depending on the circumstances. Many of them decided to walk. Indeed, we encouraged staff to walk if the walking distance was not too long. We did discuss alternative transport arrangements for staff to get to the audited agency, because most of us have to go to other agency locations to do audits. So the Cabcharge or other arrangements were also provided to staff. We do not have the normal numbers of SES cars, whereas in the past access to SES cars during the visit—

MR HARGREAVES: I understand that, and I think that is fantastic. Now, let us see if I have got it right. There were two vehicles, regardless of who the driver was. They were actually leased vehicles to your agency.

Ms Pham: Yes.

MR HARGREAVES: The staff were allowed access to those leased vehicles to go to their audited agencies.

Ms Pham: Yes.

MR HARGREAVES: So there was in fact no charge, if you like, because the thing was sitting there—

Ms Pham: Yes.

MR HARGREAVES: And there was certain petrol used and all that sort of stuff.

Ms Pham: Yes.

MR HARGREAVES: Now, on the other hand, they have been relinquished. The officers who had them before are getting an allowance for doing that but their vehicles are in the car park. If they use a vehicle or if they do not, it does not matter, but they are not available to the staff to use, clearly. So there is an additional cost over and above that then, isn’t there, because you have got taxis, bus fares and whatnot also adding up? If the vehicles that the officers were using before were available to staff

and now they are not, are we seeing an increase in CO₂ emissions because of the fact that they could have been using those vehicles in the first place? Are we or are we not?

Mr Nicholas: I do not think you are entirely incorrect. I would say we are not doing anything that is—

MR HARGREAVES: Well, I am half pregnant! There you go; that is audit speak.

Mr Nicholas: We are not doing anything that is inconsistent with government policy, of course. I can only say—

MR HARGREAVES: I am not suggesting it for a second. It just occurred to me when I saw this that maybe this is a line of questioning I am going to employ with other agencies as well.

Mr Nicholas: I understand that. That is one of the consequences of the more recent government policies, I guess, in terms of executive vehicles. I can say from my perspective that there has been no additional cost with that.

MR HARGREAVES: Where I am heading with this is that, whether or not we are seeing an unintended consequence, our intention—and it is an honourable one—is to reduce the carbon dioxide emissions. That is our intention. Quite admirably, senior executives say: “Okay, I won’t have the government vehicle; I will take the allowance instead. Thanks very much for that.” But the unintended consequence of that may very well be that in fact we are generating a greater amount of CO₂ emissions because we do not know.

Mr Nicholas: We can only speak for the audit office, and we know that the only vehicles that we have had that are government vehicles have been in the executive fleet. There are other agencies that have got vehicles that are not part of the executive fleet; they would presumably continue to be used in the way they always are by staff during the day. I am not aware—

MR HARGREAVES: Yes. That is the bit that I am going to be interested in possibly pursuing. If what my instinct tells me is right—that it is an exponential exercise with the bigger fleets—and if, on the other hand, I could take an example of yourselves, and if my understanding is incorrect, then it also is a good idea with the other agencies. Does that make sense?

Mr Nicholas: In our small organisation there has been a shift from the use of government vehicles, leased vehicles, to public transport, whether it is buses, cabs or whatever. We do have one or two people who bicycle. We have a number of people who choose to walk from our office up to TAMS, for example. So there has been that shift. I can say that, from my perspective, since I have had my own vehicle I have not made any claim upon the ACT Auditor-General’s Office for the use of that car—and I suspect it is much the same with Bernie. So from that perspective there has been no additional cost associated with that. I use my own car when I travel for work purposes and make no claim on the office for that. But there is a shift. If you are going to stop using government vehicles or executive vehicles, someone is going to pay.

MR HARGREAVES: I guess what I am trying to work out is whether or not there is a net benefit or not a net benefit. Using a small agency means that the numbers are small enough that you can make that judgement, whereas if you use an agency that has a lot of cars sometimes it gives a very cloudy picture and you cannot really make a judgement.

Can I ask one last question? Presumably the senior officers can use public transport if they like. I am not going to say yes or no, because it is none of my business. But with the parking arrangements when one's own vehicle is used, is there a government-provided car park or is it up the back with everybody else?

Mr Nicholas: For the executive vehicles?

MR HARGREAVES: Yes.

Mr Nicholas: As part of our remuneration package, as any other executive—

MR HARGREAVES: I am not arguing about the entitlement at all; I am just wondering whether or not there was a car space provided as well and whether that was included in the comparator in the costs of whether the leased vehicle is more expensive than the allowance plus car park—

Ms Pham: We have not done the exercise of relative benefits or costs if an SES officer chooses to select their own vehicle or use a government-provided vehicle. It is government policy that it is within their entitlement, and when they do it we have no control. Even if it costs more to the office, I cannot direct Rod or Bernie not to take certain options that suit their family circumstances or their personal circumstances. So there is very little value for us to find out the costs and benefits of that if we have no control or I have no control.

MR HARGREAVES: I understand that, and I am not being critical; don't get me wrong. But what I am trying to get an idea on is whether or not the picture we described in terms of the reduction in CO₂ emissions overall is valid or whether there should be qualification on that because of the fact that, whether or not an officer is allowed to take an allowance instead, we actually do not reduce the CO₂ emissions; it just shifts the responsibility for it. Maybe across the system we need to take account of that. That is where I am getting to.

Ms Pham: I think your point is taken, but I would like to comment that the information provided here is clear and transparent and we explain where the reduction comes from—

MR HARGREAVES: I might take you up on that, Auditor-General. It was not quite as transparent as that when I asked about how much money, what types of transport and those sorts of things. It was a good pointer, and I appreciate that and I congratulate you on that, but I think there is further information that could have been provided that perhaps could have been useful. I am not being critical here; I am just trying to be helpful. We talk about the use of public transport. The fact that you have got an officer or two walking from the city up to TAMS is worth celebrating in a

report like this—and people who are prepared to use a bicycle to go from here. All we have ever heard is that the TAMS people have been using bicycles to go from point A to point B. That is all we have ever heard in these reports. Now I hear that the audit office is doing it. I congratulate you on that; I think it is great. Let us see some of that sort of stuff pop up in here, because I think this is leadership stuff.

Mr Sheville: I suspect that this reporting requirement relates to the audit office—the total vehicle emissions by whatever transport the officers use—because it relates to the audit office’s emissions. The amount emitted by our agency has in fact reduced—

MR HARGREAVES: It does, Mr Sheville, but the opportunity for a parliamentary committee to make recommendations to the government to change that really ought to be evidence based; we cannot just say what we think is a good idea. I think you have given us some evidence we can make a reasonable recommendation on. I appreciate it; thank you very much for it.

THE CHAIR: While we are on this page, one thing I am interested in is this. Page 61 talks about renewable electricity purchased. You have more than doubled the renewable energy purchased. I note that the ACT government as a whole has not doubled its renewable energy purchased. Does this imply that you actually have some control about the amount of green energy that you are buying or is there something else that I am not aware of here?

MR HARGREAVES: Half a floor of an eight-floor building—second line: “consumption of other resources”.

THE CHAIR: The third line—

MR HARGREAVES: Second line.

Ms Pham: I do not think that is an individual decision by us. I think that is our share of energy consumption and it is a decision by the whole building. We share with the whole tenancy for that building.

Mr Nicholas: We do not have a great deal of say in that. It is an arrangement negotiated by Property Services, and we are party to that. It is good, though.

THE CHAIR: It is good. I am aware that in general it has not doubled, so I just thought that maybe you had done it.

MR HARGREAVES: They do not turn the lights on at all, Madam Chair. They do not run the water at all, Madam Chair. They do not have coffee breaks. They work 24/7. They get up and go to work before they go to bed.

Mr Nicholas: That is true!

MR HARGREAVES: Shocking, isn’t it?

THE CHAIR: It is all true, I am sure, Mr Hargreaves. Let me just continue on Mr Hargreaves’s line of questioning. While possibly you have the auditors, I do not

imagine that you have any idea of records as to whether you are using public transport? Is it more cabs, is it more buses or are people walking generally? What is the substitution?

Mr Nicholas: I think it is somewhat dependent upon where the staff are travelling to and so on.

THE CHAIR: Certainly. You could walk to Mac house but you could not walk—

Mr Nicholas: I am aware that we have had quite an increase over the last two or three years; since the number of executive vehicles has dropped down, we have been increasing both our cab and our bus fares. I know that I sign off on purchases of bus tickets very frequently. But we can provide information on that, I am sure.

THE CHAIR: That is good. I am very pleased to hear you say that you frequently sign off on purchasing bus tickets. That is very—

MR HARGREAVES: Yes, but he is reselling them—putting his five per cent on the top and selling them on!

Ms Pham: There are also issues of OH&S. There are times when we consider that our auditors carry an enormous amount of documents with them, and often it is not easy for them to walk. Even if we provide a wheeled bag, to pull it all the way on a road or a footpath is not a good idea sometimes. Depending on the circumstances, we approve a Cabcharge for staff to travel. As I said, the encouragement from the office is a policy to encourage them to take the bus or walk when they can.

Mr Sheville: In many cases, too, people travel, for example in financial audit, where they are working on site. All that is happening is that they are making sure that they go first thing in the morning to the business where they are working and not making unnecessary trips during the middle of the day—and then finish up there. I guess, if you like, the incentive of having fuelled vehicles—they do not need to make those trips during the day so they tend to go directly to the agency and do the work.

MR SMYTH: On page 113 in the notes to the financial statement, I see that the long service leave non-current area has gone from \$3,700 to \$81,000. What is the reason? The notes just say that it has gone up; they do not actually explain. Explanatory notes are meant to explain why such things have occurred.

Mr Sheville: Sorry, Brendan; I did not quite hear the question.

MR SMYTH: In your non-current—I am not sure of the reporting date—long service leave has gone from \$3,700 to \$81,700. What is the reason for that?

Mr Sheville: That last jump in general will be where people have stayed in the office long enough for us to begin accruing a liability for them.

MR SMYTH: When do you begin accruing a liability for them?

Mr Sheville: Five years—or three years, is it?

Mr Prentice: Under the change in accounting policy for employee entitlements which came in last year, you start applying the long service and annual leave provisions from day one, but there is a probability factor, so the shorter the term the less probability. What has probably happened in relation to the long service leave is that we do an annual survey of our staff to find out whether anyone intends to take long service leave in the next 12 months. If they indicate that they are not and they have a liability for long service leave, it gets pushed into non-current. It would have been that some of the senior staff who have a long service liability already, because they have worked for more than seven years, have indicated that they are not likely to take it and therefore it goes to non-current.

MR SMYTH: Is that the standard accounting way for all of the ACT public service?

Mr Prentice: Yes, that was a change in accounting policy.

Mr Sheville: In the ACT audit office we are able to do what they call a specific identification. We can ask each individual member of staff what their intentions are, and we take that approach. We think it is more accurate. If you were doing a larger department, you would probably take the historical trends showing how much leave normally gets taken in order to form a view as to how much the split should be.

MR SMYTH: Could you forward to me the link to that policy or a copy of that policy on how to account for long service leave liability? Thank you.

MR HARGREAVES: I do not want the answer to this; I would just like you to take the question on notice because it is a specific one. Could you give me an explanation regarding something in the same spot—employee benefits. It shows accrued salaries for 2010 at \$174,000 and for 2009 at \$60,000. That is a 200 per cent increase. Could you let us know what it is and how come there is a rise? I do not need it today.

