



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

(Reference: [Annual and financial reports 2010-2011](#))

Members:

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

TRANSCRIPT OF EVIDENCE

CANBERRA

MONDAY, 21 NOVEMBER 2011

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

By authority of the Legislative Assembly for the Australian Capital Territory

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WITNESSES

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Amended 9 August 2011

The committee met at 10.32 am.

Appearances:

Barr, Mr Andrew, Deputy Chief Minister, Treasurer, Minister for Economic Development, Minister for Education and Training and Minister for Tourism, Sport and Recreation

Economic Development Directorate

Dawes, Mr David, Director-General

Hill, Mr Ian, Director of Marketing, Australian Capital Tourism

O'Leary, Mr Shane, Executive Director, Tourism, Events and Sport Division

Thomson, Mr Ian, Acting Executive Director, Land Strategy and Finance

Clarke, Ms Liz, General Manager, Exhibition Park in Canberra

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

Cox, Mr Ian, Acting Executive Director, Business Industry and Development

Hudson, Ms Cathy, Deputy Director-General, Economic Development, Policy and Governance Division

THE CHAIR: I formally declare open this public hearing of the Standing Committee on Public Accounts inquiry into the 2010-11 annual reports. On behalf of the committee, I would like to welcome you, Minister Barr, in the various capacities in which you will be appearing this morning—I will not go through all of them—and the relevant directorate and agency officials.

The proceedings this morning will commence with an examination of the 2010-11 annual reports of the Economic Development Directorate and the Chief Minister and Cabinet Directorate in relation to items under the responsibility of the Minister for Tourism, Sport and Recreation. Specifically, this will cover parts of these annual reports related to tourism policy and programs, including ACT Capital Tourism. After a short morning tea break at approximately 11.15, the proceedings will recommence with an examination of the 2010-11 annual report of the Exhibition Park Corporation, followed by the 2010-11 annual report of the ACT Gambling and Racing Commission. The proceedings will then conclude with an examination of the 2010-11 annual reports of the Economic Development Directorate and the Chief Minister and Cabinet Directorate in relation to the ministerial responsibilities of the Minister for Economic Development. Specifically, this will cover relevant parts of these annual reports relating to business support programs, skills and economic development and live in Canberra.

Can I remind witnesses of the protections and obligations afforded by parliamentary privilege and draw your attention to the blue-coloured privilege statement that is before you on the table. I know that you have seen this many times, but can you confirm that you have seen and understood this?

Mr Barr: Yes, Madam Chair.

THE CHAIR: Thank you. Can I also remind witnesses that the proceedings are being recorded by Hansard for transcription purposes and are being webstreamed and broadcast live. Before we proceed to questions from the committee, minister, would

you like to make an opening statement?

Mr Barr: No, thank you, Madam Chair. We are happy to proceed to questions.

THE CHAIR: Thank you, minister. In that case, the first question I would like to ask is about the Enlighten festival. Can you enlighten us on it? It was the first time, so I assume things have been learnt that can be done better next time. You said that Australian Capital Tourism was providing advice to the government for the 2012 event. What sort of changes are we likely to see?

Mr Barr: A greater integration with the Canberra festival. The incorporation of the former events area within Chief Minister's into the new Economic Development Directorate enables greater coordination between the events delivered formerly within the tourism area with those other events delivered by that unit. Given the overlap in terms of the timing for both events, it makes sense to further integrate those programs under Robyn Archer's creative direction, as we have Robyn looking after the centenary celebrations for us. So that will be the major change for 2012.

The initial set-up budget for Enlighten comes off a little in the second financial year, recognising that the event will be in its second year, not its inaugural year. We will announce the program and activities closer to the end of this year and there will be further announcements at the beginning of 2012.

THE CHAIR: I went to Sydney shortly before the Enlighten festival and I saw all the light-related events, as it were, in Circular Quay, which were brilliant. Is there going to be any sort of cross-marketing with that or using the same people? I understand that is also an annual festival.

Mr Barr: I think there are a limited number of companies not just in Australia but in the world who undertake this sort of specific lighting. The event in Sydney is somewhat different from the ACT event, so I do not think there is a cross-promotion or marketing element that will be shared between the two.

MR HARGREAVES: Minister, on page 22 of volume 1, there are a couple of items—

MR SMYTH: Sorry, you are not asking about Enlighten?

MR HARGREAVES: No.

MR SMYTH: Can I have a follow-up—

THE CHAIR: Do you wish to be enlightened?

MR HARGREAVES: I am already enlightened. I don't need it.

MR SMYTH: What is the decrease in the resources for the coming year as against last year?

Mr Barr: I think it goes from \$1.5 million to \$1 million.

MR SMYTH: So what is not being done?

Mr Barr: There will not be the establishment marketing associated with—

MR SMYTH: So half a million dollars less marketing in the coming year?

Mr Barr: Yes.

MR SMYTH: What is the staff resourcing for Enlighten?

Mr Barr: That will obviously change from last year to this year with the change in the administrative arrangements within the directorate. There is a new directorate delivering the event. Are you specifically referring to the public service or all those who have worked on the event?

MR SMYTH: Let us start with the public service.

Mr Barr: I will need to take that on notice in terms of who worked last year and who will work next year. There is also a volunteer component and some companies who contracted to deliver elements of the program.

MR SMYTH: So you are not aware of how many public servants are dedicated full time to Enlighten?

Mr Barr: No, because there is a team across Australian Capital Tourism who undertake event delivery. That changes with the new directorate, as I indicated in my earlier response to Ms Le Couteur, with the former CMD events team all coming together within the Economic Development Directorate. We can get the exact figures on staff for you; that is fine.

MR SMYTH: Interstate visitors stayed for 1.6 nights, according to the survey. Why is that period less than the long-term outcome of 2.7 nights for interstate visitors?

Mr Barr: It would depend on the extent of people's interest in elements of the Enlighten festival. Given that it was over four nights on different weekends and there was a different artist each night, it is understandable that some people would come to see one artist and then move on. It is a question of what motivates people to attend. In this instance, coming to see a particular artist obviously motivated those people.

MR SMYTH: So they were coming for the concerts and not for the light show; is that what you are saying?

Mr Barr: Both. They had the opportunity to see both.

MR SMYTH: What percentage of the visitors only came for the concerts?

Mr Barr: I am not sure that we would have that level of data, but if we do, I am happy to take that on notice and get that for you.

MR SMYTH: All right, thank you.

THE CHAIR: Back to you, Mr Hargreaves.

MR HARGREAVES: Minister, on page 22 you talk about TradeConnect and also about the Lighthouse business innovation centre. I want to go down those tracks a little bit.

THE CHAIR: We are doing tourism.

MR HARGREAVES: Okay, I will come back to that. Floriade is mentioned on page 33 as being successful. Beyond somebody else's queen coming and having a look at it, how did it go this year? Is it going to be in full bloom again next year?

Mr Barr: In terms of the period covered by the annual report, Mr Hargreaves, as you can see on page 33, there was a new attendance record and a significant increase in the number of people, including people who visited more than once, given that it is a month-long event. That is outlined—nearly 472,000, and an economic impact just shy of \$27 million. 131,000 people came from interstate or overseas, which was a significant increase on the 2009 event. Interestingly—and this is perhaps a reflection of economic conditions—although we had more people, the length of stay was slightly less in 2010.

Mr Hill: The record is up 30 per cent on the year before. The attendance figure which the minister alluded to is the total attendance figure, not unique visitors. The total attendance figure was 471,979. That is up 30 per cent on 2009-10. The direct expenditure, as a result of coming specifically for Floriade rather than just as an interstate visitor, was \$26.9 million, which is up 18.5 per cent. So they are really strong figures from an economic point of view.

The length of stay was 2.5 nights for this year compared to 2.9, so that was down slightly. With respect to the mix of attendance, for local attendees it was about 45 per cent, interstate was about 53 per cent and international was about 1.7 per cent. So the trend over the last few years for Floriade has been a growth in interstate visitation to the event, which flows through into those direct expenditure figures.

Mr Barr: You asked about this year. We do not have the full audited figures yet for 2011, but I am advised that on the public holiday on Monday, 3 October this year, we saw the highest ever single day of attendance at the event, with 34,448—

MR HARGREAVES: It was inspired, putting that public holiday there.

Mr Barr: I think that was the Labour Day holiday, actually; nonetheless, that decision around those school holidays certainly has assisted.

MR HARGREAVES: One of the issues of conversation around Floriade in the past has been the impact of charging for it. I notice that we actually charge for NightFest, yet I have not heard anybody grumbling about the cost of NightFest. You have to pay to go to see that.

Mr Barr: Yes.

MR HARGREAVES: Have you found that there has been positive, negative or no impact from having a charge for NightFest?

Mr Barr: I think people are quite willing to pay a fee, given the level of extra activities that are associated with NightFest and the sorts of quality performers that are there. I think there is recognition that it is a completely different angle on the event. Its popularity is particularly noticeable for a younger demographic. The thing that perhaps characterises Floriade by day is its very wide spread of age groups, perhaps, in marketing speak, skewing a little towards an older demographic and young families, whereas the night time event appears to have a much greater appeal amongst 20-somethings and 30-somethings. That is not to say that there is not a wide array of interest in the NightFest activities, depending on the particular programming for a given night. In recent times, if the film has been one that is of family interest, then obviously you have had a greater degree of families attending.

MR HARGREAVES: Sure. Their report says that for the 2010-11 year, 29½ thousand people went to NightFest. What kind of revenue against expenditure applied in that case?

Mr Hill: The direct economic expenditure from that is \$1.78 million.

MR HARGREAVES: That was the expenditure?

Mr Hill: Yes, the direct expenditure of that visitation, so 29,522, up from 16,294 the year before. And that direct expenditure has gone up from \$0.7 million in 2009 to \$1.78 in 2010.

MR HARGREAVES: That is the expenditure—

THE CHAIR: You mean it costs us \$1.78 million?

Mr Barr: No, the direct expenditure into the economy.

THE CHAIR: Okay, so—

MR HARGREAVES: What I wanted to know is how much it cost you to put it on.

Mr Barr: Okay.

MR HARGREAVES: And how much revenue you got from charging.

Mr Hill: I would have to just take on notice the specific costs.

MR HARGREAVES: Will you have those figures for this year by the time—

Mr Barr: Possibly not, but we may. I am happy to—

MR HARGREAVES: Would you take it on notice. If you can give us a comparison

over the last three years to show the growth factor, that would be very helpful.

Mr Barr: I would make two observations about new events. The first is that it obviously takes time to establish them in a marketplace, and you have to be realistic about their level of market penetration in terms of knowledge of events. NightFest is one that we have been steadily building over a four or five-year period. The issue—and we face this with Floriade as well—is that, as an outdoor event, attendances can be dramatically impacted by the weather. The year before last, when I think we had the coldest September nights in 50 years, we did take a hit. People were not coming out in the snow to attend the events.

MR SMYTH: Soft.

MR HARGREAVES: Mr Smyth is right; they are all soft. It is these kids today; they are just soft.

Mr Barr: Yes. The converse of that is that, if you get a warm spring night, you sell the park out. The one observation we can make is that the level of attendance can be very dramatically impacted by the weather. One of the questions that I have asked for examination on for next year is where in the Floriade month the NightFest activities should occur and whether we might be better served moving them back a week or two into October. There are questions about when the school holidays fall, when the long weekends are, et cetera, that we need to consider in that, but it is worthy of some consideration.

