



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON THE COVID-19 PANDEMIC RESPONSE

(Reference: [COVID-19 pandemic response](#))

Members:

MR A COE (Chair)
MS T CHEYNE (Deputy Chair)
MRS V DUNNE
MS C LE COUTEUR
MR M PETTERSSON

TRANSCRIPT OF EVIDENCE

CANBERRA

FRIDAY, 17 APRIL 2020

Secretary to the committee:
Mr H Finlay (Ph: 620 50129)

By authority of the Legislative Assembly for the Australian Capital Territory

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

WITNESSES

BARR, MR ANDREW, Chief Minister, Treasurer, Minister for Social Inclusion and Equality, Minister for Tourism and Special Events and Minister for Trade, Industry and Investment**25**

KOBUS, MR JONATHAN, Director, VisitCanberra.....**25**

NICOL, MR DAVID, Under Treasurer, Chief Minister, Treasury and Economic Development Directorate**25**

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Amended 20 May 2013

The committee met at 11.31 am.

BARR, MR ANDREW, Chief Minister, Treasurer, Minister for Social Inclusion and Equality, Minister for Tourism and Special Events and Minister for Trade, Industry and Investment

NICOL, MR DAVID, Under Treasurer, Chief Minister, Treasury and Economic Development Directorate

KOBUS, MR JONATHAN, Director, VisitCanberra

THE CHAIR: Chief Minister, can you please advise who is present with you?

Mr Barr: The Under Treasurer, David Nicol, is here, and Deputy Under Treasurer Stephen Miners is also available. In another room in my office, I believe, are representatives from the economic development directorate—if needed.

THE CHAIR: On behalf of the committee I would like to thank you, Chief Minister, and your officials for attending today. I understand that you have been forwarded a copy of the privilege statement. Could you each please confirm that you have got that privilege statement and understand the implications?

Mr Barr: Yes, thank you. I am familiar with the privilege statement and understand its implications.

Mr Nicol: Yes, I agree with the privilege statement.

THE CHAIR: Before we kick off with matters about the COVID-19 pandemic response, Chief Minister, why are you not able to participate via Zoom?

Mr Barr: I am participating via Zoom. I have dialled in on the number provided.

THE CHAIR: Is there a reason why you are choosing not to dial in by video connection?

Mr Barr: Yes, for the reasons that were outlined extensively to you in my letter, as well as the advice of the Chief Digital Officer, Shared Services ICT and the security and emergency management branch of the ACT government.

THE CHAIR: The committee received advice from your government about how to proceed with these hearings. We have followed that advice. We received subsequent advice yesterday from the acting head of IT security in the JACS directorate which confirms that there is no security risk with what we are proposing. Further to that, we are conducting a public hearing here with the very intention being that people can dial in and view what we are doing. Do you have advice that conflicts with that of the acting head of IT security at JACS?

Mr Barr: Yes—advice that comes from the boss, the Chief Digital Officer, the head of Shared Services ICT and the security and emergency management branch. The contact that the committee has had is not with a senior officer within the ACT government, so the advice I have remains. So we will participate in this way. It does not prevent the participation of ACT government officials in the process. We are here.

Frankly, at this point, rather than wasting everyone's time over a debate on which platform we use to engage, we are able to do so.

I have an opening statement that I would like to give to brief the committee on the pandemic. That is possibly a little more important than which platform we are using. You can all hear us, and we will continue to engage in this way.

THE CHAIR: I can hear you but it is just not optimal. Given that this is the first hearing with you, Chief Minister, I think it is reasonable for the Assembly committee to seek an optimal way to scrutinise the government during this process. So I unashamedly request that, in the future, you connect via video using the Zoom app.

I note that you have an opening statement. Please keep it brief. We can go straight to questions after that.

Mr Barr: We acknowledge the critical importance at this time of the community continuing to adhere to self-isolation, social distancing and quarantine arrangements. This has been fundamental to our success, both locally and as a nation, in containing the coronavirus.

New modelling has confirmed that the measures that have been put in place to suppress the virus, both locally and at a national level have been successful in slowing and reversing the growth of cases in Australia and here in Canberra to ensure that our health system has the capability to manage the epidemic.

The information I have today is that there are no new cases in the ACT in the last 24 hours. Most importantly, the modelling shows that the current effective reproduction number—that is, in effect, the number of people that each confirmed case is infecting—remains less than one. This is critical to our success locally and nationally in combating coronavirus.