Mr Sheville: It would mostly be just timing as to when the salary fortnight ends. In 2009 there would have been fewer days between the pay cut-off and 30 June. Up to 30 June 2010 that would have been a longer period, so you would have accrued a larger amount.

MR HARGREAVES: Can you confirm that?

Mr Sheville: It is about the timing of when the pay fortnight ends.

MR SMYTH: In the third paragraph of the explanation it says that it is actually because the pay increase was delayed.

Mr Prentice: Yes, that is the major reason.

MR HARGREAVES: So the pay increase was due in March this year?

Mr Prentice: Yes.

MR HARGREAVES: And when was it actually paid?

Mr Prentice: It still has not been that I am aware of.

Mr Sheville: It has not been paid at this stage.

MR SMYTH: Sorry, the pay increase that the ACT public service was promised by the government that was due in March this year has not been paid?

Mr Nicholas: The ACT Auditor-General's Office has not yet finalised the new EBA, so until such time as that is finalised, we cannot make that payment.

MR HARGREAVES: Is the audit office outside the general EBA process?

Mr Nicholas: No.

MR HARGREAVES: How come it has not been finalised?

Mr Nicholas: We are party to the same process. We have been going through our arrangements to resolve the agency-specific conditions with our staff and we are moving towards getting endorsement from CPSU and other activities associated with a vote before we vote on the agreement. So it is closing in on finalisation but until such time as it is actually finalised and signed off we cannot make those payments.

MR SMYTH: From the sound of what Mr Prentice was saying, nobody in the ACT public service has received their—

Mr Prentice: Sorry, I was referring to our office—

Mr Sheville: In our office, under our agreement pay rises are established from 1 January each year. In a normal year where we have an agreement that is not coming to the end we would normally settle pay rises for the period and pay them retrospectively back to 1 January. In the current year, we have been unable to do that because our agreement expired. So we have made an allowance for the amount of back pay that will become payable when our new agreement takes effect.

MR HARGREAVES: What I am hearing is that 1 January 2010 would normally have been the period of time when people would have been paid an increase for whatever reason. But that has not happened and negotiation around that particular dateline is still ongoing. So staff have been waiting for back pay for 11 months. Am I right?

Ms Pham: Agreement has been done as part of the whole of government—

MR HARGREAVES: I do not disagree with that.

Ms Pham: So that agreement is done—

MR HARGREAVES: But they are still waiting, and they have been waiting for 11 months, is it?

Ms Pham: No.

MR HARGREAVES: How long have they been waiting?

Mr Nicholas: We made some salary adjustments where we could make those. There are a few that have not had their final adjustment, and the adjustment will come through with the new rates under the EBA once we get the new EBA signed.

MR HARGREAVES: That means some staff will get 11 months worth of back pay?

Mr Nicholas: I would not want to say 11 months—a small proportion.

MR HARGREAVES: Of that order?

Mr Nicholas: A small proportion.

MR HARGREAVES: Maybe 12; maybe 11 and up.

Mr Nicholas: They will also get the sign-on bonus as soon as it is done.

MR HARGREAVES: Is there provision in your cash budget for 2010-11 to pick up that back pay?

Ms Pham: Yes.

Mr Sheville: Yes.

MR HARGREAVES: What I am trying to get a handle on here, and I can almost hear thought processes clicking over here, is: where has the sticking point been and who has been having an issue with this? Why wasn't it done last February, March, April or whatever?

Mr Nicholas: We are stuck with the whole-of-government EBA approach, and that has taken quite a considerable time to resolve. We are not able to go off on our own and do that. The EBA that we are proposing is 184 pages or thereabouts in common with the rest of the ACT government and 1½ pages relative to the ACT Auditor-General's Office. So we have been caught within that general time frame. There is also a degree of priority being attached to delivering some audit products. There is only one person essentially that is working on this particular job, and that is me. So we have got resourcing issues in that respect. We have kept staff well and truly aware of where they are at and where we are at.

MR HARGREAVES: You mentioned earlier that some staff—

THE CHAIR: We will have to wind up shortly.

MR HARGREAVES: Maybe so, Madam Chair, but this is a point of rights and privileges. You mentioned earlier that some staff were able to be catered for because you could, but some staff had not.

Mr Nicholas: That is right.

MR HARGREAVES: Which types of staff are in those two groups?

Mr Sheville: There are some staff under the current pay bands where we could give a pay rise and pay it out.

MR HARGREAVES: Could you give me an example of that, please?

Ms Pham: We have a salary band. We are quite different from the classification of the public service because it is very specific to the audit office—the auditor band.

MR HARGREAVES: So these are professional officers as opposed to administrative staff?

Ms Pham: We call them auditor band 1, auditor band 2—

MR HARGREAVES: That was a generic term—“professional officers”.

Ms Pham: For those whose salaries were already at the top of the band, we were not able to adjust their salaries because we have not got a new agreement. For staff who were under the maximum band, we were able to legally provide earlier payment so that they did not have to wait for a long time for the final agreement.

MR HARGREAVES: You have done well. How many people have not received it?

Ms Pham: It is only about seven.

Mr Nicholas: I think it is seven or eight out of our total.

Ms Pham: Yes, and we have done that in conjunction with advice from the Chief Minister’s Department employment policy area.

MR HARGREAVES: Thank you.

MR SMYTH: You have said that your delay has been because of the fact that the whole-of-government EBA has not been signed; is that correct?

Mr Nicholas: It is a contributing factor, yes.

MR SMYTH: That would mean that, across the ACT public service, there would be a large number or a number of public servants who have not received pay rises?

Mr Nicholas: We have not kept track of what other agencies are doing specifically. I am aware that some agencies have voted on their particular EBAs. I do not know what the process is with them.

THE CHAIR: I think we have more than come to the end. Thank you very much for staying for the extra time. Before we conclude, I would like to add my thanks to the thanks of my colleagues, Auditor-General, as it is the last occasion that you will

appear at annual reports before the public accounts committee. I certainly hope we will be seeing you again before you leave in March.

MR HARGREAVES: Afterwards there is a seat in the gallery for you at any time.

Ms Pham: May I also take the opportunity to thank the committee for their support over the years. I believe I am so privileged to have had the opportunity to work with members of the PAC over the last seven years and also during my 20 years with the ACT public service. It has been an absolute privilege, and I thank you for your support.

THE CHAIR: Thank you, Auditor-General, and thank you to the rest of the audit office. There may be supplementary questions which we will get to you as soon as possible. As you know, we will send you a copy of the transcript as soon as one is available.

Meeting adjourned from 2.40 to 3 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

Chief Minister's Department
Shepherd, Ms Simonne, General Manager, Australian Capital Tourism

Department of Territory and Municipal Services
Byles, Mr Gary, Chief Executive
Perram, Mr Phillip, Executive Director, Territory Services Division

Exhibition Park in Canberra
Clarke, Ms Liz, General Manager

ACT Gambling and Racing Commission
Jones, Mr Greg, Chief Executive

THE CHAIR: I formally declare open this public hearing of the Standing Committee on Public Accounts into the 2009-10 annual reports. On behalf of the committee, I would like to thank you, minister, Ms Shepherd and the other officials who are waiting in the wings, for appearing today.

We will start off with an examination of the annual report of the Chief Minister's Department in relation to tourism policy and services, including Australian Capital Tourism, followed by the annual report of the EPIC Corporation. We will then have a short afternoon tea break at approximately 4.20 and then we will recommence with the annual report of the ACT Gambling and Racing Commission.

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

Mr Barr: Thank you, Madam Chair.

Ms Shepherd: Yes.

THE CHAIR: Thank you. Before we proceed to questions, minister, do you have an opening statement?

Mr Barr: A very brief one, Madam Chair. Thank you very much for the opportunity to appear. I think it was a very exciting year for Australian Capital Tourism and for the tourism industry locally because the contribution to the ACT economy that the tourism industry ticked over was around the \$1.3 billion mark in the financial year covered by the annual report. There are about 13,000 Canberrans employed in the industry.

Obviously, the highlight of the year, from a tourism perspective, was the partnership

with the National Gallery around the *Masterpieces from Paris* exhibition, which I think broke all records for art exhibitions in this country. In the context of a half-a-million dollar marketing investment from the ACT government, if I do say so myself, I think it was one of the most strategic investments that we have been able to make in the tourism portfolio for some time.

Eighty per cent of the 473,000 visitors to the exhibition came from interstate. The National Gallery, using their traditional formula for measuring economic impact, estimated it was worth something like \$95 million to the local economy. I am sure committee members would be aware, from conversations with people in the tourism industry, that all elements in all sectors within the industry experienced a fantastic boost to their overall takings and activity as a result of this exhibition.

Whilst I do not suspect that we can anticipate having in our calendar every year events of that magnitude, I think it was important to have that partnership with a national institution. It is a model that we will continue to build on and it does, I think, augur well for the future of tourism in the city if we are able to successfully manage an event of that scale. It does give us confidence to be able to do similar things into the future.

Having said that, I would like to congratulate the team at Australian Capital Tourism on another 12 months of dedicated work in promoting our city. I thank the committee and look forward to taking any questions.

THE CHAIR: Thank you, minister. I would like to ask about a totally different scale, and that is encouraging local tourism. A lot of people in Canberra probably, if they are doing a short day trip, think more about going a bit over the border or down to the coast.

MR HARGREAVES: You obviously have not been to Tuggeranong, Madam Chair, have you?

THE CHAIR: And as Mr Hargreaves said, they do not always think of Tuggeranong. But the other things they do not always think about would be our villages. We have got Hall, we have got Pialligo, we have got Tharwa. Once upon a time we used to have a tourist drive program which I have not heard much about for a long time. Can you tell us what we are doing about publicising, particularly for people within Canberra, our own attractions, our own villages?

Mr Barr: I think under the technical definitions of tourism within Australia—

THE CHAIR: This is not tourism?

Mr Barr: No, it is not. You have to travel 40 kilometres, is it?

Ms Shepherd: It is more, yes. You have to reside more than 40 kilometres.

Mr Barr: Under those definitions, tourism requires a certain distance one must travel before it is counted in that way. In the context of Australian Capital Tourism's role in marketing Canberra, obviously a number of our publications and information,

consumer information, are distributed universally. So it is available and Canberrans obviously avail themselves of the variety of tourist attractions that are available.

In terms of the specifics of your question, I am speaking a little outside my portfolio areas but I understand that, through Territory and Municipal Services—and I certainly remember going to the launch of a couple of the tracks and trails tour guides that were released under the auspices of TAMS—there is some promotion of those sorts of activities to locals. And we do, of course, promote things like Tidbinbilla and the Namadgi national park as part of our broader tourism offering.

Ms Shepherd: Fundamentally it comes down to economic contribution so that people that are residing here are not generating economic contribution through overnight stays, the use of attractions. It basically would be very low. We do not have any figures because, as the minister said, it does not fall under the definition of tourism. To give you an example, I think we do have some figures on Floriade, and the spend by a day visitor to Floriade who is a local resident is something like \$10 but the spend for an interstate visitor is something like \$170. So that is the basic difference in the remit.

THE CHAIR: And we now publicise our own little villages, Hall, Pialligo and Tharwa, interstate, I assume, to people who qualify as tourists, as distinct from locals?

Ms Shepherd: It is part of the regional promotion to tourists as distinct from locals.

Mr Barr: To interstate tourists, those villages feature in our promotions externally, for example, through the Canberra District Wine Industry Association. Obviously, there is a vineyard at Pialligo.

