



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

**STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND  
TOURISM**

(Reference: [Annual and financial reports 2016-2017](#))

**Members:**

**MR J HANSON (Chair)**  
**MR M PETERSSON (Deputy Chair)**  
**MS S ORR**  
**MR M PARTON**

**PROOF TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**MONDAY, 6 NOVEMBER 2017**

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**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.

## **APPEARANCES**

<b>Chief Minister, Treasury and Economic Development Directorate .....</b>	<b>1</b>
<b>Environment, Planning and Sustainable Development Directorate .....</b>	<b>1</b>

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*Amended 20 May 2013*

**The committee met at 9.31 am.**

Appearances:

Barr, Mr Andrew, Chief Minister, Treasurer, Minister for Economic Development and Minister for Tourism and Major Events

Chief Minister, Treasury and Economic Development Directorate

Nicol, Mr David, Under Treasurer

Miners, Mr Stephen, Deputy Under Treasurer;

Salisbury, Mr Kim, Executive Director, Revenue Management

Bailey, Mr Daniel, Executive Director, Procurement, Property and Venues

Croke, Ms Leesa, Deputy Director-General, Policy and Cabinet

Perkins, Ms Anita, Executive Director, Communications

Engele, Mr Sam, Acting Executive Director, Strategic Policy and Cabinet

Leigh, Ms Kathy, Head of Service and Director-General

Kobus, Mr Jonathan, Acting Director, VisitCanberra

Cox, Mr Ian, Executive Director, Innovate Canberra

Hassett, Mr Glen, Director, Programs, Innovate Canberra

Keogh, Mr Geoff, Director, Strategy and Policy, Innovate Canberra

Arthy, Ms Kareena, Deputy Director-General, Enterprise Canberra

Verden, Ms Jo, Acting Director, Events ACT, Enterprise Canberra

Ogden, Mr Paul, Chief Finance Officer

Environment, Planning and Sustainable Development Directorate

Snow, Mr Malcolm, Chief Executive Officer, City Renewal Authority

Hughes, Mr David, Development Director, City Renewal, City Renewal Authority

**THE CHAIR:** Welcome to this public hearing of the Standing Committee on Economic Development and Tourism inquiry into annual and financial reports, for the second time this year. This time we are dealing with the 2016-17 annual reports. On behalf of the committee, I would like to thank you, Chief Minister, and your officials for attending today. You have a big cast here.

We are looking at the annual report of the Chief Minister, Treasury and Economic Development Directorate. We will begin today with the Treasurer's responsibilities of economic and financial management, procurement and capital works, government accommodation, and property services and venues. We will then move on to the Chief Minister's responsibilities around government policy, communications, city to the lake, ACT executive and territory records. After lunch we will move on to economic development. Quite a thrilling morning, I would say.

**Mr Barr:** Exactly. It does not get better than this, Jeremy.

**THE CHAIR:** Can I draw your attention to the privilege statement that is before you on the table, the pink card. You might have seen that before. Are you aware of it?

**Mr Barr:** It appears not to have changed since we were last here.

PROOF

**THE CHAIR:** I remind witnesses that the proceedings are being recorded for Hansard, for transcription purposes, and they are being webstreamed and broadcast live. I do not know what the ratings are at the moment.

**Mr Barr:** Higher than *Sky News*, I am sure!

**THE CHAIR:** It is a rainy day; you never know! Chief Minister, do you have an opening statement?

**Mr Barr:** I do not.

**THE CHAIR:** You do not?

**Mr Barr:** No. Let us use our time to answer your questions.

**THE CHAIR:** I want to turn to an issue I was reading about in the paper yesterday, actually.

**Mr Barr:** So straight to the annual report then?

**THE CHAIR:** Straight to the annual report, but it relates to the matter of the increase in power bills because of the transfer of responsibility for tree lopping. It would seem there is going to be an extra \$10 slugged onto our power bills. That is coming off what they normally gain through rates, but there is not going to be a corresponding drop in rates. It looks like that transfer is a \$6.4 million windfall over the forward estimates of revenue to the territory. Is that the case?

**Mr Barr:** I do not believe so. I think Minister Rattenbury addressed that matter both in the context of the Assembly debate on the legislation that you are referring to, and I think he was subsequently asked that question on ABC Radio this morning.

**THE CHAIR:** Was it previously a shortfall?

**Mr Barr:** That is what the minister has stated: that this legislation will produce an extra level of resource in order to address the issues that the minister outlined.

**THE CHAIR:** It had not been done before, so this is not—

**Mr Barr:** It was being done, but it needs a greater level of resource; hence the legislation.

**THE CHAIR:** So it was being done. To what level was it being done then?

**Mr Barr:** You will need to inquire of Minister Rattenbury, as this is in his portfolio area.

**THE CHAIR:** Staying on rates, with the schedule for transferring stamp duty to rates, how are we progressing?

**Mr Barr:** Very well, according to the five-yearly update that was released by

## PROOF

Treasury. I invite the Under Treasurer to outline Treasury's assessment of that first phase.

**Mr Nicol:** We are essentially through the first four years. We are into the fifth year of the switchover. Progress was, as the Treasurer said, published in the budget. Essentially, it is on track for replacement of rates over the period that the government has set out.

**THE CHAIR:** What is that period?

**Mr Nicol:** Twenty years. The government has essentially announced five years in advance the changes to the stamp duty arrangements. Those have been published, and changes to rates continue. The government has eliminated general insurance duty entirely; that has been replaced through the rates system. The early increases in rates have fallen off a little bit as the general insurance duty has been replaced, and now the focus is on eliminating stamp duty. I might ask Mr Miners if he has anything to add.

**Mr Miners:** The only thing I would add is that it is a 20-year program. Certainly, with respect to the replacement of commercial land tax and insurance duties, they have now both been completely abolished. Progress remains completely on track with what was envisaged.

**THE CHAIR:** In terms of household rates, commercial rates and particularly unit rates, do you have a baseline for what the increase has been to date from the start of the program to now, and where we are now in terms of the percentage increase in rates revenue? How much more are you taking in now than when the process started?

**Mr Barr:** Yes, that is in the budget papers.

**THE CHAIR:** You do not have that before you today?

**Mr Barr:** It is as it is published in the budget papers.

**THE CHAIR:** When this process started, you said that stamp duty would be abolished and so on, but you are still collecting \$300 million or thereabouts in stamp duty every year?

**Mr Barr:** No.

**THE CHAIR:** How much stamp duty—

**Mr Barr:** An amount less than that. You would also need to draw the distinction between residential and commercial stamp duty.

**THE CHAIR:** What is the total amount of stamp duty?

**Mr Nicol:** I would have to take that on notice.

**THE CHAIR:** You will take that on notice?

**Mr Barr:** We will give you a split between residential and commercial. Commercial has been performing very strongly as a result of some large, one-off transactions, for example, half of Westfield Woden sold, and that was a very large commercial property transaction.

Residential is a factor of both the volume of transactions and the value of those transactions in the residential property market. The rate of stamp duty that is applied to each transaction is lower, obviously, as the rates have come down. Of course, the city is a significant amount larger. It is 12 per cent larger in terms of population than it was when the reforms commenced. Each year we are adding about 7,000 residents and 4,000 to 5,000 new dwellings, so we have 20,000 to 25,000 additional dwellings in Canberra in 2016-17 than we did in 2011-12.

The total pool of properties that can transact is much larger and we are seeing, obviously, the cycle of the housing market as well. We began the reform in a period of relatively subdued activity in the residential property market as a result of various public sector cutbacks occurring at the federal level. We are now emerging into a period, as I think we have seen across particularly Sydney, Melbourne and Canberra, with a more robust real estate market.

That is part of the issue that we are seeking to address. We cannot have the territory's budget held hostage to the real estate market and whether we are going through a boom or bust cycle. That is part of the rationale for transitioning away from inefficient transaction-based taxes that are extremely volatile and difficult to predict. How can government plan, for example, for how many teachers, nurses, doctors, ambulance officers, firefighters, police officers et cetera that we need, and budget for that by trying to guess how many properties, and at what value, will sell in Canberra in any given period?

**MR HANSON:** Do you have that data—that figure?

**Mr Miners:** I have the budget estimates for them. For commercial versus residential conveyancing, the estimated outcome for 2016-17—I will get someone to double-check the final numbers—was about \$200 million from residential and \$100 million from—

**THE CHAIR:** So it is still about \$300 million?

**Mr Barr:** Yes; \$200 million residential and \$100 million commercial, boosted by a very strong year in commercial, with some large, one-off transactions. I do not think Woden Plaza is going to sell every year.

**THE CHAIR:** You had not factored that in, so you could suggest that is a bit of a windfall in terms of revenue?

**Mr Barr:** Not on the commercial side, no, because we budget for a certain number of commercial property transactions. But it is an estimate; it has to be.

**THE CHAIR:** Sure, but the result has been higher than the estimate; is that the case?

**Mr Nicol:** My recollection was that yes, we got about 20 to 30, from memory—

**Mr Barr:** That would largely be that one large transaction.

**Mr Nicol:** from commercial transactions last year.

**MS LE COUTEUR:** Have you got projections of the increase in rates going forward? You have done five years of it. I understand that the forward estimates are talking about a seven per cent increase for the next five years. Correct me if I am wrong on that. After that, have you got an estimate of how much rates are going to increase so that in 20 years—

**Mr Barr:** That will depend on decisions of the government of the day as to what is put into forward estimates over that period because there are numerous other variables and decisions yet to be taken.

**MS LE COUTEUR:** But surely if we know that the end result is zero—

**Mr Barr:** You are assuming it is linear?

**MS LE COUTEUR:** No, I am not assuming it was linear. If I knew it was linear I would not have to ask you this question. But I know there are people who have talked to me saying, “It’s a pain now. We’re worried. But what’s really worrying us is what’s going to happen in five years time in terms of rates.” Most people plan to stay in a house for a long time.

**Mr Barr:** Sure. We have projected ahead five years, which is more than any government in this country has ever done in terms of revenue streams like this. We will make further decisions about the third five-year period, as in the period from 2020 to 2025. We would publish it in the 2020 budget before the next election. We will make decisions then. The government could determine zero to another number. But at the moment the forward projections are based on seven.

**MS LE COUTEUR:** What we have basically heard is that stamp duty was going to go down, rates would go up, and that would be the balance. Have you done any work on—if that is what we assume is going to happen—what increase in rates that would mean to finish off that project, in effect?

**Mr Barr:** It will depend on the discount rate on what inflation is. Are you talking nominal or real?

**MS LE COUTEUR:** Given that people are most concerned—

**Mr Barr:** And are you talking absent reform or with reform? The five-year modelling indicated that the difference between what rates were under tax reform and what they would have been without tax reform was \$450 over five years. So absent any further stamp duty cuts, rates will go up and will go up by, if you take a long-run average, at least four per cent a year. We are talking about the difference between that and whatever is the revenue replacement amount. The government has determined it over this next five-year period and published what that will be. Of course we reserve the



right in any budget to either subtract or add to that, and we will make a further statement in relation to the third five-year period of reform in 2020.

**MR PARTON:** Can I ask: in this first five years where have the outcomes differed from the original modelling? What have we seen that we did not believe would happen? Obviously the sale of Westfield is something that was not—

**Mr Nicol:** I think the modelling has been pretty close to reality. I think the key variable has been turnover in the property market, which is variable at any point. How many houses are bought and sold, properties are bought and sold, each year is highly variable and can change, which is one of the reasons why—

**Mr Barr:** The city has grown faster than both the ABS and the ACT government demographer predicted. We have grown faster, more people have moved here, more houses are transacted. People will have various theories about why the city has grown faster. I am sure you will argue it has absolutely nothing to do with the policies of the government, except on the downside. If, for example, the city had shrunk in size then we certainly would have been told that it was a reflection on the policies of the government.

**THE CHAIR:** It sounds a little like your narrative of the federal government but we will—

**Mr Barr:** We are the fastest growing state or territory. To the extent that one of the barriers to entry, to moving here, is stamp duty, stamp duty is lower in the ACT than it is across the border in New South Wales and, indeed, lower than in most other Australian states and territories. From a new resident's perspective, coming into the ACT and buying, your transaction costs are lower.

**THE CHAIR:** Mr Nicol, you said that there had been a windfall, and you just explained it there, Chief Minister: that there has been increased activity, and stamp duty revenue is more than had been anticipated. This was meant to be set up as revenue neutral. As rates increased, stamp duty decreased. It was going to be revenue neutral. But what we are seeing here is that there has been a windfall in stamp duty but then that has not been compensated with a reduction in rates in any sense. You are still increasing rates—

**Mr Barr:** Yes, but rates have gone up—

**THE CHAIR:** based on your forecasting, but you are gaining—

**Mr Barr:** Rates have gone up every year under every government.

**THE CHAIR:** Sure, but as part of your tax reform you have had estimates that have said, "We think that it's going to be this much, so we're going to increase rates by that amount," as you reduce stamp duty. Stamp duty has gone better than you thought—

**Mr Barr:** For the last—

**THE CHAIR:** but you are still increasing rates based on the estimate rather than the

reality. So the windfall—

**Mr Barr:** For one year. You cannot—

**THE CHAIR:** It is a lot of money, though.

**Mr Barr:** And it has gone—

**THE CHAIR:** It is a lot of money that has gone into your pocket rather ratepayers’.

**Mr Barr:** No, not to mine. It has gone to the budget bottom line.

**THE CHAIR:** Your pocket as Treasurer, rather than ratepayers’.

**Mr Barr:** We have an improved budget position. It has gone to the bottom line. We have put the increase in revenue from a one-off, large commercial transaction—

**THE CHAIR:** But you said that it is going to be revenue neutral.

**Mr Barr:** to the bottom line.

**THE CHAIR:** But if it is revenue neutral would it not go to ratepayers?

**Mr Barr:** We are getting back into balance quicker.

**THE CHAIR:** No. You said this was going to be revenue neutral. So based on that windfall—

**Mr Barr:** And the program is.

**THE CHAIR:** of \$20 million or \$30 million, or whatever it is, why is that not going to ratepayers?

**Mr Barr:** And over a 20-year period the program is. But because you are dealing with—

**THE CHAIR:** So we look forward to a reduction in rates then?

**Mr Barr:** You are dealing with one element that is highly variable. If there be a logical extension of your argument, if in a future year we do not have a series of large commercial transactions, we would have to jack rates up even more. So if you want to follow that rollercoaster ride, by all means adopt your preferred approach for tax reform. But what we are doing is looking at a 20-year program in four five-year cycles. Any upside we are taking to improve the budget position, which is exactly what is happening at the moment.

**THE CHAIR:** Great. Can you, on notice, then provide for me the difference between what was forecast as part of this tax reform in stamp duty, as opposed to what then was achieved, over the period of the past five years—since this reform started—so that we can see whether this is just a one-off or what that total figure is?

**Mr Nicol:** Yes we can.

**THE CHAIR:** That would be great if you could.

**Mr Barr:** Yes. That is not a problem.

**THE CHAIR:** Thanks.

**Mr Nicol:** But I will reiterate what the Treasurer has just said, that stamp duty is a high-volatility revenue line. If we had a quiet year and stamp duty revenues had fallen, I do not think we would be adjusting the rates—

**THE CHAIR:** I am just interested in the last five years.

**Mr Nicol:** Yes.

**THE CHAIR:** Have we had quiet years or have we had busy years? Based on the evidence that has been provided by the Chief Minister, we are having lots of busy years.

**Mr Barr:** I know, because I am working bloody hard at attracting new investment into this economy. I have been going around South East Asia talking to investors to get them to invest in Canberra.

**THE CHAIR:** It is all you, is it?

**Mr Barr:** Amongst other people, yes.

**THE CHAIR:** Well done.

**Mr Barr:** We have been working very hard on this.

**THE CHAIR:** Nothing to do with the federal government!

**Mr Barr:** That is what the last six or seven trade missions have been about.

**THE CHAIR:** Fantastic. So what you have done there—

**Mr Barr:** I go and present to investors—

**THE CHAIR:** As I understand then, your success—

**Mr Barr:** and put forward investment opportunities in Canberra and they are taking them up, and surely that is a good thing.

**THE CHAIR:** Surely it is a good thing, but surely then that boost in stamp duty revenue in a revenue-neutral tax reform should be going back to ratepayers as opposed to into your pockets?

PROOF

**Mr Barr:** It is not going into my pocket. It is going to repair the budget bottom line as a result—

**THE CHAIR:** But you said it was revenue neutral.

**Mr Barr:** And it will be.

**THE CHAIR:** So that is not true then?

**Mr Barr:** It will be over the course of a 20-year reform period.

**THE CHAIR:** But while you are Chief Minister, it all goes into your pocket rather than ratepayers’.

**Mr Barr:** No, it is not going into my pocket, Mr Hanson.

**THE CHAIR:** As Treasurer.

**Mr Barr:** It is not going into my pocket.

**THE CHAIR:** As Treasurer.

**Mr Barr:** It is not going into my pocket, and you should withdraw that assertion.

**THE CHAIR:** Mr Coe, you have a supplementary.

**Mr Barr:** You should withdraw that assertion, Mr Hanson.

**THE CHAIR:** Your pocket as Treasurer, and I make that point.

**Mr Barr:** You should withdraw that.

**THE CHAIR:** No, I am not withdrawing that.

**Mr Barr:** You should withdraw that.

**THE CHAIR:** Your pocket as Treasurer.

**Mr Barr:** Do we need to stop this hearing?

**THE CHAIR:** If you want to.

**Mr Barr:** You should withdraw that.

**THE CHAIR:** No.

**Mr Barr:** You should—

**THE CHAIR:** I decide what is withdrawn and what is not withdrawn, as Chair.

PROOF

**Mr Barr:** You cannot suggest—

**THE CHAIR:** As Treasurer.

**Mr Barr:** that I am personally profiting—

**THE CHAIR:** I have not said that. I said as Treasurer, and you cannot understand the difference.

**Mr Barr:** You should withdraw that language. You should withdraw that language.

**THE CHAIR:** I am not withdrawing anything, Chief Minister.

**Mr Barr:** You should withdraw that language, Mr Hanson.

**THE CHAIR:** We can move to Mr Coe.

**Mr Barr:** It is unparliamentary and you should withdraw it.

**THE CHAIR:** I am not withdrawing the fact that you—

**Mr Barr:** You should withdraw that language, Mr Hanson.

**THE CHAIR:** as Treasurer, are putting into your pocket as Treasurer—

**Mr Barr:** Withdraw it.

**MR COE:** A bit of maturity would not go astray.

**THE CHAIR:** No.

**Mr Barr:** Withdraw it, Mr Hanson.

**THE CHAIR:** No. I am the Chair. I make the decisions about this committee.

**Mr Barr:** I am asking you to withdraw that offensive language.

**THE CHAIR:** And I am not.

**Mr Barr:** I have taken offence—

**THE CHAIR:** It is not offensive.

**Mr Barr:** to what you have just said and repeated—

**THE CHAIR:** Too bad.

**Mr Barr:** and you should withdraw it.

**THE CHAIR:** Too bad. I think we should move on.

PROOF

**Mr Barr:** You should withdraw it, Mr Hanson.

**MR COE:** A bit precious.

**Mr Barr:** Do I have to take this outside?

**MR COE:** I have got a supplementary.

**THE CHAIR:** Thank you. Mr Coe.

**Mr Barr:** Do I have to take this outside—

**THE CHAIR:** Mr Coe.

**Mr Barr:** into the other chamber?

**MS ORR:** Mr Hanson, can I have a supplementary?

**THE CHAIR:** I will just go to Mr Coe and then come to you next.

**Mr Barr:** Good practice, Mr Hanson, says that you would withdraw—

**THE CHAIR:** Mr Coe.

**Mr Barr:** or at least reflect upon that.

**MR PETTERSSON:** The Chief Minister is still speaking. I am listening to it.

**THE CHAIR:** This is my committee, Mr Pettersson, and I will make the rulings, thank you very much.

**Mr Barr:** Mr Hanson—

**THE CHAIR:** Mr Coe.

**Mr Barr:** I am still raising a point of order with you.

**THE CHAIR:** And I have heard what you have said, and I have ruled, and the decision is that we are moving on to Mr Coe.

**Mr Barr:** I will take this up.

**THE CHAIR:** Good.

**Mr Barr:** I am going to pursue this.

**THE CHAIR:** Good on you.

**Mr Barr:** You cannot make that assertion and leave it standing on the record.

**THE CHAIR:** That is your opinion.

**Mr Barr:** It is unparliamentary—

**THE CHAIR:** That is your opinion and it is—

**Mr Barr:** and I will be pursuing it.

**THE CHAIR:** Good on you. Mr Coe.

**MR COE:** I have got a question with regard to our rates, in particular the valuations. Firstly, could you tell me how many objections you have received to revaluations that have taken place?