We are now in the suppression phase of the response, which will last for some time. As I announced yesterday, this will mean that the current restrictions that are in place will remain for the next four weeks. However, they will be reviewed regularly at a national cabinet level, and also locally as part of the planning for the medium and long term.

Over the coming months, the community can expect further enhancements to the public health response to be implemented. That may, in fact, then coincide with the relaxation of some of the distancing measures. That forward planning process is within the context of the suppression and elimination strategy that is being pursued.

If the committee is interested, I can provide an update on the economic situation. My meeting immediately before this was with the commonwealth Treasurer and state and territory treasurers. I can provide a brief overview of the current economic situation, if the committee is interested.

THE CHAIR: Thank you. That is probably the primary interest of the committee today. So, yes, if you are able to give a brief overview, that would be beneficial.

Mr Barr: The national cabinet yesterday and state and territory treasurers today were briefed by the commonwealth treasury in relation to the economic implications of COVID-19. At a national level, the expectations are of a very significant economic downturn, much greater than during the global financial crisis.

The International Monetary Fund has estimated a three per cent global contraction in the world economy. To put this in some perspective, the contraction during the global financial crisis was 0.1 of one per cent. So this will be a very significant impact, well in advance of what we experienced during the global financial crisis.

The impact in Australia is anticipated to be greater. Treasury at a commonwealth level are forecasting national unemployment to effectively double and to approach around 10 per cent. This would have been 15 per cent without the implementation of the JobKeeper program.

We have been advised that nationwide around 860,000 businesses have registered for the JobKeeper program. We have also been advised that 6.2 million Australians have received the \$750 emergency payment from the commonwealth and 840,000 Australians have requested early access to their superannuation.

We do not yet have specific state and territory data but, as a rule of thumb, the ACT's population share is around 1.7 per cent of the total population. What we have seen on the information that has been provided is that, because of our strength in public sector employment, the ACT's proportion of the overall national pools has been less than our population share.

That is a brief summary at this point. I am advised, in relation to JobKeeper, that around 10,000 of the ACT's 30,000 businesses have registered interest; not all will be eligible though. This should give the committee a sense of the scale of the impact on the ACT.

THE CHAIR: Thank you. Chief Minister, what impact do you think the COVID pandemic is going to have on revenue for the ACT?

Mr Barr: It will have a significant impact across nearly every element of the territory's revenues, both own source and those that are outsourced by the commonwealth. Our single largest revenue source, the goods and services tax, will see a significant decline in the national pool because of the collapse of consumption across the Australian economy. We do not yet have a quantity there but, with the reduction in economic output, the level of unemployment and the reduction in consumption, it is anticipated that that impact will be large. As that is the territory's single largest revenue source, that impact will be very significant for our budget.

In terms of our own-source revenue lines, we will expect a reduction in payroll tax, in rates and in some other revenue lines. For example, gambling taxes will effectively fall to zero, as there is no activity in that part of the economy. At this point, it is too early to tell the impact on all of those tax lines, but we will have further information in the coming weeks and months. In terms of other territory revenue, clearly another element that will be impacted is revenue from land sales.

THE CHAIR: You must have some indication about the quantum decrease for own-source revenue. What is the ballpark figure that we are looking at in terms of the decrease?

Mr Barr: The latest data I have, to the end of February, is that it was down five per cent. It will go down more than that. The cumulative cost of all of the tax waivers and concessions that have been provided by the territory government goes to the hundreds of millions. The totality of own-source revenue is \$2 billion. So it is going to be more than 10 per cent and possibly significantly larger. But we will not have information on that until we complete the data for the March quarter. I will be able to provide information once the March quarter data is compiled.

THE CHAIR: When do you expect that quarterly report to be out?

Mr Barr: I am advised that it will be towards the end of April or early May.

THE CHAIR: Do you have an estimate for net borrowing for this financial year?

Mr Barr: Not at this point, but we will update that once we have completed all of our financial transactions.

THE CHAIR: What is the current net debt for the territory?

Mr Barr: We are just getting that information. I will provide it shortly.

THE CHAIR: Thank you. Do you have any modelling on what impact the pandemic and the financial downturn are going to have on unimproved land values in the territory?

Mr Barr: Not at this point. It is very difficult to model anything at the moment because we do not know the extent and duration of the public health measures or, indeed, the economic implications, consumer behaviour and the like that will flow on from that. But I will take that question on notice and add it to the very long list of modelling and information requests that are currently before treasury.