Ms Shepherd: The Fireside Festival.

Mr Barr: Yes, there are a range of them. The Hall district has a number of wineries; so it is promoted in that way. As well, the villages themselves are promoted as places of historical interest. I cannot say that it is the major feature of all of our advertising obviously, but it certainly is there within the total product offering. And if you look at the annual holiday planner, for example, that we produce, then you will certainly see images from some of those places featuring in our promotions.

MR SMYTH: Just to follow up on those tourist routes, tourist route 5 used to encompass Cuppacumbalong. It has been the subject of proceedings in ACAT. What is the future of Cuppacumbalong as a tourist attraction?

Mr Barr: I am not able to comment on that at the moment.

MR SMYTH: Why not?

Mr Barr: There are some matters that are still before courts and tribunals.

MR SMYTH: The decision has been handed down.

Mr Barr: Yes and, as I understand it, there are various appeals and there are

a number of matters. I am not in a position to comment on that this afternoon.

MR SMYTH: Does Tharwa have a role as a tourism destination?

Mr Barr: Yes.

MR SMYTH: And what is that role, as far as the government is concerned?

Mr Barr: Part of the proposed master plan for Tharwa that has been agreed upon in terms of a schedule of master plans will encompass the tourism elements obviously as a gateway to the Namadgi national park. Clearly, the completion of the bridgework there is an important element and obviously the tourism potential into the future will be the subject of that master planning work.

MR SMYTH: If you cannot talk about the local then perhaps we will go to the international. I notice on page 48 of the Chief Minister's Department's annual report it talks about the closure of the Singapore office as a consequence of international market conditions requiring an increased focus on the domestic market. What international tourism promotion do we actually undertake and how much is spent on international marketing?

Mr Barr: Through Tourism Australia would be our largest contribution. Of course, we attend the Australian Tourism Exchange every year because they have a direct relationship with the eastern and western module buyers and sellers through that process. But in terms of direct-to-consumer marketing overseas, we are not doing that at this point in time.

MR SMYTH: Nothing at all?

Mr Barr: No.

MR SMYTH: In regard to the decision to withdraw from the China market some years ago, the latest state of the industry report shows that most of the growth in the next decade will come out of China. What will we do to capture that market specifically for the ACT?

Mr Barr: Certainly, we will be working with Tourism Australia in that area.

MR SMYTH: So ACT Tourism will not be doing anything? Apart from working through Tourism Australia, we will not be doing anything?

Mr Barr: The national long-term strategy refers to growth in both international and domestic markets and the partnership arrangements that are there. The structure of tourism in Australia is that state and territory tourism authorities have primary responsibility for domestic marketing and Tourism Australia has primary responsibility for international. Some of the larger jurisdictions obviously devote some resources to international marketing.

We are not one of those larger jurisdictions; so our capacity to be in direct-to-consumer marketing in a country as big as China is limited. In the first

instance, our partnerships with Tourism Australia are critical to us. We are simply too small. The sort of money that would be required to have any significant impact in China, in a market that big, is well beyond our capacity. Certainly, in the absence of direct flights into our airport from China, it would not necessarily be the best use of consumer marketing dollars.

However, of course, we continue to work with Tourism Australia who have the external focus to drive international tourists to Australia. As I think I indicated when you asked me this exact same question in the Assembly only a week or 10 days ago, we will be working in partnership with airlines and Canberra airport around consumer marketing based on destinations that have a direct flight into our new airport.

At this time, it would appear that the focus there will be on Australia's biggest international tourism market, and that is New Zealand. There are a million people who come across the ditch every year. We have been working with Tourism Australia and certainly at the last two tourism exchanges I have met with our representatives in the New Zealand market, gearing up to and off the back of direct flights from New Zealand into Canberra airport, a focus on that particular market. Simonne, do you want to say anything about that?

Ms Shepherd: In terms of China and India, they are forecast over the next 30 years—I think the Jackson report refers to them as the two high-growth markets. While China certainly has been delivering to Australia some tourism numbers, the traditional markets—UK, Europe et cetera—are still number one and number two, with UK, US and New Zealand. So there is growth but they are not currently delivering numbers.

In terms of the China market, I think there is still a lot of evolution to occur as well. It is currently predominantly group travel, which is bound up in a lot of inbound arrangements. If you know about the China market and how they work, it is about shopping experiences, the sorts of duty-free shops that they can go to that operators are receiving commissions on. We do not have that type of product and it is not high yield; it is not something that, for the ACT, would be a strength for us. But the China market is shifting and will shift over time into a more FIT driven market. I think that is where, with TA taking—

Mr Barr: You had better explain that for them.

Ms Shepherd: Sorry, the free independent traveller market. Group travel is currently where the China market is at. We are starting to see a trend towards the free independent traveller with their changes under the ADS status, the approved destination status, visas for the Chinese market. Chinese residents are a little freer now to travel independent of a group, but there is still quite a long lead time in the evolution of that market. I think that would be of benefit to the ACT. But, as the minister has indicated, we are a small jurisdiction with finite resources.

I think we need TA to take the lead on the market development because they do have a substantial budget for that. We need to be like other jurisdictions such as SA. They also take a similar strategy of being followers as opposed to being at the pointy end. As the minister has also said, I am not suggesting there will be a direct flight from China to here any time soon, but with international markets we do need to be savvy

and follow where direct flights will be announced.

You can look at other airline experiences in different states. For example, Air Asia X is coming into the Australian market, starting out of the Gold Coast, flying a very low cost operation but with low fares. That has grown the market between the Gold Coast and KL where there was no market at all before. They have subsequently branched out to Perth. They are negotiating on Sydney. We do have discussions with airlines around the potential for the ACT, but having those permanent facilities at the airport is crucial. We have worked closely with Canberra airport group to be ready, when they are ready to accept international flights, to start those negotiations in earnest.

MR SMYTH: How much does our relationship with Tourism Australia cost? What did it cost for last year?

Ms Shepherd: I do not have the figure on what we have partnered with them here. I can take that on notice. We do partner with them. I think we have discussed in previous estimates the cooperative model whereby Tourism Australia will fund to a certain degree and we partner with them. I can give you an idea of the range of activities but I do not have the figure with me. I would have to take that on notice.

We partner with them on things like the visiting journalists program; no leave no life, which is a domestic campaign; the Australian Tourism Exchange. What else do we do with them? We run a number of inbounds famils. We still maintain international relations, so outside ATE, we are members of ATEC. We work with the Australian Tourism Export Council, and we work with Tourism Australia and ATEC on hosting people through to the ACT. So we are keeping our hand in in terms of relationships on the international market front.

MR HARGREAVES: I would like to explore briefly page 158 of volume 2. There is a table that talks about the number of visits to the visit Canberra website. The original target was 720,000, with an amended target of 550,000. I also note for the record the 26 per cent increase in the actual result. I would be remiss in not congratulating you on that. I am assuming that there is a methodology change from hits to visits, which is what your little explanation says. What would have happened if you had backcast it?

Mr Barr: How many hits as opposed to unique visits?

MR HARGREAVES: The previous performance indicator was on hits—720,000—and now you have gone to visits. I am trying to get my head around a comparison. If we look at the Floriade results for this reporting year, I am interested in history and not future stuff; we will talk about that during the budget process. This is about 2009-10—going backwards.

Ms Shepherd: Yes.

MR HARGREAVES: I notice that, with respect to the 2008-09 Floriade figures, there was a downturn. If I am reading these figures correctly, it has gone straight up again, which is lovely. In order to get my head around the visits to the website, what would the picture be?

Ms Shepherd: I cannot give you a number but in terms of the effect, if we had stayed with the old measure and then introduced the new website with its new functionality and capability, that number would have been very large. So we have gone to a more robust measure, which is the visits. The website has been extremely successful. To put some figures on it, for the 2009 calendar year on the visits measure the figure was 6,799 visits.

Mr Barr: 600,000.

Ms Shepherd: Sorry, 600,000. This year, for 2010, the year-to-date October figure is 710,772 visits.

MR HARGREAVES: Is that on a calendar year or a financial year?

Ms Shepherd: That is on a calendar year.

MR HARGREAVES: So in 11 months you have blasted it?

Ms Shepherd: Yes.

Mr Barr: Ten months.

MR HARGREAVES: Ten months, to the end of October.

Ms Shepherd: Basically, the website has been very successful in terms of engaging the consumer. As I said, I cannot give you a figure but if we had used the old measures—

MR HARGREAVES: I am starting to get the picture.

Ms Shepherd: we would have a very large number. The hits would reflect 10 times more, perhaps.

MR HARGREAVES: It is also a waste of time even thinking about it. It was just the curiosity factor. In terms of those visits to the website, at the end of October you were way out in front. Is there a peak and trough system or is it fairly steady through the year?

Ms Shepherd: I do not have the figures with me but we do track by month. Also, that is just the visit Canberra website. We run the Floriade website separately, so that does not include those figures. There is seasonality in it and also we can see a direct campaign result. So when we run a campaign in market—for example, wrapt in winter—we have the specific stats that show that, when we have the activity in market, we see a spike in web traffic. Similarly, for Floriade, the trend every year goes up, for obvious reasons. But there is seasonality in it. I could provide the figures but—

MR HARGREAVES: No, I am not bothered about that. I might put in your mind those sorts of graphs showing the seasonality and the growth. For those people that need things in pictures—and there are those amongst us—we have just seen the Auditor-General's annual report, which, much to her chagrin, is full of pictures.

Perhaps that sort of seasonality would actually pop out and you can actually tell us, “That was this campaign, that was this one and that was that one.”

MR SMYTH: Do we know what the conversion rate is from visits into actual business?

Ms Shepherd: We measure on campaign periods. We can tell, for example, out of those people, that if we run a campaign we measure the campaign specifically. I have some figures on wrapt in winter, as a bit of an example. For wrapt in winter 2009, which was part of this annual report, as a result of this campaign, accommodation bookings were up 15 per cent through walk-ins at the CRVC. We had 600 dedicated calls to the 1300 number from the wrapt in winter campaign. 1,700 bookings were taken during winter that were either specifically for wrapt in winter or a conversion from an original inquiry for that specific package through the CRVC.

The accommodation bookings during that period were up 61 per cent compared to 2008 through the CRVC. One operator reported more than 800 bed nights from their wrapt in winter package across all of their distribution channels. Canberra airport reported they were eight per cent up for the August figures over the campaign period. The campaign website itself had 85,997 visits; 68,000 were unique visitors—single people.

I cannot tell you, out of those 600-odd visits to the website, that each and every one definitely converted. There is an informational context as well around the website provision, so it might be a matter of doing research now and booking later. So there is not necessarily a direct correlation but when we run a campaign we measure it in that way I have just outlined for wrapt in winter.

MR SMYTH: Is there an industry rule-of-thumb or a standard that would give you a ratio of hits to conversion?

Ms Shepherd: Not that I am aware of. There are industry standards on things like open rates for specific pieces of work, such as a direct email campaign. Again, I would have to verify this but I think a three per cent open rate is an industry standard for a direct email campaign. I do not know that any sort of benchmark exists around conversion percentages.

MR SMYTH: Could you take that on notice?

Ms Shepherd: Yes.

MR SMYTH: For any of those rates, could you provide them to the committee?

Ms Shepherd: Yes, that is fine.

MR RATTENBURY: I want to ask about brand Canberra, which is specifically talked about on page 43 of the report. Can you, in one or two sentences, explain exactly what brand Canberra is?