MR HARGREAVES: My last question on this is this. I am aware that when you introduce something like NightFest—it is only a couple of years old—there is a novelty value and people will come because of the novelty value of it. After a while, the novelty wears off. Have you got an idea how long this is going to take before the novelty starts to wear off, and what are you going to do about it when it does?

Mr Barr: Ian, do you want to answer this?

Mr Hill: It is a fair question. What we are finding is that we are seeing some strong interstate visitation to the event. We are seeing the media pick up on it, particularly in interstate markets, and there is a fair bit of talkability around NightFest. It is really important that the programming for NightFest continues to evolve, because that is a different reason to come. If you extrapolate that out into Floriade, Floriade has been going for 24 years, and that continues to grow; that is because the programming is continuing to change in the day event.

It is very important for us to keep an eye on it through our research. Through Ernst & Young, we do exit surveys around what is actually appealing to people. We are finding that the entertainment program is becoming stronger and stronger—things like the comedy stage, Glow Bar and some of the undercover activities. As the minister pointed out, being weather contingent, we need to make sure that we have got some undercover activities going on as well. We are finding some growth in those around some programs around “From the pantry” this year, which was a daytime event, and we also ran it at night. Those were very well attended. It is very important—it is early in its product life cycle—that we continue to evolve the product.

THE CHAIR: Mr Smyth.

MR SMYTH: I want to follow up on Floriade. Was the evaluation of 2009 conducted in the same way as the evaluation for 2010? There is not an accounting treatment that causes some of these differences?

Mr Hill: No.

MR SMYTH: So the same process in each?

Mr Hill: Correct.

MR SMYTH: Was any work done on the drop from 2.9 to 2.5 nights—as to why that may have occurred?

Mr Hill: That is the result of the research so far, as we have not teased out further any analysis of people going through the gate. The figures historically around visitation to Canberra, around length of stay, oscillate between 2.4 and up to about 3.1 nights. That is since I have been involved in tourism, for the last six or seven years. They oscillate due to some macro factors, I suspect. In terms of NightFest itself, it is around the average. For a ticketed event it is about one night. It is great that we are seeing people coming and staying longer than just that one night. We have not done any specific analysis, to answer your question.

MR SMYTH: You said 1.7 per cent of the visitors were international. Are they people who just happened to be in the capital when it was on, or are they 1.7 per cent of folks who make the decision to come to Canberra to see Floriade?

Mr Hill: That 1.7 relates specifically to going to the event; it is not internationals who happen to be around in Canberra and go to the event. It is the same with Floriade by day. Those figures really do relate to specific intention to go to the event.

MR SMYTH: All right.

MR HARGREAVES: Can I just pursue that?

MR SMYTH: Yes.

MR HARGREAVES: On page 33 you have a chart, the one Mr Smyth was talking about. The individual interstate and international visitors went from 104,000 to 131,000. Are they counted once? For example, if a person goes to see Floriade three times, are they counted three times or are they counted once?

Mr Hill: The 470,000-odd attendance figure includes multiple visits, so it could be one person coming multiple times. I would have to double-check, to be honest, on the international number; it is my understanding that they would be unique visitors, but I would have to double-check that.

MR HARGREAVES: Unique visitors?

Mr Hill: I would have to double-check that and take that on notice.

MR SMYTH: Shows such as Floriade, international garden shows, are big business now. There is Chelsea and a string of them throughout Europe. Do we do any international advertising to alert people to the fact that Floriade is on?

Mr Hill: We do not do any advertising through those sorts of places, but the network through the gardening community is done more on a PR basis than through an advertising basis. If I can just add to that, one of the things that we are deliberately doing is positioning Floriade around the spring festival. It is a spring festival of activity that goes for a month. We have had some fantastic programming, like the Australian War Memorial down on site this year. It is actually about the whole destination as much as we can make it.

Mr Barr: The other point to make is that social media and online presence are clearly working for you in all markets at relatively low cost.

MR SMYTH: Some of the volunteers raised with me that they were told to bring their own water this year and had to wear last year's T-shirt. Is that true? And were volunteers warned about that before they arrived?

Mr Hill: I would have to take that one on notice.

Mr Barr: I do not believe that is the case.

Mr Hill: That would be news to me. I would need to check that out.

MR SMYTH: That is okay.

Mr Barr: I think you wrote me a letter on it.

MR SMYTH: Yes.

Mr Barr: I think I have replied. I am pretty sure I signed the letter back to you on it.

MR SMYTH: Is there a survey done of the volunteers? Is there a satisfaction survey done on the volunteers to get their feedback and any complaints or constructive criticisms that they might have?

Mr Hill: There are daily briefings to the volunteers. There is a major briefing done prior to the event and then there is a major debrief done post event. There is also the volunteer thankyou function. So there is a raft of opportunities, two-way, between event management and the volunteers themselves. I think the uptake of repeat volunteers is testament to a pretty solid process in there. There is daily contact around some of that volunteer feedback.

MR SMYTH: And at the end of the event there is a report out of the information that the volunteers provide?

Mr Hill: Yes, there is a raft of debriefs across the whole event, and that would include some volunteer debrief information.

MR SMYTH: Can the committee have a copy of the volunteers debrief document?

Mr Hill: I do not have the specific volunteers survey per se. What I am saying is that there would be a range of input from volunteers daily that would be part of the debrief process. I can certainly follow up on that content.

MR SMYTH: Okay. If you could follow that up, that would be fine.

THE CHAIR: Mr Rattenbury.

MR RATTENBURY: On page 33 there is a reference to the development of nature-based tourism product within Tidbinbilla nature reserve. Could we get a bit more information about where that is up to and who you are working with to develop that?

Mr Hill: Nature-based tourism is certainly, as we would describe it in our organisation, a brand pillar for Australian Capital Tourism as a destination. It is a very strong experiential tourism activity. Tidbinbilla is doing some fantastic work. There are some night walks, there is Conservation Australia involved in some of that programming, and they are working closely with our product and industry development team at Australian Capital Tourism on how we can help cross-promote that sort of material, or that experience, sorry.

We essentially have a raft of channels for promoting that type of experience from our visitor information centre where we stock brochures and our staff there are briefed on some of the nature-based experiences. The online space continues to be an opportunity where we are getting content around these types of experiences. Again, through our website, you will see quite a strong display of nature-based activity both through our home page but also when you delve down deeper into our website-specific activities, whether they be event driven, whether they be walks, whether they be self-adventure. So there is a raft of that information being provided direct to the consumer.

We also work with people like Tourism Australia on projects like landscape projects. So we are constantly trying to get that content of the nature-based experience into the broader destination offering that the ACT has and the region and the nature-based experience are really fundamental. I think it is fair to say that on the international front, although we are not heavily active in that space, certainly Tourism Australia are positioning Australia as a strong nature-based destination. So it is incumbent upon us to work very closely with their PR teams and international teams around making sure that content is filtered through things like Australia.com.

The Snowy Mountains are probably another area too where we have representations on the Tourism Snowy Mountains board through Australian Capital Tourism. A lady—it is not a lady; I should not say that—a gentleman called Jonathan Kobus—he will probably tell me off after this—works actively with some of the nature-based product in our region.

MR RATTENBURY: I took from that that the essence of it was that the nature of the partnership is the promotion of these opportunities in the ACT region. Your annual report speaks specifically about development of overnight nature-based product at Tidbinbilla. Do you have any input into what is actually being put in at Tidbinbilla or is it purely as a promotional partnership?

Mr Hill: We work more on the demand side generally as a rule. Our job is promotion. But on the supply side—on the product development side—again, our product industry development team have been working closely around that nature-based product. This is the overnight stays and looking for bilbies, for example. It actually becomes a product that can be packaged and put into a tourism promotional channel.

MR RATTENBURY: What input have you given to what is needed at Tidbinbilla?

Mr Hill: I think authentic experiences are really important, accessible experiences, and a range of what the consumer is looking for. Some of that stuff will be about accommodation. Some of it will be about accessibility. Some of it will be about interpretations. They are very important for that segment of the marketplace—so making sure that those core messages are coming across to the consumer.

MR RATTENBURY: One quick last question on this: what, then, is the nature of the advice that you have given on the type of accommodation that should be developed at Tidbinbilla?

Mr Hill: I would have to take that on notice. I would have to talk to Jonathan Kobus about that.

MR RATTENBURY: I appreciate that. I am going to ask the parks service some further questions about it.

I am interested in what tourism is saying and how that matches up with the conservation values at Tidbinbilla and the like. I want to ask about the world solo 24-hour mountain bike championship that is mentioned on page 8 as a major success. Can you tell us a bit more about that—specifically, how many riders travelled to the ACT for it and the economic impact that it had?

Mr Barr: I am being advised we might best deal with that in Territory Venues and Events coming up shortly. They are coming up next week.

MR RATTENBURY: I will be here; so I will be happy to ask about it then.

THE CHAIR: My question relates to page 35. As a result of the Hawke changes, this special events unit, which was previously in Chief Minister's, does the community events as well as the tourist events. So my question is: how do the local level events marry in with the bigger events?

Mr Barr: I might get Mr O'Leary to talk about this as he has been working on this integration.

Mr O'Leary: As you mentioned, as a result of the Hawke review, there has been an

integration of what was formerly known as the Chief Minister's Department special events unit. The integration of that particular events unit with the tourism events unit has actually enabled us to have additional resources to contribute towards the staging of events across the ACT. Staff formerly with the Chief Minister's Department unit did work on Floriade and will work on the Canberra Festival and Enlighten activities next autumn.

In terms of the community events, they have maintained their focus on running those events, most recently the Nara Candle Festival. So the challenge has been, as you point out, to integrate two teams that formerly had focus on two sets of responsibilities into one particular team. What has happened to date over the several months since the Hawke review findings have been implemented is that the teams have come together to work on specific projects. But to a large extent they have still retained the focus that they formerly did have. So expertise has been retained, but support through additional resources has been the result of the integration of the two teams.

THE CHAIR: I guess I am more interested in the level lower than what you were talking about—the community festival level—and funds for things like the Woden and Tuggeranong festivals. Is that getting at least as much attention as it used to get? Compared to the others, it is a very different focus. You might get a tourist from Belconnen going to Tuggeranong, but you are not expecting to get tourists—

Mr Barr: Unlikely.

THE CHAIR: Significantly from—

MR HARGREAVES: Skating on thin ice. Warning, Will Robinson, warning!

THE CHAIR: But possibly not an awful lot of interstate tourists coming to that level of festival. So there are different—

Mr Barr: Sure, but then I think the point to distinguish is that public servants are not involved in the actual running of that level of event. You would have obviously seen our increased grants round for community festivals and you would also perhaps have seen the announcements around the tourism events assistance program.

I suppose that if you think of the continuum of events and where some may go over time in terms of the event development path, it is not beyond the realms of possibility that something that had its origins as a community-based event may, in fact, progress to such a point that it does become an event that has appeal to a broader audience. The Canberra International Film Festival is an example of an event that in time, in fact, I think has the potential to become quite an attractor in a particular period of the city's event calendar.