**Mr Nicol:** Can I just call Mr Salisbury up to the table? He can answer your questions.

**Mr Salisbury:** You have asked about the number of objections. I have that figure in my folders here. It may take me a little while to make my way through them.

**MR COE:** That is all right. But do you happen to know whether you are receiving an increase on previous years?

**Mr Salisbury:** I do have the figures here. As a general point, we have noticed an uptake but it is not an abnormal uptake. It is within the bounds of parameters that we would expect from year to year.

**MR COE:** And how many times have people taken those all the way through to ACAT?

**Mr Salisbury:** Just in terms of the number of objections for 2016-17, we have received 77 objections of unimproved value, and for the period last year we received 61. In 2014-15 we received 76 objections.

**MR COE:** And generally speaking, do you tend to get the objections right at the early part of the notification period, or is it—

**Mr Salisbury:** Yes we do, because there is a period in which you have to object.

**MR COE:** And how many of those have gone through to ACAT or are likely to go through to ACAT?

**Mr Salisbury:** I do have those targets. I am appearing on Friday before this committee. I will be better across those issues then.

**Mr Barr:** We will take it on notice, the same sheet of paper.

**MR COE:** And can you please shed some light onto the process for the valuations, in particular—

**Mr Barr:** Is this part of your Friday appearance?

**Mr Salisbury:** I would imagine that we would discuss this on Friday.

**Mr Barr:** This is in a later output class. You should bring your question back at that time.

**MR COE:** Right.

**Mr Barr:** Any further questions?

**MR COE:** On this still, noting that you have already started answering these questions, with regard to the valuations that have been issued, do you have statistics as to what proportion of properties have seen an increase?

**Mr Salisbury:** We will have figures on that by suburb that I could present on Friday, yes.

**MR COE:** Just flag them for Friday then.

**Mr Salisbury:** Yes.

**MR COE:** Can you please see whether you can actually obtain how many AUVs actually did increase this year but also how many properties had a valuation that increased this year as well—both the AUV and also the year as well?

**Mr Salisbury:** Sorry, the UV as well as the AUV?

**MR COE:** That is right.

**Mr Salisbury:** Yes, we can certainly bring that.

**MR PETTERSSON:** What data sources does the ACT government draw on in designing and evaluating tax policies?

**Mr Salisbury:** I think it might be easier to answer the alternative question, what we do not draw on. Essentially, any data source related to transactions or property in the ACT, we use. We essentially have our revenue lines. As we have talked about, the changing from stamp duties to rates is a policy direction that we are heading in. We very closely monitor turnover in the property market, valuations, the impact of those things on different properties, the impact of the change of rates on different properties.

In terms of payroll tax, we monitor the labour market. We use ABS statistics. We use our own internal data from the Revenue Office. We match data with the Australian Taxation Office. We interact with other states and territories because payroll tax applies to employers that work across borders. We are looking at data within the ACT government where we engage with employers on different bases such as workers compensation arrangements and payroll tax arrangements.

Obviously there are other tax lines. We monitor car registration, use of cars et cetera.



## PROOF

Most of the other tax lines in the territory relate to direct taxes on companies, such as our ambulance levy and our utilities tax. But we monitor the economy very closely. We monitor demographic statistics very closely, because they drive a lot of our revenue lines.

Obviously a big part of our job is to look at commonwealth payments to us such as the GST distribution and various SPs and NPPs, and they involve various data sources such as our health payments involving transactions in the health system. And we keep a close eye on that and what is influencing those, including costs and turnover, including issues like cross-border impacts on us, from New South Wales generally, of people who come into the territory and use our services et cetera.

So we essentially monitor all of those data sources, and the impact of each on policy is based on the circumstances of the policy issue and the tax issue. Stephen, do you have anything to add to that?

**Mr Miners:** Yes. Just on that—and you have covered it fairly comprehensively—there are a number of other reports on taxation put out by other bodies such as NATSEM, Access Economics. We use that information as well. We certainly use all the census data in doing that as well and information we collect from the utility providers as well on usage of services. So it is a fairly comprehensive approach we take to modelling.

**MR PETTERSSON:** What data sources are not available to you?

**Mr Nicol:** I think probably the area of compliance is an issue where we look for data that is not there. We do not have a rolled gold database on everyone who should pay payroll tax, for example. It is self-declaration. We do not always have data on landlords who tenant their properties. So we have to use data-matching techniques et cetera. They tend to be the exceptions at the margin rather than in the core, but at the margins. I always like to know more about the economy than the information that we have but the information we have is fairly good.

**MS ORR:** I want to pick up on the GST, which you mentioned. There is a lot going on, a Productivity Commission review into horizontal fiscal equalisation as well as the five-year methodology review that is being undertaken by the Commonwealth Grants Commission that is due in 2020. Can you give me an update on where these processes are up to and what the ACT's involvement has been to date?

**Mr Nicol:** Yes I can. The Productivity Commission has put out a draft report. We put a submission in to that process and met with the commission through that process. The commission has sought further submissions from jurisdictions and interested parties, which we are currently preparing. I think that is due this week. The government will put in a submission this week. The Productivity Commission presented to the treasurers meeting last week or the week before, and questions were put back and forth between the treasurers and the commission. We expect a final report to come out probably early next year.

On the methodological review by the Grants Commission, we have very close involvement with the commission when they prepare their work. We provide data on

## PROOF

a range of subjects ranging from our expenses and costs of our services to our tax bases and tax lines. We have put at least one submission in, formal submission, and had many informal conversations. I have written several times on several topics. We meet with the commission on a regular basis both at a commission level and at staff level and we work through the issues involved fairly intensively.

**Mr Barr:** To just conclude on one further point to Mr Pettersson's question before the supplementary was asked, income and wealth data is held by the commonwealth. Income data through the tax system is held by the ATO and various data on wealth would be held by the commonwealth and generally is not shared with state and territory governments.

We rely on commonwealth eligibility determinations for a range of concession payments, for example. If you qualify for whatever commonwealth arrangements are in place that then applies. The ACT government can then make a yes or no determination as to whether you are eligible to then access a range of our programs.

The one bit of data that is missing for the ACT government is the wealth and income data. You can make various assumptions and useful proxies. Generally speaking, the more wealth you have, the more you consume of particular types of goods and services, some of which you purchase off the territory government. The more you purchase, it is reasonable to assume, the higher your income because if you did not have the income you could not purchase. And land is one such example.

**MS ORR:** Just on the GST, I want to follow up. How do you see those two processes that are currently going on playing out for the ACT or affecting the ACT?

**Mr Nicol:** I think that would be speculative. I think the Productivity Commission in its draft report essentially endorsed the system of horizontal fiscal equalisation that we have. They have proposed some changes to it, which I think it is fair to say we do not support as a jurisdiction. I think the majority do not support it either.

**Mr Barr:** And neither do a majority of states or territories. This has been an exercise to placate Western Australia and to a lesser extent New South Wales who have been arguing for some time for an equal per capita distribution of GST revenue. It would be fair to say that every other jurisdiction has opposed that particular change.

I have now seen four federal treasurers go through this merry-go-round. Lots of busy work will occur and the answer that will be spat out is that horizontal fiscal equalisation is the fairest system. We have the best distribution within any federation in the world. Yes, it is complicated at times and there is room for a little simplicity but it is necessarily complicated in order to achieve an outcome that any Australian, regardless of which state or territory they live in, has a reasonable expectation to receive the same level of services. And horizontal fiscal equalisation has served our country and our federation exceptionally well over an extended period and it ought not to be tinkered with lightly.

**MR PETTERSSON:** In regard to the unit rates calculation and its changes, it has been suggested that this was an equity measure. What are some examples of the problems this change aims to address?

**Mr Barr:** There are a large number—and I will provide some written examples to the committee—but we will compare and contrast units and houses in different locations across the city with different or the same market values and show you what the previous system allowed in terms of disparity and the gap that the government has endeavoured to close by way of a fairer system. I think it is probably easier for me to provide the committee with some written examples, and we will do so.

**MR PARTON:** Can we focus for a moment on consolidated annual financial statements, the total territory operating statements, and in particular non-financial assets? Payments for non-financial assets have decreased considerably. In particular the actual figure for 2016-17 is \$814 million. The 2016-17 budget had estimated payments of \$1,057 million. That is quite a difference. I am keen to understand what happened.

**Mr Nicol:** I might take it on notice, just to get—

**MR PARTON:** Is it indicative that the capital program was perhaps not delivered on time? Will it be made up in future years?

**Mr Nicol:** It is quite possible that it is driven by the capital program. We do tend to underspend on our capital side. We do make it up in future years. It could be a one-month delay in a payment to finalise a contract or a progress payment, which moves it from one financial year to the next. If we underspend on a capital works program we tend to roll over those funds to the following year and spend them in the following year so, by and large, it is a timing issue rather than an underspend issue. We are probably a bit over-optimistic as to how we are going to achieve every project on time and in an optimal way. Some projects do occur that way; many do not, because we have a weather event or a contractual event or a whatever event which can delay projects. That can happen.

**MR PARTON:** I heard you say that you think you are often over-optimistic about those time frames. Why?

**Mr Nicol:** I think it is because when you plan for a capital project you plan to achieve it in an efficient, effective way—

**MR PARTON:** And then it turns out that you cannot achieve it in an efficient way.

**Mr Nicol:** Sometimes you have a delay that is outside your control. My point is that we have to plan for it to be achieved in an efficient way because often it is. So we have to provide the funds available to spend in that way. We tend to budget on a project by project basis, so in a statistical sense it is a biased estimate, if you like. It is very difficult to beat an optimal plan and deliver something early; sometimes we do, but it is very rare. We have a delay in a number of our projects. It is very hard to pick which projects you are going to have a delay in when you start the project. So that tends to—

**MR PARTON:** Are there those who believe that perhaps it would be more sensible to be more pessimistic in terms of those estimates?

**Mr Nicol:** It is certainly one way to go. But the problem with that is that if the pessimism tends to be too pessimistic then you are actually going to stop a project halfway through for no good reason other than you thought you would not get that time line. Or you have to find ways to move resources around, which is possible but can be very complex, particularly for some of our directorates and smaller directorates. It is almost a systemic issue that we are working very hard to try to find solutions to, but it boils down to the fact that we plan to get an efficient delivery. Occasionally that does not happen, but we do want to ensure that when it does happen we do get our projects out on time and open whatever service it is as early as we can.

**Mr Miners:** Mr Nicol is absolutely right. When we plan, we plan on a project by project basis because that is how you have to deliver them. When we look at the budget estimates, we try to take account of the fact that, as Mr Nicol said, we know some projects will be delayed by weather or other circumstances. We try to allow for that at the aggregate level. There is actually a capital delivery provision that goes into the budget each year which moves a proportion out over the years. You cannot plan each project assuming it is going to fall behind, otherwise they will not have the cash to deliver the project, but you can think about it at an aggregate level, and that is the way we think about it to get the aggregate estimates right.

**MR COE:** But that does not explain why it is out \$200 million. That means that if it is an average year in terms of projects being delayed or projects being early then you are smack bang on what you expected.

**Mr Nicol:** That is correct. Essentially we did not allow enough in 2016-17. That was the first year we introduced it, so we were a bit conservative. We are going to learn from our experience. I think every year is going to be a bit different. In 2016-17 the major event was obviously the election, which slowed a lot of projects up more than we thought it would. We need to look at those various factors to get that planning right. I think we can do more on the delivery side too, getting more realistic about our delivery schedules et cetera in certain circumstances. We are putting a lot of resources into improving our internal financial system monitoring so that we are getting more real-time data to project managers through the delivery projects.

**MS ORR:** I wanted to move to accommodation and property services. I note the report says 1,100 staff have been moved to your new office spaces in Woden and other town centres. Can you give me a bit more information on that and how it is benefiting the public servants and the places they have moved to?

**Mr Nicol:** Ms Orr, could you mention the page you got that from?

**MS ORR:** Yes, 85.

**Mr Bailey:** Yes, over the past 12 months we have transitioned a number of staff into Woden. That is in two different directorates: the Health Directorate, and Access Canberra within the Chief Minister, Treasury and Economic Development Directorate. That basically has consolidated most of the health people into 2-6 Bowes Place, and Access Canberra are setting up a south hub in the Cosmopolitan building down there. In terms of its benefit for Woden, I probably cannot answer on what it has done for

the area, but previously vacant buildings being taken up would be a positive outcome.

**MS ORR:** On the other stuff within property services, I also notice that it says one of the achievements is “opened the Lake Burley Griffin slipway”. I personally had no idea Lake Burley Griffin had a slipway. Can you run me through a bit about why that has been done and what you expect to see from it?

**Mr Bailey:** The lake has to have a slipway. There are a number of larger vessels on there. There are probably about seven or eight. I understand that for compliance reasons every two years they have to be lifted out of the lake for maintenance and inspection purposes. The previous slipway was over in Kingston Foreshore. As part of the negotiations there for development, the ACT government—I think it was the Land Development Agency—had to build another slipway that could be used. That was built where it is right now on the Black Mountain Peninsula. It was transferred over to the property group this year.

It is not something that will get a lot of use, simply because at this stage the lake does not have a lot of boats on it, but it is a vital service. They actually have to do that. The previous arrangement while that was being constructed, Kingston Foreshore, was that they had to get a crane. It was quite expensive and it can damage the boats. This way the boats can come out in a safe way and it ensures the future use of the lake for these operations.

**MS ORR:** Is this enabling things like the GoBoat to come to Canberra?

**Mr Bailey:** No, that is a separate thing. I think they will base themselves out of Kingston and I do not know whether their boats are that large. They may well use it. We hope that users down the track will. It is limited but there could potentially be people wanting to do repairs on their own private boats with all the facilities down there to do so.

**MS ORR:** While we are on property services, I asked last time about the Nara building open floor plan trial. I want to follow up and get an idea of where that is currently at. I think it is into the first bits of the trial.

**Mr Bailey:** The activity-based working trial?

**MS ORR:** Yes.

**Mr Bailey:** Certainly. There are two floors within Nara that have this underway now. There are other trials. The Cosmo building for Access Canberra in Woden is fully activity-based working as well. From all accounts to date there is very positive feedback from everybody on those particular floors. It is where we are progressing to with the new builds that we are going to for Civic and Dickson. They will go with activity-based working as well. As I said, they have been taken up and seem to be working really well.

**MS ORR:** What are the ways that staff can provide feedback into the review?

**Mr Nicol:** Probably the public service commissioner would be better to ask.

PROOF

Ms Overton-Clarke is running those and has a close eye on it.

**MR COE:** Can I ask a supplementary? With regard to the government facilities that are rented out, how do you make a call as to which ones get a peppercorn rent?

**Mr Bailey:** The community facilities; a lot of those are historical deals that were entered into some time ago on a peppercorn rate. It is a challenge because these community organisations are quite often funded by government in different ways. There is no answer at this stage. We do not have anything set as to what the rate is. Property Group does have a community rental rate. Any new community groups coming on board pay that community rate.

As we have said, a number of them were transferred into Property Group with previous arrangements, maybe from Community Services Directorate. They would have looked at it at the time. They were funded to provide a service, so the rent was sort of part of that package at the time. But there is no decision, except that now there is a wait list. We offer properties to community groups, and there is a community rental rate. Any new deals have that, but historical ones are still there, and we are working our way—

**MR COE:** Right, but has the Property Group actually issued any peppercorn rate of rent on government facilities? Or is it all just a community rate?

**Mr Bailey:** Any new leases are the community rate. There is no doubt we would have agreements in place, and we—

**MR COE:** That is right; I am talking about new deals here.

**Mr Bailey:** New deals.

**THE CHAIR:** What is the community rate? Is that a percentage of commercial rate?

**Mr Bailey:** It was a rate that was established probably seven or eight years ago now, basically just to be cost recovery. It looked at what we were spending at the time on repairs and maintenance and averaged that out. It sits at around \$130—something at the moment per square metre. Is it right? Does it really cover it all now? It probably does not, because as our facilities get older and older, they require more and more maintenance. If we could set it, we would probably prefer it to be a little bit higher. But that is the rate at this stage.

**THE CHAIR:** 130 per square metre per—

**Mr Barr:** Per year, yes.

**Mr Bailey:** Yes, per year, per annum—so however much space they have, times that, per annum.

**MR COE:** Is the Property Group involved with the negotiation or advice on the negotiation with the Tradies in Dickson?

**Mr Bailey:** No, that is not a Property Group property.

**MR COE:** Was Treasury advised? Did Treasury have an advisory role to the LDA with regard to the acquisition of that Rosevear Place property, and then the \$1 per year leaseback?

**Mr Nicol:** Not to my knowledge, but I will confirm. I have taken on some new functions since 1 July, and I have not quizzed people about whether they were involved, but not to my knowledge.

**MR COE:** So when the government—through the LDA, or now Suburban Land Agency or the CRA—wants to do an acquisition, what involvement does Treasury have?

**Mr Nicol:** The Treasurer has signed off the instrument that essentially requires any land acquisition to be presented to the minister as a business case. That has to go through me, and has to go to cabinet, for cabinet's views to be reflected in the decision.

**MR COE:** But I am talking about the role of Treasury. I understand that you have got to sight that, but does any modelling or any business area of Treasury need to be engaged in the development of that business case, or do you only see that at the end?

**Mr Nicol:** I think it will be on a case by case basis. It depends on the proposal. If it is a minor—and these are arrangements that we are putting in place, so we have not settled them yet—transaction involving a contiguous block of some description, I can imagine our involvement will be less. If it is a more major purchase involving a future development front or a significant purchase, then I would expect that the SLA and/or the CRA would come and engage with us early. If they do not we may have questions. If we had questions, my expectation is it would not go to cabinet until we were satisfied.

**MR COE:** Is the business case actually going to have a Treasury recommendation, or is it just going to say, "Treasury have been consulted"?

**Mr Nicol:** I anticipate that Treasury will give advice to the Treasurer independent of the business case to outline the risks and benefits of that transaction. We will generally make that view known to the organisation presenting the business case. In my expectation, they generally reflect on what Treasury's view is. If we make good, strong points, that generally leads to a business case being reviewed. But it will not be a joint business case with Treasury, if that is the question.

**Mr Barr:** It requires consultation with all relevant stakeholders, including the Under Treasurer, and the directors-general of Environment, Planning and Sustainable Development, and Transport Canberra and City Services, a risk assessment. Once a draft business case is presented, it is presented in accordance with section 2 of the direction. It is then that the draft business case is provided to the Under Treasurer and those directors-general I have mentioned for consultation. Upon completion of the consultation, the City Renewal Authority and the Suburban Land Agency would provide final business cases to be submitted. They are submitted by the Environment,

## PROOF

Planning and Sustainable Development Directorate to the minister. The minister may approve or reject a final business case for acquisition following consideration by cabinet.

**MR COE:** Do you envisage it like a pro forma? Or will the business case actually vary with each project in terms of its format, in terms of—

**Mr Barr:** I think some elements would have to be consistent in order for it to be a compliant cabinet submission in accordance with the *Cabinet Handbook*. I think the Under Treasurer has highlighted two examples, where one instance a piece of contiguous land that might be relatively small, versus a larger acquisition—

**MR COE:** Finally, Mr Nicol, did you have any involvement, in terms of your personal recollection, with the acquisition of the Dickson Tradies building?

**Mr Nicol:** No; I had no involvement.

**THE CHAIR:** It was your predecessor, was it?

**Mr Nicol:** I cannot answer for my predecessor.

**MR COE:** December 2014.

**Mr Nicol:** I was in this role in December 2014, but I had no involvement in it.

**THE CHAIR:** Yes.

**MS LE COUTEUR:** I am specifically asking about Downer Community Association. I used to be, but am no longer, a committee member, or even a Downer resident. They have just been told that they cannot renew on a peppercorn tenancy basis. The impression I get from what you said in your answers to Mr Coe's question is that you would be looking at potentially moving them to a community rate, which is some sort of average over all of ACT.

What are you going to do about the fact that at Downer, and I am sure other places, they do all the maintenance? One of the committee members puts in at least half a day a week on maintenance. How is it reasonable to charge \$130 a square metre when the community does the work?

**MR COE:** The Tradies could sub-lease.

**Mr Bailey:** I do not know the specifics of that deal. As a general rule we are trying to transition community groups up to a rate that is sustainable for them and obviously for Property Group as well. I can get the details on that specific one and get back to you.

**MS LE COUTEUR:** I have the details insofar as I have a letter written by Property Group to Downer Community Association. It says:

As you would be aware, your organisation is currently on a peppercorn tenancy arrangement. ACT Property Group is currently renewing its community rental



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model, and as such we are not offering peppercorn leases beyond 2018 until further notice.

**Mr Bailey:** The challenge we have is that there will be a multi-tenanted site and you will have three or four, or more, organisations in it. Some will be paying it, some not. How do we sit back and justify that when someone says, ‘Well, how do they get it free whereas we are paying for it?’