THE CHAIR: Is the government open to decreasing unimproved land values across the territory?

Mr Barr: That does not have any implications in terms of revenue for the government because, as I think we have discussed on multiple occasions in previous hearings—

THE CHAIR: But you work back—

Mr Barr: I will take that question on notice but I would not envisage there being a change at this point in time other than what would be driven by normal market processes.

MS LE COUTEUR: Chief Minister, you said you were just talking to the commonwealth Treasurer about financial matters. Is there a possibility that the commonwealth will step in to support the ACT and other jurisdictions from a

borrowing point of view? Will there be a COVID-19 bond or something, so that the states and the ACT are not trying to do it all by themselves?

Mr Barr: To answer a previous question, the territory's net debt, excluding the superannuation liabilities, is \$2.713 billion. That is available in our budget update that was provided at the beginning of this year. In relation to your question on bonds—

THE CHAIR: That has been impacted by the bushfires but not COVID?

Mr Barr: That is correct. In relation to bonds, the Reserve Bank of Australia has entered into the secondary market in terms of purchasing state and territory government bonds in order to provide, effectively, a fixed cost of around 25 basis points for three years on the semi-government yield curve. That has provided some stability to financial markets. The Reserve Bank governor does brief national cabinet and the Council on Federal Financial Relations. The commonwealth government, though, has not, to this point, provided a stand-by loan facility for states and territories. They, in order to fund JobKeeper at \$130 billion, have had to enter into the financial markets themselves for very significant commonwealth government bonds. The Reserve Bank governor updated national cabinet yesterday, to indicate that the Reserve Bank's market activity between the commonwealth and state and territory bonds has been in the order of \$40 billion.

MS LE COUTEUR: Can I check my understanding? Apart from the commonwealth's involvement, what that means is that the ACT government, effectively, can borrow reasonable quantities of money at 0.25 per cent interest rate. Is that a correct interpretation of what you said?

Mr Barr: No. What that means is that the Reserve Bank is buying existing ACT government and other state and territory government bond lines in order to try to keep the three-year yield, effectively, at 25 basis points. The rate at which we can borrow is contingent upon the market because the Reserve Bank is not directly buying our bonds. What we can say, from the successful execution of a short-term bond, is that the interest rate, effectively, is less than one per cent. But it will vary, depending on the bond issuance, the length of the bond and which jurisdiction is going to market.

MRS DUNNE: Chief Minister, will employees who sign up to become eligible for JobKeeper payments continue to pay payroll tax in the ACT?

Mr Barr: No. Obviously employees do not pay payroll tax.

MRS DUNNE: No, I am not—

Mr Barr: The JobKeeper component will not be subject to payroll tax in the ACT but it is subject to commonwealth income tax.

MRS DUNNE: Are you saying that the employees who receive the \$1,500 payment a fortnight will pay income tax or be subject to income tax assessment but that for employers who would normally meet the payroll tax threshold, that part of their payroll would be exempt from payroll tax assessment?

Mr Barr: That is correct.

MS CHEYNE: My questions relate to working from home arrangements for the ACT public service. What proportion of the ACT public service is working from home, and has there been a whole-of-government approach to this or is each directorate handling it according to the different needs?

Mr Nicol: Essentially, it is a mixture of both because we are driving it from a whole-of-service level. Certainly, the presumption is that, where possible, people should be working from home. However, we have a range of service delivery jobs, obviously—a significant proportion of our workforce is involved in service delivery jobs—which are not possible to do working from home. They have to be in the workplace. It is up to each individual directorate to assess those business needs and to ensure that we comply with the Workplace Health and Safety Act: that appropriate accommodation can be made for those employees so that we manage the risks of being in the workplace.

We have been very successful in getting those in our workforce who can work from home to be working from home. We have very good IT and other support, and that happened very quickly.

MS CHEYNE: For those who are not in those service delivery roles, you said the IT support has been very good—but how good? Have there been any issues in terms of the assets available to support public servants? Has there had to be some scaling up or some purchasing of assets to enable people to work from home and, perhaps, to do with the culture in some directorates in supporting people to work from home?