There are those opportunities to the extent that there is a little bit of overlapping. Undoubtedly, some event organisers applied for funding under both the festivals fund and the tourism events assistance program, some more successfully in one and not in the other, and vice versa. So I think there always will be that question and a need, particularly at the tourism events assistance program end, to robustly test whether the

event is actually going to draw people to the city.

I think the other important point to make in relation to the tourism events assistance program is that there is effectively a blackout period over Floriade where we are not funding other events in that time. So the question of developing a broad program that is based on the four different seasons has been a key focus for us, working in partnership with a variety of different event organisers—national institutions at one level, community-based events at another—to ensure that when you integrate the community event program and the tourism externally focused event program we have a year-long suite of activities that is of value to a Canberra resident. Whilst they have distinctly different purposes, we do not want to exclude Canberrans from attending the tourism focus—so long as they are not crowding out all of the tourists.

THE CHAIR: You talked a lot about growing and the community level ones which may not have a great path to grow—

Mr Barr: I think all events should aim to increase the number of participants, but there are different measures of that. We do not expect the subregional community festivals to become tourism drawcards. It is not beyond the realms of possibility that they could, but it is not the basis for which they are provided support.

But we would anticipate that, over time, they would become more able, there is more infrastructure and, as I say, the event goes through that development phase where their reliance on government funding would become less in order to enable new events to be funded through the program with an aim to providing a very rich and diverse set of offerings.

If you are just funding the same events every year, there is always a risk that people become comfortable in that process, that events—just as Mr Hargreaves questioned around Floriade or Nightfest—become stale. Things need to evolve. I think that is important as well because if you have locked out new entrants by effectively committing all the funding to existing events at the same level all the time, you certainly risk stifling diversity in the community.

MR HARGREAVES: On page 35 you talk about the ACT festival fund. It has supported 11 community festivals. Given that the Tuggeranong community festival featuring Doc Neeson is actually on this very Saturday at the Tuggeranong town park for those people who have got nothing to do and want to enjoy themselves, I would like to know how much money out of the festival fund went to the Tuggeranong community festival in 2010-11 and how much you gave them this year. Can I look forward to that amount doubling in the year coming? It is an election year.

Mr Barr: I will answer the second part first. People would have seen in the *Canberra Times* on the weekend the second round of applications for the festival fund. Those who were unsuccessful in the first round are more than welcome to apply again and to have a pre-submission lodging meeting with the organisation to assist in putting forward an application. But it is also open to new applicants, and I am aware of at least one organisation that I understand is considering putting in an application for that second round.

It is a competitive process. As I said in the Assembly last week, I think it is particularly dangerous for independent processes to be seen to be influenced by private members' motions in the Assembly. I do not think that is a particularly good look, and I do not think the number of mentions you get in the Assembly or the number of questions that are asked in annual reports hearings should be a guide to the level of funding that you would get. I think that is a very bad precedent, and I have put that on the record many times. I see a few people nod their heads. I have seen a few people nod their heads, but I know they do not agree, but that is another matter. In relation to the festival fund for 2012, the Tuggeranong community festival received \$24,000.

MR HARGREAVES: And the previous year?

Mr Barr: We will take that on notice. It might well be reported.

MR HARGREAVES: I can look forward to \$48,000 next year, minister.

MR SMYTH: Just in the events area, page 35 mentions the Canberra Festival Balloon Spectacular and says 25 balloons took to the sky. How many have taken to the sky in previous years? You also say an estimated 20,000 people attended. What was the attendance the previous year?

Mr Barr: Over what time frame are you posing this question?

MR SMYTH: Over the time frame that gives you 20,000 people and 25 balloons.

Mr Barr: No, sorry, you said in previous years. How far back?

MR SMYTH: Let us just do last year, the previous one.

Mr Hill: I could not tell you. I would have to take on notice exactly how many balloons went up last year.

MR SMYTH: Perhaps you could take on notice for the last four or five years how many balloons and how many people attended each year.

Mr Barr: Yes.

MR SMYTH: Page 37 in the last paragraph refers to TVE to further develop the government's motor sports strategy. When will that be finished?

Mr Barr: We can talk about that more in TVE next week. Neil Guthrie's team is looking after that.

MR SMYTH: All right. Further to tourism, where would one find the financials for tourism in the report?

Mr Barr: Volume 2, I presume.

MR SMYTH: Is Ms Shepherd with us today?

Mr Barr: No, she has torn all the ligaments in her ankle.

MR SMYTH: While Mr Thomson gets comfortable, why, after six months, do we still only have an acting executive director of tourism, events and sports, and when will that position be filled?

Mr Dawes: One of the key things we have been doing since the Hawke review is looking at revising all of the arrangements. To put it into effect, we have divided the directorate up into three divisions. Obviously the one we are talking about today is sports, recreation, tourism and Territory Venues and Events. I am happy to say that Shane O'Leary is no longer an acting executive director; he was appointed the executive director last week.

When you look at the massive changes that we have had to bring about from May to now in bringing all of the individual business units within the Economic Development Directorate, I think you will be pleased to know that I have advertised all the positions permanently, and we will be going through the process of confirming people and conducting interviews over the coming weeks. An enormous amount of work has been done to try and bed the directorate down as quickly as possible. We have just recently advertised for a permanent filling of the sport and recreation director's position, hence, Mr O'Leary owned that particular position.

MR SMYTH: Congratulations, Mr O'Leary. Where are the numbers?

Mr Thomson: As you would be aware, there were administrative changes during the year, so some of the numbers appear in the Chief Minister's report and some of the numbers appear in the economic development annual report. But the total expenditure by tourism is about \$18.7 million, and they had about \$18.68 million of revenue. We have also now combined the special events components going forward, and as we go through our structures and—

MR SMYTH: So what page are the tourism numbers on?

Mr Thomson: I am happy to table this bit of paper for you, but—

MR SMYTH: I think you will have to table it, because they are actually not in the annual report, are they?

Mr Barr: No, they will be in Chief Minister's.

Mr Thomson: Partly in Chief Minister's and partly—

Mr Barr: For 11 months of the financial year, the tourism area was within CMD.

Mr Thomson: And the Economic Development Directorate reports in one output class, which is all we have got, which is about economic development. In Chief Minister's they had a series of output classes which they report separately.

MR SMYTH: I guess—

Mr Barr: Let us save everyone some time—you are going to recommend that there should be a separate output class for tourism. Put that in the report, and I will look forward to responding to it.

MR SMYTH: I am not sure I will. Is there a need to? Are you going to actually release the figures? Yes, I note that page 72 of volume 2 of Chief Minister's actually has the part year figures, even though it is headed up for the year ended 30 June 2011.

Mr Barr: Yes, I am happy to—

MR SMYTH: Why is there not an equivalent for that in economic development's annual report for the rest of the period?

Mr Barr: For that month?

MR SMYTH: Yes.

Mr Thomson: We are only required to report by output class, which is what we did. We only have one output class within the Economic Development Directorate, and we report in total against the output class.

Mr Barr: Again, to save everyone some time, I will ensure that, for the next financial year, the output class reporting for the new directorate contains those subcategories, because you are going to ask these questions every time, and it would be easier to report in the annual report. So let us agree on that and save everyone some time.

MR SMYTH: All right. Were you about to table the reconciliation—

Mr Barr: And we can give you the full financial year for the 11 months of CMD and the one month within Economic Development Directorate. We will consolidate that into—

MR SMYTH: Well, for TAMS and CMD and—

Mr Barr: Just CMD for tourism, but, yes, we will consolidate that into a full financial year's statement for the committee and we will provide that.

MR SMYTH: Thank you.

THE CHAIR: On that cheerful note, it is morning tea time, but I point out that you will have some questions on notice, minister.

Mr Barr: I fully anticipated that, Madam Chair. It would not be a committee hearing without that.

THE CHAIR: Thank you.

The committee adjourned from 11.14 to 11.25 am.

THE CHAIR: We will start on matters, as the minister has said, of EPIC importance. I understand block 799, which is where the camping ground is proposed next to EPIC, is going under EPBC assessment. Am I correct?

Mr Barr: That is correct.

THE CHAIR: Where is that up to? I understand it is a controlled action under the EPBC.

Mr Thomson: We have received a draft assessment from SEWPaC which indicates at this stage that they would like us to put aside land at the ratio of about three to one, four to one, for the relevant species. We are just going through the assessment and identification of what is the appropriate offset.

THE CHAIR: Can I just clarify? You said “put aside land on the ratio of three to one”.

Mr Thomson: Or four to one.

THE CHAIR: So that means that if it is going to cover four hectares, you are going to be looking at an offset of one hectare for each species? I presume there are some moths, beetles, lizards—

Mr Thomson: We are still working through the exact details.

THE CHAIR: But is that what we are looking at?

Mr Thomson: Yes.

THE CHAIR: And it would be the same for both lots?

Mr Thomson: It is about the quality of the land and the quality of the maintenance for the species.

THE CHAIR: Yes. Is it likely to be the same block of land? If there is more than one species—

Mr Thomson: It is likely to be adjoining. They prefer adjoining lands. We still have to work through and identify the areas.

THE CHAIR: Yes.

Mr Thomson: But they prefer it to be adjoining to its current situation wherever possible. If we are going to have it further away, the offset ratio will be larger. It is more advantageous to us to be offsetting as close as we can to the current location.

THE CHAIR: You say offsetting as close as you can to the current location. So it will be off the current site that the offsets occur?

Mr Thomson: Most likely. But some of it could still be on the area if we are not

going to fully utilise the parcel of land we are passing over to EPIC. But all this is yet to be determined, because we are still in the negotiation period.

THE CHAIR: Right. But have we got a formal offsets policy as to how it happens and what factors determine how much and where it is?

Mr Thomson: That is an agreement we will have to make with the commonwealth. They have put a position to us on what they would like. It was only last week that they put this position, so we are still working through it.

THE CHAIR: Right.

Mr Thomson: And that will need to be finalised prior to—

THE CHAIR: So we have not yet made any commitments back to the federal government on the subject, I guess, if you only got—

Mr Thomson: No, we initially put forward an offset package of funds of about \$1 million which would be spent over six years, and the commonwealth has come back and said, no, they would prefer direct offsets rather than indirect offsets.

THE CHAIR: So by “direct offsets”, you mean land?

Mr Thomson: Land, yes.

THE CHAIR: Presumably, though, we will still have to put some money aside, because presumably that land is going to be required to be managed somehow.

Mr Thomson: It has to be maintained at the appropriate level. So there is a little bit more to go before we get a final resolution of the matter.

THE CHAIR: When do you think the final resolution is likely to happen?

Mr Thomson: That is quite a tricky question when you are dealing with these types of time frames. I would hope sooner rather than later, but I could not guarantee any particular time frame.

Mr Dawes: If I could just add something there. One of the key things we are working on there is that we have set up a special little working group to work through this particular issue with both ESD and the commonwealth to try and resolve it as quickly as possible. Obviously, as the committee is aware, we have gone out with expressions of interest and we have narrowed it down to potentially four operators to provide this facility at EPIC. One of the key things we want to do so we can go out to the next stage with those four short-listed people is to have this resolved.

We believe that with some of our broader high level discussions we will be in a position to have this ratified and a way forward by December with general agreement and then moving into February to have it resolved. It is something we are taking quite seriously. It is probably the first one of its kind in dealing with this, so it is obviously something we are working through as a general group.