Ms Shepherd: Basically, in the context of tourism it is our campaign “See yourself in

the nation's capital". So it is around the notion of Canberra being the home of the Australian story. We use that to imply the stories that are held and housed within our cultural institutions as well as people being able to, as we say, "see yourself". And we use that tagline to label a number of our campaign offerings: "See yourself enjoying events in Canberra", "See yourself visiting our national attractions". Brand Canberra is in a tourism context and it is the "see yourself" campaign.

MR RATTENBURY: In the recent Loxton review—and I know, Minister Barr, we have discussed before what it exactly covers—one of the key recommendations is that brand Canberra be further developed. Could you tell us a little bit about how Capital Tourism is seeing that in the context of the Loxton review and whether you have any response to that.

Mr Barr: The report is out for consultation and there will be a whole-of-government discussion. My view is that the tourism branding needs to link in with the entire brand message for the city. I am pretty sure you were at the Canberra Business Council annual dinner where Ken Cato gave the example of Victoria and the efforts there to effectively have a whole-of-government branding exercise. I think there is considerable merit in that and that the centenary year would provide the appropriate launching pad for a revitalised branding that is city wide. Tourism promotion could leverage off that. Without revealing more of what I will be saying and arguing around the cabinet table once we get to that point, I think that is certainly worth some more detailed consideration.

These sorts of branding exercises do not come cheap and they do not always work. We have all "felt the power" before and we know how disastrous that was as a campaign. So they can be hit and miss. We have to recognise that, and that not everyone will like the outcomes. Tourism Australia goes through this process when they want to relaunch brand Australia. There will always be a variety of opinions on it. But I think the centenary does provide a useful opportunity to do that city-wide branding exercise. It is as much about selling a lifestyle in the city. I think there are some powerful currents at play when it comes to the marketing of other Australian cities that we need to be aware of and we need to be competitive in that space, or we run the risk of losing a significant proportion of our younger population who are drawn away to other lifestyles.

MR RATTENBURY: The conversation about branding is an interesting one. I note that the Canberra Convention Bureau is using "think Canberra" as a nuance. How do those join up with the broader "see yourself in the national capital"?

Ms Shepherd: They use an adapted version of our branding. They draw from some of our material. Because they are a particular niche, they have positioned themselves around the learning and research institutes, but they still draw from the "see yourself" branding. You will notice their logo is very similar. They also use a lot of our material as supplementary material. When they are looking at delegate boosting or they are looking at encouraging people to stay pre and post, they use all of our material as well. So there is a linkage with the Convention Bureau in terms of that brand mark.

MR RATTENBURY: In terms of the Loxton process from here, how will Capital Tourism be plugged into that? Will that be by you, minister, as part of the ongoing

consideration?

Mr Barr: Yes, and obviously through the linkage in Chief Minister's in terms of agency coordination, but then yes, most directly through me at the cabinet table.

MR SMYTH: So you will be taking the response to Loxton to cabinet?

Mr Barr: No. That is a whole-of-government matter that the Chief Minister coordinates but I will be, of course, in part having a view from a tourism perspective in that discussion.

MR SMYTH: One of the reasons for taking tourism out of TAMS and putting it back into Chief Minister's—and I quote the head of Chief Minister's—was “to explore the synergies for programmatic alignment”. Has that programmatic alignment occurred? And how would we see the programmatic alignment between events and festivals and tourism? What has happened in that space?

Mr Barr: I think you can look forward to some announcements on 13 December in relation to that, and those—

MR SMYTH: Since its move in December last year, nothing has happened in regard to programmatic alignment?

Mr Barr: No. There has been that work that has occurred at the departmental level but, in terms of its manifestation in changes to the way we go about delivering activities and greater partnerships between tourism and the events area within CMD, you will see some of that publicly announced in the very near future.

MR SMYTH: What has happened? You said there has been some work at the bureaucratic level. What has happened?

Mr Barr: Simonne?

Ms Shepherd: In terms of the synergies, it is certainly a much better fit for us, sitting around the table with the likes of Business and Industry Development, to be across basically what is happening. Tourism was not a part, for the reasons that we have outlined previously, of the Shanghai expo. But we certainly did work closely with the team in Business and Industry Development who coordinated the Canberra participation in Shanghai. And we provided them with some expertise and input into that program, even though we were not a stand-alone feature of that. So it has opened the door for much better communication around those sorts of opportunities.

Certainly, on the front of the events, arts and protocol team, there is much closer liaison with them at a very simple level around programming of events and sharing of expertise. Floriade is a benchmark in terms of our processes. So we have been able to, I guess, share those with the CMD events unit. And it has provided a much better fit for us in terms of the fact that we have a state-level function. It has provided us with that sort of profile, I guess, at the state level rather than at the local and municipal level.

MR SMYTH: In regard to the major event that is coming up, the centenary, what alignment has occurred? And are you happy with the progress in delivering the centenary of Canberra?

Mr Barr: I have noticed your particular interest in this of late, which is terrific, after your little study trip to talk about it. I was very interested in those comments.

MR SMYTH: It appears that since my trip nothing has progressed?

Mr Barr: I think that is a very cynical view.

MR SMYTH: If it is a cynical view, can you now outline what has progressed since my trip overseas, given your interest in my trip?

Mr Barr: I just know that your trip was—

MR HARGREAVES: I am still waiting for the photos.

Mr Barr: Yes, indeed, with some amusement. Obviously, I meet regularly with Robyn Archer, the creative director. A number of elements of the centenary year program, of course, cross over in the tourism, sport and recreation area. So my involvement in terms of negotiating with a number of the major sporting bodies around securing events for that year is important.

I am sure you are aware that we have already secured the women's Australian Golf Open for the centenary year and have some very positive signs of interest from most major sports for Canberra to be hosting a variety of major events during the centenary year. From cricket through to all of the rugby codes, soccer, AFL et cetera, there is very strong interest in bringing matches and activities, national championships and the like to Canberra in that year. Perhaps the most direct arrangement that I have is a regular meeting with the creative director and her team.

MR SMYTH: But that is sport. What about tourism? What input has tourism had in the development of the program?

Mr Barr: Tourism is consulted regularly through its minister and through senior staff. Of course Mr Cappie-Wood as head of the Chief Minister's Department, Simonne and her team are regularly involved in discussions around the program, around obviously the flagship tourism events that Australian Capital Tourism runs itself. Floriade, Floriade NightFest and the autumn event, the details of which are to be announced in a few weeks, will clearly feature in the centenary year.

MR SMYTH: The Chief Minister's annual report hearings last week revealed that we will not have the full program for the centenary until late next year. Are you concerned that we will only have that program a year out? And has business raised concerns with you that this is too late?

Mr Barr: No, business has not. In fact, in some instances we are not able to finalise some elements of the program because we are waiting on schedules in terms of the forward years for a number of the major sports. For example, they will not have

settled on who is touring and what games might be available in 2013 until next year. In some instances, particularly in the sports portfolio, it is not possible to lock down those dates and times yet because the sports themselves—

MR SMYTH: You keep talking about sport. What about tourism?

Mr Barr: Indeed, yes, exactly the same. There are some decisions and some opportunities that cannot be finalised until next year. That was why the decision was taken to finalise the program in 2011. It still gives about, as I understand it, 14 months notice in advance. You are the first person who has raised any concerns at all about that, I have to say. I anticipated questions from you on this today and understand your interest in the event, but certainly no-one is raising with me any concerns in relation to the timetable of announcing the final program for 2013.

THE CHAIR: Mr Rattenbury?

MR RATTENBURY: Thank you.

THE CHAIR: Quickly, because we are going to have to move on shortly.

MR RATTENBURY: I have a couple of quick ones then. There was a motion passed by the Assembly during the year calling on the government to prepare a plan for the accommodation industry in the ACT.

Mr Barr: We love our plans and strategies.

MR RATTENBURY: I would love to hear where that is up to.

Mr Barr: Sure. There is a reporting date, which I understand is next year, for development of that—not so much development, as presentation to the Assembly. I think there were arguments about what constitutes such a document. And I am sure, once it is tabled, there will be arguments about that.

In terms of low-cost accommodation, you would be aware that the LDA have put a block on the market in Watson. There is progress—and we will talk about this in a moment, I am sure—with Exhibition Park in relation to their low-cost accommodation, also in the Lyneham precinct and at Stromlo forest park. So there is a forward program for that land release over a number of years, obviously starting with the Watson site, EPIC next, then, I would presume, Lyneham and Stromlo probably in that order, although Lyneham and Stromlo come in the later years and the exact timing of that will be contingent on a couple of planning processes going through to completion.

One would never want to speculate on the outcomes of planning processes in an Assembly such as ours. There are no certain outcomes on anything but, subject to those processes being satisfactorily completed, there is effectively a four-year pipeline for additional sites.

MR RATTENBURY: What is going to happen to the site on London Circuit that was passed in?

Mr Barr: You will really have to raise that with the real estate agent, with the landowner, the LDA. Again, I do not have a direct role in land release. That sits with the Chief Minister through the LDA.

MR RATTENBURY: Can I go on briefly then to the recent announcement that the Greater Western Sydney club is going to be coming to Canberra.

Mr Barr: The Giants.

MR RATTENBURY: The Giants, yes, indeed. Will there be a role for Australian Capital Tourism in promoting games outside Canberra?

Mr Barr: Yes, we will. We will, under the current arrangements with the AFL, promote the matches through our usual tourism product. So we will produce seasonal material that talks about what is happening in the city. Obviously, the AFL games have been the subject of promotion there.

Ms Shepherd: Sorry, could I just clarify? Do you mean the games that are being held outside Canberra or our marketing outside?

MR RATTENBURY: No, the ones in Canberra.

Ms Shepherd: Okay. I just wanted to check. I was going to say no, we will not be promoting matches that are outside Canberra.

MR RATTENBURY: I may be new to the Assembly but I am on top of that one.

Mr Barr: I took your question to mean matches played at home.

MR RATTENBURY: Thank you.

Mr Barr: Yes, we will obviously have two elements to that marketing. The first goes to football club members. Again, the example is the Hawthorn-Tasmanian government model whereby the up to 60,000 or thereabouts members of the Hawthorn Football Club all receive regular promotions for Tasmania and the matches that are played there. So you are in regular contact with the football club membership base but then there is also the broader marketing by the sport itself.

MR RATTENBURY: Will our heads of agreement include access to that membership database list for these purposes?

Mr Barr: Yes, certainly our material will be prominently featured for members of the Giants.

MR HARGREAVES: How many members of the Legislative Assembly are signed-up members of the GWS club?

Mr Barr: That is a very good question. I certainly recall, in the matter of public importance, six members of the Canberra Liberals proudly saying they would sign up.

I am aware that a number of members of the Greens—

MR RATTENBURY: At least two.

Mr Barr: At least two. I know I am a member. I know the Treasurer is a member. I understand you are a member, Mr Hargreaves. I think there is fairly strong representation of Assembly members as foundation members. And I appreciate and welcome the support of all four members in relation to that partnership. It was that strong encouragement from the matter of public importance that gave me the confidence that this was a partnership that was supported across the political divide—

MR HARGREAVES: Mr Taylor should be applauded for what he did.

Mr Barr: Indeed—and that when the inevitable criticism came, members would stand by their statements prior. And I would like to acknowledge, Mr Rattenbury, that you have done just that, as, I understand, has the shadow minister for sport. And that is most welcome.

MR SMYTH: On the GWS, what is the tourism benefit expected from the investment of the \$23 million?