Mr Nicol: I can give you some information in relation to those issues. Over the last few years, the government has invested quite a lot in mobile technology. That is partly related to a move to activity-based working. To be successful at activity-based working, you have to have a higher take-up of laptops and iPads and the like, rather than fixed desktops. We have also been on a journey to implement Windows 10 and Office 365, which are essentially mobile-based applications already. We are not at 100 per cent rollout of that yet, mainly because we have some applications that are not compatible with the newer software, but we are a long way down that road. So we started with a strong advantage in being a mobile-enabled public service, in a technology sense.

We have had to buy some more equipment, some more laptops. That has been quite challenging because, for some reason, they all seem to be made in Wuhan. But we have had pallets come because we did have some on order. We are managing that through a cross-government group to manage priority allocations et cetera and to give allocations to those who need it most. That is working quite well. It has been quite successful. It is not a matter of dribbling them out and people missing out in a great way.

I have been very impressed also by the take-up, in a cultural sense, of people working from home. It has been a very big shift but it has happened very quickly. I am aware of some people who would prefer to come into work. Where we assess that that is safe, that is up to the local managers to manage. But they are very much in the minority.

We are going through a process of trying to assess, essentially, each person's job and whether they can work from home. As you would appreciate, not having done that before makes it quite a challenging task, but we are doing that and we are keen to ensure that if people can work from home, they will. Our rough numbers, at the moment, suggest that, of those who are in that category, well over 80 per cent are working from home at the moment.

MS CHEYNE: Do you have an estimation of the difference between those who ideally could or should be working from home but simply do not have that asset yet? What is the gap that still needs to be filled?

Mr Nicol: I do not have an estimate of that at the moment but, as I said, I think it is in the minority. We are just working through those cases now. As you will appreciate, some people can work from home some days, and other days of the week they have to come into the office or come into their workplace. In those instances, we are focusing very much on making sure that their workplace is as safe as it can be. We have very big parts of our workforce that do have to be out of the house, delivering on their job. Our health workforce, for example, is the key one. The risks there are very high and we are putting a lot of effort into making sure we manage those risks.

MRS DUNNE: To take a specific instance, is the Access Canberra call centre still operating from a central location, or have those staff been dispersed either to their homes or to a more diverse working environment?

Mr Barr: I understand that it is a combination. I can get some more information from David Pryce, the head of Access Canberra, on that matter. I will provide that to the committee.

MRS DUNNE: Thank you.

MS LE COUTEUR: How are you dealing with the OH&S issues which may be arising for people working at home? It is one thing to work off the dining room table for a couple of days but if you are going to be doing this for a few months, what issues are we getting from that?

Mr Nicol: I can give you a brief response and we can get some more detailed information from our health and safety team. We have put in place a couple of processes.

First, for everyone working from home we have a document that they must sign to say that they have adequate furniture and adequate space that is safe and with which they can work from home. That is to be signed by the employee and given to their manager. Second, we have allowed employees to take equipment home. Again, we have gone through a process of making sure that it is safe to do so. We do not want employees who cannot carry large chairs to struggle to get them into their vehicles et cetera, but we have had a process whereby people can take their chairs home if that would assist in making their home workplace safe. Those are the physical aspects.

We are also very concerned about people's mental health. We have discussed this among managers across the service in some depth and given it some priority. We are

making more sessions with employee assistance providers available to our workforce. We are ensuring, to the extent that we can, that every employee is contacted one or multiple times a day by their colleagues or their managers, or whatever, to ensure that they are coping well and are engaged with their work et cetera, and that no worker is left out of that sort of process. As we go from the short-term response to a medium and longer term response, we will be looking to design more significant, structured programs to check on people's mental health and to check on their workplaces at home.

MS LE COUTEUR: Is that contact by email, phone or text? It sounds like a great idea.

Mr Nicol: I can only speak for my staff; I have not assessed it across the service. I have asked all my managers to at least call people and, if possible, do a video hook-up. Actually, one thing of interest is that we are seeing some congestion on the telecommunications system with the use of video at the moment, so it can be problematic at times during the day. But I want people to hear someone's voice and see a friendly face, if possible. That is where we have started from in assessing this issue.

MS LE COUTEUR: Good.

THE CHAIR: Thank you. I think we all agree on the importance of videoconferencing.

MS CHEYNE: My question is more broadly about the APS as opposed to the ACT PS. Chief Minister, you will recall, I suspect very keenly, that three or four weeks ago one of the key issues seemed to be that, while many sectors were moving to working from home, the Australian Public Service was a bit behind the eight ball there. I certainly received a considerable number of representations about this, and I am sure that is true for the rest of the committee members as well. You spoke quite publicly about the representations that you were making to the Prime Minister. I believe you even said that people could call your office if they still were not working from home when they should be. Are you able to talk us through what representations you made and how that change came about, because it now seems to have been largely resolved.