The ones that were on peppercorn arrangements—where you are saying they did maintenance—it was expected that community groups would cover the first \$500. Some would choose to do some of the maintenance themselves. But anything larger than that would be reported to Property Group to pay.

I can get back to you on the specifics there. But that is the general rule. We are trying to ensure fairness. How do we do that when one community group might not be paying anything and the other group might be paying the community rate?

**THE CHAIR:** In terms of fairness, in layman’s terms maybe you could answer. My understanding is that Woden Valley RSL was just moved into a Property Group property at Holder, the old Holder site. They are running a veterans support centre there. They are being asked to pay \$40,000 a year. I understand the CFMEU site, significantly bigger, are paying \$1 a year. Can you explain that discrepancy, and how, from Property Group’s point of view, that looks fair?

**Mr Bailey:** We are not involved. Property Group do not have any involvement in the CFMEU site. I imagine for the other one there, it should basically be just a square metre conversion. So however much size they have, community rate I assume—again, I can get the specifics on that particular one—would be what the rent is.

**THE CHAIR:** We might leave it there. We are back at 10.45 to continue the committee hearings. We will adjourn until that point. Thank you.

### **The committee suspended from 10.30 to 10.45 am.**

**THE CHAIR:** Welcome back, Chief Minister, officials and members. We are moving on with our inquiry into the annual reports in the CMTEDD portfolio, moving towards government policy, communications, community engagement and the city to the lake project, amongst other things. Chief Minister, can you give me an update on what is actually happening with city to the lake—what the progress is, where we are at with it and what the forward plans are?

**Mr Barr:** I will invite Mr Snow to join us. You may as well take a seat, Malcolm. I think you might be answering a question or two.

**Mr Snow:** Thank you for the question, Mr Hanson. The status of the city to the lake project is that, with the formation of the city renewal precinct in July this year, the term “city to the lake” has now been overtaken by the fact that we do have a focus on urban renewal in the city renewal precinct, which incorporates the West Basin area, Northbourne Avenue and components or elements of what formerly was known as the city to the lake project.

The reason for that is that we do not just separate out the different initiatives but think in the context of the directions that have been given to us by government in relation to the urban renewal program for the city renewal precinct, to focus on the different timings, while at the same time recognising that there are clear inter-relationships between those different components.

**THE CHAIR:** Is the name dead or is it that elements of the actual proposal that was put forward are dead as well? Has it changed or have you just scrubbed the name?

**Mr Snow:** The way the CRA are viewing it is that city to the lake as a concept is still a relevant, high-level concept in terms of principles of connectivity and principles of the need to officially recognise that the city does need to be connected to the waterfront. More appropriately, in the context, as I said, of instructions and the expectations of government about urban renewal in the city renewal precinct, we have the opportunity to rethink and examine the different elements of what previously were part of that whole city to the lake project.

**THE CHAIR:** There were some quite specific proposals put forward—the need to realign roads and so on. We saw lots of lovely images and models. That has all been rethought now, has it? Are elements of that being incorporated and are elements being discarded? Is there a new plan, regardless of what you call it, to show what that lake frontage is going to look like?

**Mr Snow:** No, there is no new plan as such. What has happened, though, is that, with the review of the National Capital Plan several years ago, which was formalised when that amendment to the National Capital Plan went through last year, the requirements—the planning parameters, if you like—around what was formerly known as the city to the lake project have now effectively been enshrined in the new National Capital Plan.

Many of the principles—if I can call them that—and many of the planning guidance rules that would be associated with the way in which that part of Canberra is going to be developed in fact now are enshrined or embodied within the new National Capital Plan. To the extent that those planning parameters are now set, the ACT government, the territory government, will be obliged to ensure that any review or reconsideration of the design and planning aspects of West Basin and the Parkes Way realignment would all have to be done, cognisant of, as I say, the planning parameters now set very clearly in the National Capital Plan.

**THE CHAIR:** This all sounds a bit “motherhoody” in terms of planning principles and so on, but in terms of what it is going to look like and whether we are doing the Parkes Way realignment and so on, is there a plan, as in “this bit of work done in this time frame”? If so, where does that exist?

**Mr Snow:** I will deal with Parkes Way first. The work with Parkes Way is being considered by a working group led by the TCCS Directorate in relation to the integration of light rail stage 2 investigations, with the implications of that alignment and possible future tram works in terms of the way Parkes Way might be realigned. Clearly, at the moment Parkes Way represents a major physical and psychological

barrier to that connectivity that I talked about. There are things that need to be examined now in relation to Parkes Way that do impact upon potential alignments and design decisions around light rail stage 2.

Those matters are being considered by that working group and by the light rail steering board as we speak. The City Renewal Authority is not managing that process. We are having input to it, but if you have specific questions around the status particularly of the Parkes Way and light rail work, it might be appropriate to direct those questions to that directorate.

In relation to West Basin, of course, good progress has been made in relation to stage 1 works. The “Point Park” works—soon to be renamed—are well advanced and are due for completion early next year. Stage 1 of the promenade, the boardwalk, the new playground, the city centre’s first new major public park in a long time, are emerging very well. Negotiations and work on stage 2 design are underway and that work will progress once there has been a resolution of a number of issues related to the way in which, again, that design will be developed.

My board have expressed the desire to re-examine some of the base assumptions behind the original West Basin design. I think it is appropriate for a new authority to do that, and for there to be due diligence around some of those assumptions on the kinds of return, and whether we can achieve the kinds of return that the territory government has already hypothecated around land sales, around development of that site. Quite prudently, the CRA is re-examining some of those assumptions, but I can assure you that the urban design and planning principles, as I said, enshrined in the National Capital Plan and already the subject of major community consultation remain unchanged.

**THE CHAIR:** In terms of your review of whether you are going to get the returns that have been hypothecated, do you have any results from those reviews? Are you still going through that process or have you looked at it and said the revenues will be higher or lower, or about right?

**Mr Snow:** We have not commenced that process. As you know, the authority is very new. I have had only one meeting with my board, and my board in that meeting have expressed a desire to undertake that exercise. All of the feasibility assumptions built into the previous work are still appropriate to the discussions, whenever we have them, with Treasury around the likely costs and also the likely revenue that that project might provide.

**MS LE COUTEUR:** You were talking about return. Has the government indicated to your board what quantum of return it is expecting from this project?

**Mr Snow:** Not to my board specifically. My board, as I said a moment ago, have as their starting point the work previously done in relation to this project.

**MS LE COUTEUR:** Has it indicated to anyone, that you are aware of, what sort of return is expected?

**Mr Snow:** Not to my knowledge, no.

**MS LAWDER:** Does city to the lake still include the new Civic pool?

**Mr Snow:** The City Renewal Authority has an interest in a much larger area, including the city centre and its environs. To the extent that the current city pool is within the precinct for which government has asked us to start developing a very clear urban design strategy, yes, it is within the area spatially for which government has asked us to come forward with some clear revitalisation strategies.

**MS LAWDER:** Is the dollar amount on page 196 what that is for—developing strategies?

**Mr Snow:** I will ask one of my colleagues to assist me, Ms Lawder.

**MS LAWDER:** It is in volume 1, page 196, about halfway down the page: “city to the lake—new Civic pool”, with an estimated completion date of June 2018, \$400,000, original project value.

**Mr Snow:** I will ask my colleague Mr Hughes to respond to that, Ms Lawder.

**Mr Hughes:** I believe that \$400,000 was an allocation to do a feasibility assessment. I think it was transferred to EPSDD as part of the break-up of the LDA. EPSDD is in the process of transferring that piece of funding to the City Renewal Authority to further a feasibility assessment of a potential future aquatic centre in the precinct. We are still waiting for that funding to come across. Most likely, that piece of work will be commissioned in 2018-19. So it is to do a feasibility assessment for new aquatic facilities.

**MS LAWDER:** Did you say that it is due at a different time from June 2018, which is referred to here?

**Mr Hughes:** I would assume that is the case because it has not been transferred to the City Renewal Authority, and I do not believe any of it has been expended yet.

**MS LAWDER:** How will you do a feasibility study if you are not sure where it is going to be?

**Mr Hughes:** I am reasonably sure it will be coming to the City Renewal Authority. I have seen the paperwork to effect that transfer. I believe it is still going through the process with Treasury.

**MS LAWDER:** I meant how will you do a feasibility study if you are not sure if it is going to be in Civic or West Basin? Do you have a site identified?

**Mr Hughes:** The funding is there to do the assessment of what is needed and where it should be located, taking into account that ANU is also building a public pool at the moment. I believe the Stromlo facilities that have been commissioned will allow for future provision of diving infrastructure out there. So it is to look at that more broadly within the context of what is being done elsewhere and what may be appropriate for the precinct.

**MS LAWDER:** Will there be some public consultation as part of that feasibility study or would that come at a different point?

**Mr Hughes:** I think there would be public consultation, yes, because part of understanding what we need in the precinct is to speak with the public and see what sorts of facilities and infrastructure they would like to see.

**MS LE COUTEUR:** Mr Snow, you indicated that the NCA had done a lot of consultation about this area and, while the ACT government did not seem to have plans specifically for it, the NCA presumably does. How would people access those plans? Is there any way for the community to find out what is planned?

**Mr Snow:** Do you mean in terms of the provisions I referred to in the National Capital Plan?

**MS LE COUTEUR:** Yes.

**Mr Snow:** The National Capital Plan is on the NCA's website. I believe, certainly based on recent experience, that specific information about the city to the lake project is also still on the NCA website. Anyone can access online a copy of the National Capital Plan and, using the index, find the relevant sections in the National Capital Plan related to those specific controls I referred to.

**MS LE COUTEUR:** Given what you have said, who has planning approval over this project?

**Mr Snow:** The National Capital Authority, because it is designated land; therefore any works approval, as has been the case for stage 1—capital works—all has to be approved by the National Capital Authority.

**MS LE COUTEUR:** I appreciate that it has not all been approved yet, but what is the size of the proposed development area in the city to the lake area compared to the size of the existing surface car parks? My assumption is that we are basically trading surface car parks for something else. Is that the case?

**Mr Snow:** I will ask Mr Hughes to give you the exact figures, if he has them. Certainly, my understanding is that, compared to the amount of asphalt that is in that precinct at the moment, we are substantially increasing the amount of green space relative to what is currently asphalt. So there is a very clear public benefit in the conversion of what are surface car parks to new public space.

**Mr Hughes:** In the West Basin precinct I think the figure currently is three hectares of at-grade car parking. The plan is to replace that with four hectares of new public realm. There will also be a section of the lake bed that will be reclaimed on which public realm and public infrastructure will be built. The balance of the city to the lake precinct covers the City Hill area. The longer term intention is that the underutilised land which is currently at-grade car parking will also be released for mixed use development. I do not have the stats on City Hill, but certainly in West Basin we will be replacing a significant amount of car parking with significantly more public realm.

**MS LE COUTEUR:** How much of what is currently public open space will be developed in the proposals? It is not all car parks there.

**Mr Hughes:** I would need to take that on notice.

**MR COE:** In effect, what is the total footprint of the area that is being built on?

**Mr Snow:** For the purpose of clarity in relation to a response which we will provide to that question, would you like to distinguish between developable area—in other words the footprint of buildings—and then everything else? Certainly, we would regard the streets as some of the most important public spaces that will be created in that particular development.

**Mr Hughes:** I have rough numbers.

**MS LE COUTEUR:** It would be useful to have the streets separately because—

**MR COE:** Have a picnic in the middle of the street; it would be lovely!

**MS LE COUTEUR:** There may be wonderful streets, but, as Mr Coe said, most of us do not really want to hang out in the middle of the streets.

**Mr Hughes:** I can give you rough numbers, if you like. West Basin as it stands is currently about eight hectares. The intent in the National Capital Plan is to reclaim about 2.86 hectares of lake bed. That takes it to a total of about 10 hectares. Of that, four hectares will be new public realm and about 6½ will be mixed use development. But that mixed use development also includes the footpath and street network, so it is about half and half, roughly.

**Mr Barr:** I could point to a few examples where people enjoy hanging out in the streets in Canberra. The National Multicultural Festival would be one.

**MS LE COUTEUR:** True.

**MS LAWDER:** That is when it is closed.

**Mr Barr:** Obviously, and that is the intent. Obviously, the intent of an events space is to be able to close off particular areas. That is why it is important that Mr Snow has drawn that distinction for the committee's benefit.

**MS LE COUTEUR:** Can we assume that the roads will then be closed for most of the year, Mr Snow?

**Mr Snow:** No, you could not say that. What you could say is that we will be designing streets, as you find in many European cities, where cars are not necessarily the king. It is actually about the people and the community who live in that precinct, just as you see in New Acton, which I think is an excellent model and sets the very clear benchmark for the balance we would strike in the way in which those streets would be used as public spaces.

**MR COE:** Has the commonwealth government given approval to, in effect, transfer the lake bed to the ACT?

**Mr Barr:** We are deep in negotiations on that but expect a positive outcome on that front. Certainly at the political level, every commonwealth minister I have spoken to, from the Treasurer down, has indicated a desire to see this progress. The commonwealth government is not in the business, as ministers tell me consistently, of putting roadblocks in the way of economic development outcomes. I take them at their word that, subject to officials negotiating a positive outcome on a range of issues of mutual interest, this will go ahead. And clearly stage 1 is already an indication of the commonwealth's good intent in relation to this project. Unless of course you are busy trying to undermine it, are you? Anything you would like to declare on that front now?

**MR COE:** Sorry, where did that come from?

**Mr Barr:** Your line of questioning.

**MR COE:** What? Has the government transferred it to you? It is a cryptic question, is it, or—

**Mr Barr:** No. I am just interested in why you are so interested in—

**THE CHAIR:** Chief Minister, we are here for you to answer questions rather than to make slurs.

**Mr Barr:** Yes. And I have answered the question and I have every indication—

**MR COE:** You seem a bit touchy for some reason, Chief Minister.

**Mr Barr:** As I said, every indication politically that there is no problem. So unless you are busy seeking to undermine it politically, I see no reason why that will not—

**THE CHAIR:** Chief Minister, if you can just stick to answering the questions rather than trying to make allegations.

**Mr Barr:** You do not get to tell me how I answer questions, Mr Hanson.

**THE CHAIR:** I get to run this committee and I am asking you—

**Mr Barr:** For the time being, yes.

**THE CHAIR:** Was that a threat?

**Mr Barr:** It is, yes.

**THE CHAIR:** You are making a threat to me, are you?

**Mr Barr:** I am, yes.

**THE CHAIR:** What is your threat?

**Mr Barr:** I have already made it this morning.

**THE CHAIR:** What, to take it outside? What does “take it outside” mean?

**Mr Barr:** I will be pursuing your defamation of me this morning. You are already in court with someone else on defamation and I will continue to pursue the outrageous slurs that you made against me this morning that you have not withdrawn. I invite you to withdraw now and I will not need to pursue it.

**THE CHAIR:** Are you threatening me? Are you going to threaten legal action; or what are you threatening?

**Mr Barr:** I am not going to have that discussion with you right now.

**MS LE COUTEUR:** Gentlemen, can I suggest, we are here—

**THE CHAIR:** No, sorry—

**Mr Barr:** If you want to adjourn the committee hearing now and we can have a discussion about how you have defamed me this morning, by all means. But I suspect the rest of the committee may wish to ask questions.

**MR COE:** If you can push your bitterness aside for a second and answer these questions with regard to the transfer from the commonwealth to the ACT, why has that not happened yet if all ministers are on board?

**Mr Barr:** We are going through a negotiation process with the commonwealth on matters of mutual interest outside that precinct.

**MR COE:** I think this was first raised a couple of years ago or thereabouts. I can recall it in committee hearings before, I am pretty sure, if not in the chamber. What is the holdup?

**Mr Barr:** A range of outstanding issues between the commonwealth and the territory on the unrelated matters.

**MR COE:** What are the unrelated matters that are holding up this project?

**Mr Barr:** The CSIRO Ginninderra development, land for new embassies and a range of other matters that the commonwealth has brought to the territory’s attention seeking to use this as a negotiating point to achieve an outcome.

**MR COE:** In effect, trying to package them all together as one job lot?

**Mr Barr:** That is correct, yes.

**MR COE:** What is the sticking point with these other issues in the job lot that is



holding back the negotiation?

**Mr Barr:** They are not. The negotiations are continuing in a productive manner.

**MR COE:** When are you likely to get a resolution then?

**Mr Barr:** When the commonwealth agrees.

**MR COE:** And when is that likely to be? I am sure your agency is—

**Mr Barr:** As soon possible, we hope, and—

**MR COE:** How does your agency progress if there is no time line? What is the time line that you have given your agency?

**Mr Barr:** Ms Croke will be able to assist.

**Ms Croke:** We have been meeting frequently now with the Department of Finance, DIRD—the Department of Infrastructure and Regional Development—and the CSIRO. We have met with them probably on three occasions over the past three months to work through the common set of issues that we are looking to resolve.

We will need to just make sure we have got a shared understanding about the value of all of the different things in play, especially Ginninderra. And that work is progressing. We are trying to see whether or not there are some things that we might be able to solve more quickly. Obviously, for the commonwealth, Ginninderra is a large development. Similarly for the ACT government, is light rail stage 2. All those issues are in play and we are trying to work through whether or not there are some things we might be able to do more quickly than those larger ones.

**Mr Barr:** It also sits against a backdrop of a negotiation on funding under city deals. I think at this point it is best to say no further, to not prejudice any further discussions with the commonwealth. Suffice it to say that at a political and ministerial level, subject to officials being able to resolve a variety of issues, I have been told by the Prime Minister, the Treasurer, the finance minister, the former minister for territories, who is now no longer a minister or in the Senate—we may have to resume a conversation with whoever the new federal minister is, who hopefully is not a dual citizen—that we will have an opportunity to resolve those outstanding issues.

But I want to be clear that the commonwealth, whilst of course bargaining hard, as they always do, on a variety of issues, have given no sense that they do not wish to reach a conclusion with the territory government. And it will take the time it takes and we will continue our negotiation. Any final agreement will undoubtedly have a number of different elements that will need to have cabinet consideration by me and colleagues and the broader ACT bureaucracy before a conclusion is reached.

But, having said all that, I think it is best to allow the negotiations to continue and I will not be making any further comment on that at this point.

**MR COE:** When will a tender be advertised for a new stormwater pond adjacent to

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Glebe Park?

**MS LE COUTEUR:** Can I just finish off on city to the lake?

**MR COE:** This is city to the lake.

**THE CHAIR:** That was proposed as part of the requirement for the—

**MR COE:** When will the tender be issued?

**Mr Barr:** We will make a public announcement in due course.

**MR COE:** And when is that likely to be?

**Mr Barr:** I will make a public announcement in due course. I will not be using this hearing to foreshadow government policy announcements.

**MR COE:** It is relevant to city to the lake and—

**Mr Barr:** Yes, and I have answered your question. We will make an announcement in due course.

**MR COE:** I think it is reasonable to ask: are we looking at a year or two or three years?

**Mr Barr:** Yes, and I will make an announcement in due course. I am not putting artificial time frames on that announcement.

**MR COE:** No, it is not an artificial time frame. I am asking you: when is it due?

**Mr Barr:** I will announce it in due course.

**MR COE:** Has any additional work to date taken place with regard to the design of the stormwater facility adjacent to Glebe Park?

**THE CHAIR:** I do not think that you are going to get any answers, Mr Coe.

**MR COE:** I can ask that question.

**THE CHAIR:** I take it—

**MR COE:** What additional work has taken place?

**THE CHAIR:** I take it from the Chief Minister's silence that you are not getting any more answers. Is that correct, Chief Minister?

**Mr Barr:** I will take that question on notice because it involves multiple ACT government agencies.

**THE CHAIR:** We will take that on notice, thanks.

**MS LE COUTEUR:** Getting back to the other side of the city to the lake, when is it likely that the first land releases will happen?

**Mr Barr:** In West Basin?

**MS LE COUTEUR:** Yes.

**Mr Hughes:** West Basin is not intended until the mid-2020s or around then. The City Renewal Authority is starting in the City Hill precinct, releasing some of the car parks. The first release I think is an indicative land release program for 2019-20, with settlement in 2020-21, and then there is another one the following year. The intention is in West Basin to overcome some of the connectivity issues around Parkes Way and also further progress the waterfront public precinct before we actually get into land release in that precinct.

**MS LE COUTEUR:** So the waterfront will be done before the land release in West Basin?

**Mr Barr:** As was always intended, as I have said I think about 3,000 times over the past four years, yes.

**MS LE COUTEUR:** How long will the process of developing West Basin be? If you start land release in 2020, when is it going to be finished? Is it a 10-year project, 15? I assume it is a long project.