Mr Barr: The research on the AFL games that we have hosted to date at Manuka has indicated that about 30 per cent of the crowd comes from interstate. With a capacity of around 14,000 or 15,000, you are talking about 5,000 interstate visitors for each of the matches. I do not have the detail in front of me in terms of the multiplier and the dollars spend for each but it is, again, for a normal overnight stay you will be talking \$150 to \$170 per visitor sort of expenditure. The research there was pretty consistent with most other interstate overnight visitors.

I can easily provide the detail. I just do not have the sheet in front of me. It was provided in the briefing pack, as I understand, to other members who were briefed on the detail of the arrangements. So I have no problems with making that information available.

MR SMYTH: You can break down the tourism impact?

Mr Barr: Yes, we have done that. That was part of the discussion with the AFL.

THE CHAIR: Not being one of the foundation members of the GWS, I will move to a different subject.

MR HARGREAVES: Shame on you, Madam Chair!

THE CHAIR: On page 45 you talk about a partnership with the Australian Alps national landscape working group on developing an overnight, premium, nature-based product at Tidbinbilla. Could you tell us some more about the plans at Tidbinbilla?

Ms Shepherd: I do not have a lot of detail but I can talk a little bit about it. There are two different lots of involvement with Australian Capital Tourism. Firstly, as indicated in the report, Tourism Australia undertook an initiative called national

landscapes and it basically identified what they classed as significant natural areas of Australia, and the Australian Alps were identified as one of those. The ACT is obviously a portion of the alps, so we work in conjunction with Victoria and New South Wales, and it has been a program that basically has rolled out around destination management best practice. So it has not been a direct consumer campaign at this point; it has been around destination management.

The other side of this work that has been discussed here in the report is that Australian Capital Tourism has been involved with Tidbinbilla for the last, I think, two years in its new life. One of the programs that has come out of that from an industry development and product development perspective has been a partnership with Conservation Volunteers Australia. So they are now running tours that a consumer can go and purchase, book, through Conservation Volunteers Australia. They go to Tidbinbilla, it includes accommodation, and they work on a range of conservation projects out at Tidbinbilla. It is basically part of the voluntourism movement, so people who are paying to be tourists but are volunteering their time as well on a variety of projects. That has been pretty much a trend worldwide. That is just a small example of our involvement with Tidbinbilla.

THE CHAIR: So Tidbinbilla with volunteering and tourism: which is the driver? Is it the tourism or the volunteering and doing something good for Tidbinbilla?

Ms Shepherd: Conservation Volunteers Australia already had a relationship with Tidbinbilla. Our product industry development manager in Australian Capital Tourism negotiated and drove the idea of this tourism partnership, picking up on this voluntourism trend. There is a huge amount of opportunity for that here, but that product fitted the bill nicely for that opportunity. So that was driven through Australian Capital Tourism.

THE CHAIR: Right. Do we have any statistics of how many people do the multiweek walk of the ACT at the Namadgi visitor centre?

Ms Shepherd: We do not. Parks, Conservation and Lands may. I may have to take that one on notice.

THE CHAIR: Okay. And more broadly again—this may be on notice—have you any idea of how many people actually come to Canberra for Namadgi and Tidbinbilla for that part of our tourism spectrum?

Ms Shepherd: Again, we would have to take it on notice. PCL would have the park entry figures.

THE CHAIR: Would they have an idea of how many of them are tourists, given our earlier discussion on tourism versus—

Ms Shepherd: I do not know whether they take postcodes.

THE CHAIR: Because I suspect the answer is that they probably would not.

Mr Barr: We will see if we can interrogate that. It might be possible depending on

the nature of their data collection. I know that in some national parks I have visited in other jurisdictions they will ask for your postcode, so that would at least give you a sense of the split between local and interstate. If that is possible, which I cannot see why it would not be, gathering that information would be useful.

THE CHAIR: More broadly, do you have an idea if this is being really part of our image? Is this part of expanding brand Canberra, because, as we all know, more than half of the ACT—

Mr Barr: Way more than half.

THE CHAIR: Way more than half.

Mr Barr: Eighty per cent.

THE CHAIR: Way more than half of the ACT is a natural environment, unlike other parts of Australia.

Mr Barr: Yes.

Ms Shepherd: Certainly, nature based is part of the offering, but again it comes down to that economic argument around targeting high-yield visitors. So the nature-based offering that we are focusing on, for example, is that partnership with CVA and Tidbinbilla. People coming to simply walk and camp in the park are not high-yield visitors. So it does not figure as a large part of our strategy. Certainly, we do promote nature-based tourism. But, as I said, where we do it we look for those high yielding opportunities.

Mr Barr: If someone wanted to set up a five-star eco retreat in that area, that would be interesting. We might discuss that in our accommodation strategy.

MR SMYTH: Minister, on page 48 under “Future Directions”, the second dot point says “review and refresh brand and tactical campaigns”. What review of the “see yourself in Canberra” campaign has been conducted to date and what is the outcome of those reviews?

Ms Shepherd: We are about to undertake that work. So—

MR SMYTH: Has any been done previously?

Ms Shepherd: Prior to my arrival here there had been a number of testing pieces done. I think the “see yourself” second refresh had just been done when I started, so there had been a first iteration, there had been work done—and I would have to take that on notice to tell you what that was.

MR SMYTH: Yes, if you could.

Ms Shepherd: So they had done a first round of the “see yourself” branding. Subject to the measurement and work done on that, there had been a brand refresh, which was launched just when I started. Since then, we basically rolled out that campaign. We

are now about to go in to a phase of testing and reviewing whether that is still resonating or whether it needs tweaking. We are not looking at a new brand; we are looking at a brand refresh. So we are not looking at a whole new campaign. We think this has longevity, but obviously it needs a tweak every now and again for market relevance and resonance.

MR SMYTH: Do you have data to support that it has longevity and that it has achieved its objectives?

Ms Shepherd: Certainly, the work that was done, as I understand it, under the refresh showed that it was on target; hence why they undertook the second phase of the campaign. We are about to start that work now, as I said, to start testing and measuring how that second phase has gone and what we need to do for the future. So we have not undertaken that piece of work yet; it is part of what we are doing now for the second half of the year.

MR SMYTH: Right, so in the second half of the year what will the review consist of and how much will be expended?

Ms Shepherd: I would have to take that on notice in terms of expenditure.

MR SMYTH: All right; that is fine. In terms of other reviews, minister, will you release the Ernst & Young report into the autumn concept?

Mr Barr: I will give that some consideration.

MR SMYTH: What? You are not sure you can release it? Is there something you are hiding? Is it as bad as the Loxton report?

Mr Barr: I will give that some consideration.

MR SMYTH: All right. The folio 581 concerning the review looks at only a single concept. What happens if the modelling finds that the concept is not satisfactory? What is your fallback position?

Mr Barr: I will be making announcements in relation to the new event on 13 December. You can look forward to that.

MR SMYTH: All right, and what is the expected return on the investment in the new event?

Mr Barr: I will be making announcements on that on 13 December.

MR SMYTH: That is okay, but we are—

THE CHAIR: Yes, I think we are going to have to leave that question—

MR SMYTH: No, I am entitled to ask, Madam Chair.

THE CHAIR: Yes, but we are not—

MR SMYTH: Why won't you reveal what the expected return is on the investment?

Mr Barr: Because I will be making those announcements on 13 December.

MR SMYTH: Previous ministers have got into trouble for that sort of approach, and I can give you a couple of examples, if you like.

Mr Barr: What—like yourself?

MR SMYTH: No. Actually, I never did. In fact, it was a couple of Labor—

Mr Barr: It has been so long since you were a minister, hasn't it?

MR SMYTH: And that is just so witty. A couple of Labor ministers were asked questions—

Mr Barr: Getting lectured by you on what previous ministers have done is equally witty.

MR SMYTH: I can give you the references to the previous Labor ministers that got into trouble for not answering questions—

THE CHAIR: Mr Smyth, Mr Barr was—

MR SMYTH: Why won't you answer the question on the expected returns?

Mr Barr: Because I am making an announcement in relation to the event on 13 December and I will not be pre-empting it this afternoon with you. And I do not think that that is an unreasonable position given that you have all been invited, some time ago, to a launch on 13 December.

MR SMYTH: What did the consultant conclude—

THE CHAIR: Mr Hargreaves, have you got a question?

MR SMYTH: about the new autumn event?

THE CHAIR: Mr Hargreaves, have you got a question?

MR HARGREAVES: Yes.

MR SMYTH: It is not an unreasonable question, Madam Chair.

THE CHAIR: His commentary is—

Mr Barr: I have indicated I will be making announcements in relation to this on 13 December.

THE CHAIR: There is no point in going—

MR SMYTH: And you have an obligation to answer the—

THE CHAIR: around this again.

MR SMYTH: There is. He has an obligation to answer the questions of the committee.

THE CHAIR: And he has answered it and—

MR HARGREAVES: I have got a question for the minister, if I may: what are you doing on 13 December, minister?

Mr Barr: I suspect, Mr Hargreaves, that I will be putting Mr Smyth out of his long-term misery on 13 December. But you never know.

MR HARGREAVES: With your sporting minister's hat on, do you want to take a bet on that?

MR SMYTH: No. It may just begin—

Mr Barr: Indeed. That is right, I am sure. And all of the pent-up stress that is displayed in the series of questions will be revealed.

THE CHAIR: Mr Rattenbury, do you have another question?

MR RATTENBURY: No, Madam Chair.

THE CHAIR: We will move on to EPIC in that case.

Mr Barr: You never know, Mr Hargreaves. He, possibly, may even be a convert to supporting the tourism industry in the ACT,

MR HARGREAVES: Shall I cancel my previous plans, minister, for that exciting event on—what was the date again?

Mr Barr: You will be very excited. It is 13 December.

THE CHAIR: On this note, any more questions on tourism we will take on notice because we need to move on to EPIC—

MR HARGREAVES: I thought we just had an epic, Madam Chair.

THE CHAIR: Thank you. Thank you all very much for attending to talk about EPIC. Hopefully, it will not be an epic hearing. I could not resist that one, I am afraid. I imagine that everybody is aware of the privilege card. You are all nodding, so I take it you are aware of the responsibilities. Minister, do you have a statement on behalf of—

Mr Barr: Given that we have about 20 minutes, Madam Chair, I will move to answering questions straightaway.

THE CHAIR: Thank you very much. This question will not come as a surprise given my interest in waste matters—

Mr Barr: Yes; there was a recycling initiative that you have been very interested in.

THE CHAIR: There were a couple of press releases put out with respect to EPIC and recycling recently—on 7 October, to be precise.

Mr Barr: I am flattered by your interest, Madam Chair.

THE CHAIR: I quote from the General Manager of the Packaging Stewardship Forum, Jenny Pickles, who said:

Through well placed infrastructure, good promotion and our call to action to Do the Right Thing Use the Right Bin we have shown we can deliver effective away-from-home recycling systems in public places, with minimal contamination.

My question basically is in relation to the installation in EPIC, which I am sure we are all very pleased about. Do you agree with those statements that the efforts on public recycling have shown that they can “deliver effective away-from-home recycling systems in public places, with minimal contamination”?

Mr Barr: Yes; obviously I do, as I supported this initiative at exhibition park.

THE CHAIR: Will you see it continuing and being expanded in other areas under your responsibility?

Mr Barr: Where that is feasible, and with the appropriate partnership and support from venues and from patrons, yes.