Mr Barr: Thank you. Yes, we received several hundred representations directly to the office on the telephone line, as well as another several hundred through multiple social media channels. We compiled that information to give a snapshot across the different commonwealth agencies. I wrote to the Australian Public Service Commissioner on behalf of all those people, as well as raising the matter, on several occasions, directly with the head of the public service and the Prime Minister, in national cabinet.

THE CHAIR: Thank you.

MS LE COUTEUR: This is getting back to finance, partly in terms of our relationship with the commonwealth. Are there times when we are having to pay, when, rightfully, it should be the role of the commonwealth government? I guess I was thinking, firstly, of the people who are not eligible for JobSeeker or JobKeeper

because they may not be Australian residents—they have visa problems, they were casuals, they just started a new job two weeks ago or whatever. Are we having to take the load that the commonwealth should be taking in some of these areas, and how are we doing it?

Mr Barr: Thank you, Ms Le Couteur. I guess, ultimately, that is a somewhat subjective question in terms of how different levels of government might ascribe responsibility for particular areas. We have argued for an expansion of elements of the JobKeeper and JobSeeker programs to particular visa classes or people who have, for example, been in casual employment for less than 12 months, where certain businesses may have been in their 11th month of operation when the program came into effect. The advice and response from both the Prime Minister and the Treasurer were that there was a degree of flexibility provided in the case of JobKeeper to the Australian Commissioner of Taxation around eligibility, particularly for businesses' employees who might be very close to that 12-months deadline or time frame criteria that had been put in place.

The federal parliament provided discretion for the commonwealth Treasurer to modify elements of eligibility for those programs. I believe that an ongoing discussion is taking place at both a federal level and between states and territories and the commonwealth in relation to eligibility there. We have sought, as have other states and territories, to shape some of our complementary responses to try and fill some of the gaps that are apparent within the commonwealth's very generous and very significant scheme.

I would not want to let this opportunity go by without acknowledging the importance of a wage subsidy scheme like JobKeeper. The commonwealth is to be congratulated for implementing that program. I want to acknowledge the significance of that and the confidence boost that that provided in our local economy and, indeed, across the nation. I think there is about 95 per cent agreement in terms of that program in a bipartisan context, with just some discussions around the margins.

My sense of how best to proceed in this regard is that public slanging matches like those that would have occurred previously in Australian politics are not particularly useful at this point in time, and a little bit of behind-the-scenes diplomacy can go a long way to get improved outcomes. So we continue to work cooperatively with the commonwealth and with other states and territories in sharing information, and in looking across the different areas of the Australian community and of the Australian economy at where our measures can assist those who might find themselves in vulnerable positions. There is, ultimately, a limit to how much governments can do here, and we have all been honest and upfront in saying that we will not be able to save every business and we will not be able to intervene in a way that completely ameliorates the impact of this once-in-a-century health and economic crisis.

It is a bit of a cliché, now, but this is unprecedented in our lifetimes. Students of Australian economic history could, perhaps, best look at the Great Depression and the Spanish flu in the 1920s and 1930s for the best parallels. Suffice to say, we are all Keynesians now, and if you had asked me three or four weeks ago that we would see a situation where Newstart would effectively be doubled, that there would be nearly a universal basic income scheme and that private hospitals would effectively be

socialised for the public health benefit of the nation, I would have said, “You’re joking,” but a lot has happened in the last month.

THE CHAIR: Thank you.

MS LE COUTEUR: Chief Minister, I am not trying to say anything negative; I am just wondering if there is anything we are doing for the people who are living in the ACT who have ended up with no income, because there are some who are casuals and students. I know you have set up the Canberra Relief Network. Is that the answer?

Mr Barr: That is part of the answer, Ms Le Couteur, in terms of providing essential life-sustaining support to the community. We have a range of other measures, including our jobs fund, and we will have more to announce in the coming days, when we will endeavour to provide some casual, temporary and part-time employment opportunities for those who are not eligible for the range of commonwealth supports. I also acknowledge the dedication, passion and commitment of many employers and business owners who have looked across their businesses at those who are eligible for the wage subsidy support, as well as those who have not, and try to provide some work for those who are not eligible for the various commonwealth assistance programs. This, I think, has been a very genuine effort across all levels of government and the business community to support employees in situations that are almost unimaginable at this point in time.