MR RATTENBURY: Just following on from that, when you say you have set up a dedicated working group, is that specifically for this EPIC site or is it to deal strategically with the question of offsets?

Mr Dawes: We have set up a specific, dedicated group just on the EPIC one to clarify that as quickly as possible. But, more generally, one of the key things we are doing as we are moving into looking at developing other parts of Gungahlin and other areas, is that a formal group is now starting to work on a formal basis to work through all of the issues. Obviously, we need to ensure that we can get infrastructure and we can actually get some of the other developments occurring. There is a high level group, and that is working to the director-general's land supply group, which is facilitating that discussion.

MR SMYTH: What percentage of the block is affected?

Mr Dawes: I understand it is only a small portion out of the 14 hectares.

Mr Thomson: I would have to take the actual percentage on notice. I do not have it off the top of my head.

MR SMYTH: And you said earlier that you are not sure of the time frame, and that it is up to the federal government?

Mr Thomson: I would be hoping we would have it resolved early next year, but there are no guarantees. We are not in control of the time frames necessarily.

MR SMYTH: Minister, we passed changes to the board during the week. When do you intend to act on the new structure and how many members do you intend to appoint to the board?

Mr Barr: I believe some short-term extensions have been made to the existing membership that take it out to the end of this calendar year, or is it early next?

Ms Clarke: Yes, it is once the act is—

Mr Barr: So we need the act to come into effect and then we will make some decisions after that. I will meet with the chairman and seek some advice.

MR SMYTH: So are you looking at three members or are you looking at five?

Mr Barr: I have yet to confirm that. I will meet with the chairman and seek some advice in relation to that.

MR SMYTH: I note on page 7 of the annual report this year that the relationship between the department and the chief executive is now a dotted line rather than a solid line. I welcome that recognition of the position of the board and the general manager. The rejuvenation program, as it is called, is that the new master plan for EPIC?

Ms Clarke: Yes, it is. What we wanted to do was develop a program that looks at a

number of areas across the site. Having a master plan at this stage, we thought, was not the best solution. It was to have, such as we have got, the rejuvenation program, so we can get comment, which we have been getting from different areas of stakeholders. We will be seeking some feedback from the community as well. Once we have got much more idea of the sort of areas that we have identified with development, we will put in a master plan.

MR SMYTH: Sorry, would you say that again? You will then do a master plan?

Ms Clarke: Yes, that is right.

MR SMYTH: So this is not the master plan?

Ms Clarke: It is an interim program towards the master plan.

MR SMYTH: I thought you said at estimates this year that the master plan is the rejuvenation program.

Ms Clarke: Yes. Sorry, there may be some confusion here. Yes, it is, but once we have decided what is actually on the site, we will develop the master plan. We will know, for example, where the old caretaker's cottage is. If we decided to put in an equestrian centre there, then if there was interest in the market, we would identify that as the equestrian centre and finalise the plan. This is the master plan, I suppose, as an interim program.

MR SMYTH: Well, is it or isn't it? It sounds as though it is an ersatz master plan, the master plan when you are not having a master plan.

Ms Clarke: No; it is a master plan, but it is not a full detailed one, because we do not have all that detail yet on what the interest is within the marketplace—on the different commercial interests that go into the site.

MR SMYTH: Master plans normally lay things out and give you some sort of timetable as to when they might be achieved. The only firm date in this is that by 2015 EPIC will be visually appealing with permanent art displays. There is no further detail. What you tabled in the Assembly, minister, refers to commercial partnerships and areas identified in the attached site plan, but there is no attached site plan. Is it possible for the committee to have a copy of the site plan?

Ms Clarke: Yes, definitely.

MR SMYTH: When you fill this out and you move to the master plan, when will that master plan appear?

Ms Clarke: The master plan will be finalised over the next six months. The board have decided that, instead of doing a straight master plan, it was better to actually gauge the market, as well as the community, on what types of things should be put in place at EPIC. That is why we did the rejuvenation program, which is, in essence, the beginning of the master plan.

MR SMYTH: What consultation have you had on the rejuvenation program?

Ms Clarke: We have spoken to community advisory group members, we have spoken to stakeholders such as our on-site tenants, and in the new year we will be going out to the community to seek feedback.

MR SMYTH: Thank you.

THE CHAIR: Mr Rattenbury.

MR RATTENBURY: I want to start at the broad level for EPIC's financial performance during the reporting period. Revenue was essentially 28 per cent over budget, yet the deficit came in \$471,000 higher than estimated. Can you take us through your understanding of that situation?

Ms Clarke: Yes, definitely. Firstly, we have just had to table an addendum to the annual report. The budgeted deficit was up \$120,000—than the budget. The reason why we have higher expenses is the ageing infrastructure on site. We are slowly getting to a stage of addressing that issue; we expect that in this coming financial year we will be in a much better position.

MR RATTENBURY: Okay.

Mr Thomson: I can add to that. The demolition costs relating to the service station have also been expensed in the last year.

MR RATTENBURY: Thank you. Do you want to follow up on that or can I go on to something else?

MR SMYTH: When do you expect to be operating in surplus? What is the plan?

Ms Clarke: Sorry?

MR SMYTH: When do you expect to be operating in surplus?

Ms Clarke: At the moment, the projection would probably be in about three years.

MR SMYTH: Is that dependent on the completion of the service station site?

Ms Clarke: That is one of the factors, yes.

MR SMYTH: Where is that at at this point?

Ms Clarke: The service station project is going well. We are having more meetings with Woolworths. They are hoping to commence construction within the next six weeks. We have had their DA approved; they are just working through some of the minor works that need to be undertaken before they can start construction.

MR SMYTH: When will that be completed?

Ms Clarke: The time frame at the moment is February 2012.

MR SMYTH: And the fast-food outlet?

Ms Clarke: That project is part of the Woolworths one; it is not directly relating to us. Our contract is with Woolworths.

MR SMYTH: Is the expectation that the fast-food outlet will open in February as well?

Ms Clarke: That is my understanding, yes.

MR RATTENBURY: Summernats.

MR SMYTH: What else will occur that will allow you to bring EPIC back into surplus?

Ms Clarke: We have started to sublease an area at the back of the site that runs along Morisset Road. That has been land that has not been utilised for anything else. We have currently got one business, a caravan and trailer business. That business is able to lease caravans to any of our events needing to have additional accommodation. That has been quite useful. As I mentioned before, we are looking at the site of the caretaker's cottage, which is a prime location along Flemington Road. That is under-utilised at the moment. As well as that, we are looking at an area near the corner of Well Station Road and the Federal Highway for another commercial opportunity. Obviously, these businesses need to be ancillary to our core function and complement them.

MR SMYTH: On page 8 in the second paragraph, you talk about the support for the community that EPIC provides. You quote, for instance, the example of the Lifeline book fair.

Ms Clarke: Yes.

MR SMYTH: It says that, for the reporting period, EPC provided over three-quarters of a million dollars worth of in-kind support. On page 31, in your financials, I note that you get CSO payment from the government of \$368,000.

Ms Clarke: That is right.

MR SMYTH: Does that mean the other approximately \$368,000 is directly from EPIC?

Ms Clarke: Yes; it is absorbed.

MR SMYTH: Has there been an approach from the government to increase the CSO where you support these activities?

Ms Clarke: No; the board has not decided to do that at this stage.

MR RATTENBURY: Back on the economic strategy for EPIC, the intent, as I take it from what you are describing, is that the revenues arising from these sorts of various commercial leases will help offset the deficit at the moment. Is that essentially the strategy?

Ms Clarke: That is right. It is certainly important for our organisation to diversify its revenue streams and not just be reliant on events. Although it is pretty obvious that we have increased profitable events over the past 12 months or so, we do need to look at those other areas. It is the goal of the board not to be reliant on any government funding, so we are aiming to do that. We do have a vast area of land. We have got over 70 hectares, without counting the additional land for the low-budget tourist accommodation of nearly 16 hectares.

Mr Dawes: Could I just add to that. Part and parcel of the Economic Development Directorate, being the portfolio department for EPIC, is that we are looking at working with the board and with Liz Clarke to ensure the viability of EPIC for the long term. That is just starting to evolve now. We will be assisting them, where we can, to ensure that some of the plans, goals and objectives they have come to fruition. It is very important that, as quickly as possible—we have a time frame of about three years—we return it back into surplus. We will be working with them to ensure that that is turned around as quickly as possible. That is one of the advantages of having all of the like entities under the one umbrella—to help support that.

MR RATTENBURY: Page 20 of the annual report makes reference to borrowings from the resource management fund of \$71,000. What was that for? What have you used it for? I know what the program does. I am interested in what return on investment you have had and how you are going in paying it back.

Ms Clarke: The project was to install special solar tubing in our Fitzroy pavilion. The tubing has a special material inside it that brings the sunlight coming down; in winter it makes the area warmer and in summer it draws the heat out. The advantage of using this natural light is that event organisers do not have to utilise electricity for pre-event, particularly, and post-event set-up and pull-down. It is just like natural light, particularly for the Fitzroy pavilion, which does not have any windows. The savings will be, obviously, in the power. But as well, because of the special material, it encourages people to purchase things more because they feel more comfortable. It is a really good sell for when we are having events come to Fitzroy.

MR RATTENBURY: Promoting rampant consumerism!

Mr Barr: There is a dollar to be made in everything.

MR SMYTH: There is.

Ms Clarke: We have had a lot of comments about the light in that area now. It has been great.

MR RATTENBURY: That is very interesting. You will pay that back to the government, back to that pool, over a period of a couple of years?

Ms Clarke: That is right, yes—over five years.

MR RATTENBURY: I want to ask about your greenhouse emissions profile on page 76. It identifies what might be a very impressive fall in greenhouse emissions of 20 per cent from the previous reporting year, but there was an increase in emissions of 13½ per cent between 2008-09 and 2009-10. I am interested to understand why your emissions profile is essentially bumping around like a roller-coaster.

Ms Clarke: It is a very good question. I am not an expert in greenhouse emissions. What we do is collect the data. We monitor our power and our energy use. For the year, it is really just based on the information that we have provided through the data.

MR RATTENBURY: But it is a site management issue in the sense that for most agencies their profile does not go up and down in the way that appears to be the case here. I am interested in what analysis you have of that?

Ms Clarke: It relates, a lot of times, to how many events we have had and whether event organisers have left the power on. We have introduced a program of getting in special lights that do not use as much electricity. And there is probably education to staff, as well as to event organisers, in how they should be utilising their power. They are probably the only reasons I can think of as to why that it has gone like that.

MR RATTENBURY: Thank you.

THE CHAIR: Unless you have a very quick question, Mr Smyth, I think we have to come to an end with EPIC, because we have a lot more to do.

MR SMYTH: I promise to be quick. On page 77, following the environmental reporting there is the community engagement section. It notes that you have a community advisory group. How often does the group meet?

Ms Clarke: The group was meeting quarterly, but we have actually decided to go down a different path from having an advisory group. It was a small group and a lot of the members were already on-site tenants—for example, the harness racing and the Royal Agricultural Society. So instead we are in the process of developing an online community engagement tool and to seek feedback through that method, which will give much broader feedback than the group could do.

MR SMYTH: On page 3 of the rejuvenation program, it says that the group met in late 2009 to assist in developing the vision for EPIC. So it has met quarterly since then?