THE CHAIR: Has it yet done enough that you can make any comments on its support in EPIC or are we really too early on that?

Mr Barr: It is very early days, unless Liz would like to make some observations so far.

Ms Clarke: We are very thrilled about this program. What we are now doing is—with every event that we have: our functions, our dinners and everything—recycling bottles, all the paper et cetera. As well as that, this week we have just started introducing a food and organic waste program. We have got four 240-litre bins that will be for all our dinners and everything—having the leftover food and that sort of organic waste collected as well. We are only a small team, but we are trying to do as much as possible for EPIC. Really, we are following what the Folk Festival has put in place. We can see that over the next 12 months all our events will be having a recycling component. And we will be encouraging major event organisers to use the food and organic waste program as well.

MR HARGREAVES: Supplementary, Madam Chair?

THE CHAIR: In a minute, Mr Hargreaves. You mentioned the Folk Festival. Probably my major disappointment at this year's Folk Festival was that they stopped using reusable mugs and moved to recyclable paper mugs. Did you have any involvement in that or do you have any idea as to why that happened? I have asked a number of people, and I think I have got a different story from every person.

Mr Barr: How unlike this city!

Ms Clarke: Unfortunately, I was away, so I was not at the event, but I will be at next year's event. I am not aware of exactly why. There was a reason. I am more than happy to take that on notice and approach the organiser, Sebastian Flynn, and ask him if he can provide me with that to forward to you, if you like.

THE CHAIR: Yes, I would be interested in that. One of the many related answers I had was that it just cost them too much in terms of volunteer time and that the real solution was to provide more taps and spaces where people could bring their own mug and wash it themselves so that they took responsibility for their level of hygiene.

MR HARGREAVES: And waste water at the same time. It is potable water.

THE CHAIR: Have you looked at more of that sort of facility?

Ms Clarke: We have not, but we are more than happy to work with any event organiser to put in place these types of initiatives. I imagine it is always a challenge, particularly for events such as the Folk Festival, where they are reliant on volunteers. I think that they do a fantastic job. Sometimes they may not be able to do everything that we would hope they would be able to do, but certainly the event is a fantastic return for the territory and it encourages visitors and Canberrans to go to EPIC for that.

THE CHAIR: You had a supplementary on this, Mr Hargreaves?

MR HARGREAVES: Yes, if I may. I am looking at page 102 of the bible according to St Elizabeth. In the bit about "comingled material recycled (based on bins collected)", you have changed the indicator from tonnes to litres?

Ms Clarke: Yes.

MR HARGREAVES: You have got 87 tonnes against 3,500 litres. Why? And what would have happened if you had used the same thing from last time?

Ms Clarke: I will have to take that on notice. I am not exactly certain why we went from tonnes to litres, but I am more than happy to take that on notice for you.

MR HARGREAVES: Okay. If you would not mind, while you are at it, can you get the gurus to backcast? Litres are the way to go, but with the 87 tonnes and the 23 tonnes, what would that have been in litres—so that we can get a bit of a comparative outlook?

Ms Clarke: Good point. Thank you.

MR HARGREAVES: I have got another question on the same page, if I can just get it over and done with.

THE CHAIR: I guess so, Mr Hargreaves.

MR HARGREAVES: I was interested in two indicators in the water consumption bit. There was a massive reduction in the water use from 57,750 kilolitres to 48,321. That is huge. And also there was a reduction from the water use per office FTE from 6,800 kilolitres per FTE down to 6,040. These are great figures, and I would be interested to know how you did it.

Ms Clarke: It was mainly to do with dual-flush toilets. We have got a program in place to replace all our toilets with dual flush—as well as shower heads; we have got the water-saving shower heads. I imagine that those initiatives helped in the reduction of water. We also reduced our water usage in irrigating our site. They would have been the three major initiatives.

MR HARGREAVES: Thank you. In relation to that, I noticed that the notes indicate that it is not individually metered per office, which is reasonable, but that you have estimated it at 10 per cent of the total water use. Is that 10 per cent an industry standard or how is it arrived at?

Ms Clarke: We sought advice from the Department of the Environment, Climate Change, Energy and Water as to how to determine that data. As I said before, we are a small team and we are coming to terms with how to measure that. The advice was that that was an appropriate percentage to use, so that is how we are doing that at the moment. It would be useful if we could have every area metered, but we cannot at the moment.

MR HARGREAVES: Sure. We might take that up with DECCEW—how they arrived at 10 per cent. Thank you.

MR RATTENBURY: Could I ask something while we are on that page?

THE CHAIR: Sure.

MR RATTENBURY: The water figures are terrific. I note that, by contrast, unfortunately, the energy use and greenhouse figures have both increased quite significantly. Can you provide us with some insight as to why this has occurred?

Ms Clarke: I cannot, but I can take that on notice and see if I can give you some information. Sorry.

MR RATTENBURY: That is all right. And it would also be useful to know what you plan to do to turn the trend around. The increase has been in the category of 13 to 14 per cent, which is obviously not the direction you want to be going in.

Ms Clarke: No, that is right.

MR RATTENBURY: It would be useful to get some feedback on that. Thank you.

THE CHAIR: Mr Smyth.

MR SMYTH: Minister, on page 7, the Exhibition Park Corporation structure—is that the structure that is still in place today?

Ms Clarke: There has been a change in the internal team; we have got an events coordinator's assistant. Apart from that, everything is the same.

MR SMYTH: I am curious as to why the Department of Territory and Municipal Services appears in your organisation chart?

Mr Byles: It is an administrative oversight function, and purely that. The general manager reports to the board and also reports, through the Executive Director, Territory Services Division, to me for administration.

MR SMYTH: According to page 9, EPIC is governed by a board. Why does it have a reporting role though TAMS and which section of the act includes TAMS in the management structure?

Mr Byles: I am sorry; could you repeat that, Mr Smyth?

MR SMYTH: Why does TAMS appear in the org chart? It is probably more for the minister than for you, Mr Byles. And which part of the act gives TAMS a role in the governance of EPIC?

Ms Clarke: TAMS is the business unit under the AAOs for the corporation to be part of. Before TAMS it was Treasury. My staff and I are staff under the business unit; we are actually business unit staff. Previously we were Treasury staff; now we are TAMS staff. We need to ensure that, with any human resources component, we meet the TAMS policies and procedures. That is why there is a reporting role on the HR component.

MR SMYTH: You just said you are TAMS staff?

Ms Clarke: Yes.

MR SMYTH: Surely you are EPIC staff for the purposes of the act? This was the whole point of the act. Again, the question goes back to you, minister. Which section of the act gives TAMS a role?

Mr Barr: The public service management act.

MR SMYTH: Sorry?

Mr Barr: Under the public service management act.

MR SMYTH: Which section?

Mr Barr: I am happy to take it on notice. Obviously, I do not have the act in front of me and I do not have a photographic memory of every section of the various acts. But there is an overlap between the EPIC act and the Public Sector Management Act, and there are administrative orders that the Chief Minister puts in place. As Ms Clarke indicated, prior to administrative changes that saw EPIC sit within TAMS, they sat within Treasury.

MR HARGREAVES: Is that a similar relationship to the cemeteries trust?

Mr Byles: It is exactly the same reporting set-up.

MR SMYTH: But this is not reporting as such. This shows that TAMS has a role in the structure. Does the general manager report to somebody inside TAMS apart from reporting to the board?

Mr Byles: The answer is yes, for administrative purposes, and as Ms Clarke has—

MR SMYTH: What does that mean?

Mr Byles: HR functions; pay, I would suggest, through the normal payroll requirements—a range of anything to do with the administration of the staff at EPIC. Bear in mind that the board is not full time.

MR SMYTH: What happens when there is a conflict in advice given to the general manager by the board and by TAMS? How is the conflict resolved?

Mr Byles: That has not happened since I have been chief executive. That is not to say that it will not happen, but it has not happened. We would resolve that by good dialogue and good relationships.

MR SMYTH: I go back to it, minister, and I understand that you have taken it on notice: if you could tell me which part of the EPIC act puts TAMS into the EPC structure, I would be most interested.

Mr Barr: It may not be in that act; it may be another act—the Public Sector Management Act.

MR HARGREAVES: And could I ask for a comparison with any other instrumentality that might be useful, such as the cemeteries trust and those sorts of things.

Mr Barr: Essentially, though, the issue here is that this is a very small organisation that has a very small staff, so it is—

MR SMYTH: That is okay, and the will of the Assembly was that it would be an independent organisation.

Mr Barr: The will of the Assembly. Here we go again!

MR SMYTH: What—you do not believe in the will of the Assembly?

Mr Barr: No—

THE CHAIR: Gentlemen, let us leave that.

MR SMYTH: I am entitled to ask the question, Madam Chair. You are not here to defend the minister; you are here to facilitate.

MR HARGREAVES: That is my job.

MR SMYTH: You do not believe in the will of the Assembly?

Mr Barr: I am making no observation at all, Mr Smyth. I was just responding to your throwaway line. That was not a question; it was just a comment from you. I responded with a comment.

THE CHAIR: Mr Rattenbury, have you got a question?

MR RATTENBURY: Yes, thank you. I want to ask about the service station site, which crops up a number of times in the report. Can you take us through where things are up to regarding that liability?

Mr Barr: Indeed. Liz, would you like to do that?

Ms Clarke: We are about six weeks behind where the corporation wanted to be. We have demolished the facility. We have engaged a contractor to remediate the site before we hand it over as a clean site to the successful tenderer. As well, we have had a draft development control plan issued by the National Capital Authority. That was released in July, but notification from the NCA came to us in November that the DCP is now finalised. As soon as we hand the site over to the new company, they will lodge a development application. From then on, I think the timing will be pretty much back to what I said in the budget estimates: we expect to have the service station operating in 2011. I am hopeful that it will be within this financial year, but obviously it is dependent on things such as rain, which has certainly delayed our remediation.

MR RATTENBURY: Just to confirm it, implicit in what you were just saying is that there is a successful tenderer?

Ms Clarke: Yes, there is. We have signed the contract.

MR RATTENBURY: Can I just ask a question which perhaps I should know the answer to. What is an impairment assessment? It is a term used in the annual report.

Ms Clarke: Impairment assessment is—when we demolished the service station, the value of that was \$1.2 million or—

MR RATTENBURY: It says 1.25 in the report.

Ms Clarke: It is a sort of accounting thing. It has to be taken off our books. When the service station is developed, it will come back on. It is just a journal entry.

MR SMYTH: You have spoken about remediation of the site.

Ms Clarke: Yes.

MR SMYTH: What remediation is being undertaken?

Ms Clarke: We removed the eight tanks. There was contamination in the tanks, so they had to excavate the site to meet EPA approval. As well, there was discovery of two asbestos-wrapped pipes that had to be removed. Those pipes were not shown at all on any of the drawings that we had, so that was another additional removal that we had to do.

MR SMYTH: What is the cost of the remediation?

Ms Clarke: At the moment, we have not got a final figure, but when they have finished the job, we are more than happy to forward that to the committee.

THE CHAIR: Can you take that on long-term notice.

MR SMYTH: Why was the former lessee not responsible for the remediation? Why was EPIC chosen to accept and bear that cost?

Ms Clarke: This is part of the contractual negotiations. The successful tenderer will also contribute to the remediation of the site, but it was part of the agreement.

MR SMYTH: Why didn't the previous owner of the lease and the person who was there when the contamination occurred fix up their mess? Every other service station site in the ACT is cleaned up by the person that has allowed the contamination to occur. Why would the previous lessee not do that?