**Mr Hughes:** Approximately 10 years. The waterfront development will take two to three years to build the public realm, which is stage 2 commencing this financial year or next financial year, depending on how negotiations with the commonwealth go. That is a two-year construction program. Then there is about another year to build the rest of the promenade, and then we have about five to six years of land release, if we release at a dwelling rate of about 350 dwelling sites per year. If you add all that up it is about 10 to 11 years of development.

**Mr Snow:** The strategy continues to be the same one that was promoted at the time that this project was first put forward, which is that you have got to build public infrastructure—in particular public realm—that starts to shift perceptions about the potential of that part of the city centre. That is why it is so important. All of the successful urban renewal models around Australia and overseas show that early investment in that public infrastructure, recouped land sales, through development revenues, is absolutely the right way to go. South Bank in Brisbane was built on that basis. It shifted perceptions about what you could possibly do in developing that part of Brisbane and it is a very successful model. It is the same one, quite appropriately, that the ACT government has adopted in relation to West Basin.

**THE CHAIR:** Mr Snow, you have said that you are going to start development of urban design, and Mr Hughes has talked about consulting on what sorts of facilities the public want to see. But we were shown very detailed designs and pictorials, and there was money put in the budget. Five years ago this was all going ahead and there was a plan.

**Mr Barr:** Not five years ago; it was launched in 2013, in the centenary year and then—

**THE CHAIR:** Okay, four years ago.

**Mr Barr:** And then there was a very clear statement made by the then Chief Minister—so this goes back three years, before I was Chief Minister—after Mr Fluffy that there would be a delay.

**THE CHAIR:** Sure, but a delay—

**MS LE COUTEUR:** A delay is different.

**THE CHAIR:** A delay is very different. There were headlines, there were TV interviews, there were videos released, there were really quite detailed plans. It was all a big buzz. City to the lake was the next big thing. And now we seem to be not quite but almost back to the drawing board of asking the public what facilities they want and, as you said, “starting to develop an urban design”. What has happened? It seems like someone has got the plan and said, “No we’re not doing that. Let’s start again.” That is the impression.

**Mr Snow:** I do not think I said that we were going to start again. What I said is that my board quite appropriately have said they would like to be well briefed and understand all of the assumptions that have been built into the original city to the lake project, but now their focus is on West Basin specifically.

We have light rail stage 2 investigations, as I said a moment ago, and technical investigations related particularly to the way in which light rail traverses, for example, over the top of Parkes Way—Parkes Way itself being a crucial parameter or constraint but also offering possible potential in relation to options such as narrowing. These are all things which directly impact upon the planning of that precinct.

It would be inappropriate to pursue the current master plan when, since then, light rail stage 2 investigations have been announced and are underway. We need to understand those technical parameters. If as a result of that work there is an impact upon the planning assumptions, quite appropriately we need to revisit the master plan.

**THE CHAIR:** It seems that technical specifications for light rail stage 2 is very different from talking about consulting on what sorts of facilities the public want to see. I thought we had done that body of work; I thought that that was—

**Mr Barr:** Yes, and there is a considerable body of work in relation to that that informs a range of decision-making and the existing budget allocation. The project that is currently being constructed, the second stage of the boardwalk and the new public park facilities are all evolving to that round of consultation. It is fairly clear from the line of questioning that you guys have been asleep for the past four years on the various announcements that have been made in relation to this project, what is and is not proceeding and what other decisions have been taken by other entities.

The ANU's decisions in relation to their Union Court redevelopment and their new aquatic facility obviously impact on decision-making processes for the territory government as they relate to aquatic facilities, for example. And we continue to undertake various pieces of work related to individual pieces of social infrastructure within the precinct. The commitment that we have given around the theatre precinct is one example. You are chairing an august inquiry into future convention facility needs. We all certainly look forward to that committee report and we will assess that question. Undoubtedly there remains a degree of community interest in stadia and arena infrastructure that also forms part of the broader project objectives.

When it was launched it was a 15 to 20-year project; it was not a three to five-year project. The government always indicated, and I think I have said about 3,000 times, that one of the key learnings from the Kingston Foreshore development process was not to lock the area up for a decade as a construction site and then seek to open it up to the public—to undertake building the public realm first, which is what we are doing. When I stood next to Mr Snow in his former role in the National Capital Authority about two years ago on that site and outlined the different stages of development, there were photos in the paper; it got the front page. Ms Lawson was very interested in it and reported on it extensively. We outlined at that point this process. Nothing has changed from that.

**MR PETTERSSON:** Chief Minister, could you tell me about the purpose of the smart cities agreement with Adelaide?

**Mr Barr:** This is a strategic partnership with the City of Adelaide focused on two main areas. The first is a joint submission of the ACT government and the City of Adelaide to the commonwealth under a smart cities program that they have in place that seeks to encourage collaboration between jurisdictions to seek to work together on particular city issues that are common across jurisdictions. Our example with Adelaide relates to smart parking technologies.

The commonwealth's objective is for different jurisdictions to partner on different smart city initiatives with a view that the learnings from particular trials or new technologies can then be shared across the nation once those collaborative processes have concluded and output is available from each of those projects.

We have also sought, through the Council of Capital City Lord Mayors, to demonstrate a willingness to engage with a number of our capital city counterparts on different projects. A number of capital cities are introducing or extending their light rail networks, for example, so there is benefit there. In many instances, together with the state governments we are entering into the procurement market at similar or slightly different times where there may be opportunity for collaboration in procurement. We have explored that with other cities.

We also seek through our sister city networks, particularly our partnerships with Wellington and Singapore, to share some of these projects so that we are not having to invest ourselves in every single smart city initiative that our city will need, so that we are able to collaborate and specialise on a couple and then buy off the shelf, effectively, the work that other cities are doing in other areas.

In the context of the internet of things, the internet of everything, this is clearly a direction that first world cities are moving towards at a rapid rate, but we are not seeking to undertake every single possible smart city project ourselves. We are seeking to collaborate, to share research, to share outcomes and to share rollout and procurement of new technologies across Australian cities and some of our international partners.

**MR PETTERSSON:** One of the initiatives you mentioned was the smart parking. How is that progressing in the ACT?

**Mr Barr:** Well, we have a trial of a particular technology underway in Manuka. The initial feedback across traders and residents has been very positive towards that initiative. We are also trialling a range of new technologies in partnership with the City of Adelaide. Undoubtedly improving efficiency in parking will save people a lot of time. It will also ensure that we can more effectively utilise our parking capacity across different city, group centre, town centre and regional locations. We, like all other cities, will find that it will be impossible to simply keep on building car parks, particularly surface car parks, ad infinitum. That is not the solution to our city's transport needs. We do not need to end up like Los Angeles. We can certainly do better than becoming a mini LA. That is a very clear and positive outcome of the utilisation of new technology both in parking and in traffic management.

**MR PETTERSSON:** On the topic of transport, are you doing any reviews of on-demand transport and the reforms that were passed a couple of years back?

**Mr Barr:** I think there is some work underway in the smart city space collectively across a number of jurisdictions there. The specifics of that are possibly best asked of the Minister for Transport and City Services during the hearings later.

**MR PARTON:** Moving to coordinated communications and community engagement, very specifically, freedom of information requests from the Canberra Greyhound Racing Club revealed that the government undertook some polling through Orima Research examining community perceptions pertaining to greyhound racing, very important research when you consider the policy space at the moment. The FOI revealed that polling was done in April and that draft results, at least, were sent to the government on 29 May this year. I am wondering if we can get you to update us on what that research specifically said with regard to community perceptions pertaining to greyhound racing.

**Mr Barr:** I have no role in FOI, so I cannot help you there.

**Ms Perkins:** No, we are not able to provide you with the details of the results. The results of the research were provided to cabinet as cabinet-in-confidence information to inform cabinet decision-making.

**MR PARTON:** Are you suggesting to me that an FOI for that specific information would be declined?

**Ms Perkins:** Yes, and I think you will find that the FOI that was released recently was seeking information about the formulation of the questions and any results. As

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provided in that FOI, and it is available on the open government website, we provided the information about the formulation of the questions but we declined to provide the actual detail of the results, because that was cabinet-in-confidence information.

**MR COE:** When was it initiated and requested by cabinet?

**Ms Perkins:** I would have to review the details of that. I cannot provide that now.

**MR COE:** Yes, could you advise what cabinet meeting that request came through? How much was the contract worth?

**Ms Perkins:** The Orima contract is available on the contracts register. That contract has now expired. That is all publicly available.

**MR COE:** How much was it worth?

**Ms Perkins:** Off the top of my head I do not have that information, but I can take that on notice.

**MR COE:** Yes, if you could, thank you. In addition to the date that it was requested by cabinet, could you also provide the date that it was submitted to cabinet and perhaps the names of the TRIM files that accompany it?

**Ms Perkins:** I would be happy to take that information on notice.

**MR COE:** Thank you.

**MS ORR:** I want to ask about the ACT reportable conduct scheme that commenced on 1 July 2017. I have heard a bit about it. Can you tell me what organisations are covered by this scheme?

**Mr Engele:** Thanks for the question. The reportable conduct scheme commenced on 1 July this year. That scheme is focused on improving organisations' response to child abuse. The current scheme captures organisations that deal with children predominantly. Those organisations include education, childcare facilities and ACT government directorates.

**MS ORR:** Can you run me through the non-government organisations that are covered? You have said childcare centres. Where is the government, non-government?

**Mr Engele:** Sure. All childcare centres and non-government schools are captured by the scheme.

**MS ORR:** And given that it started on 1 July, have you been able to get any early indications on how the scheme is working?

**Mr Engele:** Sure. The scheme has had a number of reports to it. I note that the ACT Ombudsman is appearing before one of these committees. I think it is best to leave the actual specifics to them.

**MS LE COUTEUR:** Obviously children are not the only vulnerable people in our community. There are quite a number of vulnerable adults. I believe the vast majority of disabled adults have had some level of abuse from the people employed in caring for them. Are you looking at extending the scheme to cover vulnerable adults?

**Mr Engle:** Yes. Not at this stage. There has been a release of a discussion paper recently in relation to extending the scheme to other organisations, and that includes religious organisations, but not in terms of the scope of the scheme away from children at this point.

**MS LE COUTEUR:** I would like to continue talking about consultation. I believe that you were working on a whole-of-government, community engagement reform strategy. Can you update us on the progress of this?

**Mr Barr:** Ms Perkins will.

**Ms Perkins:** For the purposes of the whole-of-government engagement reform, you would be aware obviously of the two pilot projects that are currently underway with deliberative processes in place. The CTP citizens jury has just held its first two weekends of deliberations, and the jury delivered its recommendations to the stakeholder reference group the weekend before last. There is also a deliberative panel the Community Services Directorate is working on with Carers ACT to develop a carer strategy.

We are using the learnings, the observations and the experiences of people involved in those two pilot projects to inform a whole-of-government strategy and framework. We have also had some advice sought, from an expert paper prepared by Dr Wendy Russell of Double Arrow Consulting and including academics from the University of Canberra, on best practice community engagement for our unique city-state jurisdiction and how best to use deliberative democracy practices and principles. We are at the moment combining that advice paper and the learnings from the two pilot projects to put forward to government for consideration shortly.

**MS LE COUTEUR:** I know much less about the Carers ACT one than the CTP one. I was able to go and listen to the CTP one, which was very interesting. I believe, with the carers one, strategic objectives had already been identified with input from the key disability, aged care and community sector stakeholders before the panel was convened. If I am correct on that, what are you actually doing the panel for? What is the reason for broader community input if you have already worked out what the answer is?

**Ms Perkins:** I think that question would probably be best put to the Community Services Directorate.

**MS LE COUTEUR:** We will.

**Ms Perkins:** We have not been intimately involved in that process from a Chief Minister's perspective but we are working with our colleagues more broadly on the broader findings, experiences and learnings from that project.



**MS LE COUTEUR:** Possibly partly following on from Mr Parton's question earlier, there is a lot of information put together as part of these processes. The CTP one so far has been great. It has all been available on your website. But in general how are other members of the community, in particular members of the Assembly, going to get the same knowledge base? We will eventually, in many cases, be asked to make decisions. How can we get that sort of information? Or will it be not even able to be FOIed as in Mr Parton's example?

**Ms Perkins:** That is a really great question. I think the CTP jury example is a good example as we are working through how we can provide better engagement opportunities. There are certainly opportunities for the jury members to receive really significant information but we are also making that information available to the public through the your say website. There are also broader inputs that the public can have input into. For example, many of the issues that were put to the jury were also available on your say for people to provide their comments in a variety of different mechanisms. As you have seen, probably on the CTP example, we then publish all of that information as it is happening so that it is available to everyone.

We are also making sure that we are documenting the process through video and obviously through traditional communication methods like media. We invited media to participate quite closely in the process along the way, and also social media obviously plays a really important part for us to be sharing that information.

We are trying to make the process as open and as transparent as possible, not just to the people that have been randomly selected to participate but also to anyone who has any interest in following the process.

**MR COE:** I have got some questions regarding procurement, which I understand has now leaked into the economic development stream. Is that correct?

**Ms Leigh:** No, that is in the treasury stream.

**MR COE:** What role does economic development have in the procurement process?

**Mr Barr:** We are now in the Chief Minister's section of the annual report hearings.

**MR PETERSSON:** That was last session.

**Mr Barr:** That was the last session, treasury.

**MR COE:** Maybe it is more a specific question about the procurement practices of the economic development directorate then as opposed to—

**Mr Barr:** We had better wait until economic development then because this is Chief Minister's.

**MR COE:** I am happy to wait until then.

**MS LAWDER:** I have got a question following on from our earlier city to the lake,

West Basin side of things. As I understand it, there was some consultation and work done back in 2004 providing a blueprint for future development of the central national areas, including West Basin, consistent with the 1918 Griffin plan for the city. That plan was prepared by the National Capital Authority with the guidance of a national advisory panel of leading planners, designers and Griffin historians.

The National Capital Authority sought comments from the community in 2006 on the draft amendments to the National Capital Plan, which included bridging of Parkes Way and then there was the 2013 consultation. Are you able to tell me, with all those different consultations and works done, why are we once again going through another process of design and consultation when we have already done that many times in the past?

**Mr Snow:** Thank you for the question. What I would say is that all that extensive consultation has confirmed that those principles, the basis on which the city to the lake project was first advanced by the commonwealth in 2002 in the Griffin legacy document and which have been the subject of, as the Chief Minister said, considerable community consultation, have been endorsed. Not everyone agreed with them. There have been parts of the community that said, “We should just leave it the way it is, as Griffin intended,” which itself is a contestable notion because in our view Griffin had a very clear intention about the way in which this city in future would have a waterfront.

But the point, I think, is that we are now at a phase where, with those principles established, enshrined as I said earlier in the National Capital Plan, as would normally happen in any master planning process we then take those principles and start to develop the design concepts. When we talk about further consultation with a project of this scale, with a project over this time frame, there needs to be further consultation about the specifics. And I think it is entirely appropriate that the community are given, as they will be by the CRA, opportunities to comment on different design aspects of the project as it emerges.

**Mr Barr:** If the committee wishes to make a recommendation that there be no further consultation on the detailed design of the projects, by all means the committee can make a recommendation to that effect. I do not think you are about to and I am fairly certain that people will be interested in the next, much more detailed, design elements.

We are moving from a high level planning structure. And yes, you are right. There has been 15 years of discussion on this and we are now getting right down into the nitty-gritty of delivery. And there is a need to consult on that nitty-gritty and that is what the CRA is going to do.

**MS LAWDER:** I have had meetings with various groups as well, and one of the concerns that have been raised with me many times is a belief that, when you are coming across Commonwealth Avenue Bridge from Parliament House towards the city, northbound, where you have got the new point park, soon to be renamed—

**Mr Barr:** Henry Rolland park, yes.

**MS LAWDER:** Yes, that is the one. There is a theory, and some people believe, that

there are going to be apartments and higher density that will block the vista over to West Basin. Is that the case?

**Mr Snow:** I have not specifically heard that comment. What I have heard is, in fact: in the opposite direction, as people are moving in a southerly direction down Commonwealth Avenue towards Parliament House there has been a concern about protecting the view of the Brindabellas across the lake to the south-west. And that is why, again, the planning controls that have now been placed in the National Capital Plan hold development back further to ensure that there is a substantial retention of the vista to the south-west. It is why the development closest to the lake will be no more than a maximum of four storeys.

To suggest that we are getting, as I have read by certain opponents, this concept of high-density high rise is completely not true. There are very specific height controls, again prescribed by the National Capital Plan, that see a stepping of development away from the new public park on the waterfront from four storeys up to approximately six storeys. That is not high rise.

**MS LAWDER:** As I said, if you come from the south is there an intention to put high-density or medium-density apartment blocks around the lakefront in the area of West Basin?

**Mr Snow:** Yes, within those parameters I have just described to you. What is protected around the circumference of West Basin is a new public park to a depth of approximately 55 metres. That is completely off-limits to any development. Any new development would happen beyond that approximately 55-metre mark and would establish a very human scale of buildings of no more than four storeys and, as I said, rising behind that to a depth of, I think it is, 25 metres beyond that again of approximately up to six-storey development backing onto Parkes Way.

**MS LAWDER:** And is that consistent with the Griffin plan?

**Mr Snow:** The Griffin plan, to be correct, in 2002, articulated an urban idea. It was an idea. The interpretation of Griffin's plan was that he showed subdivision coming down to the lake foreshore. He clearly had a notion in his mind, and Marion Mahoney had a notion in her mind, of development there. The Griffin legacy, as the title implies, was: how do we complete this legacy? And out of that, the derivation of that idea and interpretation, which no-one has seriously challenged as being appropriate, were the beginnings and, I guess, the basis of the evolution of the city to the lake proposal since then.

**THE CHAIR:** It was reported earlier this year that New South Wales had withdrawn from discussions around Jervis Bay, Chief Minister. Can you give me an outline of what those discussions were, what the intent of those discussions was, and if your government had a particular view of the future for Jervis Bay and the relationship?

**Mr Barr:** This was a process that the Australian government was engaged in, seeking to resolve a range of service delivery issues in Jervis Bay territory. Discussions had been progressing reasonably well with Premiers O'Farrell and Baird; then, following Premier Baird's resignation, Premier Berejiklian made a determination to withdraw

New South Wales from those discussions.

In my last discussion with the Australian government, with the then minister, Minister Nash, there was a degree of bemusement from the commonwealth as to why New South Wales had taken that decision; nevertheless we respect that they have. That meant the commonwealth and the ACT would continue to discuss the various distribution of service delivery roles in the territory, and there has been no further significant change in that regard that I am aware of.

**Ms Croke:** We are reviewing our memorandum of understanding with the commonwealth government. We have consultation underway to better understand what the needs of the Jervis Bay community are, and hopefully we will use that to inform the memorandum of understanding with the Australian government. We have been working closely with the Australian government to make sure that service provision for Jervis Bay territorians is appropriate.

**THE CHAIR:** Does your government have a view about whether there should be a reduction or a transfer back to New South Wales? Have you gone in with a view?

**Mr Barr:** Evidently, in entering into a discussion as to which jurisdiction was best placed to provide services, we had a view that New South Wales would be, under contractual arrangements, given that they provide services all around the area that is the Jervis Bay territory. In large part, under a variety of COAG agreements, services are provided where a resident turns up to seek the service provision. Residents of Jervis Bay territory are, of course, able to access health services in the New South Wales health system.

Our principal area of service provision is the primary school. Education would be the single largest area of service provision. With respect to a number of other services, Jervis Bay territory does not have a sufficient population; they are then accessed either in Nowra or in nearby villages around the Jervis Bay territory. There is an interesting overlay with the defence facilities in the precinct as well. There is a range of environmental and other issues that are the subject of intergovernmental agreements.

Certainly, there is a powerful argument for services to be delivered as close as possible to residents. If New South Wales had continued their engagement with the process then a possible outcome would have been the school being run by New South Wales. That was a possible outcome but I do not believe it will be an outcome now.

**MR PETTERSSON:** What is on the agenda as chair of the Council of Capital City Lord Mayors?

**Mr Barr:** Following the annual general meeting of that body—although I hasten to add that it is on a rotational basis; you have to do the numbers for this—I will assume the chair of the Council of Capital City Lord Mayors. Our focus for 2018 will be on city deals, public transportation, smart cities and sustainable cities. Recognising the different circumstances of the different members of the Council of Capital City Lord Mayors, there are some larger entities. For example, Brisbane City Council has a very large budget and a municipal area that takes in millions of people. It is the largest

local government entity in Australia, so it is at the outer range of both budget and capability in the context of the work that they undertake.

The City of Darwin Council is much smaller. We will reach our own conclusions as to whether Darwin needs multiple councils; nevertheless it has them. The City of Darwin and the City of Hobart would probably be examples at the smaller end of the scale in terms of capacity and resources across this group. With Sydney and Melbourne, their city councils reflect their CBD, so they have very large commercial bases, and in some instances quite large residential populations. The ACT, if you separate our municipal function from our state-level function, would come in in the middle, in terms of the size of the various jurisdictions.