THE CHAIR: Thank you.

MR PETTERSSON: There have been problems previously in getting migrant workers employed within the ACT public service. I know that to be a permanent employee you need to be a citizen or permanent resident. The Jobs for Canberra fund, will that deal with these issues?

Mr Barr: Sorry, can you repeat the last part of that question, please?

MR PETTERSSON: I will go from the top. Will the Jobs for Canberra fund target those who have missed out on the JobKeeper and JobSeeker program? I guess the most important part of the question was that I know there have been problems previously with getting migrant workers employed in the ACT public service.

Mr Barr: The answer to the first part is: yes, certainly they are all priority categories in terms of people who have been significantly impacted by COVID-19. Because we are effectively the second-largest employer in the city, with a diverse range of jobs, we think that the opportunities that we have within the ACT government, particularly in relation to both short-term, temporary and part-time arrangements, will assist those groups. To the second question, it depends somewhat on the visa class and what the commonwealth allows in terms of the amount of work that individuals who are on particular visas are able to undertake. But we do have some capacity to provide some level of work to those people.

MR PETTERSSON: Wonderful. Thank you.

THE CHAIR: Thank you.

MRS DUNNE: Chief Minister, I have two overarching health-related questions, which I think relate to treasury. I will ask them both and then you can answer them in the order that you like. In relation to the pop-up ED which was contracted to Aspen Medical, what discussion was there in cabinet about this and was there an active decision to go, essentially, for a single select tender for a very large project? On the second issue, the commonwealth has committed to fifty-fifty cost-sharing arrangements for the medical response to COVID-19. How is that being worked out? Are we going to present the commonwealth with a very large bill at the end or are there going to be periodic payments, and how are they being worked out?

Mr Barr: Thank you, Mrs Dunne. In relation to the national partnership agreement, there are progressive payments, a monthly reconciliation, and the national partnership agreement. That is publicly available, I believe, but I am happy to circulate the terms of that to the committee. The commonwealth has been very generous in its support of the states and territories in this regard and it is quite a broad-ranging agreement.

In relation to the first question, yes, there was a cabinet discussion. In light of the time frame required to procure the facility, the fact that there was not likely to be any other provider able to do so within the time frame we required and that the provider was local, the cabinet was comfortable to make the decision to procure the temporary emergency department with Aspen Medical.

MRS DUNNE: Thank you. Chief Minister, would it be possible, on an ongoing basis, to publish or to provide to the committee the monthly reconciliation and payments received from the commonwealth as part of the COVID response?

Mr Barr: That may well be possible. Let me take some advice on that. I will obviously need to confer with the commonwealth, too, in relation to that, but I would imagine that it would be feasible. It would not be in real time, obviously; it would be delayed somewhat, depending on the time frame of the commonwealth reconciliation process.

MRS DUNNE: Okay. When did cabinet decide on the Aspen Medical project? When did it agree to build and has the contract been signed?

Mr Barr: I will take those dates on notice for you and provide a written answer.

MRS DUNNE: Thank you.

MR PETTERSSON: One of the great emerging industries in the ACT is our tourism industry, but it has been a pretty shocking year, from the bushfires and the smoke to, now, the global pandemic. What is the ACT government doing to prepare for when we can welcome visitors again, and do you have any inclination as to when that might be?

Mr Barr: Just hang on one tick; we will do a switch of officials. Jonathan Kobus from VisitCanberra will join. I will provide some opening comments, then Jonathan will acknowledge the witness statement and state his name and provide some further information.

Yes, your question does neatly summarise the most challenging year in the history of tourism in Canberra. The short-term news is particularly devastating for the tourism industry, in that we have a situation in Australia at the moment where only New South Wales, the ACT and Victoria have open borders that would allow people to move between those states and territories. But, obviously, in New South Wales and Victoria any non-essential travel is likely to see a fine issued by the relevant state police forces. So, we are now in an environment where any domestic travel and tourism has effectively ceased. International tourism also ceased, as you are not allowed to come into Australia and, indeed, Australians are not allowed to travel. Australians overseas are allowed to return home and then go into a strict quarantine arrangement.