Ms Clarke: Yes.

MR SMYTH: But that is now to be disbanded?

Ms Clarke: That is right.

MR SMYTH: And you will go online?

Ms Clarke: Yes.

MR SMYTH: So how will people know about the online group?

Ms Clarke: We are just developing that tool at the moment, and then we will provide the information once it has been designed.

THE CHAIR: We might cease dealing with EPIC at this point because unfortunately we are short of time. There will be questions on notice. We will go to gambling and racing next. My question is: what involvement have you had with the proposed Wilkie reforms? I do not know if that is the term you use; it is certainly the term that laypeople use.

MR HARGREAVES: I would not use the word “reforms”.

THE CHAIR: But you may use some other—

Mr Barr: Madam Chair, are you asking that question of the commissioner or of me as minister?

THE CHAIR: I was thinking of the commissioner, but either or both of you could answer. I am quite happy for you both to answer.

Mr Barr: I am a member of the select council on gaming. I have that membership in a dual role, both as Treasurer and as minister for gambling and racing. I have attended a number of meetings in that capacity as well as having a number of direct discussions with the federal minister in relation to matters pertaining to the territory and the potential for a trial to occur within the ACT. Mr Jones has assisted in that process by providing advice that is technical in nature and also on a policy basis.

Mr Jones: In addition to what the minister has outlined in terms of the commission providing advice to the minister on the select council, a number of working parties and groups have been formed at official level to support the select council, and the commission is on those—both working parties and officials groups. They meet reasonably regularly. We also have direct contact, provide advice and have discussions with FaHCSIA in terms of providing advice to the federal government on the proposed trial that is under discussion at the moment, as mentioned by the minister.

THE CHAIR: Will the ACT be providing resources for the proposed trial or will the federal government be providing resources? How will this work?

Mr Barr: I think it depends on how you define “resources”. We have already provided resources in terms of intellectual input and policy input. The financial side—

THE CHAIR: I guess that is what I was really thinking about.

Mr Barr: No. The ACT government will not be providing financial—other than what is already within existing appropriations for people undertaking their normal day-to-day duties.

THE CHAIR: Do we anticipate that the federal government will be providing—

Mr Barr: It is obviously a matter for them to make policy announcements on that, but it would appear that it would be unlikely for such a trial to be able to occur without federal government financial assistance. But it is not for me today to be confirming that one way or the other.

THE CHAIR: No, but we are lobbying for it, presumably?

Mr Barr: It is not a case of lobbying. This is a federal government issue. It is not my responsibility to develop a trial for a piece of federal government legislation to deal with Mr Wilkie's issues. That is in the court of the federal government. However, we, as a responsible government, are engaging with our federal counterparts in relation to these matters.

THE CHAIR: Okay. Mr Hargreaves?

MR HARGREAVES: Not at the moment, but I will reserve my right to talk about the Wilkie assault later on, if I can.

THE CHAIR: Mr Smyth.

MR SMYTH: How do you see the reforms that you tabled in the Assembly during the week working in regard to the limits?

Mr Barr: Very effectively, Mr Smyth, obviously. I would not have tabled them—

MR SMYTH: Let us work through it slowly. The \$250 limit—

Mr Barr: It is a very leading question. You did invite—

MR SMYTH: I have a straight face here.

Mr Barr: You are softening me up, are you? Sorry, I missed the actual question.

MR SMYTH: There are three elements.

Mr Barr: There are three elements.

MR SMYTH: Let us go to the \$250 per machine. How will that work?

Mr Barr: That is a recommendation of the Productivity Commission and it is certainly part of what has been discussed by the select council on gaming. I know that jurisdictions have a number of different arrangements. In some states ATMs are banned completely from gaming venues. I think that is the case in Victoria and Tasmania. Other parts of the country have, I think, no restrictions at all. The position that the ACT adopted is in line with the Productivity Commission recommendations and perhaps represents the median point, if you like, of the jurisdictional responses.

In terms of the detail of that recommendation, you are obviously welcome to peruse

the Productivity Commission's report on the matter. The evidence from our gambling prevalence studies tends to indicate that the more opportunity there is for a player to take a break and to reassess their level of spending, the less likely they are to gamble away excessive amounts of money.

So this provides another mechanism. I am not suggesting it is a single solution to all problem gambling issues, but it is another mechanism that the evidence indicates will have limited impact on recreational gamblers and will have limited impact on those who are using clubs for meals, alcohol et cetera, for a drink. Two hundred and fifty dollars would be a lot of schnitzels and a lot of beer to consume, given the very attractive prices that the clubs offer for their food and beverage. But, clearly, it would have some potential to impact on the amount of money that a problem gambler could potentially put through a poker machine.

MR SMYTH: Can you table for the committee any evidence that says the \$250 limit actually works?

Mr Barr: We are happy to provide all the information that the Productivity Commission has provided.

MR SMYTH: No, beyond the Productivity Commission—

Mr Barr: Any information that we have; yes, I am happy to do that.

MR RATTENBURY: I want to ask about the *Community contributions made by gaming machine licensees* report which was tabled last week for the reporting period that we are discussing. On page 1 it talks about the definitions, including the definition of "gross gaming machine revenue". I understand from reading that that the gross gaming machine revenue figure is actually the money that is lost by gamers in the ACT?

Mr Jones: Yes, that is correct. The gross figure is input minus prizes or output. Another way of looking at the gross figure is player loss. That is what actually comes out of people's pockets.

MR RATTENBURY: Media reports last week put that figure at \$100 million, which is actually the net gaming machine revenue. So the actual loss by the Canberra community is the figure on page 21 of nearly \$179 million, not \$100 million?

Mr Jones: That is correct, yes. The *Canberra Times* was incorrect in its assertion that \$100 million was player loss. It is actually nearly \$180 million.

MR RATTENBURY: I want to ask about gross gaming machine revenue. You mention that it is essentially player loss. I am interested in the total amount of money. Is there a measure of the total amount of money that goes into machines and what is the prize pool? Is that a figure you have?

Mr Jones: No. I think what you are talking about is a turnover figure, which would be a player's credit, the money that a player would add to the machine themselves, and the prizes which come out, which are then put back into the machine, which is a

turnover figure. We do have some figures on that. In rough figures it is about six to seven times what the player loss is. So if there is a player loss figure of about 180 million, six times that would be in the order of about \$1 billion. That is the actual turnover—the churn, if you like, or the turnover.

MR RATTENBURY: In the definition of “net gaming machine revenue”, there is an allowance of 24 per cent of gross gaming machine revenue for licensee expenses.

Mr Jones: Yes.

MR RATTENBURY: How is that figure derived?

Mr Jones: It was a figure that was calculated some time ago as a rough estimate of the costs of a club actually running a machine. It takes into account purchase price, electricity, staff and some depreciation over a reasonable period. So it is roughly the cost of operating that machine direct to the club. But in terms of costs, it is only the machine operational costs, not other consequences.

MR RATTENBURY: Has that percentage been reviewed recently? Do you believe that it is still an accurate reflection of the cost structure?

Mr Jones: As best we can estimate, yes. It was an agreed figure with the industry some time ago, and it also does include GST on that. We have not reviewed that, because it is a best estimate of what is there. We still think that it is a reasonable reflection.

MR SMYTH: Just on the report, did you give the *Canberra Times* a copy of the report before it was tabled in the Assembly?

Mr Jones: No. Our only obligation is to provide the report to the minister by 31 October.

MR SMYTH: So you released it to the *Canberra Times*?

Mr Barr: And I then have a responsibility to table it within six days of receiving it, yes.

MR SMYTH: But you released it to the *Canberra Times*?

Mr Barr: I made it available. The journalist who had been seeking it from 31 October was aware of when it was required to be provided to me.

MR SMYTH: Who released the name of the club that is mentioned in the third paragraph on page 2, who attempted to claim the purchase of an outlet as part of its contribution?

Mr Barr: I am not sure.

Mr Jones: It is not outlined in the report.

MR SMYTH: No. So who released it to the *Canberra Times*?

Mr Jones: We did not name it. I guess, given that the report puts it in the context that it was for the purchase of a club—I do not think there were all that many purchases of clubs during the years—

Mr Barr: It would have been easy for the journalist to deduce—

MR SMYTH: So you did not release that to the *Canberra Times*?

Mr Jones: No.

Mr Barr: No.

MR SMYTH: Minister, did you or the office?

Mr Barr: I did not, no.

MR SMYTH: No. All right. Was the club penalised for attempting this strategy?

Mr Jones: No. Any application for community contributions that is not eligible is just rejected and identified in the report. There is no penalty or anything like that; it is just rejected and identified.

MR SMYTH: All right. So it was just a try on.

Mr Jones: Yes.

MS HUNTER: Page 10 of the annual report says that this year there was a significant increase in gaming machine revenue. The report says that you are not forecasting this to continue in this financial year. Is there an explanation for the increase and why don't you think that will continue?

Mr Jones: The increase actually took us a bit by surprise. We were not anticipating that. I think we budgeted about \$1½ million to \$2 million lower than that. Predicting gambling revenue and gambling activity, especially in a volatile market, both from an economic view and from things happening in the industry, is extremely difficult. I thought we did not do too badly to go as close as we did. I do not know why the revenue was slightly higher than we thought. Given the volatility and the way the economy is continuing, particularly with retail spending and things like that, which we think is the best indicator to reflect on that sort of activity, we expect a slightly lower level to continue. So we have not really changed our expectations; we just think that what happened in the financial year just gone was a little bit of an unexplained blip.

MS HUNTER: I want to follow on about the community contributions, to find out some more information about the audit program. Could you explain the scope and the timing of the audit program?

Mr Jones: Yes. Given the amount of data that comes in for community contributions

it is an enormous job for the commission to assess everything that comes in. For some of the big clubs I counted one year, Vikings had something like 10,000 data entries, which we have to assess and categorise in each of the five or seven categories I think it is up to now. So it is an enormous task for us. What we do is an on-the-surface assessment of what is eligible and what is not.

Clearly given the timing and that we have to report to the minister by 31 October we have got basically two months to pull all that together. Once all those numbers on that preliminary assessment are finalised and agreed we then start a more detailed assessment of whether they are actually eligible based on evidence. That is starting about now, now that the report has been finalised and tabled and all the clubs know what the final report is.

Our compliance team go out and check for evidence. So if someone has claimed a certain contribution we go through and ask, obviously on a random basis, on a selective basis, for evidence for that. If they claim they gave \$5,000 to the Smith Family we track that down and make sure that payment was actually made. If they are claiming an in-kind contribution we look at their booking diary and then we do a random check of the actual recipients of that and just say, "On these dates, did you actually use this room in a club?" So it is a verification of what they are claiming which is not possible to do at that time. So that is our audit program after the report date.

MS HUNTER: And how have you found compliance over the years?

Mr Jones: Generally it is pretty good. Over the last few years particularly we have been working very hard with the licensees to make sure that they keep appropriate records to prove what they have claimed is verifiable. Based on that feedback and on the seminars we have conducted their compliance is quite good.

Mr Barr: I think, Ms Hunter, the club industry takes the community contribution component very seriously. It is a core part of their DNA, if you like; that is why they are there. I think that is demonstrated in the fact that their contributions are always above the legislated minimum, and you see that again this year.