That said, although there are differences, there are a lot of areas where we can work in common, and where, through the council, there is collective Australia-wide activity as well as bilateral agreements between individual cities. We have sought and won support from the City of Sydney Council for the Canberra-Sydney rail corridor improvement, as part of a package program that the commonwealth government are running to improve rail connections between major cities.

Not only have we enlisted the support of the New South Wales government in a joint submission to the commonwealth but we have the local government element as it relates to the City of Sydney on board as well, all of which clearly adds to our case to the commonwealth. And let us face it: that is a disparate group of political views. When you have a National Party Deputy Premier from Queanbeyan, a Labor Chief Minister from the ACT and an independent Lord Mayor of Sydney, all backing one project, it must be a good one, and worthy of commonwealth backing and support. That is a practical and tangible example.

City deals to date have not particularly well encompassed capital cities. We can all note with wry amusement that the city deals announced to date have been in a series of marginal seats—the seat of Herbert in Townsville, and the seat of Bass, that covers Launceston. Those ones have progressed before Sydney, Melbourne, Canberra, Adelaide, Perth, Brisbane, Darwin and Hobart. It tells you something about the city deal process. Nevertheless the Prime Minister has assured state and territory premiers and chief ministers and, through his assistant minister for cities, Angus Taylor, assured lord mayors on this council that there will be a city deal for each Australian capital city.

We have a collective interest as lord mayors in ensuring that the outcomes from those deals are positive for cities overall, are positive for connectivity within cities and positive for connectivity between cities. That will be the focus of some of our policy work in 2018.

**THE CHAIR:** I take it that you would be arguing that if our seats were more marginal we would get a better deal. Maybe we will leave those recommendations for the report.

**Mr Barr:** In classic Tony Jones fashion, do I need to take that as a comment, not a question?

**THE CHAIR:** I am not sure I will get that in the report; we will see. Mr Parton?

**MR PARTON:** I might fire an Ablett-style hand pass over to Mr Coe to take the ball from me.

**Mr Barr:** So it will be wide of the mark and a little bit behind the play, and he will miss it?

**MR COE:** He is a Brownlow medallist, though, isn't he? With regard to the budget for the ACT executive, what is the process for setting that?

**Mr Barr:** We look at previous budget settings and future requirements as they relate to wages and salaries and enterprise bargaining agreements. We then make a series of efficiencies, as we have done in the past, and savings that have been returned to the budget in previous budget rounds. In large part what drives that will also be the number of ministers and the number of staff. Obviously, there was an increase in the number of ministers in the last Assembly, in advance of the Assembly moving to 25 members. The provision to increase the size of the ministry, I believe, was negotiated between the then leaders, Mr Hanson and Ms Gallagher. They set the maximum size for the executive to be nine, from memory, in the new 25 model. Any increases to the executive budget would largely be driven by the size of the executive.

**MR COE:** Are all staff employed as part of the executive assigned to a minister's office or are there any that are at large or in another, in effect, sub-office, if you like?

**Mr Barr:** All employment contracts are with me, as Chief Minister, and duties are assigned in accordance with the individual contracts of those staff members.

**MR COE:** What about the cabinet office? That hangs off the Chief Minister's department?

**Mr Barr:** Yes.

**MR COE:** The directorate; right. Are staff of the cabinet located over at Nara or elsewhere? Are there any cabinet staff that are located in the building here?

**Ms Leigh:** The cabinet office staff are part of the policy and cabinet area of the directorate and they are located in Nara. Obviously, during sitting weeks people come over to manage some of the procedural matters. During cabinet meetings staff come over to attend cabinet meetings. But they are all located in Nara.

**MR COE:** What about the number of DLOs? Is that capped or is it possible that there could be three, four or five in an office, or is it limited to one or two?

**Mr Barr:** There are both portfolio requirements and space limitations. We are physically quite constrained in terms of the amount of space within this building. There are DLOs who service multiple ministers. Different parts of their job would be, in FTE equivalence, to different ministers. Each directorate is providing at least one DLO to their minister. There will be some instances, for example in my office, there is a Chief Minister's DLO and a Treasury DLO, but the Economic Development

DLO is shared between a number of other ministers who have responsibilities within that broader portfolio.

**MR COE:** Can you please take on notice how many DLOs are permanently based in the building?

**Mr Barr:** Who are permanently based?

**MR COE:** Yes.

**Mr Barr:** Yes.

**MR COE:** And which directorate they are from and which minister's office they are in? Finally, with regard to the code of conduct for ministerial staff, have there been any investigations consistent with that code in the last financial year?

**Mr Barr:** I will take that on notice. I do not believe so.

**MS ORR:** I noted that there has been a negotiation for the renewal of the ACT and New South Wales memorandum of understanding on regional collaboration. Can you step me through a little bit of what that renewal looks like and what we hope to achieve from that?

**Mr Barr:** The Deputy Premier and I made that announcement on Friday. The key projects for 2017-18, as part of that MOU, are the work on the international air freight plan from Canberra Airport, work on cross-border emergency services and emergency response plans with a focus on flood and storm emergencies, cross-border operation of taxis, ride-sharing services and courtesy buses, and an alignment of services and enhanced access to housing and support for victims of family and domestic violence. Those would be four of the key areas of work.

The full detail—and it is an extensive document—is available both on the website of the Office of the New South Wales Cross Border Commissioner and on our own website, I believe. Certainly, I have the link to the New South Wales government one, and I am sure it has been put online on ours as well, and it outlines the full detail. With all of these things, they range between high-profile projects that the media are particularly interested in—the rail one is an example of that—through to some incredibly worthy projects that, it would appear, are of less interest to our friends in the media.

I want to put on the public record that it has been a really constructive and engaged process with the New South Wales government, with the Cross Border Commissioner and with the Canberra Region Joint Organisation, which are the surrounding local government areas together with the ACT government. Most people who have been engaged in cross-border work in this country over the past three or four decades have observed that this has been one of the most productive, engaged and practically outcome-driven processes that they have ever been involved in in their careers in this area.

It is encouraging and fantastic to be able to pull together, again, quite a wide range of

stakeholders who come from the widest range of political backgrounds and outlooks on the world, but with a firm commitment that together we can enhance our region's social, cultural and economic opportunities. We have been able to put aside occasional partisan differences to focus on getting practical and tangible outcomes in a number of areas. That has been encouraging to see. I certainly hope that that work, a lot of hard work behind the scenes, is rewarded through a range of competitive commonwealth processes that we have been collectively submitting to.

Even a hardened cynic would have to observe that with the marginal federal seat of Eden-Monaro entirely surrounding the Australian Capital Territory, this would be a once-in-a-generation opportunity for a number of these projects. It is unlikely that the Deputy Premier of New South Wales will always come from Queanbeyan, so we should seize the opportunity that we have now with the Deputy Premier in that position. It is certainly my intent, together with that of local government partners, to work very closely with both the Deputy Premier and indeed the New South Wales transport minister, who also happens to be from the broader Canberra region. This is a once-in-a-lifetime opportunity and we intend to grab it.

**THE CHAIR:** Thank you, Chief Minister, and members. We might leave it there and suspend for lunch.

**Hearing suspended from 12.02 to 2 pm.**

**THE CHAIR:** Right, are we all here?

**Mr Barr:** You are in charge, Mr Chairman, I think.

**THE CHAIR:** Still, at this stage.

**Mr Barr:** Keep on breaching the standing orders, and it will not be for much longer. In fact, on a point of clarification, do you believe that the standing orders of the Assembly are in operation during committee hearings?

**THE CHAIR:** Indeed. I can clarify that point for you. I have taken it seriously. I have reviewed *Hansard* for similar statements. I believe it is consistent with previous debate, both in committee and in the Assembly. I have found numerous examples. I can cite one of them. This is your response to a question without notice in the Assembly last year in regard to rates, which was the subject we were discussing on 9 June:

For example, if you have a baby and you need to move into a bigger house because your family is growing, Mr Hanson wants his hand in your pocket then for \$25,000 or \$30,000.

There are numerous examples of that sort of language. As I said, and I clarify, it is not about any personal gain, as I am sure that was not your implication when you said that on 9 June. Nor, as I said this morning, is it about money that goes from taxpayers into the Treasurer's coffers; "Treasurer's pockets" being a term that has been used.

**Mr Barr:** You implied on at least four occasions that it was going into my pockets.



PROOF

**THE CHAIR:** As I said, it is common usage. It is—

**Mr Barr:** And when this was previously raised in 2015, interestingly by you—and Mrs Dunne was in the chair—you had the good grace at that time to not force the Speaker to make a ruling, and you withdrew.

**THE CHAIR:** I have looked at that one.

**Mr Barr:** Yes.

**THE CHAIR:** And that was in regard to being “in the pockets” of the CFMEU. The Speaker said you would need to look at that and look at it in context. She said it may not be in context.

**Mr Barr:** Which is what I will ask the Speaker to do in relation to your comments.

**THE CHAIR:** I offered to withdraw. I do not believe that it is, but if we invite the Speaker to rule, I think that will clarify it, because there are numerous—

**Mr Barr:** I think it does, yes. Sure. No, I am happy for the Speaker—

**THE CHAIR:** There are numerous examples. I have just cited one where you have said on the record—

**Mr Barr:** And I am happy for the Speaker to rule in relation to—

**THE CHAIR:** that I have had my hands in the pockets of individuals for \$25,000. Let me be clear: I did not call for a point of order because I did not consider that you were implying that that was going into my pocket. Let me be very clear.

**Mr Barr:** Well, I did. I did call for you to withdraw. I did call a point of order this morning.

**THE CHAIR:** And I have clarified my point. I do not think that we need to change the language.

**Mr Barr:** But what it does is raise a further question about whether the standing orders operate in relation to these hearings, and what recourse there is for witnesses if the chair refuses to even acknowledge, as you have now done, that you may have said something that was against the standing orders. My only course of action is to refer the matter to the Speaker, and to refer the bigger question of what happens in this context. Because if the standing orders do not apply in these hearings, then we have a problem. If the chair cannot—because the chair is the one making the statement that needs to be withdrawn—

**THE CHAIR:** The chair makes the rulings in committees.

**Mr Barr:** there is no one to adjudicate—

**THE CHAIR:** Or the Speaker does.

**Mr Barr:** there is no one to adjudicate other than the Speaker. That is where I have got to go, and that is where I am going. I am saying I will take this matter to the Speaker. I will also take the substantive question of what happens in the circumstance that has arisen this morning, where a chair stubbornly refuses, even though he has done so in the past, to withdraw when a member requests a withdrawal. I did ask. I did ask about 25 times I believe.

**THE CHAIR:** It will be a good point of clarification.

**Mr Barr:** It will be.

**THE CHAIR:** But what I am saying is—

**Mr Barr:** But I did ask. I gave you the opportunity.

**THE CHAIR:** Based on previous rulings of the Assembly, my view is that it is not unparliamentary language. We will go to the Speaker to review.

**Mr Barr:** Well, the Speaker will make that determination. But you have, in the past, using that exact language, not put the Speaker in that position, and you have withdrawn previously.

**THE CHAIR:** And you have used that exact language and not withdrawn either, Mr Barr, so let us get on with the hearing.

**Mr Barr:** I was not asked to withdraw it.

**THE CHAIR:** Let us get on with the hearing, shall we?

**Mr Barr:** I was not asked to withdraw.

**THE CHAIR:** Are you ready to get on?

**Mr Barr:** I have asked you politely—

**THE CHAIR:** Are you ready to get on?

**Mr Barr:** firmly, and now further: will you withdraw those remarks?

**THE CHAIR:** Are you ready to get on?

**Mr Barr:** You are absolutely steadfast that you will not. I do not need to write to the Speaker if you withdraw those remarks.

**THE CHAIR:** I am comfortable with your writing to the Speaker to seek a ruling. I think it is important that—

**Mr Barr:** All right, okay, no, sure.

**THE CHAIR:** moving forward we have clarity on that issue.

**Mr Barr:** Let the record show the times, 28 now to 32, I have asked you to withdraw, and you have refused now 32 times.

**THE CHAIR:** We can check the record on that. But I accept that it is a significant number.

**Mr Barr:** A significant number.

**THE CHAIR:** Thank you.

**MR COE:** I would like to go to the unsolicited proposal put forward by the casino. What is the status of that proposal?

**Mr Barr:** It is under determination and consideration by the government.

**MR COE:** Are there timelines attached to decisions of the unsolicited proposal process?

**Mr Barr:** No.

**MR COE:** Is that something you think would enhance the process?

**Mr Barr:** No.

**MR COE:** How many unsolicited bids have you received?

**Mr Barr:** Me personally, or the government?

**MR COE:** It is one and the same, is it not?

**Mr Barr:** I guess it depends on how you define these things.

**MR COE:** If you receive an unsolicited bid, you—

**Mr Barr:** Refer it on.

**MR COE:** That is not actually receipt of an unsolicited bid, is it?

**Mr Barr:** It would depend on the nature of the conversation that was being had as to whether I would refer it on into this process. On occasion, when people come in for a meeting and suggest that they would like to undertake a particular proposal, I refer them to the unsolicited proposals framework. But that does not stop, literally on any given day, people raising all sorts of proposals that would be deemed to be unsolicited. I certainly have not asked for them.

**MR COE:** Sure, but—

**Mr Barr:** I get them every day on LinkedIn. “You should look at this particular product for ACT government payroll or human services,” or you name it. They come all the time. But if you are referring to formal—

**MR COE:** Are you actually a formal mechanism for receiving unsolicited bids?

**Mr Barr:** Not in the unsolicited bids framework, no, but with unsolicited proposals, which was your question, which is different, I have taken the broad interpretation, meaning any proposal that the government has not sought. These issues get raised with members of parliament every day. I would be surprised if you have not received unsolicited bids.

**MR COE:** Someone writing to us about having a tree chopped down could well be an unsolicited bid.

**Mr Barr:** Indeed, yes.

**MR COE:** But I am—

**Mr Barr:** Fixing the footpath outside someone’s house would be an unsolicited bid.

**MR COE:** I am talking about the formal process, as opposed to times when people might have stopped you in the shops. How many formal unsolicited bids has the government received?

**Mr Barr:** We will take that on notice. We will have to determine what constitutes a formal bid. Do you mean one that has progressed beyond a certain stage, or one that has just been submitted to government?

**MR COE:** Submitted.

**Mr Barr:** That will be hundreds and hundreds.

**MR COE:** But if you could give us a breakdown of how many have progressed on to the next stage in that formal process, as outlined in the policy, it would be good.

**Mr Barr:** Yes, that is fine.

**MR COE:** With that first step, are there some that, for instance, take months before the government responds saying, “Yes, let us go to the next step”?

**Mr Barr:** Yes.

**MR COE:** How regular an occurrence would it be that one takes months before it goes to the second stage?

**Mr Barr:** I imagine that would be commonplace. I mean, the sheer volume of them—

**MR COE:** How many have got to cabinet?

## PROOF

**Mr Barr:** That is cabinet in confidence. We can certainly provide information in relation to various proposals that are in stages of the unsolicited proposals framework, but what comes to cabinet is a separate—

**MR COE:** I am not asking for the actual one; I am only talking about a breakdown of the numbers.

**Mr Barr:** Okay.

**MR COE:** This is just so we can assess how successful the framework is in terms of people progressing through it.

**Mr Barr:** Sure, yes.

**MR COE:** If the conversion rate is one in 100—

**Mr Barr:** It is very low, deliberately low.

**MR COE:** That might well be so but it would be interesting to know the reason for that. Is it because the initial step does not weed them out?

**Mr Barr:** No, it is very effective at weeding them out. I think that that is the point.

**MR COE:** But in terms of ones that have got from stage 2 as opposed to going all the way to cabinet, what is the conversion rate like there?

**Mr Barr:** It would be higher, because the funnel gets a lot smaller. There would be a handful of proposals that would make the final stage for a cabinet decision, but then in many instances the cabinet decision would still be “no”, even though it may have made it through a number of stages of the process.

**MR COE:** With regard to the brief that you signed in 2015 about Aquis’s rights to a Glebe Park block, will you now confirm that it was the right block and section?

**Mr Barr:** In buying the casino, they have rights over block 16, which is the diamond shape. It is a strangely shaped block that is the land immediately outside the back of the National Convention Centre. Their proposal sought to add the National Convention Centre into their overall larger proposal. The government owns that, and we have said no to that. In relation to block 24 within that section, they have sought rights over it but no rights have been granted.

**MR COE:** But you have previously said that there was an error in the brief with regard to the block and section.

**Mr Barr:** If the brief implied in the mind of a reader who saw only part of it that rights had been granted, that was an error because no rights have been granted. But in my mind—

**MR COE:** You did say in the Assembly that there was an error in the block and section. Was there an error in the block and section?

PROOF

**Mr Barr:** The context of the question you asked me and the series of questions relate to which block Aquis have rights over. They have rights over the other block, not 24/65, but 16/65. They have rights over that because that is part of the casino lease. They have sought rights over another block; those rights have not been granted.

**MR COE:** The correction letter that the public accounts committee received did not seek to change the block and section of that briefing. It simply proposed to add another word to it. Were the block and section recorded in that briefing correct?

**Mr Barr:** The briefing could have implied that rights had been granted on that block; they have not been.

**MR COE:** But, at the time, as of May of 2015, Aquis were seeking rights for block 24. Is that correct?

**Mr Barr:** They were seeking rights for the National Convention Centre and part of that block, yes.

**MR COE:** Yes, block 24.

**Mr Barr:** Part of—not all of.

**MR COE:** It is a block. You are not going to have partial rights to a block; you would have to subdivide it.

**Mr Barr:** Presumably you would have to subdivide if you were going to go with that.

**MR COE:** But that would be subdividing that block, so that block is what they were seeking rights to in the first instance.

**Mr Barr:** Principally it was the Convention Centre, but they would need an access road. The back of the Convention Centre would be the front of their proposed development. That road, which is currently a road and a car park, runs through that block and section, yes. But they have been granted no rights.

**MR COE:** There was a meeting on 21 August with the Gambling and Racing Commission, Invest Canberra and numerous directors-general, I gather. You were at that same meeting; is that right?

**Mr Barr:** I do not believe so. I think I have had two meetings. I have attended one briefing and one subsequent meeting with them. There would have been some officials present at—

**MR COE:** Did you attend a meeting over in the Nara building?

**Mr Barr:** Yes.

**MR COE:** At that meeting there were no minutes recorded; is that right?

**Mr Barr:** My understanding is that it was a presentation from Aquis on their proposal. It was a one-way dialogue: “This is what we are coming to present to government.” Yes.

**MR COE:** Do all proponents get that sort of opportunity? At that stage it was very early on in the unsolicited proposal framework. Can anyone, in effect, get so many heavy hitters from the ACT government in the same room?

**Mr Barr:** Others have presented to senior government officials on their unsolicited proposals, yes, and I can imagine—

**MR COE:** What are the criteria for that?

**Mr Barr:** What are the criteria?

**MR COE:** What are the criteria for when they command an audience of such high-powered ACT public servants, as opposed to being told just to go through the notion in writing?

**Mr Barr:** There would be a number of factors that both officials and cabinet members would assess in relation to whether they would take a meeting at that level. The seriousness of the investment proposal would certainly be one of those factors. We can give some examples of where other proposals have received a similar level of ACT government senior officials and others—

**MR COE:** Yes, if you can give those examples it would be good.

**Mr Barr:** We may not be able to name the proponents but we can certainly outline that there have been other occasions when that has been the case. In this instance it was a very public process. The casino announced to everyone—

**MR COE:** Not at that stage; that was still several months out before the—

**Mr Barr:** Yes but, having acquired the asset, their intent—when they acquired it they made public statements—there is no secret in relation to their desire to redevelop.

**MR COE:** On that, when did you first become aware that the casino had a growing plan that might include going beyond their current block?

**Mr Barr:** I will need to take that on notice, the exact date, but certainly they made a public statement, when they bought the casino, of their intent to reinvest. Granted, given the price they bought it for, it was always pretty clear that they were not just going to leave it sit there. You do not spend \$6 million just to have an asset sit and do nothing. From the day they bought it, it was—

**MR COE:** They are trading, yes.

**Mr Barr:** Yes. From the day they bought it, it was clear that they would propose a level of redevelopment. But there is nothing wrong with that. They are perfectly entitled to propose a level of redevelopment, and they have undertaken some.

**MR COE:** I am not saying otherwise. Was the issue of the casino expansion discussed or listed for discussion at either a cabinet meeting prior to that initial briefing in May or at a city to the lake subcommittee meeting?

**Mr Barr:** That is a matter of cabinet in-confidence that I would not be discussing with the committee, for obvious reasons. We publish our cabinet summaries of decisions taken in cabinet. That is a publicly available process but we are not yet at the point where we provide live commentary on cabinet meetings.