Ms Clarke: It is my understanding that the service station was handed back to the corporation from the owner. Then it was subleased to Shell to operate for 12 months. They stopped operating in January. As to taking back that site, my understanding is that there was no recourse to go back to the previous owner.

MR RATTENBURY: On what basis was the service station given back? Did you buy it?

Ms Clarke: No. It was the corporation's asset.

MR RATTENBURY: So EPIC has always owned it?

Ms Clarke: Yes.

MR RATTENBURY: EPIC, therefore, is responsible for the mess?

MR HARGREAVES: The head lease holder is responsible for the remediation.

Mr Barr: That would have been a matter that a previous board would have

determined.

MR HARGREAVES: You might correct me on this, but I seem to remember that in relation to the Torrens petrol station site it was the responsibility of the head lessee to remediate the site. It does not matter how many sublessees you might have over time, it is up to those people—the head lessee—to remediate it. If they want to chase the other people for the costs, they do.

Mr Barr: They are, effectively, the owner of the site.

MR HARGREAVES: Yes, it is a lease.

Mr Barr: That is right.

MR HARGREAVES: Will you be thinking about, or have you gotten any advice on, whether you will try and recover some of those funds from the previous lessee?

Ms Clarke: We have sought initial advice from the Government Solicitor. We are just waiting to pursue that. The early advice is that we are not in a position to be able to go back.

MR HARGREAVES: Okay.

THE CHAIR: Can I just ask about block 751, which you refer to on page 11. Where are we up to with that? When are we likely to have low budget tourist accommodation on it?

Ms Clarke: Firstly, it is now called block 799.

Mr Perram: It is perhaps best if I answer this one, largely because I am on an interdepartmental working group that is working through the process. Basically with the site the easement identification has been completed, the heritage report has been completed and the contamination report has been completed. The site has been fenced where they cut off the balance of the original block 751. The traffic report has been completed. The infrastructure works required to have the site prepared have been completed.

A preliminary ecological survey was done and that required a further survey to be done in October and November. We now have a referral to the EPBC and we anticipate a reply back on that on 24 December. We are not sure whether that is a good thing or a bad thing, being on Christmas Eve—I do not know. The business case has been completed by EPIC and that work was done in conjunction with EPIC and Treasury.

The DCP for the site was out on exhibition and closed last Friday. We understand there have been two submissions. We understand also there are no blockbusters or stops in relation to the proposed development in those two submissions, but the detail has not come back to us at this stage. Subject to what comes back to us on 24 December, we hope, in the first quarter of next year, to be able to go to expressions of interest.

THE CHAIR: All going well, what sort of timetable do you think?

Mr Perram: We would hope that in under 12 months we would have the construction on the site.

MR SMYTH: So part of block 751 is now block 799, which will provide the site for the low cost accommodation. Is that transaction now completed?

Mr Perram: Block 751 was a substantially larger block.

MR SMYTH: Yes.

Mr Perram: The block that we talked about last year, I understand, was the 16 hectares. That is 799 and it has been separated from the primary block.

MR SMYTH: Has it been purchased and paid for by EPIC?

Mr Perram: It has not been transferred at this stage.

MR SMYTH: Has it been purchased?

Mr Perram: That is largely because—

MR SMYTH: Has it been paid for?

Mr Perram: It has not been transferred or paid for, because obviously you are not going to make payment until the transfer. That is largely because this was the process that was agreed on to ensure the integrity of the site and capability to provide low cost accommodation.

MR SMYTH: So as at 30 June it was not transferred or paid for and, as of today, it has not been transferred or paid for?

Mr Perram: That is correct.

MR SMYTH: Minister, if I recall, you said at estimates that the transaction was complete.

Mr Barr: No, I said the discussions in relation to the process. I did not say that any money—you then had a series of follow-up questions about it. I remember it well. We gave a very similar answer in relation to the process that would then transpire, and Phillip has just outlined that, and we are well advanced in relation to—

MR SMYTH: Why has it taken so long?

Mr Barr: Because these are complex processes. I think Mr Perram—

MR SMYTH: This has been going on for years.

Mr Barr: has just outlined the various studies required. We have still got at least two commonwealth referrals outstanding—EPBC and the National Capital Authority. So it has got to go through those national planning processes as well. Unfortunately, Mr Smyth, on land that has a dual planning approval process, things take time.

THE CHAIR: I think there may well be some questions to be taken on notice for EPIC. Thank you very much, EPIC people. Following afternoon tea we will come back to the Gaming and Racing portfolio.

Short adjournment.

THE CHAIR: We will resume this public hearing and we will recommence with the examination of the annual report of the ACT Gambling and Racing Commission. Can I remind witnesses of the privilege obligations afforded by the yellow privilege card. Can you just confirm for the sake of the record that you understand the privilege implications of this?

Mr Barr: Yes, Madam Chair. We are aware of and understand them.

THE CHAIR: Thank you. Before we go to questions, minister, do you wish to make an opening statement?

Mr Barr: No, Madam Chair. I will decline that opportunity and let you ask more questions.

THE CHAIR: Thank you. I would like to ask about the Unlawful Gambling Act which was passed in the Assembly last year and commenced on 22 March this year. Can you give us an idea of what has been the impact of this legislation?

Mr Jones: As you rightly said, Madam Chair, the Unlawful Gambling Act was a new act which replaced three previous, quite old pieces of legislation. Two were based in the early 1900s and the other one was a 1984 act. When we reviewed those three old acts, we aimed to tighten up all the provisions which controlled unlawful gambling in the territory. There were a number of ambiguities which needed clarifying, so we fixed the drafting of all those acts and updated all the offence provisions in there.

In terms of the impact of that, we have only had one complaint of unlawful gambling activity since that act commenced, and that is currently under investigation. It is relatively minor. In terms of what the rest of the act covers, it provided for charitable gaming. We have had no applications from a charitable organisation to conduct such gaming, which is not a great surprise to us. That opportunity is there for them to fund-raise through that opportunity but we have had no applications through that.

In terms of gaming in private houses, that is not something which we audit on or investigate unless we actually have a formal complaint. We have had no complaints about unlawful gambling activity being conducted in private homes or, in fact, in commercial organisations which would be unlawful, other than that one complaint I mentioned earlier.

THE CHAIR: That one complaint is the only investigation you have done and you do

not have a proactive role; you have a reactive role. Someone has to say, “I think there is a problem”?”

Mr Jones: Correct, yes. We do audits on gambling activity right across the territory but we obviously do not venture into people’s private homes to make sure that activities they are conducting there are in accordance with the act. We go by complaints.

MR SMYTH: Minister, with respect to the racing industry review that has been referred to the ICRC, what was your role in that and what was the commission’s role in establishing that review?

Mr Barr: I asked for such a review, and asked the Attorney-General to commission the ICRC to do so. They will report to me before Christmas this year. I understand a draft report is due for release prior to Christmas. I am meeting with the racing industry, the three racing clubs, in the next couple of days to discuss elements of the review. Obviously, they agreed to the terms of reference for the ICRC review. At this point, that is where it is at.

MR SMYTH: Did the commission have any input into the terms of reference?

Mr Barr: Yes.

MR SMYTH: What prompted your call for this review?

Mr Barr: A change in the funding structure for the racing industry, a short-term resolution of some of the issues, obviously a desire in the longer term to see more stability for industry funding. There are a number of different issues that confront the industry in relation to national reforms and the outcomes of certain legal matters and legal challenges in other jurisdictions, particularly around product fees, for example. So there are a number of uncertainties and I thought it was important to have an independent party rigorously examine the totality of industry funding.

MR SMYTH: Will that potential spillover effect from, say, New South Wales be examined by the review?

Mr Barr: I imagine it will be a feature but not the totality. It is an element of funding for the racing industry. So, yes, it will be a feature but not the complete focus of the review.

MR SMYTH: So you expect the draft before Christmas. When will the report be released?

Mr Barr: There will be a draft report released prior to Christmas.

MR SMYTH: A draft report released. Okay, thank you.

THE CHAIR: Mr Hargreaves?

MR HARGREAVES: Not at this point, Madam Chair.

THE CHAIR: Mr Rattenbury.

MR RATTENBURY: Can I ask about income from gaming, which is reported on page 9 of the annual report. Obviously, a large proportion in the ACT is gaming machines and then the other segments are broken down there. It is my understanding that, with respect to the revenue we collect from gaming machines in the ACT, we are one of the lowest taxing jurisdictions in Australia. Am I correct in that understanding and could you give us a few details?

Mr Jones: Yes. In terms of gaming machine tax, we are about the second lowest. Because it is a sliding scale, it depends on what level of activity, meaning what size of club, you are looking at. New South Wales have a lower tax rate for the smaller clubs than us. They have quite a large tax threshold. Some of our top-end clubs pay slightly more than what the equivalent would be in New South Wales. But we are about the second lowest taxing jurisdiction of gaming machines in Australia.

MR RATTENBURY: Page 78 of the report talks about problem gambling research. Obviously, the key outcome for this year, or through this reporting period and just reported now, is the ANU study that was released last Friday. Page 79 lists a number of other research projects that are underway. Could you please give us an update on some of that research and how it might supplement the prevalence study that was released last week?

Mr Jones: Sure. On page 79 it lists the Gambling Research Australia national research which is ongoing. The ACT, through the commission, are a party to that research, as is every jurisdiction in Australia. A lot of that research is very useful from a national perspective, but in terms of specific knowledge or information provided to the ACT, it is not a lot of use other than a national benchmarking.

Normally, with national research, if they do sample in each state, the sample size for the ACT is really very small and it is almost impossible to draw any significant conclusions on the ACT component of this national research. However, it does throw up some quite interesting national phenomena or areas of interest. We monitor that national research very closely so that if there is anything of interest or which we think is particularly topical in the ACT then we would get the ANU to add that to its program, obviously increase the ACT sample size, and then do the equivalent research in the ACT using the national research as a benchmark. So that is quite useful from that perspective.

MR RATTENBURY: Are there particular findings that came out of the ANU prevalence study that you will be seeking to perhaps do additional research on now, or follow up particular areas?

Mr Jones: Yes, certainly. We have only just begun to analyse the report. As a number of members of the committee that were present at the release on Friday would appreciate, there is a lot of information in that report which will see us well for the next several years in terms of what we are doing.

What we have with ANU is a five-year ongoing research plan. The first research,

which we are hopefully going to finalise by Christmas, is two projects directly from the prevalence study. The first one is to find out exactly who the problem gamblers are, basically dig down a bit deeper based on the information that is in the survey data which is not necessarily published in the report—because, clearly, the report is a summary of the detail that was obtained—find out the detail of the problem gamblers, including those at risk, so that we get a better profile of exactly who is having the problems. Perhaps more significantly, we will drill down further into the help-seeking behaviour, or specifically the lack of, and try and find out why those that are suffering problems with their gambling, and particularly those that are at risk, are not seeking external help or advice on perhaps getting some assistance with their gambling.

Clearly, the key is to help those that are suffering from their gambling and, more hopefully, preventing those that are at risk from actually becoming problem gamblers. So drilling down into why people do not seek help is probably our main focus in this financial year for the research.

MR RATTENBURY: Once you have that understanding, what role will the commission play in addressing those findings?