This situation will remain at an international level, I expect, for the duration of the pandemic. It is unlikely that any effective suppression and elimination strategy of the virus in Australia could succeed whilst we have any form of open international border. For the foreseeable future, this virus will rage around the world and devastate communities. We should all be very alarmed about the impact on some of our Pacific and South-East Asian neighbours, and it will be devastating for those communities with Third World health systems and with no capacity to respond effectively to this virus. When you look at most of our major international tourist destinations or tourist markets, you see that they have been amongst the most devastated by the virus—the United States and the United Kingdom, for example, and China, clearly, at the beginning of this pandemic. So, the frank assessment—I provided this to the Canberra tourism industry at a special meeting conducted over the telephone this morning—is that we should have no expectations of an international tourism industry for many years now.

The best hope, in the medium term, is some unlocking of state borders and some resumption of domestic tourism at some point after our winter. The reality of the situation, though, is that it is very difficult to envisage a situation where any large-scale events would be possible. So, even if there was a relaxation of the current very strict measures, there would be no prospect of large community gatherings domestically in Australia for the foreseeable future. There will be no major events and no crowds at football matches. You will not be able to hold arts and entertainment events with any significant number of people in attendance. And I suspect that that will be the case until the pandemic dies out or a vaccine is developed. The risk associated with the gathering of large numbers of people will just be too great.

The challenge in the domestic tourism space for the coming months is to look to innovate, to provide a COVID-19 safe tourism environment, which would need to be a highly managed environment with small groups of people and small numbers. It is not impossible to do, but it will severely restrict the output of that sector of our economy. I have asked VisitCanberra to look at the sorts of options that would be available—if and when the restrictions are eased and there is a level of both social licence within our community to welcome people in from outside of Canberra, and some ability and propensity for people to travel—with respect to what sort of marketing campaign and what sort of industry partnerships could support a modest restarting of our tourism industry. I will now invite the Director of VisitCanberra, Jonathan Kobus, to provide a further update. He was at the meeting this morning with the Canberra tourism industry.

Mr Kobus: Thank you, Chief Minister. I have read and I acknowledge the witness statement.

Yes, there is no doubt that the tourism and hospitality industry is one of the hardest hit, particularly in respect to unemployment levels. The high-service nature of the industry, as well as the casualised and part-time nature of the workforce, has meant that many people have lost jobs across the board, whether it is in restaurants and bars, attractions or the hotel sector. But the industry is finding relief through the rapidly put-together economic stimulus measures that are in place. In particular, the JobKeeper payment is being well received by the industry, and we are receiving a lot of positive feedback from those businesses most affected that that is one of the things that is making a big difference. Getting cash through the businesses, keeping employees engaged and helping them to go into that hibernation phase is something that has been extremely beneficial. We need to be able to ensure that those businesses can get into that hibernation phase and be able to operate at some level, so they can come out the other side without going out of business altogether.

Across Canberra we are seeing some great responses from a number of businesses, particularly those in the hospitality sector, where people are innovating and doing things in different ways and trying to reach audiences in different ways. Again, it has been incredible to see people's capacity to do that on very short notice and get product into the marketplace. In the months ahead, we will be ensuring that we have a strategy in place to help transition the industry from dealing with what was becoming a global audience to one that is a very localised audience, and then gradually expanding that regionally, intrastate and interstate as restrictions allow that to happen and as we can provide market opportunities for business to engage with.

For our industry, in particular in this part of southern New South Wales, the back-to-back impact of coming out of the impact of bushfires and going into the COVID-19 challenges has certainly impacted businesses in this part of the world a lot more than other parts of the country. But, at the same time, we have the biggest market in Australia on our doorstep, in Sydney. We have a big drive market in regional New South Wales and Sydney as well. So, as we transition out, there is opportunity there on which to leverage.

Mr Barr: Thank you, Jonathan. One final observation I would make is that the domestic market is about 90 per cent of our market. With Australians unable to travel overseas for the foreseeable future, if and when restrictions are eased within Australia and there is an ability to travel interstate, the value of the Australian domestic market—in terms of people who would have otherwise gone overseas holidaying within Australia—far outweighs the value of international tourists coming to Australia.

We have been a net importer of tourism services—more Australians holiday overseas and spend more money overseas than international visitors come to Australia to holiday. So a medium-term glimmer of hope for the Australian domestic tourism industry is that if Australians holiday at home, if and when that opportunity presents in the coming months and years, there is a very significant market there and there is potentially a very significant amount of money, provided the rest of the economy recovers to a level where people feel comfortable that they can spend money on

holidays, that they have the public health confidence to travel, and that the communities they travel to would welcome them. I want to conclude on that very important point around social licence because, in the current environment, Canberrans would not welcome people from Sydney, which has a much higher rate of COVID-19 infection and community transmission. They would not welcome people from Sydney coming to Canberra at the moment.