MS HUNTER: There are five matters that have been listed for further investigation. There are about 411 that were minor; but what is the timing on those five matters?

Mr Jones: The reference to that is?

MS HUNTER: And can you give us any more detail on them as well?

Mr Jones: This is in relation to community contributions?

MS HUNTER: Yes.

Mr Jones: Can you just indicate a page reference?

MS HUNTER: It is page 67 and it is in your community contribution report. It is in relation to the compliance auditing.

Mr Barr: It is in the contributions report, not in—

MS HUNTER: Yes, it is in the community contributions report.

Mr Jones: Can you give me the page reference again?

MS HUNTER: Page 67.

Mr Jones: In the contributions report?

Mr Barr: I do not think it has 67 pages.

Mr Jones: No. It only goes up to 25.

MS HUNTER: I am sorry; I have got the wrong reference. I will put that down on notice. It does mention in here about five matters that have further—

MR SMYTH: It is page 67 of the full report. It is about five paragraphs down.

MS HUNTER: Sorry, it is in your own annual report under your compliance auditing role, Mr Jones.

Mr Jones: Right.

MS HUNTER: And it does talk about five matters.

Mr Jones: The reference you appear to have there is in relation to the casino.

MS HUNTER: Yes.

Mr Jones: And it says there are 393 relating to gaming procedures and five related to the failure to comply with approved cash desk procedures. Is that the reference?

MS HUNTER: Yes. So can you give some more detail on—

Mr Jones: Sure. At the casino there are very detailed operational procedures about what casino staff must do in undertaking their job. The reason for this is so that it is much easier with the large number of staff working shiftwork there for the surveillance team and for our inspectors to pick something that is different or not being conducted in accordance with, I guess, a standard routine.

The procedures require everything to be done exactly the same and when things are not done that way something different or untoward usually sticks out. Those five related incidents are most likely to be related to failure to sign appropriate paperwork—for example, if chips go to a table where more chips are needed because players have taken them away or whatever or gone to another table, we call it like a fill, then obviously the accountability of that has to be exact because that could affect the casino tax. So it is usually things like failure to comply with procedures relating to the paperwork or things like that. I can find out exactly what they are if you are

interested.

MS HUNTER: Thank you.

THE CHAIR: Mr Hargreaves has a brief question and then Mr Smyth, and then we will change to economic—

MR HARGREAVES: I want to go back to the assault on my right to do whatever I like, by Mr Wilkie. I am not terribly interested in what some of the big club groups do—they can survive on their own—but I am concerned about the smaller clubs and the medium level clubs, and I will name a couple. I would like to know whether or not the commission or the directorate has done any work on the impact that these draconian measures provided by the Tasmanian devil in fact will have on clubs such as the Buffalo's club in Tuggeranong, which is very tiny, or the Burns Club, which is a stand-alone club. Have we done any analysis on what those reforms are going to do to those clubs having regard to the amount of change that they have had imposed upon them over the last five years?

Mr Barr: As I understand the Wilkie proposal there is a distinction between small clubs, being those with less than 15 machines, so there will be obviously some clubs within the ACT that are captured by that exemption that are not impacted immediately.

MR HARGREAVES: Five or something like that.

Mr Barr: Yes, it will be a small number.

MR HARGREAVES: Stuff all.

Mr Barr: And then the other clubs that you were referring to would be largely single-site ones with machines presumably above 15 and less than about 60—that probably covers that range—and they obviously have been the subject of some detailed discussion at the select council level. It would be fair to say there is some fairly intensive lobbying going on in relation to how those clubs of that size might be captured within a separate set of provisions. I am not sure that that is necessarily going to end in a positive outcome for them but that case has certainly been put in the discussions at ministerial level. Ultimately what legislation arrives out of the federal process is beyond our control. It is a matter for the federal parliament. But we have been pushing at a local level for that small club exemption to be greater than 15—in fact to be 20 machines—but I am not sure that we will be successful in that context.

MR HARGREAVES: On that basis it is my observation that we have a rather large jump from about the eights and the 10s, that kind of size, up to about the 150s, that kind of size, so that middle band is almost non-existent in terms of the number of clubs functioning in the ACT, if I remember reading the list properly. What I am also interested in is this: has the point been made in these discussions that the elimination of these smaller independent groups of clubs will only accelerate and enhance the monopoly grip that the larger club groups have got on the recreation of people here and that it is therefore an anti-competitive stance and ought to attract the attention of the competition commission?

Mr Barr: Sure. Unpacking that statement there is probably an issue, or two, there that makes certain assumptions about business models and reliance on gaming machine revenue. Undoubtedly the club industry will, as it evolves from year to year, go through a process of changing its business models—that is common sense in a business practice sense—and it has clearly had to make changes to respond to differing levels of gaming revenue from year to year over the last decade.

I suppose there is a threshold question of principle about how an organisation derives its revenue and whether there is a disproportionate reliance on the losses from problem gamblers in particular. People will have a debate about that and there will be a variety of different views obviously on that question. From an ACT government perspective we have indicated a willingness to work with the industry to diversify their revenue sources and to look at ways to assist the industry to make what I believe to be an inevitable adjustment over a period of time, to be less reliant on gaming machine revenue. We are seeing a number of clubs undertake either business planning or practical steps in terms of acquisition of other revenue sources. I am aware of some that have purchased into property, into shopping centres.

There is also, I suppose, a longer term question, Mr Hargreaves, about the community gaming model and its application across the range of club groups now. As you have indicated, there are some very small operations for whom gaming machine revenue can vary. Some, the Rugby Union club, for example, have presented to me and indicated that it is about 12 per cent of their revenue stream. In other clubs it is obviously much larger. But there is a question ultimately, given that these are not-for-profit organisations: where does all this money go? A proportion of it obviously goes back to the community through a legislated community contribution, and again I acknowledge that clubs make contributions much greater than their legislative requirements. There is then a question of just simply capitalisation and growth. The money goes somewhere and, as you have indicated, clubs get bigger and bigger and bigger.

In the context of the ACT it is perhaps not to the same extent as you see in New South Wales where the gaming model has moved beyond community-based gaming into large corporations owning what can only be described as very large gambling dens. I do not think that situation applies in the ACT. But on current projections the money has to go somewhere and it is capitalised back into the groups, as you have observed. So on the question of what protection is there around ensuring the survival of smaller clubs, one of the important things, hence in the legislation that we put forward, relates to a protection against the cannibalisation of existing licences from small clubs into bigger groups. There is a social impact assessment and we are working closely with ClubsACT in ensuring that those smaller clubs, and even the very small club groups that might have two sites, for example, are protected through this process. But it is a changing environment. Almost regardless of the Wilkie reforms there is a range of other factors impacting on that business model, and clubs are diversifying.

MR HARGREAVES: With respect, though, all those other impacts are either environmental or economic and imposed by the ACT government and the people of the ACT government can have a voice on it. We have nothing to do or say about stopping the rampant Tasmanian devil.

Mr Barr: We have elected representatives from this jurisdiction in the federal parliament, as you would be aware, both in the lower house and in the upper house. The power of one vote is significant in both houses, given the public debates on this. I do not think it is quite fair to say that we have no say. But, undoubtedly, yes, these are national issues that impact more broadly than just on the ACT.

Our model is different from that of the other states and territories. That is certainly a point that we have been making in the context of this national debate. We have a community gaming model. There have been significant representations made. I think it is almost a rite of passage for a new minister in this portfolio to receive various approaches from the casino and the hotels lobby wanting to expand access to machines. I have had one almost every quarter. I notice that the longer I am in this job the amount of money that is offered to purchase this access increases every quarter too.

THE CHAIR: Mr Smyth has a very brief question and then we will move on to Economic Development.

MR SMYTH: It is in regard to the collapse of Sports Alive, and I note the article that was in the paper on the weekend. When did the commission first become aware of Sports Alive being in difficulty?

Mr Jones: There was no one point in time that we formed the conclusion that Sports Alive was in significant financial difficulty. It went into voluntary liquidation on 26 August this year. Leading up to that date, from about late June to early July, we started to get a couple of complaints, and I only mean two or three here and there, about late payment of funds—not no payment, but late payment of funds a couple of days after the punters' expectations.

We followed up and investigated those. As we got into August some of those complaints increased. By mid-August we had asked the directors of the company, who are based in Melbourne, to come to Canberra to discuss what was happening with the company in terms of this late payment. They provided various explanations which, at least on the surface, were quite reasonable. All of those complaints were actually being paid, even though they were just slightly late.

It was probably about two days before they went into actual liquidation that we realised that if they did not get a significant injection of funds, which they were still promising or indicating was the likely outcome—and that was from either TOTE Tasmania or BetFair—then they were going to be in trouble. That is in terms of what our knowledge was and then what actually happened.

MR SMYTH: The paper reports that the liquidators say they may have been insolvent as far back as 2008. How were they able to be insolvent and you not being aware of it? Surely they give you audited documentation to prove their liquidity?

Mr Jones: That was a statement made by the liquidator which we clearly disagree with. We received annual audited financial statements which indicated that they were a going concern, even though injections of funds from other investors and the shareholders were required to keep the company progressing as they did.

There were no concerns on the going concern decision from their auditor or ASIC or those reports provided to us. We get monthly financial returns from them in terms of paying their sports bookmaking tax and their returns. We get access on a monthly basis to their financial accounts, which indicated that there were significant funds in the player accounts, which they identified to us. In terms of the liquidator's claims that they were insolvent for a number of years, we just do not accept that and, clearly, neither does their auditor nor ASIC.

MR SMYTH: Who is their auditor?

Mr Jones: That is not something that I can reveal. We know who the auditor is. That is not public information at this stage. We have received advice that that is not something that we can reveal.

MR SMYTH: All right. I noted it said that you have contacted the Victorian police to investigate. What is happening there? Are they conducting a full investigation or are they just having a look at it?

Mr Jones: Because of the concerns which we had with some of the allocations of funds and some of the activity undertaken by the directors we felt obliged to have discussions with the Victorian police on that, which we have duly done. The Victorian police are currently considering the information that we have provided to them.

We will also be putting in a number of complaints with ASIC on the activities of the directors. What the Victorian police do with the information is a matter for them, whether they undertake a criminal investigation or whether they pass it on to ASIC as part of their investigation or their further investigation. The liquidator is also obliged to provide a report and any evidence to ASIC on the winding up of the company and whether there have been any breaches of the Corporations Law, so there will no doubt be a fair report going from the liquidator to ASIC as well.

MR SMYTH: When will we know what the Victorian police are doing and what ASIC will do?

Mr Jones: We have not put a time frame on it, and neither have they. It is a reasonably complex matter, given the number of stakeholders involved, because each punter is effectively a stakeholder in this, and there are tens of thousands of those. We are just monitoring and keeping in touch with the Victorian police every so often. We do not have a time frame. I do not think it is going to be quick. I think any investigation that they choose to do will be a long-term one rather than a short-term one—but certainly not this year.

THE CHAIR: We will now move to the Economic Development Directorate because we are running out of time. On page 9 you talk about building an inventory of urban renewal opportunities. Can you tell me a bit more about that? How do you work with ACTPLA in this, who might also be involved? You also have got an objective of an inventory of serviced land. Are they related? How does it relate to affordable housing, if at all?