Mr Jones: Hopefully, a very significant role because this sort of information is not currently available and has not been. Combined with the bill that the Greens have tabled in the Assembly, and supported in principle by government, setting up the problem gambling assistance fund, given the way things are heading at the moment the commission will have the role of operating that fund and allocating those moneys collected, the commission's knowledge picked up from the prevalence study and this further research will be directly influenced in terms of where funds are allocated for that roughly \$1 million a year gambling assistance fund. I think the timing of both the establishment of that fund and the results of the research are very positive in terms of focusing where those funds will be spent and getting the best value for those dollars.

MR RATTENBURY: Do you have any research on the impact or effectiveness of the problem gambling assistance measures that are currently provided through the clubcare program? Has there been any research on that?

Mr Jones: Basically, the clubcare program provides counselling services, and that is it. The funding from the clubcare program is in the order of \$300,000 a year, and that provides counselling services for the club industry. The commission has a number of measures, including some education and some promotions. We have a lot of brochures that we provide around the place and we have a series of TV ads aimed at a self-help approach which we show usually in problem gambling awareness week. We seek feedback from Lifeline counsellors as to whether there has been an increase in inquiries or appointments being made during that promotional week.

Finally, we have a problem gambling website and we monitor the hit rate on that website. We have found that over the last 12 months there has been a steady increase, since we set it up a couple of years ago, of hits on that site. We notice a particular spike in May, when problem gambling awareness week is on, so obviously our campaign and that week do generate some interest, which we can monitor through the hit rates on our website.

MR SMYTH: Just on the issue of the problem gamblers and who they are, what does the report tell you about where they gamble and how they gamble?

Mr Jones: As far as we have analysed it so far, what it says about problem gamblers is that they do not just gamble with one particular activity. What it says is that on average a person that has been classified as a problem gambler gambles with four different activities, so that could be gaming machines, casino, sports bookmaking and perhaps lotteries. They are not just focusing on one particular activity. They are multiskilled, if you like, in terms of their approach to their difficulty. They are not confined to one particular area. That is the most striking.

There is other information on the type of person they are. There is an average or a standard profile, if you like, in terms of generally young, generally male and either lower socioeconomic or less well educated. There is a bit of a profile there. We need to dig down further into exactly what that profile is to assist us on how we can target our future education programs particularly.

MR SMYTH: You have said there are two reports or two bits of work you would like to do—who are they and what it is that will trigger help-seeking behaviour.

Mr Jones: Yes.

MR SMYTH: How long will it take to get that information? Is that information essential to having a better outcome in how we spend our problem-gambling dollar?

Mr Jones: In terms of the timing, there are two projects there. We think getting a better profile of our problem gamblers can be fairly quick. If we can sign a contract with the ANU pre-Christmas, I expect we might get some results about April or May. That is fairly quick. It is almost like a desk audit, if you like. It is a desk analysis. There is no more research to be done. That should be fairly quick.

The other one—analysing why they do not seek additional help or assistance—is going to be a bit longer. What the ANU have indicated so far is that they would like to get further information from the counselling services. They would like to find out from those people who do turn up at counselling what was the motivation or why they actually turned up. What was the trigger that made them turn up? Was it thoughts of suicide? Was it a financial difficulty? Was it self-interest or was it forced by family? There is a bit more research or a little bit more information gathering for that. That is going to take a bit longer. Perhaps it will be by the end of this financial year, or possibly a little bit longer.

In terms of where we go with the gambling assistance fund, clearly crisis counselling is important. That is the last barrier, if you like. Initially that will be the goal—continuing existing counselling services. I think that, as we gain knowledge and experience with the further research, we will be able to modify and in fact expand that so it is more targeted to those persons as we, I guess, define them or narrow down what our target groups are.

MR SMYTH: To effect this long term, it is important that we have a holistic approach. Pokies seemed to be demonised the most, yet the report says that some of

the biggest problem gambler numbers are in the online gambling group. It is important that long term we have a holistic approach that addresses the four options that they use instead of just sealing off one and then they escape to another.

Mr Jones: That is absolutely right. If we just focus on one particular activity, we are going to be a little bit misguided. If we have, for example, very strict harm minimisation restrictions on one activity then clearly a problem gambler will just move to another activity. In terms of your comment on the number of online gamblers, the number is quite small on online gambling but the actual proportion of problem gamblers of those small number that do gamble online is actually quite high.

I think the focus is on gaming machines because of the sheer numbers and the accessibility of gaming machines. There is a statistic in the prevalence research which says that of all the at risk or moderate level problem gamblers, of that group alone, 92 per cent play gaming machines—and obviously other activities as well. Clearly, there is a focus with them on gaming machines. That is clearly a target, given just the overall number and the overall level of activity.

THE CHAIR: Mr Hargreaves? Mr Rattenbury?

MR RATTENBURY: Thank you. You have caught me on the hop. I expected Mr Smyth to keep going.

MR SMYTH: I can keep going. I was just being courteous, Mr Rattenbury.

MR RATTENBURY: Please, Mr Smyth.

MR SMYTH: All right—if you want me to keep going. Minister, do you accept the integrity of the analysis in this report in relation to the problem gamblers?

Mr Barr: Do I accept the integrity?

MR SMYTH: Yes. I am just curious.

Mr Barr: I launched the report.

MR SMYTH: Yes, I appreciate that.

Mr Barr: I thought I was quite clear in my views in relation to that, but if you feel that there is a need for me to reinforce that this afternoon, yes.

MR SMYTH: I was just giving you the opportunity. It is an interesting number that comes up in terms of the number of problem gamblers. For those who are listening and were not there, we have shifted from one measurement scheme to another. We are now using the Canadian model, which makes some of it awkward. In the 2001 study something like 5,300 people were identified as problem gamblers. One of the numbers used in this report is that 1,370 problem gamblers have been identified in the 2009 study. What does that change in numbers do to the emphasis that you want to exert over the commission to address problem gambling?

Mr Barr: As you correctly identified, the methodology is different, so the two numbers are not comparable. I would look at the other element that was reported within the ANU study. It was a figure closer to 15,000, which would explain at least one symptom of—

MR SMYTH: Some prevalence, yes.

Mr Barr: I do not think it matters. It could be one person, Mr Smyth, who might commit suicide as a result of a gambling addiction. That would be enough reason for there to be action. The fact that we know, at a minimum, there is that figure of 1,500 who have a significant problem is worthy of a government response. If we have up to 15,000 Canberrans who are displaying a symptom and the potential for more serious problems in the long term, that is a compelling reason for a change in policy.

MR SMYTH: What will be the government's response? The government, I understand, has two programs to address problem gambling, to the value of about \$360,000 a year. Will the government be increasing its contribution to addressing this problem?

Mr Barr: The government proposes the mechanisms that I have outlined as a total reform package, so increasing the amount of funding available. We have chosen the mechanism of a community contribution.

MR SMYTH: No, but that is spending somebody else's money.

Mr Barr: Well, no, there is—

MR SMYTH: The government receive \$33 million as a dividend from poker machines. Will they be contributing more of that?

Mr Barr: There are certainly two ways of approaching this. We could have increased the tax rate and funnelled the money through Treasury. We could have done it that way.

MR SMYTH: Or you could devote more of the money you currently receive. The government is the biggest beneficiary of poker machines in the ACT.

Mr Barr: As I think you have heard in response to an earlier question, our tax take, compared to other jurisdictions, is amongst the lowest in the country. But regardless—

MR SMYTH: Irrespective of that, your contribution is also very low.

Mr Barr: You will obviously seek to run this political line, Mr Smyth, but the—

MR SMYTH: No. I am asking what you are going to do. You have just said “increase government response”. I am asking you how you will do that.

Mr Barr: Yes, and we have indicated that through the mechanisms that I have outlined. So rather than increasing taxation to, say, an Australian average level, we

will use the mechanisms I have outlined to raise the amount of money that is available to the community to respond to this community issue.

MR SMYTH: Will you seek to get the government to increase its contribution to problem gambling?

Mr Barr: No. I have indicated that the mechanism that we will utilise is the one I have outlined, rather than increasing a tax take or reducing services in another area. The issue here is how much money is available to support problem gamblers, not where it is sourced from. We could have undertaken a complex arrangement in terms of increasing tax thresholds. We could have undertaken all of those processes.

My view was it was a more effective mechanism to utilise the process that I have outlined in terms of the other government responses. Reducing the number of machines in the territory is an important measure not only symbolically but also practically to send a clear signal to the industry that an ongoing expansion of the number of clubs and poker machines ad infinitum into the future is not the preferred policy option and will not be allowed in the ACT, and that it is time to move away from reliance on gaming machine revenue to run the club industry.

MR SMYTH: You mentioned that part of your package is to reduce the number of poker machines. How do you reconcile that with the Labor Club's bid for an additional 28 machines?

Mr Barr: The Labor Club will not be able to access any additional machines because I will be removing all of the unallocated machines from the cap. So there will be no more machines available.

MR SMYTH: As a minister from the Labor Party, how do you feel about the Labor Club asking for an additional 28 machines?

Mr Barr: I have made my position clear. I will remove all additional machines. So there will be no prospect for the Labor Club to increase the number of machines.

MR SMYTH: What planning is there, for instance, for the future of a club or gaming in Molonglo? By closing off the 28 machines in the Labor Club, you have also shut down other options. How will you see—

Mr Barr: Future growth in the club industry will need to be managed within the existing cap of machines.

MR SMYTH: Does the fact that the Labor Club has asked for an additional 28 machines at this time clearly indicate the conflict of interest that is there?

Mr Barr: No, because I will have removed them. The Labor Club will not be receiving any additional machines. There will be no machines to allocate.

MR SMYTH: You have said approximately 150 machines will be removed. The Labor Club asked for an additional 28 machines. How many machines will come out of the Labor Club Group or the Tradies Club group as a result of your reforms?

Mr Barr: None, because I have removed all available future growth. There will be a reduction in the number of machines available in the territory from 5,200 to 5,057. The 28 machines that the Labor Club have applied for will have been withdrawn, so they cannot access any more machines.

MR SMYTH: So is that not just protectionism? You are protecting the Labor Club and the Tradies by—

Mr Barr: Right. That is—

MR HARGREAVES: Really!

MR SMYTH: They are not being affected. You claim you want to reduce clubs.

MR HARGREAVES: Is it protectionism for the Southern Cross Club, the Hellenic Club and every other club in town?

MR SMYTH: You can ask—

MR HARGREAVES: Let us not be particular about that, because you only get in a row. You do not get—

Mr Barr: We are regulating the number of machines that are available. If you choose to argue this way, you can, but in my view a reduction in the number of machines in the territory is an important policy measure. I have indicated that this is just the first phase of a reform agenda. Obviously more will happen at the federal level in 2011. One would anticipate some more significant change to occur there. We will hold open the option for further reform in response to the federal agenda, and also further evidence-based decisions that we will make at an ACT level, following this further research that we have been talking about this afternoon.

MR SMYTH: You said at the launch of the report on Friday that it was not appropriate to act in a hasty manner. Were you hasty in dropping your so-called reform package in the last sitting week?

Mr Barr: No. I have been working on this all year.

MR SMYTH: Thank you.

THE CHAIR: It is now 5 o'clock, so the time for this hearing has expired. I am not sure whether or not there are going to be any questions on notice, minister. There may be some questions on notice and, if so, we will forward them to you as soon as possible. Obviously we will also forward to you a transcript as soon as one is available. On behalf to the committee, I would like to thank you, minister, and your officials for your attendance today, and also the officials who were here at the various stages of the afternoon. This hearing is now concluded.

The committee adjourned at 4.59 pm.