MS CHEYNE: I just have a quick question. Given the quite considerable sectors of the Canberra hospitality industry that are affected—I am thinking particularly about our wine industry, and other industries which would normally be attracting visitors—is the government doing anything to help advertise those industries to Canberrans to ensure that we are spending our money and supporting those people?

Mr Barr: We certainly have been focusing, through social media channels, on encouraging some excellent business-supporting-business marketing through, for example, certain websites that are providing listings of Canberra businesses that are open or have adapted their sales methodology. So, yes. I do not think we will be in a position where we will have an official ACT government website that provides all of that information, but we certainly are happy to share that information, which is produced within industry sector groups or private businesses whose normal activity is marketing other businesses. We have seen quite a lot of that—and I certainly have shared those in my social media. I see no problem with members of the Assembly doing the same to support local businesses in that way.

MR PETTERSSON: Chief Minister, you mentioned before that the tourism industry will need to adapt. One of the phrases you used is “COVID-responsible tourism offerings”. Can you articulate what that would look like?

Mr Barr: What that will mean in the medium to long term is how particular tourism businesses can manage physical distancing and the hygiene requirements that have been drummed into all of us now. That would mean more regular cleaning of facilities and premises. It would also mean, in many instances, adapting the nature of the tourism experience so that it is a bit less hands-on, so that you do not have hundreds of people handling something that might be contaminated with the virus. It is going to have many different manifestations for the different sectors within the broader tourism and hospitality industries, but my sense is that consumer behaviour will be very heavily influenced by the consumer’s perception of safety in the activity that they are undertaking.

So the common-sense provisions that apply now about keeping a distance between people and avoiding crowds—all of those types of messages—would need to be managed in this environment over the coming months and, potentially, years. The wicked dilemma that we have here is that there is no vaccine and there is no significant community immunity at this point, so everyone is susceptible. The virus can spread very quickly, as we have seen in other parts of the world.

THE CHAIR: On that, Chief Minister, do you see a relaxation of the current restrictions coming any time soon?

Mr Barr: I addressed that matter in my opening remarks. At this point, there will be

no change for the next four weeks. The Prime Minister outlined the necessary preconditions on which the AHPPC have advised national cabinet, with respect to what would be necessary in order to see a relaxation of the baseline provisions. There is some likelihood of that, but I think we need to be realistic about the extent of it. It might mean, for example, that the current limit of two in a group would increase, possibly up to 10, but it is not going to increase to hundreds or thousands.

That is why it is important to advise the community and business more broadly that there will not be large-scale events, where hundreds and thousands of people gather in close proximity. It is impossible to envisage that happening without a vaccine or what is described in epidemiological terms as “herd immunity”. “Herd immunity” means that more than 60 per cent of the population contracts the virus. That is a scenario that Australia is not pursuing as a national health strategy. There are some countries in Europe that are, but we are implementing the suppression and elimination model for addressing the public health issues. The downside of the suppression and elimination model is that you have no community immunity. The upside, obviously, is that you significantly reduce the number of people who have the infection and who have the virus at any one time.

THE CHAIR: Thank you. I think that wraps up our hearing today, given we have just the hour. Thank you for your attendance, Chief Minister and officials. You will be sent a draft of the *Hansard* transcript, as usual. Please check that the statements have been appropriately attributed to the right person and are free of any minor errors. I would also like to request that you provide the committee secretary with the advice that you have received about Zoom from the Chief Digital Officer, such that the committee can also make an informed decision about the best way forward. Is that okay?

Mr Barr: Absolutely, yes. I have no problem with that. I am obviously acting upon that advice, noting, of course, that this is an official hearing and that ACT government officials appearing need to do so in accordance with the requirements that they have under public sector management legislation. I note previous findings of the Auditor-General in relation to the appropriate ways that officials can engage on these sorts of matters but, yes, I will provide that. Thank you to the committee for the opportunity to appear today. I will, of course, continue to update the community and the Assembly on a regular basis following national cabinet meetings and our own ACT cabinet deliberations. The Assembly will, of course, sit next month—in about three weeks time, I understand.

The committee adjourned at 12.33 pm.