Mr Barr: I think we are dealing with this area of the directorate in next week's hearing, or I presumed we were. The annual report public hearing schedule talked about this being in business and industry development, not land—

THE CHAIR: Okay. We spent a while trying to work out where the break was. I actually thought that this part was the thinking about it and the LDA part was the actual bulldozers part of it.

Mr Barr: No, this is the business industry development side.

Mr Dawes: It is the land release policy, Madam Chair.

THE CHAIR: Okay. Does the office building—

Mr Barr: Not today.

THE CHAIR: Not today? That is okay.

Mr Barr: I was expecting questions on things like ScreenACT, TradeConnect, business support services and so on.

THE CHAIR: You are expecting the obvious question, I am sure: how are we going with the clean economy strategy? You had to be expecting that as the number one, given that we have now got ourselves—

Mr Barr: Indeed.

MR HARGREAVES: It is not number one at all. There are some people that do not care, Madam Chair.

THE CHAIR: I appreciate that, Mr Hargreaves, but I am sure none of them are in this room.

MR HARGREAVES: Hang on. Here you are—here's a dollar; ring up someone who cares.

Mr Barr: We are going through a phased policy development process. You would be aware of the lead-up work that was undertaken involving the University of Canberra. There have been some further specific stakeholder discussions. That will lead to something coming to cabinet in the new year and, as I think the Chief Minister announced in the government's statement of priorities, a formal policy announcement in the second quarter of 2012. Ian, do you want to talk a little about the process that has been undertaken since we last appeared?

Mr Cox: Just reflecting on the question, there have been some significant changes in the national environment over the last few weeks. At one level we have the carbon tax. At another level we have the creation of an entity called ARENA, the Australian Renewable Energy Agency. We have the Clean Energy Finance Corporation and we have a layer of programs under both entities that collectively, I think, add up to about \$10 billion.

I guess my point is that just as business required some certainty around investing in emissions reduction and mitigation, to be able to do the strategy properly we needed some certainty about the national policy environment as well. I think from a program point of view the responses are going to be mostly around leverage—leverage of commonwealth programs.

If you consider the nature of the ACT clean tech sector, they tend to be smallish companies with some IP, growing, in need of some sort of financing support. Typically, they are more early stage and more finance hungry than a lot of other companies we see around this space. I think the natural place that they will develop their investment-ready profile is through the commonwealth program. So from a programmatic point of view, I see most of our effort in that space, to be around helping companies access the commonwealth programs.

THE CHAIR: Just to confirm, we are dealing with affordable housing next week. I read in the *Age* at the weekend that the Victorian government said they were no longer part of the no poaching, no competition agreement in terms of different states trying to attract businesses to their particular state. Does it appear that that agreement is defunct and what impact is all of this going to have on our efforts?

Mr Barr: That is an interesting question. “Defunct” might be too strong a term. Impact—interesting; it would depend really on the state of individual state and territory finances. I do not think anyone, other than perhaps the Western Australian government, is exactly swimming in cash to be throwing market distorting levels of incentives at businesses. It would be unlikely that there is going to be radical policy shift to start suddenly funnelling huge amounts of public money in as incentives for relocations. Presumably, the overall policy settings for jurisdictions—a combination of different levels of taxation—might drive some investment decisions. It is something I have an eye on in the context of our review of taxation.

I think the broader issues, and perhaps the things that will drive individual investment decisions, will be as much about access to a skilled workforce because there are significant skill shortages in many parts of the Australian economy at the moment. As Mr Cox has indicated, our comparative advantage will not be in manufacturing. It will be at the research end and it will be on the intellectual side rather than the hands-on making of things.

That is not to say that there is no capacity for some manufacturing to occur within the territory, but we are not suddenly going to see the ACT economy gear up to become a manufacturing powerhouse. That is just not going to happen. So we have got to be realistic about how we respond. But there are, I think, some significant opportunities to leverage off areas where we have a comparative advantage and, in fact, where the greatest value add for our economy can be.

THE CHAIR: So you are not aware of any particular proposals coming from the Victorians? It is more a general policy statement on their part rather than their being out to—

Mr Barr: I have noticed that there has been some fairly aggressive money thrown

into the event space in Sydney, Melbourne and Adelaide wanting to purchase motor sport events and major events like that. They seem to be throwing more money into that than they are at—

THE CHAIR: That is to my mind slightly different to the tourism space.

Mr Barr: Do not underestimate for those major economies the level of impact that those sorts of major events can have. They have the capacity to scale up. They have got tens of thousands of hotel rooms that need filling all the time. It is on a very different scale from here. But just in terms of your question about what evidence have we seen of states entering into bidding wars on particular things, it has been more for events that I have noticed in terms of throwing major incentives at companies. When I say “major”, I mean market distorting incentives to move or locate from one place to another. In the end there are other factors that drive that, I think.

MR HARGREAVES: I have a couple of questions on TradeConnect. The report talks about, I think, 19 businesses supported and another five on a global acceleration pilot program. What I would like to know is what sort of businesses you have got. You have got 19 of them. What are they engaged in, and can you tell us a bit about this global acceleration pilot program, because I could not find so much about that?

Mr Cox: I have no detail on the 19, apart from the fact that the ACT private sector economy is a very eclectic mix. I suspect that the 19 are a fairly eclectic and reflective mix of—

MR HARGREAVES: Can we get a list, please, Mr Cox?

Mr Cox: I can do that.

MR HARGREAVES: I am interested in the comment that you make about the eclectic nature of it. If you are right—and I am absolutely sure you are—that is a good news story in itself.

Mr Cox: In fact, I will just qualify what I said. I think an addendum to the annual report has a list by company that have received TradeConnect funding.

MR HARGREAVES: Yes, I was looking at section B there. It is very comprehensive. I was not quick enough.

Mr Cox: It may be easier for me to provide a list—

MR HARGREAVES: If you would be kind enough.

Mr Cox: with a brief description of what—

MR HARGREAVES: It saves me doing the work; so that is really wonderful.

Mr Cox: The global acceleration program—we fund some other things out of TradeConnect. Just for your information, we funded the government service pilot trade mission to Washington out of that, which the minister was on just recently. We

fund the women in global business program.

We also funded the global acceleration program, which was a marriage broking service, if you like, between a consulting company calls Pyxus that does quite a lot of investment readiness preparatory work with companies, and on the other side of the Pacific, an organisation called ENZITEC, which is a group of expatriate Australians that actually work quite actively in marrying ICT companies, particularly to the west coast market. So the global accelerator program was about providing some deep preparatory support onshore here and some deep hand holding, which is important in the states, when those companies were ready to actually make the move.

MR HARGREAVES: Thank you very much for that. It puts a picture on it. Through the Lighthouse business innovation centre, the report says you have supported 178 clients. Is there a similar list of those?

Mr Cox: I think we can provide—there is not a funding relationship with the 178. It is an advisory service relationship.

MR HARGREAVES: Yes.

Mr Cox: Quite a lot of the dialogue between the companies and the advisory service provider is confidential in nature.

MR HARGREAVES: Sure.

Mr Cox: So we can clump it up and provide an idea of—

MR HARGREAVES: Yes, I am interested in not necessarily the names of the companies, but the sort of areas in which they are dabbling. That would be good. As I understand this, this is either another approach to business incubation or an extension of that same concept in real time—more real time, I should say. I am interested in how it actually works and the cross-section of the sort of businesses that are being incubated.

Mr Cox: I can provide a few comments. Lighthouse was born out of the old Epicorp ICT incubator, which was part of a national ICT incubation program from the federal government that ran until mid-2003, I think. There was something in the order of \$15 million put in by the federal government to the ICT Epicorp incubator, which is set up on Black Mountain. The ACT government, I think around that early 2000 period, also put in \$3 million.

The model is in equity investment; so the companies were invested in by those two funds. Those programs came to an end in about 2007. I will have to clarify dates. At about that time the government also did an innovation systems audit. One of the findings of that audit was the need for, if you like, a heavy lifting advisory entity in this space. ICT technology intensive companies are sort of a different kettle of fish in terms of their advisory and development needs than the greater sort of unwashed small business. So there was a proposal developed through that policy development process.

At the same time, Epicorp was coming to an end. It had an interest in moving its expertise into a joint set of arrangements with the ACT government. So Epicorp and the ACT government gave birth to, if you like, the Lighthouse business innovation centre. Epicorp currently contributes significant amounts of money to Lighthouse as well. The ACT government is still the primary funder, but the amounts that are being provided by Epicorp are quite significant.

The model is designed around providing heavy lifting support to companies—higher end, more targeted advice. Having said that, of the 178 clients, it is, again, a fairly eclectic mix of businesses and the issues that they actually bring. At a guess, maybe 20 per cent are around equity financing. There will be all sorts of other issues that are coming through that program.

THE CHAIR: Continuing on this, at what stage of business development do you have most demand for your services? You said 20 per cent was financing but that leaves 80 per cent.

Mr Cox: In terms of contact with government programs and services, the volume of contact comes through the Lighthouse Canberra BusinessPoint advisory services. So it is front-end business advice of a relatively generic nature that actually sort of accelerates in terms of its complexity as the business engages more with the service provider or the particular issues that might be coming through.

In terms of a number, it is very hard to put a number on it, but if you think of Canberra BusinessPoint, it is more of a sort of one-to-many type service offering. Lighthouse is more of a one-to-one type service offering. They are now currently both joint service providers under the new set of Canberra BusinessPoint arrangements.

THE CHAIR: Now you have the two service providers, have we got an increase in business? Is there an increase in demand now there are the two service providers?

Mr Cox: We have got six months worth of data to compare the old Canberra BusinessPoint versus the new Canberra BusinessPoint. The activities are increasing in the one to one, the deeper engagement relationship. It is increasing in terms of workshop participation but the nature of the workshops has actually changed. The workshops that were run by the previous service were more of a low level introduction to business—sort of 101. Canberra BusinessPoint still do that, but they are also offering deeper expertise domain-type advisory programs.

So the numbers are about the same in terms of a lower number of workshops, higher number of participants. Overall numbers between the two six-month data comparisons are roughly the same. But I suspect that what is happening is that the companies and the clients that are coming through are getting a deeper level of advisory support than perhaps they did in the past.

MR SMYTH: Minister, just to clarify the nature of the government's strategy, will the strategy you will announce next year replace capital development?

Mr Barr: Sorry, the—

THE CHAIR: Industry development strategy.

Mr Barr: Sorry, I thought you were still on the clean economy one. Yes, that is my understanding.

Mr Dawes: We will have a tag team match here. I can bring in Cathy Hudson to talk to you a little about it. But the government is committed to releasing the strategy in the first half of 2012. What we have actually looked at is what has happened over the last 10 years, building on some of the policies from the economic white paper in 2003 and releasing the capital development and the innovation studies as well.

We have already commenced the process. We have actually been working through Canberra BusinessPoint. We have had a number of focus groups there with business groups working with Canberra BusinessPoint and the Canberra Business Council as well. We are developing the papers, as has been discussed. There has been some very good input from a number of the businesses that the Canberra Business Council put together for us. We are then broadening out into other areas, some of the other industry organisations and associations as well, to make sure that we do gather up all of the intelligence and all of the information.