**MR COE:** When did the casino first formally get the ball rolling with regard to an unsolicited proposal?

**Mr Barr:** You will have to ask them that question but if the question is: when did the government receive—

**MR COE:** Yes.

**Mr Barr:** I will take that date on notice again. It is—

**MR COE:** Thank you. And, do you know, did they have—

**Mr Barr:** Are there 32 sub-questions here? At what point—

**MR COE:** Just 33, if you do not mind.

**Mr Barr:** Thirty-three, right.

**MR COE:** With regard to communication prior to the absence of a framework being engaged, were there meetings and emails et cetera for months in advance or pretty much did they go straight in with the unsolicited proposal?

**Mr Barr:** With whom?

**MR COE:** With the government.

**Mr Barr:** I cannot speak for every single official.

**MR COE:** But surely the unsolicited proposal does talk about the genesis of the project and what directions and what changes—

**THE CHAIR:** That is the last one, Mr Coe.

**Mr Barr:** I will need to check what correspondence they undertook with the various regulators. But are you talking about engagement with—

**MR COE:** No, it is more with regard to the policy-makers for the expansion.

**Mr Barr:** Sure.



**MS ORR:** Sorry, you will have to bear with me because I cannot actually find the unsolicited bid stuff in the parts that we are encroaching on at the moment—

**THE CHAIR:** I am happy to come back on that if you want.

**MS ORR:** No, I can broadly ask it; I just cannot refer to the exact page because it is not in the stuff we are currently dealing with. Mr Coe raised the point in his question that an email about a tree could almost be an unsolicited bid in some cases. I am just wondering what work is going on to clarify what can and cannot constitute an unsolicited bid and what processes we employ.

**Mr Barr:** There has been a further refinement of the processes where two unsolicited proposal streams were brought together into one process. To a certain extent, yes, anyone in government and in fact almost anyone in parliament will encounter varying degrees of unsolicited proposals on a daily, weekly or monthly basis. Everyone, I am sure, would have experienced someone saying, “Hey, have you thought about doing this?”, or, “What about product X over product Y?”—any number of occasions where what are unsolicited approaches are made to government. The framework changes simplify and streamline the process.

I think in the end, on balance—and I have reflected on this—we are better to have a framework than to not have one. But I am not particularly encouraging of unsolicited proposals. I have largely said no to most of them and do not welcome most of them, and I am very clear at the start that—

**THE CHAIR:** On LinkedIn?

**Mr Barr:** They are currently everywhere. But absurdly, a lot do on LinkedIn but I tend not to reply to most of those.

**MS ORR:** You say “On balance, we are better having a policy.” What brings you to that view?

**Mr Barr:** I think in the end, in regard to anything that is innovative or falls outside a government-initiated procurement process, it will always be virtually impossible for the government to ever take it up but there must be a channel that allows it or else you completely stifle any innovation. But, frankly, having looked at this and the politics that surrounds unsolicited proposals, my advice to any proponent would be: really it is not worth pursuing unless you have a particularly unique proposition where you bring something that no-one else can.

I think people should save a lot of time and money and think very carefully about whether they bring forward unsolicited proposals because the government procurement framework is such that we are necessarily limited in how we will undertake procurement and, when an unsolicited proposal involves exclusive negotiating rights over a piece of land that is publicly owned, its chances of success are close to zero.

**MR PARTON:** I think, in terms of this unsolicited bid, it is safe to say that in the public realm there is a lack of understanding about what stage you are at. I understand

that Mr Coe started his questions with a question specifically about what stage we are at. But in laymen's terms, can you please explain to me what stage we are at and what it actually means with the Aquis bid? Furthermore, how fluid is that unsolicited bid process, in that Aquis had come to you—and I understand you said it was a one-way conversation, initially—and said, “This is what we want to do, and all we want in return is this.” The goalposts have moved. I know that there was a submission made by Aquis in regard to the bill that was debated. How fluid is that process? What changes have they made, if any, on an official basis, to that original bid?

**Mr Barr:** That is still the subject of commercial-in-confidence negotiations but I think it will be very clear, in terms of what the government has said on the public record and what the Assembly has now legislated, that Aquis—indeed, any proponent for any unsolicited proposal—has to operate within whatever the law of the territory is. The Assembly has, in its wisdom, enacted new laws in relation to the casino and the casino licensee's ability to hold electronic gaming machine and fully automated table gaming machine licenses according to certain conditions.

Stepping away from the specifics of that particular proposal and looking more broadly, the government ultimately will set any and all parameters that it wishes to set in relation to how it will consider an unsolicited proposal. No-one has any entitlement, when making a proposal to government, to anything, and the government and/or the Assembly, as appropriate, when it comes to the setting of laws or the passing of budgets or the like, is the ultimate determinant of whether an unsolicited proposal will proceed. As I say, most do not, and the government is not inviting unsolicited proposals.

By and large, our preferred procurement methodology for projects is that we will approach the market and seek a competitive outcome. There are rare occasions where an unsolicited proposal is unique and worthy of consideration. But what we have seen most of the time is proposals that are variants on either previously stated government positions or outcomes that the government is seeking and the proponents come in with a slight variation on that and seek either a unique or individual negotiating stream outside a procurement process.

An example of that—another contemporary example—is that it has been no secret that the ACT government intends to progressively upgrade Manuka Oval. An unsolicited bid came forward to accelerate the pace of that upgrade. That was not sought by government, but that government was seeking to upgrade Manuka Oval was a known quantity. How that upgrade would take place was obviously the subject of a considerable amount of public debate and interest, and an entity came forward with an unsolicited proposal. In that context there was nothing particularly unique about the proposal nor the idea to upgrade Manuka Oval.

**MR PARTON:** But along the same lines, could not the marketplace also be of the opinion, based on certainly the earlier feedback from government regarding this Aquis unsolicited bid, that perhaps it is the will of government to redevelop the casino precinct and if, indeed, Aquis do not proceed with theirs, will the government be perhaps putting it to the marketplace to see who wants to come forward and throw their hat into the ring?

**Mr Barr:** We do not own the casino licence—

**MR PARTON:** No, I understand.

**Mr Barr:** Whoever owns the casino licence is obviously free to redevelop within the bounds of their lease arrangements. In Aquis's case, they put forward a proposal, their initial proposal, to take over the operation of the National Convention Centre. The government, in considering that particular proposal, sought the views of the broader convention community, as represented through the Convention Bureau and a range of other stakeholders, and the feedback from those stakeholders was that it would not be beneficial for the convention and business event business and industry in the ACT for the city's facility to be run in conjunction with the casino. That was their considered view, and the government took that very seriously, in addition to our own scrutiny and due diligence in relation to what is a public asset that is currently under a different management arrangement.

**THE CHAIR:** Just a quick follow-up on that, have you met or had any traction with Aquis casino operators since the legislation was passed last week that allows gaming machines?

**Mr Barr:** The legislation passed on Thursday afternoon and in the intervening 48 hours, no I have not had a meeting with Aquis.

**THE CHAIR:** Not a meeting or correspondence or any traction?

**Mr Barr:** No. I understand other members of the Assembly did meet with Aquis in the lead-up to the bill being debated. I, personally, have not.

**MR WALL:** Mr Barr, you said that ultimately unsolicited proposals that seek the use of unleased territory land are set to fail. Why is that, specifically?

**Mr Barr:** In most instances the unsolicited proposals seek a direct sale and seek to remove any competitive process from access to public land. The government has a strong preference for land release by auction or by expression of interest or tender. We will consider proposals in that context but they have to offer something unique. Most do not. An honest answer to that question is that most of the proposals that are received by government, and have been over an extended period, do not offer anything unique; they just simply seek to jump over a competitive land release process. That is the problem. And that is why, on reflection, whilst I think it is important that we have a framework in order to deal with the small number, I do want to send a very clear signal that the framework is not a way to seek to bypass land release processes.

**MR WALL:** What implications are there then for the intellectual property of an unsolicited proposal? The Cotter hub proposal is one I will use as an example where the proponents obviously are seeking that direct sale. If government then took the decision to say, "We will lease the land but through the competitive auction process," does that raise any intellectual property issues?

**Mr Barr:** That is a significant challenge. The unsolicited proposals framework has a

competitive process as one of the six ways. The Swiss challenge, whereby the original proponent can have a right of matching or beating the last offer, is one. The issue for government will be whether, in assessing particular proposals, you are having a direct or an apple-with-apple comparison or whether an alternative proposal for, in the case you have highlighted, that piece of land. I hasten to add, no-one has made a proposal.

**MR WALL:** As a hypothetical.

**Mr Barr:** As a hypothetical, if someone wanted to build a theme park on the land or someone wanted to build a nature reserve visitor showroom and interpretive experience on the Cotter precinct, there could be numerous alternative uses and they could all be consistent with the approved planning or what is allowed under the planning rules. But then often you will get proponents who seek to rezone the use of the land as well as having an exclusive negotiation with government over its acquisition. They are the dangers associated with an unsolicited proposals process. But in the absence of a framework I think government is even more exposed to these sorts of approaches.

Then what happens is that they get into the media. “Organisation x, y or z has approached government with our whizz-bang proposal to do whatever.” There are a few going around in other industry types at the moment. And then government has to undertake an assessment, often in a variety of different contexts—environmental impact assessments, land use assessments, development assessments—not to mention whether there is a requirement on the proponent’s part for a direct sale or approach for a piece of contiguous land. That happens quite a bit too.

**MR WALL:** Page 71 of volume 1 refers to tourism marketing and the use of a range of innovative tourism marketing strategies. I was hoping you could shed some light on what those innovative marketing strategies might be.

**Mr Barr:** Mr Kobus from VisitCanberra will talk about that.

**Mr Kobus:** Across the 2016-17 year, there were a whole range of strategies used by us to promote Canberra as a place to visit. Our activities cover more than just leisure visitation. They also cover education tourism and they also fund programs that promote Canberra as a place to do business. So it covers off business events as well.

Largely from a leisure perspective, digital is a big part of what we do. We do a range of things through various digital channels, whether it be Facebook or Instagram. We also do a lot of activity in conjunction with various partners. We work with airlines who access Canberra, both domestically and internationally. We also do quite a lot of investment in PR activity. We leverage what we call “earned media” by working with agencies that have good reach and publications that have readerships that we want to be in touch with to showcase the Canberra experience.

**MR WALL:** Does that include sponsoring travel or engagement with bloggers, travel writers and those sorts of things?

**Mr Kobus:** Yes, absolutely. In the world of social media there are a lot of people who are influential in their own right. We will use social media as a vehicle and people

who have access to a distribution point to get a message out. An example that we leverage quite regularly is through an organisation like Tourism Australia, who have 7.8 million Facebook followers and three million Instagram followers. Messages using those types of partners get to audiences that we otherwise cannot reach.

**MR WALL:** Does the government use individual travel bloggers who have a following in their own right? Do you engage with them?

**Mr Kobus:** Yes. As part of our centenary celebrations, we ran a campaign, human brochure, which was well understood. That campaign was largely focused on using individuals who are influential and who write—

**MR WALL:** Does that practice still continue today?

**Mr Kobus:** That practice continues. We would use individuals.

**MR WALL:** How are the writers selected? How do you select who to give an invitation to, to come to Canberra?

**Mr Kobus:** Quite often we will get approached by people who want to cover Canberra. At the same time we will also look at people who engage with audiences that are consistent with who we perceive to be the ideal target audience for this city, who have reach, to maximise the conversion. If we know that a person has reach into areas that are relevant for us, in terms of getting an overnight stay, that is a relevant channel for us to use.

**MR WALL:** What does the engagement generally look like? Is it a fee-for-service type of engagement or is it sponsored accommodation and airfares?

**Mr Kobus:** In terms of hosting people—and this extends across all media channels—we run quite an open program called the visiting journalist program, where we will sponsor people's travel costs and curate an itinerary for that person to be able to communicate about Canberra. That is a practice that is commonly used around Australia and worldwide. It is not limited to social media people but broadly media who are covering a range of channels, from print to digital.

**MR WALL:** How many instances have there been for the reporting period of VisitCanberra acquiring the services of a travel blogger or the like to come to Canberra?

**Mr Kobus:** I do not have the figure for exactly how many. I can take it on notice about the exact number.

**MR WALL:** Take it on notice as to who was engaged, when and what was kicked in as part of that engagement.

**MR PETTERSSON:** In terms of the influences that you are engaging with, what are the target markets or demographics that you are trying to influence?

**Mr Kobus:** We have broken up Canberra into a range of different experiential

strengths. Those cover off food and wine, arts and culture. Canberra is a great destination for families. So we target people who have a propensity to travel for those types of experiences. In order to generate the overnight stay and increase the yield for the territory, we also look at people who have high disposable income and are looking for the experiences that are available in Canberra; people who are socially aware. They are usually educated and they are probably from an age bracket that means they are professionals and they usually travel with kids as well.

**MS ORR:** You mentioned partnering with people. Would the *Lonely Planet* announcement, ranking Canberra as number 3, be considered as a partnership? How would you benefit from—

**Mr Kobus:** That was an announcement that *Lonely Planet* made. Until we were made aware of Canberra being ranked number 3, there was no engagement with them about that award or that Canberra would feature on that list. Now that the announcement has been made, that is absolutely the case. *Lonely Planet*, from our perspective, is a brand that absolutely aligns with the target markets that we want to attract.

*Lonely Planet* over the years have evolved their brand from being largely a backpacker-type travel guidebook company to now those people having progressed into careers and they have followed the brand. The people that *Lonely Planet* talk to are people that we want to communicate with. Over the course of the next 12 months, in the period we have to leverage that award, we will look at how we can use *Lonely Planet* as a vehicle to get a message out, given that that accolade is something that they have awarded.

**MS ORR:** You also mentioned overnight visitor growth. I think it is put out by VisitCanberra that it is guided by the 2020 tourism strategy to achieve the goal of growing overnight visitor expenditure to \$2.5 billion by 2020. Can you give me an update on how we are tracking against that target?

**Mr Kobus:** We are currently at about 85 per cent of the 2020 target. In the middle of this year we tipped over the \$2 billion mark for the first time. We are confident we are on track to meet the objective that we set. The good thing is that it is being matched by good increases in visitor expenditure and numbers, largely driven by the improved access that we are seeing to the city. Internationally, we have Singapore Airlines coming in, and domestically we now have Tigerair flying to Canberra and finally providing the city with a low-cost carrier option. There are 200,000 seats now available on Tigerair through the eight flights a week they have coming out of Melbourne and the recent addition of three flights a week from Brisbane.

**MS ORR:** I was going to ask what actions we are taking to get the results that we are getting. You referred to Tigerair and the international flights. What other things are there? Are we solely relying on those two things? I imagine we are not.

**Mr Kobus:** It is about trying to build the number of overnight stays we have. Reaching the 2020 target requires people spending money, so it is about the investment that is being made in the capital, and we get that investment by people having overnight stays. The marketing activities I mentioned before are obviously a key part of it, as well as things like investment in events and providing reasons for

people to travel here year round. The events from a tourism perspective that we invest in are designed to ensure that people come here and stay longer, and they not only spend money at the event but also spend it through the wider economy when they get here.

**MS ORR:** You outline in the report *Versailles: Treasures from the Palace and A History of the World in 100 Objects*. We have a few coming up. Are these the programs you look at in order to get people to stay and spend money?

**Mr Kobus:** Yes, absolutely. Events that are run at some of our national institutions are great examples of successful activities that encourage people to stay overnight. The partnerships that government has with those national attractions are encouraging the attractions to think carefully about the types of events they bring, because from our perspective it is those types of activities that generate the overnight stay.

**MS ORR:** You have mentioned the flights as being crucial to getting people to come and have that overnight spend. It notes in here that Qatar Airways is starting up here. Are there any other airlines? I do not want you to give away announcements that might be a little bit premature, but is there anything else coming forward? I think Qatar is coming here in February. How can we expect that to impact on our overnight visitor stays?

**Mr Kobus:** Qatar Airways will start flying into Sydney. They will commence immediately with daily services into Canberra. It is important to acknowledge with Qatar Airways that they do stop in Sydney in both directions, so there is a layover in Sydney—Doha-Sydney, Sydney-Canberra and then back the other way. There is a layover there. It is key for us with that announcement to make sure that there is a flow-through of people to Canberra as part of that connection. Qatar then opens up Canberra not only to the Middle East but to many destinations throughout Europe. From the perspective of the ACT, Singapore Airlines obviously connects with Asia, and Qatar provides an opportunity for us to consider how we are appealing to the European market and the awareness of this city there.

In terms of other airlines, internationally, we are always looking at what the opportunities are. Certainly, the intention is to leverage the options extending from the investment made in Canberra Airport. Negotiations with airlines take a while. With Singapore Airlines, that was a four to five-year negotiation to get that service established. We do not want to enter dialogue with airlines where we do not think there is an opportunity for a sustainable service.

**Mr Barr:** The short-term focus is on Air New Zealand, with a Canberra-Auckland service. I will be meeting with them in New Zealand in a few weeks, at Auckland Airport, which will follow up on previous meetings with them in the past four or five years. That will give us an eastbound and a North and South America launching point. The reality of the airline business is that airlines like to bring passengers into their hubs. That is why it is most likely that carriers flying out of Canberra will be international carriers bringing passengers into their hubs: Singapore Airlines into Changi and Qatar into their Doha hub.

Air New Zealand have made no secret of their Australian market strategy, which is to

attract Australians to fly through Auckland and on to North America, to get deeper into America, because you have already gone east. With current airline range and capacity, they can offer a range of internal destinations in America that are perhaps more attractive to many Australian travellers than transiting at LAX and then going on to another US destination. They are a logical partner for us; so we will continue to pursue that particular opportunity.

The other medium-term prospects are with the Chinese airlines, which would be a medium-term prospect in a new generation of aircraft that could do the distance between Canberra and one of the major Chinese hubs. You are looking at aircraft that have capacity in the 200s, not an A380 or 400 or 500-seat planes. You are talking there about the Dreamliners. Boeing are working on a new product, a 797. It is larger than a 737 and smaller than a 787. That is the sort of new aircraft that will make a lot of city-to-city connections for cities and regions like Canberra much more economically viable. It appears to be a trend in the aviation industry now to move away from the very large aircraft servicing hubs to slightly smaller aircraft undertaking some more point-to-point travel. That is an opportunity for Canberra in the medium term. I would call that well into the middle of the next decade.

**MS ORR:** In identifying these opportunities, is this part of the international engagement strategy? How did we identify Auckland, for instance?

**Mr Barr:** Yes. In order to get a successful business case, it is not just the tourist traffic that will underpin that. Undoubtedly, business and government travel is important, as is freight. Going back to where we were just before the lunch break on the ACT-New South Wales MOU, we are doing a lot of work with the surrounding New South Wales region on enhancing the freight capability of Canberra Airport and ensuring that the transport connectivity into Canberra Airport is enhanced.

That is not just the road network inside the ACT; that is particularly the road network in regional New South Wales that leads into Canberra. That is why projects like the Barton Highway duplication are so important, not just for residents along that corridor but also because it is a major freight connection into Canberra from western and south-western New South Wales.

**MS ORR:** What do you see as the freight opportunities for Canberra, as far as an economic driver goes?

**Mr Barr:** I think they are very considerable, given the congestion experienced around Kingsford Smith. For anyone within five to six hours of Canberra Airport, that is their most direct route to an export market rather than having to go all the way up to Kingsford Smith and through the Sydney congestion or down to Melbourne. I think there is considerable opportunity, and that is why there is a huge amount of interest from the Canberra Region Joint Organisation councils. The freight symposium at the airport that the Canberra Business Chamber held in conjunction with our team recently again demonstrated the opportunities that are there.

There are big planes now flying to Canberra, and they have hungry bellies that need to be fed, and that is a real opportunity. They are flying in and out. The airport is certainly prepared to make the investment in the infrastructure that is necessary to



support a significantly larger freight capability, and it is to their great credit that they see an economic development opportunity.

Governments at territory, state and federal level recognise the need to enhance the land transport networks in order to get goods to the airport. Across the political divide, across the many different regions within the broader Canberra region, this is an issue on which there is furious agreement, and we are working constructively to make it happen.

**MR PARTON:** Harking back, Mr Kobus, to the VisitCanberra promotion in the digital space and in the social media space, on which of the social media platforms are you getting the most reach and the most conversions? How do you believe that those compare to reach and conversion from mainstream traditional media, particularly when you consider the difference in spend on both of those?

**Mr Kobus:** Yes, it is interesting. Certainly, the analytics around that are something that is complex in terms of marketing spend and then trying to find a very clear link to an actual booking and an overnight stay. Using Facebook as an example, there are 78,000 followers on Facebook currently for VisitCanberra. For the reporting period 2016-17 there was a 20 per cent increase in followers that came through Facebook. At the moment we are up to around 41,000 followers on Instagram, and there was a 40 per cent increase in Instagram followers over the period. One of the things we are seeing in terms of Instagram as a channel is the importance of imagery as a motivator for people to travel.