What we are looking at doing is bringing all that together and then holding a symposium in early 2012 to launch some of the findings, some of the discussion papers with industry. Cathy, did you want to add to that?

Ms Hudson: We have both the business development area and the policy area working on this. We have employed someone at the senior manager level who has done some of the work that David referred to, but we have also done an environment scan on looking at what like cities and states are doing across Australia and the world. We have provided that information to the minister and we intend in the next few weeks to put out a discussion paper to guide further consultation, both with the business community and the broader community. That will look at some of the work that has gone on over the last 10 years. But I suppose much of that work will build on what we know is already successful and considered important in terms of growing the private sector in the ACT.

MR SMYTH: So the answer is, yes, it will replace capital development?

Ms Hudson: Capital development actually referred to an industry development strategy underneath as part of that. We will be looking at how the Canberra plan progresses and seeing how this one fits, whether it is directly under capital development or at a higher level. We will be considering that as we go forward.

MR SMYTH: So it does not replace capital development?

Ms Hudson: It is the next iteration, but it is—

Mr Barr: It is not a black or white issue. Amazingly, it could be a nuanced position.

MR SMYTH: Well, we have had two different answers just in the last two minutes. Where does the plan that you intend to release next year fit in the hierarchy of plans?

Mr Barr: That will depend obviously on the nature of all other—not everything is static, Mr Smyth.

MR SMYTH: But what you are developing will be at a certain level. What level are you intending it to be at?

Mr Barr: At a higher level.

MR SMYTH: It is not a trick question.

Mr Barr: No, I appreciate that. The point I am trying to make is that there is obvious overlap with tax policy. There is obvious overlap with the work that is occurring within CMCD in relation to the Canberra plan. I am not in a position to say, “It sits at this level.” It is an important strategic document for the territory, but I am not sure there is an answer where I can say at what level.

MR SMYTH: Surely you request a plan at a certain level to cover a gap or to overarch or whatever.

Mr Barr: Yes, and it is—

MR SMYTH: Is it an overarching plan? Is it an industry development plan? Is it a sectoral plan?

Mr Barr: No. As I have indicated to you, I am not interested in pursuing individual sectoral plans. This is not a command—

MR SMYTH: We will get to that.

Mr Barr: Yes. This is not a command economy, so we are not going to be undertaking industry development plans at a sectoral level. It sits as a broad, overarching policy statement.

MR SMYTH: Okay.

Mr Barr: Exactly how that fits the context of the tax policy work and other work that is occurring within CMCD in terms of exactly where—three plans at the top, for example—there is further policy work to occur before I can—

MR SMYTH: But how will the bureaucracy know what to deliver if they do not know what you want?

Ms Hudson: We will provide the minister with options about which way in light of what we hear from the community as well. But we anticipate that there will be objectives in the strategy and actions will be linked to that. That is where we are working, but we will have conversations, we are hoping, in the next couple of weeks with the minister around the discussion paper, which will be released and kept open for a considerable amount of time into early February. Then we can adjust, because we are agile.

MR SMYTH: It sounds very unclear as to what you are trying to achieve. Minister, yes, you talked about not containing a multitude of individual sectoral development plans in the Assembly last week. How do you reconcile that you will have this strategy but you already have announced that you will also have the clean economy strategy? Is that something that will sit next to the clean economy strategy, or will the clean economy be one of those sectors that you do not want in your sectoral plans?

Mr Barr: It is not a sector. It applies across the entire economy.

MR SMYTH: Okay, so there will be a clean economy strategy running over or parallel with an industry development strategy?

Mr Barr: These are matters that will be determined during the course of the policy development process.

MR SMYTH: But you can see it is remarkably unclear.

Mr Barr: No, I think you are seeking to muddy the waters on a process that necessarily has to evolve to respond to other changing circumstances. So I have got three important pieces of work underway, none of which have landed yet, because they are still in consultation phases.

There is obviously a political assessment that has to be undertaken and then, depending on the nature of recommendations that emerge, a process through the Assembly that invariably involves considerable delay in implementation of things. Undoubtedly, there will be interest from outside of the government in referring certain elements off to committees, and we will, I am sure, find ourselves some time in 2013 before some things will resolve, depending on the nature of what the Assembly chooses to do.

But the point I have been stressing is that my approach to this is that I am not in the business of, nor am I going to have public servants' time spent, delivering individual sectoral plans that seek to map out outcomes that are rightly the subject of the market. In fact, the tax policy settings, I think, are the most important element of this, noting, of course, the changed environment that we now operate in from a federal level that clearly indicates a direction in terms of where the Australian economy is heading. As we are a tiny part of the Australian economy, we need to be cognisant of that.

We also need to be cognisant of emerging trends in terms of jurisdictional responses to the tax reform agenda. Part of that has been an evolving question, noting the federal tax summit, noting the changed position of some jurisdictions as governments have changed at a state and territory level. What was previously a series of understandings across states and territories has changed. Ms Le Couteur alluded to that in one of her earlier questions.

I think the point to make is that nothing is static. This is a constantly moving environment. The difficulty I have in providing an answer to your satisfaction is that there are too many moving parts at the moment. This will come together, but a number of different processes are occurring, and there is the added issue of

consultation and variety of different stakeholder views that need to be considered. A decision in one area will ultimately impact on other policy areas as well.

MR SMYTH: You mentioned three strategies or three documents being prepared. Can you name them?

Mr Barr: The clean economy, industry and tax.

MR SMYTH: You are including the clean economy—

Mr Barr: Yes.

MR SMYTH: Yes, okay.

Mr Barr: It is clearly part of the—

MR SMYTH: I do not disagree. Can I direct you to page 23 of volume 1 of your department's annual report. Given that you have said you do not want individual sectoral development plans, you actually have a section called "Establish and deliver collaboration-based industry development strategies", and you list seven: the capability network, the exporter's network, ScreenACT, CollabIT, ACT Screen investment fund, education export and the clean technology business strategy. Is that not at odds with what you have just said here and what you said in the Assembly?

Mr Barr: No, I do not believe it is. Obviously some of those I have inherited.

MR SMYTH: So these will all end?

Mr Barr: These are live questions in the context of where we go beyond 2012.

MR SMYTH: So you are considering ending each of these seven?

Mr Barr: I am open to a variety of different policy avenues. There is no guarantee that, because a program is running at the moment, it will continue in the future.

MR SMYTH: In the Assembly on the 17th, you referred to:

... our key priority areas of advantage, particularly in government services, education and tourism.

Given that on page 25 of this document, you have education export listed as one of the individual industry-based development strategies, doesn't that indicate that, in the overall industry development strategy, you need to come down to another level—and, indeed, you foreshadowed coming down to the next level—which includes government services, education and tourism?

Mr Barr: The policy debate will be over what level you come down to. I think you and I have different views on that.

MR SMYTH: Yes.

Mr Barr: Although potentially not, because you have not been entirely clear, necessarily, about your position on some things.

MR SMYTH: It is your annual report we are talking about, minister. You have been very unclear this morning. Apparently everything is on the table and nothing has been decided.

Mr Barr: That is right; that is the whole point of a policy review process.

MR HARGREAVES: Annual reports are about history.

Mr Barr: You obviously indicated, through pushing certain recommendations through the estimates process earlier in the year, a particular preference for a policy base.

MR SMYTH: The committee did, yes.

Mr Barr: You were the driving force behind some of that.

MR SMYTH: Merely the chair, minister. Even the Labor member agreed to a number of those recommendations.

Mr Barr: We will undoubtedly have those discussions as we move forward. I have indicated that the environment has changed significantly, and that just because something has been there before does not necessarily guarantee that it will not change.

THE CHAIR: On a subset of this, again, one of the—

MR HARGREAVES: We have got five minutes to go.

THE CHAIR: I am aware we have five minutes to go, Mr Hargreaves. The national broadband network is one of the ones mentioned—mentioned, in fact, twice.

MR HARGREAVES: Must be important.

THE CHAIR: Exactly. It also got a guernsey on page 30. What are we planning to do in terms of facilitating the opportunities—presumably opportunities—from it rather than—

Mr Cox: The current activities have been principally around understanding footprints, about working with NBN Co to understand time frames, to understand some of the, if you like, street-based activities that will have to happen, such as where roads will need to be closed for works to proceed, where survey pegs may be, where conduit needs to be laid and those fairly nitty-gritty, activity-based, layout-type, roll-it-out-type activities.

There has been a group formed within government which comprises senior reps of the agencies that will have some degree of contact with some of these issues. There are people from TAMS around transport; there are people from Land and Property

Services around all the land-related issues. The nature of the facilitation is to provide a central point where NBN Co can come and have conversations with the ACT government and agencies around these practical issues. At some point in time, that task force will probably move to a content development type view of some of these issues as well.

THE CHAIR: That is an answer quite different from what I had expected. I had expected that, given that you are business and industry development, it would not be so much how you actually get the NBN to roll out; I assumed they were sorting that. I thought you were going to tell me—maybe you can tell me—what we are doing to leverage the business opportunities which I assume will come from the NBN.

Mr Cox: What I said at the end of that question was that the front end of the task force and the work it is doing are very much focused on the practical stuff. There has been a long and uncertain conversation for the last 12 months around time frames, footprints and so forth. As those issues have been resolved and Silcar and NBN Co now have a point to contact the government around these conversations, the task force is probably going to move to those issues around business development, content and the opportunities that NBN can provide around e-health, e-education services and engaging businesses in a deeper conversation about what the NBN can actually provide—not just a website solution or a static brochure web-type solution but quite a deep business NBN strategy. We will move those conversations with the business community in that space over the next 12 months.

Mr Barr: Bearing in mind, again, that businesses are active in this space anyway and do not need the government to hold their hand in order to see the opportunities that are there. The concern I have in all of this—I might be the only person in the Assembly who thinks this—

MR SMYTH: Not necessarily true.

Mr Barr: Maybe not. It is that it is not the role of government to hold people's hands through every element of running a business and it is not what this area of policy is about. I want to send a very clear signal that I am not interested in that sort of government intervention. I think that the most important thing that we can do is get the macro policy settings right to enable businesses to make the right investment decisions for this economy, but they will be decisions that they will make, not ones that the government seeks to dictate outcomes in.

THE CHAIR: Have either of you guys got a really quick question?

MR SMYTH: I do. I am assuming we are not doing convention facilities today?

Mr Barr: That is next week.

MR SMYTH: All right. I will leave it at that.

THE CHAIR: Thank you very much, minister and officials, for your attendance today. As we have already said, there will be questions on notice for this. I, for one, have got some. They are due with the committee secretariat by the 13th. Answers to

questions are due by 13 January 2012. For the committee, written supplementary questions from members will be accepted for three days following the public hearing.

Mr Barr: So you will put questions in within three days of the hearing and we have got about a month to answer them. Is that it?

THE CHAIR: That is basically it. We figured that you were not going to do a lot of work over Christmas.

Mr Barr: So early into the new year.

MR SMYTH: Three days and a month does in fact deliver it before Christmas.

THE CHAIR: Yes; we did discuss this. Anyway, we were being generous to you. On behalf of the committee, I would like to thank you, minister, and all the officials appearing here today, for attending. As per usual, as soon as available, a proof transcript will be forwarded to witnesses for an opportunity to check the transcript and suggest any corrections. I formally declare this public hearing closed.

The committee adjourned at 1.00 pm.