**MR PARTON:** But more difficult to track conversions?

**Mr Kobus:** Yes. In terms of conversions, in terms of the whole mix of all the things that we do, we are seeing at the moment at a macro level record all-time overnight visitation for the territory. That trend, in terms of visitation numbers, both internationally and domestically, certainly aligns with the growth we are seeing in terms of interactivity, and people engaging with the social media channels that we are using.

**MR PARTON:** On social media, what percentage of the content do you think is created by VisitCanberra and what percentage of it is shared?

**Mr Kobus:** It is nearly all shared. We will encourage people to hashtag VisitCanberra. The good thing about social media is that the content is authentic, user-generated content about people who are actually having that experience in the city. I think one of the reasons why it is successful is that it is believable, and people who are seeing that who are maybe not familiar with Canberra really get an understanding of what they can do when they are here.

**MR WALL:** I want to tie my original substantive question to where Ms Orr went in the *Lonely Planet* rankings. To what extent do you attribute your engagement with travel writers and online bloggers to achieving a ranking in a publication such as *Lonely Planet*?

**Mr Kobus:** From the *Lonely Planet* example, it is difficult to say. I am not sure I

know the exact answer to that question. Certainly the engagement that we do have with writers and bloggers—the one thing that we are really conscious of when doing the destination marketing that we do; the importance for a destination like Canberra—is about raising awareness. Through leveraging those channels you are able to communicate with a very broad audience and ensure that that process of raising awareness about what is happening in the city, and certainly in terms of how the visitor experience is evolving, is well understood.

**MR WALL:** Was achieving a ranking in the *Lonely Planet* guide an objective of Visit Canberra?

**Mr Kobus:** No. I guess it was a surprise to all of us that that came up. An objective for us is absolutely increasing awareness and an understanding of the destination and Canberra as a destination that people want to not only travel to but also come back to again for more. In terms of that type of accolade, we had not positioned that as necessarily as a—

**THE CHAIR:** But you will take it.

**Mr Kobus:** We will take it, yes.

**MS ORR:** I wanted to go to the innovation, trade and investment section of this; the Canberra free wi-fi. Last time we had an annual report hearing it was still being rolled out, including to Gungahlin. I just want an update on where that is up to.

**Mr Cox:** The wi-fi rollout is largely complete, except for a small number of wireless access points at Gungahlin that will be impacted by the light rail build. Until such time as that is completed, we cannot do the engineering work, we cannot put the access points up. I think there are six access points out of 375 now across the network that have not been installed.

**MS ORR:** Explain to me, who is not really skilled up on wi-fi and all the technological stuff, what it means when you say you have got 375 access points? What is that? What does that translate to for the user?

**Mr Cox:** That is a transmitter. That is a zone that a user can connect to. Across the major rollout sites, there would be in the vicinity of 10 to 20 access points in each one. That is how the user on the street connects to it.

**MS ORR:** I guess my question is, where can I access the wi-fi in Canberra for free?

**Mr Hassett:** At the moment wi-fi is rolled out across the city at group centres including Dickson, Civic, Braddon, Belconnen, Tuggeranong, Woden, Manuka, Kingston, Weston Creek and Gungahlin. But as part of the contract, there is also an allocation of WAPs, or wireless access points, which can be put into premises. There have been some deployments across Canberra of about 100 WAPs into premises. But those premises already need to be connected to iiNet.

**MS ORR:** With the final ones going into Gungahlin, once the works are finished and you can get around those engineering considerations, does that mean the planned

rollout will then be completed?

**Mr Cox:** In terms of the contract, yes, that will be complete.

**MR PARTON:** There has been a lot of focus by the government on the hosting of international sports events. In this calendar year, this has included the delivery of the Rugby League World Cup 2017 matches. Can I get you to clarify what it means that you “supported” this event? Can you clarify exactly what that entails?

**Mr Barr:** Sure. It depends on the event. Are you talking about the Rugby League World Cup specifically, or international events more broadly?

**MR PARTON:** I think we can focus on the Rugby League World Cup for the purposes of this.

**Mr Barr:** The government makes venues available. We provide in-kind assistance to successfully deliver matches. We will make commitments in relation to being a host city. That involves activation and events outside the games themselves. You probably will have noticed around Canberra the city has been dressed in the Rugby League World Cup flags.

There was an activation in Garema Place the other day of all the teams represented by 2.5-metre high rugby league statues. There were a few events with the players, as each of the teams have come through the city. Normally the commercial way these arrangements work is that host cities will have a big fee to be a host city. Then, depending on the nature of the event, there will be a degree of revenue sharing around tickets, pourage, et cetera. They will vary from event to event. The government, by and large, does have to make a payment in order to secure hosting rights for events like that.

**MR PARTON:** In regards to the Rugby League World Cup, are you able to tell us what the nature of the financial input from ACT government was?

**Mr Barr:** If you look in the budget papers, you will see an allocation. By and large, we appropriate money for that specific purpose. There is a range of commercial in-confidence agreements, particularly around revenue sharing and the like. It would be fair to say that the model for most sports now is that they will want sort of a capped or an agreed amount that de-risks them and the government. So an amount is agreed on and then there is a revenue sharing. Everyone has an incentive to drive both attendance, television ratings, sales at the venue, merchandise, et cetera.

We endeavour, where we can, to provide in-kind support. Given we are in a different position from some jurisdictions in that we own and operate the venues, there are obviously a series of fixed costs for us around operating Canberra Stadium over the course of a year. The more events there are there, the more we are offsetting some of those fixed costs and seeing a revenue stream coming in.

But most of these events cost money. Sometimes tournaments are so exceptionally successful that they pay a dividend back to the stakeholder. The Asia Cup is an example. It was such a successful event, I think that is about the only one I can

remember in 11 years where you got a dividend back. Sometimes you can break even. But a lot of the time the reality is that, given the nature of our venues, there is a level of public subsidy for staging these events and any event. It is similar in cultural events. Almost any event in Canberra is remarkable if there is not some ACT government in-kind or direct financial support. I cannot think of many.

**MR PARTON:** Greyhounds at the moment.

**Mr Barr:** I think they probably have more than a lifetime of public subsidy.

**MR PARTON:** But certainly none at the moment.

**Mr Barr:** Not any more, no. That is one good example of where a subsidy, an unwarranted subsidy, can end. Yes.

**MS ORR:** Chief Minister, you were talking a lot there about, I guess, the direct benefits. Thinking more about the external benefits of having these events to the Canberra economy and—

**Mr Barr:** Yes, indeed. There are a range of positive outcomes on tourism—overnight stays, et cetera—that are part of both the pre- and post-evaluation of events. I think that, as our special event fund has matured, our capacity to capture data in partnership with our event partners has matured over time, and technology has improved to enable that, we are in a much better position to track return on investment for the economy.

But, by and large, government invests and the economy benefits. The budget bottom line rarely does. On some occasions—and the Asia Cup football is one example—money is returned. Then the government allocated it back out to the sport anyway. I think the practice across state and territory governments is that investing in events is not only an economic driver but also an important social outcome for residents in the city. It is only through that collective government action that most events are possible.

Without that—without an events portfolio, without an events team, without an events management capacity within government—Canberra's well acknowledged and packed events calendar would be stripped considerably. There would be almost no events run in the city without any government support at all; almost none.

**MR PETTERSSON:** What would be the benefits to the ACT of the UNSW building a new campus here?

**Mr Barr:** The government has been talking for some time with all of our higher education institutions about expansion. Higher education exports are the territory's single largest source of export income, and have been growing quite rapidly. Each of our higher education institutions is on an expansion path. They are undertaking quite significant reinvestment in their campuses.

University of New South Wales Canberra has been in Canberra for 50 years. It has a considerable and obviously high-profile presence in relation to the Australian Defence Force Academy. Perhaps what is a little less well known is all the other activities that they undertake. They are looking to expand their offerings and looking to expand

particularly their international student offerings.

Their main campus is in Sydney but they have operated other campuses including the one in Canberra for 50 years. The benefits, directly as they relate to increased international student numbers in Canberra, are to increase the export income of the city, to increase employment in the higher education centre and to increase research capability, as the proposal that their council is considering involves a significant expansion, not just of their teaching facilities but also the research and other programs.

An example of the sort of work that they are undertaking in partnership with the Australian National University has been their work in the space industry. Obviously I have discussed that at length in the Assembly in recent times. The creation of an Australian space agency—UNSW Canberra’s involvement in that multi-billion dollar industry is growing incredibly fast—will be very significant for Canberra.

**MR PETTERSSON:** You have mentioned building a space industry and the expansion of UNSW. Are there any other things you are doing to expand the knowledge economy in the ACT?

**Mr Barr:** We have partnerships across a number of our leading both public and non-government institutions. The CBR Innovation Network is an example. It is a partnership between the government, the university sector, CSIRO and Data61, together with a number of private sector partners, including organisations like Optus and others, that work together. There is the expansion of different elements of the university sector, both with ACT government partnership or with private sector partnership aligned with new ACT government investments. An example there is the health precinct at the University of Canberra, where we have the new public rehabilitation hospital. Also, within a broader precinct, will be a number of private areas of private health providers moving into an overall health precinct that is both a teaching and research precinct and a service delivery precinct.

They are some examples. We obviously have partnerships with the ANU in a number of different areas, including in medical research, in gambling reduction research. You know, there are numerous examples of where—

**MR HANSON:** Some of which will not be published.

**Mr Barr:** There are some examples of where the government seeks to partner with that sector. There are others. Mr Cox and Mr Keogh, if I have left anything out do you want to add, gentlemen?

**Mr Cox:** In terms of the approach, it is sort of a general innovations systems approach first. The primary maker and mover of that is our support for the CBR Innovation Network. Outside the network, as the Chief Minister said, we have a number of sector aligned strategies where we work very closely with the institutions. We try to understand where their particular investment strategies are going on the campus or the precinct model. We try to shape our general programmatic environment around that.

We also have a small number of funded intervention programs. Programs such as the CBR innovation development fund attempts to identify and plug small holes in the

innovation system, which builds a greater pool of innovation activity around the city. The current theories around innovation policy are to create collisions and connections with people.

CBR Innovation Network, for example, is a very good organisation in reaching out and connecting. It has had around 23,000 people through the front door since it opened in 2012. It has 10,000 Facebook followers. It has a range of different programs. The whole approach there is to try to connect and give gravitas to something bigger. Outside that, there is a circle of sector-based activity which we are now working with the universities to deliver.

**MS ORR:** Bearing in mind all these things that you have spoken about, just very quickly, how does that fit in with the broader economic development of Canberra, in developing up these tech sectors and the university sector?

**Mr Cox:** With that particular sector, higher education training and research is a very significant driver of a lot of things that are happening in the economy. The Chief Minister mentioned, for example, the international education exports. They are currently running at about \$600 million. The latest data on international student numbers shows nearly 15 and a half thousand students, which has been an increase of about 1,000 over the last 12 months. We see very much that particular sector as a major driver of both baseline activity and also future wealth creating, wealth building activities in particular sectors.

**The committee suspended from 3.12 to 3.30 pm.**

**THE CHAIR:** What role, if any, does economic development have with the land release progress?

**Mr Barr:** Now?

**THE CHAIR:** Yes. Regarding commercial land release and—

**Mr Barr:** Not anymore. It used to—

**THE CHAIR:** I accept that it used to. It is a hands-off approach now, is it?

**Mr Barr:** Yes.

**THE CHAIR:** So in terms of generating economic activity and looking at the opportunities, light industrial or whatever it might be, there is no sort of responsibility there?

**Mr Barr:** The environment, planning and land management—

**THE CHAIR:** They would initiate that and then put it forward for comment or—

**Mr Barr:** Yes.

**THE CHAIR:** The defence industries sector is something—

**Mr Barr:** That you are very passionate about.

**THE CHAIR:** Indeed. I am delighted to see that that is something that has been taken up properly by the government. Can you give us an update on how that is progressing?

**Mr Keogh:** We had a report done by KPMG earlier this year. The defence sector directly contributes \$3.5 billion per annum to the ACT's economy and creates about 14½ thousand jobs. When the flow-on benefits of that are taken into account, it is about \$4.3 billion to GSP and about 25,000 jobs per annum. The report also found that every additional \$1 billion of expenditure in the ACT would increase GSP by about \$1.3 million and create about 8,000 jobs.

We have been very active in that space. We have set up the Defence Industry Advocate, we have set up the Defence Industry Advisory Board, we have released our defence industry strategy and we are taking a proactive approach to selling ourselves. We had a team ACT presence at the International Astronautical Congress in Adelaide, which included Northrop Grumman, EOS Space Systems, Geospatial Intelligence, ANU and UNSW Canberra. The Chief Minister was there for the first day. We met with people like Lockheed Martin and Northrop Grumman. We used members of our Defence Industry Advisory Board, the ones with a military background, to support the Chief Minister in those meetings.

We also used the Defence Industry Advisory Board to assist us with the recent trip to the US, where we met with Lockheed Martin and Northrop Grumman, Boeing, SpaceX, Planet Labs, Microsoft and Cisco. We are very keen to use the strength of our military personnel on the Defence Industry Advisory Board to promote our defence credentials. But we are also doing work through the Canberra Innovation Network, for example, to join up companies with an interest in defence into the Centre for Defence Industry Capability.

There is lots of expenditure coming forward. Over the next 10 years the commonwealth is spending \$200 billion on defence capital expenditure. Of that, about \$17 billion is on intelligence, surveillance, reconnaissance, cybersecurity, electronic warfare and space intelligence, which are areas where our sectors have particular strengths.

**THE CHAIR:** One of the concerns that has been raised with me is a skills shortage; that there is a desire to do more in Canberra but trying to find the people to do it is an issue. Have you experienced that? If so, are there any strategies to try to address that issue?

**Mr Keogh:** It is an issue; there is no doubting it. Part of the issue is that the commonwealth agencies have shortages. They are constantly looking for people, particularly around software engineering, computer engineering and those sorts of skills, and so the price is bid up.

There are a number of things happening that we think will help to address that. For example, the Australian Signals Directorate are investing \$12 million into the College

of Engineering and Computer Science at ANU, to provide a facility where people without security clearances will be able to not only undertake degrees but also do work with the intelligence agencies. So by the time they get through their course some of those vetting issues will have been addressed. One of the other problems is the length of time it takes to get security clearances. During the course, some of those issues will be addressed. There are other organisations, I know, that are considering those sorts of relationships. I know that Northrop Grumman, for example, has been talking to both ANU and UNSW Canberra about a pipeline.

But there is a skills issue. We talked to companies in the US that said, “We could do more business in Canberra.” But that constant demand, the pressure from the intelligence agencies and the commonwealth government, is something that absorbs all the talent.

**MR PETTERSSON:** In terms of the international engagement strategy, how do you determine what the priority markets are?

**Mr Cox:** The way the international engagement strategy has been framed, it is a stratified way of looking at key countries, key cities, key sectors and also FTAs. You layer that prism over what we need to do as a city. We already have, for example, relationships with various cities through sister city agreements and friendship agreements. There are a small number of countries that we have channel relationships with through the companies that we trade with. There is also the emphasis of FTAs, for example with Singapore, the US and Japan, which give us another channel relationship. Then on top of that we have the key sectors which we have been talking about today. Through that prism, through that way of looking at or distilling the information, you pretty quickly come to a fairly narrow but potentially a very fertile group of activities, cities and countries to pursue.

**MR PETTERSSON:** I did not realise we pursued sister city relationships. Are we pursuing our relationship with Nara? I hear a lot about Wellington and our relationship there but I do not hear much about what we are doing with Nara.

**MR Barr:** The Nara sister city relationship celebrates its 25th anniversary next year. There will be a series of events, principally around the Canberra Nara Candle Festival, in 51 weeks time. There is a number of projects underway within the Canberra Nara Peace Park that will be completed for that particular anniversary.

That sister city relationship is characterised through its key strengths, which are educational and cultural exchange, rather than a narrower business and trade focus. Nara, although it was an ancient capital of Japan, is a mid-sized city; a prefecture, as they are called over there, in terms of their governance arrangements. It is now a little smaller than Canberra but at the time the sister city relationship was struck we were of similar size.

Across the range of our sister city, friendship city and economic development relationships, we have a number of different types. There is Canberra and Beijing. Beijing is basically as big as Australia in population terms, so that is a very different sister city relationship. I think Beijing has about 240 other sister cities. Obviously, as the Chinese capital, they are very heavily engaged. But that is an important political



and strategic relationship, as well as having a social and cultural element that has manifested itself over the shorter time period of that relationship.

Wellington is perhaps just a little over a year. Again, it is different from the other two but perhaps has greater potential. Given the distance between the two cities being much closer, the direct aviation link that we have and the significant social, cultural and historical connections between Australia and New Zealand, it offers a different set of partnership opportunities, not least of which we discussed this morning in the context of smart city innovative procurement and the different ideas that we have been pursuing there. That sister city relationship has an educational, social and cultural element as well as some of the trade development opportunities.

Our friendship city link with Delhi is another and different form of international engagement. Then we have a variety of economic MOUs with particular regions in China and some even more targeted relationships, such as the work we have been doing in Singapore.

**MR PETTERSSON:** One of the overarching themes is tourism, trying to bring people to Canberra to visit. There seems to be a focus on Asia. I understand that the United States is a priority market, but not for tourism. Why not for tourism?

**Mr Barr:** It is a fairly large source of international tourists. It is in the top five. There are some practical challenges for us in terms of the size of that market and the cost associated with direct-to-consumer tourism marketing into a market like the US, so our tourism approach is best managed in partnership with Tourism Australia. It would be enhanced in the short to medium term if we could land a direct flight into Canberra from New Zealand. That would help undoubtedly. At the moment for many US cities you are asking a tourist to fly to a hub out of the US, principally on the west coast, then fly to Sydney, Melbourne or Brisbane and then fly to Canberra. Three hops is quite a bit for a direct-to-consumer marketing campaign. Two and a very seamless connection makes that more viable longer term.

As part of the future engagement with the United States, our ambassador, Mr Hockey, has secured a very significant opportunity for the Australian states and territories in February of next year. There is a regular conference of the governors of the US states, which I guess is their equivalent of COAG but perhaps has a slightly broader agenda and a number of different elements. They are meeting in Washington in late February of next year. Our ambassador has secured both a speaking slot at that event for Prime Minister Turnbull and an opportunity, and has extended the invitation, and COAG has determined that as many state and territory first ministers who can attend will be in Washington for this event.

The Prime Minister has observed that the US is one of our closest allies and that in his opinion we have closer ties with regions within China than we do with individual states within the United States. COAG has agreed that this is an opportunity. We are all of one mind to seek to pursue the opportunity that Ambassador Hockey has secured for Australia, so the Prime Minister has asked for state and territory leaders to join him in Washington at the end of February next year, and a program of activities will be devised.

## PROOF

I imagine the different Australian states and territories will be matched to various United States dancing partners. Clearly Washington DC and Canberra have a lot in common, but DC will not be the only US state that we have potential to form closer relations with. That will be a project in the first quarter of 2018. I take this opportunity to put it on the public record our gratitude to Ambassador Hockey and his predecessor, Ambassador Beazley, for the work that they have undertaken to secure this opportunity for Australia.

**THE CHAIR:** So if Mr Smyth goes, Mr Smyth will be going to Washington. Sorry, I could not resist.

**Mr Barr:** I think he has already been, actually.

**THE CHAIR:** Maybe we could get a list of where he has not been. That might be a shorter line of questioning.

**Mr Barr:** I am not sure that Mr Smyth will be needed on this particular trip but he has already been to Washington.

**THE CHAIR:** He will be greatly disappointed to hear that, I am sure.

**Mr Barr:** He has already been to Washington.

**THE CHAIR:** I have not, by the way, just for the record, so if you need to take someone—

**Mr Barr:** I think we are recruiting in the office for international engagement, so you might as well apply.

**THE CHAIR:** I know that you are inclined to offer opposition members jobs shortly before the election, so maybe I will just have to wait.

**Mr Barr:** They have got to have sufficient experience and talent, Mr Hanson. We look forward to an application.

**MR PARTON:** Annual Report 1, page 65 indicates that you will continue to monitor and report on as required industry MOUs and agreements. Can you outline what MOUs are within your purview in reference to that part of the report?

**Mr Barr:** Is this output 9.1?

**MR PARTON:** Yes. It is page 65 under “Future direction”.

**Mr Barr:** I think mostly that pertains to the former land and procurement side of this directorate.

**MR PARTON:** Are you in a position to elaborate on the monitoring and reporting that you undertake on this?

**Mr Barr:** The directorate will be. I am not. This particular area is now not in the part

of the directorate I have direct responsibility for. But I am happy to take on notice on behalf of this area that either they be prepared for it later in the week or that they take it on notice, noting your interest in that.

**MR PARTON:** Okay.

**MS ORR:** I am going back to regional economic development because we have heard a little about the agreement with New South Wales and the growth of the Canberra region. I want to get a sense of where you are going with the Canberra region as an economic driver and what we are looking at to fulfil the opportunities there.

**Mr Barr:** Certainly. Who has not spoken who would like to?

**Ms Arthy:** There are several elements to the Canberra region. The first one, of course, is how we can combine with the region to get a critical mass to make the freight viable, which is what we talked about earlier. There is also an advantage in terms of tourism because there are incredible facilities just within two to 2½ hours of Canberra. In terms of making an offering to the rest of the world to come here, we can actually put together a really good package.

The third element, which I think is going to start coming in, is as a supplier of the workforce because we know that there are particular skills required in the ACT and, with tourism taking off, there is a particular need in hospitality. Certainly the nearby region could be a good source of future workforce.

When you look at it as a totality of the region, there is quite a lot of industry that we could really bring together as a fairly significant offering and also to be able to source labour, source products, source a whole heap of things whereby we can enrich the ACT economy but also really make the whole area far better off.

**MS ORR:** Is the MOU with New South Wales going towards achieving some of these objectives?

**Ms Arthy:** I believe so. That is actually handled by somewhere else in the agency but I believe it is.

**Mr Barr:** We will take that part of it on notice.

**MS ORR:** I think it came up before in the Sydney-Canberra rail and whether that fits into the Canberra region.

**Mr Barr:** The overarching policy approach has been to seek to enhance all transport connections into Canberra. That has manifested itself in the work in aviation, both internationally and with low-cost domestic carriers, and regionally through some of the smaller airlines that are connecting Newcastle, Dubbo and other regional centres to the ACT.

I know—and I will put this plug on the public record—of the excellent work of Mayor Kristy McBain in Bega with the soon-to-be upgraded Merimbula airport. I will put the plug in for Canberra-Merimbula flights. Certainly to connect into our international

services would be another welcome boost to regional aviation capacity.

The rail corridor is of particular interest. People would be aware from recent media coverage that the Deputy Premier and I met just last week to further our work in this area, again putting aside party political differences, although we are obviously not in competition with one another, in order to promote best-for-region outcomes. The ACT and New South Wales governments have jointly submitted to the commonwealth under the national rail program for faster connections between major cities. That is another practical example of our work in terms of transport connectivity.

There are half a dozen regional road projects, probably headlined by the Barton Highway duplication but also including roads in and around Queanbeyan and the airport and roads further afield in south-eastern New South Wales, particularly the Kings Highway, that are, I think, in need of further upgrade in order to ultimately facilitate the smoother transition of freight and residents and tourists.

**MS ORR:** That would go to my next question. Would the rail upgrades be focused on passenger traffic or would they be a freight initiative as well?

**Mr Barr:** Principally on the Sydney-Canberra corridor it is passenger. There is a capacity for some rail freight but the corridor is principally a passenger rail corridor, although there are some goods that are moved from point A to point B using rail.

**MS ORR:** But the roads that you have mentioned would be looking more towards freight movements and enlivening that?

**Mr Barr:** That would certainly be part of the rationale in order to facilitate freight movement. This is a little like the airline business case. If it were just passenger movements alone you would not get over the line, but passenger plus freight makes a business case for investment in that infrastructure much stronger.

To the extent that any decisions at the commonwealth level these days are based on cost benefit and not politics, I think we are probably in a sweet spot because Eden-Monaro entirely surrounds the ACT and it is a marginal seat and probably always will be.

**THE CHAIR:** What is the cost-benefit ratio that the commonwealth has before they will go ahead with a project?

**Mr Barr:** Sometimes none. If it is in the right electorate they just do it, don't they? I could highlight moving the APVMA from Canberra to Armidale. That is an example of a project that had a negative cost benefit but they are doing it anyway, for politics.

**THE CHAIR:** We can think of another one. I am thinking of a big one.

**MR COE:** I would like to go back to some questions we had a little while back on the bloggers, writers and influencers. I was wondering how they are procured.

**Mr Kobus:** In the sense of "procured", we talked before that, when we host bloggers, writers and people who are part of the media, we build itineraries for them and we

cover their expenses in markets: accommodation expenses or expenses associated with visiting a particular premises. That would be an investment our government makes to host those people.

**MR COE:** It is possible that a person with a big following on perhaps a Chinese social media channel might be identified or might self-identify either to the government or to perhaps some agency? Is there sometimes a middle man, an agency of some sort?

**Mr Kobus:** We do use advertising agencies to assist us with particular work. We have media companies who work on our behalf because of the channels that they have access to and the reach that they have. Yes, we would be made aware of individuals who maybe have alignment with the destination and would be of benefit to the government.

**MR COE:** So an agent or an agency might come to you and say, “We’ve got a person that we think suits your brand and you should consider supporting them, or sponsoring them, to come to Canberra and in effect spruik the city.” Is that right? That could happen?

**Mr Kobus:** It could happen, yes.

**MR COE:** Firstly, could that sponsorship include flying them out from China or from some foreign place?

**Mr Kobus:** Yes, airfares may be part of that. It is not just limited to travel writers or bloggers, but if there is an instance where an airfare is required—I do not know a specific instance of it—yes, that would be considered.

**MR COE:** And it is possible that their family might come out as well?

**Mr Kobus:** I am not aware of family being part of those trips.

**MR COE:** But is it possible that some of these trips would end up costing more than \$25,000?

**Mr Kobus:** I am not aware of any. Potentially, it could but I would have to take on notice the specific expenses associated with a particular visit by a particular traveller.

**MR COE:** What I am getting at, obviously, is the procurement methodology and just how you actually manage this. I realise it is complex. I realise the procurement methodology really lends itself to buying photocopiers or computers or building a road, not necessarily the sort of work that you are doing. Nonetheless there is a system in place. How do you manoeuvre around this procurement framework, given the sort of work that you are trying to do?

**Mr Kobus:** In terms of specific people from the media who have travelled to the destination who are over that \$25,000 threshold, I would have to report back on how we have conducted those activities and the systems used.

**MR COE:** Yes, if you could. Likewise, if you are using the same agency repeatedly I imagine there is a contract with that agency and I imagine that also the payments over \$10,000 would be disclosed on the notifiable invoices register. But at any point has the government actually gone to tender or sought expressions of interest for agencies that might have talent for promoting Canberra?

**Mr Kobus:** We have got an agency that we use for PR purposes. We have gone out to the market and procured an agency via procurement guidelines for what are expected—

**MR COE:** Is that agency the same agency that is actually identifying the talent for spruiking Canberra on social media and in blogs and other writings?

**Mr Kobus:** An agency may provide recommendations to us on particular individuals and similarly we have an advertising agency that is responsible for media buy, for example. We would have an agency that looks broadly at where we would invest dollars in a range of markets, and again the procurement of that agency would occur through standard procurement processes.

**MR COE:** I am not surprised that you have got an advertising agency and a PR agency but from what you said earlier it could well be that there are other agencies that are engaged on an ad hoc basis when there is particular talent available to spruik Canberra; is that correct?

**Mr Kobus:** Correct and that is particularly the case with a PR agency. A PR agency is there, by the nature of it, to leverage PR opportunities, which ultimately results in our using a range of media channels, whether they be writers or people in social media or through any media channel, to be able to communicate to the marketplace.

**MR COE:** Are you saying that there is only one agency that is being used for PR purposes for the promotion of Canberra on social media?

**Mr Kobus:** Our main agency that we use for PR, yes.

**MR COE:** No other agency is being used for the procurement of talent for social media?

**Mr Kobus:** In terms of the specific question about procuring talent and what we want—

**MR COE:** Bloggers and writers and whatever else?

**Mr Kobus:** Yes. We use our PR agency and we use our advertising agency and then we would also self-identify through people who are engaging through the social media channels that we run. We would also take recommendations from bodies like Tourism Australia on particular individuals who would be of benefit. We would also talk to the agents that we are engaged with in international markets as well. We would use a range of sources and networks to ensure that we understand who those people are.

**MR COE:** If you could take on notice how you are doing that within the procurement guidelines, that would be appreciated. With regard to that PR agency, what is the PR agency that has got the contract?

**Mr Kobus:** The name of the PR agency is One Green Bean.

**MR COE:** And where are they based?

**Mr Kobus:** They are based in Sydney.

**MR WALL:** Turning to Floriade, under “Events”, Chief Minister or officials, what would be your summation of how the 2017 event went?

**Ms Verden:** We are still summarising the results from Floriade 2017, but I am pleased to say that we are feeling quite comfortable and quite happy with the results from this year’s event, both from an attendance perspective and from consumer feedback in relation to the event experience.

We celebrated the 30th anniversary of Floriade this year. We took the opportunity to apply a number of enhancements to the event to ensure that we were creating greater distribution throughout the park, notwithstanding some of the constraints that we experience in the park as a result of the National Capital Authority’s decisions in relation to where we can plant garden beds. We have taken the opportunity to take full advantage of creating better distribution throughout the park. That has been well received; we have received a number of positive comments back from visitors and the public about that.

**MR WALL:** What feedback have you received from exhibitors or traders at the event?

**Ms Verden:** Of course, this year there was a big change in relation to the set-up of the traders village, moving away from the condensed experience that has been provided previously at the top of the park. Through research that we undertook last year, a lot of the consumer feedback indicated that there was a preference to see traders distributed around the park, to create better distribution and flow and more opportunity for people to experience Floriade in its entirety as opposed to just one condensed area at the top of the park. We received feedback from the traders. It was a big change and we did receive mixed feedback from traders. We took on board both positive and negative feedback.

In relation to the negative feedback, we applied measures to address those issues as we could at the event, within the parameters of what we were working with. So we have received mixed feelings and mixed feedback in relation to the relocation of traders. Certainly, from a consumer’s perspective and a visitor’s perspective, it was well received, and we received lots of positive feedback to reinforce that.

**MR WALL:** A number of traders conveyed concern, frustration and even worry, particularly for safety around the extension of opening hours of the park, particularly in the early weeks before daylight saving, to 7 pm—I think it was to 7 pm—when it was already dark. Traders were left in some corners of the park where there was pretty

poor lighting and—as one trader conveyed to me—having to carry the day’s takings through the park hoping that it has been cleared and that it is safe.

Others were concerned around positioning in the park and a lack of accessibility, particularly for elderly visitors to the event. It relied on getting across a loose-gravel path and if there was someone that was not surefooted or relying on the aid of a walker, they simply were not able to get to where their tent was, to see the exhibit. How are those sorts of issues going to be dealt with moving forward to the 2018 event?

**Ms Verden:** We will take all of that feedback into consideration when planning next year’s event. The team have already started to do that, particularly in relation to the design and location of the garden beds, which is a piece of work that we need to work on now. We are going through debrief processes with contractors, suppliers and traders. Once that piece of work has been completed, we will take on board all of the feedback—what worked and what did not work—and we will apply that to planning next year.

**MR WALL:** What kind of exit survey or feedback review is done with traders specifically post the event?

**Ms Verden:** Our trader coordinators will liaise directly with the traders. We have received feedback direct from the traders during the event and post event, but we will engage with the traders as part of our debrief process.

**MR WALL:** My understanding is that it was a flat fee, dependent on the size of the marquee that a trader took, regardless of where they were positioned in the park. Obviously, some areas of the park had better walk-by traffic than others. Is there going to be a tiered pricing structure going forward to recognise that some areas can attract more of a premium than others?

**Ms Verden:** I cannot comment at this stage in relation to what the fee structure will look like for next year’s traders. What I can say, however, is that the location of traders this year was based on the feedback that we received through the research that was conducted during last year’s event. The changes that were made were the result of that research. That included the relocation of traders around the park to create better distribution and to enable visitors to experience the event in its entirety.

**Ms Arthy:** During the event we actually did move quite a few traders, in response to their concerns about people not being able to get to them. I know that we did that several times. This was the first year that we have done it, but I believe that that really helped the traders. As Ms Verden said, we do need to have a look at this for next year, because we do want to create a good experience for everyone—traders and visitors. As I said this year we did put a lot of effort into trying to work with the traders underneath the new arrangements. I must admit I had not heard the concerns about the person walking around in the dark with the take, so I will follow that up, because safety of people is paramount.

**MR WALL:** I spoke to, I would say, 70 per cent of the traders who were there during the festival, by going around, having a chat and introducing myself. For the vast



majority of them, I was the first contact they had had with anyone of a government nature, checking in on how they were going and how the festival had been. They were quite disappointed by the lack of engagement from Events ACT on that part, if I can convey that feedback.

**Ms Arthy:** I will take the feedback, but I will say that we did have an events coordinator on site nearly full time who was working with all the traders, so I am not quite sure—

**MR WALL:** I guess there is a difference between proactive engagement and reactive engagement. Probably a focus more on proactive engagement would be of benefit. The reason I asked about whether or not a tiered pricing structure will come into effect is that one trader I spoke to drew comparisons with trade in previous years on the same product and suggested his take was somewhere between \$80,000 and \$100,000 down on previous years, simply by virtue of location. The walk-by traffic to the tent was not there.

**Ms Arthy:** This is one of the issues that we have with the way the current set-up is, because we do not have any visibility about what the traders actually take. If there is a trader who does have that evidence, it would be great if we could talk to them about what their experience was, because that would be invaluable for us.

**MR WALL:** I will send them your way.

**THE CHAIR:** How are we tracking with hotel bed availability? It seems that there are a number of hotels coming online. Is that a reflection that there is currently a shortage or is there any feedback that we are getting particularly from conventions and so on that they just do not have enough capacity?

**Mr Kobus:** At the time we released the 2020 Tourism Australia there were around 5,000 hotel rooms in Canberra and, to support a visitor economy of the size of 2.5 billion, which is the goal, we aim to bring an extra 1500 rooms online to make it 6½ thousand rooms. I think the figures that we have report that we have now got just over 7,000 rooms available in the city with several more due to come online. I think it is quite visible where there is investment being made in Canberra in new hotel stock on Northbourne Avenue, the recent purchase of the West Block in the parliamentary triangle. There continues to be new investment in new hotel stock, which is great.

At the moment in terms of occupancy rate, even though there has been a considerable increase in the number of new rooms coming online, the occupancy rate has largely held pretty strongly, which I think is a good sign. If you have got investors wanting to put their money into that type of asset it is hopefully reflective that the visitor economy is strong.

**THE CHAIR:** And do you get feedback that the quality and the pricing are right? Is that a deterrent or an attraction?

**Mr Kobus:** I think that what we have got at the moment in Canberra is probably a lot of stock around that four, 4½-star level. As the city becomes more of a global destination and in particular opens up to Asian markets, you could argue that we are

probably a little underdone on the five-star side. That is probably where there is opportunity for great investment. But certainly the quality of the rooms available in town is great.

I think there are a number of industries that are benefitting from having improved room stock, most notably if you go to the other end of the market, the low-cost accommodation sector, and what we have seen in terms of school groups travelling to Canberra. They have got the new facility that has opened next door to EPIC and another out at Gold Creek which have really lifted the standard of accommodation available to visiting school groups, which is really helping in terms of the reputation of the city as a place for that particular purpose.

**THE CHAIR:** Are we trying to link into those school groups to get them to come back with their families? I cannot imagine those school groups themselves spend a lot of money but potentially they could go back and say to mum and dad, “We’ve got to go to Canberra.” Do you try to market through those groups?

**Mr Kobus:** Good question. Yes. The school groups are what they are. They stay in low-cost accommodation, they do travel around town, they do visit venues and there is some discretionary spending available there, most notably through gift shops of attractions and the like. I think what we find with school groups is that, even at a student level, when students do travel to the city their perceptions of Canberra are also enhanced by virtue of that trip and it is largely that word of mouth that then links back to the parents of those kids coming as a return visitor. I think that is where having some engaging content, and reason to return, is really important. That is where events and the like come in.

**THE CHAIR:** With the centenary of armistice next year, have you had engagement with the War Memorial to see what advertising we can do? “If you can’t get to France or the Western Front, come to Canberra and pay homage,” or something like that? Is there going to be some sort of campaign?

**Mr Kobus:** Yes. We have had discussions with the War Memorial about that centenary and yes, we are working with them and looking at how we support not only just the single day but the whole range of activity that can happen in the lead-up and provide reasons why people should visit the War Memorial over that period; not only that but what else there is to see and do in Canberra. I think the centenary of Anzac is probably testament to that where, across 12 months of activity, the War Memorial did a very strong program in a range of areas that provided multiple reasons for people to visit and return many times over the course of that time. It was a good opportunity—

**THE CHAIR:** I thought the program was excellent but it was just whether it is being marketed, whether we are leveraging off it.

**Mr Kobus:** Yes. The intention is absolutely to put a message out to the marketplace about the centenary of armistice. Yes, we are working closely with them.

**MR PETTERSSON:** I have some questions about New Year’s Eve. What is the current format for New Year’s Eve celebrations?

**Ms Verden:** The current format for next year?

**MR PETTERSSON:** This coming one?

**Ms Verden:** This coming New Year's Eve?

**Mr Barr:** Seven weeks time, is it not? Or eight maybe.

**Ms Verden:** We are currently working through what the format of that event looks like, particularly focusing on the events in the city.

**MR PETTERSSON:** What historically has it been?

**Ms Verden:** In the city? The events that occur in the city? I will need to take that on notice, if you do not mind. I recently joined the team and need to consult my team on the precise format. Are you talking about the timing of the events?

**Mr Barr:** There has traditionally been a 9 o'clock fireworks and a midnight fireworks, a procurement of some local performing artists, together with an artist of—

**THE CHAIR:** I am surprised you do not know this. I would have thought—

**MR PETTERSSON:** It was a leading question.

**Mr Barr:** slightly more contemporary, although not always, cutting-edge contemporary status. There has been a sameness to the event for some time, it would be fair to assert.

**MR PETTERSSON:** How long do you think this sameness has been there?

**Mr Barr:** I suspect, at least a decade.

**MR PETTERSSON:** What is the capacity to maybe change the format?

**Mr Barr:** In the next seven weeks, probably limited. Longer term, I would hope significant.

**THE CHAIR:** Just in line with those events, the Australia Day celebration used to be on the lawns of Parliament House and then it got moved and there was some argy-bargy. Where are we this coming year? Do we know what it is going to look like?

**Ms Verden:** The team are currently working on what Australia Day 2018 will look like.

**THE CHAIR:** And who is making the decision, the feds or us or it is a collaboration?

**Mr Barr:** There is obviously the Australian of the Year awards, which is one element, and then there is—

**THE CHAIR:** Particularly that and then—

**Mr Barr:** That is all in the feds' court but, last year, because of the propensity for Canberra to offer an early evening storm that might get the Prime Minister, the viewers and everyone wet, there has been a desire, it seems, to bring that event indoors into the Great Hall by way of a television backdrop, effectively, which is what happened last year. I have not heard anything to suggest that they will—

**THE CHAIR:** You think that is continuing as the format?

**Mr Barr:** Yes. I do not know that they are going to bring it back outside but I suspect the views of the broadcaster are also reasonably significant in that context. That is, I believe, the ABC again. But then we have our own Australia Day activities and we will make some further announcements on that. We will probably announce New Year's Eve before we announce Australia Day in terms of getting the sequence. I have announced the new Christmas event though, today. It is not too early for decorations to go up in the shops and so it is not too early for the government to announce the new Christmas event in Glebe Park.

**MR PETTERSSON:** What are we going to be doing in Glebe Park?

**Mr Barr:** We have got weeks of activities taking place in Glebe Park. There is a forest of Christmas trees, gingerbread houses. There is even a small section of the park that will be set aside for a licensed arrangement and the Capital Brewing Company are going to operate there. There will be lights. We are really getting into the Christmas spirit. The Assembly will have stopped sitting by then. So all the bonhomie of the season will descend upon this building, he says optimistically.

**MR PARTON:** With regard to the financials, in volume 2.1, at page 91, output class 9, there was a considerable operating deficit of over \$100 million against a budget estimate of \$36 million. Can I get someone to elaborate on what was included under "Other Expenses" that significantly contributed to the deficit? We are on page 91.

**Mr Barr:** I invite Paul Ogden, the CFO, to come to the table.

**Mr Ogden:** The main impact of that is the accounting treatment for completed capital works projects that were transferred out of CMTEDD into TCCS. I do not have the list of those projects but I can provide them.

**THE CHAIR:** We will have to conclude there. Thank you, Chief Minister and officials. Please note that answers to questions on notice today are due with the committee secretary five days after the receipt of the uncorrected proof *Hansard* and that is also the deadline for members to have supplementary questions to the committee office. I note that different committees have different time lines. Just take note of that one. Thanks very much.

**The committee adjourned at 4.23 pm.**